Legal Fees and Lawyers' Compensation

Winand Emons

Abstract

This paper analyzes and compares different forms of attorney compensation, namely contingent, conditional, and hourly fees. Our focus is on the risk-sharing and incentive aspects these different contractual forms give rise to. We find that depending on the special circumstances of the relationship between the attorney and his client each contractual form has its virtues. Our message is, therefore, that there should be freedom of contract between the client and her lawyer: let them choose the contractual form that best suits their interests and the special circumstances of their relationship.

Keywords: attorneys, contingent fees, conditional fees, hourly fees, incentives, risk-sharing

Departement Volkswirtschaft
Universität Bern
Schanzeneckstrasse 1
CH-3001 Bern
Switzerland
winand.emons@vwi.unibe.ch

1. Introduction

In personal injury and medical malpractice cases in the United States the plaintiffs' attorney typically receives his compensation in form of a *contingent fee*. Under this payment scheme the attorney gets a share of the judgement if his client wins and nothing if his client loses. A common practice is to use a sliding scale: the attorney gets one-third if the case is settled without trial, 40% if the plaintiff wins at trial, and 50% if a judgement for the plaintiff is affirmed on appeal.

Contingent legal fees are widely used in the US. In a well-known empirical study, Kritzer (1990) observes that in particular individual litigants use contingent fees. His figures have been confirmed and discussed in later studies by Kritzer (2002, 2004) himself as well as by Brickman (2003a, 2003b). Despite their widespread use, contingent fees are, however, frequently criticized in that, e.g., they promote nuisance suits with little legal merit, because of their potential for permitting excessive recovery by attorneys, and because the attorney's stake in the claim creates a conflict of interest with the client that impedes settlement.

In Europe contingent legal fees were strictly forbidden: *Pactum cuota litis* is not allowed by the ethical code of the European Association of Lawyers. Nevertheless, market pressure has led some countries to allow conditional fees. Under *conditional fees* the lawyer gets an upscale premium if the case is won and nothing if the case is lost. The upscale premium is not related to the adjudicated amount (no win, no fee). The United Kingdom started introducing conditional fees in the nineties, followed by Belgium and the Netherlands. France, and Portugal are considering the introduction of conditional fees. Germany has also

relaxed some restrictions by means of third party contingent contracts, though not to the extreme of accepting conditional fees; see Kirstein and Rickman (2004). In Greece contingent fees of up to 20% as well as conditional fees are permitted. Italy and Spain by now allow conditional and contingent fees. Since April 2013, contingent fees (damage-based agreements) are permitted in the UK in civil litigation.[1]

Hourly fees are widely used by attorneys in the US and Europe. Surveys suggest that in the US fees of large law firms range from $200 to $1,000 per hour when billed hourly, though fees charged by smaller firms are much lower. The rate varies a lot by location as well as the specific area of law practiced. Hourly fees are frequently criticized because the client bears all the legal risk, the attorney has no incentive to put in unobservable effort, yet has an incentive to "overlawyer" cases, i.e., to run the meter for observable yet unnecessary tasks.

Contingent and hourly fees give rise to a very interesting pattern in American tort and contract litigation: 92% - 98% of individual plaintiffs and 85% - 88% of organization plaintiffs retain their lawyer on a contingency basis. By contrast, 92% - 93% of indi-

---

[1] A conditional fee is usually nothing if no recovery is obtained. If the case is won, the solicitor gets his normal fees plus an uplift, or "success fee", on top of the normal fees. There is a statutory limit of 100% on the uplift. Whether the uplift is actually related to the amount adjudicated in the United Kingdom is a matter of debate. The Law Society first recommended that the client's liability to the lawyer should be capped at 25% of any damages recovered; later it dropped the recommendation. See, e.g., Yarrow (2001). In class action suits yet another type of contract is used resembling conditional fees. Under the loadstar fee, contingent on class victory, the attorney receives a fair compensation for the time spent on the case multiplied by a factor reflecting the degree of risk and the quality of work. By contrast to the output-based contingency fees, the loadstar method is input-based.

vidual defendants and 95% - 100% of organization defendants pay their attorneys an hourly rate, the rest paid a retainer.[2]

In this article we will look at the arguments explaining contingent, conditional, and hourly fees. In particular, we will describe our own work comparing conditional with contingent fees and explaining the stylized pattern observed in the US.

