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AI and Legal Fees: Time to Turn Off the Taxi Meter?

AI does not change what constitutes a reasonable fee—but it makes it increasingly difficult to argue that time is the same as value.

The Swedish Bar Association's Code of Conduct states: "The fee charged by a lawyer shall be reasonable." Despite a widespread perception, this is not the same as time spent. The assessment must take into account what has been agreed (often hourly rates), the scope, nature, complexity and importance of the assignment, the lawyer's skill, and the result achieved.

Time is only one factor among several and should, according to the commentary, be based on an estimate of what the assignment would *normally have required*—not an exact measurement. Skilled—i.e. efficient—lawyers should thus be rewarded.

At the same time, it can be noted that the Disciplinary Committee of the Bar Association has in several decisions placed significant weight on actual time spent when assessing reasonableness. The rule points toward *value*; practice has often leaned toward *time*. With AI, the gap between the rule's focus on value and practice's emphasis on time becomes increasingly apparent.

Clients often pay as if for a taxi, while legal services in reality resemble architecture: the value lies in quality, not in hours spent.

I recall one of my assistants—very capable, if somewhat outspoken. A client called when I was out of the office and asked what the next invoice would amount to. "I see SEK 17,000 in the system—but Mr. Fohlin sometimes charges more, sometimes less …"

This illustrates an important point: a "reasonable" fee is not the recorded time. Yet hourly billing remains the norm. It is also what clients request and what is typically agreed.

The problem is that the taxi meter no longer holds. AI has made it increasingly difficult to argue that time equals value.

Today, all lawyers must be able to use AI. Those who do not will be outcompeted by those who do. But the technology requires expertise and continuous quality control. Speed increases—and, when properly handled, so does quality—but without competence and care, analysis may be flawed or entirely incorrect.

This brings the core question into focus: if an experienced lawyer, supported by AI, can do in one hour what previously took eight—and often better—what is the client paying for?

According to Goldman Sachs (2023), up to 44 percent of tasks in the legal profession could potentially be automated—primarily simpler legal work that has long generated many billable hours without always creating corresponding value.

The conclusion is uncomfortable: eight hours no longer say anything about value. An hourly model based on time that no longer reflects value is difficult to reconcile with the Bar's Code of Conduct.

Fees should not decrease in line with technology—quite the opposite. It is value, not time, that should govern.

The traditional law firm model is built on large volumes of billable hours produced by junior lawyers at the base of the pyramid. The more hours generated there, the greater the profits higher up. When AI takes over simpler work, not only hours disappear, but part of the underlying business logic as well.

So far, the model has endured because it has been profitable and accepted by clients. But AI may change this, because ultimately it is the clients who decide. Paradoxically, it is often not lawyers who drive hourly billing, but clients. Particularly in international matters, there is often a strong preference for it, as it is perceived to provide control.

As AI adoption increases, more sophisticated clients are likely to reconsider and demand alternative fee arrangements. When work becomes faster but the billing model remains unchanged, a problem arises: AI-assisted work may be billed as if it had taken longer than it actually did. This raises both transparency and reasonableness issues. What, then, should be invoiced?

The question is no longer how many hours have been spent, but what value has been delivered.

Clients themselves also use AI. Assignments therefore do not always begin from a blank page; often there is already a draft. The lawyer's role becomes to add value in the next step. At the same time, scrutiny increases: the client's own AI tools may continuously question the lawyer's work.

The demand for alternative fee arrangements is growing. Fixed fees, subscriptions, and success-based models are moving from discussion to expectation.

More standardized work lends itself to fixed pricing, while highly complex matters involving substantial values may still justify high hourly rates—not because time reflects value, but because better, practically applicable metrics are often lacking.

This opens the door to more business-oriented and fundamentally fairer pricing: lawyers are rewarded not for working longer, but for creating value. At the same time, value is more abstract and harder to assess than recorded time, which may lead to more fee disputes.

There are also structural implications. The role of junior associates is changing. It does not disappear, but evolves. Younger lawyers can work on more complex issues earlier, but must master quality assurance, source criticism, and critical review of AI-generated material.

The position of solo practitioners is strengthened. With AI support, an experienced lawyer can deliver high-quality advice without large teams.

AI affects pricing and working methods. It is unlikely to immediately reduce the overall number of lawyers at large firms, but it will fundamentally reshape roles, skill requirements, and staffing structures. For smaller firms, it is not unlikely that some will rely on AI rather than hiring. At the same time, AI gives solo practitioners and smaller players entirely new scalability.

The time-based culture—now challenged by AI—may also affect gender balance in partnerships. It could contribute to increasing the proportion of female partners. Despite decades of discussion, progress has been slow. A more value-based pricing model could help break this pattern.

There is also a practical dimension: transparency towards the client. If AI dramatically shortens the work, but the fee is set based on a notion of what is “reasonable,” one may ask whether a transparency gap arises.

Internationally, some guidance exists. The American Bar Association stated in 2024 (Formal Opinion 512) that lawyers may not bill AI-generated work in a way that misrepresents the effort involved, and that clients should, where relevant, be informed about the use of AI. At the European level, the CCBE issued “Guidelines on the Use of Artificial Intelligence by Lawyers” in 2020. In Sweden, clear guidance is still lacking, but the issue is likely to emerge through new guidelines or fee disputes.

AI does not change the lawyer’s responsibility or the requirement of a reasonable fee. The long-standing principle of reasonableness remains fundamentally sound, even in an AI-driven practice. But AI sharpens the demands on how the rule is applied.

The question is not whether the taxi meter should be turned off, but in which situations it can still be justified. It may be defensible in highly complex advisory work, where value is not proportionate to time spent, but where time still functions as a rough—yet sometimes necessary—measure.