

LEGAL COST REDUCTION ADVISOR



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Tennessee District Court Reduces Attorney's Fee Award by 25% to Account for Excessive, Duplicative and Redundant Billing

Following a party's successful motion to award attorneys' fees, a District Court for the Middle District of Tennessee assessed the legal fees of that party's attorneys to determine whether they were reasonable and therefore compensable. The court provided several factors that may be used to determine the reasonability of legal fees, including the time devoted to the legal action, the novelty and difficulty of the underlying legal theory and the legal skills necessary to perform the requisite tasks. Using these factors, the court determined the overall amount of attorneys' fees awarded should be reduced by 25% as it held that the amount billed was excessive, duplicative and redundant.

While excessive legal billing is very fact specific, and at times difficult to determine in complex litigation, the court here found that the attorneys billings for a total of three months time was excessive when the entire matter was resolved in only seven months. Illustrative of this holding, the court noted that the attorneys billed 36 hours for tasks related to the drafting of a nine-page complaint; the court found this was a disproportionate amount of time spent on a relatively common and simple task. Additionally, the court took issue with the duplication of several charges. The court found duplication was a two-fold problem, as there were multiple charges for intra-firm communications and in-house conferences, as well as inter-firm communications, where attorneys from the two law firms representing the client would each bill for the same conversation. Similarly, the court found several tasks that were identically performed by attorneys from each firm, which the court again held to be duplicative and redundant. To account for all of these improper charges, the court imposed an overall reduction in the legal fees of 25%, which it noted was the fair and practical approach for dealing with the voluminous legal bills.

THE COURT FOUND SEVERAL TASKS THAT WERE IDENTICALLY PERFORMED BY ATTORNEYS FROM EACH FIRM...[AS] DUPLICATIVE AND REDUNDANT

Implications for Legal Billing: The problems observed by the Tennessee District Court are common to many legal bills. While excessive and duplicative fees may be difficult to determine, the problem often arises when multiple attorneys or multiple firms work on the same representation. Therefore, it is important to review the legal bills of each firm simultaneously, especially if they are working on the same legal matter. As a preliminary step, billing guidelines can establish a policy of only charging for one attorney's attendance at a conference or meeting. This can help to prevent the duplicate charges of several attorneys billing

for the same telephone call or conversation. These regulations and reviewing habits can save a great deal of costs that may otherwise be overlooked.

* Chad Youth Enhancement Ctr, Inc. v. Colony Nat'l Ins., Co., 2010 WL 4007300 (M.D. Tenn. 2010). Full copies of court decisions may be available through counsel or through various Internet links or paid services.

By Lauren Stulmaker

Sterling Analytics is a consulting and advisory firm that helps companies reduce their legal expenses. Our proven methodologies are based on legal precedent, guidelines and ethical standards that compel law firms to significantly modify improper billing practices. Although our clients come from a broad range of industries with different legal budgets, they share a concern about their legal expenses and are looking for solutions to manage outside counsel while maintaining the highest service level standards. We are able to audit legal fees based on our extensive database of proprietary benchmark data and our solid understanding of traditional legal practices. Our process is fair, independent, cost effective and maintains attorney-client privilege. We are able to measure the extent to which our clients' legal expenses exceed industry standards, and will manage the negotiation and recovery of excessive fees. To institutionalize cost controls, we assist clients by installing systems and protocols that monitor billing activity and catch improper practices.