

# Ocean Tomo and IPX International Intro to Services

March 2009



OCEAN TOMO  
INTELLECTUAL CAPITAL EQUITY

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# Introduction

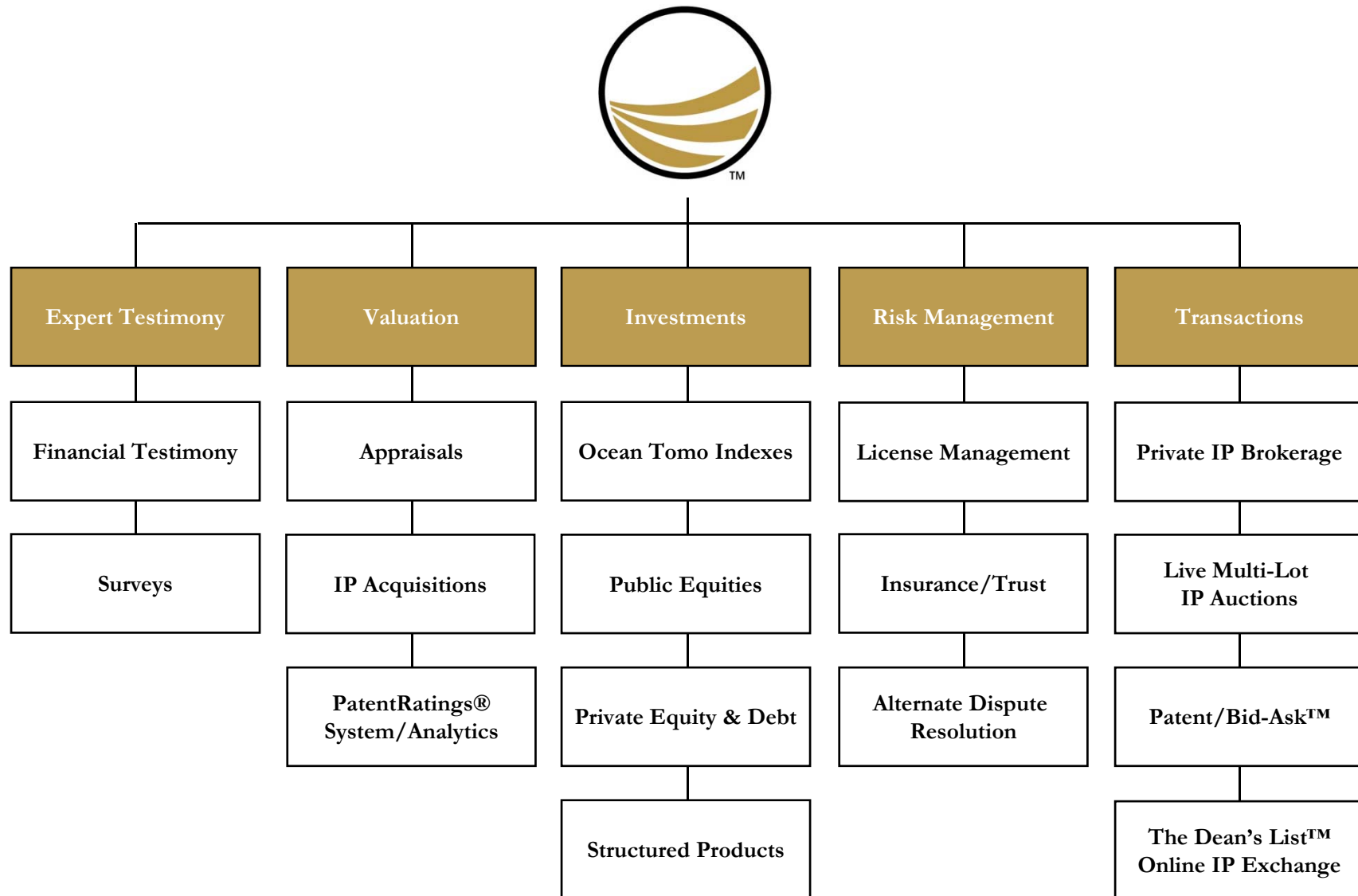
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**Established in 2003, Ocean Tomo** provides financial products and services related to Intellectual Property -- expert testimony, valuation, investments, risk management and transactions. Ocean Tomo's clients include corporations, law firms, governments and institutional investors.

