

Emerging Markets for IP Assets

The National Academies

June 23, 2008



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Revelation

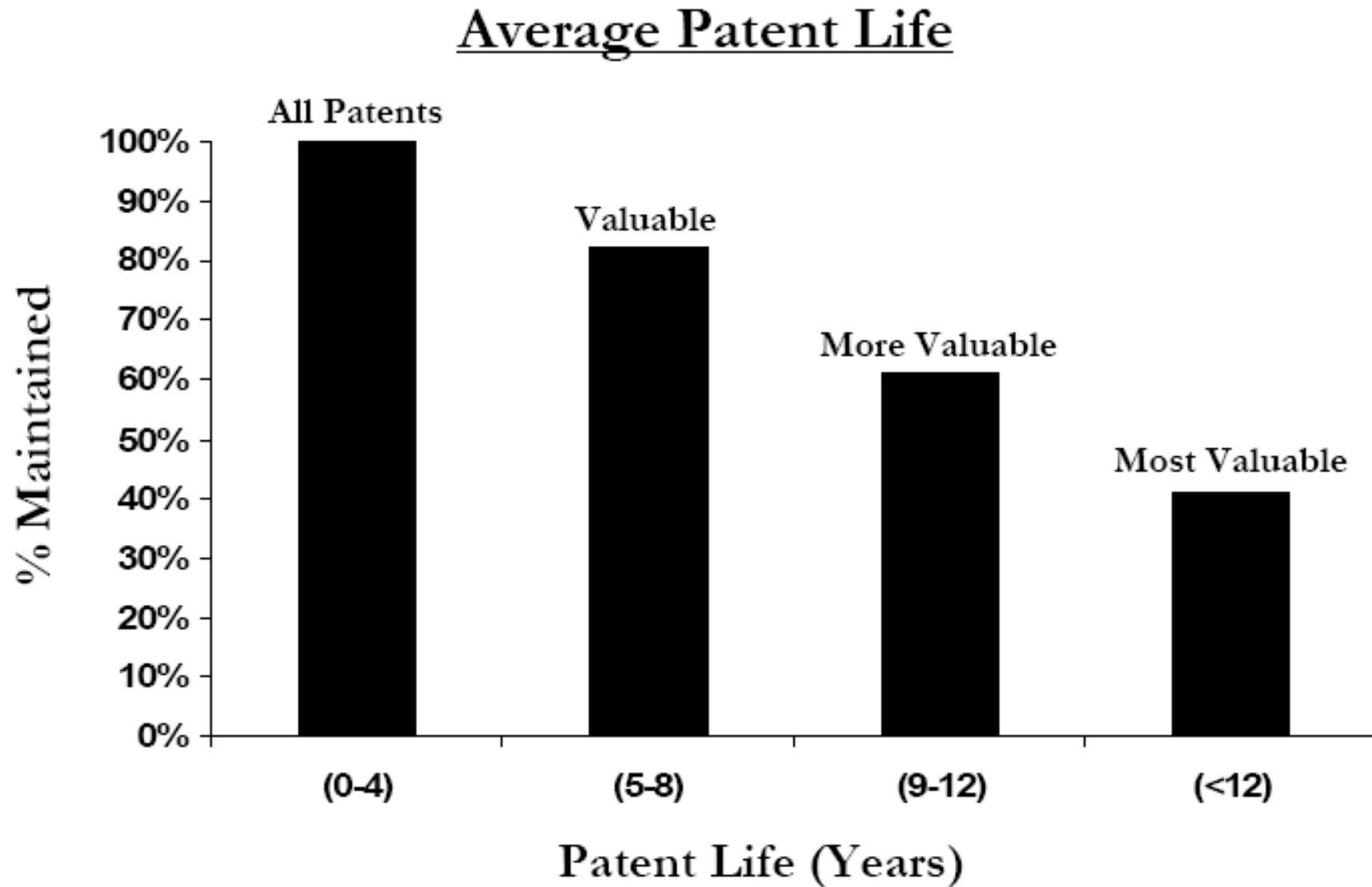
$$\mathbf{T} \neq \mathbf{lim}(\mathbf{PP})$$

Emerging Markets

- § **Historical Markets – Patent Maintenance**
- § **Episodic Price Discovery - Public Auction**
- § **Global Micro Markets – Patent Voice Brokerage**
- § **Focused Macro Markets – IP Traded Exchange**



Patent Maintenance



Patent Scoring Reports



PATENT DUE DILIGENCE REPORT

REPORT DATE: January 11, 2006

US0543696

Patent:
Filed:
Priority:
Inventor:

US5436960
5/25/1991
5/25/1991
7/25/1995
Campana; Thomas J., et. al.

