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Asia IP

October 2013
Volume 5, Issue 9
ISSN: 2072-3229

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Published by



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W: www.asiaiplaw.com
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When Lawyers Meet Lawyers



When legal matters are outsourced, in-house counsel become clients of external lawyers. **Amanda Shuai** looks into the cooperation between the lawyers from each side as their relationship evolves.

Lawyers have been providing professional services to individuals, commercial companies and other lawyers since at least the time of ancient Rome. In modern times, when legal matters are outsourced, in-house counsel and private

from different perspectives.

“The lawyer-client relationship is akin to shareholder-company relationship where the company is under an obligation to always act in the best interest and constantly maximizing return of investment,” says Safir R Anand, senior partner at Anand and Anand in Noida.

Vikram Grover, principal of Groverlaw in New Delhi, believes that the considerations of the two roles are different. He says that in-house counsel “understand the business better and are more sensitive to issues plaguing the internal client. An external lawyer may have a wider horizon and can supplement the in-house lawyer’s expertise in a lot of different ways.”

Rubya Ramjahn, head of Asia Pacific IP for eBay in Hong Kong, shares the same thought. She says that the main tasks of external lawyers are to understand clients’ instructions, to identify possible legal issues, set out the laws and risks, and to provide solutions. “In-house counsel’s work is making recommendations on one single solution

that will satisfy all the stakeholders within the company, taking into account the business requirements, operational challenges, company policies and other limitations,” she says.

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The lawyer-client relationship is akin to shareholder-company relationship where the company is under an obligation to always act in the best interest and constantly maximizing return of investment.

- Safir R Anand, senior partner,
Anand and Anand, Noida

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practitioners are bound together by the lawyer-client relationship. While the value of the services remains the same, lawyers from the two functions have different focuses and look at the issues

"An internal lawyer, especially the legal head of a company, needs to see that the company's stand is never jeopardized," says Gauri Gandhi, vice president, legal at Godrej & Boyce Manufacturing in Mumbai. She says that in-house counsel

only on case-to-case basis."

Need for External Counsel

In-house counsel appreciate the specialties that external lawyers have in practice areas, and often seek their advice on legal matters.

Richard Johnston, IP manager of the Gallagher Group in Hamilton, New Zealand, says that external counsel's advice and knowledge adds to the company's knowledge pool.

"The in-house IP team is usually small and hence has constraints on not only bandwidth but also the breadth and depth of experience in dealing with the more complex issues and niceties in different Asia Pacific countries," says Ramjahn. "We need independent law firms for their local legal expertise and experience in view of such characteristics."

"Independent law firms are needed for representation of our interests in a multiplicity of jurisdictions providing profound expertise of the respective law and experience," says Daniel G Papst,

patent attorney and managing director at international licensing and patent monetization firm Papst Licensing in St Georgen, Germany.

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Though quantity, efficiency or full compliance of the administrative or billing guidelines are important to our clients, it is also a fact that our clients sometimes will seriously take costs into consideration.

- Ruey-Sen Tsai, partner,
Lee and Li, Taipei

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only have one organization to work for and should preserve its interests, while external lawyers "deal with the hiring company



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Gandhi believes that external counsel is able to look at the company's issues from a distance. "External lawyers enable us

knowledge of the field as key selection criteria in order to find the right partner among many others.

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External counsel must provide more than just legal knowledge. A good external counsel will have to be commercial and practical in their advisory in order to add true value to their clients.

- Veronica Lai, general counsel,
StarHub, Singapore

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to get a broader and specialized outlook to the matter at hand. They look at the matter with a more unbiased perspective and can give us more sound advice," she says.

In addition to legal expertise, Zaheera Hashim, senior counsel at Procter & Gamble in Singapore, says that independent law firms with "a good working knowledge of the local legal environment are an important resource for in-house counsel for getting advice that is useful, actionable and on-time."

Despite being able to help with large projects, law firms may provide value-added insights or advice derived from their wealth of past experiences, says Benjamin Loh, vice president, legal and secretariat at MediaCorp in Singapore.

