



ALERTS

Supreme Court Of New Jersey's Civil Practice Committee Declines To Adopt Third-Party Litigation Funding Disclosure Proposal

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Highlights

The Supreme Court of New Jersey's Civil Practice Committee has declined to require disclosure of third-party litigation funding as a part of initial discovery

The Committee's decision departs from the district court's mandate that third-party litigation funding be disclosed at the outset of all cases

The Supreme Court of New Jersey's Civil Practice Committee rejected a proposed rule that would require parties to disclose third-party litigation funding as a part of routine discovery in civil actions filed in the Superior Court of New Jersey.

The Supreme Court of New Jersey's Civil Practice Committee is responsible for examining and making recommendations for amendments and additions to Parts I, II and IV of the New Jersey Court Rules, as well as related non-rule changes and responses to statutory amendments and new legislation related to court practice. In its [2024 Report](#), the Committee rejected the New Jersey Civil Justice Institute's [recent](#)

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[proposal](#) encouraging the Committee to adopt a new rule requiring all civil litigants to disclose whether they have received funding from a third-party. NJCJI—a non-profit and non-partisan coalition comprised of New Jersey’s largest employers and organizations—asked the Committee to impose an initial disclosure requirement, under which parties would be obligated produce at the outset of a lawsuit all agreements entitling non-attorneys to compensation from the litigation.

The Institute’s request sought to ensure transparency in civil litigation, as the prevalence of third-party funding has steadily increased over the last several years. Hidden funding may have consequences for both plaintiffs and defendants, the Institute suggested, because the need to re-pay third-party funders may influence resolution options and prolong litigation, among other concerns. Several other states, including Wisconsin and West Virginia, have imposed mandatory disclosure requirements concerning third-party litigation funding.

The Committee, however, explained that it lacked “sufficient experience to meaningfully develop a rule change at this time,” and that “drafting a rule may prove difficult.” The door remains open to consider another rule proposal “at some point in the future” if developments in the law and the rule-making process make the topic “ripe for consideration.”

The Committee’s refusal to adopt any form of third-party litigation funding disclosure is a departure from what was seen in the District Court for the District of New Jersey and its passage of Local Civil Rule 7.1.1, which mandates funding disclosure in all civil cases. Since 2021, litigants in New Jersey federal courts have been required to identify all individuals and entities providing funding for attorneys’ fees and expenses, the funder’s financial interest in the litigation, and the scope of the funder’s control over litigation decisions, such as settlement. The District Court for the District of New Jersey joined six United States Courts of Appeal and nearly a quarter of all federal District Courts in enacting Rule 7.1.1, all of which now mandate some form of third-party litigation funding disclosure.

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