

# OPPORTUNITIES AND RISK

The top 10 Ontario regional law firms see possibilities in this era of consolidation and slow economic growth.

By Charlotte Santry

## HOW WE DID IT

*Canadian Lawyer* asked lawyers and in-house counsel from across Canada to vote on Ontario's top full-service regional firms. They were asked to rank their top 10 firms from a preliminary list, with a chance to nominate a firm that was not included on the list. Respondents' rankings were based on firms' regional service coverage, client base, notable mandates, service excellence, and legal expertise. To be considered in the vote, firms were required to have offices only in the province of Ontario and offer a wide range of legal services. Voting was verified through a series of internal checks and the final rankings were determined through a points system, in which firms were rewarded on a sliding scale for the number of first- to 10th-place votes received.



Ontario law firms see opportunities and risks in an era of consolidation and slow economic growth. Clients who are released by merged firms due to conflicts, or are unwilling to pay the fees demanded by international behemoths, may well look to smaller firms located in and around Canada's financial and administrative centres.

Managing partners around the province watched with interest as Fraser Milner Casgrain LLP merged with American and U.K. firms in the spring creating Dentons, with nearly 2,600 lawyers. But there is also the fear, as legal budgets shrink or remain static, larger firms could use their marketing might to swallow up the space occupied by regional mid-sized players.

Taking this year's No. 1 spot in *Canadian Lawyer's* list of the top 10 Ontario regional firms is Aird & Berlis LLP, which sees itself as well placed to capitalize on the reshaping of the legal market. "Every time there's a merger there's an opportunity for us, because every time there's an international merger there's a whole referral network that has been broken," says the firm's managing partner Eldon Bennett.

International firms may not be willing to send incoming work to organizations seen as competitors, which is where Aird & Berlis, also the biggest firm on this year's list, believes it can step in. "The number of firms that have the capacity to do that kind of work is relatively limited," says Bennett. "We're in an interesting space. I think of us as the smallest of the large."

The list only considers firms based solely within the province, though some of those in the top 10 carry out extensive national, cross-border, and international work. Since *Canadian Lawyer* last ranked Ontario firms in 2011, Cassells Brock & Blackwell LLP has opened a Vancouver office, making it ineligible for the regional survey.

Like Bennett, Fogler Rubinoff LLP's managing partner Michael Appleton also sees opportunities in the predicted wave of mega mergers. "Down the road, a lot of the big firms are dressing themselves up to be part of an international firm," he says. "When the smoke clears, there's going to be lots of these big international firms with 2,000 to 3,000 lawyers, and the alternative will be mid-sized firms."

Lerners LLP's managing partner Ian Dantzer highlights the need for regional firms to stay on top of social media marketing to compete against firms based outside of the province that are reaching clients in new ways. "It has become a matter of getting SEO [search engine optimization] and Google Adwords, and competing to get on that first Google page," he says.

While the lower overheads and simpler corporate structures of mid-sized firms are attractive to clients,

many of Ontario's regional firms, with their strong emphasis on business law, continue to feel the effects of the sluggish economy. This spring was "perhaps the quietest I've personally seen in 18 years... from a deals standpoint," says Arlene O'Neill, managing partner at Gardiner Roberts LLP. Businesses are far more cautious and "we've had a lot of deals that haven't gone through." There is light on the horizon, however. "Our sense is that in the past six to 12 months, the confidence has started to build... the deal flow is definitely picking up," she says. She also believes smaller firms such as hers, based in suburban Mississauga, can offer a strong value proposition to clients struggling to find affordable legal services in Toronto's downtown core.

Ontario's regional firms also appear to be benefiting from the raft of ambitious Bay Street lawyers looking for roles outside of Big Law. "The whole structure of law is changing. I'd say what's happening in Toronto is we're seeing something closer to the U.K. model," says Bennett. "At the large firms, the ladders of the partnership are being pulled up. It's a buyer's market not just for clients but for law firms." Most of Fogler Rubinoff's recent hires have come from bigger firms, says Appleton. Torkin Manes LLP's managing partner Jeffrey Cohen has also seen a steep increase in lateral movers. "We're getting a lot more calls from recruiters for people who have 25 years — a long runway — of practice and are looking for a more favourable environment," he says.

Growth among the top 10 firms listed below has been steady. Aird & Berlis took on extra office space last year and hired back six of eight articling students. It is assessing whether to open new offices outside Toronto and, Bennett says, is weighing some "quite attractive" opportunities against the need to maintain profitability. Other firms have no such plans. Several mentioned the possibility of branching into specific, new practice areas.

What all the firms in the top 10 share is a keen ambition to continue improving services and a guarded optimism about the challenges that lie ahead.

## FOGLER RUBINOFF LLP

FOGLERS.COM

Total lawyers: 110

Lawyers by office: Toronto, 107; Ottawa, 3

**Core practice areas:** Commercial real estate, leasing, and condominium law; corporate and securities law; financial services; litigation and administrative law; tax; wills and estates

**Key clients:** Canadian Solar Solutions Inc.; Computershare Trust Co.; FirstService Corp.; RioCan REIT; Suncor Energy Services Inc.; TD and other major banks

**Notable mandates:** Represented RioCan REIT in the \$4.5-billion takeover of Primaris REIT and in its \$91-million acquisition of five shopping centres in Ontario; represented Neo Materials Technologies Inc. in its \$1.3-billion acquisition by Moly-corp Inc.; represented Standard Life Assurance Company of Canada in the sale of the Sheppard Centre in Toronto for \$218 million; represented Canadian Solar Solutions Inc. in a \$185-million purchase of solar projects and creation of an international joint venture agreement with Skypower Ltd.; advised Ottawa Sports and Entertainment Group in the creation of a partnership with the City of Ottawa to redevelop Lansdowne Park.



**Star alumni:** Ed Sonshine, founder and CEO of RioCan REIT; Jay Hennick, founder and CEO of FirstService Corp.; Michael Kline, senior vice president of legal and business affairs, Loyalty One Inc.

**Affiliations:** International Lawyers Network

**The firm:** The firm of Fogler Rubinoff, with 25 lawyers, was created in 1982 through a merger of the firms of Siegal Fogler and Rubinoff and Rubinoff. During the following 30 years, the firm has more than quadrupled in size and has diversified its areas of practice, creating a full-service business law firm. It has recently added federal labour expertise to its smaller Ottawa practice and, says managing partner Michael Appleton, would like to grow its second office. "We have clients who are active there," he explains, adding, "I like Ottawa. It's small and it's growing."

He says these days the firm tries to cover as many bases as possible. "One of the strengths we have is we're very diverse. Lately we've added a few more [specialties] like immigration. We find that if something's slow, something else isn't." Fogler Rubinoff is also interested in making more of an inroad into entertainment law, he says.

## THE Perfect Fit



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