

LEGAL IO

Legal Billing Requirements

A Tool for In-House Legal Departments to
Use for Legal Vendor Spend Management

About the Legal Billing Requirements Template

[Legal.io](#), the leading on-demand legal talent network, is proud to present our in-house counsel partners with resources to help them be more effective and efficient.

This Legal Billing Requirements template is a resource for in-house legal departments that are looking to put in place billing guidelines for the first time, or are looking to benchmark their existing guidelines against a set of best practices.

The template covers a wide range of topics essential for managing legal vendor spend effectively, from detailed sections on billing and invoice submission processes, to guidance on alternative fee arrangements and restrictions on block billing.

This template is based on the Billing Requirements used by a publicly listed company with a mature legal operations function. Make sure to adapt these guidelines to your company's specific needs and requirements.

Explore other resources to streamline your legal department, such as our [Salary Insights](#) tool, used by legal departments in top tech and Fortune 500 firms across the U.S. to benchmark in-house legal compensation and assist with budgeting.

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I. Introduction

Outside counsel agrees to represent Company according to these Billing Requirements (“**Requirements**”). These Requirements will become effective as of {{Date}} (“**Effective Date**”) and will replace all Requirements and agreements previously entered into between you and Company. Submission of invoices by outside counsel is deemed outside counsel’s acceptance to these Requirements. We reserve the right to modify these Requirements at any time and will provide outside counsel advanced, written notice prior to any modification taking place. We will not pay for fees or expenses billed in violation of these Requirements.

Outside counsel may only be retained by an authorized representative of the Company legal department. We will assign a supervising attorney to each matter (“**Legal Contact**”). Unless otherwise agreed to by the Legal Contact, all communication between outside counsel and Company personnel should be made through the Legal Contact.

II. Billing & Invoice Submission

A. Invoicing and Late Penalties

It is outside counsel's responsibility to submit accurate electronic invoices in Company's electronic billing system on a monthly basis, to include all required documentation, and to correct invoicing errors for re-submission. All invoices submitted to us must contain required pieces of information and be submitted in the proper format. A separate invoice is required for each matter and for each fiscal month, unless we expressly direct you otherwise.

Company's law department utilizes [{{Vendor}}](#) software to streamline the process for receiving legal invoices from all outside legal service providers.

Outside counsel must submit all invoices for work performed in a month by no later than the last day of the fiscal month after the month in which the work is performed (the "Due Date"). Payment terms are 60 days from the end of the calendar month in which a properly submitted and accepted invoice was received, and invoices will be paid in the next payment run after it comes due (generally the 3rd day of each month or next business day). We will discount every invoice by 5% per month if received after the Due Date (except in the case where the invoice is for less than \$500 in which case you may hold the invoice until aggregate billing exceeds \$500).

We have no obligation to pay for any invoices submitted more than four months after the completion date of a matter, or for any late invoices that cross our fiscal year.

To ensure that any discounts are reflected in your invoices, we require you to enter your bill using the pre-discounted bill rates and reflect the discount as a top-level adjustment on your invoice and in our e-billing system.

Unless required by law, all invoices must be submitted electronically.

B. Line Item Details and Block Billing

We believe that block billing does not provide adequate detail to assess the work that was done and therefore require that timekeepers not block bill their time. We define block billing as when multiple (and different) tasks are aggregated into a single line item. Time spent on tasks should be billed for actual time spent. Timekeepers must accurately record time spent on each task. Unless otherwise authorized by us in advance, each entry should reflect a separate task and must state the nature of the work performed and the time spent by each timekeeper.

Because this practice limits our ability to effectively monitor our legal spend, line items that are block billed will either be reduced by 50% automatically or rejected.

C. Fees and Expenses

i. Alternative Fee Arrangements

We believe in innovation. It is one of our core values and is a trait we not only expect from ourselves, but from our vendors and partners. We believe that pushing past traditional methods of billing based on an hourly rate and instead working towards alternative fee arrangements (AFAs) will lead to a longer, more engaged and predictable relationship with outside counsel. AFAs give outside counsel greater flexibility and reduce the administrative burdens for both Company and outside counsel. We value AFAs because they focus on efficiency, effectiveness, while still giving outside counsel the ability to demonstrate its expertise and commitment to our business.

