

# A Business-Centric Approach

*Tribune Company and Sonnenschein Nath & Rosenthal LLP*

By Scott M. Gawlicki

“**K**now your client’s business.” At Sonnenschein Nath & Rosenthal LLP, it’s more than just a mantra—it’s the secret to the firm’s successful partnership with long-time client Chicago-based Tribune Company.

“Sonnenschein really is our partner,” says Karen Flax, senior counsel with Tribune Publishing, one of the two Tribune Company groups. “The relationship is unique because they tend to think ‘in-house.’ Rather than viewing an issue from a strictly ‘legal-centric’ perspective, they see it from a ‘business-centric’ point of view.”

“To give good, solid legal advice, you have to know the client’s business,” says James A. Klenk, Sonnenschein’s lead relationship partner. “You have to know all the facets of the client’s operations, because the legal objective has to support the business objective. A legal win alone just won’t do. You have to be able to tie it into the big picture.”

Indeed, that picture is mighty big at the Tribune Company. As one of the country’s top media companies, Tribune operates businesses in both publishing and broadcasting; reaches more than 80 percent of U.S. households; and is the only media organization with newspapers, television stations and Web sites in the nation’s top three markets. In publishing, Tribune operates 11 leading daily newspapers, including the *Los Angeles Times*, *Chicago Tribune* and *Newsday*, plus a wide range of targeted publications such as Spanish-language *Hoy*. The company’s broadcasting



*Paulette R. Dodson, Tribune Company*

group operates 26 television stations, including superstation WGN on national cable and Chicago’s WGN-AM, and the Chicago Cubs baseball team.

## Learning From the Bottom Up

Suffice to say, the Tribune Company’s business and legal strategies are as diverse as the company itself. And nobody understands that better than Klenk, who now marks 30 years advising Tribune Company. Klenk cut his teeth with the *Chicago Tribune* back in 1975, before the paper even had a legal department. As such, he had to teach himself the ins and outs of the newspaper business. For example, to better understand the paper’s sales and distribution system, Klenk hitched rides on delivery trucks and toured its massive printing plant.

“The (Chicago) *Tribune* isn’t just a newsroom,” says Paulette R. Dodson, Tribune Publishing’s assistant general counsel. “It’s also a manufacturing business and a distribution business across town that delivers the paper to readers every day. It takes a special outside lawyer to be familiar with the culture of each of those businesses.”

Indeed, Klenk’s attention to detail has served the newspaper well, especially in 1988 when the company restructured its distribution system to improve customer service and lower home-delivery subscriber prices. To do that, the paper had to sever its ties with 84 independent distributors—who for decades bought the paper

Photography by Chris Lake



*James A. Klenk, Sonnenschein Nath & Rosenthal LLP*



*Pictured from left, Paulette R. Dodson and Karen Flax, Tribune Company; Natalie J. Spears, Sonnenschein Nath & Rosenthal LLP*

wholesale, marked it up and then resold the copies to home subscribers and retail outlets—and replace them with a contract delivery system.

“Under the old system we didn’t know who the readers were. Now the customer list is ours, subscribers pay lower prices and delivery is more timely,” Dodson explains. “Jim advised us early on about how to structure the distributor contracts so we would have the flexibility to eventually change over to the new system. That required a thorough understanding of how our newspapers were bought and sold, and the legal consequences of the change.”

When the distributors filed a class action suit to block the plan, Klenk successfully defended the company in both trial and appellate court. He then spent the better part of two years leading a Sonnenschein team that defended the company in distributor-initiated arbitrations.

“Unfortunately, the arbitrations morphed into mini-trials. There were antitrust, breach of contract and valuation claims, competing experts, numerous witnesses and heavy brief writing. By the end, Jim and his team participated in more than 80 arbitrations, many simultaneously,” Flax explains. “By any standard it was a massive project, and

Jim did a phenomenal job. From a business standpoint, we got what we needed—a direct relationship with customers, which strengthened our relationship with advertisers.”

### Ready at Any Moment

Sonnenschein Partner Natalie J. Spears, who joined the Tribune team in 1997 and quickly became Klenk’s second-in-command, embraces the same strategic, business-centric approach. As a litigator who specializes (among other things) in media law, Spears started out supporting the *Chicago Tribune’s* core operation, the newsroom, by defending its reporters’ access rights to public courtrooms, meetings and records, and protecting them from subpoenas and other forms of legal harassment.

“*Tribune* reporters are the eyes and ears of the public, so we’re defending the public’s right to government access,” Spears explains. “Litigants with private interests often try to close a hearing or trial, and we’re called in to intervene. It’s our job to champion that right to access, so reporters can ensure the proceedings are conducted fairly.”

Since news-gathering is the lifeblood of a newspaper, Klenk and Spears have created a “bench” of other Sonnenschein attorneys to fill in for them if and when they are

## partnership at a glance

### Tribune Company

Tribune is a media industry leader reaching more than 80 percent of U.S. households through newspaper publishing, television and radio broadcasting and the Internet. For 2004, operating revenues increased 2 percent to \$5.7 billion, up from \$5.6 billion in 2003.

