

# Valuation and Term Sheets

## Intellectual Property Issues

*Fueling Technology Growth in New  
Mexico*

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# Characterize the Intellectual Property

- Patentable Product
- Patentable Process of Making Product
- Patentable Method, Business Method or Software
- Trademark – Style of Doing Business
- Copyright – Software and Jewelry

# Evaluate the Role of Intellectual Property in the Company

- Does IP Correlate to Commercial Objectives?
- Status of IP
- Markets and Competitive Information
- Appropriate Safeguards to Protect IP

# Protecting the Intellectual Property

- Employee and Contractor Confidentiality and Trade Secret Agreements
- Employee and Contractor Obligations to Assign Inventions
- Invention Disclosures
- Third Party Confidentiality Agreements
- Corporate Policies

# Ownership of Intellectual Property

- University or Other Entity Involvement
- Determining Inventorship
- Chain of Title – Assignments
- “On Sale” Bar – Publications

# License versus Ownership

- Ownership
- License
  - Royalty Rate
  - Due Diligence/Commercialization Obligations
  - Termination Provisions
  - Follow-on Obligations
  - Right of Investor to “Step In”

# Evaluation of Intellectual Property

- Patentability Opinion
- Infringement Opinion
- Validity Opinion
- Freedom to Operate Opinion

# Intellectual Property Valuation Issues

- “Pioneering” versus “Me Too”
- Costs for Intellectual Property Protection  
(can be 5 – 20% of annual budget)
- Ability to Block Competitors
- Patent Status

# Intellectual Property Milestones

- Patent Filings
- New Patent Applications on Follow-on Technology
- Patents Issued (not in company control)
- Licensing to Third Parties