YOU, ME AND THE FIRM: TRACING THE HISTORICAL DEVELOPMENT OF PHILIPPINE LEGAL PRACTICE FROM SOLO PRACTICE TO LAW FIRMS*

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> *"As a business, the greatest challenge is too many lawyers pursuing a reduced number of clients. As a profession, the greatest challenge is too many lawyers who don't understand that it is a profession."*
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> - W. Wright Danenbarger,
> New Hampshire Attorney
> quoted in New Hampshire
> Online Editions, January, 1995.

INTRODUCTION

The development of the Philippine legal profession is an intricate and complex subject that carries the same weight as the study of the laws which govern it. Although the practice prides itself in the comprehensive study of policies, statutes and jurisprudence, a scarcity of materials exists when it comes to the history and development of the profession, especially here in the Philippines. This paper hopes to answer that void by contributing its insights to the study of one of the world's oldest profession and how it has evolved in the country.

The legal profession, much like any other social institution, is affected by the changes driving the society in which it moves. Social upheavals, technological breakthroughs and economic developments have

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varying degrees of influence over the way the law is practiced here in our country. Indeed, it is inevitable that the profession will continue to change as the conditions, needs, and demands of society force the creation of new forms of practice and the evolution of new methods for delivering legal services.[1] Nowhere in our history has the march of the lawyer's role in society has swollen to a feverish pitch as it is felt right now.

The legal profession also faces challenges from these same forces. Technology and the media have diluted the exclusive province of the legal profession, making it accessible to the ordinary citizen. With the availability and accessibility of legal resources in the Internet on any field of law, any individual, who is functionally literate, can be capable of giving credible interpretations of laws. Add to this the proclivity of several lawyers in explaining the law in simple and bite-size chunks in television and radio shows, literate Filipinos are becoming emboldened to say a thing or two about the pressing legal controversies of the times. Within this context, the modern Filipino lawyer discovers that the only thing separating him and his clients is his roll number and his law degree.

Not only has the societal factors changed but the practice itself has evolved. Where, in the past, the practice was limited to several hundred lawyers, now the Bar counts 40, 461 lawyers.[2] The increase in the number of law schools, churning hundreds of law graduates annually, has contributed to the exponential growth of the number of lawyers. Where the practice was previously dominated by men, the present scenario has seen the steady rise of women lawyers, not just in numbers but also in prestige and prominence.

A lawyer, who is both a practitioner and a continuing student of law, will benefit much from having a working framework of the profession – a roadmap of where it has been, where it is at and where it is headed to. By becoming aware of the societal changes affecting the profession, a Filipino lawyer's ability to adapt to and respond to these changes is greatly strengthened.

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[1] James W. Jones and Bayless Manning, *Getting at the Root of Core Values: A "Radical" Proposal to Extend the Model Rules to Changing Forms of Legal Practice*, 84 Minn. L. Rev. 1159, 1210 (2000).

[2] According to the 2000 count of the Integrated Bar of the Philippines. www.ibp.org.ph (Last visited Dec. 28, 2006)

The first part of this paper will describe American influence on the Philippine legal profession. The paper will then move on to express the dual character of the legal profession and illustrate the historical role played by early lawyers both in the United States and the Philippines. In addition, the second part of this paper will trace the growth and expansion of the legal profession from the introduction of the American common law starting with the solo practice up to the present modern day forms of lawyer associations, particularly the law firm. The third part will analyze the advantages of the law firms over sole general practitioners. The next part will then analyze the factors affecting the legal profession and how these will shape the future of legal profession in the country. The last portion of this contribution will be an assessment of the growth of the practice to contemporary legal ethics.

I. AMERICAN LEGAL IMPERIALISM AND INFLUENCE

American legal heritage has an undeniable influence over the Philippine legal profession. With the arrival and colonization by the Americans of the Philippines in the early 1900's, the culture of the legal profession in the Philippines also adopted the American style of law practice. As the Philippines was constrained to adopt American democratic ideals and principles of governance, the practice of law was similarly influenced and greatly patterned with that of the American bar.

During the American colonization, the United States system of government along with its intricacies was effectively transplanted to and adopted wholesale by the Philippines. The advent of the Jones Law or the Philippine Organic Law created the early republican and democratic government of the country which has become the cornerstone of the Philippine political and legal landscape. Legal concepts such as judicial review[3], taxation[4], and negotiable instruments[5] have American origins which were adopted wholesale by Philippine practice.

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[3] Angara v. Electoral Commission, G.R. No. 45081, 63 Phil. 139, July 15, 1936..

[4] Madrigal v. Rafferty, G.R. No. 12287, Aug. 8, 1918.

[5] The Negotiable Instruments Law is a verbatim reproduction of the Uniform Negotiable Instruments Law of the United States, and since its enactment here in the Philippines in 1911, not a single amendment to it has been made. Campos, Campos, NEGOTIABLE INSTRUMENTS LAW (1994 Ed.), at 8.

Further development in governance in the country through various Acts in the early 1900s influenced the way the Philippines enacted laws to meet the demands of the changing times. Corollary to this growth in development and changes, the crafting of laws and writing of court decisions showed an undue reliance on U.S. statutes and jurisprudence. The Philippines relied mostly on American-style legislation and jurisprudence in the creation of its own identity in the legal sphere.

With the Supreme Court's early reliance to American jurisprudence, the Filipino lawyer has become accustomed to patterning his way of thinking to the American style of legal thought and development. It is noteworthy that such acclimatization to American legal thought was owed mainly in part to how the early Philippine Supreme Court was organized. Act No. 136, or the Judiciary Law of the Second Philippine Commission, established the first Philippine Supreme Court under the American occupation. Such Act was reaffirmed by the United States Congress through the Philippine Bill of 1902. During that period up to the establishment of the Commonwealth government in 1935, the Philippine Supreme Court was composed mostly of American justices who were trained and educated by the US legal system and practice.

Through the years, reliance and reference to American style of legal practice has become well imbedded in the Philippine legal profession. Most Philippine laws, although of Spanish origin like the civil and criminal codes, were given life and interpreted largely by the American-educated practitioners that led to the adaptation by the Philippines of a legal system infused with the traditions of Roman Law and Anglo-American common law.

In tracing the development of the legal profession in the Philippines, particularly the transformation of law practice from the hegemony of solo practitioners to the rise of the law partnerships and firms, it is helpful to look into how the same developments occurred in the U.S. legal profession. Admittedly, the practice of law in the United States had the greatest impact on Philippine legal profession, given its rich and earlier history and its actual transplantation to these Islands by the American colonizers. Hopefully, with a study of how the legal profession evolved in the United States and the factors that led to such changes, we would be able to demonstrate how similar developments have parallelisms to the local setting. "Like all other social institutions, the legal profession has throughout its history continuously evolved and adapted to meet the changing conditions, needs, and demands of the society around it."[6] It seems that "Nowhere has such evolution been more evident than in the history of the legal profession in the United States."[7]

II. TWIN PRISMS OF THE PRACTICE OF LAW

The practice of law has been identified as a profession but at the same time, it is difficult to see it solely as such. To view the practice of law strictly as a profession is to turn a blind eye on changing realities. The proliferation of business activities in law practice cannot be reconciled with the view that it is of strict professionalism.[8] The profession has its monetary side which brings out the business aspect of such profession. Thus, in discovering the development of the legal profession in the U.S., it is most helpful to view the practice of law through two different prisms: the professional prism and the business prism.[9]

Legal professionalism is said to include at least the core elements of specialized training, knowledge inaccessible to a lay-person, protection against competition under state law, an obligation to place the interests of the client ahead of the interests of the lawyer, a binding code of ethics, and self-regulation.[10] It should express the ideal of public service wherein compensation and emoluments are mere by-products.[11] The hallmark of the legal profession is that it should be practiced in the spirit of public service.[12] This is the first and more traditional way to think about the practice of law.

The other way of viewing the practice of law is that it is a business wherein the market is highly competitive and the goal is for profit maximizing. [13] It is said that lawyers, like other businessmen, give importance on maximizing their own earnings and interests.[14] Under this

[6] Jones and Manning, *supra* note 1, at 1163.

[7] *Id.*.

[8] Russel G. Pearce, *The Professionalism Paradigm Shift: Why Discarding Professional Ideology will Improve the Conduct and Reputation of the Bar*, 70 N.Y.U. L. REV. 1229, 1229 (1995).

[9] Michael Asimow, *Embodiment of Evil: Law Firms in the Movies*, 48 UCLA L. REV. 1339, 1361 (2001).

[10] *Id.* at 1361-1362.

[11] Ruben E. Agpalo, *Comments on the Code of Professional Responsibility and the Code of Judicial Conduct*, 3-5 (2001); In re Sycip, 92 SCRA 1, July 30, 1979; *citing* H.S. Drinker, *Legal Ethics*, 4-5 (1953).

[12] American Bar Association Commission on Professionalism, *"...In the Spirit of Public Service:" A Blueprint for the Rekindling of Lawyer Professionalism*, 112 F.R.D. 243, 261 (1986).

[13] Asimow, *supra* note 9, at 1361.

[14] Pearce, *supra* note 8, at 1268.

model, the practice of law as a business consists of big businesses (large firms) and small businesses (solos or small firms) where competitors in the market strive to offer and deliver their services in the most effective and efficient manner in order to maximize earnings.[15]

These two different prisms of law practice as a profession on the one hand and as a business on the other, will prove helpful in understanding how the legal profession has evolved in the United States and which evolutionary pattern can be transplanted to the Philippine legal setting.

The Historical Role Played by Early Lawyers

The lawyer is viewed as belonging to an elite class of learned persons with mastery of the skills of debating and argumentation. The legal profession as it is known now is a profession where only a few can really thrive given the rigors of its demands and intellectual expertise. Akin to the priesthood, lawyers exalt legal maxims and divine reason and arguments from a Bible of judicial decisions to a mesmerized clergy of clients, who pray for legal absolution or salvation.

