

Preparing your Startup's Patent Portfolio for Sale

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REBECCA M. MCNEILL
617.489.0002
rebecca.mcneill@mcneillbaur.com

Authored by Rebecca M. McNeill and Mayssam H. Ali

All things end – some happily, some less so. That's especially true in the startup world. Preparing for the possible sale of your startup's intellectual property early on might seem ridiculous, but it's the best way to obtain the full value of your investment. It not only gives you time to create something of value, it also lets you address any weaknesses before reaching out to prospective buyers.

Step one: Take stock of what you've got. Evaluate the strengths and weaknesses of your portfolio. Address any weaknesses by seeking a certificate of correction for minor errors, or by requesting reissue or reexamination of those patents.

From there, evaluate the scope of your patent portfolio. What technologies does it cover? What is the scope of your claims: will it cover your preferred technology and any future proposed improvements? Do you have protection for compounds, any variants, apparatuses, methods of making, methods of using and so forth? If there are any holes, confer with your patent attorney and take steps to obtain additional coverage.

Any prospective buyer will want assurances it could enforce those patents against future infringers. On your end, that means ensuring that all maintenance fees (or other dues) have been paid. Also, if small entity status was claimed, re-confirm that was appropriate at the time – and see if it remains appropriate now. If not, make any necessary corrections.

A patent may be unenforceable if you fail to disclose material information to the patent office, so prospective buyers are certain to do their due diligence. Make doubly sure your inventors (and anyone substantially involved in the patent process) have disclosed all relevant information. This goes for both existing and pending applications

You'll also want to ensure that you have clear title to the portfolio you seek to market. Verify that you correctly determined inventorship (in other words, who conceived the product or invention) in your filing. If not, work with your patent attorney to correct that. Investigate whether other parties could claim inventorship (and thus ownership) and, if necessary, obtain assignments or licenses from them.

It probably goes without saying, but investigate the value of your technology and patent portfolio before seeking a buyer. This will depend in part on the strength and scope of your portfolio and the competitive landscape. Be sure, also, to conduct a freedom to operate search – which will determine whether any blocking patents may detract from the value of your technology.

If you find some, investigate whether they're valid and enforceable – and if you have infringed. If so, consider licensing those patents.

Finally, recognize that buyers will ask for all sorts of information you didn't anticipate. While it's ok to share some data to facilitate a sale, be aware of the risks involved in sharing information that may be sensitive or attorney-client privileged. Establish a plan to maintain that privilege, and to preserve confidentiality of other sensitive documents, throughout the due diligence process.

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