



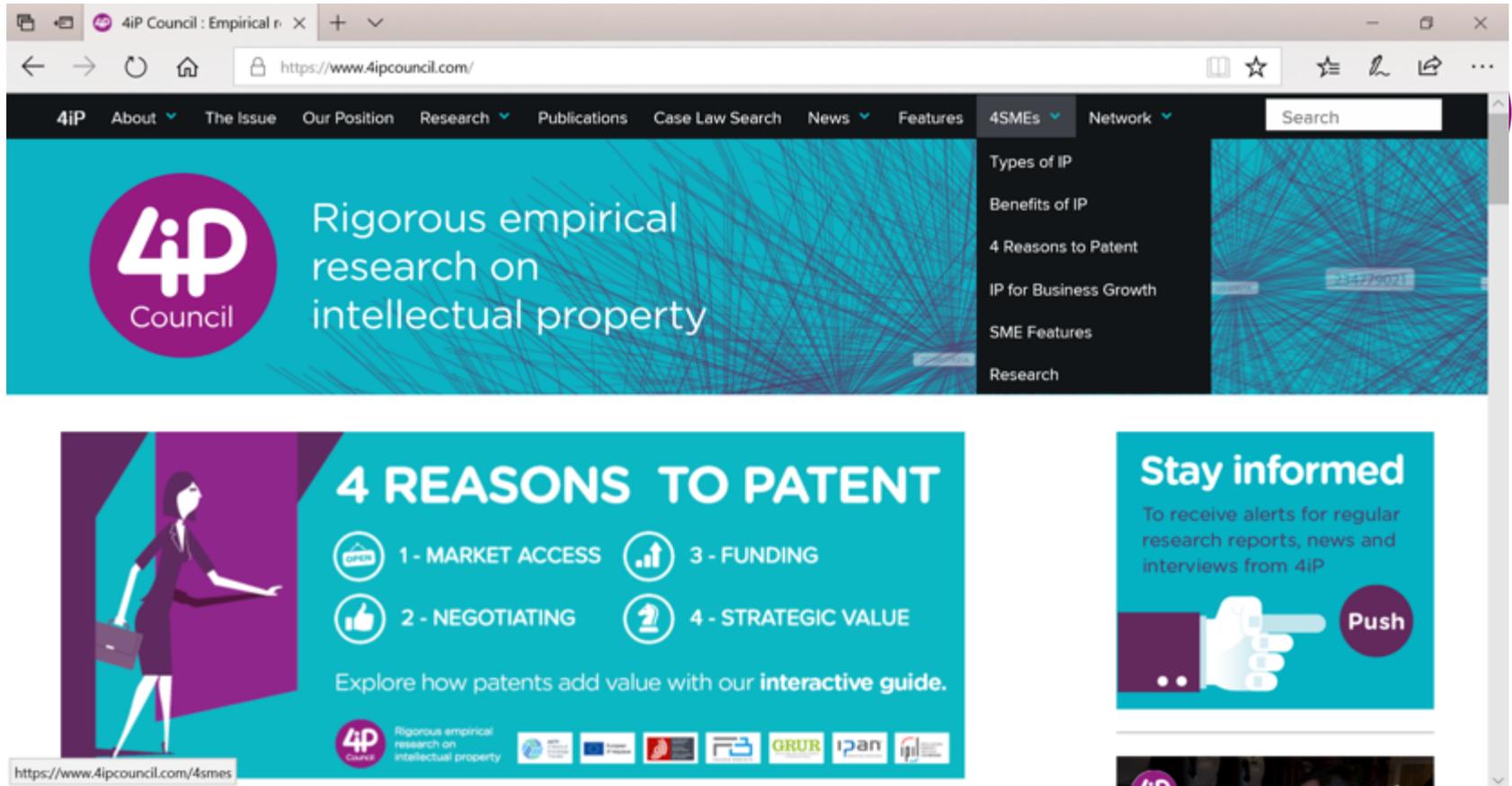
Rigorous empirical
research on
intellectual property

Intellectual property from the perspective of a venture capitalist

Dr. Christian Schneider
Vesalius Biocapital
www.vesaliusbiocapital.com
c.schneider@vesaliusbiocapital.com