For every matter, we require that outside counsel provide a fixed fee or other alternative billing proposal, as the primary method for billing against a matter. So please, be innovative. Some possible AFAs that we desire you to consider, depending on the matter, are flat or capped fees, blended rates, contingency fees, phased fees or success fees. We look forward to your proposals.

ii. Hourly Fee Arrangements

If it is not possible to put in place an AFA and you are resorting to hourly rates, we expect to be charged the lowest hourly billing rates provided by the law firm to its most valued clients. Hourly rates are locked for 2 years and we will not approve any increases to the hourly rates unless agreed upon in writing by the Legal Operations team in advance of time being billed.

Volume Discount

We expect outside counsel to provide a volume discount based on Company's total spend with you. The discount should be reflected on all bills and entered into Company's e-billing solution in such a manner that we may track the discount.

iii. Prohibited Fees and Expenses

If we agreed to an hourly rate arrangement, we will reject costs and expenses pertaining to any of the fees and expenses listed below. We will only pay for actual costs and will never pay for markups.

- Administrative, clerical, and secretarial staff work; word processing, proofreading, and any other non-professional services or service providers such as administrators and document clerks
- Time spent “getting up to speed” for a legal professional due to staff turnover or vacation
- Time spent preparing invoices, discussing or resolving billing inquiries or disputes, utilizing the electronic invoice system, and budgeting tasks. · Proofreading
- Professional development time
- Graphics and desktop publishing
- Time spent by attorneys performing paralegal work
- Routine administrative tasks incidental to an engagement
- Legal research (time spent or other costs); exceptions require prior approval · Document translation that has not been requested or pre-approved · File creation, organization, and maintenance (including file storage)
- Time spent or costs associated with preparing, transferring, closing, or destroying files, research, memoranda, pleadings, communications, records, drafts, and other related material, including electronic copies of documents (including to Company or new counsel)
- Communication charges including phone, video, word processing, and fax. · Postage and courier fees, unless pre-approved Publications, subscriptions, librarian services, and online databases, such as Lexis and Westlaw, whether cost or time
- Document scanning, unless pre-approved
- Copying (color or otherwise), whether cost or time
- Any items of overhead expenses (e.g. staff overtime, meals, local transportation, conference rooms, calendaring, rental fees, etc.)
- Unauthorized third party fees

D. Travel Expense Policy

We require that all outside legal partners strictly adhere to its travel expense policy, which is available upon request.

Please note that the following requirements apply:

- **Air Travel.** All charges for air travel must be at economy or coach rates. We will not reimburse you or third-party vendors for business or first-class air travel. Airline reservations should be made as far in advance as possible to take advantage of early purchase discounts. Airfare for calendared court appearances, mediations, or other scheduled meetings, should be booked at least 14 days in advance. Failure to book air travel sufficiently in advance to take advantage of readily available lower fares may result in reduction of the reimbursement.
- **Hotel.** We will pay for hotels up to \$250 per night. Wherever possible, we expect you to use hotels where we have an agreed rate, a list of which is available upon request.
- **Meals.** We will pay for meals up to \$60 per person per day.
- **Ground Transportation.** We will pay for rental cars up to \$50 per day. We will not pay for ground transportation by limousine unless the charges are equivalent to, or less than, taxi fares.
- **Exceptions.** In certain cities, exceptions to the reimbursable limits are allowable with prior written consent from Legal Operations.
- **Miscellaneous.** We will not pay for mini-bar charges, personal telephone calls, movie rentals, dry cleaning, or similar personal items.
- **Receipts.** Documentation is required for any single expenditure over \$25. Actual receipts (or facsimiles thereof), e.g. the airline ticket stub showing class and fare, as opposed to an expense report or travel agent summary, must be provided. All travel receipts should be organized and submitted by timekeeper's name in chronological order.
- **Timekeeper Billing During Travel.** We will pay only for time spent working on Company matters during travel with customary itemization of the actual work performed. We will not pay for non-working travel time.

III. Budgeting, Forecasts & Accruals

A. Budgets and Forecasts

Within 10 days of a new matter being opened in our billing system, outside counsel must submit a detailed budget projecting fees and costs. Thereafter, at least monthly when submitting accrual data (and more frequently should the matter have a material change in the interim), outside counsel must review each matter's monthly budget projections and revise the budget if it recommends any adjustments (up or down). Although legal budget projections are often difficult to make with precision, we always need to know your current reasonable best estimate by month for at least a rolling 12-month forecast. All budgets must be reviewed and approved by the partner from outside counsel and the Legal Contact responsible for each matter.

When updating budgets, please *do not change the current month's budget* (such updates should be reported as accruals).