IPQTM Score: **180.5**
Overall Rating: **A+**

Assignee (orig):
Assignee (cont):
Recorded:
Attorney:
Current Status:

Campana, Thomas J., Jr.
NTP, Incorporated
006936/8758; 5/25/1994
Antonelli, Terry, Stout & Kraus
IN FORCE

Electronic mail system with RF communications to mobile processors and method of operation thereof

Field:
U.S. Class/Subclass:
Class Description:
Int'l Class / SIC:

COMM/SOFT
455/412
Telecommunications
H04M / 3661

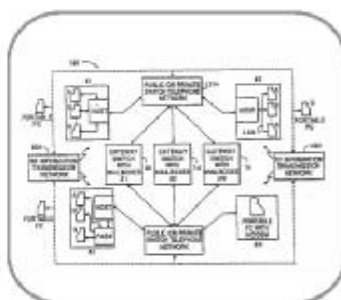
Number of Claims (dep/ind):
Number of Related U.S. Patents:
Number of Related Int'l Patents:
Number of Forward Citations Recd.:

85 (8 / 81)
5; 1 pending
1
42

Summary of Scores/Ratings

Intellectual Property Quotient (IPQ)TM:
Overall Percentile Rank:
Overall Patent Rating:
Nominal Expiration Date:
Renewing Life Expectancy:

180.5¹
99%²
A+³
7/25/2012⁴
6.1 yrs⁵



PATENT DUE DILIGENCE REPORT

REPORT DATE: January 11, 2006

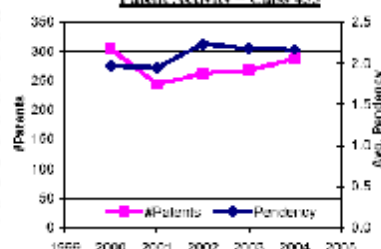
Related Technology Space

The '960 patent is currently classified by the USPTO in primary U.S. Class/Subclass 455/412 (Telecommunications) and Int'l Class G06M 093/00. The closest corresponding SIC code is 3661 (Telephone And Telegraph Apparatus). Major patent holders in USPTO class 455 are listed below along with a patent-activity summary for the trailing 5-years.

Patent Assignee

Patent Assignee	#Pats	IPQ
Xerox Corporation	19	96.3
International Business Machines Corp	18	89.6
Brother Kogyo Kabushiki Kaisha	18	128.6
Lexmark International, Inc.	17	91.8
Eastman Kodak Company	16	111.3
ZIH Corp.	16	100.6
Fargo Electronics, Inc.	12	117.0
Pitney Bowes Inc.	11	119.0
Francisco Postal AG & Co.	11	81.8
Moments Marketing Systems, Inc.	10	130.7

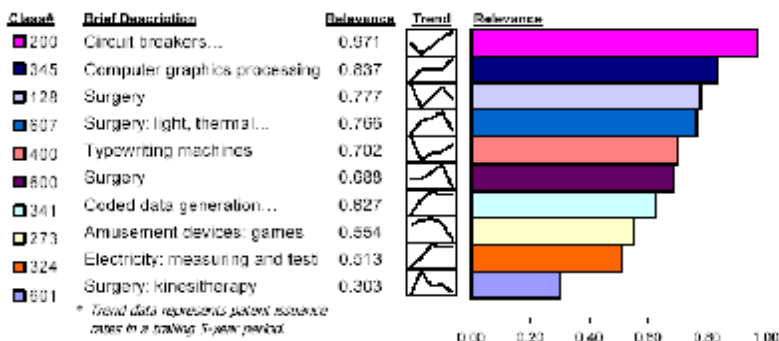
Patent Activity - Class 455



Patenting activity in USPTO patent class 455 has been gradually increasing over the past 5 years, as shown in the above graph, with about 1897 new patents now issuing per year on average. Average pendency times (time from filing to issuance) have been increasing over the past 5 years to about 3.00 years currently, indicating a somewhat higher than normal backlog of pending cases awaiting examination.

