

# IP Transactions

## IP Transactions — Structuring and Negotiating an Optimal Agreement

Intellectual property-based initial public offerings (IPOs) are at a new high, the volume and value of mergers, acquisitions, and licensing deals continues to rise, and for many businesses, intangible assets contribute nearly 80 percent of corporate value.

In this IP-focused business climate, clients turn to the attorneys of Marshall, Gerstein & Borun LLP's **IP Transactions Practice** Group for clear reasons: we are scientists and engineers who understand our clients' technologies, learn their businesses, have a thorough understanding of the law, and are adept dealmakers.

### Strategies tailored to the demands of business

At Marshall Gerstein, we understand that uncertainty has no place when negotiating a deal. We help clients develop sophisticated transaction strategies, stay abreast of rapidly changing legal issues, and create enforceable agreements for each unique IP transaction. We manage the details so clients can focus on achieving their business goals.

Our IP transactions team knows what it's like to be in our clients' shoes. A number of our attorneys have worked as general counsel, patent counsel, and technology transfer managers. Whether serving as virtual in-house counsel, providing a second set of eyes on a particular transaction, or simply brainstorming possibilities, this firsthand experience allows us to function as more effective legal advisors. As a result of the roles we play, we have a 360-degree view of transactions and understand how to get deals done efficiently while minimizing risk.

### The real deal

On behalf of licensors and licensees, including non-profits, institutions and for-profit companies, our lawyers handle significant, **groundbreaking transactions** and first-of-a-kind deals from inception to closing. Our ability to develop thoughtful perspectives on key issues leads to more effective IP policy development, consultation on policy interpretation, and involvement in enforcement of policies and related contracts. Whether a contract needs restructuring or a dispute demands resolution, we are available when and where our clients require us.

### Recognized for excellence

Marshall Gerstein's IP Transactions Practice Group is consistently ranked among the world's best. Recently, we were one of only three such practices to receive top national rankings in *Intellectual Asset Management (IAM)* magazine's *IAM Patent 1000—The World's Leading Patent Practitioners*—clear recognition of the value we bring to client transactions. A number of our attorneys hold leadership positions in key industry organizations such as the Association of University Technology Managers, Certified Licensing Professionals, the Licensing Executives Society, and the Licensing Executives Society International.

"Marshall, Gerstein and Borun's professionals are deeply knowledgeable about the science as well as the law and work hand-in-hand with in-house counsel in giving business-targeted strategic IP guidance. It has an outstanding leadership team in place, with Pamela Cox serving as IP transactions chair... Cox is 'responsive, pragmatic and experienced. She really understands her clients and is phenomenally quick on the uptake, with an ability to spot issues that others do not. She is a delight to work with on cross-border pharmaceutical and biotechnology deals.' ... Joining Cox in the transactions rankings, Robert Gerstein and Julie Watson are both highly adept licensing professionals, negotiators and strategists." - *IAM Patent 1000*

### Scalable services

We work seamlessly with you to provide the mix of services you need, from leading high-visibility negotiations to counseling behind the scenes on matters that include:

- Developing deal strategies
- Devising contractual structures for a broad range of technologies including to address trade secrets and Artificial Intelligence (AI)
- Drafting and negotiating IP-related transaction documents, whether deal-specific, master agreements, or broadly applicable templates
- Advising on agreement disputes, including conducting mediation and arbitration and brokering settlement contracts
- Performing thorough due diligence of IP assets and related agreements in connection with auditing, licensing, and M&A activities
- Counseling on employee agreements, policy considerations, and issues related to IP and governmental regulations
- Managing out-licensing portfolios

### Representative matters

- **Supply & License Agreement for First-Ever Point of Care Vet Cancer Screen**

Marshall Gerstein represented Volition Rx Limited in an exclusive global supply and licensing agreement with Heska Corporation to sell Volition's Nu.Q® Vet Cancer Test. The transaction clears the way for the first cancer screening available at clinics and other points of care, opening a market for cancer screening and monitoring for dogs and cats estimated to be worth more than \$11 billion. The \$28 million transaction--\$10 million upfront and up to \$18 million based upon achieving near/mid-term milestones—advances Volition's strategy to ensure the broadest possible accessibility to the Nu.Q® Test worldwide. Volition continues to make significant progress in ongoing negotiations with the multi-national veterinary companies to provide central lab global coverage for the Nu.Q® Test. The firm is also negotiating these strategic partnerships.

