

ACQUISITION

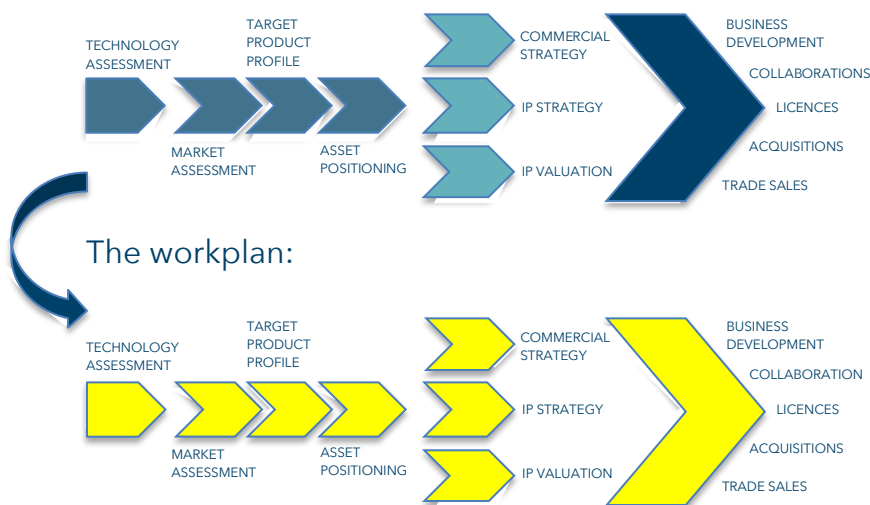


MOVEMENT SENSING TECHNOLOGY FOR MEDICAL EQUIPMENT

Following a freedom to operate (FTO) assessment conducted by a major law firm, our UK client was advised to seek a licence under a US organisation’s patents that have broad coverage of movement sensing technology in the medical field before embarking on a new wave of product development. We were engaged to negotiate the required FTO licence.

Working closely with the law firm’s patent professional, it became clear that there would be value in acquiring the intellectual property outright rather than simply licensing it. A freedom to operate licence grants limited rights to the licensee. Our client’s competitors could also seek a similar FTO licence from the IP owners. This would give all the parties freedom, but we advised that our client could gain a considerable competitive edge: owning the IP in question would give our client commercial control in a very valuable segment of the market. The client gave us the go-ahead to explore an acquisition.

We carried out an IP valuation so as to gauge a suitable price range for the intended deal. We persuaded the US owner to consider selling their IP and led the negotiations to completion. Our client was able to purchase the asset at significantly less than one third of the value that the US organisation originally stipulated and was able to develop a new modality in movement sensing. We also structured the deal so that our client could stage the payments over 10 years yet would take assignment of full right, title and interest in the asset upon payment of the first annual instalment.



The workplan:

CASE STUDY NOTES

FTO is a common issue. Here, FTO was not enough. Acquisition of the IP was of huge strategic value in the market as it would block competitors. Sound IP valuation was the foundation for effective negotiations.

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