In terms of case strategizing and the ability to help management make commercial decisions, the BDO Unibank IP team in Manila finds it most useful that law firms are able to provide a realistic assessment of the legal landscape in each jurisdiction. The team says that external counsel have a clear understanding of the relevant IP laws and jurisprudence, including potential impact on the IP related cases of the company worldwide.

Finding the Right Business Partner

Having the right partner to work with is the first thing in building a sustainable and healthy relationship between companies and independent law firms.

As Ramjahn says, "a close partnership with our counsel would not only save time in our having to educate a new counsel on eBay's challenges and issues but, eventually, also cost."

In-house counsel take formidable reputation and a solid

competitive environment and we do not like losing time in waiting for advice," she says.

Value addition is what in-house lawyers are looking for. "External counsel must provide more than just legal knowledge.

Gandhi, for example, looks at the outcome of prior matters dealt with by the advocates representing the firm and at references given by other established lawyers.

On top of the law firm's experience in a particular field and in a jurisdiction, Ramjahn at eBay says that "we would also consider their global network or their connection with local firms in countries where the legal market is more restrictive."

Ramjahn expects the firms to not only excel in their legal advice, but also to be proactive in offering guidance and sharing their knowledge and experience in the relevant market.

Another key criterion for Ramjahn is responsiveness. "In some Asia Pacific countries, response time is a challenge, but eBay is in a fast, dynamic and

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All prospective clients, unless they approach through a very strong referral, are sceptical about the professional's ability to render a service and/or the trust which can be reposed in him or her. Thus, there is already a 'fear' working against us. Extensive counselling, prior experience and past successes assist to allay the prevailing 'fear' to a large extent. Efficient and honest delivery of services go a long way in maintaining healthy working relationships.

- Vikram Grover, principal,
Groverlaw, New Delhi

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A good external counsel will have to be commercial and practical in their advisory in order to add true value to their clients," says

Veronica Lai, general counsel at StarHub in Singapore.

"It is about managing the customer experience with a sense of customer focus, out-of-the-box thinking, right attitude and excellent execution," the BDO Unibank IP team says.

The Money Factor

Ruey-Sen Tsai, a partner at Lee and Li in Taipei, says that "though quantity, efficiency or full compliance of the administrative or billing guidelines are important to our clients, it is also a fact that our clients sometimes will seriously take costs into consideration."

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Apart from providing our professional opinions on the law, we find ourselves working more closely with clients to assist them in achieving their commercial goals. In-house lawyers are increasingly more experienced with intellectual property law and how it affects the business. In line with this sophistication, there has been a shift to include advice not only on the law but in connection with brand strategy.

- Cecelia Girvin, deputy managing director of IP,
Drew & Napier, Singapore

On the other side, in-house counsel Gandhi thinks that the importance of quality of advice weighs much more than the cost factor.

Ramjahn shares the same idea that cost is an important factor to consider, but not the decisive one for in-house counsel. "We select firms more on their overall capabilities," she says.

"We are more concerned about the quality of the service and how fast external counsel can deliver and have the work successfully done for the company," the BDO Unibank IP team says.

"Law firms must be able to justify the fees they command; otherwise they will find that it is not a sustainable symbiotic relationship," says Lai. "The legal market is vibrant with good competition amongst the service providers, so that helps as a good handbrake to excessive charging."

Melinda Upton, a partner and head of intellectual property and technology at DLA Piper in Sydney, notes that price is not the sole factor considered by her clients. "Price is always a negotiation, but clients rarely make their decision based on price alone. They choose their legal provider on a range of criteria which also includes expertise, commerciality, industry knowledge,

responsiveness and trust that you will deliver the project on time and on budget."

Establishing Trust

Trust is essential in cooperation, and the relationship can be severely harmed if trust is lost. Both in-house and external counsel value this quality.

"Trust is important," says Lai. "This is because we work closely with the law firms, frequently sharing confidential and commercially sensitive information in order to get proper and holistic advisory. We therefore maintain strong, frequent and direct relationships with the partners we work with."