**The Intellectual Property Exchange International, Inc. (IPXI), is the world's first financial exchange with an intellectual property focus.** IPXI will allow owners of IP to more efficiently monetize their IP assets and manage risk. IPXI will launch its first products in H2 2009.

# Business

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# We Have Patents – What Are Our Options?

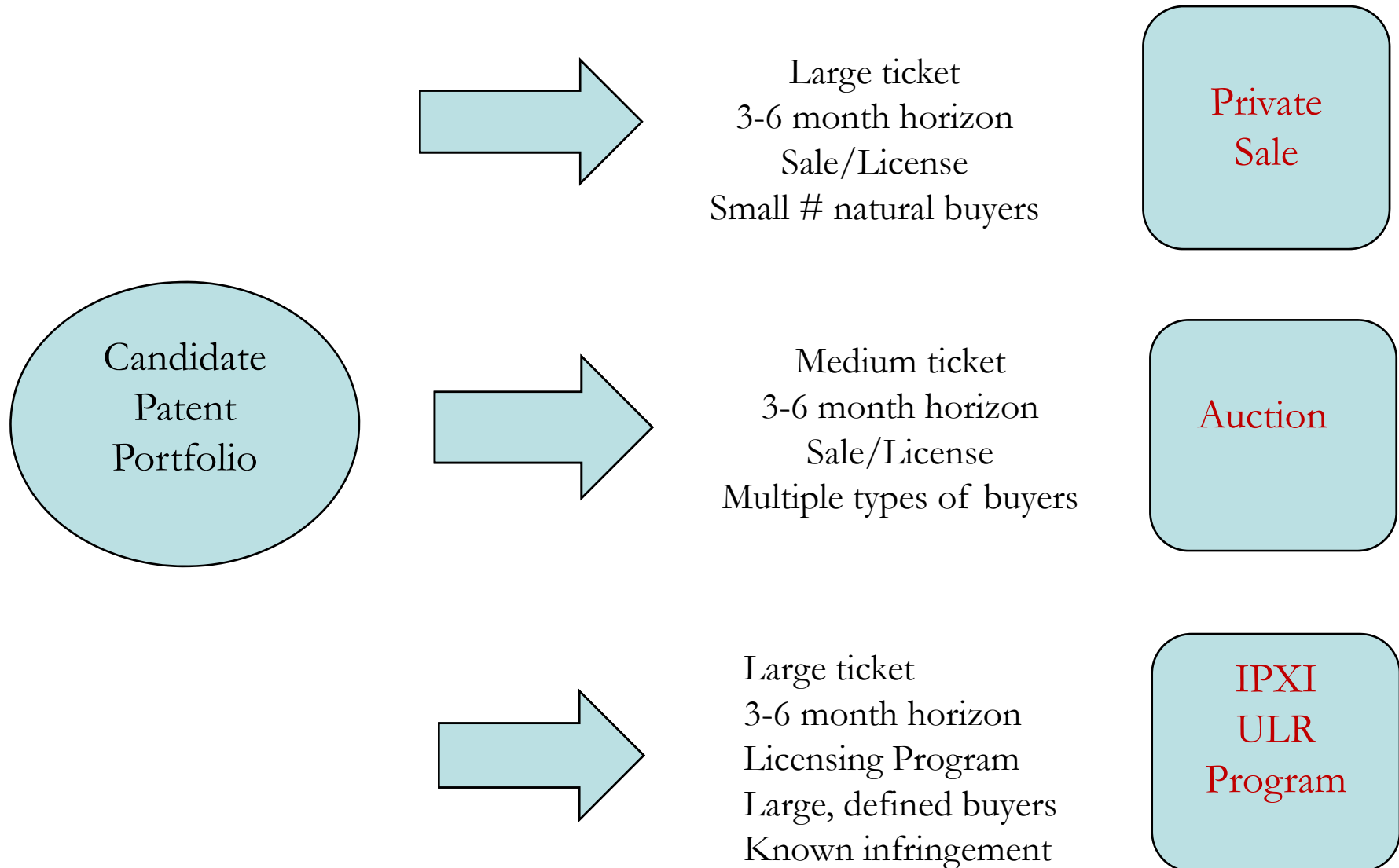
<b>Value Extraction Approaches</b>	<b>Typical Assets</b>	<b>Risk/Reward Profile</b>	<b>Timing</b>	<b>Example Risks</b>
Litigation	Patents	High	Long	Patent invalidated, expensive
“Stick” Licensing	Patents	Medium-High	Medium	Patent invalidated, advisarial
“Carrot” Licensing	Patents & Tech.	Low-Medium	Medium-Long	Slow, time consuming, providing motivation
Private Sale	Patents or Tech.	Medium	Short	Buyer interest, tax liability
Public Auction	Patents	Medium	Short	Buyer interest, loss of control, tax liability
Joint Venture	Patents or Tech.	High	Long	Typical business risk, dealing with another entity
Spin-out	Patents & Tech.	Medium	Medium	Typical business risk
Start-up	Patents & Tech.	High	Long	Typical business risk
Collateralization	Patents	Low-Medium	Medium	Complex, valuing assets