Of course, it should be noted that patent technology classification is an inexact science and relies largely on subjective review and analysis by human decision-makers. Because of this, some patents and patented technologies may be "misclassified" and/or put into existing classifications that do not exactly fit or aptly describe a particular technology. Thus, it may be beneficial to consider other possible patent classifications. Other relevant USPTO patent classifications in this case are indicated below along with estimated relevancy scores and growth trends for each.

Relevant USPTO Classifications and Patenting Trends



* Trend data represents patent science rates in a trailing 5-year period.

Scores & Percentile Rankings²

Factor ¹	Score/Rank	Raw Score ²	Percentile Rank by Group ²				
			Overall	Field	Class	Subclass	Assigned
TECHNOLOGY	1.85	95.1%	90%	—	—	—	—
DISCLOSURE	1.24	80.8%	63.6%	85%	80.7%	—	—
CLAIMS	1.97	99.6%	99.7%	99.9%	97.7%	—	—
PROSECUTION	1.74	98.7%	97.8%	99%	97.9%	—	—
OTHER	1.37	89.9%	90.2%	95.8%	95.3%	—	—
IPQ SCORE ³	180.5	99%	98.9%	99.7%	99%	—	—
IPQ SCORE TM	162.5	97.3%	95.9%	98.5%	98.5%	—	—

Life Exp. & Survival Probabilities⁴

Life Exp. (Years)	Y0				M1				M2				M3			
	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
Exp. Survival	16.7	15.7	15.7	13.7	12.5	11.5	10.5	9.5	8.5	7.5	6.5	5.5	5	—	—	—
	—	—	—	—	88%	—	—	—	87%	—	—	—	86%	—	—	—

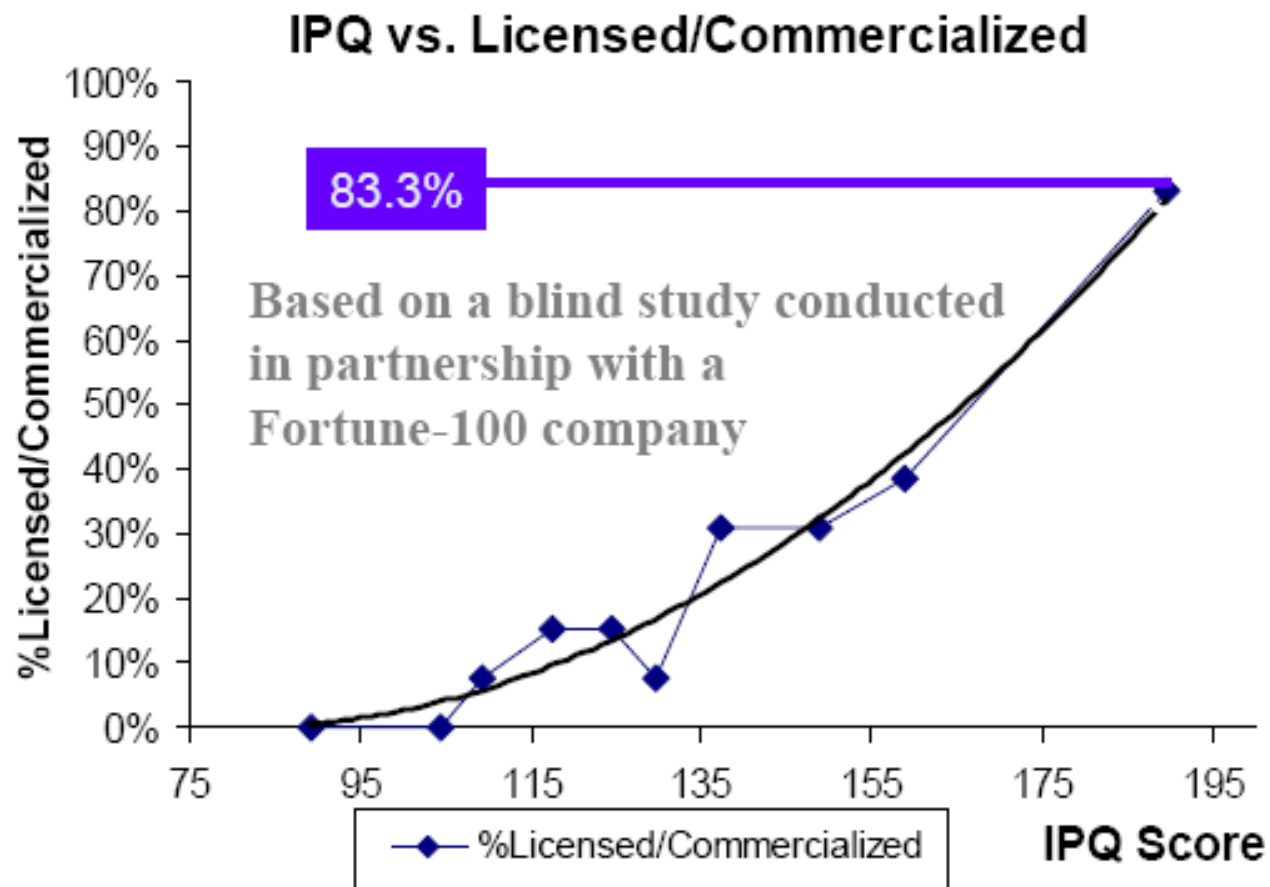
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*For application notes on this page please refer to Appendix 1 attached hereto.

