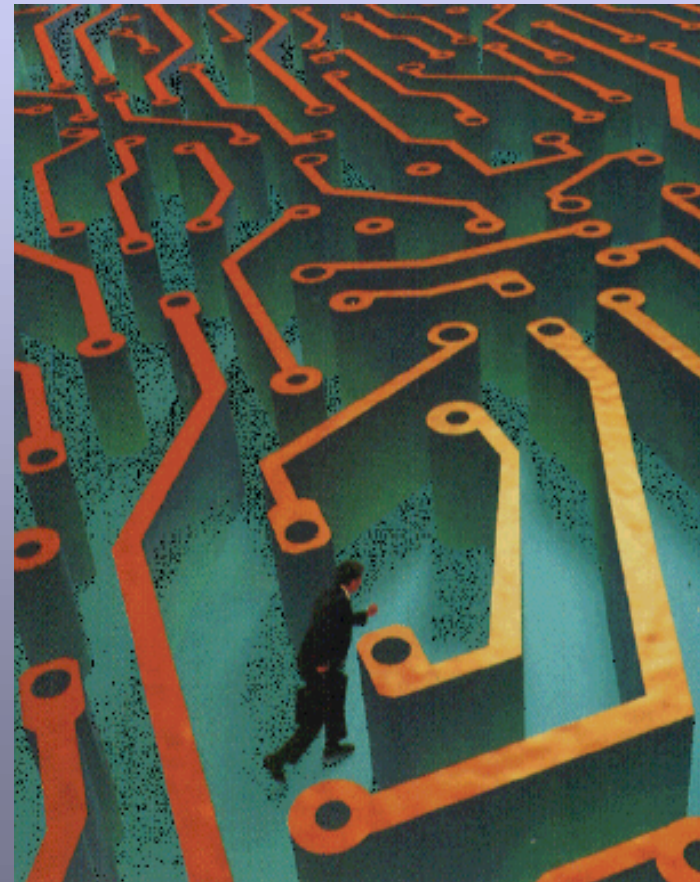


Business Opportunity Alternatives to Assertion-Based Patent Monetization

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IP Monetization Strategies***
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Assertion vs. Business Opportunity Models

The assertion-based patent monetization business model results from viewing a patent as --

an exclusionary legal right

Value proposition: *Pay us a royalty or we'll sue!*

The business opportunity model results from viewing a patent as --

a commercial asset (like real estate or corporate securities)

Value proposition: *We can both make money here.*

Opportunity Model Deal Types

- **Outright sale of patent(s) - w/ or w/o continuing revenue stream.**
- **Exclusive field-of use license(s).**
- **Non-exclusive licenses, coupled with technology (know-how) transfer.**
- **Corporate transactions involving sale or merger of entire companies, divisions or business units.**
- **Various investment and financing and securitization vehicles - e.g., sale-and-lease-back.**

Outright Sale

Buyer -

- competitor
- new entrant, start-up
- institutional patent aggregator (IPA)
- private equity firm

Price -

- lump sum - cash, equity or mixed
- up front payment (or not) plus revenue share based on buyer exploitation (w/ or w/o reversionary interest)

Reservation (or grant-back) -

- nonexclusive or exclusive F-O-U license, covenant-not-to-sue
- any rights to improvements?

Non-compete?

Exclusive Field-of-Use License

- **Single exclusive license to all “non-core” applications**
- **Multiple exclusive licenses in selected “verticals”**
- **Cross-EFOU licenses to obtain exclusivity within a vertical a**
- **Grant-back rights to improvements by licensee?**
- **Licensee enforcement issues - standing and joinder**

Enabling-Type Non-exclusive Licenses

Non-exclusive license coupled with -

- **Technology transfer (trade secrets, know-how)**
- **Technical support (e.g., integration with licensee processes)**

Emergence of the “IP Company” -

- **No tangible product, except for digital data**
- **Typically, three operating units: R&D, IP licensing & customer support**
- **Examples: Tessera, MIPS. ARM, Interdigital**

Corporate Transactions

- **Sale of company**

**asset sale, stock sale, forward/reverse merger, RTM
payment can be cash, equity or mixed**

- **Divestiture of division. business unit or technology**

**spin-off vs. spin-out
IP allocation is usually a contentious issue!**

- **Merger of Equals (MOE) -**

- **Joint Venture**

**contractual vs. Newco
two-stage hybrid
IP may be a JV member's sole contribution**

IP-Backed Financing

- **Collateralization -**

Sale and license-back

- **Securitization of future royalty streams -**

Bowie Bonds

Bio-pharma Trust

Concluding Thought

***“When all you have is a hammer,
everything looks like a nail.”***

**Think creatively about monetizing IP assets -
talk to an IP investment banker.**