

License on Transfer Program (“LOT”): Improving the Patent Landscape Together

Eric Schulman



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License On Transfer (LOT) Network



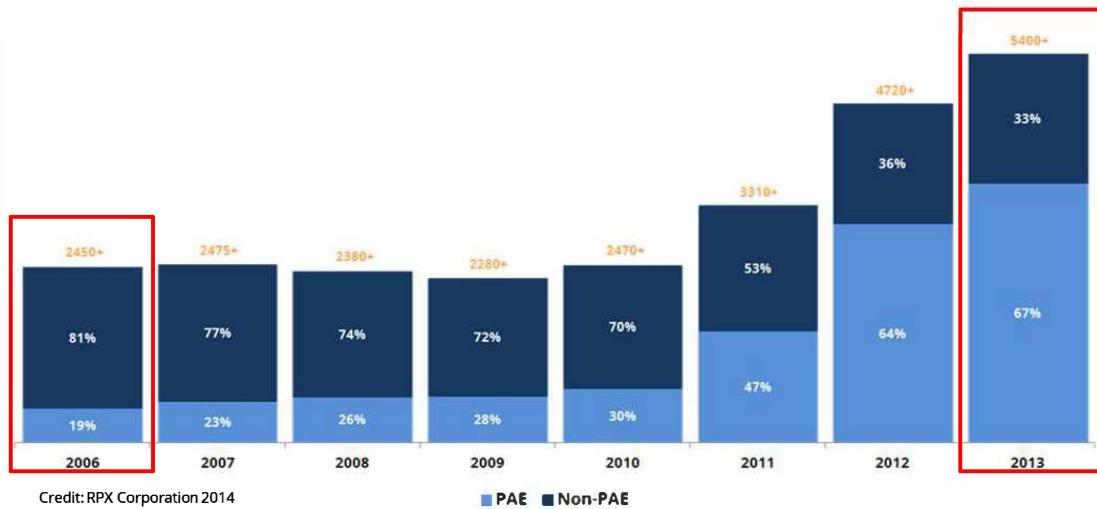
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LOT Overview: Background and Motivation

Patent Trolls by the Numbers

By Colleen Chien, Santa Clara Law School, March 14, 2013



FISH.

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OK! What are the sources of patents asserted by PAEs?

- >70% of patents asserted by PAEs come from operating companies
 - Defunct operating companies
 - Distressed companies – need quick cash
 - Changed business model
 - Operating companies divesting patents for revenue share or to offset carrying costs of large portfolio

FISH.

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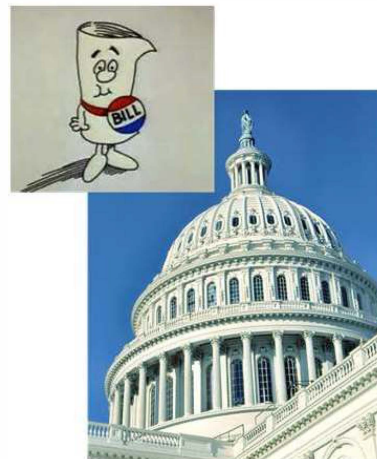
Loose Nukes?

- **High transaction costs:** In aggregate, PAE's pay ~10% of the total costs of these PAE suits to the operating companies that sell their patents. Cost of patent litigation is much greater than the sale price of a patent.
 - The average cost of patent litigation is ~\$3.3 million through trial
 - The average US patent sells for ~\$150,000
- **Small Companies are heavily affected**
- >50% of PAE targets have revenues <\$10M annually

What's an operating company to do?



And/Or



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First appeared as part of the conference materials for the
28th Annual Advanced Patent Law Institute session

"License on Transfer: Lessons Learned from The Founder and Implications for AI"