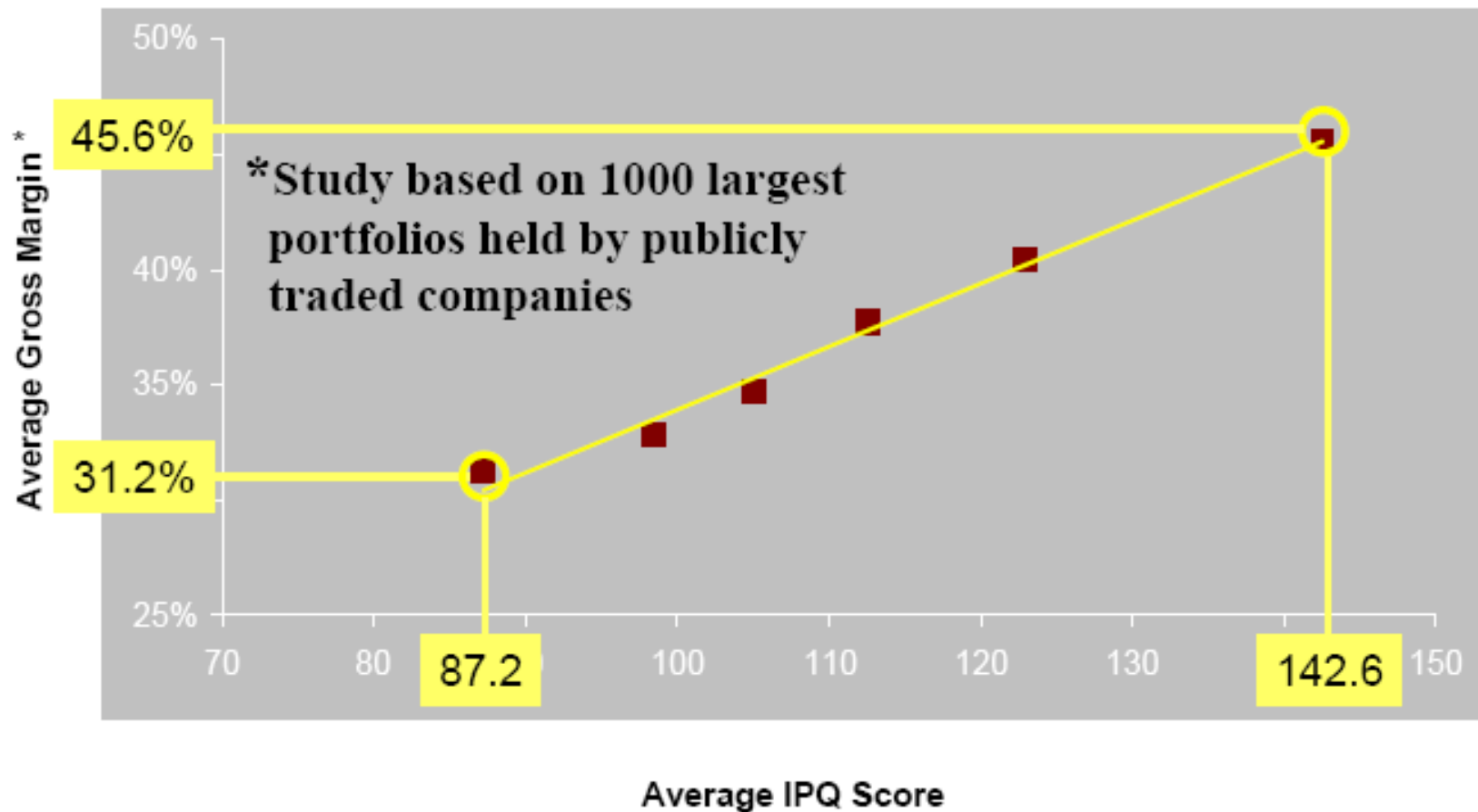
Empirical Proof

...higher patent quality correlates to a higher probability of being licensed / commercialized...



