

# Due Diligence in Business Transactions Involving Intellectual Property Assets

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**T**he process of gathering information and assessing the merits, issues, and risks associated with a business transaction is called "due diligence." It is a crit-

ical exercise in the acquisition and strategic utilization of intellectual property assets. Due diligence is a necessary precursor to funding a new venture, and is critically important in many other business transactions, including mergers, acquisitions, licenses, initial public offerings, and in some instances litigation.

In recent years, the commercial importance of patents and other intellectual property has become highly visible. Courts have imposed large damage awards for intellectual property misuse and infringement. Multi-million dollar judgments are no longer a rarity. Courts have also granted significant injunctions to limit the products which a company can market. For instance, Kodak was virtually eliminated from the instant camera market and subject to an extremely high damage award when it was found to infringe patents owned by Polaroid. As a result of these potential events, and the increasing value of intellectual property assets in today's high technology society, intellectual property matters have become an important aspect of a traditional due diligence study.

## **UNDERSTANDING THE TRANSACTION – IDENTIFYING THE COMPANY'S SHORT AND LONG TERM BUSINESS GOALS**

"Due diligence" involves asking questions, interviewing people with knowledge about relevant matters, obtaining and reviewing relevant documents, and obtaining information from independent sources. Before this can be done effectively, it is essential to understand the nature of the potential transaction and the companies involved from both a business strategy and scientific technical point of view, including any time or cost constraints imposed on the information gathering process. Only by understanding the strategic business objectives of the client can counsel direct due diligence efforts to identify those issues that may be material to the transaction, and work to resolve those issues in a manner that helps the client attain its business goals. Many times weaknesses in a company's intellectual property position can be remedied prior to completing the transac-

tion if these weaknesses are identified by a due diligence counsel who is keenly aware of his or her client's short and long term business goals going into the transaction.

The nature of the transaction and the companies involved affects the amount of intellectual property due diligence that is appropriate under the circumstances. For example, a start-up computer software company will typically require more emphasis on intellectual property than a manufacturer of a well established commodity. Likewise, the importance of the different types of property (i.e., patent, trade secret, trademark or copyright) can vary widely depending on the nature of the business or industry. If the transaction concerns a publisher or a television news organization, a detailed investigation into its procedures for avoiding copyright infringement would be in order. On the other hand, companies that market consumer products typically require a close look into trademark and design patent issues. Companies in the chemical and pharmaceutical industries typically require an analysis of trade secret and know-how issues. In biotechnology, it is likely that patents will be a major valuable asset under review. The nature of the transaction, the companies involved and their business goals greatly affect the scope of a due diligence study and also the makeup of the team assembled to conduct the study.

Whether the transaction involves international aspects or only domestic aspects is another factor that must be considered. For instance, the United States is generally more liberal in protecting inventions involving living matter (biotechnology) and software (business methods) than many other countries. The diagnosis and treatment of human beings is not considered to be patentable in some countries. Licenses which are enforceable in the United States may need to be recorded to be similarly enforceable and protect the underlying intellectual property in other countries. For instance, use of a trademark by a licensed but unrecorded licensee can lead to the loss of the trademark right in some countries but not in other countries. In the EEC, one cannot prohibit a trademark licensee from challenging the validity of the licensed mark, while that is generally prohibited in the United States. While databases are generally not copyrightable in the United States, the EEC issued a Database Directive in 1996, and some European countries (e.g., Great Britain, France, and Germany) now have database copyright laws in place.

It is impossible to definitively set forth the parameters which will be applicable to every type of due diligence study. Check lists abound. However, no check list can be relied upon blindly without due consideration of the company's business goals and how they relate to the transaction at hand. Every transaction is different. For some due diligence studies, a particular check list will be overly broad or will be deficient; important information may be missed if such a check list is followed without the exercise of independent judgment based on the short and long term business objectives of the company going into the transaction. For some transactions, a particular check list may also be too detailed and strict adherence to it could potentially get in the way of consummating an otherwise viable and important transaction. While a sample due diligence check list is provided at the end of this article, it is important to keep these considerations in mind.

Although there is no definitive check list for all studies, intellectual property due diligence generally seeks to gather information to shed light on:

- What intellectual property assets does the company have, and are there any problems relating to **ownership or control** of those assets?
- What is the economic and strategic **value** of the target intellectual property? To what extent does it provide effective exclusivity in the market for the company's products or services. What are the potential licensing or other strategic uses of the intellectual property?
- Does the company have potential **liability** for infringing the intellectual property rights of others? Can it market its products or services without infringing the rights of others?