However, such a perception was unheard of during the early beginnings of the profession in the United States. The early 'lawyers' were generally regarded as contentious and unnecessary people.[16] In the 17th century, the lawyer as a champion of rights was unheard of. In fact, such persons were held in disdain and clearly unwelcome, as accounted for by Jones and Manning, saying,

> The Body of Liberties adopted by the Massachusetts Bay Colony in 1641 prohibited pleading for hire. In 1645, Virginia excluded lawyers from its courts, reflecting a similar ban in Connecticut. In the Carolinas, the draftsmen of the Fundamental Constitution were equally hostile, declaring it *"a base and vile thing to plead for money or reward."* As summarized by one commentator, this animosity toward lawyers arose from various sources:

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[15] Asimow, *supra* note 9, at 1361.

[16] Jones and Manning , supra note 1, at 1163, *citing* Lawrence M. Friedman, A HISTORY OF AMERICAN LAW, 94-95 (2d ed. 1985) and Roscoe Pound, THE LAWYER FROM ANTIQUITY TO MODERN TIMES, 136, 138, 142-144 (1953).

> The Puritan leaders of Massachusetts Bay had an image of the ideal state. Revolutionary or Utopian regimes tend to be hostile to lawyers, at least at first. Lawyers of the old regime have to be controlled or removed; a new, revolutionary commonwealth must start with new law and new habits. Some colonists, oppressed in England, carried with them a strong dislike for all servants of government. Merchants and planters wished to run their affairs, without intermediaries. The theocratic colonies believed in a certain kind of social order, closely directed from the top. The legal profession, with its special privileges and principles, its private, esoteric language, seemed an obstacle to efficient or godly government. The Quakers of the Middle Atlantic were opposed to the adversary system in principle. They wanted harmony and peace. Their ideal was the "Common Peacemaker," and simple, nontechnical justice. They looked on lawyers as sharp, contentious--and unnecessary-- people. For all these reasons, the lawyer was unloved in the 17th century. This antipathy toward lawyers was not short-lived. Legislation hostile to the practice of law was more or less continuously enacted in virtually all of the American colonies from the middle of the seventeenth to the middle of the eighteenth century. Indeed, Virginia's statutory prohibition on the practice of law for a profit was not repealed until 1748. In the end, however, the effort to make do without lawyers proved a failure.[17] (emphasis supplied)

From this account, it can be seen that in most of the early American colonies in the seventeenth century, lawyers were either excluded or banned from its courts by legislation and even by the bar of public opinion.

Despite such animosity towards lawyering and the legal profession in general, certain developments in the profession slowly seeped in to uplift its perception and esteem in society. The most telling development is the increase in the complexity of commercial dealings between persons which brought with it more complex legal questions that needed the expertise of lawyers:

> As the colonial societies became more established and settled, however, the legal questions--from commercial disputes to controversies over land grants and sales--became more complex and lawyers were increasingly called upon to bring their skills to

[17] *Id.* at 1163.

> bear. Lawyers trained in the English Inns of Court found a ready market for their skills, as did laymen with some legal experience. In fact, "[i]n the late 17th century, justices of the peace, sheriffs, and clerks acted as attorneys in New Jersey." In any event, despite the continuing and widespread public distrust of lawyers, by 1750 there was an operating professional bar in all major communities in the American colonies.[18]

Given the economic progress of the American states, it was undeniable that increased trade and industry would lead to an increase in the number of disputes between persons, whose primary concern would be the protection of their interests and profits. Resolution of these disputes created a market for legal services, that mediated and settled controversies based on a widely-acceptable standard – the law.

However, following the American Revolution there was a decline in the need for the legal profession as the whole country saw a downward spiral in economic activities which even resulted to depression due to the effects of the war. The lawyer whose services were earlier needed in settling thriving commercial disputes was reduced chiefly to a debt collector because of the confusion in property ownerships caused by the war.[19]

As America began to recover from the deleterious effects of war, the perception of the lawyer and his importance to society greatly improved. As political and economic stability started to set in, the growth in commercial dealings and identification of rights led to the growing demand for lawyers in America.

Nevertheless, the path which the American legal profession took consequently brought it to an era of growth and expansion for the marketing of legal services. In contradistinction to the development in European states of the scholarly and elite profession, U.S. lawyers tended to be more entrepreneurial in many ways given the swift economic developments in the United States:

> In many ways, then, loose standards were inevitable. Perhaps they even enhanced the vigor of the bar. Formal restrictions tended to disappear; but the market for legal services remained, a

[18] *Id.* at 1163.
[19] *Id.* at 1164.

> harsh and sometimes efficient control. *It pruned away deadwood; it rewarded the adaptive and the cunning.* Jacksonian democracy did not make every man a lawyer. *It did encourage a scrambling bar of shrewd entrepreneurs.* This entrepreneurial aspect of the American legal profession proved a valuable asset during the second half of the nineteenth century.[20] (emphasis supplied)

From the foregoing, it can be gleamed that the American lawyer, unlike their European counterparts, thrived more on the business prism than the professional prism at the onset. It could well perhaps be attributable to the wealth of opportunities for vast capital growth in the early American states.

Here in the Philippines, during the time of the Spanish colonial era, lawyers were already held in high regard since the legal profession has been recognized early on as a noble profession for the elite and the learned. The first formal training for the practice of law, particularly Civil Law, was introduced in 1734 through the Institute of Civil Law of the Pontifical University of Santo Tomas by virtue of the Royal Cedula of Charles II.[21] During this period, there were already notable laws decreed by the Royal Audencia under the supervision of the King of Spain. Some of the more prominent laws during this period were the *Fuero Juzgo, Fuero Real, Las Siete Partidas, Leyes de Toros, Nueva Recopilacion de las Leyes de Indias* and the *Novisima Recopilacion.*[22] The early lawyers then were highly regarded and the profession was considered the sole province of the elite who underwent rigorous training and education.[23] Even national hero Jose Rizal in his book, El Filibusterismo, spoke of how lawyers were esteemed during their times as reflected on the chapter where Isagani, the book's main protagonist, consulted with Senor Pasta, a lawyer, whom Rizal described as "one of the most talented minds, in Manila, whom the friars consulted in their great difficulties".[24] Thus, it may be said that during the Pre-American Colonial period in the Philippines, lawyers enjoyed a deep respect and reverence from society, unlike in the United States where lawyers did not, initially, enjoy the same admiration and, at times, even courted disgust.

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[20] *Id.* at 1166.
[21] Evergisto Bazaco, HISTORY OF EDUCATION IN THE PHILIPPINES (Vol. 1) at 187-188 (1939).
[22] http://www.nyulawglobal.org/globalex/Philippines1.html (Last visited at Jan. 7, 2007)
[23] Bazaco, *supra* note 21, at 188.
[24] Chapter XV Senor Pasta, EL FILIBUSTERISMO.

Early Law Partnerships in the United States.

Major social changes have been harbingers of great advances in the legal profession. The legal profession experienced a sudden expansion following the American Revolution and its concomitant economic developments. Like the American Revolution which jump started changes of great consequence in the profession, the Civil War during the early 19th Century became a catalyst for a series of transformations in the practice of law in the United States. A historical account of the post-Civil War effects on the legal profession depicted the situation, as such:

> During the period, the American population grew substantially, with major cities experiencing extraordinary growth; the West was settled; the country emerged as a major industrial power; transportation and communication links were extended across the continent; and the U.S. (with the help of a rapidly growing navy and merchant marine) began an expansion of its influence overseas. It was a time of great scientific and technological achievement, with the introduction of many products to make life easier and healthier, even as the stresses in the country's social order became more pronounced.[25]

At this point, it may be gainsaid that the development of the legal profession is undeniably linked to the advances in the different socio-economic conditions of any given period. Similar to other major social revolutions, the changes in the economic landscape in America saw the emergence of another facet of the legal profession – the birth of the corporate lawyer:

> From the founding of the Republic there had been a small but sophisticated bar of commercial lawyers that advised the great mercantile houses on matters of marine insurance and international trade. These practices were located in major port cities, particularly in New York. In the 1820s and 1830s, *as infusions of British capital became important to American industry, these commercial lawyers were increasingly called upon to draft the loan documents necessary to finance industrial expansion.*[26] (emphasis supplied)

[25] Jones and Manning, *supra* note 1, at 1166-1167.
[26] *Id.* at 1167-1168.

The corporate lawyer is arguably the progenitor of the law partnerships and later on the law firms.[27] Continued increase in economic activity and trade led to the greater demand and market for lawyers in the United States. The growth of the legal profession is inescapably linked with the country's economic and industrial activity.

An outgrowth of the introduction and spread of the corporate lawyer's practice was the slow rise and prominence of the law partnerships. Such evolution of the practice of law from solo-general or corporate practice to law partnerships is attributable to the increased pressure on corporate lawyers to provide more comprehensive and detailed legal services like mergers and acquisitions, defending shareholder suits, and floating bond issues to the rapidly growing businesses and industries to which they cater.[28] The shift towards the formation of law partnerships was, thus, traced and accounted for:

> Partnerships of more than three lawyers were rare before the Civil War. By the end of the nineteenth century, however, "they were much more common on Wall Street and in some of the large cities." In 1872, there were only three firms in the nation that had as many as five lawyers, and the largest firm had only six. By 1898, the numbers had changed significantly, with thirty-five firms having five lawyers and another thirty-two firms having more. And, by 1915, there were 104 firms in the country with five lawyers and an additional 136 firms with more than five. This evolution of the law firm--driven principally by the spread of industrialization and demands for capital--was undoubtedly the most significant development in the life of the legal profession in the second half of the nineteenth century and a development that would have profound effects during the next 100 years.[29]

Thus far, partnerships were considered the leading model for law practice in the United States following the Civil War or the later half of the 19th century. With the pressures of providing comprehensive, detailed and quality legal services, lawyers needed to pool their resources together to gain more profits and address the pressures for client satisfaction.