Empirical Proof

...higher patent quality correlates to higher gross profit margins...



Emerging Markets

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Ocean Tomo Auctions



Auction Results

Spring 2006 San Francisco On-Floor Patent Sales \$3,026,100 Avg Patent Lot Sales \$116,388	Fall 2006 New York On-Floor Patent Sales \$6,066,500 Avg Patent Lot Sales \$275,750	Spring 2007 Chicago On-Floor Patent Sales \$11,429,000 Avg Patent Lot Sales \$336,148	Summer 2007 London On-Floor Patent Sales \$8,084,184 Avg Patent Lot Sales \$621,860
Fall 2007 Chicago On-Floor Patent Sales \$11,599,500 Avg Patent Lot Sales \$305,250	Spring 2008 San Francisco On-Floor Patent Sales \$19,629,500 Avg Patent Lot Sales \$370,368	Summer 2008 Amsterdam On-Floor Patent Sales \$TBD Avg Patent Lot Sales \$TBD	

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March 12, 2008

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Logged in as: pba@oceantomo.com



Active Bid/Ask Patents

Patent #	Data Room	Bid Exp Date	Assignment		Exclusive Lump Sum		
			Bid (* +)	Ask	Bid Exp Date	Bid	Ask
EP1890523				\$250,000			
JP47013909		5/2/2008	\$35,000				
This patent is currently on consignment for the Spring 2008 Ocean Tomo Auction. Please visit www.oceantomoauctions.com for more information.							
JP47013912							
US6588154		5/20/2008	\$95,000*+	\$250,000			
US6588160		5/3/2008	\$25,000				
US6588164				\$55,000			
US6588166		5/3/2008	\$25,000				
US6588168				\$50,000			

This patent is currently on consignment for the Spring 2008 Ocean Tomo Auction.
 Please visit www.oceantomoauctions.com for more information.

Search Patent Number:

Place Bid on Patent Number:

+ denotes there are multiple assets in the portfolio being bid upon.
 * denotes there are multiple bids on portfolios containing this asset.

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Equity Listings – IP Qualifications

- § Inclusion as a member within an IP-based index listed on IPX Chicago (e.g. the Ocean Tomo 300® Patent Index or similar)
- § Licensing revenue from intellectual property exceeds 15% of total revenues or 50% of reported earnings
- § Innovation Ratio [intellectual property value / total book value], determined by an independent third-party appraiser, exceeds 25%
- § Innovation Ratio, determined by an approved algorithm (e.g. Ocean Tomo PatentRatings®), exceeds that of the top quartile of a listed index based on such algorithm
- § The value of intellectual property, determined by an independent third-party appraiser, exceeds \$1 billion.

IP Indexes

THE WALL STREET JOURNAL

PATENT SCORECARD

PatentRatings® System

Ocean Tomo's PatentRatings® system has identified 53 independent and object factors, which calculate the relative attractiveness of the more than 4 million patents issued by the U.S. Patent and Trademark Office since 1983. The PatentRatings® system is widely recognized by the intellectual property valuation industry.

Patent Based Indices

The transformation of the global economy to a knowledge economy has placed an unprecedented focus on the value of patents. Ocean Tomo has developed a suite of patent-based indexes which provide investors, asset managers and financial advisors with useful benchmarks.

Patent Index

The Ocean Tomo 300® Patent Index represents a diversified portfolio of 300 companies that own valuable patents.



Value Index

Includes the top value companies of the Ocean Tomo 300® Patent Index, as determined by the price-to-book ratio.



Growth Index

Includes the top growth companies of the Ocean Tomo 300® Patent Index, as determined by the price-to-book ratio.



