

Selecting IP Legal Services Providers: Ask the right questions, get the right results

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More and more in-house IP managers recognize that assigning intellectual property work to outside counsel and specialized IP services providers raise multiple benefits inside the company. These benefits include of course financial aspects, such as lower costs and better cost transparency, but go beyond: in-house IP counsel can concentrate on more strategic aspects of their work, communicate more with their in-house clients and create a most efficient collaboration between service provider, in-house counsel and in-house clients. Finally, an IP services vendor should provide proved processes and up-to-date technology that add value to the company's organization.

The need for outsourcing certain legal activities to third parties is inherent to doing business today: business is increasingly global, but law still is mostly local. An in-house legal department cannot manage all those local jurisdictions by itself. Your IP services provider of choice should assume a considerable portion of this challenge. This article intends to provide guideline to ask the right questions, when it comes to making your choice.

The preparation phase

Identify your needs and motivation

At the beginning of a selection process, it will be crucial to identify the scope of services that should be assigned to an outside IP services provider. Do you require only a single IP related service like patent annuity payments, trademark renewals or recordal projects, or rather a tailored outsourcing solution for your complete IP business that also includes patent application drafting or trademark filings? Activities in which jurisdictions should be outsourced, and which shall continue to be handled in-house? What are your main objectives? E.g. reducing workload by installment of a coordinating outside counsel, cost cutting, quality control, special expertise or managing liability risks. Is the projected assignment to an IP services provider a one-off business or is it intended to create an ongoing relationship?

Identify the options available on the market

IP services provider selection is not as simple as picking a name from the yellow pages. Methods for locating potential vendors include referral from other in-house counsel at other companies, referral from other outside counsel and search of law firm or IP services provider websites. Some IP services providers only offer specialized services in a certain area; some offerings are limited to certain jurisdictions. Only few IP services providers are able to offer the full range of IP legal services on an international level and are experienced in managing your IP businesses in up to 200 jurisdictions. Only the candidates of the last category are capable of being your single point of contact and efficient gateway to external legal counsel in the jurisdictions of interest.

Establish selection criteria

The following questions may help you to clarify more precisely what is important to you and the success of the mission:

- Does the IP services provider have proven experience in the relevant field of business?

A potential outsourcing partner should be able to name references or provide case studies where the service provider added value to a company's objectives.

- Does the IP services provider have the infrastructure, funding and personnel to manage your service commitments to your in-house clients in a compliant manner?

You should gather information about the candidate's global presence and its sub-contractors. Ensure that the IP services provider is financially stable and committed to the business over the long haul. A serious provider should be implanted over decades, ensure business continuity, and have a stable management and a pool of experienced and multilingual personnel on all levels. Any candidate should respond frankly about changes that have occurred during the last years, the reason behind those changes and its overall strategy for the future.

"Errare humanum est": despite defined processes, four-eyes principle and a quality management system, making errors is part of human nature. For this reason serious IP services providers must have sufficient insurance coverage.

It may be requested that the IP services provider will be able to deploy and maintain staffing appropriate to the requirements of the company's assignment. It should be clarified if vendor's personnel may be exchanged without the consent of the company. In addition, it should be required that the IP services provider will bear the costs of a new staff member becoming familiar with the company's matters if changes to the composition of the team take place for any reason.

- How does the IP services provider handle conflicts of interest?

Depending on the type of service, IP services providers must have a clear concept about potential conflicts of interest and an elaborated conflict review process. Be clear about what you consider as a conflict of interest, because local standards of conflict may vary from other countries' standards.

Any potential conflict of interest between one or several actual existing clients should be discussed with the IP services provider to clarify the manner in which conflicts will be minimized. The potential client should provide to the IP services provider a comprehensive and accurate list of its direct competitors or other adverse parties.

- Is the IP services provider able to bring in added value outside the core area of services requested?

Service providers should be pro-active by offering ancillary services, such as regular updates on important changes in national IP laws. Further, IP outside counsel or service providers are often considered to be experts in their field of practice, more than an in-house counsel is able to develop in-depth knowledge of a certain legal field or jurisdiction. As a consequence, outside counsel should provide trainings to in-house staff. Additionally, external IP specialists should be able to provide solutions in managing processes and based on experience gained from projects with other clients. In-house lawyers consider it as a great help, if the IP services provider negotiates service level agreements and service fees with local agents on behalf of the client. Finally, have you ever thought about having your internal IP database updated and maintained by your IP services provider?

