



Suburban way

HIGH COSTS PUSH NYC WORK TO LONG ISLAND

By MICHAEL H. SAMUELS

Large, general law firms in New York City are feeling the crunch of the recession, and smaller firms in the suburbs are reaping the benefits.

Their business is booming, thanks to the economic downturn that has encouraged large companies to ditch the pricy Manhattan general law firms for smaller, cheaper boutique ones in the suburbs, said Peter Bernstein, of Garden City-based intellectual property law firm, Scully, Scott, Murphy and Presser.

He said he has seen a large

influx of work in the past two years that caused the firm to boost its staffing.

“We can’t help but notice that in the 35 years the firm has been in existence, we haven’t grown at this pace previously,” he said. “It’s somewhat counterintuitive in the face of a recession, but this appears to be a reality.”

He said the firm now has 35

attorneys, up from 27 last year, handling patent prosecution, litigation, legal opinions, trademarks and copyrights for a wide range of clients, including universities and Fortune 100 companies.

A study by the legal research company RSG Consulting, entitled “Law Firm of the 21st Century,” stated that the trend is occurring overseas and in other legal practice areas as well.

In London, 34 percent of clients planned to buy legal services outside of the city’s leading general law firms and use smaller firms that charge lower fees instead.

The study states that 57 per-

cent of clients mentioned controlling costs and achieving value for their money is the key challenge in seeking external legal services. In addition, 41 percent thought the biggest challenge for law firms was to control costs and justify fees.

"Our fees tend to stay level," Bernstein said. "We tend to have a cost structure that is 30 to 40 percent lower than the city right off the bat."

Fred Dorchak, president-elect of International Intellectual Property Society and an attorney at Roslyn-based Collard and Roe, said his firm has seen cases transferred to them from major law firms in Chicago and Washington, D.C.

He said in the past, small intellectual property law firms were swallowed up by larger firms looking to take advantage of the lucrative patent prosecution process. That caused the lawyers at those firms to raise their fees to be consistent with the rest of the firm.

Companies have recognized that and are moving toward the smaller firms outside of the city to cut costs.

"The clients can't afford it," he said. "We are much more reasonable for them because we are out in the suburbs."

Tom O'Rourke, with Melville-based Bodner and O'Rourke, said technology like the Internet is spreading business out of central-

ized business districts. He said companies no longer are only looking at big-city law firms. They are now looking at smaller firms that provide better customer service outside of the city that they can communicate with regularly, thanks to the Internet.

"It is showing there is quality outside venues like major cities," O'Rourke said. "A lot of times, we can give them more personal attention. They will be dealing with a partner on a much more regular basis than you'll see at a lot of the big firms."

Ed Callaghan, chairman of the Intellectual Property Law Committee for the Nassau County Bar, said firms in the suburbs like Long Island tend to have lower overhead and can charge lower rates.

He said there are things the large firms still do well, such as patent litigation, because it requires more lawyers and is a more expensive undertaking, while the smaller firms are better at patent prosecution, or the application process to get patent approval.

He added that it is worthwhile for companies looking to cut costs to research firms outside of New York.

"Our offices aren't on Park Avenue or in Manhattan," he said. "Smaller firms may be able to offer

a more competitive rate."

Dorchak said big companies who are losing money during these tough economic times are switching because they cannot justify paying higher fees if they can get the same service for less elsewhere.

"They are looking for alternatives," he said. "We are small and can be responsive to clients' needs very quickly."

But he also said they are not totally immune to outside forces. He said patent prosecution typically goes in cycles, and since 1980, the courts have been pro-patent, leading to more business.

But in recent months the Supreme Court has gotten more involved in hearing patent cases. He said he expects more patents to be denied, leading to fewer applications and less business for intellectual property law firms.

"We have an advantage," he said. "We are not like the big firms. We have who we have."

He said if the firm needs to cut back, it would happen quickly, directly and probably without any layoffs.

"We would take care of it by attrition and not hiring rather than not letting people go," Dorchak said. "But our business has been good so far. We have not seen any tail-off in business. I'm just guessing."

Scully, Scott, Murphy & Presser PC
400 Garden City Plaza, Suite 300
Garden City, NY 11530
516-742-4343
intprop@ssmp.com
