

FRIDAY, MARCH 15, 2019

DAILY REPORT

A SMART READ FOR SMART READERS

An ALM Publication

Kilpatrick Saw ‘Exceptionally Good’ Year, Leaping Forward in Revenue and Profits

MEREDITH HOBBS
mhobbs@alm.com

KILPATRICK TOWNSEND & Stockton reported strong increases in revenue and profit for 2018.

Revenue increased 6.2 percent to \$450.3 million, and net income jumped 12.8 percent to \$125.4 million. That pushed up revenue per lawyer (RPL) by 6 percent to \$783,000 and profit per equity partner (PEP) by 10.8 percent to \$1.12 million.

“It was an exceptionally good year,” said Kilpatrick’s chairman, J. Henry Walker IV.

The revenue and profit gains followed a 1.8 percent revenue increase and a 6 percent net income increase in 2017.

“I’m proud of our lawyers’ performance,” Walker said. “One thing we talk about a lot

is working better, faster, smarter for our clients. Working well in teams, collaborating and delivering perfect client service—that’s the strategy.”

Walker said practice teams posting double-digit revenue growth included construction, trademarks, capital markets, financial institutions and government investigations.

Walker acknowledged that the active economy drove some gains, but he also attributed revenue growth to clients choosing Kilpatrick for their high-value matters. “We are cognizant about the length of this economic cycle, and law firms do better in good times, but it’s still a very competitive market and one in which we are well positioned,” he said.

“If there’s a slowdown coming, we have not seen it within the firm yet,” he added.



Chairman Henry Walker attributed the gains to Kilpatrick’s teamwork.

The Atlanta-based firm has expanded its turf in Texas, California and China since opening a Los Angeles office in 2013. That was followed by offices in Dallas, Houston, Shanghai and, in January, in Beijing, to expand Kilpatrick’s marquee trademark practice.

“We are focused on our existing footprint, but we continue to

look for strategic growth opportunities,” Walker said.

The Talent

Kilpatrick promoted 15 new partners and recruited eight lateral partners last year, along with four of counsel. That increased the equity partner head count by two to 112 equity partners. The firm’s overall lawyer head count stayed flat, increasing by one lawyer to 575, while the total partnership also increased by one partner to 239.

In Atlanta, Yedelela Holston returned from an in-house position at AT&T to become the firm’s first chief diversity and inclusion officer and a partner in its labor and employment group. The firm added former federal prosecutor Doug Gilfilan to its white-collar defense team from the U.S. Attorney’s Office for the Northern District of Georgia, where he was the chief of the cybercrime section and former deputy chief of the economic crimes section.

In New York, Kilpatrick added patent litigation partner Grace Pan, who represents U.S. and Asian clients, from Holland & Knight and another patent litigator in Silicon Valley, Mansi Shah, from Merchant & Gould.

Kilpatrick Townsend & Stockton Financial Highlights

	2018	2017	% CHANGE
Gross Revenue	\$450,324,000	\$424,025,000	+6.2%
Revenue Per Lawyer	\$783,000	\$739,000	+6.0%
Profit Per Equity Partner	\$1,120,000	\$1,011,000	+10.8%
Total Lawyers	575	574	+0.2%
Equity Partners	112	110	+1.8%

In Washington, it recruited partner Patrick Pascarella, a former chief antitrust counsel for AT&T, from Cleveland firm Tucker Ellis.

In one notable departure, Maureen Sheehy, who’d served as the managing partner of Kilpatrick’s San Francisco office, became the general counsel of Chan Zuckerberg Biohub, a new San Francisco nonprofit medical research institute. Also on the West Coast, a California IP trio—partners Franklin Kang and Angel Lezak with counsel Shelton Austin—left for Polsinelli.

The Work

Kilpatrick’s M&A practice stayed busy. The firm handled a string of deals for AT&T last year as the telecom closed its \$85.4 billion acquisition of Time Warner in June. It started 2018 by representing AT&T in its \$207 million acquisition of

FiberTower Corp., which allows AT&T to bring 5G wireless technology to the U.S. market. It advised AT&T on its acquisition of digital advertising company AppNexus, which the Wall Street Journal pegged at \$1.6 billion, and then its acquisition of tech startup AlienVault, which develops data privacy and security software.

Kilpatrick is also advising AT&T in building out a national public safety network for first responders, called FirstNet, after the telecom in 2017 won a \$7 billion federal contract to create it to help law enforcement, firefighters and other responders communicate in a crisis situation.

Kilpatrick represented Austrian engineering company Andritz in its \$833 million acquisition of California’s Xerium Technologies, which supplies high-tech paper industry products. The firm handled

other deals for Equifax and building materials supplier Oldcastle.

The firm's IP practice was also active. It serves as strategic brand counsel for Facebook and Instagram, and it handled IP infringement cases for Pata-gonia, AT&T, Adidas, Zodiac and GoPro. Oracle, Yahoo and Huawei also called on the firm for IP matters. In Atlanta, Kilpatrick assisted the NFL on anti-counterfeiting efforts for the Super Bowl.

On the litigation side, Kilpatrick continues to serve as a deputy monitor in Volkswagen AG emissions proceedings. The court-appointed monitor, Larry Thompson, made white-collar partner Scott Marrah the deputy monitor for anti-fraud, ethics and compliance in 2017 after VW's criminal plea agreement to a scheme to sell diesel vehicles with software that cheated on U.S. emissions tests.

Kilpatrick successfully defended AT&T in a suit brought by Georgia county governments alleging AT&T, BellSouth and Earthlink short-changed them by more than \$100 million in 911 call charges. Walker, the firm chairman, argued the appeal before the Georgia Supreme Court in

January, which threw out the case. The high court's decision effectively scuttles more than 30 other cases that the phone companies said are pending in Georgia state and federal courts awaiting this one's resolution.

Kilpatrick is AT&T's national trial counsel for the 911 suits. Walker, who was BellSouth's chief litigation counsel before



We are cognizant about the length of this economic cycle, and law firms do better in good times, but it's still a very competitive market and one in which we are well positioned. If there's a slowdown coming, we have not seen it within the firm yet."

—Henry Walker,
chairman of Kilpatrick
Townsend & Stockton

rejoining Kilpatrick more than a decade ago, said he still stays involved in selected cases.

Among numerous pro bono cases, Kilpatrick worked with the Southern Center for Human Rights to win a settlement in a suit brought by inmates against the Georgia Department of

Corrections over spending years in solitary confinement. The settlement limits the time that inmates at the Diagnostic and Correctional Prison in Jackson can be held in solitary to two years and allows them four hours a day outside their cells.

Kilpatrick also won asylum for a transgender Mexican woman, Estrella Sanchez, in a hard-fought case that took about 800 attorney and staff hours after a federal immigration judge denied her petition three times over six years.

"I'm very proud of the fact that, not only are we a great and successful law firm, but we also did a lot of really good things—not just for paying clients, but also in the community for our pro bono clients," Walker said. 

