

Business Law & Practice Section MCLE Program

Zoom Webinar

March 21, 2024

Welcome and Introductions

Joe Inzano - Business Law and Practice Section Vice Chair

12:00 PM – 1:00 PM

Program

IP and IT Due Diligence in M&A Transactions

Kevin A. Thompson, *Levin Ginsburg*

Presentation Summary

This presentation will cover common headaches and solutions when doing due diligence on intellectual property and information technology assets in M&A transactions. Particular focus will be given to trademarks, both domestic and international, domain names, websites, social media accounts, patents, and trade secrets.

Link to Evaluation

The evaluation must be completed to receive CLE credit.

<https://www.surveymonkey.com/r/BusinessLaw03212024>

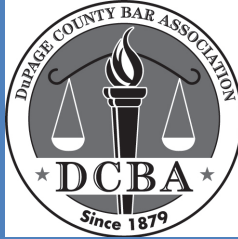
Next CLE Program:

May 14th – Independent Contractor vs. Employee and New Developments in the Law – Brian LaFratta and Alissa Verson

DCBA Events:

March 27th – [Lawyers Lending a Hand](#) – DuPage Convalescent Center, Wheaton

March 28th – [Unwind](#) – Weber Grill, Lombard



Kevin Thompson is the head of Levin Ginsburg's intellectual property practice group. He has over two decades of experience in counseling clients in the selection, clearance, maintenance, and protection of trademarks around the world. Kevin also counsels clients regarding copyright, websites, terms of service, privacy, internet law, social media, and domain name issues.

DCBA OnDemand CLE is Available on IICLE:

Members can find the link to The Illinois Institute for Continuing Legal Education (IICLE) catalog on the DCBA website under the menu item **CLE & Events**→**IICLE Online Library**. You must be logged into your DCBA Membership Profile to view courses for free or at a reduced price.

View & Print CLE Certificates through the DCBA Website:

CLE Certificates can take up to a week following the date of the CLE program to appear in your member profile. Members can view and print their certificates for any DCBA CLE program attended by first signing into their account on the DCBA website. Hover over the **CLE & Events** menu item and select **Find My CLE Credits**. This page will list all the CLE credits earned with DCBA. To the left of each program is an icon to print or email the Statement of Credit.

Go to the MCLE Board website to view your online transcript - <https://www.mcleboard.org/>
Watch this video tutorial for details  [Overview of the Attorney MCLE Profile](#)

IP And IT Due Diligence In M&A Transactions



Levin Ginsburg
180 N. LaSalle Suite 2750
Chicago, IL 60601
312-368-0100
www.levinginsburg.com

Professional Background

- ▶ I help clients with trademark, copyright, and general Internet law issues, such as domain names and data privacy.
- ▶ I have 24+ years of experience, working at small and large firms in Chicago.
- ▶ My current firm, Levin Ginsburg, is a 45+ year old business law firm.
- ▶ In addition to domestic US trademarks, I have significant experience with foreign trademarks and copyrights. I have a network of foreign associates I work with in over 140 countries.

Why due diligence is important

Volkswagen bought the assets of Rolls Royce and Bentley in 1998 for around \$900 million.

However, it wasn't until the deal was done that VW realized the Rolls Royce trademark wasn't included.

What are the deal parameters?

- ▶ What is the nature of the deal? How will it be structured?
- ▶ Who is the seller?
- ▶ Who is the purchaser?
- ▶ What timeframe do you have?
- ▶ What access do you have to people who know about the assets?
- ▶ What is the budget available for the work?
- ▶ Do you need any additional experts, such as patent counsel, or a valuation expert?

Geography

- What is the geographic region of the deal?
- What searching can you do?
<https://www.tmdn.org/tmview/#/tmview>
- It covers North America, parts of Central and South America, most of Europe, parts of Africa, parts of Asia, Australia, and New Zealand.
- USPTO database was recently upgraded.
- Don't overlook state registries within the US.