B. Accruals

We require outside counsel to submit accruals in a timely manner on a monthly basis. Accruals are unnecessary for matters associated with AFAs. If you are late reporting accruals three or more times in a rolling six-month period, you will credit us back an amount that will start at \$10,000 for the third infraction and will increase by \$2,000 for each subsequent infraction.

IV. Staffing

A. General

We regard staffing as one of the most critical components of the success and cost effectiveness of a matter. We leverage analytics and other technologies to pinpoint misalignment with these Requirements.

In general, we require outside legal partners to:

- Not bill for hours in excess of 8 hours per day, without preapproval
- Obtain the Legal Contact's approval for staffing prior to commencing any engagement or making any changes in staffing once an engagement has begun.
- Should the assigned lead attorney for a matter give notice of his/her intent to leave your firm, we ask that you notify the Company Legal Contact no later than two days after the lead attorney gives notice of his/her intent to leave.
- Leverage Company in-house legal and business resources whenever it is reasonable and cost-effective to do so.
- Leverage Company's preferred alternative legal service partners whenever it is reasonable and cost-effective to do so, but always subject to these terms and Section B specifically.

B. Expertise

We expect you to work with the Company Legal Contact in determining appropriate staffing (specifically team members and size) to manage our matters in a lean and efficient manner, staffing only as reasonably necessary, and permitting only core team members to attend meetings. Team members must have the appropriate level of experience and expertise, and first year associates may not be staffed to our matters without our prior written approval. We will not pay for staff members to learn substantive areas of law or to ramp up or familiarize themselves if they are replacing another staff member.

C. Diversity

We seek to partner with those outside counsel that believe diversity in representation in all forms results in better outcomes. Creating an environment that emphasizes the professional and personal development of diverse attorneys and non-attorneys fosters a culture of inclusion, collaboration and stability.

D. Engaging Third Party Services

We do not authorize you to retain any vendor or third party service provider (including consultants, expert witnesses or local counsel) or enter into any agreement with any vendor or third party service provider without our prior, written approval. To request approval, you must provide the name of the vendor, the name and expertise/ credentials of individuals who will be providing the services as applicable, and a detailed budget (including rates, performance timelines and anticipated completion). We may elect to retain the vendor directly, or direct you to work with a Company preferred provider. We can provide you with a list of our preferred providers.

E. Performance Reviews

We will conduct regular evaluations on the firm, individual attorneys and other staff. In addition to assessing quality of service and compliance with Company's Requirements, we will consider accrual submissions, performance to budget, willingness to provide AFAs, staffing efficiency, rates, diversity of staff, and timely submission of invoices when we evaluate outside counsel for future use. Sharing performance information is critical to building and maintaining trusted relationships. If at any time you have concerns or desire feedback, please reach out to Legal Operations.

F. Ownership and Disposition of Documents

All work product created for or utilized in Company matters is owned solely by Company. You will, at our request, promptly provide us with copies of all legal pleadings, filings, memoranda, settlement agreements, communications, records, drafts, and other documents in electronic form at no cost to us and in the form and manner requested. We will not pay for the preparation of "enclosed please find" letters merely itemizing the requested attachments and you will not undertake to summarize or elaborate on the documents forwarded to us unless this is requested by Company's Lead Attorney.

G. Media and Other Inquiries

Our outside counsel should never engage in public relation activities that identify Company as a client, or comment to the media, investors or others on Company-related matters, unless approved in writing in advance. Additionally, you may not use any Company logos, trademarks, or service marks in your marketing materials without prior approval, subject to any restrictions and policies we may require in our sole discretion.

H. Litigation Matter Requirements

When working on litigation matters, please know that our litigation team may also impose additional policies and practices for litigation and eDiscovery matter management.

I. Patent Matter Requirements

When working on patent prosecution, please know that our patent team may also impose additional policies and practices for matter management.

V. Miscellaneous

A. Acceptable Currencies

To ensure timely payment, outside counsel must confirm with Company's Billing Coordinator before billing in non-US currencies. Any invoices submitted using non authorized currencies will cause delay in payment.

B. Dashboard / Metrics

Data is powerful. We know that our outside counsel generate and track a significant amount of data about its clients and the matters on which it works. On at least a quarterly basis, we ask that each of our outside counsel prepare and send to Legal Operations a dashboard or report of various metrics highlighting the relationship between the parties. The dashboard should include, at a minimum, the total invoiced amounts across all matters, the timekeepers staffed to matters, and the mix of AFAs provided. Also, outside counsel should include any other metrics that it thinks would be useful in showing the value of services provided and the effectiveness and efficiency of outside counsel.

