

Outsourcing: Unlock your IP potential

Baker & McKenzie's **Jessica Le Gros** explains why outsourcing should be an option on the table for all brand-driven companies looking for a competitive advantage from their IP strategy



Global IP portfolios are key business assets and it takes a mix of strategic expertise, administrative efficiency, technological support and pragmatic budgeting to secure rights and derive maximum value from them. This article addresses why global trademark portfolios are particularly suitable for outsourcing, the drivers for change, and touches on some possible solutions.

Why is global IP portfolio management particularly suited to an outsourced model?

Although it is often described as one homogenous task, portfolio management is a mix of operations requiring a blend of different skills, processes, infrastructure and knowledge.

The administrative strand includes data entry, components of pricing and invoicing, docketing, file maintenance and routine correspondence including checking on the status of matters. This must be done efficiently, cost-effectively and accurately to prevent a loss of rights. This is best achieved by trained staff operating at high volume with technological support to manage workflows.

The local agency tasks include trademark prosecution and advisory work, which should be delivered to a measurable standard of timeliness and quality, for a benchmarked cost. Standing instructions and standardisation of reporting will streamline the process of managing the local agency network.

High value services such as global strategy advice and dispute-related legal services require expertise and an understanding of business priorities from the adviser. The brand owner will want to build a relationship with an outsourced partner where they can access the right type of expertise in the right location quickly and easily.

All of these strands should be underpinned by robust technology to drive efficiencies and control costs. Businesses and advisers need access to accurate information so that informed decisions can be made quickly. The reporting functionality of a good database helps the portfolio manager to understand and track activity levels, trends and outcomes to assist with formulating IP strategies.

What drives a decision to outsource?

A number of factors converge to make outsourcing a leading option for those managing brand portfolios.

Portfolio management is intensive of in-house resource, being made up of a large number of often relatively routine transactions each of individually low value. The effort to maintain all of the data, and to monitor and react to deadlines, as well as manage and forecast budgets, and deal with invoice approval can be very time consuming at high volume, requiring teams of paralegals and administrative staff to process huge volumes of correspondence, and investment in a

database. The mixture of skills needed range from quite specialist legal content, counselling the business on the risk of adopting new names, to quite routine administrative tasks like docketing and filing.

We all know that economic conditions are tough and that budgets are tight. A survey conducted by IQPC¹ earlier this year of trademark professionals, found that 93.6% rated controlling costs as an important consideration, and the cost of managing a portfolio as a key source of that cost. Legal sourcing is increasingly led by procurement teams, driving businesses to make detailed assessments of pricing and service quality and to consolidate work through a panel of law firms to get cost advantages and added value services.

While the landscape is changing economically, the technology to support this work is improving. A number of specialist databases are available, often with additional services like renewals management in addition. The decision about which database to invest in turns on functionality, cost of access, control of data and data entry, and future-proofing.

One point to note is speed to market is increasingly an area of real competitive advantage and a vital element is clearing the availability of names for product launches. The ability to handle this globally and within structured timeframes is business-critical for many companies.

Who should consider an outsourced solution?

The size, spread and maturity of the portfolio is the starting point. Economies of scale that make outsourcing a worthwhile option kick-in at a certain portfolio size, particularly if many of the marks are located outside the company's home territory. Businesses that need high-volume clearance or dispute work may look for a different solution than those who primarily need renewals support.

Look at the current structure of the in-house team, its skills and budget. Are the workflows constant or variable? Is there advantage to be gained by driving fixed fee deals with external counsel or linking into discounts offered by firms already retained by other parts of the business? Does the company need add-on services such as M&A advice, licensing or tax services? How will they future-proof the service in case additional resource or skills are needed? How closely is the agency network managed and are they delivering cost-competitive work to measurable performance standards? Does the team have the resource to review and audit this?

The cost to purchase and maintain a database is a significant consideration. For a large team, or where regional or local lawyers want access, licence fees can be a big additional cost. Brand teams who need to justify their legal spend to management need their database to work harder and not just record the trademark docket but to manage and provide access to all the portfolio and business information so they

can show what is being done, where and what the outcome was. This may require customisation or a bespoke product. Of course, whatever infrastructure is selected must be able to keep pace with innovation.

