

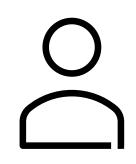
Aon IP Solutions

How to protect your company's balance sheet from IP risks: for SMEs to Corporates

Wednesday 24th May 2023



Agenda Discussion



Introductions

Aon Italy Team Aon IP Solutions Team

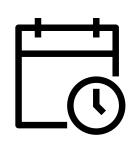


Policy Coverage

Overview of IP liability insurance

Purchasing Scenarios





(J)

Q&A

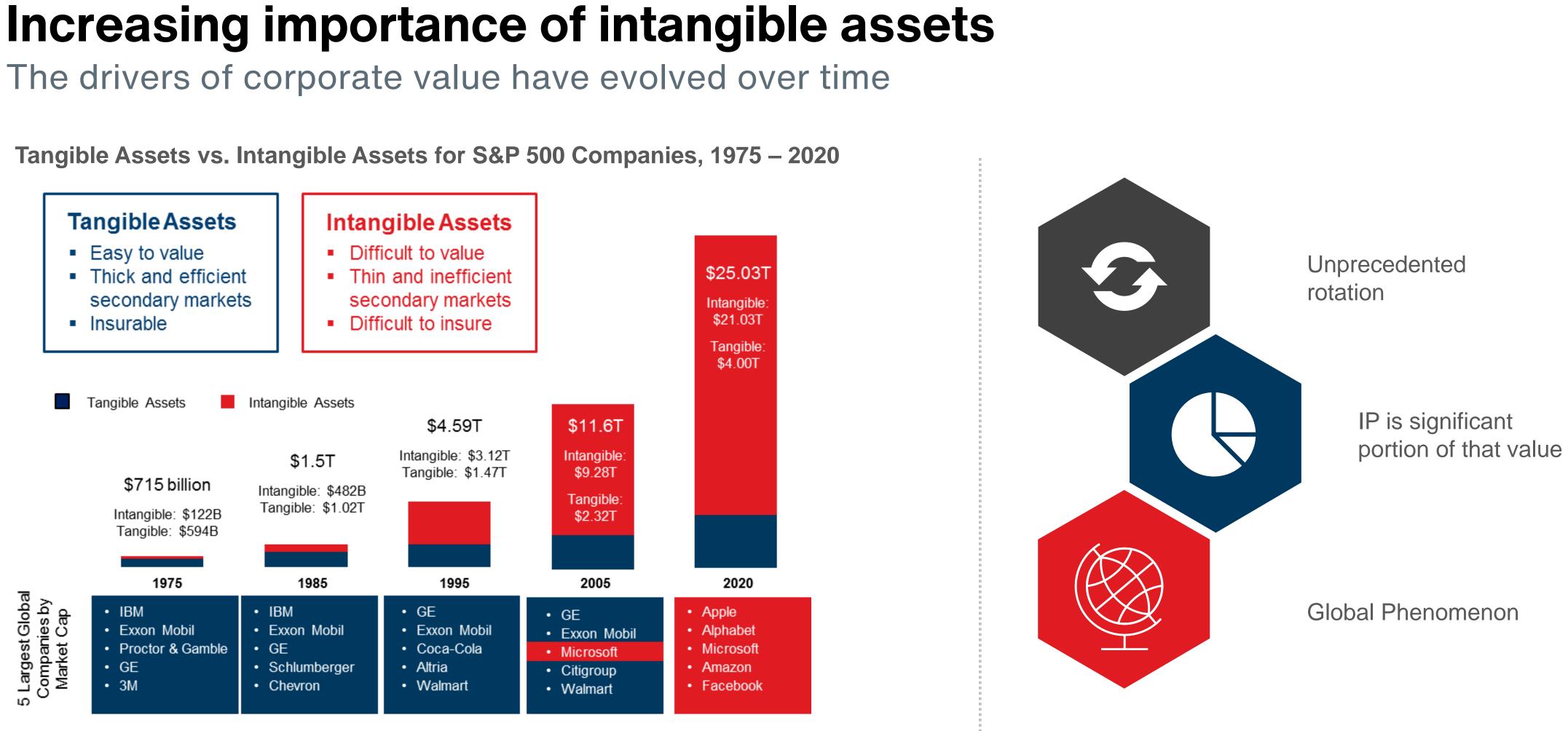
Claims

2 Case studies

Details of processes and timelines

Aon's Intellectual Property Solutions | 2023 Proprietary & Confidential

2



"Although such (intangible) assets are increasingly prevalent and important for creating market-leading products and services, finance has not yet caught up, leaving firms that rely primarily on them for growth with fewer options. The end result is a market for finance that is incrementally less effective." (British Business Bank "Using Intellectual Property to Access Growth Funding" 2018)