The ownership of intellectual property assets requires a clear chain of title from the inventor, author, or previous owner, and also the recordation of assignment documents in the appropriate public records. In many transactions, otherwise valuable intellectual property assets are weakened or lost by the lack of an assignment of all interests from all of the correct inventors, creators, or authors, or by the existence of liens or security interests that encumber the assets. These factors also can affect the ability of a company to control the intellectual property. For example, even if there is a very valuable copyright in existence, it may be a joint work where each author owns an undivided part of the property. A co-author who is not an employee or not

under an obligation to assign ownership can then diminish the value of the copyright to the company by granting rights to another entity. In addition, contracts granting rights in intellectual property must be reviewed to identify geographic or other restrictions on a company's ability to use what it believes to be its portfolio of current or potential intellectual property assets.

The economic value of intellectual property depends on the type of intellectual property and its scope, including the extent to which it is limited in terms of geography, time, or potential contractual restrictions. The strategic value of the property depends on how well it fits with the company's business objectives and whether it can be effectively enforced against others in the industry. The business decision maker can evaluate the strategic value after he or she is fully informed of the intellectual property's character, scope, validity, enforceability, and limitations. A due diligence study of intellectual property is designed to provide critical information based on the scientific and business purpose of the transaction so that the business decision maker can make an informed decision about the potential transaction and, if possible, so that any weakness can be remedied in order to guide the transaction toward fulfillment of the client's ultimate business goals.

The scope of intellectual property involves widely different substantive issues depending on the type of property. The scope of a United States utility patent, for example, depends on its claims, which are the numbered sentences at the end of the patent document. The number of claims is much less important than the scope of the claims. A patent with a single claim may be more valuable than a patent with 20 claims. Generally speaking, the broader the claims, the broader the scope of the patent. However, breadth, standing alone, can be misleading. The most important aspect and what must be considered is whether the claims of the patents provide a useful scope of protection, or whether they can be easily designed around. A patent with broad claims may prohibit competition by similar products, yet still not prevent competition by all alternative products. If alternative products can compete effectively with the patented technology without infringing the patents, then the patents might have relatively little value even though they cover a large area. It is important to verify a company's expectation that its patents cover particular products and also to confirm that alternatives are not readily available to

compete with these products. In many due diligence studies, this part of the analysis also involves a determination as to the validity of key patent claims.

Patents observe national boundaries. The EEC has a system in which a single patent application is processed until it is allowed, and then individual patents having the same text are registered in individual countries. What is commonly called a "European Patent" is not a patent at all, but rather a publication of an allowed patent application. Similarly, what is sometimes referred to as an international patent, is also not a patent at all, but rather a published application filed under the Patent Convention Treaty (PCT) and which must then be filed as an application in each individual country or the EEC before it can be processed into a real patent which provides a measure of exclusivity to its owner. In addition to being nationally limited, the type of protection varies from country to country.

The value of a trademark depends on the strength of the mark, whether a registration has been obtained, and on a variety of other factors. Similar to patents, trademarks are essentially limited by national borders. In the United States, trademark rights can be acquired either by actual use or by seeking a registration, whereas in many countries the first entity to register the mark may have superior rights to the first user.

Copyrights, on the other hand, tend to transcend borders. A copyright created in, for instance, Hong Kong can be valid in New York without any need for registration. However, some countries restrict the right to sue for enforcement of the copyright or limit the damages which can be recovered in the absence of a registration. Further, because of the way that the statutory copyright law developed in the United States, the date of creation may affect whether or not the work needs a copyright notice when first published, whether the life of the copyright was divided into two segments and required a renewal application, and the extent to which licenses can be restricted. Additionally, a grant of exclusive rights in the United States must be in writing, although what constitutes a "writing" is liberally construed. In general, highly creative works may be given a broader copyright scope of protection than works that involve only a modest amount of creativity.

Trade secrets have become increasingly valuable to many companies, not only as a tool for achieving a competitive advantage, but also as a source of licensing income. It has been reported that IBM derived about

two-thirds of its \$1.7 billion licensing income in 2001 from licenses that involved trade secrets. A key element in protecting trade secrets is that the effort to maintain secrecy must rise to at least the level of "reasonable effort" under the circumstances (e.g., marking material confidential, providing physical barriers, providing reminders of secrecy, and conducting exit interviews of departing employees). The extent to which such efforts are in place can affect the value of the trade secrets.

