



## Case Study Investment IP Due Diligence

### CLIENT PROFILE

Investors presented with an investment opportunity involving a startup business and patented technology.

### PRACTICE AREAS

- IP Due Diligence
- Patent Strategies
- Corporate Transactions
- Commercial Litigation

### ATTORNEYS

- Rajkumar Vinnakota
- Sean Hsu
- Glenn Janik

### EXECUTIVE SUMMARY

Our clients were presented with a deal that, at least on paper, appeared to be a “disruptive” business venture in which key patents would bar competitors from entry. The investors conducted an internal review of the financials and ultimately invested substantial resources into the venture. However, shortly afterwards, problems quickly began to surface. The investors turned to Janik Vinnakota LLP to help reevaluate the business and plan out their available options.

### CHALLENGE

In the startup world, roughly 9 out of 10 businesses are expected to fail. For investors, this landscape presents a significant challenge to find a successful investment, especially when every tech venture claims to be “disruptive.”

Typically, investors compensate by investing in dozens of ventures. What tech investors need are experienced IP counsel who can help to evaluate the legal foundations of a business opportunity and to spot the flaws/risks from any future disputes or risks in the underlying IP. Additionally, that evaluation should be ongoing as the business grows to ensure that operations remain on track to meet investor objectives and expectations.

### THE JVLLP DIFFERENCE

At Janik Vinnakota, we understand the importance of thoroughly and continually evaluating any investment opportunity. Our clients invested in a deal that appeared to be souring quickly.

Our team helped to reevaluate the business from the corporate formation to the intellectual property and ongoing business plan. This review revealed that the business operations diverged significantly from the company’s patents, meaning 1) the company

could not block competitors and 2) the prior business valuation was substantially flawed. In fact, our team identified significant issues with the company’s patents that raised concerns about their enforceability and usefulness.

Based on our analysis, we worked with our clients to chart out strategies to protect their remaining resources and redirect future operations towards more sustainable business plans.