Aon's Intellectual Property Solutions | 2023 **Proprietary & Confidential**

1	כ
r	J
	_



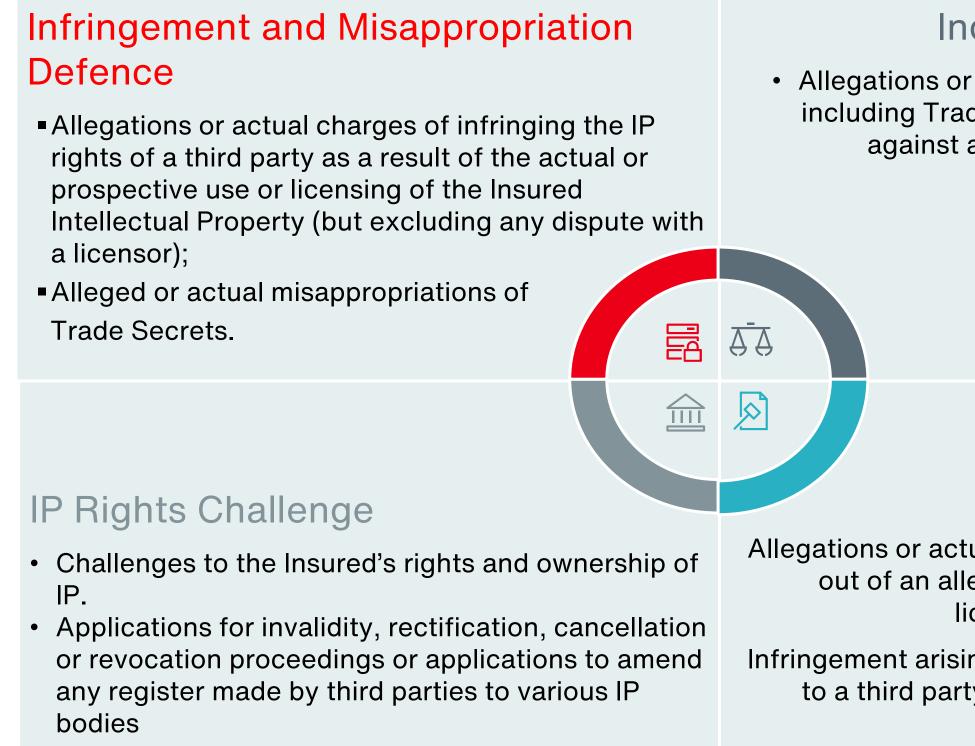
Policy Coverage





Understanding the Main IP Insuring Agreements Triggers under the policy and what is covered

Policy Triggers



It is important to note that not every quote will include cover for all the above agreements, and some insurers may sublimit cover to below the aggregate limit of the policy. The policy wording will also vary per insurer, with differences in the breadth of cover offered.



Indemnified Party Defence

• Allegations or actual charges of IP Infringement, including Trade Secrets misappropriation, made against a third-party whom the insured has provided a contractual indemnity.

Contract Breach

Allegations or actual charges of infringement arising out of an alleged or actual breach of rights in a licencing agreement by the insured.

Infringement arising due to non payment of royalties to a third party allegedly owed under a licencing agreement.

<u>What is covered?</u>

Legal costs and expenses

Court fees

Damages & Settlements Limited to monetary compensation awarded by the court or an approved settlement.

Appeals and Counterclaims

Policyholder's Choice of Counsel

Additional coverages available including Business Interruption, Withdrawal Costs, IP Enforcement, Contract Enforcement, Loss Mitigation, Emergency Costs and Bonds*

*Coverage available upon request and subject to underwriter risk appetite

5

Purchasing Scenarios Why do you need IP Infringement Coverage?

Scenario 1 **Defensive Coverage**



You sell products

Situation

You sell and promote products and your brand, and occasionally hire knowledgeable employees from your competitors.

Problem

You are concerned that you are a target for an infringement lawsuit regarding intellectual property, including trade secrets. You fear significant or even catastrophic impact on your bottom line.

Solution

IP Infringement insurance policy¹ covering patent, trademark, and copyright infringement, and misappropriation of trade secrets.



Situation

You use third-party vendors to distribute your product. Or others license your product for use in their products.

