

EXISTING AND EMERGING IP BUSINESS MODELS

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***MARKETS FOR PATENTS:
Emerging Practices and
Directions for Research***

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ESTABLISHED IP BUSINESS MODELS - *Overview*

- Market Makers & Transaction Intermediaries
- Enforcers and Litigation Financiers
- Institutional Aggregators/Investors
- IP Development & Licensing Companies
- Analytics Toolmakers & Service Providers

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ESTABLISHED IP BUSINESS MODELS - *Market Makers & Transaction Intermediaries*

- Licensing Specialists
 - Corporate Licensing Spin-Outs (e.g., AT&T IP, Philips IPS)
 - University Tech Transfer Agents (e.g., University TLO's, BTG, UTEK, Texelerate)
 - Independent Licensing Agents (ILAs)
(e.g., General Patent, IPAC, IP Finance, IP Value, Lava Group, ThinkFire)
- On-line Exchanges/Bulletin Boards
(e.g., Global Patent Exchange, InnoCentive, IP Exchange Intl. (OT), NineSigma, Open IP.org, Patent Bid-Ask (OT), The Dean's List (OT), Tynax, Yet2.com, Virtual Ventures)
- Brokers
(e.g., Bramson, Fairfield, Iceberg, iLeverage, Inflexion Point, IP Investment Group, IPEG BV, iPotential, PatentBridge, PCT Capital, Pluritas, RedChalk, Semi. Insights)

Note: Many of the ILAs and Exchanges have expanded their services to include brokerage (e.g., IP Value, Lava, ThinkFire, Yet2.com)

ESTABLISHED IP BUSINESS MODELS - *Market Makers & Transaction Intermediaries* (cont.)

- IP Auction Houses
(e.g., Ocean Tomo, IPA GmbH, IPAuctions.com)
- IP-Driven M&A Advisors
(e.g., Inflexion Point, Ocean Tomo, PCT Capital, Pluritas)
- IP-Backed Finance
 - Royalty Stream Securitization (e.g., AllseT IP, UCC Capital, Royalty Pharma)
 - IP-Collateralized Lending (ABL) (e.g., OT/Perot, Paradox)

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ESTABLISHED IP BUSINESS MODELS - *Enforcers & Litigation Financiers*

- Single Inventor Assertion Firms
e.g., NTP, RAKL (Ron Katz), Lelmelson Foundation, LPL, Patriot/TPL, Fergason
- Patent Licensing & Enforcement Companies (PLECs)
e.g., Acacia, IPCom (Germany), Plutus, C2-GTI, TechSearch/Niro, (Refac)

Note: there is some overlap between this category and the Institutional Aggregators and Licensing Agents.

- Litigation Financiers/Investors
e.g., Altitude, Arca, Burford, Rembrandt, NW Patent Funding (Canada), Juridica (UK), Oasis

Note: models include equity investment, debt financing, and buy-out.

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ESTABLISHED IP BUSINESS MODELS - *Institutional Aggregators/Investors*

Institutional Patent Aggregators/Funds

- Strategic (i.e., Corporate) and Financial Investors (LPs)

Intellectual Ventures (US)

- Financial Investors Only

Coller Capital (UK)

European Patent Funds --

Deutsche Bank

Credit Suisse

Alpha Patentfonds

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ESTABLISHED IP BUSINESS MODELS - *IP Development & Licensing Companies*

- *IP as a "product"*

AmberWave

ARM

InterDigital

MIPS

Mosaid

Qualcomm (?)

Rambus

Tessera

Wi-LAN

etc.

Note: these companies may utilize a revenue model based on:

- Technology transfer (design info, process know-how, and consulting)
plus patent licensing, (*carrot* model); or
- Patent licensing/assertion alone, (*stick* model)

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ESTABLISHED IP BUSINESS MODELS - *Analytics: Toolmakers & Service Providers*

- Patent Rating Services and IP Analysis Software

Anaqua
1790 Analytics
IP Checkups
IP Vision
Intellectual Assets
Innovation International
Patent Ratings (Ocean Tomo)
Patent Cafe
TAEUS
The Patent Board
TOPCAP

- Intangible Asset Valuation Specialists

Conсор
CRA Intl (Intecap)
Hagelin
ICMG
LECG
NERA

EMERGING IP BUSINESS MODELS

- Defensive Patent Pools, Funds and Alliances
e.g., Allied Security Trust, Open Invention Network, RPX
- Spin-Outs of “Stranded” Corporate Technologies and Associated IP
e.g., Blueprint Ventures, Inflexion Point, New Venture Partners
- M&A Financing
e.g., Intellectual Ventures (Novafora-Transmeta acquisition financing)
- IP Transaction Platforms, Best Practices Development Communities & Infomediaries
e.g., Gathering2.0, Global Patent Exchange, IPXI, OpenIP.org, OT Patent Bid-Ask, Patent Freedom, Upper Manhattan IP Zone
(Note: some overlap here with older on-line exchange/bulletin board models)
- Patent-Based Public Stock Indexes
e.g., OT 300 Index, Patent Board WSJ Scorecard

THE FUTURE OF THE IP MARKETPLACE

BIG Question No. 1 --

What effects (if any) will the changing legal and economic environments have on the various IP business models, individually and collectively? --

- Patent reform initiatives in Congress (e.g., damages apportionment)
- Supreme Court and Fed Circuit cases (e.g., eBay, KSR, Quanta, Bilski)
- New PTO examination rules - claim limitations, IDS, continuation practice, obviousness guidelines, etc.
- Tight money and depressed financial markets

THE FUTURE OF THE IP MARKETPLACE (cont.)

BIG Question No. 2 --

Will *traditional* institutional investors (VCs, Private Equity, Hedge Funds):

- (a) Embrace patents (and/or patent litigation) as a viable *Alternative Investment* class?

(e.g., Kleiner-Perkins' & Charles Rivers' investment in RPX and Fortress' investment in IPCom)

or

- (b) Shun IP assets and business models as a result of having been so badly burned by their

inability to quantify risk – and thus value

in connection with opaque intangible assets in the form of mortgage-backed financial derivatives?