"I would put my effort into getting to know my counsellor as an individual, establish a sound working relationship that is comfortable for both parties and set clear expectations on both sides. My ultimate goal is to reach a level of genuine trust," says Hashim at Procter & Gamble.

While in-house counsel are trying to reach genuine trust, external lawyers sometimes find trust harder to come by since there is always uncertainty about the external lawyers' service among clients. "All prospective clients, unless they approach through a very strong referral, are sceptical about the professional's ability to render a service and/or the trust which can be reposed in him or her. Thus, there is already a 'fear' working against us," says Grover.

Demonstrating professionalism is fundamental for law firms to ease the fear and gain trust.

"Extensive counselling, prior experience and past successes assist to allay the prevailing 'fear' to a large extent. Efficient and honest delivery of services go a long way in maintaining healthy working relationships," says Grover.

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"We treat all our clients with respect and make every effort to better understand their needs and concerns," says Cecelia Girvin, deputy managing director of the IP department at Drew & Napier in Singapore. "We also endeavor to provide advice and possible solutions as expeditiously as possible."

"It is fascinating how much really comes down to the basic things like keeping your promises and keeping deadlines. If you do that, you lay a very solid foundation to start building upon," says Xiaoping Gou, an associate at Vinge in Shanghai. "On top of that, you of course need to be well prepared when you meet your clients so that you can offer constructive and value-adding advice," she says.

Erna Kusoy, founding partner at Erna L Kusoy & Co in Jakarta, says that she earns trust from her clients from being on time to meetings and calls, and knowing and following up with the status of the cases.

"It is the quality and timeliness of our work that count," says Cheah Chiew Lan, a partner at Tay & Partners in Kuala Lumpur. "We keep our clients adequately informed about the matters entrusted to us so they can make the right decisions for their businesses."

Tsai says that his firm gains clients' trust through meeting their requests and expectations. "Most of our clients will take quality, efficiency and pricing into consideration when they evaluate and choose the preferred law firms or agents," he says.

stop at delivering what they ask for; you need to make sure you get the full picture."

While ensuring an effective communication and establishing a good rapport with

clients, Karen Abraham, a partner and joint head of the IP department, and Jyeshta Mahendran, a partner at Shearn Delamore & Co in Kuala Lumpur, believe that "appreciating and understanding the client's business needs and strategies, operational structure, goals and their decision-making processes help us meet our client expectations and gain their confidence."

Work Delegation

The work delegated to law firms varies, depending on the company's business strategy. Based on his experience, Grover says that "an in-house counsel is more familiar with the nuances of client's business and perhaps appertaining laws, and contracts out work for increased value addition."

From an in-house lawyer's perspective, Hashim says that she hires out specific types of work: "Generally, work I can't do myself for several reasons – no expertise on the subject, no resources nor time, or no local knowledge in cases where an intimate knowledge of the local regulatory environment is key to an initiative's success."

The BDO Unibank IP team outsources its IP litigation and registration cases to external law firms while leaving the management and supervision of these cases, including case strategizing, in house.

"The majority of our global filing and enforcement work is still being outsourced to external law firms," says eBay's Ramjahn.

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It is fascinating how much really comes down to the basic things like keeping your promises and keeping deadlines. If you do that, you lay a very solid foundation to start building upon. On top of that, you of course need to be well prepared when you meet your clients so that you can offer constructive and value-adding advice.

- Xiaoping Gou, associate,
Vinge, Shanghai

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"Most of our relationships with in-house counsel have developed after understanding their busy schedules and priorities," says Anand. "We have attempted to tailor-make our solutions to fit into their pre-defined frames in order to ensure that there is ease of communication." Clients can then better measure risks and rewards in complex legal matters through the communication, he says.

External lawyers strive to earn clients' trust by not only meeting their legal needs, but also by understanding the commercial aspects involved.

"Every client is different. Demonstrating an understanding of their needs, their business and the challenges they face, and tailoring my advice accordingly is, I believe, the best way to earn trust and confidence," says Andy Leck, managing principal and head of the intellectual property practice at Baker & McKenzie Wong & Leow in Singapore.