Each of these options has a maturation curve associated –

- Litigation and licensing have not changed much in the last decade
- Private sale, public auction, and collateralization emerged in the last decade
- Spin-outs around non-core assets became more widespread in the last two decades

# Monetizing Patents: Transaction Services

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# Private Sale and Auctions: A Common Thread

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The IP Transactions Practice utilizes traditional M&A processes, focused IP analyses, and the unique Ocean Tomo Auction Format (either public or private) to assist clients in monetizing IP and technology assets in a non-assertive manner through the following process:

1

## Due Diligence & Market Research

- Document IP Asset Inventory
- Research Technology
- Conduct Asset Due Diligence
- Establish Client Expectations
- Identify Logical Markets & Buyers
- Discuss/ Prepare Press Release

2

## Strategy & Preparation

- Advise Client of Logical Buyers
- Develop Strategy & Tactics for Approach
- Circulate Non-Confidential Letter
- Prepare Marketing Materials
- Issue Press Release Announcing Sale
- Assemble Due Diligence Materials

3

## Marketing

- Contact Targeted Entities
- Distribute Marketing Materials
- Execute Confidentiality Agreements
- Facilitate Due Diligence

4

## Bidding & Closing

- Execution of selected bidding mechanism
  - Public Auction Format
  - Private Auction Format
  - Hybrid/Market Determined Format
- Close Transaction
- Provide Ongoing Strategic IP Advisory