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[27] *Id.* at 1167.
[28] *Id.* at 1168-1169.
[29] *Id.*

To recapitulate, from the early beginnings of the despised lawyer, increased economic and industrial activity saw the greater acceptance for lawyers' services. The continued increase and rapid growth of corporate America drove the rise of the corporate lawyer and the sustained growth in the economies and industries of the United States saw the transformation of the corporate lawyer to the law partnership. What can be clearly seen from such transformations is the direct link or relationship between the growth of the legal profession and economic and commercial activity. New laws, technologies, and innovations in corporate practice held the need for greater pooling of resources to maximize profits from the services that they offered. As mentioned above, the American lawyer found its roots from an entrepreneurial attitude rather than a scholarly attitude characterized by strict professionalism as generally followed in Europe, influenced as they are by the economic advancements made during those times.

Growth of the Law Firms

From the evolution of the corporate lawyer to the law partnership, it was inevitable that the model for law practice would entail bigger numbers of persons forming a group to pool greater resources and present more comprehensive and specialized services in order to adequately respond to the rapid economic and industrial growth of the United States. The turn of the 20th century saw the first large law firms emerge in the economic capital of the United States – New York City.[30] These large law firms naturally represented more complex and larger business and government institutions.

From the turn of the twentieth century, the law firm as a model for law practice steadily grew in size and acceptability. This period characterized the rise of the law firms and the decline in the hegemony of the sole general practitioner.[31] Law firms are organizations created to accomplish tasks that individuals cannot manage on their own.[32] In order to fully grasp the evolution of the legal profession from sole practice to the large law firms, it is imperative to understand how the law firm as an

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[30] Marc Galanter and Thomas Palay, TOURNAMENT OF LAWYERS: TRANSFORMATION OF THE BIG LAW FIRM, ix – xi (1990).

[31] *Id* at 4.

[32] S. S. Samuelson, *The Organizational Structure of Law Firms: Lessons from Management Theory*, 646, 51 OHIO ST., L. J. 645, (1990).

organization works. This will highlight the differences and advantages of a law firm over sole general practice.

As an organization, the law firm subdivides responsibilities to facilitate the work of the component unit as a whole.[33] The law firm is structured in such a way that it divides its operations into distinct tasks assigned to different departments and then coordinates such tasks to create an effective and comprehensive legal service.[34] The structure of law firms must have a great degree of flexibility between the various tasks and departments yet stern enough to avoid disarray.[35] Just like any organization, the law firm generally has three parts: the operating core (which is in charge of the basic output of service), the strategic apex (which is in charge of policy decisions, strategic planning, and overseeing of the structure), and the middle line (which ensures that the decisions in the strategic apex are implemented and coordinated throughout the different departments). [36]

Law firms are generally organized with the partnership at the core. From the partnership, other departments composed of individual partners at the helm and associates branch out to complement the partnership. The new category of a lawyer, the associate, is an indispensable part in the development of the modern law firm:

> By hiring young lawyers who would not be made partners (at least initially), the new commercial law firms introduced the model of the lawyer as an employee--a model that would come to dominate the legal profession by the end of the twentieth century and challenge the validity of the traditional paradigm of the lawyer as an independent practitioner.[37]

Thus, the concept of partnership in a law firm and its relation to its associates in producing legal services can be aptly described as such:

> A partnership is the ultimate cooperative organization, a marriage of equals. It is an economic and legal form embodying principles of collegiality and equality. In the absence of an agreement to the contrary, all partners are legally entitled to

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[33] *Id.*

[34] *Id. citing* Henry Mintzberg,. THE STRUCTURE OF ORGANIZATIONS at 189 (1979).

[35] *Id.* at 647.

[36] *Id.* at 648-650.

[37] Jones and Manning, *supra* note 1, at 1169.

> manage and to share in the profits of the enterprise. They are also personally liable for all debts of the organization. Routine decisions can be made by a majority of the partners. But important decisions--those involving, for example, a sale of assets, a change in the nature of the business or the admission or ejection of a partner--require a unanimous vote of the partners. There is no hierarchy among partners, only between partners and associates (that is, non-partners).
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> Associates (as non-partners are called) have no right to ownership or control of the business and, by and large, their compensation is not closely tied to firm profits. They accept this arrangement because of the prospect that, after an apprenticeship of six to twelve years, they will be invited into the Promised Land of partnership. If passed over, they are expected to leave the firm within some decent interval.
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> The legal work itself is done by small teams of partners and associates. Most teams consist of between two and six lawyers, although in a major litigation case the group may be as large as thirty. Team assignments are typically the result of free-form negotiation--senior lawyers collar their more junior colleagues, who acquiesce or not depending on their time schedules, their interest in the particular work, and the status of the partner doing the asking. Often, the result of such an assignment "system" is haphazard training with little reward to the most highly regarded associates other than overwork (and an increased probability of making partner).[38]

In applying the concept of the three parts in an organization, the law firm, therefore, can be composed of the operating core which includes the partners and associates, the strategic apex which is made up of the partners, and the middle line which also includes the partners themselves.[39]

At this point, it may be significant to add that parallel to the creation of the associate as a component in the development of the law firm was the introduction of the lawyer as an in-house counsel. As companies grew bigger, they saw the need to hire lawyers to devote full-time attention to their legal concerns. Also, as the legal concerns of such companies increased and the workload multiplied, these companies hired more lawyers

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[38] Samuelson, *supra* note 32, at 650-652.

[39] *Id.* at 652.

which form what we now call the legal department in most corporate structures. Aside from the big companies, the government also saw the need for creating such pool of lawyers to handle their legal affairs in the different agencies and departments of the government.[40]

The twentieth century ushered in the full transformation of the legal profession from the model of an individual sole practitioner to that of the model of large law firms:

> As a result of all of these changes, it may be safely said that by 1900 the American legal profession had begun to experience a transformation in the roles that lawyers played and in the structures within which they practiced. Throughout the nineteenth century, the prototypical American lawyer was the independent private practitioner who neither employed lawyers nor was employed by them or by others, and who either worked alone or shared expenses (or less commonly profits) with one or two colleagues. Although this model of the independent private practitioner has continued to resonate powerfully within the American legal profession--and although most lawyers (at least numerically) continued to practice in such settings until well into the twentieth century – by 1900 it was clear that the independent practitioner would not survive as the dominant model for law practice in the United States. The economic and social forces that gave rise to the development of modem corporate law and the growth of law firms, as well as to the proliferation of lawyer-employees, whether as associates in law firms or as in-house counsel for corporations or government agencies, were to prove even more powerful as the twentieth century unfolded.[41]

In the Philippines, the infusion of American capital in the country was not without the introduction of the American style of law firms, which serviced the same American businesses and interests. With the introduction and infusion of the American legal system and high prospects for investment in the country, the medium of instruction for the practice of law was slowly changed to English and the early Filipino lawyers who had their own practices were then either hired by American law firms or merged their existing partnerships with those of the entering American firms. An example would be the early roots of the prominent Romulo Mabanta

[40] Jones and Manning, *supra* note 1, at 1169-1170.
[41] *Id.* at 1170-1171.

Buenaventura Sayoc & De los Angeles law firm. This firm traces its roots to the law firm of Allison D. Gibbs and Charles A. McDonough which practiced law in the Philippines in 1902 when the country was still under American rule. Gibbs was a well renowned practitioner in corporate and tax law while McDonough was an expert in criminal law. Roman Ozaeta, who hailed from San Jose, Batangas and was former Supreme Court Associate Justice, became a member of such firm and eventually became a partner on 1922.[42] In the case of the Siguion Reyna Montecillo and Ongsiako law firm, which is regarded as the oldest law firm in the country, it traces its roots to the American firm of Cohn and Hausserman which was formed at the turn of the century. It was later merged with another law firm to form the Hausserman, Ortigas, Cohn and Fisher law firm. It was in 1936, when Don Alfonso Ponce Enrile became the first Filipino who made partner.[43] Another early law firm in the Philippines was the Pillsbury and Sutro law firm which was founded in 1901 by Oscar Sutro and E.J. Pillsbury both of San Francisco, USA. It then became the law firm of Ross Selph and Carrascoso in 1936 when the first Filipino partner in Antonio T. Carrascoso, Jr. was admitted to the firm's partnership. Now the said law firm is known as the law firm of Ortega Del Castillo Bacorro Odulio Calma and Carbonell.[44]

The first half of the twentieth century indeed saw a rise in the number of law firms as well as bigger law firms. This rise, as mentioned earlier, is attributable primarily to the increasing economic growth and complexity of legal questions. In the Philippines, the law firms of SyCip Salazar Hernandez and Gatmaitan (1945), Quasha Ancheta Peña and Nolasco (1946), and Del Rosario Bagamasbad and Raboca (1949) were among those formed during this period.

However, as regards the professional character of the legal profession, the period comprising the earlier parts of the latter half of the twentieth century can be described as the last stand of the practice of law being primarily and truly a legal profession in the United States. Such era can be characterized in the following:

> The big-firm economic model worked very well, and firms grew modestly but steadily through the 1960s, spreading from New

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[42] http://www.rmbsa.com/about/index.html (Last visited Jan. 10, 2007).
[43] http://www.srmo-law.com/history.html (Last visited Jan. 10, 2007).
[44] http://www.ocbocc.com/ (Last visited Jan. 10, 2007).