## THE DUE DILIGENCE TEAM

The object of the due diligence not only affects the scope of the study but also the constitution of the team assembled to conduct the study. Due diligence is typically conducted by a team made up of management representatives, company research and development or other technical personnel, attorneys (both inside and outside), accountants, actuaries, and appraisers. Each contributes to the overall evaluation of the company or other assets or venture being considered. The team is frequently led by an experienced corporate manager or attorney. Attorneys with expertise in specific areas of the law, such as intellectual property or international taxation, are engaged as needed. Members of the team need to be able to interact with other members and draw on their expertise as required.

In general, overview discussions should include all team management members. Management's technical representatives and counsel should handle the intellectual property discussions, particularly if the due diligence involves complex patent or trade secret issues with specialized training and experience and requirements. It may even be appropriate for an independent third party to be retained to perform all or certain portions of the technical due diligence, such as determining whether a patented biotech process can repeatedly achieve the desired goals or *in vivo* efficacy.

Inquiries of suppliers and customers should involve management or investment bankers, but contracts with third parties should be reviewed by counsel. Inspection of physical assets and facilities should be conducted by management and its technical staff, investment bankers or accountants, and where appropriate, counsel.

Examination of intangible assets such as patents and trademarks should be conducted by counsel and, for valuation issues, accountants. Review of regulatory approvals and licenses should be conducted by management and counsel.

Title searches, Uniform Commercial Code ("U.C.C.") filings of security interests and other liens, Patent and Trademark Office ("PTO"), and Copyright Office searches, should be conducted through counsel. Major contracts should be reviewed by counsel, although experts may be retained to examine certain types of agreements (e.g., government contracts counsel may be retained if government contracts are a key part of the assets or business).

## DUE DILIGENCE PROCEDURE – OBTAINING AND REVIEWING THE INFORMATION

In the context of a corporate acquisition, basic information about the target company needs to be obtained at an early stage. A great deal of such information is publicly available and can be obtained independently through various on-line services and database sources. For instance, in the case of a pharmaceutical company, reference to what is referred to in the trade as the "Orange Book," a Food and Drug Administration ("FDA") publication, will identify a company's pharmaceutical products approved for marketing, the key patents which can be infringed by such marketing, and also certain competitive products, if any.

Based on the business goals and objectives of the transaction, additional information is requested directly from the company. In practice, a separate request relating to intellectual property matters is typical, but this may be combined with requests for information about other aspects of the company. It might also be appropriate to conduct initial interviews with appropriate corporate officers, in-house intellectual property counsel, key inventors, engineers, artists, advertising executives, etc. In many cases, the individuals responsible for the company's core technology are important; such individuals should be identified and the arrangements with them explored. For instance, do they have employment contracts?; have they assigned their rights to the company?; have they departed and joined potential competitors? In some countries, inventors can have a right to receive compensation when a patent is assigned or licensed.

The key products, including detailed specifications, chemical formula, biological activity, pharmaceutical indications, manufacturing processes, etc., should be identified so that a determination can be made as to whether any existing third party patents

or published patent applications cover these aspects of the company's key products. Any licenses covering an end product or its production, including any intermediates used, should be obtained and reviewed. If any specific or unique materials are necessary to the production process, such as plasmids, constructs, or cell lines in the biotechnology arena, their source and any contractual arrangements involving them must be examined. All supply agreements, research collaboration agreements, distribution agreements, and the like should be reviewed to make sure they are assignable and will survive the transaction, and also to determine whether they are dependent on third party rights.

Independent contractors, consultants, and grants can be a major source of potential conflicts. Outside companies or individuals may have been utilized in developing a product, the method by which it is produced, or obtaining regulatory approval where required. These companies and individuals are usually independent contractors. Likewise, consultants employed in connection with a project are also independent contractors. The arrangements with independent contractors must be reviewed to ensure that any intellectual property resulting from the work done, including clinical trials and consultations, vest in the company.

Disgruntled former employees can also be a source of conflicts. It can be useful to review any patents which have been granted to, or patent applications which have been filed by, these individuals to ensure that none of these applications or patents is directed against the products of the company. When doing so, however, it is important to keep in mind that while most patent applications are now being published 18 months after they were filed, not all applications are subject to being published and, even when they are published, there is still at least an 18 month gap measured from the initial application filing date.