# Ocean Tomo IP Auctions

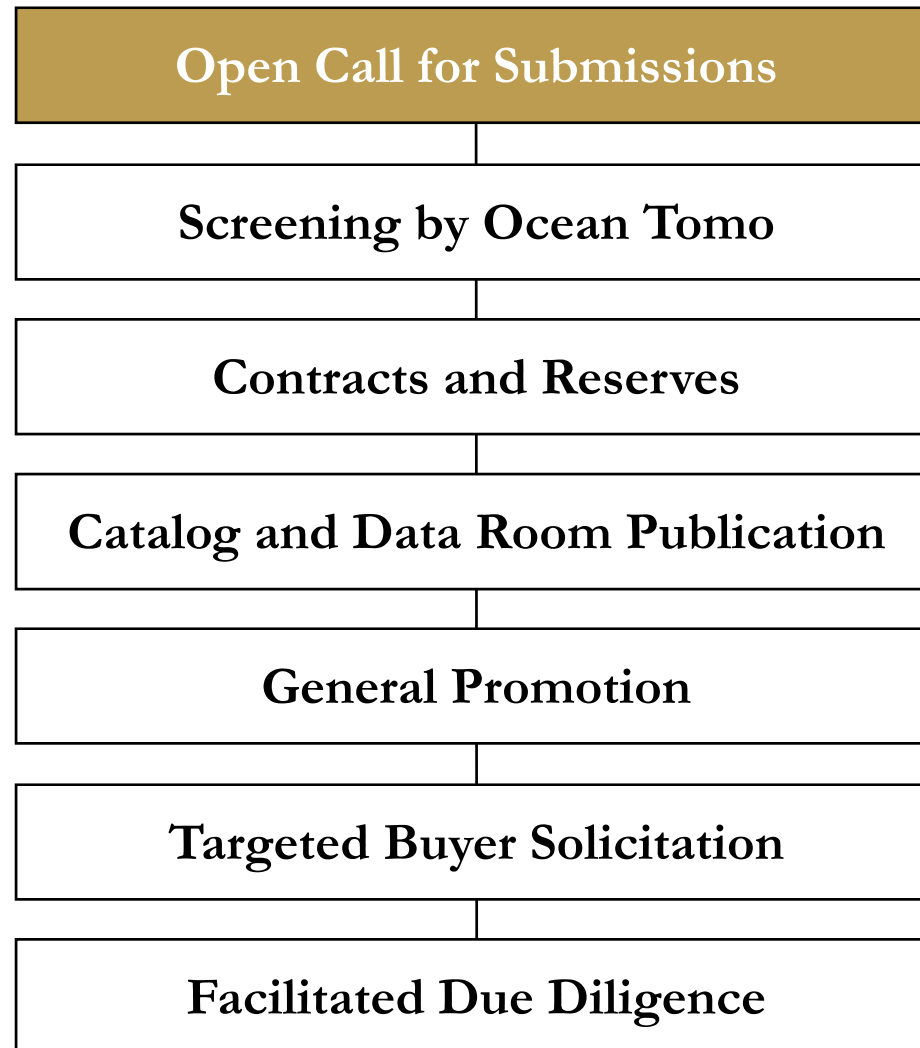
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- Live auction held periodically
- 6- to 12-month process
- Each auction organized with 1 ½ day of events tied to transacting IP
- All categories of IP sold in related groups, or Lots
- Employs traditional auction economics and commissions
- Public forum with expansive participation by third party market makers



# Auction Process

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# NASA Goddard dives right in ...

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- January 2008: Federal Register Notice issued Ocean Tomo Federal Services, LLC, exclusive license to 40+ NASA inventions
- February 2008: One objection received
- April 2008: Company who objected asks to attend OT Auction in San Francisco
- April 2008: Objection withdrawn
- July 2008: Licensing agreement between OTFS and NASA executed
- September 8, 2008: Joint press release issued announcing new, groundbreaking partnership between NASA and OTFS to commercialize NASA inventions through Ocean Tomo's IP transaction platforms, including Live Public Auction, Private Brokerage, and Patent/Bid-Ask™ as well as IPX International™

# IPXI Product: Unit License Rights™

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## **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)

# Patent Intelligence: Ratings Reports



## PATENT DUE DILIGENCE REPORT

REPORT DATE: January 11, 2006

US0543696

Patent: US543696  
 Filed: 5/20/1991  
 Priority: 5/20/1991  
 Issued: 7/25/1995  
 Inventor: Campana; Thomas J., et. al.

