

Whose Idea Is It Anyway?

Protecting Value in AI through
IP insurance



Hanna Beaumont FIRM
Director: Corporate

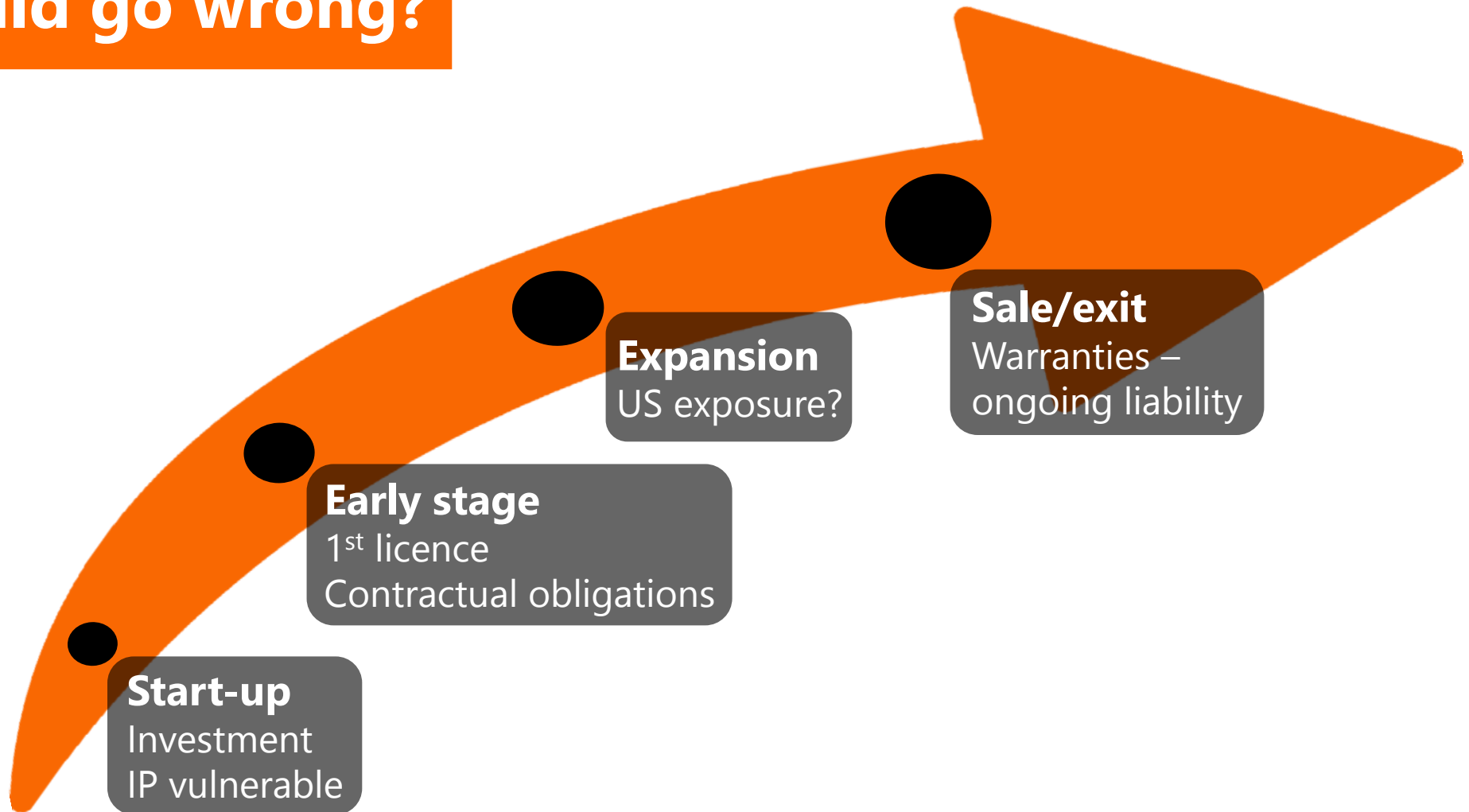
Why IP Insurance in AI?

- ➔ USPTO has come out in favour of the [algorithms governing AI and AGI being patentable](#).
- ➔ IP balance-sheet value at all-time high
- ➔ Estimates suggest less than 1% of insurable IP assets are insured

So you need to...

