

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?