2. Conditional and Contingent Fees

2.1. Earlier Literature

Previous literature has mostly addressed the virtues of contingent legal fees, but has ignored the possibility of conditional legal fees. Contingent fees may be seen as a mechanism to finance cases when the plaintiff is liquidity constrained and capital markets are imperfect. They insure access to court for both rich and poor alike as signaled in the Sixth Amendment's guarantee of the right to counsel and rejection of the "loser pays" rule. Similarly, contingent fees may be used by the attorney and his client to share the risk generated by the case. See, e.g., Posner (1986).

Another explanation is related to the use of contingent legal fees in class-action litigation (Lynk, 1990, Klement and Neeman, 2004) and third-party involvement in litigation, such as insurance companies (Kirstein and Rickman, 2004).

The other explanations for contingent fees are all based on asymmetric information between the lawyer and his client. Contingent fees can be used to address a moral hazard problem: If

[2] See Kakalik, J. and Pace, N. (1986). A retainer is a fee paid up-front for a pre-determined amount of time or work.

the client cannot observe the attorney's effort, then tying the attorney's fees to the trial's outcome provides good incentives to exert efficient effort; better incentives than, e.g., hourly fees which tend to induce shirking (Danzon, 1983; Halpern and Turnbull, 1983; Gravelle and Waterson, 1993; Polinsky and Rubinfeld, 2003; Emons and Garoupa, 2006).

Rubinfeld and Scotchmer (1993) assume that the attorney has better information about his ability and the plaintiff has better information about the merits of her case. A high-quality attorney will signal his ability by working for a high contingency percentage and a low fixed fee. A client who has a high-quality case will be willing to pay a high fixed fee and a low contingency percentage, while a client with a low-quality case will prefer a low fixed fee and a high contingency percentage.

Dana and Spier (1993) look at the role of the attorney as an expert. Clients do not know the merits of their case. The attorney as the expert finds out about these merits. The attorney recommends whether to pursue or to drop the case. Dana and Spier conclude the optimal compensation scheme will pay the attorney a share of the plaintiff's award, i.e., the optimal contract is a contingent fee.

The economic literature on conditional fees (Maclean and Rickman, 1999; Gray et al, 1999, Rickman et al, 1999, Yarrow, 2001; Fenn, 2002) has been concerned with the impact on the outcome of legal cases and the effects on the demand and supply of legal aid. Before-the-event legal cost insurance has been stifled by the existence of legal aid. When the government withdrew legal aid for many types of cases, conditional fees have moved to the fore along with after-the-event insurance policies, purchased after an actionable event from legal cost insurers.

2.2. The Client has private Information about her Case

In Emons (2007) we compare conditional and contingent fees in a set-up where the client has private information about her case. We consider two scenarios. In the first scenario clients have cases with different expected adjudication but the same risk; as a shortcut we will use the term merit for the expected adjudication. In the second scenario all cases have the same merit but differ in risk. Clients hire an attorney to take their case to court. Attorneys engage in Bertrand competition. Clients know the characteristics of their cases whereas lawyers do not. The client might be better informed than her attorney about the facts of her case; see Rubinfeld and Scotchmer (1993).

We do not allow for contracts with payments from the attorney to the client. We thus rule out the possibility that the lawyer buys the case from the client and we do not allow for penalties the lawyer has to pay to the client if the case is lost. This restriction follows from the *champerty doctrine* in the US and the UK and the forbidden *pactum cuota litis* in continental Europe.

Attorneys strategically choose how much effort they put into a case. Therefore, contracts have to provide high-powered incentives to induce high effort. More precisely, contracts may not entail fixed wages; the lawyer gets nothing when the case is lost. Accordingly, in our setup a contingent fee is simply given by a share of the adjudicated amount the attorney gets when the case is won; a conditional fee is given by a fixed amount for the lawyer if the case is won. Under both contractual forms the lawyer gets nothing if the case is lost.

With asymmetric information about the merits, only a conditional fee contract is offered in equilibrium. This contract in-

duces high effort and lawyers just break even. To see this, suppose that a contingent and a conditional fee contract are offered simultaneously. Then clients with strong cases prefer the conditional fee because they need not share the residual returns. By contrast, clients with weak cases prefer contingency fees because the attorney's share is lower than the conditional fee. If a lawyer offers a contingent fee contract, he only attracts low merit cases; the lawyer thus gets a negative selection of all cases. The expected returns of this contract do not cover the attorney's cost of effort so that he will not offer it in the first place.

