

Pro Bono 2012: Baby Steps

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R. Todd Johnson
Jones Day Partner

For the past nine years, Jones Day partner R. Todd Johnson has given a lecture on corporate structure and financing at Stanford University through a course called Entrepreneurial Design for Extreme Affordability. The course—drawing on a range of disciplines, including design, business, law, and engineering—divides 50 students into teams that seek to develop an affordable solution to a global problem.

“When I do my yearly lecture, I offer to sit down for up to an hour with any team that wants to take their project beyond class,” says Johnson, a Silicon Valley-based energy lawyer. “I help them think about matters related to the structure and finance, and usually several teams take me up on this.”

It was one of those postclass meetings, in 2008, that led to Johnson’s pro bono representation of Embrace, an organization formed by a Stanford team that developed a low-cost design for incubators. In the developing world, many premature or low-birth-weight babies die because medical facilities cannot afford access to incubators. The Embrace device, which looks like a miniature sleeping bag, costs \$200—about 1 percent of the price of a standard incubator.

When Embrace incorporated as a nonprofit, Jones Day partner Brent Sokol and associate Stephen Kampmeier did intellectual property work on its patent and trademark. (LeClairRyan did some IP work for Embrace as well, also on a pro bono basis.) Johnson told the team that if it eventually wanted to convert to for-profit status, he’d help.

Last January, Embrace took him up on the offer. “It’s expensive to have a medical device because of clinical trials and product development,” says Linus Liang, one of

the Embrace’s cofounders. “About 50 percent of our time was spent on fundraising. There are investors out there who want to invest in social enterprise. We decided to reorganize so we could tap into those funds.”

Along with Johnson, other Jones Day lawyers who helped in the conversion, on a pro bono basis, were of counsel Babak Nikravesh and associates David Chen and Esther Pun. (The nonprofit entity was represented by Robert Wexler of Adler & Colvin, who did not work on a pro bono basis.)

In the transaction, the nonprofit arm of Embrace received stock in the for-profit entity, Embrace Innovations, as well as cash up front and an agreement for an ongoing royalty stream based on sales of the technology, which the for-profit licenses from the nonprofit. (Fenwick & West handled the licensing agreements, also on a pro bono basis.) Meanwhile, the nonprofit arm remains focused on providing educational training about infant and maternal health, donating incubators to those in need, and developing new technology.

As of early 2012, attorneys at Jones Day had logged 1,019 hours of pro bono work with Embrace, a figure that accounts for the initial intellectual property work as well as the spin-off. Johnson, who keeps a model of the incubator in his office, is still connected with Embrace, though the for-profit arm now pays for legal services.