

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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