

Technology

The Law Firm Techies Like to Friend

► Silicon Valley's Fenwick & West is raking it in during the social-networking boom

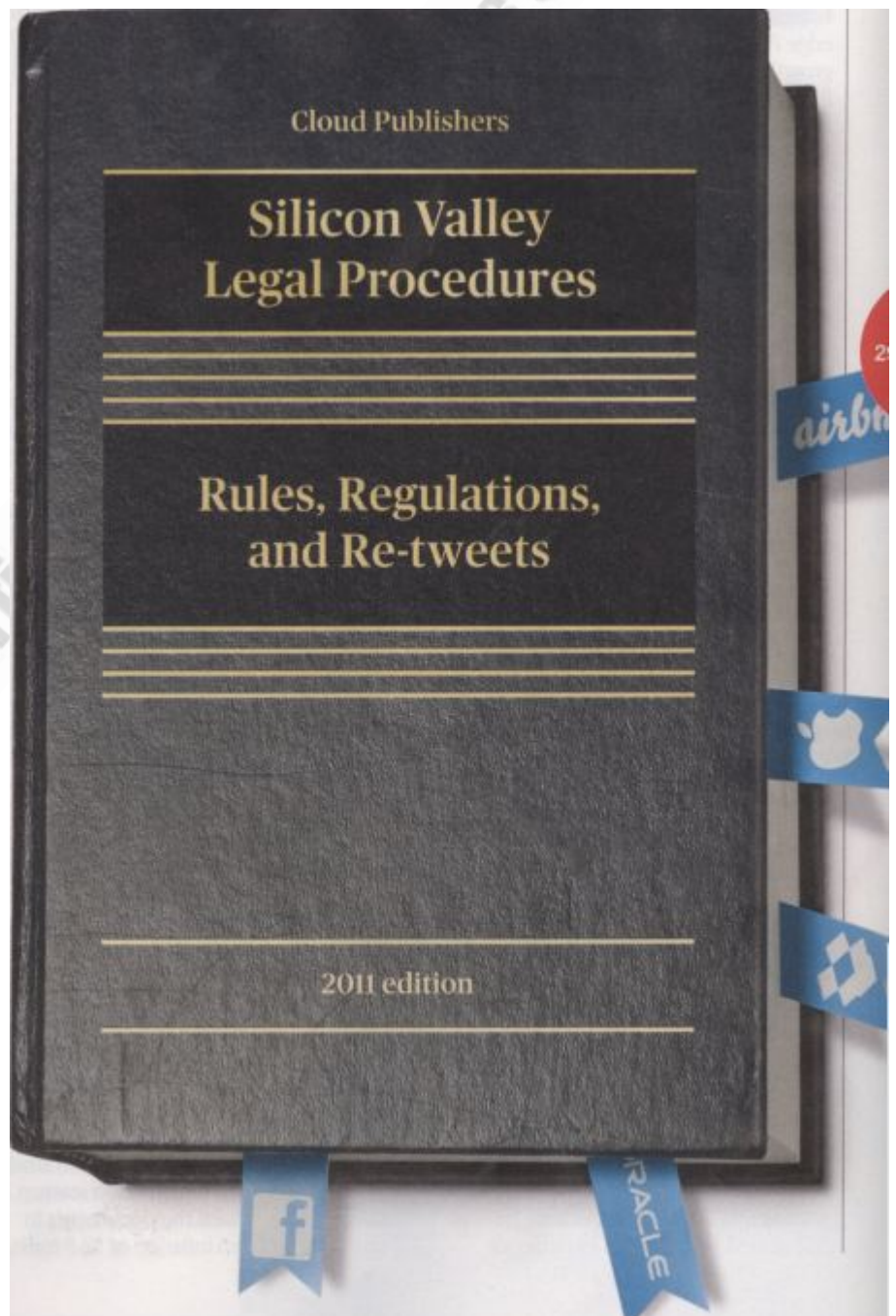
► "I'm in that tribe," says one attorney of his affinity with geeks. "Those are my people"

Gordon "Gordy" Davidson is one of Silicon Valley's top *consiglieri*. In a career spanning almost four decades, the lawyer has helped Cisco raise venture capital, steered Intuit and eBay through their initial public offerings, and helped Verisign with its \$17 billion acquisition of Network Solutions in 2000—still the largest Internet deal ever. He's seen technological waves come and go over the years. The latest, social networks and online media, is a doozy, and his law firm, Fenwick & West, is riding the trend like no other firm in the Valley. "Silicon Valley came out of a recession faster than the rest of the country, and we saw it coming a little bit sooner than our peers," says Davidson, who became chairman of the firm in 1995. "Financially, times are very good."

