

# New Jersey Law Journal

VOL. 207 - NO 6

MONDAY, FEBRUARY 6, 2012

ESTABLISHED 1878

## Law Office & Trust Account Management

### How the Internet Benefits and Impairs Law Firms

By Jonathan Bick

Increased acceptance of the Internet by law firms, publishers of self-help legal software and consumers of legal services alike, has amplified overall reliance on the Internet in both the production and consumption of legal services.

The Internet allows law firms to save money by conducting business more efficiently. But it also results in revenue diminishment because Internet acceptance allows others to offer substitute services. Law firms use the Internet for communications and research to cut costs and provide more services to clients. Nonattorneys use the Internet to offer software that allows users to forgo traditional legal services, resulting in a reduction of law-office revenues.

#### The Firm

The Internet allows communication by or on behalf of a lawyer or law firm

*Bick is of counsel at Brach Eichler in Roseland. He is also an adjunct professor at Pace and Rutgers law schools, and the author of 101 Things You Need to Know About Internet Law (Random House 2000).*

that is disseminated to clients, the courts and the public. Such communication includes, but is not limited to, websites, blogs (web logs), search engines, electronic mail, banner advertisements, pop-up and pop-under advertisements, chat rooms, list servers, instant messaging or other Internet presences and any attachments or links related thereto. Such communication is used to advertise services, research matters, file court documents, negotiate settlements, update clients and more. All of this results in lower operating costs for the law firm.

Law firms can reduce their advertising costs by promoting themselves on social media sites and search engines. They can reduce the cost related to client communications and data collection by using Internet applications which allow the client to enter data directly into the firm's database and to get updates concerning their matter from the Internet without speaking with a member of the firm. Law firms can use the Internet to file, retrieve and efficiently search litigation documents electronically. Each such use of the Internet has the potential of lowering a firm's cost of doing business.

Most law firms use the Internet to perform legal and other research, inves-

tigate people and/or entities, chat online, purchase and sell items, download software updates and patches, monitor topical newsgroups and more. Some law firms employ virtual private networking (VPN), Internet telephony or teleconferencing.

As more law firms allow their attorneys to work from home, establish virtual law offices, use Internet-based communications applications to work with clients, and clients get accustomed to these changes, new client expectations emerge. These new expectations allow law firms to use Internet technology to streamline the practice and keep costs down while increasing availability. Additionally, Internet technology allows the creation of co-counsel relationships and other steps to expand the services a law office may competently offer.

Traditional law firms use Internet services provided by a few well-entrenched legal service providers such as LexisNexis. These providers started by providing content via the Internet and expanded to case, matter and practice management applications. Using the Internet, said providers allow legal professionals to collaborate and increase their productivity. Among the most popular are Internet applications that make practice management faster and more accurate by permitting all members of a firm to manage and collaborate on legal matters. Such streamlining cuts costs, which in turn helps increase profitability. The Internet applications offered by

these providers allow law firms to take advantage of Internet-connected smartphones and other mobile or tablet devices, allowing legal professionals to be productive even when they are not in the office.

### **The Client**

Potential legal clients can avoid the time, hassle and expense of consulting an attorney simply by using Internet legal software. It is well established that every state has statutes, court rules or case law prohibiting the unauthorized practice of law, and that each state's courts has the authority to "control admission to its bar and to discipline attorneys who appear before it." See *U.S.A. v. Johnson*, 327 F.3d 554, 560 (7th Cir. 2003). However, after the finding in *Unauthorized Practice of Law Comm. v. Parsons Tech., Inc. (Parsons II)*, 179 F.3d 956, 956 (5th Cir. 1999), courts have uniformly found that the production and/or distribution of interactive Internet legal software is lawful.

The Internet allows an alternative to law-firm services to those who need legal assistance and do not want to hire an attorney to produce "boiler plate." But, it is costing law firms money.

Consider Internet services related to no-fault divorce. Internet sites, such as legalzoom.com, processed more than 50,000 online divorces in 2011. If the normal legal fee for an uncontested, no-fault divorce charged by a traditional law firm

is approximately \$1,650, then more than \$80 million in traditional legal fees were lost on a nationwide basis, due to this one Internet application alone.

Other popular Internet software services allow users to write a will or living trust, form an LLC or corporation, file a trademark, file a provisional patent application, create a lease or promissory note, change their name, clean up their credit history, prepare a nondisclosure agreement and assert their rights in landlord-tenant matters. These services are self-described as easy-to-use, legally valid, money-saving legal forms and applications.

Sometimes a potential client is simply seeking information. Acceptable responses to the most frequently asked legal questions are usually available via the Internet. In particular, the Internet offers websites, which in turn offer legal information services, advisory systems, law guides, frequently asked question guides, legal forms and other tools for legal problem resolution short of delivering what could be called "full legal services." Such software decreases revenue for traditional law firms.

When the most common issues arise, standard answers are sufficient. Such issues include what to expect from the court system in a landlord-tenant dispute, a personal injury case or a driving under-the-influence matter, or how to create a

standard no-asset, childless estate plan with a list of things one must consider and the consequences of not doing so.

### **A Compromise**

In the fields where potential clients are choosing to "do it themselves," some law firms are actually selling software via the Internet. This allows the clients to do the work themselves, while still allowing the law firm to collect some revenue.

Internet applications that offer substitute services are most competitive in certain areas. Firms that use the Internet to offer such substitutes for traditional legal services currently focus on areas that are heavily form dependent. Those legal services include wills, divorce, adoption, bankruptcy, business incorporations, child support enforcement, living trust creation, debt counseling, immigration, trademark search, copyright registration, patent registration and landlord-tenant law.

Thus, the Internet is both a boon and a threat to the traditional law firm. For all the reasons mentioned above, it allows for more efficiency in the office, thereby saving the firm money. However, the Internet also offers alternatives to potential clients who can choose to perform straightforward legal tasks themselves through a website. In that way, the Internet is taking business away from the law firm. One can only hope that, in the end, it will all balance out. ■