

Foreign Firms Making Waves in Canada's Mid-Market

Over the last 18 months, there's been a flurry of activity from firms outside the country, such as Cozen O'Connor, Clyde & Co and the DWF Group, looking to grow their presence in Canada.

By Gail J. Cohen

Recent moves by international law firms such as Cozen O'Connor, Clyde & Co. and the DWF Group highlight a major shift taking place in the mid-market of Canada's legal industry, led by law firms from outside the country.

In the last three months alone, global law firms have engaged in a flurry of activity.

Cozen O'Connor and **Clyde & Co** have been slowly but steadily expanding their footprint in Canada over the last 18 months. This month, the DWF Group became the first publicly owned U.K. law firm **to combine** with a Canadian firm. And in August, Asia Pacific patent and trademark group IPH Ltd., a company listed on the Australian Securities Exchange (ASX), bought the patent and trademark agency as part of a deal with IP law firm Smart & Biggar.

Even the few all-Canadian deals over the last few months involved smaller, regional law firms: a **merger** between MLT Aikins, the largest firm in Western Canada, and eight-person litigation shop Hakemi & Ridgedale in Vancouver, and Atlantic Canadian firm McInnes Cooper's **tieup** with an eight-lawyer business law firm in northern Nova Scotia.

While international firms Dentons and Norton Rose Fulbright entered the Canadian market through mergers with

Canadian firms about a decade ago, deals on that scale have not been seen in years. In addition, the recent deals differ because Dentons and Norton Rose are structured as Swiss Vereins and not as a single company or partnership like those making moves now. The larger Canadian national firms, meanwhile, appear to be holding steady with modest lateral move announcements but nothing on a grander scale.

The mid-tier space is different.

Paul Paton, a law professor and former dean of the University of Alberta Faculty of Law, said a considerable amount of activity is currently taking place in the mid-tier space in many countries, and the push into the Canadian market makes a lot of sense.

"If you're too large to be small, but you're too small to be large, how do you find and maintain a niche that is going to sustain growth at a time when disruption is actually coming through the space?" he said.

"Cozen O'Connor's approach to building a full-service practice in Canada is perhaps the boldest, with Toronto office managing partner Shane Hardy saying the aim is to go head-to-head with the country's top-tier firms."



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"We've made the decision to become full service in Canada, focused primarily in Toronto and Vancouver," said **Michael Heller**, executive chairman and CEO of the Philadelphia-founded firm.

Cozen O'Connor is the 100th-ranked firm in the Global 200, with more than 800 lawyers in 31 cities. It has had a small office in Toronto for many years. But since June 2021, it has brought on some heavy hitters, including IP lawyer **Hardy** and **Brigeeta Richdale**, a securities lawyer who heads its Vancouver office, poaching from Canada's largest firms, such as Cassels Brock & Blackwell, Blake Cassels & Graydon, and Miller Thomson.

The firm's "unique governance and capital structure" is a key to attracting strong lateral hires, said Heller. It is a single global partnership, but also doesn't have a capital requirement for equity partners.

“Every one of our equity partners writes a check for \$100 and that’s it,” said **Heller**. “We are an extremely financially secure firm and we don’t need to borrow money from our partners.”

Over the last couple of years, U.S. firms have also been coming into the Canadian market and raiding top talent, said Cozen O’Connor partner **Rory Godinho**. Being entrepreneurial and wanting to stay competitive for both himself and his clients, **Godinho** said his attitude on leaving Miller Thomson for Cozen O’Connor was “if you can’t beat them, join them.”

Michael Osborne, who was at Cassels Brock before making the move to Cozen O’Connor, said he was attracted to getting in on the ground floor to build up the Canadian practice.

“What I found irresistible about it was the chance to not just be the ‘chair’ of the Canadian competition practice, but to come over and start it,” he said.

For many Canadian companies, the route to growth and expansion lies south of the border in the U.S. Cozen O’Connor is focusing on those small and medium-sized enterprises and looking to add new partners whose clients have a strong U.S.-Canada cross-border element, said **Hardy**.

“The way we look at it is that 80% of our clients may be Canadian, but 80% of the risks and opportunities and problems are usually in the United States,” said **Hardy**.

Most Canadian firms are not developing the type of cross-border platform **Cozen O’Connor** is creating, he said. A few have small offices in New York, but traditionally the national firms “have really been reliant upon referral work coming up from the United States.”

“Cozen O’Connor’s strategy is being welcomed by clients, many

of whom have moved to Cozen O’Connor with the Canadian lawyers who have joined.”

Ryan Newell, the president of Spinrite Yarns, said he’s much happier having legal counsel in the U.S. directly connected to his Canadian lawyer because having to use an affiliated American firm always left him worried something would fall through the cracks.

“The reason that we liked moving to **Cozen O’Connor** so much was that, yes, our head office is in Canada but 90% of our business is in the U.S.,” he said.

Julia Stamberger, CEO of The Planting Hope Company Inc., an American-headquartered, plant-based food and beverage brand that is listed on the Canadian TSX Venture Exchange, says having a law firm that has legal expertise on both sides of the border is critical as the company looks to expand. When the company did its initial IPO, communication between its American and Canadian law firms was not always great, she said, forcing her to often act as the middleman.

“I’ll weigh in wherever I need to weigh in and there’s a decision to be made, but general blocking and tackling should be able to happen without the company in the middle,” she said, adding that the larger cross-border team at Cozen O’Connor is also nimble and “judicious with our dollars.”

Clyde & Co, which first entered Canada in 2011 in Montreal and Toronto through a merger with Nicholl Paskell-Mede—just weeks after Norton Rose became the first international firm to land in Canada—is also actively expanding, having opened an office in **Calgary** in October and another in **Vancouver** last year, to take advance of the country’s

“growing economy, a mature insurance market and booming infrastructure and natural resources sectors,” said Jo-Anne Demers, a senior partner and chair of the firm’s Canadian board.

Most of its growth has been through mergers with smaller firms, although the four seasoned partners who opened the Calgary shop came from regional firm McLennan Ross with expertise in coverage for the energy and sector. Further expansion “will be a mix of organic and acquisitive growth,” said Demers.

London-based Clyde & Co., which is ranked No. 71 in the Global 200, has more than 2,400 lawyers in 60 offices on six continents. The opening of its Calgary office, which is still recruiting associates and junior partners, gives the global firm “complete coverage in all of Canada’s major insurance markets,” Demers continued.

Clyde & Co will also continue to build its insurance practice in Canada and broaden into other areas, such as construction and regulatory, she added. Like **Cozen O’Connor**, it is also a single global partnership that can seamlessly advise both local and international clients.

As the legal talent in Canada is recognized more and more for its expertise and as law firms take note of a culture of Canadian multinationals and small- and medium-sized companies that are open to looking beyond their borders, the trend is likely to continue, said the University of Alberta’s Paton. Law firms that want to “follow the numbers” will find the Canadian market increasingly attractive, he said.

