

Texas Powerhouse: Gibson Dunn

By Jess Davis

Law360, Dallas (May 21, 2015, 9:44 PM ET) -- Gibson Dunn's Dallas office is run like an elite boutique, with its partners and “gilt-edged” associates handling the biggest-ticket litigation and corporate work for clients that have come to rely on the firm for billion-dollar disputes and billion-dollar mergers and acquisitions.

With an appellate group, led by the former solicitor general of Texas, shielding clients from a combined total of nearly \$15 billion in liability this year, a corporate group that represented clients in offerings and acquisitions work worth more than \$13 billion, an antitrust team that shepherded clients through U.S. Department of Justice and U.S. Federal Trade Commission investigations, and intellectual property lawyers racking up trial wins, Gibson Dunn is a Texas Powerhouse for the second year running.

The Dallas office, home to 61 lawyers, including just 12 partners, commands a client list including 3M Co., Apple Inc., AT&T Inc. Energy Future Holdings Corp., Frito-Lay Inc., T-Mobile USA Inc., Wal-Mart Stores Inc. and private equity stalwarts Brazos Private Equity Partners LLC and Lone Star U.S. Acquisitions LLC. Of the office's top 50 clients, more than half are based in Texas, and four of its top five clients are from the Dallas-Fort Worth area.

“We think we're the first stop for local Fortune 500 companies that would like to have national, international representation, with a Texas touch, which we provide,” Jeff Chapman, co-chair of the firm's mergers and acquisitions practice, said.

In the past year, the firm's corporate deals included counseling Energy Future Holdings on \$7 billion worth of debt tender and exchange offers and a notes offering conducted as part of its bankruptcy proceedings. It also represented Susser Holdings Corp., in its \$1.8 billion acquisition by Energy Transfer Partners LP as well as represented Lone Star Funds in connection with its \$1.4 billion purchase of several subsidiaries of HeidelbergCement AG and its \$1.3 billion acquisition of consumer loan company DFC Global Corp.

In September, the firm's appellate team defeated an effort by Oklahoma state and local officials to force AT&T to pay more than \$14 billion in refunds on behalf of putative class action of millions of customers. Gibson Dunn's lawyers in August swayed the Fifth Circuit to wipe out a \$1.4 million penalty against Wal-Mart in a suit over optometrists' hours that had sought more than \$100 million in civil penalties.

In the Texas Supreme Court, the firm's work allowed Luminant Generation Co. to pursue actual damages of about \$20 million in a dispute over renewable energy credits, and kept intact an appellate

decision nixing a \$7.25 million verdict in a legal services dispute for a Hunt Oil Co. heir.

The firm in 2014 secured dismissal of a \$725 million creditor derivative suit against Energy Future Competitive Holdings and its directors and settled in arbitration a dispute between Williams and Caiman Energy, stemming from Williams's purchase of Caiman Eastern Midstream.

Among its current litigation matters, the firm currently represents Xerox Corp. in a suit brought by the Texas Health and Human Services Commission over Medicaid payments and represents Dole Food Co. and certain directors in stockholder class actions challenging the proposed "going private" transaction initiated by principal stockholder David Murdock.

Its antitrust work in the past year included serving as additional outside counsel for AT&T in connection with its \$48.5 billion merger with DirectTV inc., defending the American College of Allergy, Asthma & Immunology against price-fixing and boycott claims and guiding Bazaarvoice Inc. through a federal investigation of and challenge to its \$168 million acquisition of competitor PowerReviews Inc., ending in a consent decree that revised an earlier settlement.

And patent litigators at the Dallas office in March secured a unanimous reversal from the Federal Circuit in favor of client Danisco US Inc. that allowed the company to pursue declaratory judgment patents owned by its chief competitor are invalid. The firm is representing Microsoft Corp., Dell Inc. HP and Lenovo in an ongoing suit alleging infringement of a method of organization patent and representing T-Mobile against claims its ringtones and text message technology infringe patents.

The firm has been tied to elite Dallas businesses since it opened its doors in 1984, largely to service client American Airlines. From there, the client base grew to include Trammell Crow Co. and Belo Corp., and the firm had a healthy corporate practice.

But its partners were aging, and in the late 2000s, the firm's three most significant partners retired.

Recognizing Texas as the "third coast" and deeming it too important to Gibson Dunn's future worldwide, the firm invested time and capital to build a renaissance of the Dallas office, Rob Walters, the partner-in-charge of the Dallas office, said.

Rebuilding the Texas office included the 2011 hiring of five lawyers from Vinson & Elkins — Walters, who had formerly led the Dallas office of Vinson & Elkins and who served for four years as the general counsel of Energy Future Holdings; Chapman; corporate partner Rob Little; and powerhouse litigators Bill Dawson and Mike Raiff. That was followed by building out the office with what Walters calls "gilt-edged" young talent, and adding a second wave of lateral partners.

