

**8 KEY AREAS**  
**TO REVIEW DURING AN**  
**IP DUE DILIGENCE**

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# 1 EMPLOYMENT AGREEMENTS



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IP disputes are often not decided by IP law, but by employment law. If an invention was developed by an employee or a third-party contractor without the proper agreements in place, the company may find itself without any patent rights over a valuable piece of technology. For this reason, reviewing existing employment policies and agreements is an essential focus of any diligence effort.





## 2 CONFIDENTIALITY AGREEMENTS



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A trade secret is only valuable if it is a secret. If a company shares its proprietary information without the benefit of non-disclosure agreements, that information may not only not be protectable by trade secret law, it may prevent later obtaining patent protection for the technology. Confirming the existence of necessary confidentiality agreements is therefore critical.





# 3 PATENT ASSETS



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The most obvious component of any IP due diligence process is a review of existing patent assets. Such a review should include not only a review of issued patents but also an assessment of any accompanying documentation including applications, prosecution materials, prior art reviews, assignments, and ongoing continuations along with similar documentation for pending applications.





## 4 IP COVERAGE OF COMMERCIAL EMBODIMENTS





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Issued patents are important—but, often it is more important that there are issued or pending claims that cover existing or planned commercial embodiments. A gap in coverage could mean that the commercial engine of a company can easily be replicated by competitors. For this reason, an effective due diligence should assess the target company's products along with performance of a corresponding claim scope analysis.



# 5 INVENTION DISCLOSURE POLICIES AND PRACTICE



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The first step to ensure investment in research and development translates into protectable intellectual property is effective inventive disclosure policies. Reviewing existing policies and procedures provide insight into whether a company is adequately capturing potential IP. Reviewing existing disclosures will indicate what current inventive flow looks like along with whether ideas are being effectively pushed into the patent pipeline. Both are critical components of IP due diligence.



# 6 FREEDOM TO OPERATE ANALYSIS



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An IP review should not only focus on the target company but also extend to potential competitors. Few things can derail a potential investment or the success of a company like discovering that key commercial embodiments infringe a competitor's IP. Having visibility into potential risks is therefore an important component of due diligence. Such a review should consist of everything from the IP of competitors to existing and pending licenses.





## 7 TRADEMARKS



brand

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Few things are worse than a company investing time and energy building around a name it later finds out it cannot use. Trademarks drive significant value for startups and established companies. And, in an era where countless competitors have the resources and means to copy a successful model, it becomes essential for a company to corner the market by making its brand synonymous with their product offering. Failing to obtain broad trademark protection may expose the company to liability or to knockoffs with confusingly similar names that steal market share. A review should therefore involve investigation of trademark protection.





# 8 LICENSES AND JOINT-VENTURES DOCUMENTATION





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Joint-development efforts may expedite research and development. However, if the agreements are not structured correctly, the resulting IP can be substantially devalued. Therefore, reviewing joint venture and collaboration agreements is an important component to understanding potential risks to IP protection.



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REWRITING THE ODDS



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