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## District Court Reduces Attorneys' Fees by Over \$50,000 Due to Block Billing

In *L.A. Printex Industries, Inc. v. William Carter Co.*, the defendant filed a motion for attorneys' fees in the amount of \$250,027.75. Subsequently, the court ordered that the parties meet to attempt to resolve any disputes relating to the attorneys' fees sought by the defendant. Failing to agree on reasonable attorneys' fees, the defendant's attorneys submitted their billing statement to the court for a determination on the motion for attorneys' fees. After conducting a review of the statement, the court awarded the defendant \$198,888.56.

The largest reduction by the court resulted from counsel's use of block-billing. The court found that many of the time entries contained multiple tasks in one billing entry. In fact, every bill submitted by counsel contained block-billing. The only entries that were not block-billed were on days where only one task was performed. The court found that, because of counsel's practice of block-billing, it was impossible to determine the amount of time spent on each separate task. As a result, the court could not make a determination as to whether the time spent on each task was excessive, duplicative or unreasonable. Finding that the defendant failed to present billing records which properly document the hours expended by submitting block-billed time entries, the court found that a 20% across-the-board reduction was appropriate. As a result, approximately \$50,000 was deducted from the defendant's fee application.

**Implications for Legal Billing:** Block-billing is a time-keeping method used by lawyers and law firms whereby each timekeeper "enters the total daily time spent working on a case, rather than itemizing the time expended on specific tasks." Because the time expended on each task is not provided, it is impossible to determine whether the time spent is excessive in relation to the task performed.

# BECAUSE OF COUNSEL'S PRACTICE OF BLOCK-BILLING, IT WAS IMPOSSIBLE TO DETERMINE THE AMOUNT OF TIME SPENT ON EACH SEPARATE TASK

Moreover, as noted by the court, block-billing may inflate time by 10 to 30 percent. This is because block-billed time entries cannot be accurately audited. To avoid this risk, the time spent on each discrete task must be separately itemized. Unfortunately, block-billing is frequently used by attorneys and law firms to record time. However, block-billed time entries can be easily identified by reviewing the time records provided with the billing statement. As shown by this decision, entries recorded in a block-billed format warrant a percentage reduction to compensate for the risk of an inflated fee.

\*L.A. Printex Industries, Inc. v. William Carter Co., 2010 WL 4916634 (C.D. Cal. 2010). Full copies of court decisions may be available through counsel or through various Internet links or paid services.

By Laura R. Bugdin

**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.

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