> York to other large cities. Firms grew slowly in size. They farmed out most of the litigation business, believing that transactional and counseling work was more profitable and more dignified. *During this era, big law firms did not function altogether like other profit-maximizing service businesses such as advertising agencies, television networks, or weight-reduction salons. Instead, they were characterized (or at least claimed they were characterized) by the professionalism model more than by the business model.*
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> For example, advertising of firm services was unthinkable and, in fact, was prohibited by binding ethics codes. Even permissible forms of marketing, such as encouraging clients to switch law firms, were considered bad form. Generally, big clients turned over all their legal work to a particular firm and stayed with that firm for generations. Clients seldom questioned bills or took significant legal work in-house. Firms allowed their lawyers to continue practicing in departments that yielded less profit than other departments. Lawyers mostly acted in a civil fashion toward their opponents, and an atmosphere of trust among practicing lawyers prevailed.
>
> On the personnel side, there was minimal turnover of lawyers. Young associates were recruited from elite law schools. Partners and senior associates took the time to provide excellent training in professional skills and in mentoring. Associates could tag along to meetings and learn the nuts-and-bolts skills of client management or negotiation. Many associates progressed smoothly to partnership. Those who failed to make partner were graciously eased into jobs at lesser firms or in corporate in-house legal staffs. From there, hopefully, they would continue to refer business to their former employer. Lateral hiring of partners (or even of senior associates) was quite rare. Partners could remain with the firm as long as they wished and often practiced part time into extreme old age. Most firms compensated partners in lockstep, by seniority. Members of the public (or even law firm associates) had no information about the details of law firm economics, particularly the size of partner profit shares.[45] (emphasis ours)

The 1960s still largely clung on to the fast fading character of the practice of law as a profession. It indeed may be regarded as the last stand of the professional prism of the legal profession, which was epitomized in

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[45] Asimow, *supra* note 9, at 1364-1365.

the fictional character of Atticus Finch, a lawyer who had valiantly defended a Negro accused of raping a white girl in the Deep South.[46] Later advancements in globalization and American imperialism in worldwide economies and law saw a great shift from professionalism to commercialization of law firms:

> Starting in the 1970s and continuing to the end of the century, the institution of big law firms was radically transformed. The law firm world swung steadily in the direction of the business model and away from the professionalism model.
>
> During this era, client corporations grew much larger and increasingly wanted their law firms to provide one-stop shopping for all legal needs. Corporations felt themselves under siege from rapidly increasing government regulation and predatory tort or class action litigation. Aggressive competitive behavior, such as hostile takeovers, called for massive legal defense and ever-larger aggregations of lawyers to fight the battles. *Many clients felt that they received higher quality work product from big firms that recruited only high-ranking lawyers from elite schools; others hired big firms to intimidate the opposition. As a result, law firms became much bigger in both absolute and relative terms.* By 1995, 23 percent of the lawyers in private practice (other than solos) worked for firms having 101 or more lawyers, as opposed to 7 percent in 1980, and the megafirms have continued to grow since then. Increasingly, the lawyers in big firms have specialized their practices and the firms have become rigidly departmentalized. Law firm management has become more formalized and bureaucratic. *As firms have expanded and bureaucratized, the relations between lawyers have become more impersonal, and less bonded by ties of mutually supportive collegiality and community.* Trying to match the competition and to satisfy client demands, big firms branched into other cities and countries. They employed professional business managers and marketing firms and ever-more sophisticated technology.[47] (Emphasis ours)

This period saw the dominance of the big law firm as a model for the legal profession. In the Philippines, among the prominent law firms formed during this period of commercialization were the Angara Abello Concepcion Regala and Cruz Law Offices or ACCRALAW (1972), one of the biggest firms in the country, and the Carpio Villaraza and Cruz (1980)

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[46] Harper Lee, TO KILL A MOCKING BIRD, J.B. Lippincott, New York City (1960).

[47] Asimow, *supra* note 9, at 1365-1366.

now known as the Villaraza and Angangco Law Offices. Both of these firms have grown to be among the most influential institutions in the Philippine legal landscape due to their expertise in various specializations, particularly corporate law. ACCRA Law's expertise in this particular field was well documented in the case of *Regala v. Sandiganbayan* (G.R. No. 105983, September 20, 1996), where the Sandiganbayan hoped to cull out information from the firm regarding the holdings of Marcos crony, Eduardo Cojuangco, who was one of their clients. Here the Supreme Court summarized the scope of the firm's work, thus:

> ACCRA Law Firm performed legal services for its clients, which included, among others, the organization and acquisition of business associations and/or organizations, with the correlative and incidental services where its members acted as incorporators, or simply, as stockholders. More specifically, in the performance of these services, the members of the law firm delivered to its client documents which substantiate the client's equity holdings, i.e., stock certificates endorsed in blank representing the shares registered in the client's name, and a blank deed of trust or assignment covering said shares. In the course of their dealings with their clients, the members of the law firm acquire information relative to the assets of clients as well as their personal and business circumstances. As members of the ACCRA Law Firm, petitioners and private respondent Raul Roco admit that they assisted in the organization and acquisition of the companies included in Civil Case No. 0033, and in keeping with the office practice, ACCRA lawyers acted as nominees-stockholders of the said corporations involved in sequestration proceedings.

The dominance of the model itself saw increasing changes and innovations to the general practice of law in order to maximize profits. The result was that the hegemony of the sole private practitioner was displaced as more lawyers were hired either as associates in the law firms or as in-house counsels in the legal departments of corporations and government agencies.[48] Moreover, towards the end of the twentieth century, the profession was no longer dominated by litigators but by lawyers who devoted their time to corporate and counseling work.[49] This period also saw the large law firms, as well as the legal departments in corporations and

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[48] Jones and Manning, *supra* note 1, at 1174.
[49] *Id.* at 1174.

government agencies, grow larger at increasing rates.[50] Aside from the large law firms growing larger, the increased complexity of the legal practice encouraged specialization in different fields in the practice of law such as corporate, tax, immigration, intellectual property, labor, and criminal practices.[51] Lastly, this period of the latter half of the twentieth century saw in the United States the creation of non-lawyer employees to assist in the delivery of more efficient and cost effective legal services.[52]

Eventually, the professional character of the legal profession embodied in the law firm was swiftly replaced by a profit hungry attitude in providing legal services. Some of the more intricate changes during this period can be seen from the developments in the way large firms managed their professions-business:

> Information about law firm economics and clientele became broadly available. Using this information, young lawyers and partners alike left firms for better opportunities. Firms aggressively pruned partners who failed to bring in enough business. As partners grew older and less productive, firms "de-equitized" them or subjected them to ever-earlier mandatory retirement. Lockstep compensation systems became relatively unusual. Instead, under "eat what you kill" compensation schemes, rainmakers earned much higher compensation than lawyers who did excellent work but brought in little business. Power flowed to the lawyers who control the clients. Management committees consisting of elite client-controlling partners, not the partners at large, made the critical policy decisions for firms. Lateral hiring of both partners and senior associates became commonplace. Entire departments defected to other firms. Law firms often merged, shedding less desirable personnel in the process, and quite a few law firms disintegrated entirely.
>
> Complex business litigation became a profitable specialty, employing droves of attorneys in high-stakes and stressful work. This litigation involves not only defense against tort actions and government regulation but also mammoth fights between corporations. During this period, scorched-earth litigation tactics emerged and became routine in many locales, especially in high

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[50] *Id.* at 1175.
[51] *Id.*
[52] *Id.*

> stakes cases. Such tactics include unnecessarily protracted discovery and discovery abuse, frivolous and endless motions, and various delaying tactics. There was a steady slide towards incivility and distrust of other lawyers. Clients became much less loyal than in years past; their relationships with law firms became more like a bargained-for purchase of services rather than a personal relationship. Clients often switched firms, employed a firm for only a single matter or specialty, maintained a stable of several firms to do their work, took as much work in-house as possible, required firms to bid for their work, and closely audited the bills.
>
> During this period, law firms enhanced their leverage, increasing the ratio of associates to partners, stretching out the time required for partnership consideration of associates, and admitting fewer partners. The firms made extensive use of paralegals, senior associates, of counsels, ancillary staff members, nonpartnership track associates, contract lawyers, and nonequity partners, all to magnify the returns of equity partners. *Firms became much more aggressive in seeking business, routinely attempting to attract existing clients of other firms.* The comfortable world of the 1960s law firms was gone forever.[53] (emphasis supplied)

From such developments, it can be seen that the practice of law in the United States has now become more than anything, in fact, a business. The legal profession in the U.S. is now more of an industry rather than a profession imbued with public service.

> All this was the business model, writ large. To an ever-increasing extent, the bottom line has become the bottom line: law firms unabashedly profit-maximize and perceive virtually any form of competitive behavior as not only acceptable but necessary. Returns to partners increased sharply during this period, with some partners taking home over a million dollars per year. Salaries paid to associates soared, causing compensation levels to rise all along the line. Billable hour requirements continued to increase, in part to pay the ever-inflating salaries of associates, in part to further maximize the benefits of leverage. Feelings of community and inchoate norms of professionalism could not interfere with the imperative that partnership profit shares must be ever-increasing.[54] (emphasis supplied)

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[53] Asimow, supra note 9, at 1366-1368.
[54] *Id.* at 1368.

In the Philippines, a business-driven attitude to the legal profession was also adopted but not to the extent to which the large American law firms have carried such. The disparity is attributable to the marked difference in the growth rate of the United States and the Philippine economies. The Gross Domestic Product (GDP)[55] is generally considered as the most important economic indicator. It is basically the widest measure of the state of the economy.[56] The disparity in the GDP rates of both the United States and the Philippines from the period of 1975 to 2002 may be illustrated as follows:

GDP per capita (PPP-dollar)/ World Ranking[57]

Year	1975	1980	1985	1990	1995	2000	2002
United States	7530 (6th)	12230 (3rd)	17540 (3rd)	23130 (3rd)	27820 (3rd)	34160 (3rd)	35750 (4th)
Philippines	1330 (58th)	2220 (63rd)	2450 (71st)	3150 (85th)	3440 (91st)	4000 (93rd)	4170 (92nd)

Currently the largest law firms in the country are the following:

Largest Philippine Law Firms[58]

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[55] Gross Domestic Product (GDP) is one measure of economic activity, the total amount of goods and services produced in a country in a year. It is calculated by adding together the market values of all of the final goods and services produced in a year. http://www.econedlink.org/lessons/index.cfm?lesson=EM170 (Last visited Feb. 10, 2007).

