

The “Don’ts” of IP Due Diligence

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Last time we talked about some [important Do’s of IP due diligence](#). But what might the buyer want to *avoid* during due diligence?

Here are the top 5 *Don’ts* to consider:

1. *Don’t skimp!* You remember the old saying, “Measure twice, cut once”? Well, don’t forget the IP lawyer’s mantra: “Check twice, acquire once!” Ok, we just made that up – but it’s important not to cut corners during due diligence, so that the buyer knows exactly what it is buying, and so that all schedules are accurate. That said, sometimes IP isn’t a key part of a transaction (*sniff!*) so you may only need to perform a cursory review.

2. *Don’t ignore security interests.* Just like assignments, check recorded security interests to see which have been released, which releases have already been recorded, what releases will be recorded at closing, and what releases might need to be recorded before closing. (Sneak preview: Look for our upcoming post on the Seven Secrets of Security Interests for more information!)

3. *Don’t forget to check spelling, addresses, entity information, and abbreviations,* as well as application and registration numbers and dates. Remember, mistakes in tiny details can cost significant sums later when you have to unravel a chain-of-title problem.

4. *Don’t assume it’s correct.* The first few marks on the schedule of IP might be correct, but don’t be lulled into complacency – an error could be lurking at the end of the list of IP. No one else is going to focus on all of these details, but we know you’re up to the challenge! (Personally, we live for this stuff.)

5. *Don't* anticipate the worst. Sometimes due diligence turns up no red flags, no chain of title issues, and no errors. That's fantastic – it looks like the seller is as detail-oriented as you are. Sometimes due diligence only results in your confirming the details of IP schedules, and no corrective actions are needed. If so, consider yourself fortunate.

So there you have our top 5 Do's and top 5 Don'ts of IP Due Diligence. Although these tips are specific to trademarks, they apply to patents and to registered copyrights as well.

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