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INTELLECTUAL PROPERTY AUDIT REVIEW CHECKLIST

Are you making the most of your IP assets?

In today's business environment of instant connectivity and globalization, all companies have intellectual property challenges and opportunities. Many businesses, however, are not aware of the intellectual property assets they possess, much less the means to protect them and maximize their value. That is where Offit Kurman Attorneys at Law can help. Our experienced team of IP attorneys regularly audit businesses and uncover the exposure - and opportunities - they may not even know they have.

We invite you to review and complete the enclosed checklist to help you identify the IP assets you possess and identify the steps you should take to protect them. If you choose to send us your completed checklist, one of our IP lawyers will contact you within a few days (at no charge to you) to discuss whether and how we can help you to implement your IP protection plan.

Set forth below is a generic intellectual property audit review checklist that identifies issues to be examined and documents to be review or collected. No generic checklist can be adequate to identify the needs of any particular business. Independent judgment, experience, and knowledge of the substantive legal issues are required.

[A] Patents

- Assess the company's procedures for identifying patentable inventions and designs and for ensuring applications are timely filed.
- Determine whether the procedures are appropriate and effective under the circumstances.
- Obtain a complete list of the company's U.S., international, and foreign patents and patent applications. The list should cover utility patents (including provisional applications) and designs.
- Obtain confirmation that the company has recorded assignments (where applicable) for all U.S. and foreign patents and patent applications.
- Determine whether the company has assigned or granted security interests against any patents or patent applications.
- Obtain patent maintenance and annuity fee records. Records may be obtained from the company. For patents of special interest, obtain confirmation from independent sources.
- Identify patents that have expired and/or no longer enforceable.
- For patents of special interest, request all prior art in the target company's files and determine whether there are any validity issues that would justify further investigation.
- Obtain any correspondence from the company accusing others of infringing its patents (or published applications) and/or offering licenses under the company's patents.
- Consider whether any matters justify further negotiations and/or litigation.
- Identify any actual or threatened litigation against the target company.
- Assess the merits of all such allegations against the company. Identify the current status of any ongoing proceedings or negotiations.
- Obtain copies of settlement agreements and/or releases.
- Identify all license offers made to or by the company.
- Identify and review all license agreements, covenants not to sue, and indemnification agreements.
- Review the results of patentability and right-to-use searches conducted or commissioned by the target company.
- Consider whether to request corresponding legal opinions, keeping in mind that disclosure of such opinions may potentially waive the attorney-client privilege.
- Review all records of audits conducted by or against the company pursuant to license agreements and/or research and development agreements.
- For U.S. patents of special interest, obtain assignment records from the PTO and conduct UCC searches. Employ foreign associates to confirm ownership and clear title to foreign patents of special interest.
- Search for patents and patent applications in the names of key personnel that were not assigned or licensed to the target company.
- For patents of special interest where further investigation is justified, obtain prosecution histories from the PTO (engage the assistance of foreign associates for foreign patents).

- Where the company has numerous patents, consider on-line search tools to identify individual patents for further investigation.
- Check employee, consultant, and officer agreements to confirm obligations to assign U.S. and foreign rights.
- Identify persons who helped develop products but are not employed by the company.
- Conduct a right-to-use search for the company's products and processes, including contemplated future products and processes. Assess the results of the search.