Where feasible, personal inspections by technical personnel should be conducted to reveal aspects of the facilities, products, and processes that were not previously fully known to the due diligence team. A plant visit might also reveal whether appropriate physical security precautions and safeguards are in place, which are factors that can affect the value and scope of trade secret protection.

A thorough independent investigation should be undertaken in connection with all key assets. For United States patent

assets, not only should a title search be conducted, but also the actual assignment documents should be obtained and reviewed since they can contain special provisions not found in the published abstracts of what was recorded, and the appropriate state and local U.C.C. records should be obtained and reviewed for recorded security interests. Likewise, title searches for registered U.S. trademarks should be conducted both at the Patent and Trademark Office and in the appropriate U.C.C. records; it is especially important to confirm that no mark was assigned apart from its good will. Information about United States copyright ownership and title issues can usually be obtained by searching in the U.S. Copyright Office. However, indexing is based on the information provided by the submitting party and if two competing copyright claimants use different titles for the same work, the conflict may not be evident. For copyrights of special interest, it is therefore generally advisable to confirm that the copyrights were properly assigned from the author to the company, especially in work-for-hire and joint authorship situations.

## **SAFEGUARDING CONFIDENTIAL TECHNICAL AND BUSINESS INFORMATION**

Before or concurrently with any information request, a suitable confidentiality agreement between the client and target companies should be in place. Sensitive commercial and technical information is likely to need to be disclosed between the companies and care must be exercised to maintain its confidentiality. The disclosing party will be concerned that the receiving party may improperly use the information if the transaction is not closed, and the receiving party may be concerned about the difficulty of proving independent development if the transaction is not closed. Further, competitors or potential competitors are often involved and this implicates the antitrust laws, namely the Sherman Act §§ 1 and 2, the Clayton Act § 7, and the FTC Act § 5 in the United States, or the relevant provisions of EEC antitrust law (Articles 85 and 86 of the Treaty of Rome). This is illustrated by the fact that the United States Federal Trade Commission (“FTC”) challenged a merger involving Ciba-Geigy because it involved gene therapy technology, even though there was no present or immediate future product competition as no product had reach Phase II testing. The FTC asserted that the merger

could lessen competition in the innovation market, and that it could result in a “killer portfolio”, i.e., a bundle of patent rights, which would erect a substantial barrier to market entry by other competitors.

Access to competitive information is necessary in order to evaluate the likelihood of antitrust consequences. At the same time, appropriately restricting such access can avoid problems in the event that the transaction is not completed. To the extent practical, information can be compartmentalized and thus only specified members of the due diligence team allowed access to particular categories of information. In this way, the likelihood that such problems will arise is eliminated or at least minimized.

The importance of appropriately restricting access also arises in situations that implicate information which the law protects from disclosure to others under the attorney-client privilege doctrine. Thus, during preliminary or follow-up interviews, and in connection with requests for documents, consideration should be given as to whether to elicit responses that could potentially waive the company’s attorney-client privilege.

## **THE ATTORNEY-CLIENT PRIVILEGE DOCTRINE IN DUE DILIGENCE**

By definition, the attorney-client privilege applies to communications from a client where an attorney, acting as such, is gathering information from the client (without the presence of third parties) for the purpose of rendering legal advice or services or is rendering legal advice to the client. Disclosure of opinions of counsel, for example, could be deemed a waiver of the company’s privilege with respect to the subject matter of those opinions. A waiver was found to have taken place in one case when the “parties took no steps to safeguard the privilege” and the prospective seller “sought commercial gain, not legal advantage, through disclosure of its lawyer’s advice.” In other cases the disclosure of information during arms length negotiations between joint venturers waived the privilege.

The definition of the attorney-client privilege (confidential communications between the client and attorney obtaining information for rendering legal advice or services or rendering such legal advice) provides guidance about how to proceed so as to maintain the privilege. It is recommended that the attorney have a written request for legal advice from the client,

because this makes it easier to establish the existence of an attorney-client relationship. The presence of third parties during interviews can vitiate the privilege, and this fact will dictate the exclusion of some members of the due diligence team (members who are not the management control group of the client) from certain discussions and information gathering, if only to avoid raising a question about privilege relating to whether information was shared with anyone other than the attorney and the “client.”

In the United States, sharing information between entities that have a community of interest is generally protected by the privilege. One court defined a community of interest as situations in which separate corporations “have identical legal interest with respect to the subject matter of a communication [and the] key consideration is that the nature of the interest be identical, and not similar, and be legal, not solely commercial.”

