



Who's Buying Patents?

What are they Paying?



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Why Buy a Patent?

- Exclude competitors.
 - Barriers to entry.
- Enter new markets with mitigated risk of infringement litigation.
- Enforce against infringers.
- Generate licensing revenue.
- Accumulate 'arms' for potential patent wars.
- Take the patents off the market—buy them so that others can't buy them and enforce them against you.



Patent Buyers

- **Product manufacturers & marketers**
 - Buy rights to exclude competition from producing similar products
 - Many manufacturers in Asia
- **Patent enforcers**
 - Buy patents that are infringed
- **Corporate defenders**
 - Build portfolio to protect against infringement suits
 - Buy through third party aggregators
- **Financial investors**
 - Buy patents with licensing revenue streams



Product Marketers


- Types of buyers:
 - Operating companies.
 - Product manufacturers.
 - Product distributors.
- Business Model:
 - Sale of products.
- Why they buy:
 - Product differentiation.
 - Reduce risk of infringement suits.
- Patents sought:
 - Key product components.
- How they buy:
 - Stealth mode.
 - Via intermediaries.



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Litigation-Driven Licensors


- Types of buyers:
 - Firms of lawyers.
- Revenue model:
 - Licensing. Settlement & court-awarded royalties.
- Why they buy:
 - New infringement opportunity.
 - Boost existing portfolio.
- Patents sought:
 - Infringed by large corporations.
 - Good evidence of infringement.
- How they buy:
 - Through preferred brokers.
 - Direct interaction with seller.
 - Following thorough analysis of infringement.



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Defensive Patent Pools

- Types of buyers:
 - Trusts established by several large corporate product marketers.
- Business model:
 - Raise funds from corporate partners, buy patents, license to partners.
- Why they buy:
 - Reduce risk of infringement litigation.
 - Remove from market.
- Patents sought:
 - Those on market.
 - Practiced in products.
- How they buy:
 - Stealth mode.



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Private Equity Firms

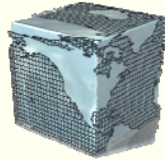
- Types of buyers:
 - Financial investment funds.
- Business model:
 - Buy underperforming assets, make them perform, sell at a premium.
- Why they buy:
 - Financial opportunity.
- Patents sought:
 - Large, valuable portfolios.
 - Supplements to existing portfolios.
- How they buy:
 - Stealth mode.
 - Via intermediaries.



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Which Country?

- Patents are country-specific.
 - U.S. patent is only enforceable in U.S.
 - Chinese patent only enforceable in China.
- U.S. patents are most valuable.
 - Many buyers only interested in U.S. patents.
- Difficult to sell patents from other countries unless they are part of portfolio with U.S. counterparts.



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Valuation

What are Buyers Paying?



