

IP Due Diligence

No Time Like the
Present to Prepare

ENET

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What is IP Due Diligence?

- Risk assessment
- Opportunity evaluation

Result:

- Credibility assessment
- Go/No go
- Valuation of company/portfolio

Investor and Acquirer Due Diligence are Basically the Same

- **Might have different budgets and timetables**
- **Acquirers protect themselves with escrows that investors lack**
 - **So investors sometimes build in contingent compensation**



Opportunity Concerns

- **Do you own the IP rights you think you own?**
 - If gov't funded, have you elected title?
 - Have all inventors been named and have they assigned? Have all assignments been recorded?
- **Have all appropriate employees signed strong employment agreements?**
- **Have all consultants signed contracts?**



Opportunity Concerns - II

- **Do/will your patent rights actually cover your products, as they have evolved?**
- **Do/will your patent rights keep others away from your space?**
- **Have you licensed in useful rights and, if so, do you control those rights?**
- **Do you have an effective trade secret program?**
 - **Are you making good patent/trade secret decisions?**

Opportunity Concerns - III

- **Do you have and implement a coherent IP program consistent with your business strategy?**
- **How frequently do you conduct internal IP education and audits?**
- **Is your branding strategy clear and strong?**



Risk Concerns

- **Do you have freedom to operate?**
 - Patent
 - Copyright
 - Trade Secret
- **Do you own all the rights you need?**
- **Does company history suggest that any other parties might own rights?**
 - Potential co-owners
 - Potential infringement/
misappropriation suits



Risk Concerns - II

- **Is your code free of open source content?**
- **Are you in compliance with all agreements?**
 - **Payments up to date?**
- **Are there alternatives you do not “own”?**
- **Are your in-licenses royalty-bearing?**
- **Are your in-licenses assignable?**
 - **Is consent required?**
 - **Will other products of an acquirer become royalty-bearing?**
- **Are your licenses exclusive?**

Risk Concerns - III

- **Are you paying more than is “fair”?**
- **Are there any litigation threats?**
- **Have you cleared trademarks, etc.?**
- **Have you registered them in foreign countries of importance?**



Which Would You Rather Be?



Thank you



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- Counsels clients on: IP strategy development and execution, patent prosecution, clearances and counseling, IP portfolio management, litigation, licensing, consulting agreements, and joint development agreements
- Technical expertise: semiconductor processing and high-speed circuit design, wireless communication and signal processing, software, networks and network management, connectors and interconnection technology, and many types of test equipment
- Served over 14 years as in-house counsel for technology companies, including Chief Intellectual Property Counsel for Teradyne
- Bachelors (BU) and masters (Stanford) degrees in Electrical Engineering, law degree from Suffolk Law School