Formation of a community of interest may be inferred from merger-acquisition negotiations. In one case, the disclosure of a patent opinion of a target company to a potential acquiring company was found not to have waived the privilege. Both companies involved in a due diligence situation have a legal interest in ensuring that there is clear title to the intellectual property involved, and avoiding infringement of the intellectual property of others. This understood common interest should, in most circumstances, be sufficient to maintain the privilege based on the community of interest between the companies. Nevertheless, it is best not to leave anything to inference. A court found in one case, there was no privilege because of a failure “to prove that the parties to [license] negotiations shared an identity of interests such to invoke the common interest doctrine”. It is therefore prudent to include an appropriate “whereas” clause in the confidentiality agreement or in other preliminary communications between the companies so as to establish their community of interest. If the contemplated transaction is completed, the acquiring company may of course wish to assert the attorney-client privilege for itself, rather than causing a waiver of it in the course of evaluating the potential transaction.

In matters involving foreign inquiries, care must be taken to understand the scope of and limitations of the privilege in other countries. United States courts may apply foreign law in accordance with conflict of law considerations; that foreign law may

not provide for any attorney-client privilege. For instance, asking British counsel for information about on-going patent litigation would likely not be privileged. British law provides that an inquiry is privileged if the inquiry is made after litigation is commenced or in contemplation of litigation, and also is for purpose of obtaining legal advice in the litigation or obtaining information and evidence for use in the litigation. Due diligence does not typically satisfy the latter requirement.

## CONCLUSION

Before a "due diligence" study can be conducted effectively, it is essential to understand the nature of the potential transaction and the companies involved from both a business strategy and scientific technical point of view. Only by understanding the business objectives of the client can counsel direct due diligence efforts to identify those issues that may be material to the transaction, and work to resolve those issues in a manner that helps the client attain its business goals.

Due diligence seeks to determine existence, ownership and control of intellectual property assets, the economic and strategic value of the intellectual property, and the potential for liability for infringing the intellectual property rights of others. The economic value usually depends on the type of intellectual property and its scope, including limitations of geography, time, or potential contractual restrictions. The strategic value of the property depends on how well it fits with the business objectives and whether it can be effectively enforced against others in the industry.

It is important that counsel conducting intellectual property due diligence complete not only a thorough investigation, but also one that is guided by an understanding of the client's business goals and a sensitivity to the confidential and privileged nature of the information involved. Conducting due diligence as outlined in this article will maximize the likelihood that material issues will be identified and, if possible, remedied before closing the transaction, a time when such issues are typically most easily remedied. Due diligence as outlined here will also minimize the possibility that the investigation might unduly interfere with consummating an otherwise viable transaction or cause problems based on a lack of sufficient planning regarding the disclosure of privileged and confidential information.

Suitable arrangements as to confidentiality should be made, but even so, some

disclosures should be compartmentalized among the team members and limited in order to avoid breaches of confidentiality and waiver of any attorney-client privilege that would otherwise exist. We recommend the due diligence team use the following check list, modified to fit the transaction under consideration, as a guide to the inquiries to be made.

## CHECKLIST

### Patents

- Obtain technical description of products, including formulations and manufacturing processes. Review FDA filings.
- Assess the company's procedures for identifying patentable inventions and designs, and for ensuring applications are timely filed. Determine whether the procedures are followed and are appropriate and effective under the circumstances.
- Obtain a complete list of the company's U.S., international, and foreign patents and patent applications, both utility and design.
- Obtain confirmation that the company has recorded assignments (where applicable) for all U.S. and foreign patents and patent applications.
- Determine whether the company has assigned or granted security interests against any patents or patent applications.
- Obtain patent maintenance and annuity fee records. Obtain confirmation from independent sources. Identify patents that are expired and/or no longer enforceable.
- For patents of special interest, request all prior art in company's files. Determine whether there are any validity issues that would justify further investigation.
- Obtain any correspondence from the company accusing others of infringing its patents and/or offering licenses under the company's patents. Consider whether any matters justify further negotiations and/or litigation.
- Identify any actual or threatened litigation/claims against the company, such as cease and desist letters. Identify all license offers made to the company. Assess the merits of all such allegations against the company. Identify the current status of any ongoing proceedings

or negotiations. Obtain copies of settlement agreements and releases.