With identical merit and asymmetric information about risks, only a contingent fee contract is offered in equilibrium. This contract induces high effort and lawyers just break even. If a contingent and a conditional contract are offered simultaneously, high risk clients prefer the conditional fee and low risk clients prefer the contingent fee. To see this note that high risk cases have high stakes but a low probability to prevail. Under conditional fees the lawyer does not participate in the high stakes; he gets a fixed amount if the case is won. The expected returns of the attorney are, however, decreasing in risk. By contrast, under contingent fees the lawyer's expected share is constant and independent of risk. Since the lawyer gets a fraction of the outcome, under contingent fees he is compensated for a low probability to prevail by a high reward if the client wins. Low risk clients prefer contingent fees because for them a share of the outcome is less than the conditional fee that they are very likely to pay. If a lawyer offers a conditional fee contract, he attracts only high risk clients; the lawyer thus gets a negative selection of all cases. The expected returns of this contract do not cover the attorney's cost of effort so that he does better not offer it in the first place.

If we argue that when a plaintiff retains her lawyer the probability to prevail and the amount at stake are unknown, we are in the scenario with asymmetric information about risk. We then explain the observation that in torts most of the individual plaintiffs retain their lawyer under contingent fees. Insurance companies are mostly defendants. When the defendant retains her lawyer, a case is more developed; suppose the probability to win is known and only the amount at stake remains to be determined so that we are in the scenario with asymmetric information about merits. Then we explain the fact that organizational litigants, typically insurance companies defending their customers, do not use contingent fees but often employ hourly or flat fees with a bonus for performance, i.e., a contractual form with elements of conditional fees; see also Section 3.2.

Our results should become clearer once we draw the analogy between contingent and conditional fees (without fixed wage components) and equity contracts and standard debt contracts (without collateral) to finance risky projects. Our cases are risky projects as are the investment opportunities of entrepreneurs. Entrepreneurs need capital from investors, our clients need effort from lawyers. Capital/effort are lost when the project fails/when the case is lost.

Under equity finance the investor gets a share of the project's returns. So does the attorney under contingent fees. Under a standard debt contract the investor gets a fixed payment (interest plus principle) in non-bankruptcy states and nothing in bankruptcy states. Under conditional fees the attorney gets a fixed premium if the case is won and nothing when the case is lost. Accordingly, contingent and conditional fees generate the same payoff structure as do equity and standard debt finance.

Our results are thus related to the literature on adverse selection in credit markets, starting with Stiglitz and Weiss (1981). We derive an extended version of a result by De Meza and Webb (1987): they show that with asymmetric information about returns, investors prefer debt over equity; if there is asymmetric information about risk, investors prefer equity over debt.

2.3. The Attorney as the Client's Agent

In Emons and Garoupa (2006) we compare contingent and conditional fee arrangements in the following principal-agent set-up. A client hires a lawyer. After they have signed the contract, the lawyer learns the amount of adjudication if the case is won. Then the lawyer strategically decides how much effort he puts into the case: the more effort, the higher the probability of winning the case. Effort is not observed by the client. If, e.g., the lawyer were paid a fixed fee, he would provide no effort.

We find that both, contingent and conditional fees, give the lawyer an incentive to provide effort. Under conditional fees the upscale payment is not related to the adjudicated amount. Therefore, the lawyer's effort does not depend on the amount at stake. Under contingent fees the attorney gets a fraction of the judgment. He adjusts effort to the adjudicated amount: the higher the judgment, the more effort he puts into the case. Accordingly, under contingent fees the attorney uses his information about the amount at stake whereas under conditional fees he does not. Therefore, contingent fees are more efficient than conditional fees. This holds true independently of upfront payments to the lawyer being restricted to be non-negative or not.

Then we extend the model to deal with the problem that under contingent but not under conditional fees the lawyer may have an incentive to drop the case once he learned that the amount at stake is low. If upfront payments are non-restricted, the client gains from the option of dropping the case; when upfront fees are restricted to be non-negative, the lawyer gains and the client loses. To summarize: Looking at incentives, contingent fees are clearly better than conditional fees because the agent with more information becomes residual claimant.

