INTELLECTUAL PROPERTY CHALLENGES AND SOLUTIONS FOR ASIA GLOBALIZATION

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• **Private Investment Bank:**
  - **Founded:** 1987 by ex-Hambrecht & Quist So. CA. Manager
  - **Offices:** LA (HQ), Orange County, Silicon Valley, Beijing, Shanghai

• **Transaction Type:**
  - **Mergers & Acquisitions** ➔ minimum deal size > $3 million
  - **Private Financing:** ➔ typical raise > $5 million
  - **Advisory Services:** ➔ case-by-case

• **Greater China/Southeast Asia Expertise:**
  - Arrange strategic alliances, joint ventures + corporate financings
  - Develop + implement cross-border investment + growth strategies
  - Cross-border M&A activities (Taiwan, PRC, Hong Kong, Singapore)
IP Challenges

- Can Product or Service or System be reversed engineered easily?

- Can Company keep the key technology component, ingredient, chip, code, material a trade secret and still manufacture, produce, and/or provide in developing country in Asia (e.g. China, India, Vietnam)?
IP Challenges

- Is having a patent portfolio for the company’s product or service any value or barrier to entry in developing Asia countries?

- Will product or service produced or developed in Asia be exported to developed countries?
Example of Life Science (material, contract mfg, system) solution

- Int’l Life Science company wants to develop drug
  - Have each ingredient made at different location/mfg
  - Final Formulation done either in home country or at company facility in Asian country (legal, regulatory issues to deal with)
  - Like Coke formula, very few people actually know final formulation
Example of in-country manufacturing solution

- Int’l Company wants to manufacture in Asia
  - Has proprietary technology for large scale production (microelectronics, chemicals)
  - Provide special chips or black box controls from home country that are encrypted and can only be changed remotely or replaced by upgrade
  - Main Issue has been export control issues for encrypted technology by US and Japanese Gov’t
Introducing Patented product or solution

- Have patented product/service in Asian country
  - Does Company have “Freedom to Operate” in local markets. What if do not have local patent?
  - Process patents no real barrier especially if easily reversed engineered
  - Market size and first/second in local market is business driver/justification to take risk on IP
People Turnover

- People turnover in countries like China and India is major issue relative to protecting IP
  - Normal solution is to limit access by locals to IP
  - Unfortunately, ex-pats and mid-level technical/bus people also turnover and start competitive Co.
  - Customer lists, key components, next generation products are issues with turnover
  - Still an issue although a number of companies have tried to minimize problems.