

Law and Economics Practice Problems

Civil Procedure: The Difference Between the European and American Systems for Paying Attorneys' Fees and the Implications for Settlement Ranges

1. Suppose that a plaintiff thinks that he could win \$10,000 in a court case. The plaintiff estimates his chance of winning to be 70 percent. The court costs to the plaintiff would be \$1,000. The defendant in the same case thinks she could lose \$10,000, but she estimates her chances of losing to be 60 percent. The court costs to the defendant would be \$1,100.

Under the American system of each party paying his/her own court costs, will these parties settle or go to court? If there is a settlement range, specify it.

Under the European system of the loser paying the winners court costs, will these parties settle or go to court? If there is a settlement range, specify it.

2. Use the same information as #1 above, except this time assume that the plaintiff's estimate of the win/lose percentages are correct.

Under the American system of each party paying his/her own court costs, will these parties settle or go to court? If there is a settlement range, specify it.

Under the European system of the loser paying the winners court costs, will these parties settle or go to court? If there is a settlement range, specify it.