

# The “Outside In-House Counsel” Model – Aligning Patent Counsel with Your Startup

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Practice Area: Start-up and Next Level Business Planning & Patents & Intellectual Property

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Startup innovation is the engine of the American tech economy, and any startup needs to rely on legal advice in order to avoid early mistakes with long-term repercussions with regards to protecting their intellectual property. For example, one intellectual property right, patent protection, is important to a startup because a patent provides a legally sanctioned monopoly that bars entry to competitors. Patents may also serve defensive purposes by helping the startup defend itself against patent infringement attacks by providing the risk of a countersuit to a competitor. Additionally, according to a 2008 Berkeley study, *Patenting by Entrepreneurs: An Empirical Study*, 67% of venture-backed startups reported that patents were vital for them in securing investment.

Although the benefits of patents, and protecting intellectual property, may be generally recognized by many startups, there exists a gap between the required services and the services rendered in the legal industry, leaving many startups to forego any legal counsel out of cost concerns. In today’s pre-revenue tech environment, not every company has the resources to have in-house intellectual property or patent counsel, and other established companies are so large that their in-house IP counsel are managing several outside firms that support their patent portfolios and international filings. Thus, the gap between a startup’s and an established company’s access to intellectual property protection is formed, contributing to the business environment that has fostered the concentration of power to a few tech companies.

In response to this gap in the market and the cost-consciousness of the modern startup, lawyers have begun to change their approach from the traditional model of legal services. One such approach, the outside in-house counsel model, is simple: the outside in-house counsel serves as a dedicated liaison with the startup in an in-house like capacity by staying closely aligned with the startup’s internal intellectual property strategies and priorities. The outside in-house counsel meets regularly with not only any in-house general counsel, but with the startup’s management as well, in addition to inventors, engineers, or designers within the startup, who are closest to the startup’s innovative advantage. This creates a single point of contact for a startup to interact with, serving as a unifying force for all members of the startup, and eliminating many of the cost and inefficiencies associated with multiple points of contact.

Additionally, perhaps the largest benefit of the outside in-house counsel model for a startup is the ability of the startup to receive guidance from a lawyer who understands the inherent competitive advantage of pursuing the right patents and protecting the startup's most valuable assets. By focusing on the right patents, a startup is further able to reduce cost and put the focus of their resources on their goals. This allows for more proactive engagement with respect to the startup's intellectual property portfolio as the entire startup is aware of the scope of such portfolio.

While the specific services provided may change, what is constant with the outside in-house counsel model is the alternative fee arrangements that are enabled. Some examples of alternative fee arrangements may include monthly retainers for the prosecution of patent applications, a flat fee charged per month, a flat fee charged on a per project basis, a subscription-based model, or a per hour project fee structure with the billable hours capped to a certain amount per period, such as a month, or per project. However the alternative fee may be determined between the outside in-house counsel and the startup, the ability to be flexible in fee arrangements that work for the startup, and not adhere to traditional fee arrangements, allow lawyers to meet their startup clients in the middle to create a better partnership for both parties.

What these different offerings and pricing have in common is the ability to serve startups that are more discerning about value and willing to shop around. We are well versed in all the nuances of patent prosecution, both software and non-software based alike, and are flexible and willing to work with startups to help them achieve their goals. Should you have any questions about your startup, and protecting your startup's ideas, patent applications, or patent portfolio, we invite you to contact us for a conversation.

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