

**IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
CIVIL TRIAL DIVISION**

THE LAW OFFICE OF DOUGLAS T. HARRIS,	:	JUNE TERM, 2007
And DOUGLAS T. HARRIS, ESQUIRE,	:	
	:	NO. 02576
Plaintiffs,	:	
	:	COMMERCE PROGRAM
v.	:	
	:	Control No. 10072590
PHILADELPHIA WATERFRONT PARTNERS,	:	
L.P., CHARLES L. KAMPS, III, SCOTT A.	:	
BLOW, PATRICK T. HANLEY and TODD	:	
KAMPS,	:	
	:	
Defendants.	:	

ORDER

AND NOW, this 22nd day of October, 2010, upon consideration of plaintiff's Motion to Enter Judgment on the Verdict and the memoranda in support and opposition, and in accord with the Opinion issued simultaneously, it is **ORDERED** that the Motion is **GRANTED in part** and the jury verdict entered in favor of plaintiff on July 19, 2010 and set forth in the Amended Worksheet entered on September 20, 2010, is **MOLDED** as follows:

1. The finding for Plaintiff Law Office of Douglas T. Harris, Esquire and against Scott A. Blow in the amount of \$166,241.00 is molded to include interest in the amount of \$64,630.72 and reasonable attorney's fees in the amount of \$76,957.24, for a total of \$307,828.96.
2. The finding for Plaintiff Law Office of Douglas T. Harris, Esquire and against Patrick T. Hanley in the amount of \$166,241.00 is molded to include interest in the amount of \$64,630.72 and reasonable attorney's fees in the amount of \$76,957.24, for a total of \$307,828.96.
3. The finding for Plaintiff Law Office of Douglas T. Harris, Esquire and against Charles L. Kamps, III in the amount of \$192,517.00 is molded to include interest in the amount of \$74,847.52 and reasonable attorney's fees in the amount of \$89,121.51, for a total of \$356,486.03.

All other awards set forth in the September 20th Amended Worksheet remain the same.

The remainder of the Motion is **DENIED**.

BY THE COURT:

MARK I. BERNSTEIN, J.

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L.P., CHARLES L. KAMPS, III, SCOTT A.	:	
BLOW, PATRICK T. HANLEY and TODD	:	
KAMPS,	:	
	:	
Defendants.	:	

OPINION

After trial of this matter, the jury found in favor of plaintiff and against defendants based on three promissory notes (the "Notes"). The verdict included an award of the amount of principal due on each of the Notes as follows:

For Plaintiff Law Office of Douglas T. Harris, Esquire and against Scott A. Blow in the amount of \$166,241.00 together with interest and attorney's fees.

For Plaintiff Law Office of Douglas T. Harris, Esquire and against Patrick T. Hanley in the amount of \$166,241.00 together with interest and attorney's fees.

For Plaintiff Law Office of Douglas T. Harris, Esquire and against Charles L. Kamps, III in the amount of \$192,517.00 together with interest and attorney's fees.

The parties agreed that, if the jury found in plaintiff's favor, the court would determine the amount of attorneys' fees and interest due under the terms of the Notes. Plaintiff has moved the court to make such an award.

The relevant provision of the Notes are the following:

[P]ayment of the entire unpaid obligations shall bear interest at the rate of 15% per annum as of the date of default.

* * *

In the event [plaintiff] sues [defendants] for collection of any portion of [these] Note[s] and is successful in such suit, [plaintiff] shall also be entitled to collect all costs of such suit and all reasonable attorneys' fees incurred in connection with such result.

