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Intellectual Property Focus:

Help Your Client Manage a Newly Acquired IP Portfolio

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- **Intellectual Property Assets in Business Agreements.** Asset Purchase Agreements often involve the acquisition of intangible assets such as rights in intellectual property. Ideally, an intellectual property attorney or business attorney familiar with IP concepts is part of the due diligence and deal negotiation prior to acquisition, but sometimes the nature and timing of the transaction is such that this is not possible – buying the assets of a distressed company at auction, for example. It is important for any general business lawyer to be able to take the fundamental steps to manage newly-acquired intellectual property rights, and this article addresses what attorneys should do post-closing with newly-acquired patents, trademarks, copyrights and domain names. Although this article addresses all forms of intellectual property generally, only lawyers who have been admitted to practice in patent before the United States Patent and Trademark Office should submit patent related filings.

- *The File Transfer.* Post-closing, the seller should itself send, or direct its legal counsel to send, to the acquiring party's attorney, all files related to the acquired intellectual property assets. These files should contain all patent, copyright, trademark and domain name applications and registrations, documents related to correspondence between the attorney and the prior owner of the intellectual property, any company notes related to the intellectual property, all correspondence from the relevant governmental authority or domain name registrar, copies of contracts and other agreements, including assignments, related to the acquired intellectual property, and all files related to any threatened or actual litigation.

- *First Look.* As these files come in, the receiving attorney should do several things simultaneously. First, the files should come with an inventory letter detailing exactly what is contained in the boxes which the receiving party should sign and return as confirmation of receipt of the contents listed therein. It is very important to examine thoroughly what has been received in comparison to what the other party has said it has sent.

In addition to verifying what has been sent, the transmittal letter should be used to verify what should have been sent. The deal documents likely contain various schedules listing the intellectual property assets. These schedules should be compared against the transmittal letter to determine what is still outstanding. At the time the transmittal letter is sent back, you should identify what on the list was not received and what on the deal schedules was not listed or received.

This initial review phase is an excellent time to triage immediate needs. For instance, are there outstanding patent or trademark office actions that require a filing within the next 30 days or

which should have had a filing in the past 30 days? Is there unregistered material that is suitable or desirable for a copyright registration – software code that could be the subject of infringement, for instance? Are the domain names close to expiring, and therefore vulnerable to being lost? After confirming deadlines and the status of the acquired assets, the lawyer reviewing the files should create a separate list of immediate needs to address with the client as soon as possible.

- *The Assignments.* The deal documents should contain some form of assignment agreement transferring the ownership of the intellectual property. Although recordation is not always required to make a valid transfer between the parties, it does provide certain legal advantages and may be required to validate the transfer as against third parties. Patent and trademark assignments are easily submitted electronically. Although the Copyright Office does not have a specific form of copyright assignment, the law does provide for the recordation in the Copyright Office of transfers of copyright ownership.

Domain Names can be transferred in a number of ways. The easiest way is to provide in the deal documents that the seller will change the Registrar records to indicate the new owner. The new owner can also follow the procedures outlined by a new registrar to transfer a domain, but in any event, the buyer will need the cooperation of the seller to provide access.

- *The Power of Attorney.* Your client should execute a power of attorney for a qualified practitioner from your firm to take over the patent and trademark matters. A Power of Attorney should be filed with respect to every patent and trademark application and registration. Like the assignments, these can be filed electronically.

- *Docketing.* Most IP lawyers rely on some kind of docketing system, at least with respect to patents and trademarks. For smaller firms, the docketing system might be a desktop software program from which a practitioner may generate a daily or weekly docket report; or, for larger firms with a substantial volume of cases, the docketing system will be a separate and centralized division staffed with highly-trained administrators. The purpose of the docketing system is simple: to make sure no deadlines are missed.

- *Foreign Intellectual Property.* Intellectual Property in foreign jurisdiction is typically handled by lawyers licensed to practice in those jurisdictions. The most important thing to do for these matters is prepare a form letter to each foreign associate notifying them that you are the new contact person for the cases.

- *Touching Base with the Client.* You should prepare the client to make time for the first month post-closing for a weekly conference for IP decision-making. Once you have a list of deadlines in hand, it is a good idea to take the docketing results and go back to the “triage” list created at the time the intellectual property files were inventoried and draft a memo to serve as the outline of the issues to be addressed. Typical immediate needs will include responding to office actions or paying maintenance or renewal fees. In the case of trademarks, this may require that the client do some research on how the goods and services have been used and consider if and how they may be used going into the future. You may need to ask your client to provide current samples of goods or specimens of services.

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