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Firm can pursue case in Chicago against Indiana city

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A Chicago law firm seeking \$3.2 million in legal fees from an Indiana city can pursue its case in the Daley Center despite the city's claim that the Hoosier state is the proper venue, the 1st District Appellate Court has ruled.

The appellate ruling affirms a Cook County judge's decision to deny the city of East Chicago's motion to dismiss for lack of personal jurisdiction.

In 2008, the city was sued by Morgan, Lewis & Bockius LLP for unpaid legal fees in about 40 cases in which the firm represented the city in suits alleging civil rights violations, breaches of contract and other claims.

The firm represented the city from April 2005 to December 2007 under an agreement that the city would pay hourly rates of \$540 for one firm partner; \$475 for another partner; and \$235 to \$285 for associates. In 2006, the city's payments became sporadic.

The city filed a motion to dismiss the firm's lawsuit last year, stating that it hired the firm to handle matters in Indiana. Even though all of the court appearances occurred in Indiana, the law firm

maintained that personal jurisdiction existed under the Illinois long-arm statute.

Circuit Judge Ronald F. Bartkowicz ruled that personal jurisdiction was proper under 735 ILCS 5/2-209(c) because the city has sufficient contact with Illinois to satisfy due process.

The city appealed.

The 1st District Appellate Court affirmed the judge's ruling in a 15-page opinion written by Justice Margaret Stanton McBride. Justices Robert Cahill and Joseph Gordon concurred in Friday's decision.

To reach its ruling, the appeals panel had to decide whether the city should have reasonably expected that its contractual relationship with the firm could have led to it being called into an Illinois court.

The court record indicated that the city's contact with Illinois was that: A city representative contacted one of the firm's attorneys about legal representation; city representatives attended several meetings in the firm's Chicago office; the city representatives communicated with the Chicago lawyers by telephone, e-mail and fax; the city sent its payments to Chicago; and the city used an electronic database that the firm created in Chicago.

The panel pointed out that the city wanted to use an Illinois law firm because it wanted legal representation that was removed from Indiana's political scene. In addition, the panel noted that most of the cases were resolved in the city's favor.

The panel concluded that the city didn't present a compelling argument that jurisdiction in Illinois is unreasonable.

"The city simply contends that the required minimum contacts do not exist and it did not engage in any Illinois activity that would reasonably give rise to the expectation of being subject to the Illinois court system," the appellate opinion states. "This argument ignores the fact that the city intentionally sought a business relationship, i.e., legal representation, with an Illinois law firm and continued that relationship across state lines."

The law firm was represented by F. Thomas Hecht, Tina B. Solis and Seth A. Horvath of Ungaretti & Harris LLP.

The city was represented by Michael J. Kralovec and Sara R. McClain of Kralovec, Meenan LLP.

The case is *Morgan, Lewis and Bockius LLP v. The City of East Chicago*, No. 1-09-2549.