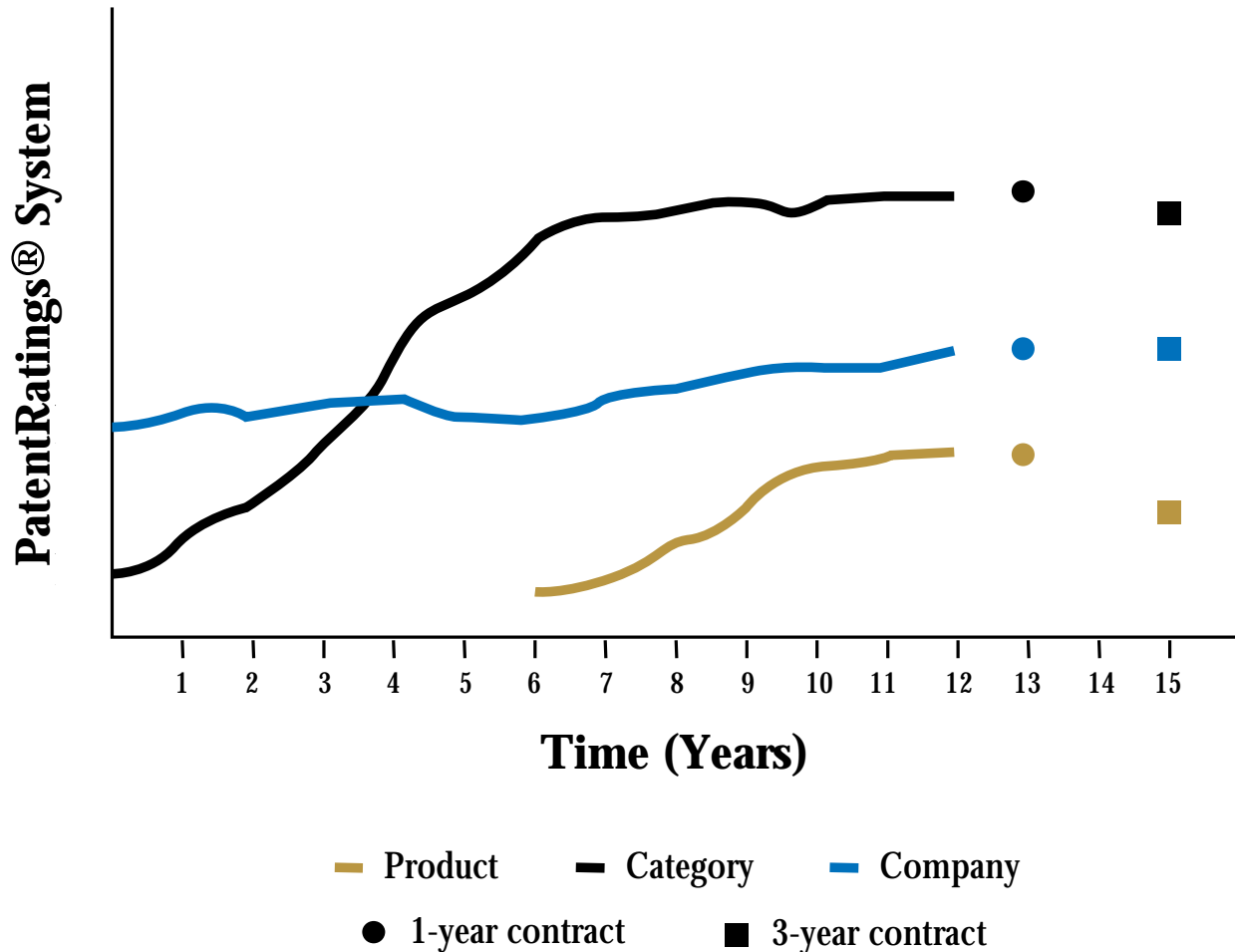
Patent Value Index

Measures cumulative maintenance value of all patents in force.



Tradable Technology Baskets™

TTB Illustration



Unit License Rights™

CORE DESCRIPTION OF ILLUSTRATIVE ULR TRADE

ULR(s): U137A, B & C Valve Seat Insert

PATENT: X,XXX,137 and continuations, continuations-in-part and foreign counterparts.