[56] http://www.investorguide.com/igu-article-288-economic-trends-leading-economic-indicators-explained.html (Last visited Feb. 10, 2007).

[57] According to the Global Virtual University website using the Purchasing Power Parity method as the means of measurement (taking into account the cost of living standards and inflation rates instead of exchange rates which may distort actual measurements), http://globalis.gvu.unu.edu/indicator_detail.cfm?country=PH&indicatorid=19 (Last visited Feb. 12, 2007).

[58] According to the following websites:
http://www.garridofirm.com/pg_tenbig.html (Last visited Feb. 15, 2007),
http://www.hicrosgamos.org/hg/db_lawfirms.asp?action=search&City=Metro|Manila&country=Philippines (Last visited Feb. 15, 2007),
http://www.accralaw.com/sub.php?p=lawyers&s=by-position (Last visited Feb. 15, 2007);
http://www.bakernet.com/BakerNet/Locations/Asia+Pacific/Offices/Manila/Lawyers+/default.htm (Last visited Feb. 15, 2007);
http://www.martindale.com/xp/Martindale/Lawyer_Locator/Search_Lawyer_Locator/search_result.xml?STS=&mdc_sid=830833046&CN=&PG=1&mdc_uid=761071482&FSZ=&CRY=154&CTY=&FN=&STYPE=F&pn=2&cnt=28 (Last visited Feb. 15, 2007);

Law Firm	Year Founded	Firm Size
Sycip Salazar Hernandez & Gatmaitan	1945	133
Angara Abello Concepcion Regala & Cruz	1972	110
Romulo Mabanta Buenaventura Sayoc & Delos Angeles	1902	75
Villaraza & Angangco	1980	55
Quisumbing Torres & Evangelista	1963	52
Picaso Buyco Tan Fider & Santos	1987	48
Castillo Laman Tan Pantaleon & San Jose	1981	44
Siguion Reyna Montecillo Ongsiako & Cruz	1901	38
Quasha Ancheta Pena & Nolasco	1946	31
Ponce Enrile Reyes & Manalastas	1983	26

Meanwhile, the largest law firms in the United States are the following:

Largest US Law Firms[59]

Law Firm	Base Office	Firm Size
Baker & McKenzie	Chicago	3,246
Jones, Day, Reavis & Pogue	Cleveland	1,822
Skadden, Arps, Slate,	New York	1,822

[59] According to the Internet Legal Research Group, http://www.ilrg.com/nlj250/ (Last visited Feb. 15, 2007).

Meagher & Flom		
Latham & Watkins	Los Angeles	1,627
White & Case	New York	1,581
Sidley Austin Brown & Wood	Chicago	1,511
Mayer, Brown, Rowe & Maw	Chicago	1,351
Holland & Knight	Washington, D.C.	1,273
Morgan, Lewis & Bockius	New York	1,098
Shearman & Sterling	New York	1087

It is apparent that there is a great difference between the size of the ten largest United States law firms and the ten largest Philippine law firms. This does not mean, however, that the practice of law in the Philippines diverges greatly from the business-minded approach of the large American law firms. Such disparity in law firm size, as mentioned earlier, may be attributable to the likewise wide discrepancy between the economic growth and capability of both countries as indicated by their respective gross domestic product. Even with such disparity, it still seems that the trend towards which Philippine law firms are riding on is towards the same pattern of the business-minded approach the US law firms have taken though in a lesser but proportionate level.

Law Firm Supplement – The Use of Paralegals

In the expansion of law firms towards larger and more complex law firms, improvements in the structure of the firm are necessary in order to achieve profit maximization of large firm operations. One of such improvement that has since been used in the United States was the hiring of paralegals. Paralegals perform functions that range from mundane messengerial services to research and filing services. The first paralegals were employed by the large law firms in the early 1970s. In the United States, such paralegals even have organizations that represent their interests such as the National Association of Legal Assistants and the National Federation of Paralegal Associations.[60]

[60] Jones and Manning, supra note 1, at 1178, citing Richard L. Abel, *American Lawyers* 40-41 (1989).

In the Philippines, however, the employment of paralegals in providing legal service is prohibited by law and jurisprudence. The Rules of Court provides that only those persons admitted to the bar and who are of good and regular standing may practice law.[61] In *Mauricio C. Ulep v. The Legal Clinic Inc.*, the practice of law is not limited to the conduct of cases or litigation in court but covers a wide range of activities in and out of court.[62] Further, this case tells us that paralegals may not be employed in providing legal services in the Philippines. The Supreme Court ruled in this wise:

> We have to necessarily and definitely reject respondent's position that the concept in the United States of paralegals as an occupation separate from the law profession be adopted in this jurisdiction. Whatever may be its merits, respondent cannot but be aware that this should first be a matter for judicial rules or legislative action, and not of unilateral adoption as it has done.
>
> Paralegals in the United States are trained professionals. As admitted by respondent, there are schools and universities there which offer studies and degrees in paralegal education, while there are none in the Philippines. As the concept of the "paralegal" or "legal assistant" evolved in the United States, standards and guidelines also evolved to protect the general public. One of the major standards, or guidelines was developed by the American Bar Association which set up Guidelines for the Approval of Legal Assistant Education Programs (1973). Legislation has even been proposed to certify legal assistants. There are also associations of paralegals in the United States with their own code of professional ethics, such as the National Association of Legal Assistants, Inc. and the American Paralegal Association.
>
> In the Philippines, we still have a restricted concept and limited acceptance of what may be considered, as paralegal service. As pointed out by FIDA, some persons not duly licensed to practice law are or have been allowed limited representation in behalf of another or to render legal services, but such allowable services are limited in scope and extent by the law, rules or regulations granting permission therefor.

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[61] Rule 138, 1997 Rules of Court.

[62] G.R. No. L-106037, 223 SCRA 378, June 17, 1993; *citing* Philippine Lawyers Association v. Agrava, G.R. No. 12426, 105 Phil. 173, 176-177, Feb.16, 1959.

> Accordingly, we have adopted the American judicial policy that, *in the absence of constitutional or statutory authority, a person who has not been admitted as an attorney cannot practice law for the proper administration of justice cannot be hindered by the unwarranted intrusion of an unauthorized and unskilled person into the practice of law.* That policy should continue to be one of encouraging persons who are unsure of their legal rights and remedies to seek legal assistance only from persons licensed to practice law in the state.[63] (emphasis supplied)

III. ADVANTAGES OF THE LAW FIRMS

The major factor contributing to the rise of the law firm is the increasing complexity and volume of commercial dealings and economic activity. The rise of the large law firms has been closely intertwined with the rise of the large business corporations whose scale of operations and need for capital expanded and soared.[64] Before the introduction of the law firm as a model for law practice, lawyers practiced by themselves or in loose partnerships, which model proved to be inadequate to meet the demands of the growing large corporations.[65] Thus, it may be said that from the start, the law firm as a model for law practice was from the very beginning molded from a business perspective to adapt to business needs.[66]

As to why the model of the law firm is more effective in responding to such changing times, several factors come in to play which prove to be beneficial in such a highly charged economic environment. Large law firms were created and developed to take advantage of and benefit from the following:

Specialization

Law firms, especially the larger ones, utilize a wide range of highly specialized lawyers to enable them to more effectively offer their clients easy and quick access to experienced lawyers in different fields of law.[67] The

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[63] *Id. citing* 7 C.J.S., Attorney & Client, 866; Johnstown Coal & Coke Co. of New York vs. U.S., 102 Ct. Cl. 285. and Florida Bar vs. Brumbaugth, 355 So. 2d 1186.

[64] Milton C. Regan, Jr., *Corporate Norms and Contemporary Law Firm Practice*, 70 Geo. Wash. L. Rev. 931, 931 (2002).

[65] *Id.* at 931-932.

[66] *Id.* at 932.

[67] Asimow, *supra* note 9, at 1363.

different departments of the law firms could focus all their resources in honing their skills at a specified specialty giving the law firm a powerhouse of specialized lawyers adept at facing the most daunting of legal problems. This gives a reassuring impression to the clients who want only the best to represent them. Further, law firms like manufacturing companies can benefit from both the horizontal (specialization in different departments of the law firm) and vertical (hierarchy of responsibilities from associates to partners) subdivision of labor:

> Senior partners do not write research memoranda or draft interrogatories; they reserve their energies for complex issues of law and strategy. A litigator would no more do a corporate financing or stock offering than an obstetrician would perform brain surgery.[68]

Aside from such advantages for the law firm, the individual members of the firm themselves may benefit from specialization by maximizing their human capital in their chosen field of law which could lead to the creation of a competitive advantage over other general practitioners.[69]

Economies of Scale

In production processes, whether manufacturing or otherwise, the general rule is that the average cost of each unit decreases as the volume of production increases. This applies similarly to legal products and legal services produced by lawyers.[70] The costs associated with maintaining the operations of a law firm such as libraries, computers, photocopying machines, conference rooms, electricity expenses, paralegals/messengers, and secretaries are spread throughout all the legal products produced by every lawyer in the large firm.[71] Simply put, if the law firm library costs around 100,000 pesos to maintain, such cost is better spread if more lawyers (say 50 lawyers) make use of it rather than only a few lawyers (say 5 lawyers). The result is that, for each legal product produced in the large law firm in the above example, the cost for library use is only 2,000 pesos for each lawyer. On the other hand, in the smaller firm, the same cost for

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[68] Samuelson, *supra* note 32, at 648.
[69] Asimow, *supra* note 9, at 1363.
[70] Samuelson, *supra* note 32, at 647.
[71] *Id.*

library use would be 20,000 pesos for each lawyer. Clearly, economies of scale are significant cost advantages for larger law firms.