- ➔ **Defend yourself** against allegations of Intellectual Property (IP) infringement
- ➔ **Enforce** your own Intellectual Property (IP) rights
- ➔ **Meet the costs of indemnifying** a third party (e.g. customer or distribution partner) where you have a contractual responsibility to indemnify them against IP breach

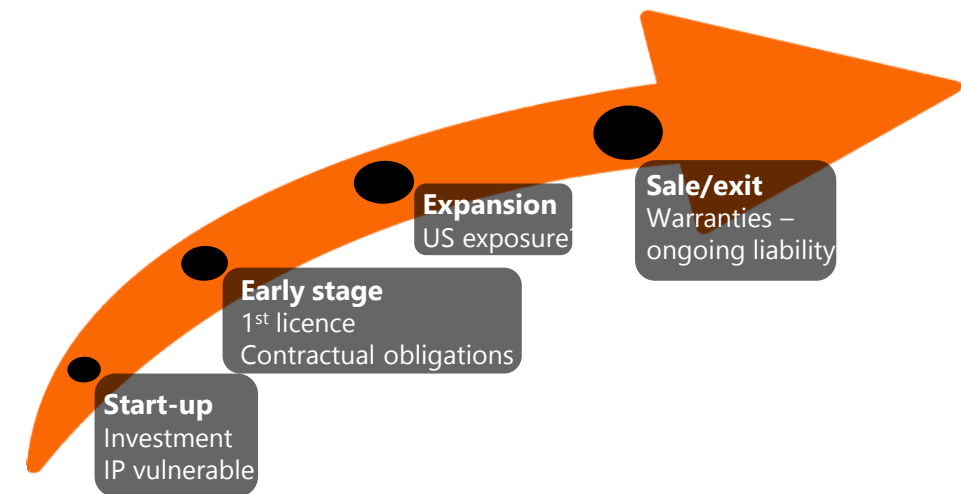
What could go wrong?



“What if...?” Start-ups

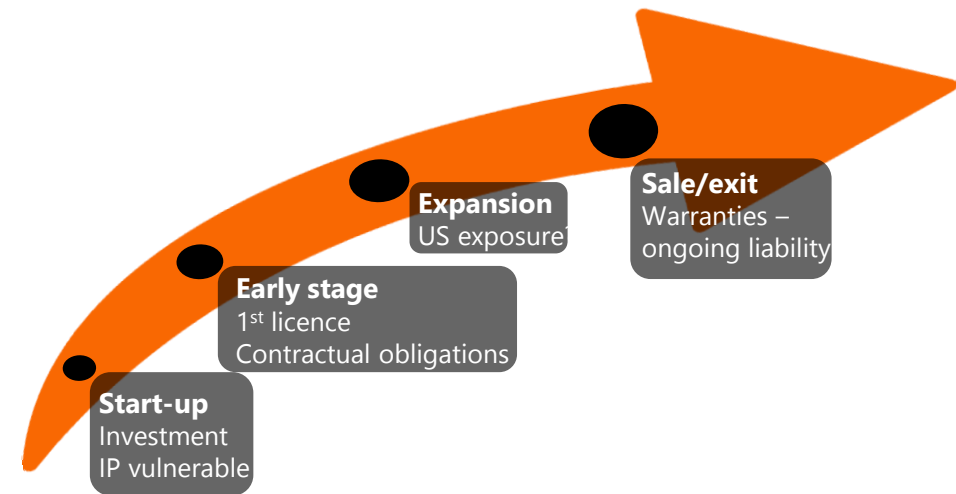
- ➔ **You’re accused of infringing** a patent - do you have £500,000* ready for the defence costs? Or \$2m* + if sued in the US?
- ➔ **Your patent is infringed** by a blue-chip giant - insurance can help you enforce your rights and help you level the playing field.

