Patent Due Diligence

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Patent Due Diligence

• Why?

• What is it?

• When should it be conducted?

• What are the benefits?
Why conduct Patent due diligence?

• Two basic questions
  
  • How is an investment protected?
    • Patents
    • Trade Secrets
    • Trademarks/Service Marks
  
  • Can the company bring to market its intended product?
    • Freedom of operation
What is Patent Due Diligence?

- Does the company have/will have patent protection for the product(s)/service(s) it will bring to market?
  - Scope and validity of the company’s patents and patentability of its applications (including those licensed)
  - When will patent coverage expire?

- Licenses:
  - Exclusive or non-exclusive?
  - Fields of use

- Does the company and/or the licensor own the patent rights?
  - Sole ownership or joint ownership?
    - Problems seen with joint ownership
Patent Due Diligence: Freedom of Operation

- Effect of third party patents: A reason not to go forward?
  - Identify third party patents and applications that could impact the project.
  - Are blocking patents licensed or available for license?
  - Can the blocking patents be “designed around”?
When should it be conducted?

- Before a transaction
  - Investment
  - Merger or acquisition
  - Partnering

- While identifying product/service to be brought to market

- Just before product/service launch
Some Benefits

- Allows investors to assess value of the company.
- Allows the company and partners to assess the strength of protection for the product.
- Helps in strategizing the company’s patent portfolio to increase protection and overcome weaknesses.
- Identifies third party competitors’ rights that may limit what the company can do.
- Identifies third party rights that may be licensable.
- If done early, may aid in “design around”.

Thanks.

Questions?