LICENSED FIELD OF USE: All

RESTRICTIONS: All secondary sales through IPX

ISSUER RIGHT TO USE: Yes

UNIT BASIS: One ULR covers one automotive or light truck engine

TOTAL OFFERED QUANTITY: 5 million license units offered in 50 unit lots

OFFERING TERM: 3 years

TERM OF LICENSE: Until consumed

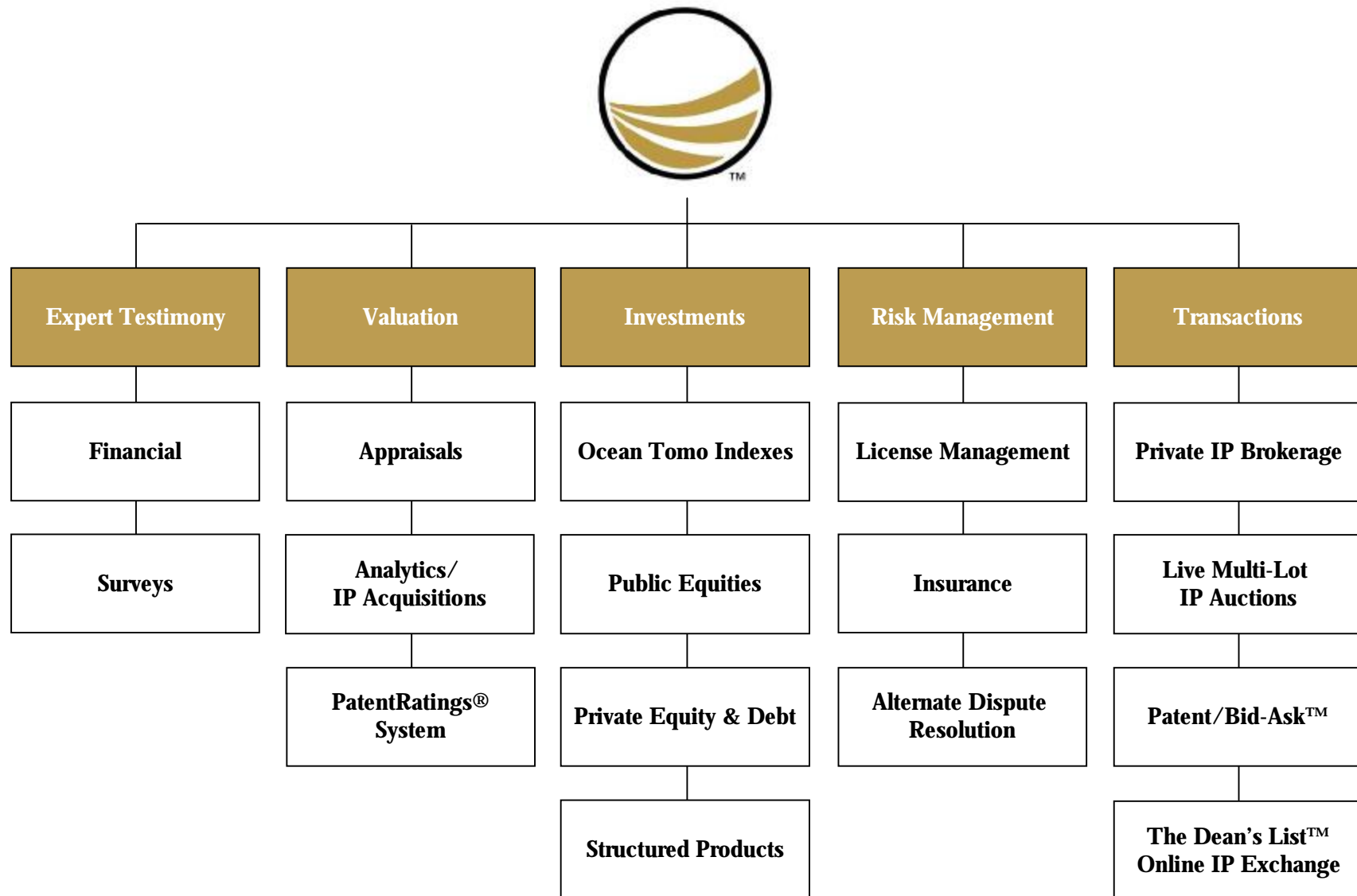
TRAUNCHES

U137A: 1 million ULR's at an initial offering price of \$0.50 per unit (eg unit 1)

U137B: 1 million ULR's at an initial offering price of \$0.75 per unit (eg unit 1,000,001)

U137C: 3 million ULR's at an initial offering price of \$1 per unit (eg unit 2,000,001)

Ocean Tomo Overview



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