- Does the IP services provider have defined and documented processes and tools for monitoring ongoing service delivery in all aspects of the collaboration?

Certainly, many law firms have illustrious specialists in various areas of law. But how is their knowledge and comprehension of your business needs? Outsourcing IP services is much about managing processes and risks. Does your potential business partner understand what budget control, forecasting and risk assessment means for you, and what can be done to make your life easier in this regard?

- What are the IP services provider's efforts with regard to a structured quality management?

More and more firms have implemented a quality management system, which is either self-developed and controlled or certified by accredited organizations according to internationally accepted standards, such as ISO 9001. This brings along that also vendors should comply with these or similar standards. Furthermore, service providers should be open to being audited by their clients.

- How can the IP services provider support you technology wise?

Doing business in any field today is technology driven. A full service provider should have solutions in place that include customizable IP asset management software, software maintenance services, data conversion, hosting, network security, data protection, hotline and on-site support, e-billing capabilities etc.

- What pricing structures are available?

Last but not least, the IP services provider should not only offer a pricing that is transparent and lower than your current costs. It should be flexible and open to alternative fee arrangements that go beyond a standard billing based on time spent. Such alternative fee arrangements could include fixed fees for single services or flat fee pricings for a bundle or a certain number of services. These arrangements will help you to forecast your budget and to keep it under control. Finally, don't miss to include third party costs, e.g. local agent costs, into your considerations.

The bid proposal and evaluation phase

Request information of each potential provider and choose the most efficient and effective as a partner. There are different methods to obtain relevant information from potential IP services providers:

- The request for proposal (RFP)

A formal way of selecting IP services providers is to use a request for proposal (RFP) or a request for information (RFI). This prerequisites detailed information about the current "as is" and the future "as to be" situation in order that candidates are able to understand your goals and to tailor their offers to your needs. A RFP makes sense, when a substantial amount of specific information is needed to make a decision. RFPs are not only challenging for the inquired service providers, but also for the principal. In order to get comparable responses, it is necessary to define the goals and limitations of the assignment as precisely as possible. It is useful to describe what is expected from a successful candidate with regard to billing arrangements, IT solutions or process alignment etc. Ideally, such criteria are weighted. Already at this stage the candidates should be requested to agree to the company's policies (ethical compliance, social responsibility, payment terms etc.).

- The request for qualifications (RFQ)

A request for qualifications is a less detailed request for information about the IP services provider, the services offered and the persons providing these services. A RFQ is an appropriate method when more general information about the experience, abilities and capacities of a vendor is required, or you want to develop a sense about the firm's responsiveness and willingness to create a relationship with your company.

- Face-to-face presentations

Face-to-face presentations are not mutually exclusive to RFPs and RFQs. On the contrary, in-person meetings should follow shortlisting candidates. This method allows to receive a personal impression and to explore the "chemistry" between in-house counsel and IP services provider representatives. This is also a good opportunity to align diverging understandings of the project and its goals. It is easy to address both general topics and specific business questions in such meetings. Face-to-face presentations can go hand-in-hand with audits of your potential IP services provider.

Selecting IP services providers is challenging for companies and service providers. Among all these aspects, one is crucial for the success, but too often undervalued: the time factor. Reserve enough time for the selection process, the contract negotiations and the implementation phase. The more

carefully issues are recognized and resolved before jumping into the relationship, the more likely will the relationship be long-lasting and beneficial – for both, your company and the IP services provider.

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About Dennemeyer & Associates:

Dennemeyer & Associates (www.dennemeyer-law.com) is a patent law firm with offices in Luxembourg (LU), Munich (DE), Chicago (US) and Brasov (RO). It is a leading firm for worldwide IP legal services and experienced partner for outsourcing IP services of international corporations. It maintains a strategic alliance with Dennemeyer (www.dennemeyer.com) a full service provider in IP with global presence.

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