

Talent and Teamwork

Strong strategies and collaborative efforts deliver victories in health care manufacturing and forest products.

By Ari Kaplan

BAXTER INTERNATIONAL INC.: **Health Care Manufacturing**

While multiparty, complex litigation on issues such as breast implants, HIV, and latex gloves is disappearing, companies like health care manufacturing giant

Baxter International Inc. are now seeing mass tort concepts employed by plaintiffs in securities actions. And with 55,000 employees worldwide and \$8 billion in annual sales of bio-science, medication delivery, and renal products, Baxter is on their radar. In managing these risks, the company is drawing on a proven strategy of strong leadership, cross-departmental cooperation, industry involvement, and effective lobbying.

"In the post-Enron world, corporate governance is the biggest challenge for in-house attorneys," says Thomas L. Aldrich, Baxter's associate general counsel and chief litigation counsel. To combat claims of this nature, he maintains a close relationship with the company's corporate decision makers and routinely advises management, the board of directors, and the audit committee—a practice that recently helped secure a victory in a Dallas-based services contract dispute involving tax credits. "Working closely with our inside tax folks and our outside trial counsel, we removed the case to federal

court and prevailed in a bench trial," says Aldrich.

Deerfield, Illinois-based Baxter's outside counsel program consists of three preferred providers and various specialty providers, which support the company's three-attorney in-house team in handling litigation. "Our relationship with these firms is very close, [in effect] forming a virtual Baxter law firm, but I do not believe in trying a case that can be settled reasonably," asserts Aldrich, a former antitrust lawyer who also encourages the use of mediation and alternative dispute resolution.

With products liability actions comprising much of the company's litigation docket, Baxter is an active participant in the Defense Research Institute's Drug and Medical Device Committee. "As the largest group of defense lawyers, the DRI is in the best position to serve as the counterpoint to the plaintiffs' Association of Trial Lawyers of America," Aldrich explains.

Baxter complements its work in the Chicago-based DRI with

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BIO BRIEF: **THOMAS L. ALDRICH**

Joined Baxter: January 1998

Title: Associate general counsel and chief litigation counsel

Primary Responsibilities: Managing all company litigation (except environmental, employment, and intellectual property) and lobbying for tort reform

Graduated From: Northwestern University Law School, 1973

Admitted to the Bar: Illinois, 1973

Enjoys: The opportunity to interact with management to solve problems from the bottom up—identifying issues, planning strategy, and formulating and executing viable solutions



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tort reform lobbying. The company is a strong supporter of the federal Class Action Fairness Bill and encourages class action and civil justice reforms in individual states, including California, Illinois, and Mississippi.

Even with predominating litigation issues, Baxter is also concerned with the community it serves—as is Aldrich. When he is not in the courtroom, boardroom, or at a Northwestern University Wildcats game, Aldrich is the company's board representative and vice chairman of the SEDOL Foundation, for which he helps raise funds for special education initiatives in Lake County, Illinois. "It's a great opportunity to help those kids and families who really need us," says the father of five. That's strong leadership.

INTERNATIONAL PAPER COMPANY: Forest Products

Litigation is often about being part of a team. And these days, the legal team at Stamford, Connecticut-based International Paper Company is on a winning streak. After years of litigation, the company scored a \$93 million jury verdict in late 2001 when a jury found against Employers Insurance of Wausau, ruling that it breached a duty owed to defendant Masonite Corporation, a former International Paper subsidiary, in a nationwide class action. The next phase of litigation, seeking \$500 million from other

carriers, began in April 2003.

According to Peter Lieb, vice president and deputy general counsel, "the great thing about in-house work is having real clients who view you as part of the team and who value creative solutions to complex legal and business issues. Some of our outside lawyers are regarded in the same way by virtue of their achievements in a case or transaction and their longevity." The team, which includes lawyers involved in the Masonite case since 1995, can be pretty big for the largest private landowner in the United States and one of the leading paper, packaging, and forest products manufacturers in the world.

In addition to scores of outside counsel, Lieb supervises 15 of International Paper's 50 lawyers and additional paralegals and support staff in labor and employment, environmental, health and safety, intellectual property, and litigation.

For a large manufacturing company in an industry with a history of antitrust and environmental litigation, Lieb believes that "compliance and training are critical, as is communication among counsel." Typically, in-house lawyers managing litigation have different approaches, ranging from lawyers who simply hire outside counsel and wait for a verdict to those who are an integrated part of the process. "At International Paper, we are toward the latter end of the continuum," says Lieb, who served as an assistant U.S. attorney under Rudy Giuliani. International Paper's in-house

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BIO BRIEF: PETER LIEB

Joined International Paper:

September 1997

Title: Vice president and deputy general counsel

Primary Responsibility: Litigation, labor and employment, environmental, health and safety, and intellectual property

Graduated From: University of Michigan Law School, 1982

Passed the Bar: New York, 1983

Enjoys: Working with and leading a group of talented lawyers and business executives in solving or otherwise addressing significant legal problems facing the company



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team actively manages the company's lawsuits and is involved in every strategic determination that is made. And, with Lieb, a former law clerk to Chief Justice Warren E. Burger on hand to consult, outside counsel would be remiss not to ask.

Since in-house lawyers are not involved in the day-to-day management of the cases, Lieb explains, "they may have perspective that would allow the entire team to see the forest and not just the trees." With talent and teamwork on its side, International Paper's legal success story is as good as the paper it is printed on.

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