

SUPREME COURT OF KENTUCKY

Lofton v. Fairmont Specialty Insurance Managers, Inc.

367 S.W.3d 593 (Ky. 2012) · Decided June 21, 2012

SUMMARY

The Kentucky Supreme Court held that an attorney who voluntarily withdraws from a contingency-fee representation is not automatically entitled to quantum meruit compensation merely because the withdrawal was permitted for good cause. A disagreement with the client over whether to accept a settlement offer did not constitute sufficient cause to support recovery of attorney's fees, although the attorney was entitled to reasonable costs and expenses.

CASE DETAILS

COURT	Supreme Court of Kentucky
WRITING FOR THE COURT	Justice Cunningham; Cunningham; all sitting
JURISDICTION	Kentucky
DECIDED	June 21, 2012
DISPOSITION	affirmed
PROCEDURAL POSTURE	Attorney appealed from the Kentucky Court of Appeals' affirmance of a McCracken Circuit Court judgment awarding him litigation expenses but denying quantum meruit attorney's fees after he withdrew from representing a client under a contingency-fee agreement. The Kentucky Supreme Court granted discretionary review.
STANDARD OF REVIEW	The opinion states that the trial court has broad discretion in granting motions to withdraw under SCR 1.16(b), but does not expressly identify a separate standard of review for the quantum meruit determination.
PRECEDENTIAL VALUE	Published Kentucky Supreme Court opinion; binding precedent.
PARTIES	Rodger W. Lofton v. Fairmont Specialty Insurance Managers, Inc., Denise Maxey, Delbert K. Pruitt

TOPICS

quantum meruit attorney fees contracts remedies civil procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether an attorney who voluntarily withdraws from representation for allegedly good cause may recover a quantum meruit fee under a contingency-fee agreement.
2. Whether a disagreement between attorney and client over the value of a case and whether to accept a settlement offer constitutes sufficient good cause to preserve the attorney's right to quantum meruit compensation.
3. Whether the trial court properly limited Lofton's recovery to reasonable costs and expenses.

HOLDINGS

1. Good faith or good cause sufficient to permit an attorney to withdraw under SCR 1.16(b) does not, by itself, establish entitlement to quantum meruit compensation for services performed under a contingency-fee agreement. The standards for withdrawal and for fee recovery are distinct, and the latter requires a higher level of justification.
2. An attorney's disagreement with a client over the value of the case or whether to accept a settlement offer is not, standing alone, sufficient good cause to support the attorney's quantum meruit claim after voluntary withdrawal.
3. Lofton was entitled to recover only his reasonable costs and expenses incurred in the representation, not attorney's fees under quantum meruit.

KEY QUOTATIONS

“However, we find that the “good faith” or “good cause” or a comparable basis for withdrawing as counsel under SCR 1.16(b) does not translate into a comparable justification or “good cause” to be entitled to quantum meruit compensation.” (596)

“A disagreement with a client over whether to accept a settlement offer is not good and sufficient cause for an attorney to withdraw with expectation of a quantum meruit fee.” (597)

“Suffice it to say that the conflict between lawyer and client must rise to a higher level than withdrawing from representation over a disagreement as to settlement.” (598)

FACTUAL BACKGROUND

Maxey retained Lofton under a written contingency-fee agreement to represent her in a personal-injury action. During mediation, New Commonwealth Gas Company's insurer offered \$25,000; Lofton advised acceptance, but Maxey refused because she believed the case was worth at least \$1.2 million, while Lofton valued it at no more than approximately \$30,000. Lofton obtained permission to withdraw, Maxey later settled with new counsel for \$25,000, and Lofton received reimbursement for expenses but sought attorney's fees under quantum meruit.

PROCEDURAL HISTORY

Lofton represented Maxey in a personal-injury action under a contingency-fee contract. After Maxey rejected a \$25,000 settlement offer, Lofton withdrew with court approval and later asserted an attorney's lien and sought fees after Maxey settled with new counsel. The McCracken Circuit Court found that Lofton had breached his contract and awarded only \$3,628.02 in expenses; the Court of Appeals affirmed, and the Kentucky Supreme Court affirmed as well.

DISPOSITION

affirmed

CASES CITED

- Baker v. Shapero, 203 S.W.3d 697 (Ky. 2006)
- LaBach v. Hampton, 585 S.W.2d 434 (Ky. App. 1979)
- Bradley v. Estate of Lester, 355 S.W.3d 470 (Ky. App. 2011)