

# The Role of IP in Making M&A Decisions

**Incremental Advantage Program on  
*Managing IP for Maximum Returns*  
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**Ron Laurie  
Inflexion Point Strategy, LLC**

## **Using IP to get to Yes** – IP in Target Selection and Deal Pricing

How often is it done? –

The exception rather than the rule

IP traditionally viewed as risk factor rather than value-driver

Reasons

Examples

Limitations on what IP is available for analysis before price is agreed.

Issued Patents and Trademarks in use or registered - Yes

Pending patent applications - Maybe

Trade secrets, Know how - Probably not

Constraints

Time

Internal IP staff is usually not “over the wall” until late in the process

Emergence of the CIPO position may change this

IP Analysis Tools and Methodologies

**Using IP to get to No** – IP Due Diligence

Risk Identification - IP diligence checklist & requests

What to look at, how deep to go?

Infringement exposure risk

Potential loss of critical inbound license risk

Anti-assignment & change of control restrictions

Relevance of deal structure – e.g., RTM

“Contaminating” Acquiror’s IP with Target’s license obligations

Participation in standards bodies (RAND obligation?)

Risk Shifting – The Merger/Asset Purchase/Stock Purchase Agreement

Reps & Warranties and Exception Schedules

Closing Conditions and IP Materiality Threshold

Escrow – How much and how long?

Indemnification – Cap for IP risks?

**Worst Case Planning** - IP precautions in case the deal craters

Non-Disclosure Agreements

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## Managing Disclosure in Technical Due Diligence

IP ownership agreements – The “IP Pre-nup”