Our model also suggests that conditional fees could do better than hourly and flat fees in the corporate market by providing a compromise between risk-sharing and incentives, saving on the need for in-house counsel to monitor external lawyers and reduce moral hazard.[3] Our conjectures, if correct, also indicate that if at some point contingent legal fees are allowed for in Europe, they would replace conditional fees in personal litigation if providing incentives is the main issue. If, however, asymmetric information about the adjudicated amount is the major problem, conditional fees will be preferred over contingent fees as is the case if clients want lawyers to follow a safe litigation strategy (Emons 2006, 2007).

2.4. The risk-averse Client seeks Insurance

In Emons (2006) we compare conditional and contingent fee arrangements in a set-up where the attorney chooses the strategy on how the case is presented in the courtroom. There are two possible strategies, safe and risky, that affect the probability of winning as well as the amount adjudicated. A safe strategy pro-

---

[3] Such a result seems to be supported by the observation that in the US many large law firms do operate on the basis of flat fee plus bonus for performance, rather than contingent fees (Kritzer, 1990; Garoupa and Gomez, 2008).

vides a higher probability of winning with a lower adjudication. A risky strategy leads to a lower probability of winning with a higher adjudication. We assume the expected judgement to be higher for the risky strategy.

We show that the risk-neutral lawyer will play it safe with conditional fees, but will go for risk with contingent fees. Under conditional fees, the only contingencies of interest to the attorney is winning or losing, hence he has an incentive to maximize the probability of winning the case: conditional fees thus give the attorney the incentive to play it safe. Contingent fees condition not only on the events of winning or losing, but also on the amount of the judgment: the higher the judgment, the higher the attorney's share. The expected judgment is higher with the risky strategy, hence the lawyer plays it risky.

The client is risk-averse. She prefers the safe strategy if she receives the entire amount at stake, even though the expected judgement is lower. With this assumption we create a potential conflict of interest between the risk-averse plaintiff and her risk-neutral lawyer. The equilibrium contract maximizes the plaintiff's expected utility subject to the constraint that the lawyer gets his reservation utility. We are thus solving for the privately-optimal type of contract between the lawyer and client -- that which maximizes the expected utility of the client, given the usual constraint that the lawyer needs to be paid his reservation utility.

The client chooses conditional fees when lawyer's reservation utility is low; this result follows immediately from our assumption that the client prefers to play it safe when she gets the entire judgement. When the lawyer's reservation utility is, however, high, the client prefers contingent fees. Now the insurance func-

tion of contingent fees kicks in: When the lawyers's reservation utility is high, his share of the judgement approaches one. The plaintiff is almost fully insured and no longer cares so much about the judgement risk; most of the judgement goes to the lawyer anyway.

In this paper we want to highlight two points. First, conditional fees give the lawyer an incentive to maximize the probability of winning the case. By contrast, under contingent fees the attorney maximizes the expected judgement. Second, if the plaintiff is risk averse, there may be a conflict of interest between the plaintiff and her lawyer. If the cost of hiring a lawyer is low, the plaintiff seeks insurance through conditional fees which induce the safe bet. If, by contrast, lawyers are expensive, the plaintiff prefers contingent fees shifting most of the judgement risk to the lawyer.

We have solved for the privately-optimal type of contract between the lawyer and client -- the contract which maximizes the expected utility of the client given the constraint that the lawyer is paid his reservation utility. In the socially optimal allocation which maximizes the sum of the client's and attorney's utilities, the attorney bears all the risk. He chooses high effort and the risky strategy. This outcome is attained if the attorney buys the case from the client and becomes residual claimant. We have ruled out this possibility because of the *champerty doctrine* and the forbidden *pactum cuota litis*. We consider thus a second-best world in which the first-best is attained if and only if the lawyer's reservation utility is so high that the contingency fee is 100%.

One implication of the paper is that in a regime where conditional fees are allowed but contingent fees are forbidden, we

should expect inefficient contracting for high costs of lawyering. Conditional fees do not allow for the sharing of the risk of a high or a low judgement. Compared to fixed wages they do, however, share the risk of winning and losing the case.

