WHAT IN-HOUSE IP TEAMS DON'T OWN AND WHAT IT TAKES TO CHANGE THAT

When outside counsel is your system of record: the hidden cost of IP dependency

Outside counsel is easy to think of as a production vendor — the firm that drafts applications, responds to office actions, and tracks deadlines. But in many in-house IP functions, outside counsel has become something else: the system of record. The docket lives there. Prosecution history accumulates there. The strategic rationale for filings gets stored there, if it gets stored anywhere. When that arrangement works well, it's invisible. When it doesn't, or when the relationship needs to change, the cost of not owning that data becomes concrete fast.

This guide covers what that dependency costs, what it takes to change it, and how AI is shifting the calculus for in-house teams at every stage of portfolio maturity. It draws on a panel discussion moderated by Gene Quinn of IPWatchdog, with Randy Canis, Associate General Counsel at Smarter Technologies; Jason Becker, Senior IP and Patent Counsel at Booz Allen Hamilton; and Justin Rerko, Vice President of Strategy at Tradespace.

You can read this guide alongside the webinar replay or independently.

Watch the webinar replay →

What outside counsel holds — and what it costs to retrieve it

The standard description of the in-house/outside counsel relationship is that outside counsel handles drafting and prosecution while in-house counsel handles strategy. In practice, the line is blurrier than that, and the blurriness tends to favor outside counsel accumulating more institutional knowledge than the in-house team owns.

There are five categories where this shows up most consistently.

The docket. Deadline management is the most operationally critical piece of IP administration, and at most organizations it lives entirely at the firm. The in-house team knows broadly what's pending; the firm knows the specific deadlines, the response windows, the maintenance fee schedules. When the relationship is healthy, this works. When the in-house team needs to change firms, or simply needs to answer a question about its own portfolio, the data has to be requested — often at hourly rates.

Prosecution history. Every office action, every amendment, every argument made to the USPTO lives in the firm's files. In-house teams that haven't built their own system of record are dependent on outside counsel to reconstruct that history when they need it — for licensing conversations, for litigation, for due diligence, or simply for understanding what claims were secured and why.

tradespace®

Strategic rationale. Why did the company file on this invention? What product was it meant to protect? Which competitor was it watching? That context rarely makes it into the patent application itself, and unless the in-house team has a place to record it, it lives in email threads, in the heads of attorneys who may have moved on, or nowhere at all.

Portfolio economics. What does it cost per filing, by technology area, by jurisdiction, by firm? Most in-house teams have a rough sense. Few have the structured data to answer the question precisely — because the billing information lives at outside counsel and the internal tracking hasn't been built.

Tacit knowledge. The partner who's been prosecuting your semiconductor portfolio for eight years knows things about your technology, your competitors, and your prosecution strategy that aren't written down anywhere. When they retire or move in-house, that knowledge walks out too.

Randy Canis at Smarter Technologies described the compounding effect across organizations he's worked with: the in-house team that lets outside counsel own all five categories isn't just dependent on a vendor — it's operating without a reliable picture of its own assets. Decisions about new disclosures, portfolio pruning, competitive positioning, and litigation risk all get made on information that has to be requested rather than retrieved.

> ### How in-house IP leaders are taking back ownership of the portfolio
>
> The IP Team of One Playbook covers the practical steps for rebuilding the in-house function around data and decisions the team owns — from docket control to outside counsel management to what gets automated versus what stays in-house.
>
> Read the playbook →

What "audit-ready" means — and why it matters before you need it

Randy used the phrase "audit-ready" to describe something most in-house teams aspire to but few achieve: the ability to answer any reasonable question about the portfolio quickly, accurately, and without routing it through outside counsel first.

The questions come eventually. How much are we spending on IP, broken down by technology area? Which patents cover our core product line? What's our exposure in this jurisdiction? What did we argue to get this claim allowed? When a board member, a CFO, or an acquirer asks, the in-house team that has to go back to outside counsel for the answer is in a weaker position than the one that can pull it up.

tradespace®

Getting to audit-ready requires building the infrastructure before it's needed — which is the part most teams defer. The reasoning is usually that the portfolio isn't large enough yet to justify the investment, or that the current arrangement works well enough. Jason Becker at Booz Allen Hamilton was clear about the cost of that deferral: implementing an IP management system gets harder as the portfolio grows, not easier. The work of reconciling historical data, aligning numbering systems, and rebuilding the prosecution record from firm files grows with every additional filing. Starting early, even with a simple spreadsheet as a bridge, is better than starting late.

