

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

LERNOUT & HAUSPIE
SPEECH PRODUCTS N.V., *et al.*

Debtors.

Chapter 11
Case Nos. 00-4397 (JHW)
through 00-4399 (JHW)
Jointly Administered
Objections Due by: June 5, 2002
Hearing Date: Negative Notice

FINAL APPLICATION OF PENNIE & EDMONDS LLP, SPECIAL
COUNSEL FOR INTELLECTUAL PROPERTY MATTERS, FOR COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS COUNSEL
TO THE DEBTORS FOR THE PERIOD FROM MARCH 1, 2002 THROUGH
MARCH 28, 2001

Name of Applicant: PENNIE & EDMONDS LLP
Authorized to Provide Professional Services to: Debtors
Date of Retention: February 5, 2001 (*Nunc Pro Tunc* to the
Petition Date)
Period for which compensation and reimbursement is sought: March 1, 2002 through
March 28, 2002¹
Amount of Compensation sought as actual, reasonable and necessary: \$181,639.00
Amount of Expense Reimbursement sought as actual, reasonable and necessary: \$11,731.66
This is an: _____ interim final application

¹ This application also includes fees from March 29, 2002 to May 12, 2002 incurred in preparing the Fourteenth Interim, Fifteenth Interim, Final and Final Summary Fee Applications.

This fee application includes time expended in connection with the preparation of the Fourteenth Interim, Fifteenth Interim, Final and Final Summary fee applications in the amount of 53.8 hours and the corresponding compensation requested is \$19,695.00.

This is the Final Application for Compensation and Reimbursement of Expenses.

Date Filed	Period covered	Requested		Approved	
		Fees	Expenses	Fees	Expenses
February 13, 2001	November 29, 2000 through December 31, 2000	\$83,456.50	\$8,192.10	Approved	Approved
February 26, 2001	January 1, 2001 through January 31, 2001	\$73,722.00	\$8,511.25	Approved	Approved
April 2, 2001	February 1, 2001 through February 28, 2001	\$123,551.50	\$13,899.32	Approved	Approved
May 10, 2001	March 1, 2001 through March 31, 2001	\$162,801.00	\$19,048.34	Approved	Approved
June 25, 2001	April 1, 2001 through April 30, 2001	\$234,025.50	\$26,295.41	Approved	Approved
August 2, 2001	May 1, 2001 through May 31, 2001	\$309,089.52	\$12,471.06	Approved	Approved
September 13, 2001	June 1, 2001 through June 30, 2001	\$281,074.00	\$13,038.21	Approved	Approved
September 14, 2001	July 1, 2001 through July 31, 2001	\$198,882.50	\$12,506.92	Approved	Approved
November 8, 2001	August 1, 2001 through August 31, 2001	\$210,450.00	\$12,372.53	Approved	Approved
November 29, 2001	September 1, 2001 through September 30, 2001	\$132,274.50	\$5,889.30	Approved	Approved
December 11, 2001	October 1, 2001 through October 31, 2001	\$193,881.00	\$5,908.46	Approved	Approved
February 4, 2002	November 1, 2001 through November 30, 2001	\$252,328.50	\$7,484.54	Approved	Approved
February 22, 2002	December 1, 2001 through December 31, 2001	\$239,577.50	\$11,577.17	Approved	Approved
April 11, 2002	January 1, 2002 through January 31, 2002	\$259,753.50	\$41,462.44	Approved	Approved
May 3, 2002	February 1, 2002 through February 28, 2002	\$250,104.50	\$13,677.14	Pending	Pending