Unlike larger local rivals such as Wilson Sonsini Goodrich & Rosati and Cooley, Fenwick specializes in startups. Its clients are some of the biggest names on the Internet—Facebook, Twitter, and rising stars such as home-rental site Airbnb and cloud-storage company Dropbox. The firm will almost certainly help Facebook through the IPO process, according to a person familiar with the firm's and the company's plans, which could happen early in 2012. Fenwick "is one of the great indigenous firms of Silicon Valley," says Larry Kramer, dean of Stanford Law School. "It understands how the Valley works better than most, everything from how to raise money, where to incorporate, and how to nurture and grow a startup."

Fenwick was founded in 1972 in

Growth area: Helping startups deal with secondary markets, where nonpublic shares trade



the same Palo Alto office building that then housed the older Wilson Sonsini. Fenwick's lawyers made their bones incorporating Apple and taking Oracle public. In 2002 the firm moved to its own six-floor office building in downtown Mountain View, Calif., about two miles from the Googleplex, and has kept its focus on young tech companies. Wilson Sonsini, which has more attorneys than Fenwick (377 vs. 253), has shifted in recent years from startups to more established heavyweights such as Hewlett-Packard, Netflix, Pixar, and Autodesk. Establishment firms grudgingly acknowledge Fenwick's rise. Sort of. "Given the growth of the tech industry, there's room for a good competitor, as we can't represent everybody," says Larry W. Sonsini, Wilson Sonsini's chairman.

Davidson dismisses that jab as playful rivalry. He can afford to: Revenues rose 8 percent in 2010, after dipping during the recession. As is common for Valley law firms, Fenwick sometimes takes an equity stake in companies it represents—Electronic Arts and Symantec, to name a couple. (It does not own Facebook equity, according to a person with knowledge of the matter.)

One of Fenwick's biggest draws is partner Ted G. Wang, a New Jersey transplant who joined the firm five years ago, and who surprised Davidson early on by having an avatar in the online virtual world Second Life. "I'm in that tribe," says Wang, 41, of his geek affinity. "Those are my people." Wang was the original outside corporate counsel for Facebook and now serves in that capacity for Twitter. When the two companies started competing more directly, he passed Facebook work on to his colleagues. Of that transfer, Davidson says, "It was just a question of Ted's time and personal relationships. There's never been a direct conflict."

Amit Kapur, a veteran of Myspace, was looking for a lawyer two years ago when starting his Santa Monica (Calif.) ad-targeting company, Gravity. He went with Fenwick, he says, because he was impressed with Wang's experience



and advisory role at two of the Web's highest-profile startups. "We aspire to be a company of that size, and we want to have people around us that can guide us to do that," Kapur says.

Fenwick has experimented with ways to cut breaks on fees for startups. Last year, in a program called SeriesSeed, the firm put a half dozen standardized legal documents on the Web for free to help entrepreneurs streamline the process of funding their startups without generating big legal bills. Sutha Kamal, co-founder of mobile-health-information startup Massive Health, used the documents in January to close an infusion of \$2.5 mil-

lion in seed capital. "We got the round closed very quickly and saved money as well," he says, estimating the documents reduced legal expenditures from over \$50,000 to \$20,000. In another program started last year, called Flex by Fenwick, the firm offers clients who are not ready to hire a full-time attorney access to its network of contract lawyers who do low-cost legal tasks. Fenwick vets the lawyers and covers their overhead costs, such as malpractice insurance. Whatever those programs cost the firm in hourly billings they say is made up in goodwill (and far bigger fees later) should the client turn out to be the next Google.

8%

Amount
Fenwick &
West's revenue
grew in 2010

A growth area for Fenwick: helping startups figure out how to deal with the rise of so-called secondary markets, where buyers and sellers trade shares in nonpublic companies. One of the sites, SharesPost, has Facebook valued at \$50 billion-plus. Davidson says secondary sales are a potential regulatory nightmare that raises "novel questions." For lawyers, of course, "novel questions" are another way of saying that, financially, times are very good.

—Brad Stone with Serena Saitto

The bottom line Fenwick & West, retained by Facebook and Twitter, is reaping the benefits from its long-standing focus on startups.

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