

The IP Risks Of Change, And How To Minimize Them

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1. Patent due diligence should at least focus on the patents and applications of a target company and the risk of trouble with third party patents. The target patent and applications should be reviewed to see the breadth and strength of coverage owned by the target and to judge how hard or easy it will be for competitors. Third party patents and applications should be reviewed to help ensure that the target company is not and will not infringe patents of others.
2. Trade secret due diligence should ensure that target companies are adequately protecting valuable trade secrets, with proper procedures in place to ensure continued confidentiality. Additionally, inquiries should be made to uncover any red flags about possible allegations that third party trade secrets have been used by the target.
3. Trademark due diligence should ensure that the target company has proper title to its registrations, assess if key marks of the target have been registered on the most used goods and services and in the countries in which the marks are used, review licenses in and licenses out to understand nature of rights target may use and review third-party co-existing marks to understand the strength of the client's marks and the potential for incoming claims of infringement. Many marks have limited enforceability against third parties due to the descriptive nature of the mark or other co-existing marks – this should be understood prior to acquisition.
4. Copyright due diligence should confirm that the targets have agreements with independent contractors and consulting firms assigning key copyrights to the target and agreements with employees assigning rights in works created to the target to cover gaps in the rights that would be provided under common law.
5. NFT due diligence should assess the right to use any underlying patent, copyright or trademark rights utilized by the NFT. In addition, the terms of the underlying license should be reviewed to understand the extent of the rights held in the NFT. For example, usually the NFT itself may be transferred but there is no right to make copies.

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