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	PATENTS	COPYRIGHTS	DESIGNS*	TRADEMARKS	TRADE SECRETS
What do they protect?	An invention: a new and innovative way of doing something, or solving a technical problem See also: Here Here Here	A work: an original intellectual creation See also: Here Here Here	A new and original visual appearance of a product See also: Here Here Here	Distinctive signs that identify brands of products/services	Any type of useful information for business that is secret and kept confidential See also: Here Here
Examples of what is protected	Inventive products and processes in all lines of business For examples of successful inventions by SMEs see Here	Audio-visual works, pictures, graphics, architecture, databases, software, designs, literature, novels, poems, plays, music and video, dramatic works	Packages, containers, furnishings, graphic symbols, computer icons, typefaces, graphical user interfaces, logos and maps More on designs Here	Words, personal names, designs, letters, numerals, colours, shapes, packaging, sounds More on TMs Here See also Here Here	Any confidential information: business methods, customer lists, R&D data, financial information, cooking recipes, software, datasets, know-how, algorithms More on trade secrets Here
How are my rights protected?	Prevents unauthorised making, using or selling of the patented invention.	Prevents the work being (without authorisation) copied, published, distributed or made available online Protects the integrity and attribution of the work Related rights: Public performance and display of the © work. See also Here	Prevents unauthorised use of an identical or similar visual appearance for the same kind of products and/or services See also Here	Prevents unauthorised use of distinctive signs for the same or related products or services See also Here Here	Prevents others from using the confidential information, as long as it remains secret Allows to claim monetary compensation in case of unlawful disclosure of the confidential information
How long is my innovation protected?	Up to 20 years	Lifetime of the author +50 to 70 years after death (depending on the country)	Up to 25 years for registered designs	Indefinitely, subject to use in commerce and renewals	Indefinitely, provided it is not revealed
Do I have to register it?	Yes, filing an application to a patent office is required More on patent applications in: EPO EPO DPMA (DE) INPI (FR) UK IPO (UK)	No, copyright protection arises automatically with its creation See also Here	No, but it is highly advisable. Unregistered designs are protected only from unauthorised copying and they have shorter term of protection (up to 3 years versus up to 25) More info in: EU IPR Helpdesk EUIPO	Yes. Three routes to registration: National protection: GERMANY FRANCE UK EU-wide protection: EUIPO International protection: WIPO Madrid System	No
How long does it take?	3 to 5 years	n/a	3 to 12 months, depending on the country	3 to 24 months, depending on the country	n/a
How much does it cost?	Medium to high (from 6000€)	If registered: low (from 15€)	Low to medium (500€)	Medium (1000€)	Nothing
How do I start?	IPR Guide in Europe Patent Basics	IPR Guide in Europe Understanding Copyright and Related Rights	Design Basics Designs	Trademark Protection in the EU Trademarks Basics	Trade Secrets in the EU How to manage confidential business information



* Depending on the national law and the type of design, they may also be protected as works of art under copyright. In some countries, designs are protected under patent law as "design patents".

How do I use intellectual property to grow my business?



Disclaimer

„This presentation and the following represent my personal opinions and views and do not represent an official statement or the opinions and views of Vesalius Biocapital“

Dr. Christian Schneider

Agenda

- Intro Vesalius
- Selecting IP lawyers
- Scope
- Timeline
- Process
- Costs
- Concluding remarks

Intro Vesalius

Intro: Vesalius' funds

- European life sciences venture capital investor, together with legacy funds managing EUR 280m.
- Experienced Managing Partners, combining more than 90 years of relevant experience.
- Vesalius Biocapital III targets European later-stage venture companies in drug development, medical devices & diagnostics and digital health.
- Fund size EUR 120m.
- Six investments made (of 10 or 11).

Balanced VBC III team with a successful joint track record



Guy Geldhof

Managing Partner (Brussels)

- 25 years relevant experience
- Arthur Andersen healthcare practice
 - Founder Value4Growth
- Secretary General of Belgian VC Association
 - Partner VBC I & VBC II



Marc Lohrmann

Managing Partner (Munich)

- 19 years relevant experience
- Founder of nine life sciences start-ups, e.g. Reverse Med sold to Covidien for \$150 million
 - Corporate Development Bayer
 - Corporate Finance advisor
- Venture Partner of VBC I & VBC II



Dr. Christian Schneider

Managing Partner (Munich)

- 25 years relevant experience
- Boehringer Mannheim / Roche; Centocor / J&J
- Managing Partner PolyTechnos Venture Partners (several trade sales and IPOs)
 - Managing Partner VBC I & VBC II



Stéphane Verdood

Managing Partner (Brussels)

- 27 years relevant experience.
- Partner Arthur Andersen Consulting, focus on healthcare
 - Founder Value4Growth
- Managing Partner VBC I & VBC II



Dr. Cees Wortel

Venture Partner (Boston)