**ATTACHMENT B
TIME & COMPENSATION
BREAKDOWN**

Name of Professional Person	Position of the Applicant, Number of Years in that Position, Prior Relevant Experience, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate	Total Billed Hours	Total Compensation
Joseph Diamante	Member. Admitted to NY bar in 1979. Joined P&E in 1981.	\$475	2.00	\$950.00
Timothy DeMasi	Member. Admitted to NY bar in 1997. Joined P&E in 1996.	\$375	54.80	\$20,550.00
Edward Gomez	Member. Admitted to NY bar in 1995. Joined P&E in 1986.	\$375	28.80	\$10,800.00
Ognjan V. Shentov	Member. Admitted to NY bar in 1998. Joined P&E in 1992.	\$365	62.30	\$22,739.50
Brian Berlandi	Associate. Admitted to NY bar in 2000. Joined P&E in 1999.	\$240	4.00	\$960.00
Howard Shin	Associate. Admitted to NY bar in 2001. Joined P&E in 2000.	\$215	16.80	\$3,612.00
Richard An	Associate. Admitted to NY bar in 2001. Joined P&E in 2000.	\$215	48.80	\$10,492.00
David Cargille	Associate. Admitted to NY bar in 2001. Joined P&E in 2000.	\$215	23.60	\$5,074.00
Jeffrey Chamberlain	Associate. Admitted to NY bar in 2001. Joined P&E in 2000.	\$215	85.40	\$18,361.00
MJ Quinn	Docketing, research. Admitted to NY bar in 1993. Joined P&E in 1994.	\$200	2.00	\$400.00
Matthew E. Hanley	Associate. Admission to NY bar pending. Joined P&E in 2001.	\$190	2.50	\$475.00
John W. Scharlacken	Associate. Admission to NY bar pending. Joined P&E in 2001.	\$190	24.00	\$4,560.00
Louis Curto	Paralegal, litigation support. Joined P&E in 1981.	\$135	44.60	\$6,021.00
Mark Scholl	Paralegal, litigation support. Joined P&E in 1987.	\$135	21.30	\$2,875.50
Steven T. Johnson	Paralegal, litigation support. Joined P&E in 1997.	\$135	135.30	\$18,265.50
John F. Hufford, Jr.	Paralegal, litigation support. Joined P&E in 2000.	\$135	24.00	\$3,240.00

Name of Professional Person	Position of the Applicant, Number of Years in that Position, Prior Relevant Experience, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate	Total Billed Hours	Total Compensation
Surina Gonzalez	Paralegal, litigation support. Joined P&E in 2000.	\$135	95.10	\$12,838.50
Gaston Kroub	Associate. Admitted to NY bar in 2001. Joined P&E in 2001.	\$125	113.60	\$14,200.00
Robert Bencnson	Associate. Admitted to NY bar in 1999. Joined P&E in 2001.	\$125	85.80	\$10,725.00
Claudia J. Greco	Associate. Admitted to NY bar in 1999. Joined P&E in 2001.	\$125	86.60	\$10,825.00
Scott A. Reoch	Docketing. Joined P&E in 1998.	\$125	0.60	\$75.00
Anthony Malave	Paralegal, litigation support. Joined P&E in 2001.	\$90	40.00	\$3,600.00
Grand Total:			1,001.90	\$181,639.00
Blended Rate:		\$181.29		

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Patent Litigation	948.10	\$161,944.00
Fee Applications and Other Intellectual Property Advice Concerning Products and Services	53.80	\$19,695.00

COMPENSATION BY DEBTOR

Entity	Total Fees
Dictaphone	\$181,639.00
L&H	-0-

EXPENSE SUMMARY

Project Category	Description	Service Provider (if applicable)	Total Expenses
Computer Assisted Research	Actual cost for retrieval of online information, Court information, and for legal research	Research Associates, Dialog, Lexis-Nexis, Information Express, ChoicePoint Services	\$954.11
Facsimile (with rates)	9 pages @ 1.00 per page (outgoing faxes only)		\$9.00
In-House Reproduction and Scanning	19,326 @ \$0.15 per copy		\$2,898.90
Outside Document Processing and Reproduction	Reproduction of production documents and documents located at the United States Patent and Trademark Office	Pitney Bowes Management Services	\$587.46
Experts and Consultants	Fees paid to outside experts and consultants		\$5,546.11
Courier & Express Carriers	Courier and messenger services	FedEx, Alliance Courier & Freight	\$98.77
Court Reporting	Transcription of depositions	Ellen Grauer	\$1,500.40
Telephone			\$84.08
Postage			\$52.83
TOTAL			\$11,731.66

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**FINAL APPLICATION OF PENNIE & EDMONDS LLP,
SPECIAL COUNSEL FOR INTELLECTUAL PROPERTY MATTERS,
FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES AS COUNSEL TO THE DEBTORS FOR THE PERIOD
FROM MARCH 1, 2002 THROUGH MARCH 28, 2002**

