MICHAEL W. GLYNN

Michael W. Glynn is the former vice president, patents and trademarks for Novartis Corporation.

Prior to that position, Mr. Glynn was vice president and counsel for Ciba's Corporate Patent Department. He was responsible for protecting the corporation's intellectual property, including obtaining and maintaining patents, trademarks and copyrights; evaluating the intellectual property rights of third parties; providing counsel on intellectual property litigation issues; and formulating corporate policies and procedures for effective patent, trademark, copyrights and trade secret protection.

Prior to this appointment, Mr. Glynn held a variety of positions of increasing responsibility within the Corporate Patent and Legal departments. Before joining Ciba in 1974, he was a patent examiner for the U.S. Patent and Trademark Office. Mr. Glynn is a member of the American Bar Association, the Association of Corporate patent Counsel, and the New York Patent, Trademark and Copyright law Association.

Mr. Glynn received his B.S. in organic chemistry and his M.A. in education from Fairfield University; his M.S. in organic chemistry for the College of the Holy Cross, and his J.D. from American university College of Law.

Mr. Glynn retired from Novartis on January 2, 2000. He is presently a Consultant and lecturer in the field of intellectual property.

He and his wife live on Darien, Conn.

EVALUATING INTELLECTUAL PROPERTY TRANSACTION OPPORTUNITIES; THE DUE DILIGENCE PROCESS

I. OBJECTIVES

A. To identify issues and evaluate risks associated with the proposed deal

- Verify/assess the intellectual property components
- Assist the client in making an informed decision on the deal's value

B. To identify conditions under which the proposed deal should proceed

- Representations and warranties
- Contractual conditions and protections

C. To assist in creating a win-win deal

- Minimizing unwelcome downstream surprises
- Putting your client "on the same page" as the seller/licensor

D. To assist in ensuring that the proposed deal and the due diligence process are consistent with good business ethics

- Honesty and integrity
- Professional code of conduct
- Business reputation

II. SUBJECT MATTER OF THE PROPOSED DEAL

A. The Res, or field

- Company, business unit
- Technical field, products
- Processes of manufacture
- Methods of use, treatments

B. Modes of Protection

- Patents
- Know-how
- Patent applications

- Biological materials
- Regulatory exclusivity
- Lead time
- Trademarks

C. Scope and Strength of Protection

- Broad or narrow
- Strong or weak
- Long or short term

III. THE NATURE OF THE DEAL

A. The type of transaction considered

- Acquisition/merger/joint venture
- R&D collaboration
- Exclusive or semi-exclusive license

B. Value and importance of the intellectual property to the proposed deal

- Criticality of exclusivity
- Territory of the deal
- Competitive environment

C. Time and budget constraints in conducting the review

- Window of opportunity issues
- Scope of review; emphasis on core technology

IV. THE DUE DILIGENCE TEAM

A. Size, content, dependent on the nature, value of the deal

- Intellectual Property Counsel/General Counsel
- Business/Licensing
- Financial/Accounting
- Marketing/Regulatory/R&D

V. THE BACKGROUND EVALUATION

A. Search for patents and literature

- Prior and contemporaneous
- Domestic and foreign
- Dominating patents
- Prior art
- Patents, published applications of the potential licensor

B. Order and Review of Patent File Wrappers (File Histories)

- Claim analysis
  - scope and strength
  - U.S. and foreign

C. Title Search

- Chain of title
- Security interests
- Prior licenses

D. Review of Publicly Available Records

- Investor analyses
- 10K, 10Q reports

E. Litigation Analysis

F. Antitrust Analysis

G. Formulate Initial Assessment

- Follow-up search
- Prepare due diligence checklist

VI. DUE DILIGENCE PROCESS

A. Secrecy Agreement

- Enable potential licensee to review/assess Res
  - restrictions on use of proprietary information received
  - restrictions on who can have access to proprietary information
  - return or destroy proprietary info (except for archival copy) if no deal is reached

B. Due Diligence Checklist

- Patents/patent application files
  - compounds
  - formulations
  - processes
  - methods of use
- Info of potential licensor
  - 3rd party blocking or dominating patents or applications
  - potential interference
  - prior agreements, oppositions
  - third party assertions of rights
  - security interests
  - government or third party funding or research
  - obligations to assign
  - litigation or threats of litigation with third parties
  - for biological, e.g. cell lines, chain of title assurances

C. Review, Analysis of Due Diligence Information

- Compare with background evaluation
- Identify discrepancies
- Evaluate for further areas of inquiry
  - additional searches
  - additional requests of info from the potential licensor

VII. THE LICENSE AGREEMENT

(Due Diligence Driving Factors in Clause Construction)

A. Representations and Warranties

- Clear Title
  - Identify Impediments
- Known Exposure Issues
  - Litigation potential (Offensive and Defensive)
  - Interference Potential
- Duties to Third Parties
  - Pre-Existing Licenses
  - Third Party Funding

B. The Grant Clause

- Scope of the Res
  - Field restrictions
  - Territorial restrictions
  - Sublicensing rights
  - Toll mfg. rights
  - Assignability
  - Bankruptcy
  - Post expiration
  - Improvements
  - Grant back
  - Exclusivity
- Prior agreements
  - third party licenses
  - government funded research

C. Monetary Considerations

- Milestone payments
- Minimum payments

- in place of "best efforts"

- Royalty payments
  - patents
  - know-how
  - patent applications
  - trademarks
  - other
  - regulatory
  - exclusivity
  - lead time
  - monetary conversion

D. Litigation Issues

- Product liability
- Infringement of third party right
  - need for unblocking license
- Infringement of licensor's patent right
  - control/conduct litigation
  - damage issue

E. Expiration/Termination Issues

- Brulotte issue (post-patent royalty)
- Know-how
- Trademark
- Cell line ownership
  - bailment issues