- 30 years relevant experience
 - Medical Doctor
- Chief Medical Officer of several biotech companies
- Founder of ClinQuest CRO (recently sold)



Dr. David Braga Malta

Venture Partner (Paris & Lisbon)

- 10 years relevant experience
- Degree in biological engineering & PhD in Bioengineering
- Founder of several life sciences start-ups



Dr. Fei Tian

Principal

- 11 years relevant experience. Medical Doctor from Tongji University (China)
 - PhD work at LMU Munich
- Oncologist / specialty lung cancer
- 5 years with Vesalius Biocapital



Dr. Fabienne Roussel

Analyst

- 22 years relevant experience.
- Ph.D. in Pharmaco-Toxicology
- Pfizer Central Research, research in drug metabolism in US
 - Patent expert

Selecting IP lawyers

Selecting IP Lawyers (1)

Give preference to IP lawyers with whom you have worked before:

Because you both know each other's

- Industry focus
- Styles
- Expectations
- Time lines
- Budgets & Costs

Selecting IP Lawyers (2)

Use only IP lawyers that take a very strong and clear position in their evaluation of the findings and associated risks

Because

- Black or white, yes or no - that's what we pay them for!
- Grey and maybe - that I can easily do myself...

Warning sign:

“Claims 12 and 14 of the patent application may not be approved by the EPO based on the response of the examiner.”

Selecting IP Lawyers (3)

Chose different IP lawyers for different topics
(even within one industry!)

Because: Theoretically, they all can do everything,
but in reality they have specialized over time on certain areas!

Selecting IP Lawyers (4)

Never let the prospective portfolio company mandate the IP due diligence!

Always use an IP lawyer that hasn't been involved with the company before (independent fresh look!) and have it mandated by the lead investor.

Scope of an IP DD

Scope (1)

Determine and agree, in writing, on the field and scope of search

- Have a meeting between your IP lawyer and the target
- Ask for search reports and outcomes of earlier IP DDs
- Select key words, also together with the target, based on their products
- Consider other, non-related industries and look for related terms (e.g. med-tech – oil industry)

Scope (2)

In the search, give equal weight to

- FTO (freedom to operate) and
- Validity of existing patents (!)

What is the chance that the existing patents and applications will be attacked or nullified by competitors?

Scope (3)

Ask to provide not only a historic review (FTO and validity) but a forward looking IP due diligence

- One that looks, together with the target company, at ways to further build and strengthen the IP portfolio
⇒ Develop an outline of a potential patent strategy
- The costs of an IP DD can be considerable. A forward looking IP DD is easier to sell....

Scope (4)

Besides FTO and validity, make sure you cover tasks and issues that need to be dealt with

- Before the investment
(e.g. change of conditions of existing license agreements, milestone payments, royalties, deadlines, reporting,...)
- During the investment
(e.g. granting of license agreements, contribution in kind or purchase of IP, responsibility for maintenance and costs of patents,....)
- After the investment
(e.g. sole representation of jointly owned IP, selection of fields of use & geographies, defense, filing of extensions,....)

Scope (5)

Between the target company, the respective IP lawyers and yourself, agree on which patents, rights, etc. are really relevant for the future business of the company and focus on those.

=> Forget about all patents that cover non-relevant products or that will be expired by the time the product comes to the market.

Timeline

Timeline

Agree on a timeline

- for fixed weekly review calls with your IP lawyer on
 - status
 - findings
 - costs incurred
- app. 4-5 weeks until a final conference call
(not necessarily a written report)

Process

Process

Make sure the IP lawyer visits the company to see

- the product
- the people (incl. the target's IP lawyer)
- the environment

in order to familiarize him - or herself with the situation of the target.

Feed results right back into the overall DD process and negotiation with the target.

Costs

Costs (1)

Agree on a cost range beforehand
(based on a first preliminary review of what needs to be done)

=> This improves relations with the target but also with co-investors and allows you to readjust the budget for the whole DD.

Costs (2)

Agree with the IP lawyer and the syndicate members on saving money with a summary report

(instead of a lengthy comprehensive report that will never be read or used again. But keep a record of the search terms and results!)

Because:

A future new investor and an acquirer will do their own IP due diligence again!

Costs (3)

Agree on a reimbursement of the IP due diligence by the company in case the deal is done (that's normal) but also in case the deal is not concluded.

In the latter case, keep the results initially secret and sell them to the company after the negotiations have stopped.

(I have great stories on that one!)

Concluding remarks

“Don’t due diligence everything that moves!”



Q & A