The law firm of Pennie & Edmonds LLP (“P&E”), special counsel for intellectual property matters under 11 U.S.C. § 327(e) to Lernout & Hauspie Speech Products N.V. and its affiliated debtors and debtors-in-possession in the above-captioned cases, Dictaphone Corporation and L&H Holdings USA, Inc., (collectively “L&H Group”), hereby submits this final application for compensation for services rendered and reimbursement of expenses (“Fee Application”) pursuant to 11 U.S.C. §§ 330 and 331, Bankruptcy Rule 2016, Local Order No. 32, and the Second Amended Order Establishing Revised Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated July 17, 2001 (“Interim Fee Order”). P&E seeks (1) compensation from the L&H Group of \$181,639.00 for actual, reasonable and necessary professional services rendered and (2) reimbursement of \$11,731.66 for actual, reasonable and necessary expenses incurred for the period from March 1, 2002 through March

28, 2002 (the "Application Period"),¹ as set forth more particularly herein. In support of this Fee Application, P&E states as follows:

1. On November 29, 2000, the Debtors filed original voluntary petitions under Chapter 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court for the District of Delaware (the "Court").

2. On January 5, 2001, P&E filed its retention application with the Court (the "Retention Application"). The Retention Application sought the Court's approval of P&E as Special Counsel for intellectual property matters (as more particularly described in the Retention Application) *nunc pro tunc* to the petition date. No objections having been filed, a Certificate of No Objection was filed with the Court on January 23, 2001. An order authorizing the retention and employment of P&E was entered by the Court on or about February 5, 2001.

3. On January 4, 2001, the Court entered the Interim Fee Order, as amended by the Court on April 10, 2001 and on July 17, 2001, establishing a procedure for interim compensation and reimbursement of expenses for all professionals in these cases. In particular, the Court authorized the submission to certain interested parties on negative notice, of monthly interim fee applications by professionals employed under sections 327, 328 or 1103 of the Bankruptcy Code (which includes professionals employed by the L&H Group) and a procedure by which, in the absence of any objection to the interim fee application within twenty (20) days of the submission thereof, the L&H Group would be authorized to pay 80% of the fees requested and 100% of the

¹ This petition also includes fees from March 29, 2002 to May 12, 2002 incurred in preparing the Fourteenth Interim, Fifteenth Interim, Final and Final Summary Fee Applications.

expense disbursements requested. Pursuant to the Interim Fee Order, P&E submits this Fee Application for the Application Period. This is P&E's final fee application.

4. This application is made pursuant to the provisions of sections 327, 330 and 329 of the Bankruptcy Code, Federal Rule of Bankruptcy Procedure 2016, Local Order No. 32, and the Interim Fee Order. By this Fee Application, P&E seeks: (i) compensation for actual, reasonable and necessary professional services rendered by it during the Application Period, as Special Counsel to the L&H Group for intellectual property matters; and (ii) reimbursement of actual, reasonable and necessary expenses incurred in representing the L&H Group during the Application Period.

5. Professional services and expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the L&H Group. P&E believes it is appropriate that it be compensated for the time spent and be reimbursed for the expenses incurred in connection with these matters.

6. During the Application Period, P&E rendered legal services to the L&H Group having a value of \$181,639.00 calculated at P&E's usual and customary hourly rates. The fees sought for these services reflect an aggregate of 1,001.90 hours of attorney and paraprofessional time spent and recorded in performing services for the L&H Group, at a blended average hourly rate of \$181.29 for all professionals and paraprofessionals combined. In addition, P&E incurred expenses in the amount of \$11,731.66 for actual, reasonable and necessary expenses incurred in connection with the rendition of such services. Thus, the total amount of fees and expenses for which P&E seeks approval is \$193,370.66.

7. As set forth in the Retention Application, the L&H Group retained P&E as special counsel to work on: (a) patent litigation brought by Dictaphone that is currently pending in the District Court of Connecticut; (b) general intellectual property matters pertaining to the development, marketing, and sale of its products, including advice and consultation regarding patent, trademark, and copyright matters; and (c) such other intellectual property matters as the L&H Group may request from time to time. The L&H Group retained P&E because of its pre-petition representation of the L&H Group, and its experience and knowledge in intellectual property matters.