A second implication of the paper is the choice of lawyer fees as a response to the tension between plaintiff and lawyer concerning the litigation strategy. Therefore, an important aspect is how much control plaintiffs have over the choice of litigation strategy. Corporate clients usually keep a significant control over litigation, in part due to in-house legal counselling. For them the tension we analyze seems to be less of a problem. Individual clients usually lack the expertise to exert any significant control over their cases. For these clients conditional fees can be a useful means to induce a safe litigation strategy. To put it in terms of our example: a client can be assured that under conditional fees the lawyer behaves less aggressively than under contingent fees.

One argument against contingency fees is that they induce lawyers to settle cases too quickly. The attorney's return per hour invested in the case is higher if the case is settled rather than taken to court; see, e.g., Kritzer (2004). If we interpret the safe litigation strategy as going for a quick settlement, then this criticism applies even more to conditional fees.

3. Hourly and Contingent Fees

3.1. Earlier Literature

The virtues of hourly or fixed fees have been addressed in two papers. Emons (2000) looks at the role of the attorney as an expert. The attorney recommends how much effort to put into a

case; the client observes the attorney's effort but cannot tell whether it is necessary or not. If the attorney gets a fixed fee and has enough clients, he is indifferent as to his recommendation and thus acts in his client's interest. Therefore, fixed fees perform generally better than contingent fees which tend to distort the attorney's incentives.

Garoupa and Gomez (2007) consider an attorney working in a partnership. The attorney provides unobservable effort. Contingent fees align the attorney's interests with those of the client, but not necessarily with those of the partnership. Hourly fees may be a solution to the common agency problem.

The stylized fee pattern that plaintiffs' attorneys work for contingent and defence attorneys for hourly fees has been addressed in two papers. Zamir and Ritov (2010) explain the stylized pattern using the prospect theory. Under a fixed fee the plaintiff faces a mixed gamble with chances to make a gain and chances to make a loss; under a contingent fee the plaintiff faces a non-negative gamble. By contrast, the defendant faces purely negative gambles under both fee arrangements. According to the prospect theory players are risk averse when facing the choice between a mixed gamble and a non-negative gamble, and risk loving when facing the choice between two purely negative gambles. Therefore, the plaintiff prefers a contingent fee to avoid the risk, while the defendant opts for the fixed fee to bear all the risk.

In Fong and Xu (2013) the attorneys have private information not only about the outcome if the client accepts the contract, but also about the outcome if the client rejects the contract. To signal the value of their service, plaintiffs' attorneys may use a high contingent fee to send the message that the potential gain

for the plaintiff is large and the attorney is willing to share the gain. The defense attorney may use a flat fee to signal that the stakes are very high. Such a contract sends the message that the potential loss of the defendant is large and the defense attorney is unwilling to share the loss by making his compensation contingent on the result of the litigation.

3.2. Expertise and Commitment

In Emons and Fluet (2013) we consider victims who wish to collect damages from injurers. Cases differ with respect to the expected judgement that the plaintiff receives and the defendant pays should the plaintiff prevail in court. To sue a plaintiff needs an attorney. The probability that the plaintiff prevails depends on whether or not the defendant has legal support: a defense attorney lowers the probability that the plaintiff prevails.

If an attorney becomes active, he incurs a fixed cost which represents the overheads of the law firm. In addition, attorneys incur a marginal cost for each client they represent. Attorneys compete for clients by offering contracts. In our set-up equilibria are cost-efficient: only one plaintiffs' attorney and only one defense attorney is active. Prices are such that the active attorneys make zero-profits.

We consider two scenarios. In the first one, clients and attorneys observe the expected judgement. Here we derive two equilibria. In the low litigation equilibrium victims expect that all defendants will fight by hiring an attorney. Therefore, only victims with strong cases sue. The plaintiffs' attorney offers contingent fees that allow him to recover his marginal and his fixed cost. Given the plaintiffs' behavior, defendants face only strong (expensive) cases. This implies that indeed all defendants want to

fight and retain the defense attorney. The defense attorney also works on a contingency basis that enables him to make zero-profits.