Aside from the spreading of the costs, the gains are also spread out:

> Bigness creates a fluid labor pool of lawyers to meet unpredictable staffing demands, such as complex, high-stakes litigation or a hostile takeover; smaller firms must hire contract lawyers or associate with other firms to meet such crises. Large size also permits synergies to occur between lawyers with different skills and client bases, so that the firm can market new services to existing clients.[72]

Economies of Scope

Seldom do clients acquire the services of lawyers for only one specific task. Normally, the needs of the clients, especially the big corporations, span different fields of legal practice and the services of more than one legal specialist is normally required.[73] The advantages of economies of scope may be exemplified thus:

> Once one lawyer in a firm is familiar with the client's methods and operations, the firm can provide other legal services more cheaply and efficiently than an outsider who is unfamiliar with the client. Furthermore, if a client's needs change or the initial diagnosis proves incorrect, the client can be transferred efficiently among the firm's different specialists. A client who thinks she is in the market for a contracts lawyer may turn out to need a litigation expert. How much more efficient if both lawyers are under the same roof.[74]

Minimum Scale

When large corporations are involved in complex and lengthy litigation requiring the law firm to invest more in time and manpower, it is imperative that the small law firms as well as the sole general practitioner, cannot keep up with the rigors and demands of such a taxing litigation. An example of this would be the IBM antitrust case where Cravath, Swaine &

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[72] Asimow, *supra* note 9, at 1363.
[73] Samuelson, *supra* note 32, at 647.
[74] *Id.* at 647-648.

Moore employed a team of roughly thirty lawyers when it defended IBM against federal antitrust charges.[75] Clearly then, large law firms have the advantage over smaller firms or solo practitioners when it comes to technical large corporation litigations.

Diversification

Corollary to the advantage of specialization is the benefit of diversification. The structure of large firms with different specialized departments reduces the risk that the income of the individual specialized lawyers will decrease as their particular specialization diminishes.[76] When a lawyer joins a law firm, the lawyer invests his time and energies normally towards a specific field of law. The large law firms in having different departments for various specialists tend to give such individual member of the firm the advantage of diversifying his human capital through the common sharing of market risks with the other specialist lawyers in the firm. [77] To illustrate, if the stock market and corporate business dives, then insolvency and bankruptcy practice may rise. Having both of these areas of specialization under one roof would keep the lawyer who specializes in corporate transactions financially afloat while the bankruptcy lawyer reaps the earnings for the firm. It would be much like the hybrid car which is powered by both gasoline and fuel-cell batteries. Once the gasoline level is down, the fuel-cell batteries may be utilized to keep the car moving. Having both sources of power incorporated into one car would be more advantageous than having simply a gasoline powered car or a battery powered car.

Sharing of Human Capital

In the case of the sole general practitioner and even the smaller firms, once their manpower services are saturated with client services, they would be constrained to reject servicing additional prospective clients. On the other hand, in the larger law firms, lawyers with surplus clients may still

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[75] *Id.* at 648. *citing* J. Stewart, THE PARTNERS: INSIDE AMERICA'S MOST POWERFUL LAW FIRMS at 66 (1983).

[76] Ronald J. Gilson and Robert H. Mnookin, *Sharing Among the Human Capitalists: An Economic Inquiry into the Corporate Law Firm and How Partners Split Profits*, 37 STAN. L. REV. 313, 327-329 (1985)

[77] Samuelson, *supra* note 32, at 648.

gain profit. They could share and refer such surplus clients with the other lawyers in the firm with fewer clients.[78] In such a case, the prospective income for the lawyer is not lost.

> Just as manufacturers might invest in physical capital in an attempt to achieve a certain rate of return, individuals can be thought of as investing in education and job skills in an effort to attain a certain income. Lawyers develop human capital over the course of their careers by building a professional reputation and a set of client relationships that produce a demand for their services at a certain price. An individual lawyer eventually reaches a limit on the return she can generate from her own human capital, for there are only so many hours she can work to bill clients. *This lawyer can increase her return by sharing her human capital with another lawyer, such as an associate who works under her supervision, who is paid only a portion of the revenue generated through the associate's labor.*[79] (emphasis ours)

Higher Quality

Large law firms utilize systems in producing legal services which involve constant supervision, consultation, and review of the legal product throughout the drafting and implementation process. Such systems would definitely infuse more ideas and see more hidden weaknesses before the legal products are finally realized. A sole general practitioner would, however, have limited access or even no access to such review and quality control systems.

Aside from the advantages the system brings, it is said that since the income the large firms receive come from more clients, the result is that the proportion of the revenues from any one client is smaller. Thus, the large firms "feel less economic pressure to cede to client demands for shoddy or unethical work."[80]

As earlier mentioned, it is the intricacies attached to the increase in the number and complexity of commercial dealings that gave rise to the

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[78] *Id.* at 648.

[79] Robert L. Nelson, *Of Tournaments and Transformations: Explaining the Growth of Large Law Firms*, 1992 WIS. L. REV. 733, 739-740, (1992).

[80] Samuelson, *supra* note 32, at 648.

growth in the number of law firms and the increase in the size of such firms. However, Galanter and Palay offer an alternative explanation to the growth of law firm size. They studied the organizational structure of the law firm and theorize that the transformation of law firms is based mainly on the underlying structure of the large law firm. They presented different growth models using the structure of the large law firm as a tool for explaining such growth. They attribute the growth of the large law firms to the "promotion-to-partnership" scheme and focused on the human capital angle to explain such growth:

> Galanter and Palay assert that this promotion system has a built-in growth engine. For a partnership to meet its implicit obligation to promote a certain proportion of associates to partner and to maintain the same ratio of associates to partners, the firm must grow at a constant percentage rate (an exponential rate of absolute growth). When an associate is promoted to partner, there must be a new associate to take her place and enough additional associates for the new partner to work with or the leverage of the firm's human capital will decline.[81] (emphasis supplied)

From the above discussion, it may be concluded that indeed, large law firms enjoy advantages over the sole general practitioner and even the small law firms. This is why law firms are a more attractive option than going and fighting out solo in the practice of law.

Given the structural and historical framework of the legal profession's evolution, it now becomes a bearable task to identify significant socio-economic factors that have helped shape the practice. With this information and background in mind, projecting the future of the legal profession is manageable and foreseeing its direction is a less daunting undertaking.

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[81] Nelson, *supra* note 74, at 741.

IV. THE FUTURE OF LAW FIRMS

Major factors affecting the practice of law in the Philippines

Today, the practice of law in the country faces a revolution. Much like the American Revolution, Civil War and Industrial Revolution, to understand the modern revolution affecting the future of law firm practice in the Philippines, a careful study of the two major factors significantly affecting it must be considered, particularly technology and economy. As these twin factors of the modern world permeate and affect the lives of citizens, the legal profession is once again presented with the challenge of shaping the future of the law practice amidst these far-reaching changes.[82]

Technology

Developments in technology have created an impact in the way that the law is practiced. Quick and relevant information is gathered from a multitude of resources, making the lawyer infuse areas outside those which are legal in crafting arguments and theories to further their client's cause. Philosophy, psychology, economics and other academic disciplines are fast finding themselves incorporated in legal theories and arguments in Supreme Court decisions, which is an outgrowth of the increasing relevance of technology to the legal practice.

In *Arnel Agustin v. CA*[83], the Supreme Court had occasion to recognize the relevance of DNA testing in paternity cases, saying by way of an epilogue,

> For too long, illegitimate children have been marginalized by fathers who choose to deny their existence. The growing sophistication of DNA testing technology finally provides a much needed equalizer for such ostracized and abandoned progeny. We have long believed in the merits of DNA testing and have repeatedly expressed as much in the past. This case comes at a perfect time when DNA testing has finally evolved into a dependable and authoritative form of evidence gathering.

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[82] Stephen P. Gallagher, *How Should Law Firms Respond to New Forms of Competition?*, 52 Syrcuse L. Rev. 1049, 1058 (2002).

[83] G.R. No. 162571, 460 SCRA 315, June 15, 2005.

> We therefore take this opportunity to forcefully reiterate our stand that DNA testing is a valid means of determining paternity.

The availability of resources makes research less tedious and more focused as the Internet and numerous legal databases allows for targeted searches. In the past searching for case law relevant to particular subjects entailed painstakingly browsing through Supreme Court Quick Indices for relevant quotations and followed by the laborious task of leafing through volumes of the Philippine Reports and Supreme Court Reports Annotated. Now, the speed and thoroughness of legal research will depend on the strength of one's search engine and the relevance of the chosen legal terms, as programs can access and readily make available court decisions and legal articles. The ease and low-cost by which actual case decisions can be recovered have improved legal research as well.

Without question, technology will drive more changes in the marketing and delivery of legal services. To compete effectively, law firms will have to invest more and more capital not just in recruiting competent lawyers but also in acquiring technological advancements that will aid in their practice. Advancements in communications technology (i.e. mobile telephony, video conferencing and data sharing) will command higher lawyer responsiveness to clients with high expectations. Indeed, attracting and retaining clients will require law firms to have cutting-edge technology that provides clients with enhanced real-time information about the status of legal projects, including (i) document creation, (ii) time schedules, and (iii) billable time and out-of-pocket expenses incurred to date.[84]

In addition, the marketplace will demand that firms have technology that better connects the client and the law firm via the Internet.[85] Where the Code of Professional Responsibility (Canon 3, Rule 2.01) prohibits a lawyer from advertising his talent as a shopkeeper sells his wares[86], the wide reach of technology through the Internet has allowed law firms to skirt the prohibition though dedicated websites of their firms.

