

## IP Diligence

**IP Diligence is an investigation by expert counsel to identify IP strengths and weakness before a deal closes. An HBSR IP Diligence Investigation brings clarity to the deal, giving our clients confidence that critical IP is sound and that potential threats to the investment can be managed.**

HBSR's world-class team of highly skilled lawyers conduct IP Diligence Investigations for leading entities across market sectors, including venture capital, private equity, banks, investors, acquirers, and operating companies. Our expert IP attorneys have decades of combined experience investigating, litigating, obtaining and managing virtually every form of IP. We have diverse and complementary backgrounds, and we work in teams to provide unsurpassed insight and judgment to our clients.

**Our deep bench of technical, scientific and IP law expertise allows us to investigate a wide range of technologies, including:**

- Biotechnology, Pharmaceuticals, Chemistry, Materials Science
- Medical Devices and Diagnostic Testing
- Computer Science, Data technology, and Artificial Intelligence
- Software, cryptocurrency, and blockchain
- Electronics, Telecommunications, and Computer Hardware
- Optics and Laser technology

**We investigate the scope, strength, and availability of the full range of applicable IP, including:**

- Patent protection or pending applications, whether afforded by foundational patents or by entire patent estates
- Patent term extensions (PTE)
- FDA and other regulatory exclusivities or approval requirements
- Rights associated with FRAND and Standard-Essential Patents (SEP)
- Copyright or data rights in software code, algorithms and APIs
- Licenses and royalty agreements
- Trade Secret Protection of IP assets
- Trademarks

Our judgment, honed by years of experience, allows our clients to manage risk while achieving business goals. Our team has conducted Diligence Investigation on a myriad of deals, cumulatively representing many billions of dollars invested.

## IP Diligence

### Defining the “Diligence” in IP Diligence

Not every transaction is the same. Our expert IP lawyers first work with client decision-makers to plan the diligence project to focus on the key issues. Our services are tailored to the needs of the client and the circumstances. Some HBSR Diligence Investigations are organized to be a “deep dive” into the IP and some are targeted to “hot button” issues.

After we understand the client’s goals, we identify the critical categories of documents and information from the parties and other sources, such as the USPTO or FDA. We conduct detailed interviews and review documents. Finally, we provide a comprehensive written report explaining the technology, the law and our conclusions and suggestions about the IP. These reports are critical to our clients in making a final decision about the investment, and can also be important to use to bring in other investors on the deal.

### Bringing Clarity to the Proposed Deal

IP Diligence should bring clarity to the proposed deal. After understanding our client’s priorities, we identify the key IP assets and risks at issue. We provide clients with a detailed explanation of how that IP works to protect the investment. Many clients have told us that our clear explanations of how the key IP functions and associated risks allowed them to better understand the proposed deal.

We review the full scope of IP, for example, an entire patent estate, to understand what it protects today, how strong the patent estate is and how the patent estate can be managed in the future to produce additional patents critical for the investment. We consider how key products or services will fair in IP litigation brought by competitors. The firm evaluates freedom to operate and reviews positions on IP validity and patentability, litigation, and other risks.

IP clarity allows the parties to fully understand and manage IP strengths and risks before the deal closes. Where the IP is particularly strong, a client may use that knowledge to take a more aggressive approach to the deal. Where the IP has weaknesses, we suggest solutions to repair and strengthen the IP.

### Managing Risks and Entering Deals with Confidence

There are very few risks identified in diligence that are deal breakers. The goal in diligence is to work with the client to make the deal a success. Most identified IP risks are managed through negotiation. The parties may agree to add certain representations and warranties in a deal. Such representations might attest that there are no issues as to IP ownership or inventorship. Warranties might require the IP owner to take steps at the USPTO to seek broader or more narrow patent claims. Based on findings from the Diligence Investigation, the parties may adjust deal terms concerning payment, escrow, milestones or termination clauses in an effort to manage different risks.