

Handling Law Firm Cost Apportionment

General guidance to help you manage cases cost, like Supio AI technology.*

Can I pass the costs of Supio's product through to my clients?

Generally speaking, yes. Lawyers have a fundamental duty to engage in billing practices that are disclosed, are consistent with the terms of their engagement letter, or are otherwise reasonable. See Model Rule 1.5. Although it is generally improper to bill a client for elements of general office overhead, charges for specific types of disbursements may be appropriate if charged at the lawyer's "cost." ABA Formal Opinion 93-379 (Dec. 6, 1993) (costs of computer research may be passed through to client). Accordingly, you can pass through the cost of our product to your client. Please note this is general guidance only and you need to review the rules of professional conduct in your jurisdiction to see what is permitted where you practice law.

Do I need to apportion the costs of Supio's product by client?

Yes. Lawyers should apportion the costs of our product to the client(s) on whose behalf the product was used. Lawyers may apportion the costs by, for example, splitting the cost evenly between joint clients. Please note this is general guidance only and you need to review the rules of professional conduct in your jurisdiction to see what is permitted where you practice law.

How do I disclose the costs of Supio's product to clients?

It is permissible for a law firm and client to specifically agree on a charge for services provided in-house (e.g., photocopies at 15¢ per page or messenger services at \$5.00 per mile). Absent such an agreement, however, only actual costs may be charged. You may also charge a reasonable allocation of the overhead associated specifically with those in-house services provided your client agrees to such charges. You can consider language such as the following in your engagement letter as a means of such disclosure. Please note that this is general guidance, and you will need to review the rules of professional conduct in your jurisdiction to see what is permitted where you practice law.

In the course of performing legal services for you, various services may be provided by third parties. Examples include [the use of third-party services to summarize and efficiently analyze client data], messenger and courier charges, filing and recording fees, foreign agent fees, court reporters and transcript costs, expert and other witness fees, discovery vendor costs, charges for outside consultants and research services, court runner fees, and travel expenses. You are responsible for these third-party charges, and we reserve the right to forward their invoices directly to you for payment. For administrative ease, however, we may advance payment to the third-party provider and include the charge on our invoice to you, with no markup for handling.

We will also charge you for certain internal services we provide in connection with our legal services. As noted below, because we both invest in specialized equipment and commit to long-term contracts with certain vendors, we achieve savings in exchange for guaranteed payment, usage or other obligations undertaken at our risk. This allows us to charge our clients for certain services at rates discounted below standard rates. However, the payments we receive from clients for these services may exceed our total payments to the vendors. This excess is used to partially offset the costs we incur for related equipment and personnel and the risks we assume in entering into these contracts.

Computer Research: Clients are charged for certain other computer assisted research from outside services, such as public records research, at the vendors' standard rates. We may occasionally be able to pass along discounted rates for computer-assisted research from these outside sources when we can negotiate volume discounts.

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