

Buying, Selling and Monetizing IP to Strengthen Your IP Position

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Outline

- Portfolio Management
- Assertive Licensing
- Patent Acquisition
- Patent Selling
- Summary

IP Life Cycle Concept

- Systematic approach to technology innovation and the resulting creation, management, and utilization of IP assets to impact business performance



Establishing an IP Position

- Understand existing technologies, products & markets and strategic importance to your organization
- Organize your portfolio and identify best patents to protect your market space and/or license
- Determine what patents you need to buy, what patents to lapse and what patents you can sell

Portfolio Management & Patent Evaluation

- Establish an effective taxonomy to provide structure, identify patents with external value and drive decision making
- Sort, evaluate and rate patent assets

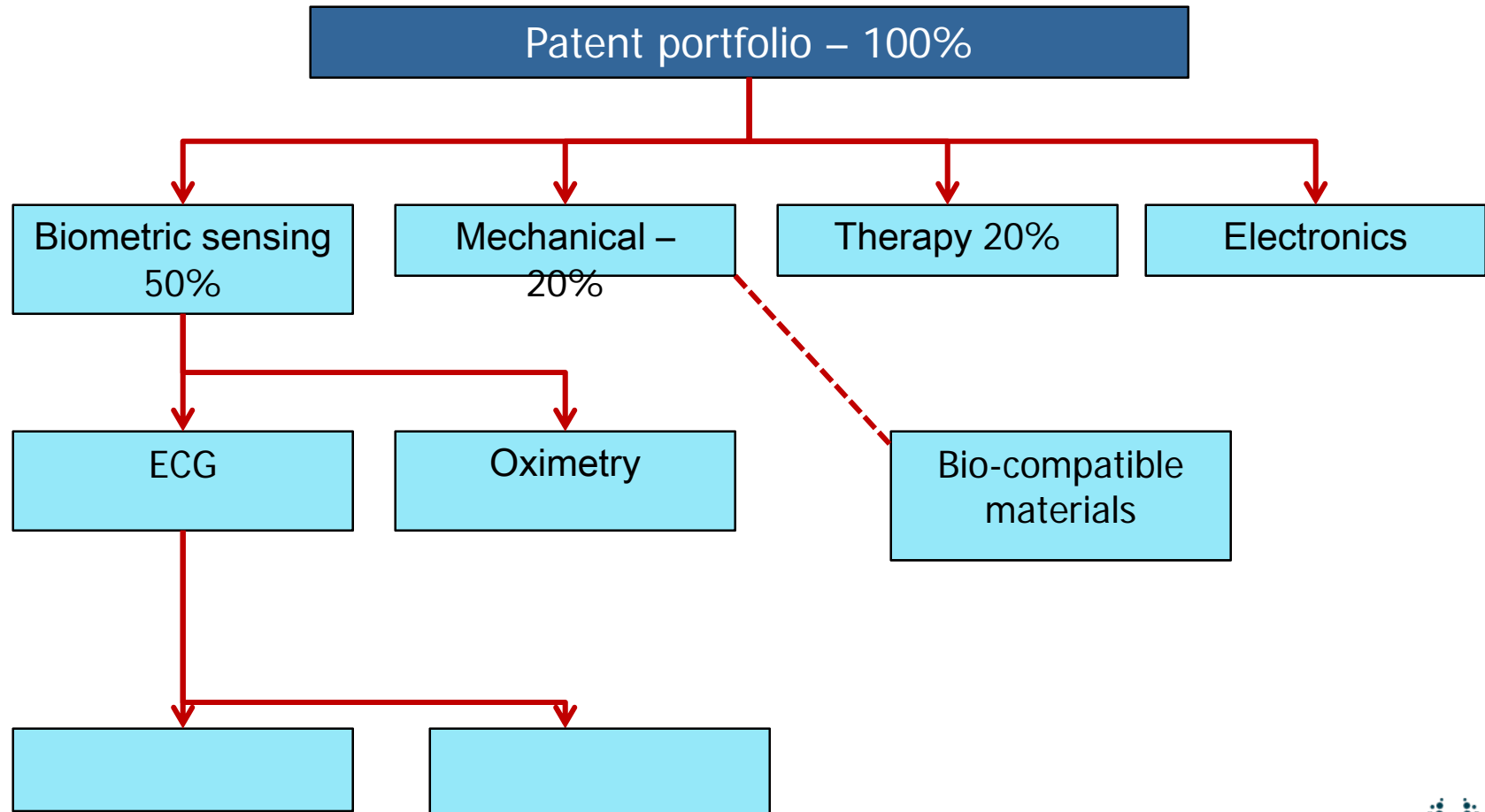
The Result – A structured patent portfolio with prioritized assets to *drive monetization efforts* and *enable smart decisions* about which patents to file, acquire, license, sell or abandon



