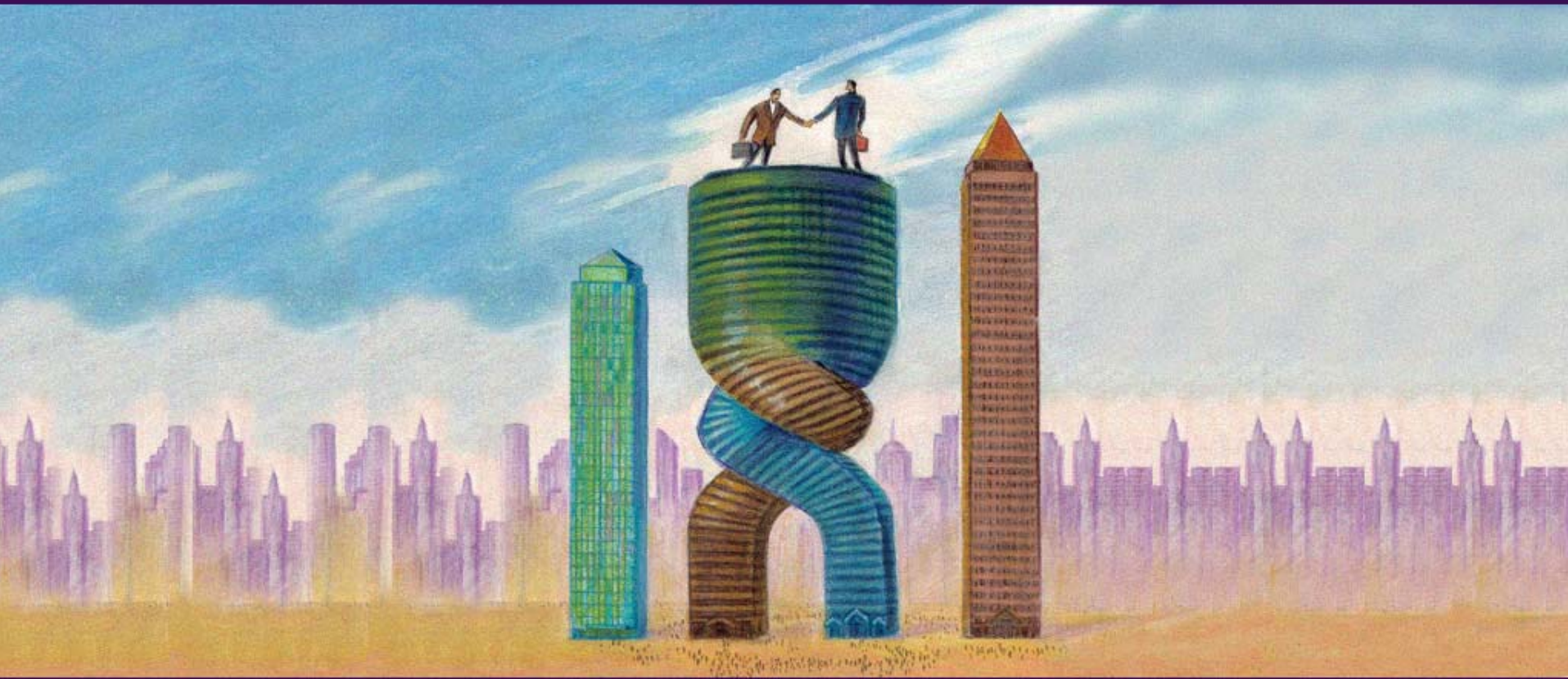


# Fusion: A Quarterly Exchange to Power Your M&A Deals



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# Fusion: A Quarterly Exchange to Power Your M&A Deals

## Intellectual Property Strategies to Maximize M&A Value

Stephen B. Maebius  
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# Stephen B. Maebius



Steve Maebius is an IP partner with Foley & Lardner and co-chair of the Life Sciences Industry Team. He frequently handles IP diligence reviews, and performs other IP work for his clients such as global patent portfolio management, patent licensing, and patent litigation. Steve has also taught Comparative and International Patent Law at George Washington University Law School. Prior to joining Foley, Steve was a patent examiner in the Biotechnology Group of the U.S. Patent Office.



# Christopher C. Cain



Chris Cain is a partner with Foley & Lardner. Mr. Cain is a member of the firm's Transactional & Securities; Commercial Transactions & Business Counseling; and Information Technology & Outsourcing Practices. He is also a member of the firm's Emerging Technologies, and Entertainment & Media Industry Teams. Mr. Cain's practice is focused primarily on mergers & acquisitions, corporate and commercial law, and technology transactions.