*CFC Underwriting



“What if...?” Early stage

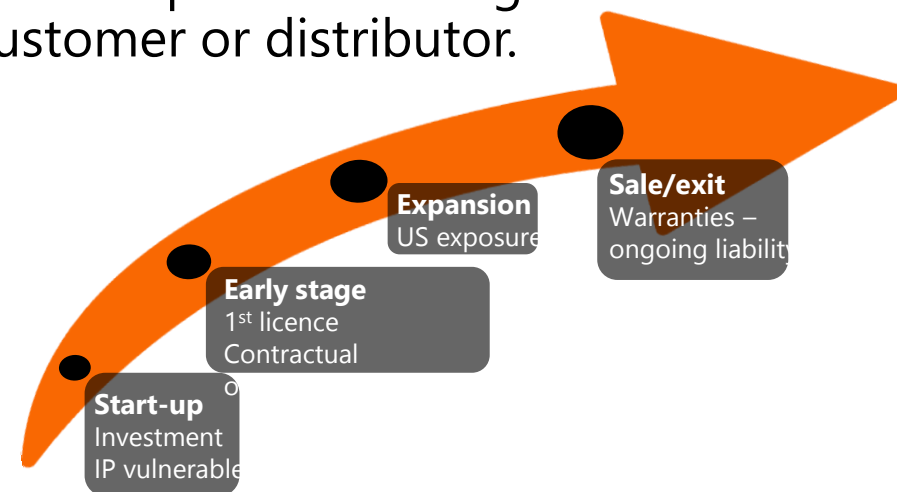
- ➔ **A distributor is accused** of IP infringement for distributing your product - and they turn to you to indemnify them?
- ➔ An employee **claims title to your IP?** You may have to pay damages...



“What if...?” Expansion

- ➔ You're breaking into the **North American market** and a local competitor hits you with a law suit? The costs could be crippling...it's spurious, but you still have to defend it
- ➔ You have to **reengineer your product** to ensure it's non-infringing?
- ➔ A court finds you to be infringing – you face a **loss of profits**

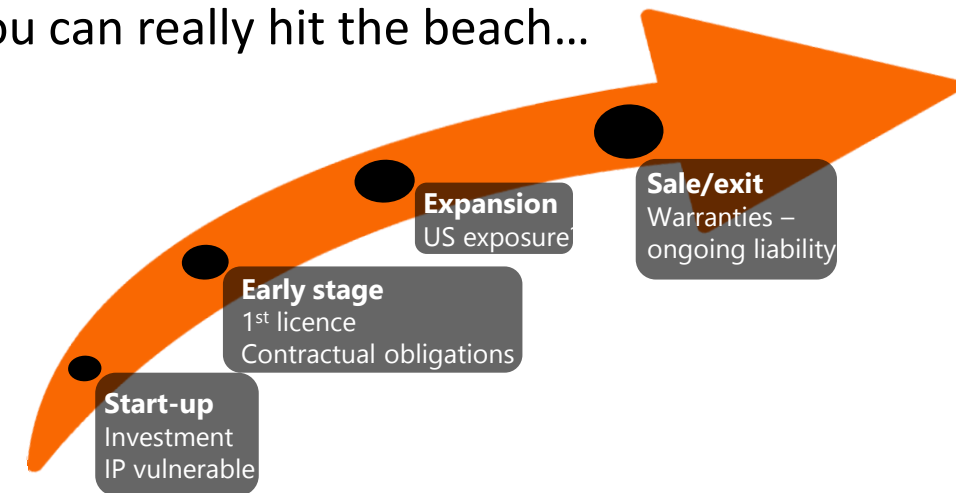
Don't expect your Professional Indemnity, Errors & Omissions or Directors & Officers insurance policies to protect you. They usually exclude or limit disputes involving IP. And they won't help if you're called upon to indemnify a customer or distributor.



“What if...?” Sale/exit

- ➔ **You sell the business** but 6 months on your buyer gets hit with an infringement suit?
- ➔ You face a challenge to the **validity** of your IP or to your title to IP rights? How will this hit the value of your IP portfolio – and business?

Ringfence your ongoing IP liability with insurance – so you can really hit the beach...



How can insurance help you?

- 1. IP “Defence” Insurance** for costs of defending against IP infringement allegations
- 2. IP “Pursuit” Insurance:** so David can go after Goliath in an IP infringement
- 3. Investor-friendly insurance:** Intellectual Property gives investors confidence
- 4. Contractual obligations (e.g: licensing your IP will require indemnification).**
But beware:
 - Limit your liability
 - Keep control of claims when indemnifying others
- 5. US IP Insurance**
 - Higher limits of indemnity
 - “Pursuit” insurance not widely available
 - Restricted coverage for NPEs (trolls)

Thanks for listening!

Hanna Beaumont (Fellow of the Institute of Risk Management)

Any questions? Feel free to speak to me afterwards or email hanna.beaumont@laplayainsurance.com
Direct T: 01223 200664

La Playa Science & Technology

www.laplayainsurance.com

La Playa is a boutique, specialist international insurance broker based in Cambridge, London and New York. Registered broker at Lloyd's and authorised & regulated by the Financial Conduct Authority.