- Identify and review all license agreements, covenants not to sue, and indemnification agreements.
  - Review the results of patentability and right-to-use searches conducted or commissioned by the company. Consider whether to request corresponding legal opinions, keeping in mind that disclosure of such opinions may potentially waive the attorney-client privilege.
  - Review all records of audits conducted by or against the company pursuant to any type of intellectual property license agreements and/or research and development agreements.
  - For U.S. patents of special interest, obtain assignment records from PTO and conduct U.C.C. searches. Engage foreign counsel to confirm ownership and clear title to foreign patents of special interest.
  - Search for patents and patent applications in the names of key personnel, consultants, and principal clinical trial investigators to ensure that they were assigned or licensed to the company.
  - For patents of special interest, where further investigation is justified, obtain prosecution histories from PTO (engage the assistance of foreign counsel for foreign patents).
  - Check employee, consultant, clinical trial investigator, and officer agreements to confirm obligations to assign U.S. and foreign rights.
  - Conduct freedom-to-operate searches for company's products and processes, including contemplated future products and process. Assess the results of the searches.
- ### Trademarks
- Review all products, marketing, promotional, and packaging materials of the company to determine trademark usage.
  - Obtain copies of all U.S. and foreign trademark registrations and registration applications.
  - Identify all assertions of trademark infringement, trade dress infringement, dilution, or unfair competition made by or against the company.
  - Determine whether any trademarks have been recorded by the U.S. Customs Service by or against the company.

- ☒ Obtain records of any U.S. opposition or cancellation proceedings and equivalent foreign proceedings.
- ☒ Review all material trademark renewal records.
- ☒ Obtain results of trademark searches conducted by the company.
- ☒ Confirm ownership and clear title to company trademarks, trade names, and domain names. Conduct independent title searches at PTO and in appropriate U.C.C. records.
- ☒ Identify and resolve any potential domain name disputes.
- ☒ Review assignments, licenses, covenants not to sue, and security documents, where appropriate.
- ☒ Identify any marks of the company that may have been abandoned.
- ☒ Identify procedures employed by the company for quality control monitoring of licensee use of trademarks.
- ☒ Conduct independent searches for trademarks of special interest.

### **Copyrights**

- ☒ Identify all copyrights of interest.
- ☒ Review all material work-for-hire agreements and consultant contracts.
- ☒ Evaluate the company's policy for identifying and protecting its own copyrights.
- ☒ Evaluate the company's policy for avoiding infringement and obtaining

copyright clearance to protect against infringement claims.

- ☒ Identify all assertions of copyright infringement by or against the company.
- ☒ Review all copyright assignments, licenses, and other transfers. Review records at U.S. Copyright Office for copyrights of special interest.
- ☒ For all transfers of material copyrights, determine which individual aspects of the copyright were transferred.
- ☒ Check employee, consultant and officer agreements for acknowledgement of employee status for copyright purposes, etc.
- ☒ Identify any moral rights issues, particularly with respect to foreign operations.
- ☒ Identify all relevant recordings of copyrights by U.S. Customs Service.
- ☒ Assess adequacy of licenses for all software loaded on the company's computers.

### **Trade Secrets**

- ☒ Obtain list of material trade secrets.
- ☒ Determine whether appropriate confidentiality and non-compete agreements are in place, especially with respect to key personnel.
- ☒ Evaluate adequacy of hiring and exit interviews procedures. Review records for key personnel.
- ☒ Evaluate secrecy policies, including physical security, employed by the company.

- ☒ Evaluate security policies for computer software and electronic data.
- ☒ Consider the impact of recent arrivals or departures of key personnel.
- ☒ Review know-how licenses and other technical assistance agreements, indemnification agreements, and confidentiality agreements.

### **Miscellaneous**

- ☒ Consider any potential improper anti-competitive effect or antitrust scrutiny under the circumstances.
- ☒ Review press, SEC, and annual reports.
- ☒ Determine whether key technologies and other intellectual property rights have been transferred or licensed to one or more government agencies, e.g., via U.S. government purpose rights provisions.
- ☒ Consider applicability of other types of intellectual property, including semiconductor chip protection, right of publicity, plant patents, domain name registrations, etc.
- ☒ Assess adequacy of insurance coverage against intellectual property infringement claims.
- ☒ Consider the character of key licensed rights with respect to, e.g., exclusivity, field of use restrictions, geographic restrictions, and royalty rate structures, etc.
- ☒ Consider appropriate language for public announcements relating to the transaction. **IPT**