

Intellectual Property Due Diligence

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Related Services

Intellectual Property
Mergers & Acquisitions
Patents
Private Equity

With the largest intellectual property practice of any full-service law firm in Minnesota, Fredrikson has the resources to help clients analyze, strengthen and protect their intellectual property (IP) assets in preparation for a strategic reorganization or sale. By collaborating with our Private Equity and Mergers & Acquisitions groups, we help strategic buyers minimize transaction risk through appropriate due diligence services. This ensures that all IP and patent issues are identified and resolved before a deal is completed. We do all of this in a practical, no-nonsense manner—because IP protection isn't just an abstract concept. It's the creative spark that helps our clients rise above the competition.

Our group offers a comprehensive range of services, including:

Due Diligence & Identification of IP Assets

For clients in negotiations to transfer, license, or acquire intellectual property, the state of the intellectual property can make or break the transaction. Our attorneys can provide a swift, yet thorough analysis of patents, trademarks, copyrights and trade secrets. In particular, we can identify and assess existing or potential issues relating to the intellectual property which clients find to be extremely useful in accurately valuing the deal. For example, we typically seek to identify any problems with the intellectual property, whether they lie in the property itself (e.g., if government filings were made to protect the property, we typically confirm the filed cases are still in good status) or relate to prior transfers of rights regarding the property (e.g., identifying ownership issues, either with respect to gaps in chain of title or with respect to conflicting rights held by other third parties). We also have active relations with associates worldwide. Accordingly, if government filings were made to protect the intellectual property, we can work with these associates in checking the above issues with respect to foreign-filed cases as well.

Quality Assessments of Target Patents

Our attorneys have vast experience in assessing the scope, validity and enforceability of intellectual property. With respect to scope, we assess whether a patent covers a target's product. We identify any blemishes concerning the drafting of the patent or its prosecution in the U.S. Patent and Trademark Office that may affect a patent's scope. With respect to invalidity, we regularly commission validity searches and evaluate how they may impact a patent's validity. With respect to enforceability, our attorneys are skilled at looking for duty of disclosure compliance issues, entity status issues and misrepresentation issues.

Infringement Risk Assessments

Whether they are looking for insight into potential issues down the road or faced with an immediate threat, we help our clients fully understand their competitive position and evaluate their options going forward. We provide clients with a useful, informative competitive landscape analysis to identify and evaluate potential IP risks such as especially litigious competitors or “picket fences” surrounding a client’s core technology. Our attorneys also analyze specific threats facing a client and examine a full range of IP opportunities to maximize the value of clients’ offerings while minimizing liability and expenses. When necessary, we also draft freedom to operate opinions, which allow clients to confidently move ahead on planned transactions and product/service offerings.

IP Audits

For clients who are concerned whether their IP portfolios and positions are secure, our attorneys have deep experience in reviewing client’s IP portfolios, assessing the quality of the client’s patents and their risk of infringing others patents. We help clients’ assess their level of IP protection in concert with their business goals, and counsel them on strategies that will maximize current and future IP assets.

Agreement Negotiation

During a business merger or asset acquisition, the intellectual property representations and warranties are frequently of chief importance. The intellectual property aspects of the deal may be treated separately from other representations and warranties, or may be carved-out from limitations on indemnification and liability that might apply to other areas. It is critical, therefore, to treat these representations and associated schedules with the utmost care and attention to detail. We have experience in negotiating intellectual property terms in a wide variety of business transfers, and analyzing disclosures schedules to limit indemnification obligations, or maximize earn-outs or other deferred compensation. Examples include reviewing and addressing issues raised in the seller’s disclosures and in our due diligence in a timely manner to minimize surprises for the client. Because we work closely with Fredrikson’s Mergers & Acquisitions attorneys, we know how deals work and we help get them done. We understand your objectives in the deal, and we don’t issue “absolutes” about the way things “must” be done with respect to intellectual property. We help you balance the risks present in any transaction against the potential rewards.

Preparation of Ancillary Agreements

When a company is acquired through merger, or is spun off in an asset deal, frequently intellectual property rights must be parceled out between the buyer and seller, or ancillary services must be provided. For example, a subsidiary being sold may use technology that the parent wishes to continue using as well, or a buyer may need the seller to supply products until the buyer’s manufacturing line is set up. We

have extensive experience in drafting licenses, assignments, transition services, supply, distribution, and other agreements that allow both the seller and buyer to operate the businesses as they wish going forward. We also attend to the recordation of licenses and assignments with government offices where necessary.

Experience

Representative Transactions & Projects

- Reviewed patent prosecution histories, cited prior art, infringement claims, and ownership history for patented cold storage containers. Assisted client in completing acquisition with understanding of risks, appropriate indemnities, and back-plan for dealing with risks.
- Reviewed and analyzed patent prosecution histories of patents in target IP portfolio, files and notes of patent holder's attorneys, and infringement litigation files and interviewed patent holder's attorneys. Identified important litigation settlement terms not disclosed by patent holder resulting in negotiation of reduction in sales price for fluid storage technology originally valued at \$6 million.
- Worked with client and client's inventors in review and analysis of 300 plus patent and literature references related to pollution control technology and related electronic controls. Effectively carved out a patentable niche within this heavily patented field resulting in a present combined total of 6 issued U.S. and foreign patents over the past 3 years, with about 30 applications pending in various countries.
- Conduct an on-going technical field search relating to the patents and publications of several key client competitors in the heavily patented glass technology field, relative to a major prospective purchase of several different products from client's new product lines in order to provide non-infringement warranties to client's customer. Reviewed and analyzed hundreds of patents and applications, including preparation of non-infringement opinions in order to provide client's customer with needed assurances to go forward with product purchases.
- Conducted review of prosecution history of patents recently acquired by client and prosecution and litigation histories of patents held by client's competitor relative to assertion of infringement by competitor. Review resulted in client acquiring competitor's patents based upon our assessment of strength of competitor's patents and high risk of litigation and judicial determination that client's products would infringe competitor's patents on masking technology.
- In a merger transaction with one of our clients, prepared opinions of non-infringement or invalidity of several of competitor's patents identified by the acquiring party. This provided acquiring party with needed confidence in strength of client's market position to go forward with acquisition.
- Represented investment group considering major investment in wind turbine manufacturer, reviewed cornerstone patent, identified hidden limitations that narrowed the patent's coverage and negotiated down the purchase price based

on the information revealed. Also summarized landscape of competitors' patents.

- Analyzed acquisition target's use of open source software in its commercial software products, and evaluated potential exposure related to open source software licenses in light of target's static linking to open source code, leading to additional representations by seller and increased indemnification obligation. After the acquisition, assisted client in complying with licenses to minimize risk going forward.
- Reviewed merger target's compliance with federal export regulations and identified potential areas for improvement of compliance activities post-merger.
- Identified deficiencies in merger target's government contracting practice and prepared amendment to target's government contract for entry by target prior to acquisition to help protect intellectual property from default government ownership.