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- **Strategic Collaboration & License of AI Technology**

Marshall Gerstein structured and negotiated a strategic collaboration and license between Evozyne LLC and Takeda Pharmaceutical Company under which Evozyne will use its protein design **AI technology** to identify next generation gene therapies for inborn errors of metabolism. Virtual negotiations allowed the international group of stakeholders to agree on the terms of the agreement within an aggressive schedule. Marshall Gerstein's strategy and negotiation approach played an important role in bringing this deal to fruition. The firm is also prosecuting the patent portfolio protecting the AI tools used to generate the synthetic proteins.

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- **Successful IP-Intensive Acquisition**

Monopar Therapeutics, a biopharmaceutical company focused on developing innovative drug combinations to improve clinical outcomes in cancer patients, turned to Marshall Gerstein to assist with the acquisition of GPX-150, a broad spectrum Phase II Cancer drug candidate from Gem Pharmaceuticals. Marshall Gerstein's attorneys, who also serve as Monopar's IP prosecution counsel, structured the intellectual property contribution and assignment components for the IP-intensive acquisition. Our attorneys' experience in both biopharmaceutical transactions and this specific technology, enabled us to efficiently and effectively identify and integrate key terms to address the full range of intellectual property critical to the deal, which ultimately led to a timely and successful acquisition.

- **Guiding a Healthcare Organization Through Complex Licensing Agreement**

Marshall Gerstein represented a Top 15 Teaching Hospital in the U.S. and their research center which developed a technology platform to revolutionize cancer treatments by combining digital medicine and genomic data to drive real-time patient care decisions. Marshall Gerstein orchestrated the team, including co-counsel, to advise and execute the IP strategy and agreement considerations. Ultimately, Marshall Gerstein's ability to understand and allocate practical solutions for the complexities that arose with this matter allowed us to accomplish the client's goals.

- **Navigant Adds Global, Offshore Capabilities in Healthcare Sector with RevenueMed Acquisition**

We guided Navigant Consulting's general counsel on all IP-related aspects of the acquisition of RevenueMed. The transaction represented an opportunity for Navigant to strengthen its position as a leading provider of end-to-end revenue cycle business process management services and to expand its platform to include global, offshore capabilities for its clients.

- **Multinational Client Seeks Help from Marshall Gerstein to Close First-of-its-Kind Deal with NIH Program**

We advised a multinational company in a groundbreaking transaction to acquire a drug candidate for a new sickle cell therapy—the first such deal to come out of the National Institutes of Health's (NIH) National Center for Advancing Translational Sciences Therapeutics for Rare and Neglected Diseases program.

- **Nutraceutical Client Acquired by World's Leading Supplier**

Marshall Gerstein has been structuring the **key intellectual property**, supply, and distribution agreements for a major nutraceutical company, as well as providing patent prosecution and counseling on related IP matters. Our lawyers reviewed all existing licensing agreements and suggested approaches to streamline the licensing process. We created standard agreements that could be used for all products, and in various parts of the world. As the company grew, so did the need for advanced supply and license agreements to cover the use of their products, research, patents, and trademarks in the global marketplace. Working with our client, our lawyers negotiated and drafted these agreements for deals with pharmaceutical companies, global nutrition retailers, and suppliers around the world, including Pfizer, GNC, Iovate, Land Pharma Nutrition, NBTY, Ryusendo, Schiff Nutrition Group, Reckitt Benckiser (ENA) B.V., and Laila Pharmaceuticals, among many others. With our help on the IP aspects of the acquisition, the company is now part of the world's leading supplier to the pharmaceutical, biotechnology, and specialty ingredients markets.

- **Marshall Gerstein Crafts Management Agreement Between FieldComm Group and PROFIBUS and PROFINET**

Marshall Gerstein serves as a strategic advisor to FieldComm Group, a global standards-based non-profit member organization concerning communication technologies for the process industries, including Field Device Integration (FDI) technology. Our attorneys drafted and negotiated an agreement between FieldComm and PROFIBUS and PROFINET.