**Paulette R. Dodson** is responsible for coordinating legal policy followed by the eight lawyers in the publishing group. In addition, she is responsible for legal matters affecting the Chicago Tribune and other Tribune Company Chicago-based business units. In that capacity, she focuses on providing day-to-day legal counseling and litigation management in areas involving prepublication review, libel and privacy law, reporter access, intellectual property, tort law and contract law. Contact Paulette at [pdodson@tribune.com](mailto:pdodson@tribune.com).

As senior counsel, Tribune Publishing, **Karen Flax** is responsible for legal matters affecting the Chicago Tribune, RedEye and Chicago Magazine. She provides legal counseling and litigation management in areas involving prepublication review, libel and privacy law, reporter access, distribution and circulation, tort and contract law. She also provides legal counseling to the Tribune Publishing Group generally, as well as managing outside litigation for Tribune Company in all cases involving insurance and certain tax-related matters. Prior to joining Tribune Company, she was a partner at the law firm of Sonnenschein Nath & Rosenthal where she practiced law for 12 years as a commercial litigator. Contact Karen at [kflax@tribune.com](mailto:kflax@tribune.com).

## Walking the Walk on Diversity

Part of knowing your client well is understanding what issues are important to them. The Tribune Company, for example, places a premium on a law firm's commitment to diversity.

"Diversity is something that is very, very important—to me, to Paulette (Dodson) and to the Tribune Company as a whole," says Karen Flax, senior counsel with Tribune Publishing. "Jim Klenk and Natalie Spears have shown a true commitment to diversity. It's not just lip service; they really follow through. All Sonnenschein lawyers who have worked on our matters support and demonstrate that commitment."

To achieve greater diversity within its ranks, Sonnenschein's executive committee established the Firmwide Diversity Committee, which then

created a Firmwide Diversity Plan. The Diversity Plan advances an aggressive set of initiatives to ensure that meaningful diversity is achieved and maintained throughout the firm. It sets forth time-limited, measurable goals in the areas of recruitment, retention, promotion and leadership, and provides for individual partner accountability in achieving these goals.

"Not all large firms have Sonnenschein's level of commitment," Flax concludes. "From our perspective, they not only talk the talk, they walk the walk."

## Sonnenschein Nath & Rosenthal LLP

*Since 1974, Partner James A. Klenk has been a trial lawyer, practicing in state and federal courts across the country. Over the past decade, Klenk has litigated hundreds of damage and valuation claims for small and large*

*companies, tangible and intangible assets. Klenk regularly handles libel, privacy and copyright matters for Tribune Company and other publishers. He has served as Chicago litigation counsel for record companies and for recording stars (Michael Jackson and the C&C Music Factory). Contact Jim at jklenk@sonnenschein.com.*

*Partner Natalie J. Spears is a trial lawyer and litigates cases in state and federal courts across the country, involving a wide range of matters, including intellectual property, trade secret, advertising and media-related litigation. Spears has championed the media's First Amendment rights in a number of high-profile lawsuits in the Chicago area, defending reporters' subpoenas for the Chicago Tribune, Fortune Magazine, Time Magazine and NBC, and winning several press access motions in cases of important public interest. Contact Natalie at nspears@sonnenschein.com.*

unavailable. "Newsroom work is very time-perishable, so we need Sonnenschein to be in court right away, often at a moment's notice," Dodson says. "We appreciate the fact that Jim and Natalie have created that bench."

Spears' role has expanded into other Tribune Company operations, as well. For example, in 2002 the Tribune Company launched subsidiary Wrigley Field Premium Ticket Services, Inc., a licensed ticket broker that re-sells tickets to the Chicago Cubs, another Tribune Company subsidiary. When two fans filed a class action suit accusing Premium of violating the Illinois Ticket Scalping Act, Spears and Klenk co-chaired the defense. The fans argued that Premium and the Cubs were not independent of each other and that the team was using Premium as a front to sell tickets above face value. Working together, Klenk and Spears presented evidence at trial that demonstrated Premium was indeed an independent entity under the Tribune Company's corporate umbrella.

At trial, Spears laid out the intricacies of the Tribune Company's internal accounting structure—detailing how Premium's finances are handled in the same manner as any other Tribune subsidiary. The court agreed,

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stating, "Premium is not controlled by the Cubs," and ruling in its favor.

"We prevailed because we demonstrated how the Tribune Company operates its subsidiaries from a financial standpoint, and that Premium was no different," Spears says. "What was central to the court's decision was our ability to understand the Tribune's corporate structure and explain it in a persuasive way."

## Always an Eye to the Future

With 30 years of service with the Tribune Company behind him, Klenk makes it a point to ensure other Sonnenschein attorneys who work on the account learn its business as well.

"Enduring lawyers make everyone on the team better. Junior lawyers have to be taught the client's business and the conventions of the practice so that they too can better serve the client," he says. "That gives the Tribune Company choices and ensures someone is always available to meet any emergency."

It's an approach that doesn't go unnoticed at the Tribune Company.

"In the old days, you typically dealt with one partner and a designated associate," Dodson says. "But our relationship with Natalie is just as close and important as the one we have with Jim Klenk. And that's a testament to Jim—he mentored Natalie and now we have another partner who knows our business as well as he does." ●