Lastly, consider what added value might be on offer from an outsourced partner. Would the team benefit from access to legal training or specific global expertise, or from assistance with re-engineering workflows or auditing and benchmarking agency cost-structure? The platform of a portfolio management relationship can be a good place to look at driving such added value. This kind of long-term partner approach works well for IP portfolio management, which is by its nature a sustained interaction over time with external counsel around the world and requires in-depth knowledge of a client's business to ensure high quality, practical advice.

In my view, brand owners with global or near-global portfolios of more than a couple of hundred trademarks should be looking at whether some form of outsourcing could work for them.

What are the options for IP portfolio management?

There are a number of different solutions available to brand owners and different options will suit different companies.

Perhaps the more traditional model is an in-house team who deals with local prosecution work with the local Registry but maintains a network of agents to handle work in other countries. This requires attorneys or paralegals in the local jurisdiction, with administrative

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staff to monitor and docket, as well as investing in a database. If the portfolio is relatively small or focussed on the domestic market this may be a sensible solution, although consider whether there are sufficient workflows to justify full-time administrators and whether it is possible to build up the required global expertise if that workflow is intermittent.

Another common solution is to appoint a managing agent, usually in the company's domestic jurisdiction, who then manages a network of local agents. This gives the in-house team one point of contact and some standardisation of workflows and reporting, as well as taking the burden of data maintenance and management of multiple agents. The relationship may have some cost control elements too. This can work well where the managing agent has global IP portfolio management expertise and an established network of agents. Building in innovative fee structures and performance standards is key to ensuring benefits from this model.

For teams with existing administrative support, the increase in technology-led offerings is important. Those vendors who sell databases also often offer add-on services that can be useful for dealing

with intermittent large-scale projects such as search and renewal work. It is probably best suited for those teams who intend to retain global expertise in-house and are primarily looking for logistical support.

There is a continuing movement towards considering fully or partially outsourced solutions for larger brand owners. Many wish to retain the business counselling role that makes the most of in-house experience and expertise but move the back-office support and managing agent role externally. Particularly for portfolios in the mid-range in terms of size, it can also make sense to appoint a managing agent who acts as a liaison between the marketing and business teams and senior legal staff, essentially performing an in-house IP counsel role for those businesses who have not traditionally had a specialist IP lawyer on the payroll.

The key trend over the last few years is offshoring of legal process functions. This takes advantage of low-cost jurisdictions to deliver certain elements of legal service, driving down price. While this has been in play for project work like litigation support and in some other areas, it is now a high-profile option for the kind of ongoing support required for IP portfolio management.

What is next on the horizon? Market-leading companies are thinking about applying a proven outsourced, offshored and technology-heavy model to other areas of law, particularly those that require facilitated access to a network of global expertise, effective process administration, cost control and measurable performance metrics. At Baker & McKenzie, we are increasingly finding that clients want to engage us in a conversation about a managed legal service for a whole range of practice areas, including employment, immigration, commercial contract and contentious matters.

Choosing a solution that works

Most brand owners will want to address more than one of the drivers for change, so adopting a solution that just relies on a managing agent or just buying an appropriate technology platform will not necessarily give the best results. We need to look at quality and accountability of service delivery at all points: administrative, logistical, technological and legal, and for an outcome that offers several strands of improvement. Unlocking the potential of an IP portfolio requires: quicker and more strategic advice so legal teams can offer a better service to their business; predictable, transparent and lower costs to meet their budget; removing the administrative burden so they have more time to respond to business critical needs; and better data quality leading to better decisions.

In my opinion, no one solution will be suitable for all brand owners. Flexibility and customisation is important. Everyone is looking to maximise their return on investment in their IP portfolio and understanding the interwoven threads that make up global IP portfolio management is the key.

Footnote

1. Legal IQ, a division of IPQC, Intellectual Property Portfolio Management: Trends & Success Factors 2012, www.legaliqonline.com/legal/white-papers/intellectual-property-portfolio-management-trends/.

Author



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