Leck is not the only one who tries to understand his clients' business. Anand says the approach his firm adopts is to "step into the client's shoes and anticipate the problem" regarding laws as well as business solutions.

"You also need to be prepared to go above and beyond in terms of your interest in really understanding the client's business and strategic challenges," says Katarina Nilsson, resident partner at Vinge in Shanghai. "You can't merely

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- Andy Leck, managing principal,
Baker & McKenzie Wong & Leow, Singapore

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"We would also engage outside counsel for advice on issues that will bring about significant impact on our policies and risk

management approach.

“A lot of day-to-day advice to business is being done in-house.

as she can, “primarily because we know the industry, regulatory landscape and commercial nuances better than external counsel.”

She says StarHub would appoint external counsel for litigation, tax, intellectual property and capital markets work. “We also work with counsel f

of expertise, for construction law for instance, when we bought land to build our own MediaHub.”

More Than Legal Advice

With the fast expansion of the business, in-house counsel are not only looking for legal expertise from external lawyers, they are also expecting a lawyer with knowledge of their business.

In-house counsel worry that some external lawyers lack business perspective. Weerayut Laovechprasit, manager of the finance and legal department at the Erawan Group in Bangkok, finds that independent law firms using junior-level staff to handle outsourced work can create a serious obstacle. The advice that junior-level

lawyers provide is usually from a legal point of view, not from a commercial perspective, he says.

“External law firms are no longer expected to act only as a legal advisor. They are being looked at more and more as our legal



We expect our clients to be working as a team internally and collectively, to provide us with full and frank disclosure of all relevant information. We want to work hand-in-hand with them to achieve the best possible solutions or outcomes.

- Cheah Chiew Lan, partner,
Tay & Partners, Kuala Lumpur



As the company in-house counsel, we know the business and the industry and are in a much better position to do the risk-benefit analysis and make recommendations to the businesses,” she adds.

For similar reasons, Lai keeps as much of the work in-house

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Image: Inside a wave, Bondi Beach NSW Australia

and business partners,” says Ramjahn. “We like our external counsel to know our business and to be up-to-date about what is happening to our business,” she says.

Many in-house teams are regarded as experts in their relevant

commercial and practical in their advisory,” says Lai.

External counsel have recognized the need to provide not only legal advice, but also commercial advice. “Apart from providing our professional opinions on the law, we find ourselves working more closely with clients to assist them in achieving their commercial goals,” says Girvin at Drew & Napier. “In-house lawyers are increasingly more experienced with intellectual property law and how it affects the business. In line with this sophistication, there has been a shift to include advice not only on the law but in connection with brand strategy,” she says.

“In-house lawyers have become more involved in the strategic business of the company and in the operational and marketing side of the business. They also play a vital role in the planning and decision making processes,” Abraham and Mahendran say. “With in-house lawyers now having a more expanded role within their organization, there is a necessity for external lawyers to have a better understanding of the commercial

aspects and changing needs of the client’s business in order to provide more holistic advice to in-house counsel in order for them to make a more informed decision.”

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Clients are looking for lawyers who provide much more than a technical answer to the legal questions they have. They’re looking for a commercial outcome in line with their strategic goals and objectives.

- Melinda Upton, partner, head of IP&T,
DLA Piper, Sydney

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areas, as they have built up solid capabilities over the years, Lai says. “External counsel therefore have also stepped up to build up expertise not just in legal specifics, but also by being more

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DLA Piper's Upton says that "clients are looking for lawyers who provide much more than a technical answer to the legal questions they have. They're looking for a commercial outcome in line with their strategic goals and objectives."

To satisfy clients and to add value to their services, external counsel are working to keep themselves updated on business conditions.

"They require more than just reactive legal advice when issues arise," says Leck. "We need to offer a global perspective and proactively offer updates and solutions to what is happening in a regional or global context in advance of an issue, so they can apply it to their business."

"We keep ourselves apprised of not only industry trends and legal developments but also periodically update ourselves on client business which gives us a good filler in doing our practical analysis and in creating priorities," says Anand.

