

Daily Journal

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TOP VERDICTS OF 2015

The largest and most significant verdicts and appellate reversals handed down in California in 2015

TOP DEFENSE RESULTS

Fundamental Partners v. Hudson Pacific Properties Inc.

case
INFO

Securities class action

San Francisco County Superior Court Judges Ernest H. Goldsmith, Richard B. Ulmer

Defense lawyers:

Latham & Watkins LLP, Michele D. Johnson, Brian T. Glennon, Sarah Diamond, Nathan Saper; Simpson Thacher & Bartlett LLP, Simona G. Strauss; Paul Hastings LLP, Christopher H. McGrath

Plaintiffs' lawyers:

The Brualdi Law Firm, Richard B. Brualdi; Hulett Harper Stewart LLP, Blake M. Harper



MICHELE D. JOHNSON



BRIAN T. GLENNON

Speed was essential. Hudson Pacific Properties Inc. was on the verge of a \$3.5 billion acquisition of office real estate, but a shareholder group sued to halt the deal, claiming breach of fiduciary duty. A shareholder vote on the acquisition loomed. Could Hudson Pacific's lawyers at Latham & Watkins LLP move fast enough to fend off the lawsuit?

Following expedited discovery, a compressed briefing schedule and two days of oral argument in San Francisco County Superior Court, a judge denied the plaintiffs' bid for an injunction, enabling the vote.

It was less than 24 hours before the March special shareholder meeting. More than 99 percent of the outstanding shares were voted to approve the transaction.

Adopting many of Latham's arguments, the court found the plaintiff had improperly sought to use ex parte procedures in bringing its motion on an expedited basis. Also, the plaintiff lacked

standing under Maryland law and failed to establish a substantial likelihood of prevailing on the merits.

The plaintiff voluntarily dismissed the potential class action soon afterwards. *Fundamental Partners v. Hudson Pacific Properties Inc.*, CGC-15-543775 (San Fran. County Sup. Ct., filed Jan. 22, 2015).

"The biggest challenge was the timing," Latham partners Brian Glennon and Michele Johnson said in a joint statement emailed to The Daily Journal. "There was no margin for error and a substantial amount of pressure on the client company."

"We overcame these obstacles by attacking the plaintiff on both procedural and substantive grounds — pointing out that there was no need

for the type of emergency relief it was seeking, and demonstrating that in any event it failed to satisfy its burden to obtain an injunction," they added. "We succeeded on both fronts."

The outcome could serve to slow the pace of roadblocks stockholders with minimal holdings routinely place in the path of shareholder votes, seeking quick settlements, the firm said in a statement.

According to recent data, plaintiffs' firms filed suits over 93 percent of all U.S. public company M&A deals valued over \$100 million. "The Hudson decision provides an alternative method for disposing of shareholder litigation following merger announcement involving public companies," the firm statement added.

— John Roemer