8. The following summary highlights the major areas in which P&E rendered services during the Application Period:

a. Patent Litigation. Prior to the commencement of these cases, P&E represented Dictaphone in litigation known as Dictaphone Corporation v. Nice Systems Ltd. and Nice Systems Inc., Civil Action No. 3:00 CV 1143 (CFD), currently pending before the United States District Court for the District of Connecticut (the "Patent Litigation"). In the Patent Litigation, Dictaphone alleges that Defendants have infringed two Dictaphone patents relating to digital logger technology, and Dictaphone seeks injunctive relief and substantial damages for the infringement. After the commencement of these cases, the L&H Group asked P&E to continue to represent them in the Patent Litigation. During the period covered by this application, P&E spent a considerable amount of time engaged in the review of documents produced by Nice, Dictaphone, and third parties. P&E also reviewed and processed Dictaphone materials and Dictaphone's privilege log

for production. P&E also engaged in extensive discussions with Defendants regarding outstanding discovery issues and a joint motion to extend the discovery deadline. In addition, P&E engaged in extensive analysis of the liability and damages issues in the case, including legal research and conferences with Dictaphone's experts. P&E also prepared requests for admissions and responded to interrogatories and requests for admissions. Finally, P&E prepared for depositions of Nice witnesses and responded to Nice's motion to amend its answer and for leave to submit an expert report.

b. Preparation of Fourteenth, Fifteenth, Final and Final Summary Fee Applications. During the Application Period, P&E prepared its Fourteenth Interim, Fifteenth Interim, Final and Final Summary Fee Applications. This work included reviewing the applicable law, the rules of this Court, and the pertinent orders relating thereto. P&E believes it should be compensated for the time spent on these efforts, and in preparing these fee applications.

9. Attached hereto as Exhibit A are the detailed time entries indicating the daily work performed by each professional and paraprofessional with respect to whom compensation is sought during the Application Period, sorted into the Patent Litigation and the Intellectual Property Advice concerning the Development, Marketing and Sale of Products.

10. Attached hereto as Exhibit B is a summary of expenses incurred by P&E in connection with the services rendered by P&E.

11. On February 13, 2001, P&E submitted its First Interim Application for payment of fees and reimbursement of expenses; on February 26, 2001, P&E submitted its Second Interim

Application for payment of fees and reimbursement of expenses; on April 2, 2001, P&E submitted its Third Interim Application for payment of fees and reimbursement of expenses; on May 10, 2001, P&E submitted its Fourth Interim Fee Application for payment of fees and reimbursement of expenses; on June 25, 2001, P&E submitted its Fifth Interim Fee Application for payment of fees and reimbursement of expenses; on August 2, 2001, P&E submitted its Sixth Interim Fee Application for payment of fees and reimbursement of expenses; on September 13, 2001, P&E submitted its Seventh Interim Fee Application for payment of fees and reimbursement of expenses; on September 14, 2001, P&E submitted its Eighth Interim Fee Application for payment of fees and reimbursement of expenses; on November 8, 2001, P&E submitted its Ninth Interim Fee Application for payment of fees and reimbursement of expenses; on November 29, 2001, P&E submitted its Tenth Interim Fee Application for payment of fees and reimbursement of expenses; on December 11, 2001, P&E submitted its Eleventh Interim Fee Application for payment of fees and reimbursement of expenses; on February 4, 2002, P&E submitted its Twelfth Interim Fee Application for payment of fees and reimbursement of expenses; on February 22, 2002, P&E submitted its Thirteenth Interim Fee Application for payment of fees and reimbursement of expenses; on April 11, 2002, P&E submitted its Fourteenth Interim Fee Application for payment of fees and reimbursement of expenses; on May 3, 2002, P&E submitted its Fifteenth Interim Fee Application for payment of fees and reimbursement of expenses. This application is P&E's final application for payment of fees and reimbursement of expenses during the L&H Groups' Chapter 11 case. P&E does not hold a retainer.

12. No agreement or understanding exists between P&E and any other person for the sharing of compensation received or to be received for services rendered in, or in connection with, these cases.

13. The undersigned has reviewed the requirements of Order #32 and Rule 2016-2 of the Local Rules for the United States Bankruptcy Court for the District of Delaware, and believes that this Fee Application complies with those Rules.

WHEREFORE, Pennie & Edmonds LLP respectfully requests compensation of \$181,639.00 actual, reasonable and necessary professional services rendered, and reimbursement of \$11,731.66 for actual, reasonable and necessary expenses incurred during the Compensation Period. Under the Compensation Order, P&E requests immediate payment from the L&H Group to P&E of \$157,042.86 representing 80% of P&E's allowed compensation and 100% of P&E's expense reimbursement for the Application Period, with the remaining amount of fees and expenses requested by P&E to be held back until after the Court holds a hearing on this final fee application.

Respectfully submitted,

Dated: May 16, 2002

By: 

Joseph Diamante
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