[B] Trademarks

- Review all products, marketing, promotional, and packaging materials of the company to determine trademark use.
- Obtain copies of all U.S. and foreign trademark registrations and registration applications.
- Identify all assertions of trademark infringement, trade dress infringement, dilution, or unfair competition made by or against the company.
- Determine if the Customs Service has recorded any trademarks of or against the company.
- Obtain records of any U.S. opposition or cancellation proceedings and equivalent foreign proceedings.
- Review all material trademark renewal records.
- Obtain results of trademark searches conducted by the company.
- Confirm ownership and clear title to company trademarks, trade names, and domain names. If appropriate, conduct independent title searches at the PTO and in appropriate UCC records.
- Identify and resolve any potential domain name disputes.
- Review assignments, licenses, covenants not to sue, and security documents where appropriate.
- Identify any marks of the target company that may have been abandoned.
- Identify procedures employed by the target company for quality-control monitoring of licensee use of trademarks.
- Conduct independent searches for trademarks of special interest.
- Review business plans to determine if company intends to use new marks.
- Review company's web site, products and marketing materials to determine if company is violating the trademark rights of other parties.
- Review any written policies or guidance of the company relating to the protection or enforcement of trademark rights.
- Determine the company's actual policies and procedures regarding the protection and enforcement of trademark rights.
- Determine if it is appropriate for the company to register for USPTO monitoring services.
- Determine if it is appropriate for the company to order trademark connotation reports.
- Determine if it is appropriate to engage in "competitive intelligence" regarding the use of marks of other companies in the industry.
- Review company's calendar system to notify company representatives of renewal dates.

[C] Copyrights

- Identify all copyrights of interest.
- Review all material works-made-for-hire agreements and consultant contracts.
- Evaluate the company's policy for identifying and protecting its own copyrights.

- Evaluate the company's policy for avoiding infringement and obtaining copyright clearance to protect against infringement claims.
- Identify all assertions of copyright infringement by or against the target company.
- Review all copyright assignments, licenses, and other transfers. Review records at the U.S. Copyright Office for copyrights of special interest.
- For all transfers of material copyrights, determine which individual aspects of the copyright were transferred.
- Check employee, consultant, and other agreements for acknowledgment of employee status for copyright purposes, etc.
- Identify any moral rights issues, particularly with respect to foreign operations.
- Identify all relevant works recorded by the U.S. Customs Service.
- Assess adequacy of licenses for all software loaded on the company's computers.
- Determine which person is responsible for registering the company's copyrights and the procedure for identifying and registering applicable works.
- Determine the company's policies and procedures for registering and enforcing its own copyrights.
- Determine the company's policies and procedures for determining if it has infringed upon the copyrights of other parties.

[D] Trade Secrets

- Obtain list of known material trade secrets.
- Determine whether appropriate invention assignment, confidentiality and non-compete agreements are in place, especially with respect to key personnel.
- Evaluate adequacy of hiring and exit interviews procedures and policies. Review records for key personnel.
- Evaluate secrecy policies, including physical security, employed by the company.
- Evaluate security policies for computer software and electronic data.
- Consider the impact of recent arrivals or departures of key personnel.
- Review know-how licenses and other technical assistance agreements and confidentiality agreements.
- Determine if any new technology was recently brought into the company by new employees. If so, determine if the company is liable for trade secret misappropriation committed by the new employees.
- Determine measures to prevent unauthorized disclosure of business plans.
- Evaluate safeguards to protect paper copies of trade secret information.
- Evaluate any written guidance to employees and contractors regarding trade secret protection and misappropriation.
- Determine measures to limit trade secret information to individuals on a "need to know" basis.

[E] Miscellaneous

- Review press releases.
- Identify client's competitors and any potential acquisition targets or company predators.
- Determine whether key technologies and other intellectual property rights have been transferred to one or more government agencies- for example, via U.S. government purpose rights provisions.
- Consider applicability of other types of intellectual property, including semiconductor chip protection, right of publicity, plant patents, etc.
- Assess the adequacy of insurance coverage against intellectual property infringement claims.
- Consider the character of material licensed rights with respect to exclusivity, field-of-use restrictions, geographic restrictions, royalty rate structures, etc.
- Identify IP indemnification agreements and clauses.
- Identify financing or loan agreements involving IP security interests.
- Review product warranties and representations regarding IP issues.
- Review contract with company's web site developer/host to confirm ownership of site and site contents.
- Determine if company owes or is owed monies under any IP license and/or royalty arrangement.
- Determine if IP assets need to be valued or re-valued for accounting purposes.

[F] Follow-Up

- Prepare/revise product representations and warranties as needed.
- Prepare policies, written procedures and guidance as needed.
- Identify IP assets that need to be registered.
- Register IP assets with government agencies as needed.
- Review or draft IP-related contracts as needed.
- Develop a plan to address any specific pending issues relating to alleged infringement of IP rights.