The other reason to start early: it changes the leverage in the outside counsel relationship. When the in-house team owns its own docket and can generate its own reports, it's no longer paying outside counsel to answer questions about its own portfolio. That's not a small number. Justin Rerko at Tradespace described paying $400 an hour for outside counsel to produce portfolio reports that rudimentary internal tools could have answered in minutes.

How to split the work — and where AI shifts the line

The in-house/outside counsel split has always been a judgment call that depends on team size, portfolio volume, and what the in-house team's time costs. AI doesn't eliminate that judgment call, but it does shift some of the inputs.

The tasks that have traditionally justified routing to outside counsel — because they required too much time or specialized capability for a lean in-house team — are shrinking. Preliminary prior art searches, invention summaries, first-pass evaluation of patentability, even initial claim drafts: all of these are tasks where AI tools are now meaningfully faster and cheaper than the alternative, and where the in-house team can do more of the front-end work before anything goes to the firm.

Jason at Booz Allen described the shift he's seen in how teams use invention disclosure meetings. The traditional pattern is to gather information from the inventor, hand it to outside counsel, and have outside counsel start from scratch with their own interview process — covering the same ground, running up the clock. When the in-house team uses AI to build a richer package before the handoff — a structured summary of the invention, a preliminary landscape, a draft of the key claims — outside counsel can start further along. The inventor's time goes down. The firm's time goes down. The quality of the application tends to go up.

Randy's framing for evaluating where the line should sit: map the workflow from disclosure to filing and find the pain points. Where is the team losing the most time? Where are decisions getting made on incomplete information? Where is the firm doing work the in-house team could do, or work that AI could handle upstream? The answers to those questions are different for every organization, and they change as the portfolio grows.

tradespace®

A diagnostic for what your IP function doesn't own — and what it's costing you

This paper takes the five categories of institutional knowledge covered in the webinar and turns them into a working framework for assessing your own function's exposure. Where exactly does the knowledge live? What would it cost to retrieve it? What would a different arrangement require? Useful for teams building the internal case for change.

Read the paper →

Building the relationship that produces the best work

The outside counsel relationships that produce the best portfolios aren't the most transactional ones. They're the ones where the firm has enough context on the business — the product roadmap, the competitive landscape, the filing philosophy — to make drafting decisions that reflect strategic intent.

That context is hard to build when the in-house team is managing volume rather than strategy, when every interaction is a handoff rather than a conversation, and when outside counsel is being evaluated primarily on cost and turnaround time. Justin described the version of the relationship he saw work well: outside counsel brought into major invention sessions, given visibility into the company's priorities, treated as a partner in the portfolio rather than a production vendor. The firms that earned that treatment were the ones that made the in-house team's job easier — not by undercutting on price, but by reducing the friction in every step of the process.

Randy's practical suggestion for building that relationship from the start: set service level agreements that establish clear expectations on both sides. How long should a first draft take? What does a good office action response look like? When should the in-house team be looped in, and when can the firm proceed independently? Writing those expectations down early prevents the ambiguity that drives up costs and erodes trust on both sides.

The AI dimension here is that as AI tools make some of the production work faster and cheaper, the relationship with outside counsel has more room to focus on the parts that require senior judgment — claim strategy, prosecution positioning, competitive analysis, litigation risk. That's the work that justifies a $500-per-hour attorney. The work that doesn't require that judgment is increasingly the work that AI can handle, which is where the reallocation of budget and attention is heading.

Starting before the portfolio feels big enough to justify the effort.

The most consistent piece of advice across all three panelists: don't wait.

The instinct to defer — to wait until the portfolio is larger, until the team has more bandwidth, until the current arrangement causes a visible problem — is understandable. It's also expensive in ways that don't appear on any single invoice. The institutional knowledge that hasn't been captured, the docket that lives entirely at outside counsel, the prosecution history that would take months to reconstruct: all of it shows up eventually as friction, as delay, as decisions made on data that had to be requested rather than retrieved.

Building the infrastructure early — even at a basic level, even before it feels necessary — means the portfolio grows into a system the company owns rather than a dependency it has to unwind later. That's easier to do at ten patents than at two hundred, and at two hundred than at two thousand.

The starting point doesn't have to be sophisticated. A spreadsheet with consistent numbering, a folder structure for prosecution history, a simple record of why each filing was made: those are the foundations that make everything downstream easier. The tools will improve and the system will grow, but the data is harder to reconstruct late than it is to capture early.