Problem

No indemnification clauses for infringement allegations in the contract with vendors. Vendors are worried about being named in an infringement lawsuit because they distribute your product. The deal is in jeopardy.

Solution

IP Infringement insurance policy¹ to cover your third-party vendors. The policy protects them from the costs of infringement allegations and can act as a business facilitator with them.

1) Policies purchased on an annually renewable basis



Scenario 2 **Contractual Liability** Coverage



You sell through vendors

Scenario 3 **Transactional Coverage**



You use other's products

Situation

Another company (supplier) has a product that you want to incorporate into one of your key product lines.

Problem

The supplier is willing to offer you some indemnity, but it may not be enough, and you are worried about their ability or willingness to honor it. They are unwilling to put funds into escrow, needing the money for business. The deal is in jeopardy.

Solution

Product-specific IP Infringement insurance policy¹ to cover the "non-infringement" indemnities.





Case Studies





Case study 1 – Copyright infringement

Party Type	Defendant		IP Asset			
Client Details	Fashion retailer with $25M$ in revenue where they have products in store and online across Europe and North America.		X	Patent		
			X	Trademark		
			\checkmark	Copyright		
			X	Trade Secret		
Claim Summary	A third party artist sent a cease and desist letter alleging that the prints on their clothing products were infringing the artist's copyrigh and threatened legal action if the product was not removed from circulation.					
Claim Outcome	Insurance claim was accepted by the insurer. The company had to enter into negotiations and eventually reached a settlement with the third party for ~£200,000 whilst legal cost amounted to ~£170,000.					
Jurisdiction	UK					
Claim length	~a few weeks					
IP Policy Details	The company held a £2,000,000 IP Liability policy with a £30,000 retention (per claim)					
Premium	~£17,000 – 0.85% RoL					
Claim Payout	Legal Costs Incurred	Settlement Amount	Claim Payout (above the retention)			
	~£170,000	£200,000	~£350,000			



Aon's Intellectual Property Solutions | 2023 Proprietary & Confidential





Case study 2 – IP Enforcement

Party Type	Defendant		IP Asset			
	A producer and seller of mechanical tools for machine composite materials, strongly oriented towards research and development with EUR 11M Turnover.		\checkmark	Patent		
Client Details			X	Trademark		
			X	Copyright		
			X	Trade Secret		
Claim Summary	The client made an enforcement action of a European patent validated in IT, FR, DE, ES (patent granted and never opposed) against Chinese company that sells an allegedly infringing product in IT and DE.					
Jurisdiction	Italy					
Claim length	~likely a few months					
Costs incurred	Legal Costs Incurred (incl. court fees)	Loss of revenue not resulting from the enforcement action (uninsurable)				
	~EUR160,000	~EUR1,000,000				
How IP Insurance could have helped	Had the client purchased an IP insurance policy, the costs of their legal fees of enforcing their patent rights against the Chinese enti- would have been covered (subject to terms and conditions of the policy wording) under IP Enforcement cover. The Damage calculation awarded by the courts to the Client may also take into account the loss of revenue amount.					











