

# **USING INTELLECTUAL PROPERTY TO CREATE VALUE**

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# INTRODUCTION

- Filing early and often is not good enough
- Need a comprehensive strategy
- Overview
  - Start with the end in mind
  - How to get there
  - Avoiding potholes along the way
- More information: Karny, “How to Set a Patent Strategy,” Legal Times, June 20, 2005

# START WITH THE END IN MIND

- Goal: create value for investors
  - VCs
  - Collaborators
  - Public shareholders
  - Acquiring company
- Investors want to know: what space can the company operate in and protect?
  - The answer comes from legal due diligence

# SURVIVING DUE DILIGENCE

- Need credibility and preparation
- Investors will assess:
  - Ownership
  - Scope of patent protection
  - Freedom to operate
  - Accuracy of statements in financing document

# GETTING THERE: CREATING VALUE

- Follow the business model
  - Be able to answer the question: what business objectives will be achieved
- Identify markets and competitors
- Identify categories of technology and related patent rights
  - Starting with products and core technologies, decide how aggressive to be with each category
  - Organize your patent portfolio accordingly

## CREATING VALUE (contd.)

- Focus on patent costs
  - Know historical costs and estimate projected costs for each patent family, product, and technology
- Does the expected return justify the costs?
  - Look at application costs in totality, not piecemeal
  - Make the hard decisions
    - Are you really going to out-license single, marginal applications?

# GETTING THERE: REMOVING ROADBLOCKS

- Do your FTO assessments
- Act on the results
  - Obtain a license
  - Design around
  - Obtain a legal opinion of non-infringement or invalidity

# POTHOLES: VALUE-DESTROYING MISTAKES TO AVOID

- Loose ends relating to ownership
- Not keeping track of CDA and MTA restrictions
- Poor notebook practices
- Disclosure without a confidentiality agreement
- Offering the invention for sale prior to patent filing
- Not doing a patent review of publications



# CONCLUSIONS

- IP is a critical asset for a biotech company
- The greater its value, the greater the worth of the company
- Aggressive filing is not enough to build value
- Need a strategic plan

# THANKS!

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