

## Preface to the 2026-2027 Edition

***The History of the Treatise.*** The 2026-2027 Edition of The Law of Law Firms builds on previous annual updates to the treatise and covers the leading legal developments and ethics opinions during the past year.

The original intent of this book was to assemble in one place everything needed to form and effectively manage a law firm in compliance with the ethical and professional obligations of the profession. In the years that followed the original publication, the practice of law and management of law firms has experienced profound changes. Law firms today are more complex than ever, which affects the way lawyers deal with their clients and each other.

Legal services continue to be a significant growth industry. In 2023, law firm gross revenues increased by as much as 6.8% according to some calculations. The total U.S. based legal services market size was valued at \$372 billion in 2023 alone. This growth brings complicated financial and tech-based relationships along with formidable management challenges that can be difficult to navigate. The well-publicized failure of large, high-profile law firms underscores the importance for law firms to maintain a sound and sustainable management structure and business model.

***The Scope of the Treatise.*** The 2026-2027 Edition of The Law of Law Firms addresses the core operational, ethical, and professional liability issues that law firm managers confront. This edition principally updates the treatise to address significant developments in legal ethics, professional responsibility, and law-firm liability. The most substantial revisions concern the rapidly developing risks associated with generative artificial intelligence, including ABA guidance requiring attorneys to understand AI tools, protect client confidentiality, supervise their use, and independently verify AI-generated work, together with numerous decisions imposing Rule 11 and other sanctions for fabricated or “hallucinated” authorities and unverified AI-generated filings. This edition also incorporates new ABA ethics opinions addressing lawyers’ obligations when withdrawing from representation, discriminatory use of peremptory challenges, confidentiality when a lawyer is the victim or witness of a client’s crime, and the duty to investigate circumstances suggesting that

legal services may facilitate criminal or fraudulent conduct. These opinions further update conflict-of-interest and law-firm management guidance, including screening prospective clients and government lawyers and attorneys' duties when dealing with constituents of organizational clients. Finally, the revisions address emerging constitutional issues affecting law firms, including the 2025 *Susman Godfrey* and *Jenner & Block* decisions invalidating executive actions that restricted firms' government access, contracts, and security clearances based on their representations or advocacy. With these updates, the 2026-2027 Edition reflects the profession's newest ethical and liability risks, particularly those arising from AI, client confidentiality, conflicts and withdrawal, discriminatory litigation practices, and governmental actions directed at law firms.

We are sincerely grateful that this book has been a resource to law firms as they have navigated a climate of rapid and unpredictable change over the past 30 years. As Benjamin Franklin famously said—"An ounce of prevention is worth a pound of cure."