Patent Sort

- Effective sorting requires an appropriate taxonomy for grouping similar patents
- Taxonomies can be created in 2-3 dimensions
 - Application area or product
 - Technology
 - Business Solution
- Vital that a level of granularity is applied to enable filtering for further review
- Results can quickly identify portfolio strengths and weaknesses by quantity

Filter for Triage: Initial sort



Analyzing Triage Results

- What technology buckets are core to your products?
 - Defend market space
- What technology buckets are non-core to your business?
 - Assertive Licensing
 - Patent Sale
- What technology buckets have wide use across multiple market segments (ex. Sensors, Wireless)?
 - Defend Market Space
 - Assertive Licensing
 - Patent Sale
- How large are your technology buckets?
 - Smaller, non-core groupings could be a good candidate for sale

Patent Assessment

- Criteria should be relevant to the portfolio management goals
- Criteria for consideration:
 - Strength of the invention
 - **Use of the technology within industry**
 - Commercial merit of the technology
 - Quality of the claims construction
 - **Ability to detect use of the invention**
 - Probability of existing prior art
 - Remaining life span of the patent
 - Strategic value to core business
 - Previously licensed technology
- Consider a staged approach – 2 to 3 criteria for first cut
- Results will identify overall portfolio strengths and weaknesses, and highlight buy/sell side opportunities

Outcomes from Patent Assessment

- Identify key patents to be used for:
 - Assertive licensing
 - Market Protection
 - Potential Sale (non-core/non-strategic patents of value)
- Identify key future use patents
 - Mark for subsequent review at later date
- Identify obsolete and/or limited potential patents
 - Make educated decision on what patents to drop (save maintenance fee costs)
- Identify core technology areas that require additional patents

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Define Strategy

- Core vs. Non-core technology
 - Retaliation risk
- Impact of program on existing relationships
 - Customers
 - Partners
 - Investors
 - Competitors
- Corporate willingness/aversion to litigation
- Expected return on investment and timeframe
- Available resources - \$ and people
- What is your end goal?



Select Potential Licensees

- Assess candidates by market & product revenues, product availability and technical alignment with patents
- Investigate parallel technologies that could be relevant to your portfolio
- Determine patent acquisition priorities



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Indicators of Value

- Infringement – value comes from use in the market, not “cool” technology
 - Claim construction
 - Evidence of Use on products in market
 - Effort required to detect and demonstrate use
- Commercial Impact
 - Impacted revenue
 - Strategic importance (aka future revenue)
 - Minor or major innovation
 - Viability of alternatives or design arounds
- Validity

Keys to Successful Patent Purchase Program

- Know what you need and how you will use it after acquisition
 - Ensure purchases align with long-term corporate initiatives
- Have defined selection criteria and a set diligence process
- Compete on multiple terms for patents of value
 - Speed
 - Defined diligence process and selection criteria
 - Dedicated staff
 - Allocated budget (\$ drive deals)
 - Creative deal structure (ex. Contingency)
 - Proactive approach

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Research and Analysis

- Assessment of patent portfolio
 - Identify key patents that will be used to drive value (EoU)
 - Understand technology and product coverage provided by patents
- Market research
 - Determine size of impacted revenue
 - Study current or potential litigations in field and parties involved
 - Identify key players in field and parties outside of field (ex. NPE's) that could have interest
 - Contact and provide promotional material to identified parties to generate interest and enable due diligence
- Promotional package
 - Summary of patents, Details of market impacts, Evidence of use
 - Typical due diligence period is 2-3 months
- Sale structure - Auction, Bidding Process or One on one negotiation

Maximizing Value as a Seller

- Identify who will gain most leverage from acquisition
- Be Creative
- Large companies receive significant number of offers on a monthly basis
- Differentiate with quality of marketing package and having the right contacts
- **Trend:** futures deals including set portfolio today with additional patents later
- Make it easy
- Most organizations still do not have a defined acquisition process or dedicated staff
- Provide necessary information and sufficient time for due diligence
- **Benefit:** Invest patent divestiture funds into assertion campaigns, patenting activities and/or strategic patent acquisitions

Summary

- Patent Sort and Review is necessity for solidifying IP Position
 - Identifies strengths and limitations of portfolio
 - Enables effective decision making for future investments
- Understand end goal (ex. Market protection, Profit Center) before initiating Assertion campaigns
- Ensure patent purchases compliment long-term business needs
- Patent divestiture cost savings and revenues can finance assertion campaigns, patenting activities and strategic patent acquisitions that enhance long-term IP position

Thank you for your time

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