Plaintiff asks that the fifteen percent interest provided in the Note be compounded annually. "It is fairly well established that the law in this Commonwealth frowns upon compound interest and as such will only permit compound interest on a debt when the parties have provided for it by agreement or a statute expressly authorizes it."¹ The Notes do not expressly provide for compound interest, so this court will award simple interest only.² Simple interest runs from December 15, 2007, the date of breach, through July 19, 2010, the date the jury verdict was entered. Thereafter, interest accrues at the statutory post-verdict rate of six percent.³

Plaintiff asks that it be reimbursed its attorneys' fees under the one-third contingent fee arrangement between plaintiff and its counsel. Defendants object that a fee equal to one-third of the amount of the principal and interest awarded to plaintiff under the Notes is unreasonable under applicable New Jersey law.⁴

Plaintiff has provided the court with the number of hours counsel spent prosecuting plaintiff's claims under the Notes,⁵ as well as with counsel's usual hourly fees.⁶ The number of

¹ Katzeff v. Fazio, 628 A.2d 425, 430 (Pa. Super. 1993).

² *See id.* (case remanded for recalculation of simple interest because the parties' agreement did not expressly provide for the compound interest awarded by trial court).

³ 42 Pa. C.S. §8101.

⁴ The Notes are to "be construed and enforced in accordance with the domestic, internal law, but not the law of conflict of laws, of the State of New Jersey."

⁵ Counsel spent additional hours litigating numerous other claims raised by plaintiff and defendants in this case and a related case between the parties. Some of the work done on those other claims may also have been relevant to the claims on the Notes.

hours spent and the hourly fees are reasonable, even conservative, for this sort of litigation. If plaintiff had agreed to pay a fixed hourly fee regardless of the outcome, plaintiff's attorneys' fees would have been \$160,587.50. However, under applicable New Jersey law, the court may and should take into consideration more than merely the number of hours expended by counsel. The court may and should also consider the complexity of the case, the uncertainty of the result, and the contingency of the attorney receiving any fee at all.

In this case, one of the defenses to plaintiff's claims on the Notes was that plaintiff had committed legal malpractice. This defense was aggressively litigated. Discovery was unusually contentious and included claims of electronic spoliation and defendants' interlocutory appeals of alleged issues of privilege.⁷ Even after the malpractice claims were dismissed at summary judgment, defendants continued to contest their obligation to pay under the Notes through a full jury trial. It was by no means certain that plaintiff would prevail at trial. By agreeing to accept a contingent fee, plaintiff's counsel risked never receiving payment for its work.

Counsel's contingent fee of one-third the principal and interest owed by defendants totals \$243,035.99. This requested fee represents a theoretical enhancement of the hourly amount by only 51%. As either a standard contingent fee or an enhanced hourly fee, plaintiff's requested

⁶ Plaintiff's very experienced trial counsel has been practicing law for more than 30 years. He charges the quite reasonably low fee of \$300 per hour in non-contingent fee matters.

⁷ Defendants failed to produce responsive documents from their personal computers. In response to the first motion to compel, defendants agreed to produce the documents, but did not do so. In response to the second motion to compel, defendants claimed that their computers were broken, but agreed to produce the broken computers. Upon being ordered to turn over the computers, defendants filed an interlocutory appeal and belatedly claimed the broken computers they had agreed to turn over might contain privileged documents. The Superior Court ultimately quashed the appeal 11 months later, after the filing of numerous motions and briefs in the appellate court.

fee is eminently reasonable in light of the risk and difficulty of the case and the amount recovered in this litigation.⁸

For these reasons, plaintiff's Motion to Enter Judgment on the Verdict is granted in part and denied in part.

BY THE COURT:

MARK I. BERNSTEIN, J.

⁸ See Litton Industries, Inc. v. IMO Industries, Inc., 200 N.J. 372, 389, 982 A.2d 420 (2009) ("The relationship between the fee requested and the damages recovered is a factor to be considered by the trial court because the notion of proportionality is integral to contract fee-shifting to meet the reasonable expectation of the parties."); Atl. City Assocs. LLC v. Carter & Burgess Consultants, Inc., 2010 U.S. Dist. LEXIS 32135 (D.N.J. Mar. 31, 2010) ("The Court notes that the attorney's fees to be awarded in this case equate to approximately thirty-three percent, or one third, of the judgment recovered on behalf of [plaintiff]. Such an amount is routinely deemed appropriate in the context of contingency fees, and seems eminently reasonable in this case given the complexity of the issues involved and the extent to which plaintiff was held to its proofs.")