Leck says lawyers would as well spend time and effort in getting to know his clients' business in order to ensure that they receive consistent legal support suited to their needs. "We treat our relationships as business partnerships, knowing that we can provide better support and guidance if we understand our clients and their business well," he says.

Upton also does the same. "I always focus on deepening my understanding of the industry sector they're in so I can speak their language. Knowing the share price of your client demonstrates to them that you understand the operating environment they're in," Upton says.

Deciding the Price

Depending on the type of work and working time, law firms

usually charge clients on either a fixed basis or on an hourly basis.

"The price we quote is proportionate to the effort and time required to complete the work and we also bear in mind the financial restrictions and constraints our clients might have," says Cheah.

"In order to quote effectively, you have to have a deep understanding of what's required for the project and what time you will need to invest," says Upton. "Communication is the key. Whenever I am pricing a project I have a detailed conversation with my client about what they're trying to achieve, what budget they have set aside for the work and what timeframe they have in mind."

Coral Toh, managing director at Ella Cheong (Hong Kong & Beijing) says that her firm charges most transactional matters on an hourly basis. "Most intellectual property prosecution matters are priced based on a fixed fee schedule regulated to a certain degree by law societies or professional associations."

Anand says his firm offers some discounts if the size of the portfolio is large, but the firm tries to ensure that its fee quote is measured in terms of both efficiency and quality.

At the in-house counsel's end, the BDO IP Unibank team tends to offer their "new cases to our existing reputable external law firms who normally provide fee discounts on account of the long-standing relationship we have with them."

Apart from offering discounts, external counsel endeavour to work within clients' budget constraints and to be upfront about fees so that expectations are met, says Girvin.

Price negotiation is part of the cooperation. "We negotiate cost on a global basis and will also ask for an indication of the likely

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costs involved when we start engaging a firm in a new matter. We do not like surprises as we understandably have a budget to work within," says Ramjahn.

Similar to an in-house lawyer's expectations, Nilsson's strategy in price negotiation is to agree on the time needed. "We have no particular strategy for negotiating other than trying to understand the assignment in a dialogue with our clients and then quoting a fair amount of hours that we believe it will take," she says.

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Over the past few years, many in-house attorneys have faced tighter budgets, and appreciate external counsel who can work within the new parameters. The tighter budgets sometimes lead to reduced headcount, so external counsel will be relied on for a wider range of services, including administrative support services.

- Coral Toh, managing director,

Ella Cheong (Hong Kong & Beijing), Hong Kong

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In terms of pricing and fees, the attitude Leck holds is to be realistic and flexible. "We work with our clients to ensure that our fee statements are set with their expectation and aligned with the work required from us as external counsel," he says.

"We also believe that pricing isn't just about fees and we seek to add value to our work throughout a project and a relationship, either through specific initiatives like tailored client training, or through our proactive approach and relationship ethos," says Leck.

Response Time

Time management is an issue encountered by both in-house and external counsel. Dealing with problems from different time zones is especially an obstacle for companies or law firms that have offices across different regions.

"As in-house counsel, we deal with various external IP counsel in different jurisdictions worldwide, with differing time zones as the biggest challenge," says the BDO Unibank IP team. "[Previously, we have] experienced some 'back log' on the updates of some of the cases being handled by our external counsel."

From an external lawyer's perspective, Leck agrees that "companies are more international than ever before and the global marketplace is quickly changing. With that, in-house counsel are managing work and teams across many countries and regions, often under immense time pressure."

"As they are operating across borders, bringing a coordinated team to provide timely support wherever it is needed has also become an essential offering from a law firm," Leck added. "Our

clients are looking for advice across borders, as and when it is needed. For us, this means sometimes working under time and geographic constraints and coordinating teams across the world."

The way Kusoy overcomes this problem for her clients is to keep an open door for clients and give them the opportunity to contact the lawyer by mobile phone, Skype or any other modern telecommunication system, "so they know that their case is under control with you as their attorney," she says.

Similar to the law firms' resolutions, the BDO Unibank IP team ensures 24 hours and seven days' accessibility to external IP counsel to overcome time zone differences. "We keep our communication lines open to all our external law firms worldwide to ensure our ready availability and quick accessibility in case our external law firms will need something to be done at our end in relation to our IP cases," says the team.

