LEGAL COST REDUCTION
ADVISOR

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New Jersey Court Reduces the Number of Attorney Billed Hours by Half Due to Overstaffing

A New Jersey court ruled on a matter in which the prevailing party was represented by multiple firms, each entitled to their respective share of awarded attorneys' fees. The fee request amounted to over $800,000 divided among three law firms. The court looked at several factors to determine the reasonableness of the sought after fees. Finding countless examples of "needless duplication of efforts" and overstaffing, the court reduced the fee request by 50%.

Since this case involved fees requested by three different law firms and dozens of legal staff members, rather than undertake an entry-by-entry review of each time record, the court reviewed all the time sheets and considered which tasks were necessarily performed in a reasonable amount of time. Upon review, the court found that on numerous occasions a significant number of attorneys from each law firm were attending hearings, conferences and strategy meetings. The court recognized that a fair amount of communication between co-counsel was necessary, but in certain instances "the attendance of additional counsel representing the same interests…is wasteful and should not be included in a request for counsel fees from an adversary." Some of the outrageous examples highlighted by the court included the attendance of five attorneys at a hearing where only two participated, eleven attorneys and three paralegals reviewing document production and seven attorneys preparing a six page letter to the court. The court also cast doubt upon the necessity of multiple attorneys traveling for face-to-face meetings and participating in conference calls.

The court stated that a reduction for overstaffing and duplicative work "is

IN CERTAIN INSTANCES, "THE ATTENDANCE OF ADDITIONAL COUNSEL REPRESENTING THE SAME INTERESTS… IS WASTEFUL."

warranted only if the attorneys are unreasonably doing the same work." Here, the court found that although some coordination between co-counsel at each firm was necessary, their overall efforts were duplicative, unreasonable and compelled a 50% reduction in fees.

Implications for Legal Billing: As demonstrated by the facts above, some legal matters require representation by more than one attorney or law firm. In these cases, communication and accurate maintenance of time records is extremely important. Overstaffing at hearings, conferences or strategy sessions is wasteful for both the client and the retained legal counsel. It inevitably leads to duplicative efforts and inflated legal bills. In the event that more than one attorney is participating in a task related to the representation, the parties should communicate and coordinate as to the necessity of their attendance. In addition, retained counsel owes a duty to the client to charge only for the work that was reasonably and necessarily performed.

* Aerogroup Intern v. Ozburn-Hessey Logistics, LLC, 2010 WL 4746246 (D.N.J. 2010). Full copies of court decisions may be available through counsel or through various Internet links or paid services.

By Maria Miglino

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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