The firm's Dallas branch has now roughly doubled in size since 2011, when it had about 30 lawyers, and plans to hover around the same number of lawyers.

Walters and Chapman built the office on a model they had dreamed about since working together at their previous firm: Gather an elite partnership of 10 to 15 partners, all of whom are recognized on short lists as the best of what they do, and find their way to a "top five brand," an American version of the Magic Circle.

The Dallas office is able to stay small and nimble by using the national and international resources of the firm, like sending specialty work to partners in Gibson Dunn's other offices, Chapman said.

Power players in Dallas today include senior counsel Ron Kirk, a former Dallas mayor and U.S. trade representative in the Obama administration, whom Walters calls “a unicorn” for his rainmaking ability to bring in clients from across the world and leading role in international work on behalf of the firm’s client base.

Fully half of the Dallas office’s partners serve in firm-wide leadership positions. Along with Walters, Chapman and Kirk, that group includes Tracey Davies, co-chair of the life sciences practice group and a leading lawyer in biotechnology. Davies now travels so often with international work for clients such as Sanofi SA that Walters jokes he’s going to sublease her office.

Sean Royall, co-chair of the firm’s antitrust practice, is the former deputy director of the Bureau of Competition at the Federal Trade Commission and is a leading consumer protection and privacy lawyer. Recent highlights of his work include representing Allergan Inc. in a generic-drug competition matter and representing Facebook Inc. in a 2010 settlement with the FTC in a privacy matter. Mark Reiter, co-chair of the intellectual property practice, is regularly called on to guide clients such as Microsoft Corp., Nippon Steel & Sumitomo Metal Corp. and Viacom Inc. through patent infringement disputes.

The firm is also structured with the age of the lawyers in mind, built to avoid gaps when the current generation of leading partners is ready to retire. It includes star associates such as Becky Ricketts, one of four former U.S. Supreme Court clerks at the Dallas office, which also boasts alumni of 20 circuit court clerkships and 14 district court clerkships, with three former Texas Supreme Court clerks to boot.

While the recent influx of talent has revitalized the Dallas office, the partners say their own practices have been jump-started by joining a firm with a brand that’s a known quantity, trusted in boardrooms and C-suites to handle the most sensitive and challenging matters.

Walters said his move to Gibson Dunn meant an incredible platform to handle massive antitrust cases for clients such as Apple and Estee Lauder. He said law firms are increasingly being subjected to the “McKinsey effect,” with corporate leaders wanting to be able to tell their boards they’ve hired the most elite problem-solvers for the issue of the day, and said Gibson Dunn is a brand that puts board members at ease.

For Chapman, working at an energy-centric law firm meant there was an inherent limitation on the diversified practice he wanted to build. He said he realized he wasn’t going to achieve the career goals he set for himself there, but that his career has not only flourished, but boomed at Gibson Dunn.

He said the minute he got to the firm, he was able to capture business he never could have landed without the firm’s global platform and depth of talent, including clients like MetroPCS Communications Inc., which he had courted unsuccessfully in the past.

“I got a lot better looking, a lot smarter, a lot more experienced the minute I showed up here, because of the platform, because of the culture,” Chapman said. “It just works. And it’s really rare at a large law firm to find that culture.”

The last piece of the puzzle for Gibson Dunn’s revitalization in Texas has been considering whether to open an office in Houston. Walters said the firm has no timetable for a Houston office — it could be six days, six months or six years — but will only launch in the city if it thinks that office will be as successful as the Dallas office has been.

“In a perfect world, if we could have an elite transactions-based practice, upstream oil and gas type practice and capital markets practice in Houston, playing at the same level we play here, we would be very interested in doing so,” Walters said. “Anything short of that, and we’re simply not going to do it.”

The Dallas office has had a charmed run in recent years, capped off by a 2014 in which it had the highest revenue-per-lawyer of any firm in the state. But its leaders are anything but complacent, and say they treat each day as though they’re starting over.

“We’re really developing momentum, but I do believe only the paranoid survive,” Chapman said.

The constant churn of clients who are sold or who dissolve makes the business “tougher than ever,” Chapman said. With that in mind, the firm’s leaders say they never get arrogant, take nothing for granted and constantly focus on client interests. Walters said the moment you take the pedal off the metal is the moment you go do something else.

“We’re happy with what we’ve done, but when we wake up tomorrow morning, we’ll wake up scared,” Chapman said. “We do every day. It’s that kind of business.”

--Editing by Chris Yates.