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**The contract between lawyer and client based solely on an hourly rate is neither clear nor understandable.**

The Court of Justice of the European Union in judgment C-395/21 of 12 January 2023 ruled that a clause in a contract for the provision of legal services concluded between a lawyer and a client who is a final consumer which fixes the price of such services according to the principle of hourly rates without including further details, does not meet the requirement that such clauses must have a clear and understandable wording.

This is a case heard in Lithuania, where a client concluded with a lawyer 5 contracts for the rendering of legal services. Each contract stated that the fee would be calculated on the basis of a fixed hourly rate (100 euros per consultation or service). As the lawyer did not receive the total amount of money for the services rendered, he filed a lawsuit claiming the amounts owed by the client. The claim was partially upheld in first instance, but the decision was reversed and the claim dismissed on appeal. As a result, the lawyer filed a Remedy of Cassatio before the Supreme Civil and Criminal Court of Lithuania.

This high court asked the CJEU about the correct interpretation of the provisions of EU law aimed at protecting consumers against unfair contract terms; in particular, about the scope of the requirement of “clear and comprehensible wording” of a clause in a contract for the rendering of legal services, as well as about the effects of the declaration of the unfairness of a clause fixing the price of such services.

The CJEU in judgment C-395/21 states, first of all, that the concept of "clear and understandable encompasses any clause determining the principal's obligation to pay the lawyer's fees and indicating the applicable fee rate.

The decision further declares that a clause in a contract for the provision of legal services which fixes the price of those services according to the principle of the hourly rate without the client (consumer) receiving a clarification on the scope of the clause prior to the execution of such clause, thus preventing the client from making his decision prudently and with full knowledge of the economic consequences thereof, does not meet the requirement of being “Clear and Understandable” within the meaning of European Union law.

This judgment is in line with the judgment issued by the Administrative Chamber of the Supreme Court of Spain on a date as recent as December 23, 2022, which states that the guidelines on professional fees approved by the Madrid Bar Association (ICAM) in 2013 were "true scales" or "price lists" for each of the actions of lawyers, thus decreeing their inapplicability. The decision came as a result of the appeal by the ICAM against the judgment of the National Court confirming the resolution of the National Commission of Markets and Competition (CNMC), dated September 15, 2016, in the sanctioning file "SAMAD/09/2013, PROFESSIONAL FEES ICAM", that levied on ICAM a fine of 459.024 euros as a result of an infringement consisting of making recommendations on fees (normally in the process of determination of costs and swearing of accounts), that are forbidden by the Law on Defense of



Competition, which prohibits the existence of collective recommendations on prices, even if in the form of non binding guidelines. As a result, the decision ruled that even such guidelines constitute real price scales prohibited by Art. 14 of the Law on Professional Associations, thus confirming the fine and the criterion and fixing the criterium that the quantification of fees in euros is a restriction of free competition.

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