This low litigation equilibrium is based, however, on empty threats. Should a plaintiff with a weak case sue, the defendant does not want to retain an attorney: the reduction in the defendant's cost is not worth the expense for the attorney. Therefore, plaintiffs with weak cases face a higher probability to prevail than plaintiffs with strong cases. This, in turn, makes suing more attractive for victims. In the high litigation equilibrium more plaintiffs sue than in the low litigation equilibrium. Defendants retain the attorney for the strong cases and opt for no legal support for the weak cases. Both attorneys work on a contingency basis that allows them to break even.

Obviously, defendants prefer the low litigation equilibrium: fewer victims sue and the probability that plaintiffs prevail is on average lower. Defendants would thus like to commit to fighting all cases to implement the low litigation outcome. This is possible in our second scenario. Following Dana and Spier (1993) we consider the case where clients do not observe the expected judgement. Only the attorneys as legal experts observe the merits of a case. Under this informational assumption all victims consult the plaintiffs' attorney who decides whether to pursue or to drop the case. Likewise, all defendants consult the defense attorney who decides whether or not to fight a case.

It turns out that the low litigation outcome can now be supported by credible threats. The defense attorney offers a fixed fee contract. To recover his fixed cost, the fixed fee is above marginal cost which means that the attorney earns a quasi-rent with each case. Therefore, the defense attorney happily accepts

all cases he can get hold of, independently of the merits. The plaintiffs' attorney anticipates that the defense fights all cases and, therefore, proceeds only with strong cases. As was shown by Dana and Spier (1993), a contingent fee aligns the interest of victims and their attorney: the attorney pursues only those cases with sufficiently high merit.

Our simple set-up is thus able to explain the pattern observed in the US where virtually all plaintiffs use contingency while defendants tend to rely exclusively on fixed fees. Being not informed about the merits of her case, the defendant has to rely on her attorney's recommendation whether to fight or not. Under fixed fees the defense attorney recommends to fight all cases. Anticipating that the defense will fight all cases, the plaintiffs' attorney will proceed only with the strong cases in the first place. This implements a low litigation outcome which is, after all, in the interest of defendants.

Kritzer (2007) argues that tort claimants are the archetypical one shot players while tort defendants and their insurers are the archetypical repeat players. The defense may "play for rules" or "play for reputation." To support such a result formally, one has to invoke infinitely repeated games to create an incentive to build up the reputation of being tough. We consider a one shot game that yields a similar idea: By using fixed fees the defense commits to being tough and fight all cases by all legal means.

4. Conclusions

We have seen that no contractual from dominates another.[4] When the client is, e.g., concerned that the attorney might not put in unobservable effort, she is better off with contingent rather than conditional or fixed fees. By contrast, if the client wants her lawyer to choose a safe litigation strategy, she should opt for a conditional rather than a contingent fee contract. If the client has to rely on the attorney's expertise as to the merits of the case, for the plaintiff a contingent fee whereas for the defendant an hourly fee is optimal.

The message we draw from these results is that there should be freedom of contract between the client and her lawyer: let them choose the contractual form that best suits their interests and the circumstances of their relationship. Attempts by the European Association of Lawyers to forbid conditional and contingent fees thus do not seem to be motivated to protect the interests of their clients. The ban only seems to serve the purpose to protect the attorneys' vested rights and secure their sinecures.

---

[4] Note that our survey is highly selective and does by no means cover the entire literature on lawyers' compensation. For example, we have ignored the effects of attorneys' fees on the settlement decision; see, e.g., Spier (2007).

References

Brickman, L. (2003a) Effective Hourly Rates of Contingency Fee Lawyers: Competing Data and Non-Competitive Fees, Washington University Law Quarterly, 81, 653-736.

Brickman, L. (2003b) The Market for Contingent Fee-Financed Tort Litigation: Is it Price Competitive?, Cardozo Law Review, 25, 65-128.

Dana, J. and Spier, K. (1993) Expertise and Contingent Fees: the Role of Asymmetric Information in Attorney Compensation, Journal of Law, Economics, and Organization, 9, 349-367.

Danzon, P. (1983) Contingent Fees for Personal Injury Litigation, Bell Journal of Economics, 14, 213-224.

De Meza, D. and Webb, D. (1987) Too much Investment: A Problem of Asymmetric Information, Quarterly Journal of Economics, 102, 281-292.

Emons, W. (2000) Expertise, Contingent Fees, and Insufficient Attorney Effort, International Review of Law and Economics, 20, 21-33.

