



4 medical device industry trends affecting innovation

Major medical device companies are increasingly outsourcing their innovation. Here's what that means.

The medtech trends panel at DeviceTalks West in December included (left to right) Ginger Pigott, vice chair of Greenberg Traurig's Pharmaceutical, Medical Device & Health Care Litigation Practice; Marlon Housman, senior legal director at Medtronic Vascular; Casper de Clercq, a general partner at Norwest Venture Partners; and Roman Fayerberg, a shareholder and registered patent attorney at Greenberg Traurig. *Image courtesy of WTWH Media videographer Derek Little*



Chris Newmarker |
Executive Editor |

The medical device industry is increasingly relying on small, young companies to provide innovations, but the early-stage medtech companies are mostly relying on angel investors.

It's also more important than ever to protect intellectual property and mitigate exposure to litigation.

Those were some of the big takeaways from a Greenberg Traurig-sponsored panel on medtech M&A, IP and product liability trends — held at DeviceTalks West in December.

Panelists included Marlon Housman, senior legal director at Medtronic Vascular; Casper de Clercq, a general partner at Norwest Venture Partners; Roman Fayerberg, a shareholder and registered patent attorney at Greenberg

Traurig; and Ginger Pigott, vice chair of Greenberg Traurig's Pharmaceutical, Medical Device & Health Care Litigation Practice.

Here are four medical device industry trends affecting innovation:

1. Innovation through acquisition

For the legacy medical device companies, there's less opportunity for big, game-changing, strategic acquisitions than there used to be. Instead, the focus is more on the smaller acquisitions that can add products to the companies' lineup, said Housman of Medtronic Vascular.

"R&D budgets are shrinking. There's a lot more pressure. So as a result, we do look elsewhere for developmental technologies," Housman said.



In the pharmaceutical industry, innovation is already mostly outsourced, according to de Clercq at Norwest Venture Partners.

"I think that's probably where large medtech is going... Looking outside for innovation," de Clercq said.

2. Partnering with academia in a way that protects IP

Academia is also a great source of inventions for medical device companies, but medtech outfits need to take care to protect their IP, said Fayerberg of Greenberg Traurig.

"It's a great way to get the foundational IP fast and some data behind it, but you have to be careful with the license and agreements. That usually comes up during the due diligence: who owns what part of the IP and how important is the foundational IP," Fayerberg said.

It's also worth noting that research institutions often work together. So a license from university A may not be enough if university B and C are also involved.

"It's definitely something to look at during due diligence," Fayerberg said.

Housman urged caution.

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3. VC is still for more advanced companies

Venture capital outfits still appear to be focused on funding medical device companies that have already achieved a few milestones.

"We typically seek out FDA-cleared devices... We want to see clinical data, ideally," said de Clercq.

Much of the funding for early-stage companies currently comes from angel investors, according to de Clercq, who said it is relatively easy to secure an investment in the \$1 million to \$3 million range.

4. Medical device litigation is here to stay

Media reports have affected the public's perception of the medical device industry and garnered some attention from plaintiff lawyers — and that attention in turn has increased the potential for litigation, according to Pigott of Greenberg Traurig.

Medical device companies need to not only think about regulatory compliance, but also about mitigating litigation risks, Pigott said. "Medical device litigation is here to stay." **M**

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