

PATENT LAW

Firm reinvented itself with tech practice

Baker Botts added intellectual property to oil, gas clients

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From the moment the first gush of oil erupted from Spindletop Hill in Beaumont in 1901, Baker Botts has represented energy clients, including Exxon Mobil, Halliburton, Chesapeake Energy and Shell Oil.

The Houston-based law firm expanded its home office to several hundred and then used its domination in the oil patch to expand to Dallas, Dubai, London and Riyadh.

But behind the scenes, law firm leaders decided to develop a technology practice in 1990 by hiring a dozen lawyers who specialized in patent law. The World Wide Web was a few months old, and the first memory card was developed a year later.

A quarter century later, Baker Botts remains a powerhouse in oil and gas. But the 700-lawyer firm, which has revenue exceeding \$700 million, has expanded its intellectual property law practice from 12 to 180 attorneys, making it one of the largest and most successful intellectual property shops in the U.S. With clients including AT&T, Samsung, Facebook, Hitachi and Cisco Systems, the firm has spread into attorney-saturated markets like New York and Silicon Valley.

Perhaps more significantly, revenue from Baker Botts' technology practice now equals that of its energy practice.

"Of our top 10 clients, six are technology companies," said Dallas-based Bart Showalter, chair of the firm's intellectual property practice.

The emergence of a patent litigation haven in the Eastern District of Texas helped spur the firm's growth, but the rise of Baker Botts as an intellectual property powerhouse has been far more a matter of design than luck.

The firm's intellectual property initiative can be traced to a meeting 26 years ago in Dallas between attorney Jerry Mills and E. William Barnett, managing partner at Baker Botts.

At the time, Baker Botts had 150 lawyers across five offices, including an office in Dallas that opened in 1985 and now has more than 110 lawyers. Almost all of the firm's lawyers, however, were working on energy cases.

Barnett persuaded Mills, who was known for his intellectual property cases, that Baker Botts had the resources to hire the best and brightest patent lawyers and build something



David Woo/Staff Photographer

Baker Botts' Dallas office opened in 1985 and now has more than 110 lawyers. The Houston-based law firm remains a powerhouse in oil and gas but has expanded its intellectual property law practice from 12 to 180 attorneys. The 700-lawyer firm has revenue exceeding \$700 million, and its clients include AT&T, Samsung, Facebook, Hitachi and Cisco Systems.

big. "I will admit, they offered me an enticing financial package," Mills said.

Baker Botts continued its intellectual property expansion, gaining a foothold in New York with its 1997 purchase of a 100-year-old boutique law firm, Brumbaugh, Graves, Donohue & Raymond. The Baker Botts Big Apple office has 72 lawyers today, half of whom are in IP.

In 2007, Dallas partner Bryant "B.C." Boren moved to Palo Alto, Calif., to establish a Silicon Valley office.

"Silicon Valley economy was undergoing some seismic activity," said Boren, who chairs the firm's IP and technology litigation practice. "We signed some terrific law students and lawyers when other firms were downsizing or reducing their associates' programs."

Most of those young attorneys are still with Baker Botts, and the Palo Alto office now has 20 IP attorneys.

Hungry young talent

As the recession took hold, Baker

Botts took advantage of cutbacks at other law firms and grabbed hungry young talent to expand its intellectual property practice still more. It dispatched Dallas partner Kevin Meek to launch the firm's IP practice in Austin in 2009.

"I left millions in work in Dallas," Meek said. "I'm about to wander into the wilderness with a shotgun and a bag, and I don't even have a tent."

With 31 lawyers, Baker Botts now has the largest IP practice in Austin.

Corporate clients admit that achieving a significant size enabled Baker Botts to snag business it might never have had a hope of landing 25 years ago.

Earlier this year, the firm won an \$8.5 million jury verdict for Plano's Genband against Metaswitch Networks, a rival maker of telecommunications equipment. That verdict, alleging infringement of seven Genband patents, is part of litigation that now involves three separate cases.

Genband senior vice president and legal director Jody Bishop said that the

first trial involved allegations of infringement on more than 15 patents.

"It would have been difficult for a smaller firm to take that on," he said.

Size also is a factor in talent development. For instance, Central Texas lacks large law offices, and that allows Baker Botts a tactical advantage in its recruitment and development of young talent.

"My partners and I realized that if we could get 30 lawyers in Austin, we would be a different shop," Meek said.

'Spookysmart'

Last year, Baker Botts acquired a chunk of Vinson & Elkins' intellectual property practice, including a group of Austin experts in life sciences law who are "spookysmart," Meek said.

A perfect example is David Weaver, a partner in Austin. Weaver is a former federal prosecutor who holds an advanced degree in aerospace engineering and worked at NASA. He was literally a rocket scientist.

"Today we've got \$25 million to \$30 million of revenue" in Austin, Meek

said. "I've got 31 lawyers. My nearest competitor has 19. The rich get richer — I'm going to 50."

The key to success, according to firm leaders, was developing a compensation system that rewards lawyers for sharing work with colleagues, training young associates and generally playing nice with each other. Most law firms pay their lawyers solely based on the number of hours they bill and the revenue they generate.

"How you compensate lawyers is critical to driving their behavior," Showalter said.

Legal industry analysts say the compensation model at Baker Botts created an advantage for the firm in recruiting and retaining legal talent.

"Baker Botts is not typical. [It is] one of the absolute leaders in the profession," New Jersey law firm consultant Joel Rose said. "They have superior quality lawyers, they take time for training and they've been able to attract an excellent client base."

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