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[84] Michael M. Boone and Terry W. Conner, *Change, Change, and More Change: The Challenge Facing Law Firms*, 63 Tex. B. J. 18, 23 (2000).

[85] *Id.*

[86] "To allow a lawyer to advertise his talent or skill is to commercialize the practice of law, lower the profession in public confidence, and lessen its ability to render efficiently that high character of service to which every member of the bar is called." Director of Religious Affairs v. Bayot, 74 Phils., 579 (1944); In re: Tagorda, 53 Phil. 37, Mar. 23, 1929.

Many firms gain a considerable marketing advantage, in terms of accessibility of their services for prospective clients. These law firms have realized that a continuously updated firm website is critical in reaching the marketplace. Several Philippine law firms have jumped on the technological wave and have set-up their firm's websites, describing briefly their history, practice areas and roster of lawyers. Admittedly, the guiding principle that the best advertising possible for a lawyer is a well-merited reputation for professional capacity and fidelity to trust, which must be earned as the outcome of character and conduct still holds true today.[87] However, in a globalizing world where clients demand value for money, getting that message across requires more than just word of mouth.

As information through technology continues to empower ordinary citizens, some legal services will eventually be sold and distributed effectively through e-commerce. A major risk facing law firms is that more legal work will become commodity-type work with low margins, due in large part to technology advancements. Also, as technology makes the delivery of legal services more cost efficient, law firms will wrestle with the economics of technology investments that reduce billable time but are not separately compensable.[88]

Today, millions of people are using the Internet to exchange massive amounts of information directly and for free. Many people are beginning to believe that much of the existing core legal information will be readily available to the consuming public without the need for any law firm. For the first time, the client would be in control: paying flat fees, having multiple firms bid for legal business, and sometimes bypassing a conventional relationship with a lawyer altogether.

However, no matter what the firm's strategy for adding value is, what seems to be of greatest value is making the client more knowledgeable while helping them to make better decisions and enhance their capabilities. Knowledge distribution, without developing the closer and richer relationships with clients, will do very little to help clients gain sustainable competitive advantage.[89]

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[87] Agpalo, *supra* note 11, at 29.
[88] Boone, *supra* note 83 at 23.
[89] Gallagher, *supra* note 82, at 1058.

Economy

Both the law and the economy have an integral relationship. Inasmuch as the law drives and guides the market, the economy also exerts an influence on how the law is practiced.

The globalized economy has increased commercial interactions between countries and corporations calling for increased participation of lawyers. Increased economic activity in the Philippines, through capital investments in such areas like natural resources and infrastructure, has also increased the need for lawyers. Lawyers have been an integral part in planning and implementation for large scale government projects i.e. NAIA II, Manila Hotel, PEA-AMARI.

As the legal industry continues to mature, the marketplace has concomitantly become more sophisticated in its choice of law firms and the way they pay for legal services. Businesses and individual clients who can afford high legal fees have become astute purchasers of legal services. Their tastes have created a new competitive market and have affected client's loyalty for one firm, especially if it cannot deliver on its promises. In a discriminating market that demands efficiency and value for money, law firms are fast realizing that their status lies on their ability to become competitive in the profession. Firms serving big corporate clients are compelled to keep up with their clients' needs either in terms of expertise or breadth/depth, or some combination of both.[90] Again, professional and ethical standards of not charging lower rates to attract business (Canon 2, Rule 2.04, Code of Professional Responsibility) are being challenged by market realities. As never before, firms have to be very concerned with service quality as well as legal costs if they are to retain clients.[91]

The shift from a product-driven economy to a consumer-driven economy has had a direct impact on all professional services, including the legal profession. The practice of law has grown past being viewed merely within the framework of a regulated "profession." Legal services have evolved beyond a point where professionals design and offer these services based on what it deems suitable or appropriate. Market-driven forces are influencing the demands for new legal services such as intellectual property,

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[90] *Why Law Firms Fail: An In-depth Look at Warning Signs*, 04-9 Law Off. Mgmt. & Admin. Rep. 2.
[91] Boone, *supra* note 83; at 22.

government environmental compliance, etc., that is, on what the consumer of legal services wants and is willing to pay for. As a result, one of the most important challenges facing the legal profession is determining the new range of legal services and client benefits that will be regarded as offering the greatest value in tomorrow's products and services. The next most pressing challenge will be to determine how lawyers can best deliver these services in the ever-changing marketplace.

The Internet and the emerging network economy are changing how companies do business, and this is creating an enormous economic power shift from service providers to the consumer.[92] Within this paradigm of network economy, traditional models of commerce where a seller advertises a unit of supply in the marketplace at a specified price, and a buyer takes it or leaves it (product-driven), are slowly being eroded to give way to more modern forms of trade, which are customer-centered. The Priceline shopping system[93] was the first credited with turning the traditional model around. Buyers advertise a unit of demand to a group of sellers and sellers decide whether to fill the order or not. Although one can argue how this model shall be applied in terms of the acquisition of legal services, the underlying shift of influence has moved from the lawyer to his client, who has the option to change lawyers if he is not satisfied with the services provided.

Drawing close parallelism with the network economics of the legal profession is the medical profession. Worldwide access to the internet has grown exponentially with ordinary citizens being able to gather information in minutes. With this explosion on usage comes also an expansive growth of the available information in the internet, including medical services. Health websites offering medical advice and information to sickness and symptoms are changing the doctor-patient relationship, as patients use the Web to get background knowledge about their illnesses. How many times have patients chanted medical terminologies and precedents from their Web research to their doctors? It is not a distant possibility that the same situation occurs in the legal profession, given the proliferation of websites claiming to offer "ready-made" answers to legal queries. It must, however, be noted that the Supreme Court in *Ulep v. Legal Clinic*,[94] has already ruled against the setting up of a business to offer legal advice to clients by

[92] Gallagher, *supra* note 82, at 1055.
[93] *Id.* at 1056.
[94] G.R. No. 533, July 17, 1993.

paralegals, liking their services to that of the medical profession. In that case, the Court held that the "reported facts sufficiently establish that the main purpose of respondent (Legal Clinic) is to serve as a one-stop-shop of sorts for various legal problems wherein a client may avail of legal services from simple documentation to complex litigation and corporate undertakings. Most of these services are undoubtedly beyond the domain of paralegals, but rather, are exclusive functions of lawyers engaged in the practice of law." This ruling will undoubtedly be raised again in the future as legal services being offered in the Internet (ready made contracts, annulment petitions, etc.) swell to commercial proportions.

Author Adrian J. Slywotzky[95] describes another change in the delivery of legal services brought about by the shift to a consumer-driven economy. Control of the design and scope of legal services will shift to the client, who is armed with carefully researched web information and can describe in broad strokes the kind of legal services that they want. Slywotzky uses the term *choiceboard* to describe "interactive, on-line system that allows individual customers to design their own products or services by choosing from a menu of attributes, components, prices, and delivery options."[96] The role of the customer in this scenario shifts from passive recipient to active designer.[97] Now a sole proprietor can carefully source his legal needs (contract drafting, SEC compliance, etc.,) through the internet and have the same merely checked by a lawyer. His only limitation would be his own industry and thoroughness in searching. "The competition in the delivery of professional services is not with other law firms, but the service expectations seeping into the consciousness of today's businesspeople who expect Amazon-type delight, with the sureness of a UPS or FedEx delivery tracking system, and the backing of a confident L.L. Bean lifetime, no-questions-asked guarantee."[98]

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[95] Adrian J. Slywotzky, *The Age of Choiceboard*, HARV. BUS. REV., Jan./Feb. 2000, at 40.
[96] Gallagher, *supra* note 82, at 1057.
[97] *Id.*
[98] Stephen D. Barrett, *Can Law Firms Compete in the New World Reality?*, 18 NO. 5 Legal Mgmt. 36, 36 (1999).

Trends Arising from the Practice of Law in the Philippines.

Much like businesses, a law firm's success and sustainability will depend largely on its ability to deal quickly and positively to changes in the marketplace. [99]

First, with continued economic growth and further sophistication of technology, the establishment of law firms will continue to rise as the demand for legal services increases. The magnitude and complexity of modern transactions will inevitably lead parties to coordinate not just with one solo practitioner but a team of legal experts. The large law firm is a proven success externally as a social form for organizing the delivery of comprehensive, continuous, high-quality legal services, especially to businesses.[100] Project financing is but one example where the intricacies of each facet of the project require careful handling and detailed work, in order to come up with a workable framework.

Economies of scale and market competition will pressure solo chambers to niche themselves to a limited clientele of individuals and sole proprietorships. Law firms, on the other hand, will perform financially better as they cater to small to medium sized corporations, who also have the funds to pay for their services. As the market flourishes and corporate clients expand their operations, law firms will be tasked to keep up with their needs in terms of either expertise in the field or breadth/scope of work, or a combination of both. [101]

Aside from its trend towards increased number, the future will see a growth in terms of each law firm's size. The network economy has pushed law firms to expand to provide a greater coverage of services for its clients. Law firms are now put to the task of handling a broader range of client issues and offer a service akin to "one-stop shopping."[102] This coverage-driven push will lead to expansion of legal services, greater number of associates and more locations. Once law firms have gained recognition and competence in the practice, it would be to their advantage

[99] Boone, *supra* note 83, at 25.

[100] Marc Galanter and Thomas Palay, *The Many Futures of the Big Law Firm*, 45 S.C. L. Rev. 905, 909 (1994).

