

Preparing for IP Diligence

What is an IP diligence?

While the scope may vary, typically the party conducting a diligence wants to know:

1. What has the company done to make sure it owns the technology and associated IP?
2. How well has the company protected its technology? (e.g., how well do patents map onto products? Is the company relying on trade secrets?)
3. Is the company free and clear of the IP of others?

What documents might the company be asked to provide?

The party conducting the diligence will usually ask for copies of certain documents. Since the scope of a diligence may vary, the categories of documents may vary as well. Depending upon the circumstances involved, we would be happy to provide a sample list of documents upon request. Some of the more common categories include:

1. A list of all patents and patent applications.
2. A copy of all assignment documents for all patents and patent applications.
3. A copy of the employment and independent contractor agreements used to secure ownership of proprietary information and inventions; and a listing of any employees and contractors who have not signed such agreements or withheld any rights.

4. A copy of technical documentation that describes the company's product and/or service.
5. Any information about the extent to which competitors may be using the company's invention(s).
6. Any information about the extent to which the company is aware of the patents of others.

The company's attorney should review all documents before they are presented to the third party or third party's attorney to assure that no confidential, attorney-client privileged information is inadvertently turned over.

Follow-up questions the company might need to address

Following the review of documentation, the party conducting the diligence might seek information to address potential concerns about:

1. The chain of title of the IP.
2. The scope of the patent protection, especially the extent to which it covers existing and planned commercial implementations.
3. The extent to which third party patents might block commercialization.