- **Marshall Gerstein Advises Orion Biosains and Orion Genomics in Transactions for the Development and Commercialization of Palm Oil**

Orion Biosains Sdn. Bhd turned to Marshall Gerstein for the agreement support necessary to launch SureSawit™ SHELL gene DNA test, the first commercially developed gene assay for the oil palm industry. Using "DNA-based precision molecular agriculture," Orion Biosains is aiming to give those who depend on palm oil production the opportunity to earn more through higher yielding trees. Marshall Gerstein also

represents Orion Genomics, LLC, the parent company of Orion Biosains, in its other intellectual property transactions, including in connection with a suite of agreements for collaboration with the Malaysian Palm Oil Board on the oil-palm genome. That collaboration led to important discoveries like the identification of the gene responsible for oil-palm production.

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**Joint Venture of Biopharmaceutical Entities with Clinical Stage Assets**

Marshall Gerstein transactional attorneys structured the intellectual property contribution and assignment components for the joint venture's formation and transactions. The team's deep knowledge of contracts of this type and the intellectual property enabled it to identify and integrate terms to address the full range of intellectual property critical to the success of the venture within tight time constraints to enable the deal to close on schedule.

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**Delivering Business-Critical Opinions for Multibillion-Dollar Client**

A long-standing clients sought Marshall Gerstein's review of numerous settlement and license agreements. Marshall Gerstein did this review, analyzed the current case law, and provided an opinion on which of the competitor's patents were actually licensed. The importance of our analysis is extremely high given the risk of a future suit with the competitor.

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**Joint Venture in Materials Testing Industry**

Marshall Gerstein's transaction attorneys advised LASTRADA Partners, in the formation of its joint venture to provide software solutions for the U.S. construction materials testing industry, tailoring the venture's operating agreement to address nuances where core assets are intangible property, and developing the in-license to bring the German entity's software into the new venture. As a new joint venture formed for the U.S. market, it was important for LASTRADA Partners to have customer-facing contracts for its software and engineering services that didn't just provide strong protections for the company, but also were efficient for the staff to negotiate and terms fair for customers to accept.

## Client Successes

### Navigant Expands Capabilities with Acquisition

When global professional services giant Navigant Consulting identified Atlanta-based RevenueMed as a strategic acquisition target, Navigant's general counsel turned to Marshall, Gerstein & Borun LLP for guidance on all IP-related aspects of the transaction. RevenueMed, a provider of coding, revenue cycle management, and business process management services for the healthcare sector, represented an opportunity to further strengthen Navigant's position as a leading provider of end-to-end revenue cycle business process management services and to expand the company's platform to include global, offshore capabilities for its clients.

Marshall Gerstein's IP Transactions team began the engagement with significant technology due diligence, followed by a multidisciplinary effort ranging from extensive agreement review (encompassing open source agreements, employment agreements and all other relevant contracts) through the transfer of RevenueMed's IP portfolio to Navigant. As part of the transaction, Marshall Gerstein:

- Negotiated the IP-related provisions in the asset purchase agreement, as well as a master services agreement with a soon-to-be former affiliate of RevenueMed to develop software applications and other deliverables for Navigant following the acquisition.
- Drafted and negotiated a transition services agreement to effect the transition of operations of an affiliated entity not acquired by Navigant out of RevenueMed while ensuring that RevenueMed's business would continue to run smoothly during its integration into Navigant.

- Addressed IP-related employment issues.

This significant acquisition, which closed in February 2015, augments Navigant's business process management offerings and further positions this Marshall Gerstein client for long-term, sustainable growth.

### **"KlickFix" Kicks-In**

The "KlickFix" Sequentially-Deployable Lip Seal System increases productivity while assuring on-line capability in manufacturing, thanks to the Marshall, Gerstein & Borun LLP IP team who helped make this useful system become a worldwide reality.

Almost all centrifugal and rotary pumps require a sealing system to provide sealing integrity of the drive shafts carrying the impellers and protect against pumped fluid leakage. The "KlickFix" cartridge system is a new environmentally conscious alternative to mechanical seals and compression packing. Marshall Gerstein patent attorneys were successful in preparing, filing, and prosecuting U.S. & foreign patent applications on behalf of Ashbridge & Roseburgh Inc., a Canadian entity. These applications resulted in a number of patents covering the Sequentially-Deployable Lip Seal System embodied in the "KlickFix" seal system, and described as "The Future of Seal Technology."