External lawyers also frequently face tight deadlines. "The time afforded is often not enough," says Grover.

Kusoy says that she would expect clients to give "reasonable time especially if we need investigations or searches to obtain a trustworthy report."

"IP cases usually take longer time and persistent work before we see any results. However, some clients may want quick results. In this case, we always provide our clients with proper explanations and report to our clients regularly about the status and achievement of the IP cases," says Gou.

While in-house counsel expect responses in a short time, Abraham and Mahendran find that getting timely instruction can sometimes be an issue, "especially when a project or an assignment is time sensitive." They say that the delay is sometimes due to the management or organization structure of the company which requires several levels of approval before a decision can be made.

Technology has helped Anand in tackling the time problem. "Being a busy law firm, we had small instances of minor delays and these have now been addressed with more advanced IT systems and deadline control managers apart from the periodic review of matters that has started," he says.

Upton says that thanks to modern IT devices and email, clients have an expectation that their enquiry will be responded to immediately, regardless of time zone. "Being responsive is critical to building client trust and loyalty. I always ensure I acknowledge my client's query immediately and give them a time frame for when they can expect my detailed response," she says.

Abraham and Mahendran say that they try to resolve this by trying to learn and understand more about the client's business so that more pragmatic legal solutions and advice can be delivered.

Escalating Cost v. Tightening Budgets

"Escalating cost is an issue and, over the last few years, we have seen some law firms introducing more innovative charging methods, eschewing time costs," says Lai at StarHub. "This is a good development for the legal industry, spurring more innovation and competing on service quality and efficiency."

Ramjahn says that cost has attracted more of eBay's attention. "We are also increasingly paying more attention to how a firm charges, and we expect more transparency where additional chargeable work outside of the original retainer has been done or where a local agent is involved," she says.

External counsel have noticed a budget tightening from their clients' companies over the past years. Cheah says "due to budget cuts of some corporations, in-house lawyers are working with very tight budget. As a result, they may compromise quality for price by selecting the cheapest quote after counsel-shopping."

Tsai in Taiwan agrees that pricing is becoming a big concern for his clients. "Due to the concerns that the costs for IP litigations are increasing, several enterprises have hired or intended to retain lawyers as their in-house counsel who will handle the litigation by themselves unless the cases are too complicated." He says that even if the companies still outsource work to independent law firms, some of the in-house counsel will approach other firms which are willing to offer lower prices for the same legal work.

To cope with the budget tightening, Tsai says that his firm has to make certain compromises on pricing, including giving discounts or setting a price ceiling on some cases in order to maintain lengthy relationships with clients.

Toh at Ella Cheong also noted that "over the past few years, many in-house attorneys have faced tighter budgets, and appreciate external counsel who can work within the new parameters. The tighter budgets sometimes lead to reduced headcount, so external counsel will be relied on for a wider range of services, including administrative support services."

Evolving Relationship

Over the years, the relationship between in-house and external counsel is getting closer. "In the intellectual property practice area, the circle is small enough to feel like extended family sometimes." Toh says.

Abraham and Mahendran say that lawyers expect to work hand-in-hand with their in-house counsel, both having to realize that they are on the same side, not adversaries or competitors.

"We can say that the demarcation line separating external and in-house counsel has somehow faded away," says the BDO Unibank IP team. "The relationship now between external and in-house counsel has become more complementary in nature. One cannot claim that any particular job or activity is exclusive to one or the other only," the team says.

In-house counsel are not the only side seeking team-player spirit. As Cheah says, "we expect our clients to be working as a team internally and collectively, to provide us with full and frank disclosure of all relevant information. We want to work hand-in-hand with them to achieve the best possible solutions or outcomes."

Upton says that relationships are a two-way street. "Like any important relationship, it's critical that both parties are committed to working together for the best outcome. To really build a sustainable practice, you have to act as a trusted advisor to you clients. This means standing with them, shoulder to shoulder, during the good times and bad. Building rapport, trust and, on some level, friendship is important to building long lasting relationships." **AIP**



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