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## IP Due Diligence

IP Due Diligence is an important part of licensing, corporate mergers, acquisitions, and private equity deals. Intellectual Property (IP) assets, including patents, trademark, copyrights, trade secrets, and other know how, drive many high technology merger or acquisition strategies. Now more than ever, companies contemplating commercial transactions need to have a thorough understanding of the value and risks associated with the transfer of intangible assets as part of a deal. For a variety of reasons, though, too many companies own IP rights without having an accurate understanding of the true value and risks associated with their portfolio or acquire portfolios without first developing an understanding of what the portfolio means. Parties that are considering buying, selling, and/or licensing IP need to have a full understanding as to which IP assets are part of the deal, the nature and value of those assets, and what limitations or risks are attached to them.

IP Due Diligence involves a thorough investigation and examination of assets, performed by investors and/or their agents, in an effort to determine such things as the validity of ownership rights and the quality of the assets themselves. As such, due diligence is typically conducted prior to the transfer of these rights or assets.

IP Due Diligence provides a better understanding of the assets and liabilities involved and enables the acquirer to make an appropriate offer, negotiate a lower price, or cancel the acquisition if necessary. Verifying all the material facts relevant to the investment or purchase by undertaking an early IP Due Diligence effort is a prudent way to determine the value of business transactions involving IP and, therefore, to avoid or minimize costly mistakes and disappointing outcomes.

Important considerations for potential acquirers of IP include:

- **Rationale** - Be clear on what you hope to gain from the transaction.
- **Ownership** - Ensure that the seller is entitled to sell the IP to you.
- **Obligations** - Understand your obligations to the other party in the deal.
- **Litigation** - Ascertain whether the IP is the subject of any litigation, opposition, or other adverse action.
- **Fees** - Confirm payment of maintenance fees where applicable.
- **Timelines** - Understand all significant deadlines related to the assets.
- **Other IP** - Identify related IP rights that may affect your usage rights.

## IP Due Diligence

### **Benefit from our Experience**

With its substantial IP, corporate, technology and litigation experience, Steptoe & Johnson LLP is well positioned to analyze the risks and value inherent in an IP portfolio. Steptoe regularly represents both buyers and sellers on IP aspects of mergers and acquisitions, performing due diligence, drafting and reviewing relevant agreements, and providing counsel to clients negotiating terms in their transactions.

Steptoe represents companies in a wide variety of transactions, including agreements to develop, license, test, market, distribute, co-brand, protect, and acquire or divest technology and related IP rights. Our lawyers have significant experience representing licensors, licensees, developers, investors, and technology companies of all sizes in virtually all areas of technology.

Our due diligence inquiries focus on the rights, value and risks associated with the IP assets in question, what competitive advantage the acquisition can afford the acquirer, and the extent to which these new assets would be a meaningful and strategic addition to their existing portfolio. Our sensitivity to both the technical aspects of IP and the related business environment in which the IP exists contributes to our ability to consistently obtain exceptional results for our clients.

Our clients rely on Steptoe's knowledge and experience with the IP Due Diligence process to help you make informed decisions on potential deals, optimize deals outcomes, and minimize risk in the course of pursuing strategic initiatives.