The "KlickFix" cartridge sealing system, manufactured, and distributed by James Walker & Company Ltd., aids in achieving environmental plant management standards by eliminating leakage, reducing power consumption and minimizing flush water requirements. The sequentially-deployable lip sealing system also significantly reduces downtime of shaft-driven manufacturing equipment. When a lip seal wears down, instead of dismantling the machinery to replace a seal, one of several pre-loaded back-up seals is deployed. The machinery can remain on-line, thereby avoiding significant disruptions.

The patent protection our Firm coordinated for "KlickFix," in the U.S., Australia, Europe, Canada, Brazil, Mexico, China, and Japan, was instrumental in our IP Transaction team's successful negotiation of a global patent license agreement with James Walker & Company Ltd., a U.K.-based multi-national company with a worldwide reputation for providing fluid sealing solutions.

### **Eliminating Spillover via an Inter Partes Victory**

The Firm secured a complete victory for SSW Holding Company, Inc., in an inter partes review proceeding challenging the validity of an SSW patent, making its client one of just a handful to emerge from the newly established inter partes review process with every challenged patent claim fully intact.

Inter partes review (IPR) is a streamlined process for challenging patents created through the Leahy-Smith America Invents Act of 2011 and, to date, has proven favorable to those challenging patents. Of the 78 decisions issued in IPR proceedings through June of 2014, the Patent Trial and Appeal Board cancelled or invalidated nearly 80 percent of the patent claims before it. In only 14 percent of such cases did the board find in favor of the patent owner with respect to all of the patent claims under consideration, as it did in *Schott Gemtron Corp. v. SSW Holding Company, Inc.* The Patent Trial and Appeal Board's decision rejected arguments that SSW's patent—which covers spill-containing refrigerator shelving technology used by major appliance manufacturers—was "obvious" and therefore invalid. Oral argument in the case took place on June 23, 2014.

### **Nanotechnology**

Northwestern University licensed a patent portfolio of technologies from the laboratory of Chad A. Mirkin to launch AuraSense LLC., a biotechnology company founded to pursue the unique therapeutic potential of engineered nanoparticles.

Founded in 1851, Northwestern University is one of the premier U.S. institutions of research and higher learning. In 2010's fiscal year, Northwestern was awarded research grant funding of \$557.3 million.

Marshall, Gerstein & Borun LLP has been handling Northwestern's patent portfolio of inventions from Chad Mirkin's laboratory since 2005. Professor Chad Mirkin is recognized as a world leader in the research and application of nanotechnology. Currently, Dr. Mirkin is the most-cited chemist in the world, and he is the most-cited nanomedicine researcher in the world. Among other awards, Professor Mirkin is the first in the Midwest and the 10th in the world to be elected to all three branches of the National Academies, in 2009 he won the prestigious Lemelson-MIT Prize which recognizes outstanding inventors, and is named to the U.S. President's Council of Advisors on Science and Technology. Professor Mirkin is the Director of the International Institute for Nanotechnology.

For more than a year, we led the Northwestern University team in negotiating this portfolio license agreement to launch Professor Mirkin's third start-up company, AuraSense LLC. The company has gone on to license additional inventions from Northwestern and develop the technology. AuraSense plans to develop this nanoparticle technology for transfection of genetic material into cells to regulate protein expression, therapeutics to mimic HDL or "good" cholesterol, and to study and quantify intracellular agents and corresponding phenomena, including genetic and small molecule activity in live cells.

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### **Zebra Technologies Accelerates Strategic Growth with Deal to Acquire Matrox Imaging**

When Zebra Technologies Corporation, a world leader in designing, manufacturing, and selling innovative software, hardware, and digital solutions, decided to accelerate its strategic growth in machine vision by acquiring the imaging division of Matrox, it turned to Marshall Gerstein to handle the complex IP issues involved in the carve-out acquisition. Executing an interdisciplinary approach, Marshall Gerstein assembled a small team with deep subject matter experience within our IP transactions, electrical engineering patent prosecution, and trademark practice groups to ensure a smooth and successful deal that protected Zebra's interests, particularly with respect to use of IP assets with applicability across multiple businesses.

Zebra notes that "the acquisition of Matrox Imaging expands the portfolio of machine vision products, software and services Zebra can offer customers to help them thrive in the on-demand economy that is constrained by both labor shortages and limited supply of upstream goods and materials," according to the company's press release.

[Read Zebra's press release on this intended acquisition made in part with the counsel of Marshall Gerstein.](#)

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