Claims Process





Claims **Timeline**



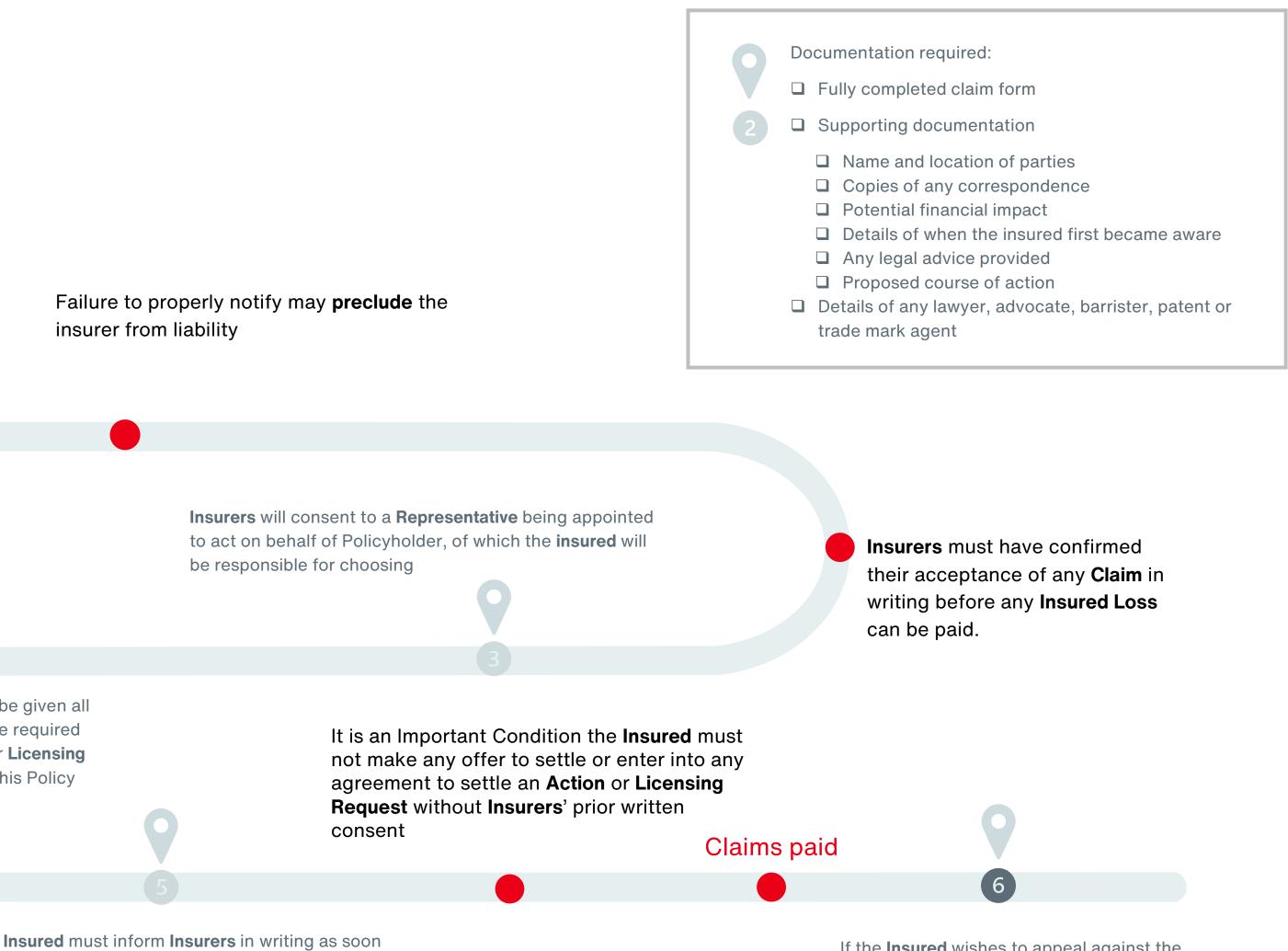
Insured must notify insurers in writing as soon as is reasonably practicable and within the **Policy Period** or Extended Reporting Period

The Representative must be given all information and assistance required in relation to any **Action** or **Licensing Request** accepted under this Policy

It is an Important Condition that the **Insured** must not make any admission of liability without Insurers' prior written consent.

as an offer (whether written or oral) to settle an Action or Licensing Request is received, or an offer of compromise or payment into Court is made





If the **Insured** wishes to appeal against the decision of a Court, Insurers' prior written consent must first be obtained.











Important notice

This presentation was prepared for the exclusive use and benefit of the addressee to whom it is directed and solely for purposes of facilitating a general discussion regarding Aon plc and/or its subsidiaries ("Aon") and certain of its products and services. This presentation is for discussion purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the accompanying oral briefing provided by Aon. This presentation contains confidential information and neither this presentation nor any of its contents may be copied or disclosed, in whole or in part, or used for any other purpose without the prior written consent of Aon.

In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which has been provided to, or reviewed by, us. While this presentation has been prepared in good faith, no representation, warranty, assurance or undertaking (express or implied) is or will be made, and no responsibility or liability is or will be accepted by Aon or by its officers, employees or agents in relation to the adequacy, accuracy, completeness or reasonableness of this presentation or any other information (whether written or oral) supplied or otherwise made available in connection with it. All and any such responsibility and liability is expressly disclaimed. The information contained in this presentation or any additional information provided herewith, or for correcting any inaccuracies in this presentation or such information which may become apparent.

This presentation does not constitute a commitment by any Aon entity to arrange or place insurance or to underwrite any risks or provide any other services.

Prepared by Intellectual Property Solutions, a business division within Commercial Risk Solutions.

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

© Aon plc 2019. All rights reserved.

The information contained herein and the statements expressed are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Registered office: The Aon Centre 122 Leadenhall Street London EC3V 4AN

aon.com