Inventory of the Assets

- Are there any common law rights?
- What logos are used?
- What taglines are used?
- Are any applications pending? What is the filing basis?
- Not all jurisdictions recognize common law rights.
- Some countries are “first to file” jurisdictions
- In the US, “intent to use” applications are not freely assignable without a sale of the underlying business or similar transaction.

Ownership Issues

- Who is the record owner at the trademark office?
- Is the beneficial owner different from the record owner?
- Has ownership been properly recorded?
- Are there any security interests?
- Do any corrective assignments need to be prepared?
- Are the assets assignable? Some applications under other filing bases need to be assigned only to entities with similar ownership.

Portfolio Management

- ▶ What are the “docketable details” such as application numbers, registration numbers, and associated deadlines?
- ▶ Are any assets expired but still used?
- ▶ Some databases, such as state trademark databases, do not contain design information, just standard characters
 - “Company Design” or “Company Logo.”

IP Clearance and Enforcement

- ▶ What is their clearance process for new marks?
- ▶ Have any claims been made by third parties for infringement?
- ▶ How aggressive is the seller in enforcement?

Licensing

- ▶ Are there any licenses involving the assets?
- ▶ What are their quality control procedures?

Proceedings

- ▶ Have there been any IP-related disputes?
- ▶ Are any currently pending?
- ▶ What is the nature of the claims?
- ▶ What are the claimed amounts of damages?
- ▶ Any settlement agreements?

Privacy and Data Security

- ▶ What information is collected?
- ▶ How is it stored?
- ▶ What are the relevant privacy policies?
- ▶ Are there any data transfers?
- ▶ Have there been any breaches?

Common Patent Issues

- ▶ Are the patents valid?
- ▶ Are the patents enforceable?
- ▶ Is there freedom to operate without concern about the patents of others?
- ▶ Are there any patent applications pending? Reminder - applications are not publicly searchable until later in the process.
- ▶ Are there additional filings needed to preserve rights?
- ▶ What are the relevant deadlines?

Common Copyright Issues

- ▶ Copyright exists automatically upon “fixation” in a tangible medium of expression. Registration provides additional benefits, including statutory damages and attorneys fees.
- ▶ Are there any registrations?
- ▶ Are there any assignments?

Common Copyright Issues

- ▶ Normally, the author is the person creating the work.
- ▶ What works are properly under a “work made for hire” agreement?
- ▶ Do any assets need to be captured by such an agreement?
- ▶ Are there any assets developed jointly with third parties?

Common Trade Secret Issues

- ▶ What are the trade secrets?
- ▶ How are they kept confidential?
- ▶ Are there employment agreements which need to be reviewed?

Common Software Issues

- ▶ Generally, we exclude shrink wrap, click-through, commercially available software unless material to the business or over a set value.
- ▶ Is the software SAAS? How assignable are the software agreements, and the maintenance and support agreements?
- ▶ Are there any source code escrow agreements?
- ▶ With the transaction, will the new owner be compliant on the number of licenses?

Common IT issues

- ▶ What are the digital assets / computer systems like?
- ▶ Where is the data stored?
- ▶ Is there a business continuity / disaster recovery plan?
- ▶ Were any IT system upgrades in process?
- ▶ Has there been any system downtime recently?
- ▶ What is the security like?

Common IT Issues

- ▶ What domains, social media accounts, etc are used in the business? Who owns them?
- ▶ Where are they hosted? What are the agreements in place?
- ▶ Who can post to them?
- ▶ What are the purposes of the sites? Marketing, support, or e-commerce are common ones.
- ▶ Are there any written internet or social media policies?
- ▶ Have there been hacks, viruses, or other attacks?

The background features a light blue and white color scheme with abstract geometric shapes. A faint, stylized lightbulb is visible in the center-left, and several question marks are scattered throughout the background, some appearing as if they are floating or being thought of. The overall design is clean and modern.

Q&A

For questions, please contact:

Kevin Thompson
(312) 368-0100
kthompson@levingsinsburg.com