Emons, W. (2006) Playing It Safe with Low Conditional Fees versus Being Insured by High Contingent Fees, American Law and Economics Review, 8, 20-32.

Emons, W. and Garoupa, N. (2006) The Economics of US-style Contingent Fees and UK-style Conditional Fees, Managerial and Decision Economics, 27, 379-385.

Emons, W. (2007) Conditional versus Contingent Fees, Oxford Economic Papers, 59, 89-101.

Emons, W. and Fluet, C. (2013) Why Plaintiffs' Attorneys Use Contingent and Defense Attorneys Fixed Fee Contracts, Discussion Paper, University of Bern.

Fenn, P. (2002) The Impact of Conditional Fees on the Outcome of Personal Injury Cases, Journal of Insurance Research and Practice, 17, 43-48.

Fong Y. and Xu, F. (2013) Signaling by An Expert, Working Paper, Department of Economics, Hong Kong University of Science and Technology.

Garoupa, N. and Gomez, F. (2008) Cashing by the Hour: Why Large Law Firms Prefer Hourly Fees Over Contingent Fees, Journal of Law, Economics, and Organization, 24, 458-475.

Gray, A., Rickman N., and Fenn, P. (1999) Professional Autonomy and the Cost of Legal Aid, Oxford Economic Papers, 51, 545-558.

Gravelle, H. and Waterson, M. (1993) No Win, No Fee: Some Economics of Contingent Legal Fees, Economic Journal, 420, 1205-1220.

Halpern, P. J. and Turnbull, S. (1983) Legal Fees Contracts and Alternative Cost Rules: An Economic Analysis, International Review of Law and Economics, 3, 3-26.

Kakalik, J. and Pace, N. (1986) Costs and Compensation Paid in Tort Litigation, Institute for Civil Justice, RAND, Santa Monica, CA.

Klement, A. and Neeman, Z. (2004) Incentive Structures for Class Action Lawyers, Journal of Law, Economics, and Organization, 20, 102-124.

Kirstein, R. and Rickman, N. (2004) Third Party Contingency Contracts in Settlements and Litigation, Journal of Institutional and Theoretical Economics, 160, 555-575.

Kritzer, H. (1990) The Justice Broker: Lawyers and Ordinary Litigation, Oxford University Press, Oxford.

Kritzer, H. (2002) Seven Dogged Myths Concerning Contingency Fees, 80 Washington University Law Quarterly 739-785.

Kritzer, H. (2004) Risks, Reputations, and Rewards, Stanford University Press, Palo Alto.

Kritzer, H. (2007) Defending Torts: What Should we Know?, Journal of Tort Law 1, Article 3.

Lynk, W. J. (1990) The Courts and the Market: An Economic Analysis of Contingent Fees in Class-Action Litigation, Journal of Legal Studies, 19, 247-260.

Maclean, M. and Rickman, N. (1999) No House, No Fee: Conditional Fees in Family Cases, Family Law, 29, 245-248.

Polinsky, A. M. and Rubinfeld, D. (2003) Aligning the Interests of Lawyers and Clients, American Law and Economics Review, 5, 165-188.

Posner, R. (1986) Economic Analysis of Law, Little Brown, Boston.

Rickman, N. (1994) The Economics of Contingency Fees in Personal Injury Litigation, Oxford Review of Economic Policy, 10, 34-50.

Rickman, N., Fenn, P., and Gray, A. (1999) The Reform of Legal Aid in England and Wales, Fiscal Studies, 20, 261-286.

Rubinfeld, D. and Scotchmer, S. (1993) Contingent Fees for Attorneys: An Economic Analysis, Rand Journal of Economics, 24, 343-356.

Spier, K. (2007), Litigation, in: Handbook of Law and Economics, Eds., A. M. Polinsky and S. Shavell, North-Holland, Amsterdam, 262-342.

Stiglitz, J. and Weiss, A. (1981) Credit Rationing in Markets with Imperfect Information, American Economic Review, 71, 393-410.

Yarrow, S. (2001) Conditional Fees, Hume Papers on Public Policy, 8, 1-10.

Zamir, E. and Ritov, I. (2010) Revisiting the Debate over Attorneys' Contingent Fees: A Behavioral Analysis, The Journal of Legal Studies, 39, 245-288.