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Due diligence of IP assets

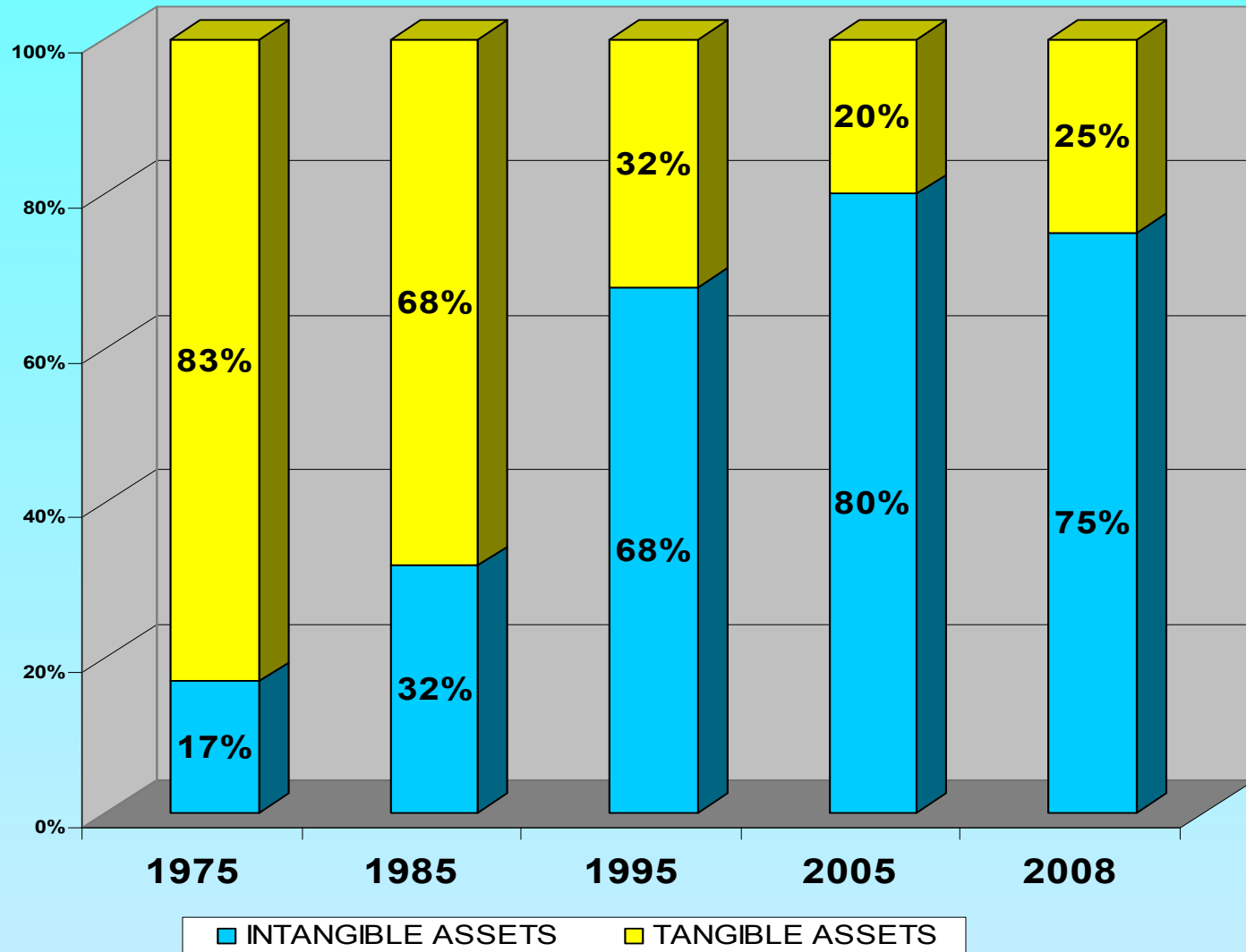
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STUDIO TORTA

Components of S&P 500 Market Value

(Source: OCEAN TOMO)



IP DUE DILIGENCE

Definition

An evaluation into the details of the IP portfolio

Purposes

- Check the good shape of the IP
- Identify any problem areas
- Focus the attention on the most important IP assets
- Advise the client about the risks of the IP

IP ASSETS

- Patents
- Trademarks
- Designs
- Copyrights
- Domain names
- Trade secrets
- Database rights
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WHEN

In any transaction involving IP assets alone or in combination with other assets, namely

- M&A
- Joint ventures
- Start-up companies
- Sale of business
- Assignment of IP assets
- Pledges of IP assets
- Licensing and cross-licensing of IP assets

WHAT TO CHECK

1/3

The legal status of the IP assets and the freedom to operate

The investigation of IP assets comprises:

1) **INVENTORY**

List of all relevant IP assets

2) **EXISTENCE**

Check that the IP rights exist and are in force

WHAT TO CHECK

2/3

3) OWNERSHIP

Check the ownership of each IP asset at the competent Patent and Trademark Offices and any recordal of transfers, licenses, pledges, etc.

4) SCOPE OF PROTECTION

a) Patents

- Specification and claims; Remaining lifetime

b) Trademarks

- Classes and goods and/or services

c) Patents & Trademarks

- Territory

WHAT TO CHECK

3/3

5) VALIDITY

a) Patents

- novelty, inventive steps (*search reports*)

b) Trademarks

- novelty (availability searches), distinctive character

6) LIMITATIONS

- Pending litigations (legal actions, oppositions, warning letters, etc.)
- Agreements (licensing, settlement agreements, coexistence agreements, etc.)

THE DUE DILIGENCE REPORT

- Outline of the scope of the review
- List of information either disclosed by the party or searched by the advisor
- Identification and analysis of the IP assets
- Advice on risks and liabilities of the business transaction

*If this business were split up,
I would give you the land and bricks and mortar,
and I would take the brands and trademarks.*

And I would fare better than you.

John Stewart (Former CEO of Quaker Oats)