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Divine Grace

Charis Lex founder Sean Gates says his antitrust boutique owes its success to higher power.

By Melanie Brisbon
Daily Journal Staff Writer

PASADENA — Tesla Inc., 1-800 Contacts Inc. and Sunrun Inc. are a few of the companies that call Charis Lex PC for counsel.

With two attorneys, Pasadena-based Charis Lex handles antitrust and other business litigation for corporate clients.

The firm's name is derived from the Greek word for grace, "charis," and "lex," the Latin term for "law."

Profile

"I'm a committed Christian, and I see everything in my life is because of God's grace," said Sean P. Gates, founder of Charis Lex. "I just wanted to recognize that in the law firm and started this from the get-go as part of the name, so that I can be reminded every day that everything that we have is not because we're really smart or really good but because we're provided for by a really gracious God."

Gates hung out his own shingle in 2016 after a 20-year career. Gibson, Dunn & Crutcher LLP is where his legal career began. Clerkships for Judges J. Clifford Wallace and Pamela A. Rymer on the 9th Circuit U.S. Court of Appeals followed. Afterward, Gates joined Munger, Tolles & Olson LLP and then became a deputy assistant director at the Federal Trade Commission. He then joined the antitrust and competition group at Morrison & Foerster LLP.

When he struck out on his own, he wanted to incorporate all of that experience into a business model that differed slightly from big law.

"The business proposition I was putting forth was pretty straightforward, which is I've got 20 years of experience doing highly sophisticated complex litigation," Gates said. "I'm going to bring that background in with a more personalized hands-on approach at lower fees."

Charis Lex handles business litigation with an emphasis on antitrust.



From left, Douglas Beteta and Sean Gates of Charis Lex PC.

Emilio Aldea / Daily Journal

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— Sean P. Gates

"We help companies with the Federal Trade Commission and the Department of Justice antitrust division," Gates said. "We can also help with state attorney general antitrust enforcers but that's not very common."

Today, Charis Lex has clients throughout the country, but it launched with litigation Gates started while at Morrison & Foerster. When he left the firm, he continued to co-counsel on the litigation.

Gates defended Tesla in a sixweek trial in a lawsuit brought by 48 of the electric car maker's former employees. The former workers accused Tesla of violating their stock option agreements. *Zilincik v. Tesla*, CIV511676 (San Mateo Super. Ct., filed Feb. 7, 2012).

"One of the plaintiffs voluntarily dismissed mid-trial," Gates said. "We got judgment against 29 of the plaintiffs, and the remaining 18 obtained judgment for damages that was about less than 2 percent of what they asked for."

Charis Lex is still handling the case now on appeal.

Despite starting with a big case, he knew he had to develop more business.

"I had never intentionally built up a network or anything like that," Gates said. "What I had done was become active in the American Bar Association and things like that just because they were things I had been interested in."

“I found out that I actually knew a whole lot of people, and now I’m not their competitor but a potential resource for them,” he said.

As a result, people in Gates’ network started referring business to Charis Lex. Now, the majority of the firm’s business comes from referrals. Charis Lex overcame those early obstacles and added another attorney.

Douglas J. Beteta joined Charis Lex earlier this year from Gerard Fox Law PC. Beteta was an associate at Morrison & Foerster when he met Gates.

“I kept in touch with Sean, and he let me know he was looking to expand,” Beteta said. “I always enjoyed working with Sean, so I joined him in February.”

The firm represents Tesla in a consumer class action in which a group of owners of certain Tesla models filed a putative class action alleging the automaker sold 2016-2017 cars with a \$5,000 enhanced autopilot system that was delayed and faulty. He partnered with Morrison & Foerster on that case too.

Tesla agreed to pay \$5.4 million to end the lawsuit, and the federal court granted final

approval for a class-wide settlement. *Sheikh v. Tesla Inc.*, 5:17-cv-02193 (N.D. Cal., filed April 19, 2017).

“In that case, I’m co-counsel with Morrison & Foerster,” Gates said. “Morrison & Foerster is handling the class action aspects of it, and we were playing the role of trial counsel.”

1-800 Contacts is also relying on Charis Lex, along with Munger Tolles, for counsel in a lawsuit brought by the Federal Trade Commission, alleging the company violated antitrust laws by entering into certain settlements of trademark disputes. *FTC v. 1-800 Contacts*, 9372 (Federal Trade Commission, filed Aug. 8, 2016).

“One of the things they have to decide is: When you have an intellectual property settlement, what is the standard that you are going to apply to determine whether or not that could be a violation of the antitrust laws; and if it could be an antitrust violation, when is it an antitrust violation,” Gates said. “It’s kind of a hot area right now, which is how do intellectual property settlements play out

in an antitrust world.”

Quidel Corp., is also a Charis Lex client.

“We were introduced to Charis Lex with the understanding that they were one of the premier California firms specializing in antitrust,” said Dylan A. Taylor, corporate counsel at Quidel. “The firm gives us all their attention. They act ethically. They demonstrate their intelligence and strengths in the areas of law that we’re focused on in our current matter.”

Now that the firm is seeing successes, it faces other challenges.

“Right now, we’re handling a pretty large document review,” Beteta said. “We’re using a lot of independent contractors, and we have to make sure we have the right amount and make sure we have the right supervision.”

The goals for Charis Lex are to continue doing sophisticated legal work and providing high level service for clients.

“I think to practice at a high level and to advocate well for your clients, you really, really have to know the facts in a case,” Gates said.