

# Transactional Intellectual Property: From Startups to Public Companies



# Transactional Intellectual Property: From Startups to Public Companies

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A Successor to Intellectual Property in Business  
Organizations: Cases and Materials

FOURTH EDITION

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# Dedication

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For Marie—R.S.G.

For Soma—S.G.

For my parents, maternal grandmother and maternal uncles—J.P.K.



# Preface

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Intellectual property (IP) is a pervasive concern in modern society. Individuals regularly utilize diverse items—from computer software to pharmaceutical drugs—that are the products of innovation and subject to intellectual property protection. Businesses have developed new operating models based on extensive use of intellectual property and transfers of the embodiments of such property to their customers. Law schools and business schools are expanding their course offerings concerning intellectual property and its business implications. Academic journals in many disciplines publish articles on the impact of intellectual property and related laws in those fields. The popular press is filled with news stories on intellectual property laws, legal reform of those IP laws, and lawsuits over infringing software, hardware, books, and movies.

Despite all this attention, the concept of intellectual property is far from well understood. Many people, including leading scholars, question whether intellectual property is really property. Others struggle to reconcile intellectual property's right to exclude with the restrictions on exclusionary conduct in antitrust law. Another focus of attention is on how intellectual property laws further and/or hinder progress in particular industries, such as biotechnology, software, and the entertainment industries, both in the United States and worldwide.

Into these debates, we introduce the following casebook, *Transactional Intellectual Property: From Startups to Public Companies*. This text is a successor to our previous casebook *Intellectual Property in Business Organizations: Cases and Materials*. Our perspective is unique and central to the modern role of intellectual property. We propose that intellectual property should be studied and understood in its business context. This approach helps to resolve many of the current policy questions and substantive uncertainties surrounding intellectual property laws. Like other business assets, such as securities, intellectual property has aspects of property. Furthermore, when viewed in business contexts, intellectual property's role in markets and industries can be more systematically appreciated and analyzed. Given its importance in modern society as a whole, there is a surprisingly limited amount of scholarship focused on intellectual property as a business asset and its role in business organizations. A few scholars have addressed intellectual property in these contexts, and their work is cited in many places in our book. We hope that this casebook will stimulate further study of how businesses use intellectual property and how intellectual property law shapes markets and the structure of business activities.

The focus of our casebook reflects our professional and academic interests as attorneys and law professors. We have brought our own combined expertise in economics, engineering, and law, developed through our experience in law firms and in industry, to bear in assembling cases, statutes, regulations, and articles written by practitioners and professors in the fields of business organizations, commercial law, taxation, and intellectual property. The materials are designed to present a wide-ranging picture of the different roles that intellectual property plays in various stages of business activity, ranging from business formation and initial ownership structuring processes, to bankruptcies, mergers, and acquisitions, to public stock offerings and other advanced business transactions. Students using these materials will gain a rich exposure to the place of intellectual property in the contemporary marketplace that will inform their subsequent contexts and their understanding of intellectual property policy.

The topics of business organizations and intellectual property can each be intimidating to students. Putting the two together may be doubly intimidating. We hope that by bringing intellectual property and business organizations together, we can illuminate both fields and make each more understandable for students. In law school settings, we believe these materials will be useful as a basis for a survey course introducing students to the fields of intellectual property and business transactions. If used in more depth, this casebook can also serve as the basis for a capstone course for students who may have taken other intellectual property and business courses and are seeking a practical and applied course that focuses on important aspects of the relationship between intellectual property and various business organizations with differing scope, size, and focus. In order to facilitate usage of this casebook in courses without requiring any prior knowledge of intellectual property, we have included an Appendix that provides a brief introduction to different intellectual property regimes for the uninitiated. In choosing and organizing the materials, we have been sensitive to the multiple needs of different types of students and law school and business school professors. We have also sought to assemble materials that demonstrate how intellectual property interests figure in contemporary business and legal environments. By using this text to provide students with illustrations of the business significance of intellectual property, we also hope that professors in both law schools and business schools will make use of these materials in other courses on intellectual property, business transactions, and technology management.

Because of the salience of intellectual property, it is important that we recognize and study how to conduct business transactions involving intellectual property. While other intellectual property materials have largely focused on litigation involving intellectual property, our book provides a unique and comprehensive overview of transactional lawyering and management decision-making regarding intellectual property. Whether you approach these materials as an instructor or as a student, we hope that we are able to give you a deeper appreciation of the richness of intellectual property and its importance in shaping modern technology, industry, and business organizations.

The writing of this casebook was a truly collaborative enterprise. We each learned a great deal about the fundamental character of intellectual property issues from the



authors of the materials used in our text as well as from reviewing the work of our co-authors. We also benefited from the generosity and expertise of the many colleagues, students, and staff members who contributed to the completion of this text at various stages. We particularly wish to thank Professor John R. Allison, Professor Ronald J. Mann, and Professor Peter Yu, who provided insightful comments on early chapters and the original proposal that was the seed for this casebook.

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