# Overview

- Discuss and consider pre-sale steps a seller can take to enhance intellectual property (IP) value and avoid deal-breaker issues in buyer due diligence



# What is Your Intellectual Property?

- Supplying know-how: specific “how-to” information that enables you to perform a task
- Providing freedom to use a technology, trademark, or other property
- Gaining power to exclude others from using a technology, trademark, or other property



# Sellers - Know Thyself

- Sellers need to “know” their own IP
- Clean “chain of title”
- Comprehensive lists
- Capture new ideas and protect
- Be aware of potential weakness



# Pre-Deal Diligence on Your IP

- Changes in the law can affect the value of your intellectual property
- Identify risks/eliminate surprises
- Knowledge = more accurate valuation of your intellectual assets
- Some “defects” can be identified and corrected





# Clean Chain of Title and Tracking IP

- Inventor disclosure statements
- Work for hire / Assignment
  - Consultants and employees
- Source code software programs
- Register copyrights
- Protect and limit access to trade secrets
- Don't forgot about licenses in and out



# Changes in Law

- Patent Reform Act of 2007
  - If passed, more challenges to patents
- KSR International Co. v. Teleflex, Inc.
  - Obviousness as a greater challenge to patents
- MedImmune, Inc. v. Genetech, Inc.
  - Licensee ability to challenge underlying patent



# Use Well-Drafted Claims to Enhance Power to Exclude

- Power to exclude through good claims
- Product claims provide the greatest exclusionary power
  - they exclude others from making, using, selling, or offering to sell that product for any purpose
- Method of use claims confer a narrower power
  - they only exclude others who market a product for use in that method or who perform that use
  - but may be valuable to cover commercial end uses



# Freedom to Operate Risks

- Care must be taken to avoid the patents of others
- Search to ensure there are no other blocking patents owned by third parties
  - Searching may be hard, e.g., internet-related patents
  - Is designing around an option?



# Excluding Others Risks

- Overlapping patents owned by different parties are mutually blocking as to the overlapping subject matter (may lead to cross-license)
- Can third parties circumvent your patents?





# Preserving Privileges

- Seller often has opinions relating to invalidity or non-infringement of third party patents that demonstrate the value of seller's patent
- These types of documents may be protected by attorney-client and/or work-product privileges
- Disclosing them can waive the privileges



# Preserving Privileges

- Safest policy is not to disclose anything privileged to a third party
- If you must disclose some information, have buyer sign confidentiality agreement
- How much can then safely be disclosed?
  - copies of prior art references
  - copies of file histories
- Resist giving buyer copies of privileged opinions



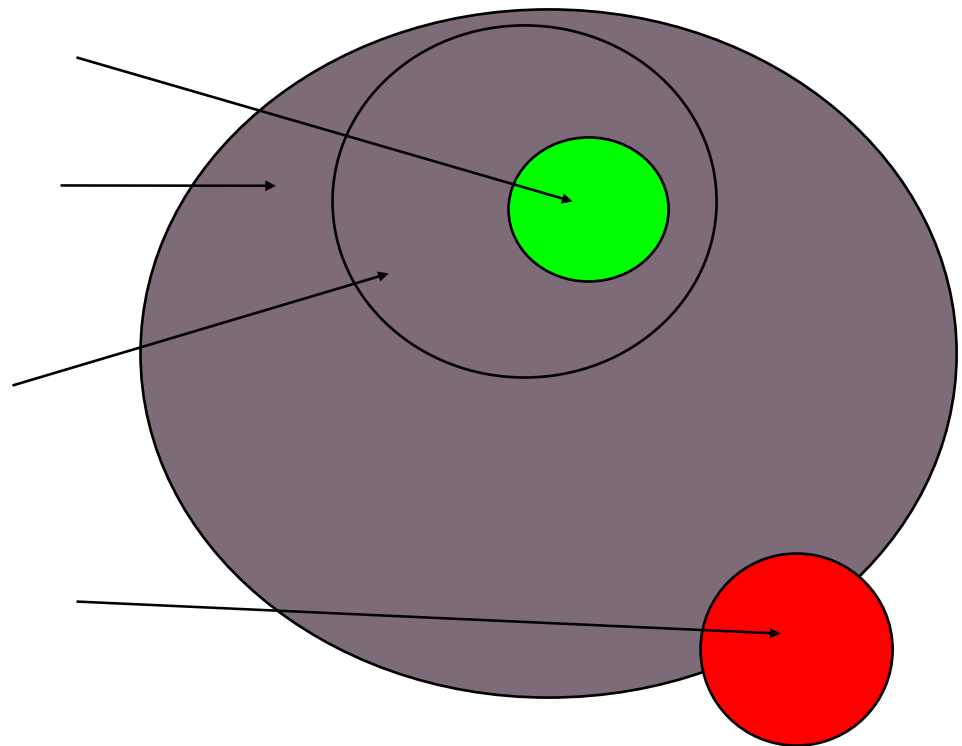
# Addressing Defects in IP

- Some defects Are fixable:
  - Patents can be broadened through reissue within two years of grant
  - Inventorship can be corrected at any time (provided there was no deceptive intent)
- Some defects can be addressed via contract:
  - Indemnity from seller where buyer fears liability
  - Warranties to satisfy buyer
  - Use milestones with early stage tech



# Value Analysis

- Planned product
- zone of commercial feasibility
- scope of your own patent
- scope of third party patent





# Conclusions

- Know what you own
- Understand the goals up front that your IP assets are expected to fulfill
- Assess weaknesses/strengths of your IP in relation to those goals
- Address weaknesses - corrective measures
- Preserve privileges where possible





# Presenters

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