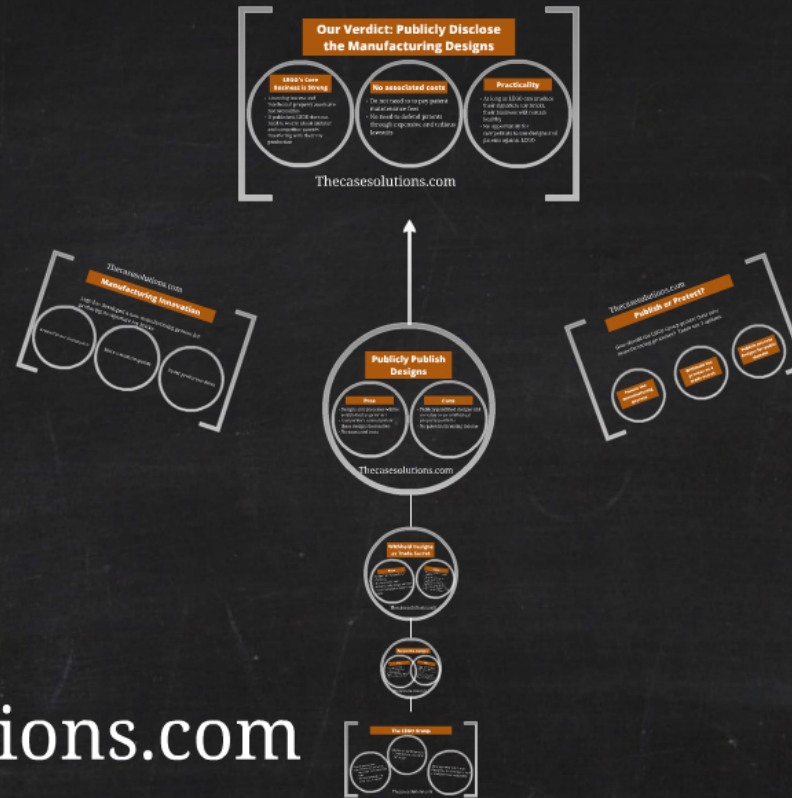
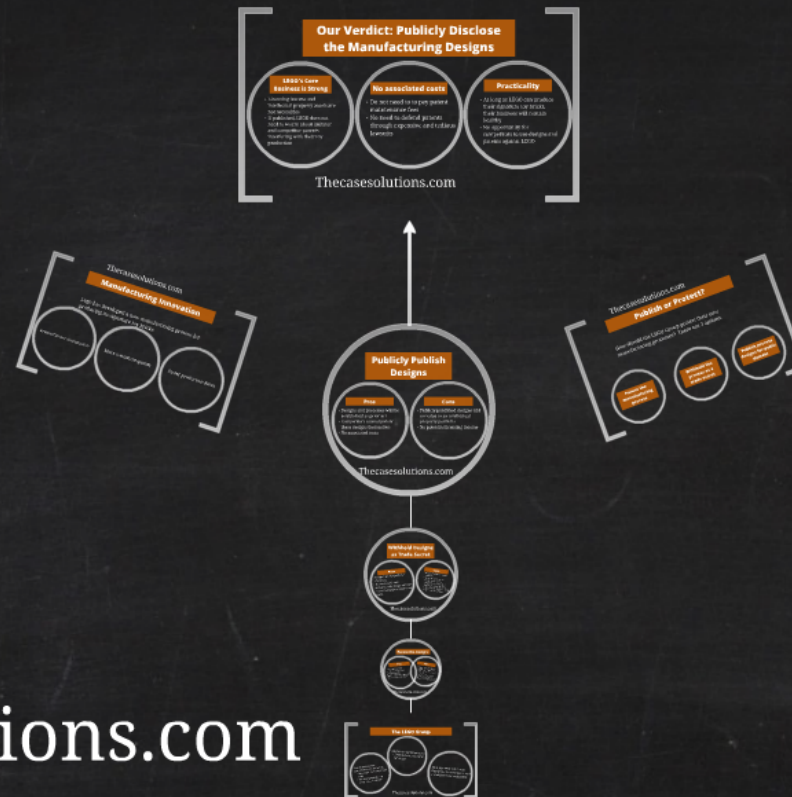




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The Restructuring of Danfurn LLC



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The Restructuring of Danfurn LLC

The LEGO Group

- One of the largest toy manufacturers in the World
- 3rd Largest toy company by sales
- The most profitable toy company in the world

- Ubiquitous market presence
- Everybody knows LEGO brick toys

- Strong growth and strong financials in recent years after stumbling in the early 2000s

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Manufacturing Innovation

Lego has developed a new manufacturing process for producing its signature toy bricks

Reduced Power consumption

More consistent quality

Faster production Rates

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Publish or Protect?

How should the LEGO Group protect their new manufacturing processes? There are 3 options.

**Patent the
manufacturing
process**

**Withhold the
process as a
trade secret**

**Publish process
designs for public
domain**

Patent the Designs

Pros

- Protected for 20 years
- Addition to intellectual property portfolio
- Option to license the protected designs to other companies

Cons

- Designs must be published
- Intellectual property law enforcement varies around the world
- Patent maintenance costs
- Competitors can slightly tweak designs to avoid infringement

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Withhold Designs as Trade Secret

Pros

- Designs are not publicly disclosed
- No associated costs
- As long as the design remains secret competitors cannot use them

Cons

- High probability of design "spillover"
- No option to license the intellectual property
- Competitors could patent similar processes, thereby interfering with LEGO's ability to use their own designs

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Publicly Publish Designs

Pros

- Designs and processes will be established as prior art
- Competitors cannot patent these designs themselves
- No associated costs

Cons

- Publicly published designs add no value to an intellectual property portfolio
- No potential licensing income

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Our Verdict: Publicly Disclose the Manufacturing Designs

LEGO's Core Business is Strong

- Licensing income and intellectual property assets are not necessities
- If published, LEGO does not need to worry about imitator and competitor patents interfering with their toy production

No associated costs

- Do not need to pay patent maintenance fees
- No need to defend patents through expensive and tedious lawsuits

Practicality

- As long as LEGO can produce their signature toy bricks, their business will remain healthy
- No opportunity for competitors to use designs and patents against LEGO

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