[101] *Why Law Firms Fail: An In-depth Look at Warning Signs*, 04-9 Law Off. Mgmt. & Admin. Rep. 2

[102] Andrew J. Drucker, Explanations, Suggestions, and Solutions to Conflict Tracking and Prevention in Response to the Growth and Expansion of the Larger Law Firm, 24 Del. J. Corp. L. 529, 532 (1999)

to capitalize on their name and extend their reach to other locations. In the Philippines, the ACCRA Law Firm has established satellite law offices in Cebu and Davao to offer their services. Although they were initially met with opposition with the local firms (these smaller firms boycotted hearings where ACCRA was counsel for the opposing parties), they have since solidified their status and have expanded their client base in these localities.

The large law firm has thus grown and prospered because it has provided an appropriate structure of incentives to facilitate delivery of the complex legal services demanded by clients.[103] Growth within the firms will also increase in time as senior associates who have achieved certain tenures and performed up to standard are eventually promoted to partnership. Where, previously, attaining partnership status was limited to the name partners, now the law firms have become more accommodating with accepting associates into the partnership. As the demand for legal services increases, partners in the law firms have recognized the need to expand the partnership to sufficiently respond and accommodate the amount of workload. That there are increased profits to go around is also another impetus for firms to open their partnership doors to their associates, without unduly decreasing the partners' share in the pie. Law firms which have chosen the "promotion-to-partnership" as a form of governance over its lawyers have inadvertently, chosen a path towards a dynamic and exponential growth within it ranks. The environment allowing, growth will come in ever-larger increments that will eventually change the character of the firm and, by the conjoint growth of its companions, of the legal world in which it is situated.[104]

Lastly, expansion of the legal profession will be highly specialized. General practice of law will be relegated to solo practice. As the needs and demands of businesses become highly specialized, so to are the services offered by the legal profession to respond to these needs. Much like the medical profession, specialization of legal practice caters to dedicated legal concerns of the client. A good example of this trend towards specialization is the rise of intellectual property law practice. Where before it was merely considered as an adjunct of corporate practice, intellectual property law has spawned into a field of its own.

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[103] Galanter and Palay, *supra* note 98, at 909.

[104] Marc Galanter and Thomas Palay, *Why the Bigger Get Bigger: The Promotion-to-Partner Tournament and the Growth of the Large Law Firms*, 76 Va. L. Rev. 747, 806 (1990).

This phenomenon of specialization can also be seen from the diversification of the law firms to particular practice areas. Large law firms have departmentalized special areas of law, in order to provide a comprehensive and quality service to its clients. Rather than having their clients consult other lawyers for their legal concerns, law firms will opt to keep clients within their coverage by providing a complete set of legal services.

Another outgrowth of specialization will be the rise of the boutique law firms – highly specialized law firms whose practice is limited to a particular practice area with a smaller number, but highly skilled legal experts on that field.[105]

The Impact of these Trends Towards the Legal Profession

The growth and prosperity of big firms is accompanied by a palpable anxiety and dismay within the legal profession. It is widely feared that increased competitiveness and commercialization portend the decline of professionalism.[106]

Ethical practices of the lawyers

The legal profession is a profession and not a trade.[107] The basic ideal of the legal profession lies on its rendition of public service in securing justice for those who seek its aid. However, it cannot be denied that the legal profession is not insulated from the impact of developing technology and the expanding network economy. A large law firm is more likely to reflect than challenge society's values.[108]

Surely, the Philippine legal profession has grown from a strict and conservative old boy's club to an expansive and modern practice. Few lawyers these days would argue with the proposition that the practice of law is not only a profession but a business as well.[109] Law firms are adopting business models, in managing their whole operations and in increasing their

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[105] *Id.* at 749.

[106] *Id.*

[107] Meyer v. State Bar, 2 Cal2d, 39 P2d 206 (1934).

[108] William J. Wernz, *The Ethics of Large Law Firms – Responses and Reflections*, 16 GEO. J. LEGAL ETHICS 175, 200 (2002).

[109] Lawrence R. Richard, *How Firms Manage*, 18-AUG Pa. Law. 20, 20 (1996).

productivity. In the past, name partners focused on their practice, giving only scant consideration to actually administering and supervising the workload, which worked for a small firm where lawyers are few and easy to monitor. However, as the number of lawyers multiply, tracking their performance becomes more and more difficult, which is why large law firms have adopted a policy of appointing a "managing partner", whose primary function is to oversee and manage the workload and ensure its even distribution among the firm's lawyers.

Conflict of issues cases

As the law firm expands, opportunities for conflict of interest also increase. Large law firms provide a multitude of legal services to a large host of clients, making conflict of interest situations infinitely varied and often difficult to identify between clients, former clients and adverse parties. Where conflict issues within solo practice are clear cut, under a large law firm setting, conflict issue become blurred, as the firm's practice become highly specialized and compartmentalized.

Picture a situation in a law firm where the intellectual property department serves a multinational drug company which has filed suit against a local chain of drugstores which has a retainer agreement with the same firm under its corporate accounts department. Would the fact that both parties to the same suit are represented by the same law firm but by two separate different departments disqualify the firm from representing both, on the basis of the rules[110] on conflict of interest? Some US courts have adopted the "Chinese Wall" device to sanction representations in similar situations.[111] A Chinese Wall is a device instituted within the law firm to screen attorney's who have potential conflicts of interest with potential adversaries from the other attorneys in a law firm.[112] By insulating partners and associates of one department from the other departments by maintaining files and records separate, the division hopes to refute an implied presumption of knowledge that would be prejudicial to the interests of the other client so represented. Their validity and effectiveness in preserving and keeping confident such information, within close proximity

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[110] "A lawyer shall not represent conflicting interest except by written consent of all concerned given after full disclosure of the facts." Rule 15. 03, Canon 15, Code of Professional Responsibility.

[111] In Kesselhault v. US (155 F. 2d 791, 1977), the Chinese Walls were adopted to allow former government employees an easier transition in private practice.

[112] Drucker, *supra* note 100, at 549.

of each other, is arguably questionable and doubtful, as this is proven by some US Circuit Courts' refusal to accept the "Chinese Wall" device.[113]

Valuing Excellence

Market competition among the different law firms fosters a culture of excellence among the legal community, where their expertise is rewarded. The resources of large firms and their clients are available, to an extraordinary degree, to foster excellence. The specialized knowledge that is one of the greatest assets of large firms fosters excellent client service. In many small firms few clients are turned down, even when the expertise to serve them well is limited. In addition to offering clients her own specialized knowledge, the large firm lawyer is able to call on a host of experts in various fields. The minimum quality and performance standards of small firms were well below those of large firms. Some lawyers choose to be solid craftsmen with careers that occupy a carefully limited place in their lives. Other lawyers fall into habits of mediocrity that would, however, more likely limit their tenure at larger firms. When the clients are themselves lawyers, as they often are at large firms, there is a discerning and demanding audience. Excellence is also more or less available depending on the kind of work a lawyer has to do. For the young associate, the small firm or government practice will provide earlier opportunities to get experience and develop practice habits, good or bad. However, there were also many gaps in one's lawyering experience that would have been systematically filled at a large firm.

V. CONCLUSION.

The legal profession like all other living social institutions responds to changing circumstances. We can see through a brief study of the evolution of the American legal profession and the several factors that moved it to change, most significant of which is the increased commercial dealings between persons and greater degree of complexity of legal problems, that the practice of law has developed from the simple sole general practitioner to what we are now familiar with – the more complex large law firms. Within the span of the last century, such changes in the way we practice law has never before changed with such increasing pace. The typical lawyer then was considered more of the litigator and counselor.

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[113] *Id. citing* Cheng v. GAF Corp., 631 F.2d 1052, 1057-58 (2d Cir. 1980).

Now, the idea of the lawyer is more closely connected with employment in a law firm, a corporation, or a government agency. The idea of the lawyer now is more of a specialist so much so that there is a notion that if a lawyer does not specialize in a field of law, his chances of having a competitive advantage over other specialists are slimmer. In fact, it is common now for the layman to ask budding lawyers on what specialization they will concentrate on.

Given these circumstances, it may be safe to say that the professional character of the practice of law has been slowly diminishing and being replaced by a more business like approach in order to meet the demands of clients for more efficient, effective, and comprehensive legal services. The professional-business dichotomy of the practice of law has now shifted more towards the business or commercial paradigm. The ideal that the practice of law is imbued with public interest continues to remains as such – an ideal. The decline in pro bono hours worked by the large law firms, particularly the partners, confirms the belief that large law firms sprung up from the business outlook of the entrepreneurial lawyers.[114] The goal from the start is to provide and produce more legal services to more clients in order to maximize profits and sustain profitability. This need to increase profits is what fuels the law firms to grow larger and larger procuring the services of more associates and establish satellite offices in different areas to tap on untouched markets.

It is therefore inevitable that the legal profession as a social institution will not cease to evolve as the external conditions push it to change in order to meet the demands of the society around it.[115] The law firm as the dominant model of law practice will also adapt and continue to modify its structure and systems. Although, there are a scattered few who voice out their concerns about the dying professional character of the practice of law, it is certain that in general, professionalism will soon be the secondary reason why people want to be lawyers. The primary moving force being the monetary benefits such a profession will bring the practicing lawyer. Such a situation may be frowned upon by most, but the reality is that the facts show a trend which would lead to an almost absolute market driven legal industry.

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[114] Asimow, supra note 9, at 1369, citing Deborah L. Rhode, *Squeezing the Public Good*, 86 A.B.A. J. 120 (2000) (noting that the average pro bono hours at the 100 largest firms declined by one-third in the 1990s).

[115] Jones and Manning, supra note 1, at 1178-1179.

In light of this ever shifting and fluid dichotomy of business and profession, the greatest challenge facing all lawyers, whether as solo practitioners or members of a firm is to reconcile this seemingly conflicting duality of responding to economic realities driven by a demanding and informed clientele without compromising the ideals and nobility of the practice of law.

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