C. Conflict of Interest

Our outside counsel must not represent a client that has an interest adverse to Company, without our advance permission. Prior to agreeing to represent Company in a matter, outside counsel must complete, at its expense, a conflicts check. The firm must determine that there are no conflicts or potential conflicts of interest with present or former clients of your firm that have not been resolved in writing between Company and your firm. We expect that you will immediately inform us of any potential conflicts that may arise during the course of your firm's work for us. Should a conflict be discovered at any time after we have engaged your firm and should the conflict result in your firm's withdrawal from a matter (whether at your, Company's, or a third party's request), you agree to reimburse us for all costs and fees for work that must be duplicated by us as result of your withdrawal from the matter.

D. Third Party Providers

- **Court Reporters.** We will select our court reporting service provider. Please remember we will not pay for videotaped depositions without prior, written approval, and we require that you provide us with an electronic copy of any transcripts for court reporter services for our matter(s).
- **Translation Services.** We will select our general translation and interpretation service providers.

E. Dispute Resolution

- **Escalation of Disputes.** The parties agree to escalate any conflicts, disputes, or controversies (collectively “Disputes”) arising out of or relating to these Requirements, the Engagement Letter, any Statement of Work, the Patent Prosecution Outside Counsel Requirements, or other document expressly amending the aforementioned (collectively, the “Engagement Terms”), to their respective managers before filing any legal action. The managers will meet and work in good faith to resolve the Dispute within a reasonable time period.
- **Mandatory Mediation.** If the parties are unable to resolve the dispute as described above, either party may file a mediation demand with JAMS of {Jurisdiction}, with the mediation to take place in {Location}. The parties will work in good faith to select a mediator who is knowledgeable and experienced in the subject matter. All negotiations in connection with a Dispute, including negotiations with a mediator, will be conducted in confidence and without prejudice to the rights of the parties in any future legal proceedings. Neither party may file a lawsuit until the completion of the mediation described in this section. Each party will be responsible for their respective legal fees, except that the cost of the mediation will be divided equally between the parties.
- **Choice of Law, Venue, Jurisdiction.** After the completion of the mediation described above, if no resolution is reached, a party may file a lawsuit to redress the Dispute at issue in the mediation, as follows:
 - **Choice of Law.** The Engagement Terms will be interpreted, construed and enforced in accordance with the laws of the State of {State} (without giving effect to its conflicts of law principles).
 - **Venue and Jurisdiction.** The federal district court in and for the {Jurisdiction} will have the exclusive jurisdiction and be the venue for any action initiated to enforce the Engagement Terms. The Parties waive all defenses of lack of personal jurisdiction and forum non convenienc

F. Term and Termination

Term. These Engagement Terms will commence as of the Effective Date and will continue in full force and effect unless terminated, as provided below (the “Term”).

Termination

By Either Party. Either party may terminate these Engagement Terms, in whole, or with respect to a particular matter, immediately by written notice upon material breach, or if the breach is capable of being cured (in the reasonable determination of the non breaching party) the non-breaching party may terminate immediately by written notice if the breach is not cured within thirty (30) days following receipt of notice by the breaching party.


By Company. In addition, Company may terminate these Engagement Terms, in whole, or with respect to a particular matter, for convenience for any reason or no reason whatsoever upon thirty (30) days' written notice.

Effect of Termination.

Continuation of Matters. If the terminating party terminates some but not all matters, then these Engagement Terms will remain fully effective for the remaining matters.

Obligations upon Termination or Expiration. Upon expiration or termination of these Engagement Terms, or any matter:

- Within fifteen (15) days, you will return (or at Company's option, destroy) all applicable Company Confidential Information and other property and materials of Company that were furnished by Company;
- Company may retain and use your Confidential Information, to the extent that this information is necessary for Company's ongoing support and resolution of any matter;
- You will deliver to Company all work product, whether finished or unfinished, developed prior to termination, in a form and format useable by Company; and d) If applicable, and as requested by Company, at Company's expense, you will provide reasonable assistance and cooperation in phasing out the provision of your services, or in transitioning those services to Company or to another outside counsel chosen by Company.
- All obligations that by their nature are intended to survive termination or expiration of these Engagement Terms, including but not limited to the confidentiality, privacy, security, and audit provisions contained in this or any other Appendix to the Engagement Terms, will survive in accordance with their terms and conditions.



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