IPQ<sup>TM</sup> Score: **180.5**  
 Overall Rating: **A+**

Assignee (orig): Campana, Thomas J., Jr.  
 Assignee (crnt): NTP, Incorporated  
 Recorded: 006986/0758; 5/20/1994  
 Attorney: Antonelli, Terry, Stout & Kraus  
 Current Status: IN FORCE

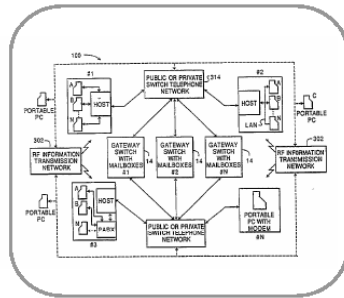
Field: COMPU/SOFT  
 U.S. Class/Subclass: 455/412  
 Class Description: Telecommunications  
 Int'l Class / SIC: H04M / 3661

Number of Claims (dep/ind): 89 (8 / 81)  
 Number of Related U.S. Patents: 5; 1 pending  
 Number of Related Int'l Patents: 1  
 Number of Forward Citations Rec'd: 42

### Summary of Scores/Ratings

Intellectual Property Quotient (IPQ<sup>TM</sup>): 180.5<sup>1</sup>  
 Overall Percentile Rank: 99%<sup>2</sup>  
 Overall Patent Rating: A+<sup>3</sup>  
 Nominal Expiration Date: 7/25/2012<sup>4</sup>  
 Remaining Life Expectancy: 6.1 yrs<sup>5</sup>

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



## PATENT DUE DILIGENCE REPORT

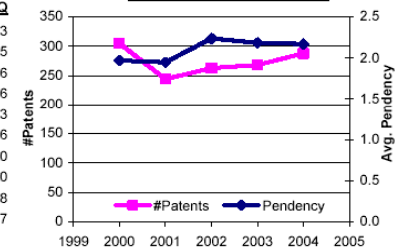
REPORT DATE: January 11, 2006

### 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 003/00. 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	#Pats	IPQ
Xerox Corporation	19	96.3
International Business Machines Corpor	18	83.5
Brother Kogyo Kabushiki Kaisha	18	128.6
Lexmark International, Inc.	17	91.6
Eastman Kodak Company	16	111.3
ZIH Corp.	16	100.6
Fargo Electronics, Inc.	12	117.0
Pitney Bowes Inc.	11	119.0
FrancoTyp-Postalia AG & Co.	11	81.8
Monarch Marking 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 3.55 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

Class#	Brief Description	Relevance	Trend	Relevance
200	Circuit breakers...	0.971	▲	0.971
345	Computer graphics processing	0.837	▲	0.837
128	Surgery	0.777	▲	0.777
607	Surgery: light, thermal...	0.766	▲	0.766
400	Typewriting machines	0.702	▲	0.702
600	Surgery	0.688	▲	0.688
341	Coded data generation...	0.627	▲	0.627
273	Amusement devices: games	0.554	▲	0.554
324	Electricity: measuring and testi	0.513	▲	0.513
601	Surgery: kinesitherapy	0.303	▲	0.303

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

Scores & Percentile Rankings<sup>2</sup>

Factor <sup>a</sup>	Score/Rank	Raw Score <sup>b</sup>	Percentile Rank by Group <sup>2</sup>			
			Overall	Field	Class	Subclass
TECHNOLOGY	1.55	96.1%	90%	--	--	--
DISCLOSURE	1.24	80.8%	63.6%	85%	80.7%	--
CLAIMS	1.97	99.6%	98.7%	99.6%	97.7%	--
PROSECUTION	1.74	98.7%	97.8%	99%	97.9%	--
OTHER	1.37	89.6%	90.2%	36.8%	95.3%	--
IPQ SCORE <sup>1</sup>	180.5	99%	98.9%	99.7%	99%	--
IPQ <sub>2</sub> SCORE <sup>10M</sup>	162.5	97.3%	95.9%	98.5%	96.5%	--

Life Exp. & Survival Probabilities<sup>6</sup>

Life Exp. (Years)	Y0				M1				M2				M3	
	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	M3
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	89%

### IMPORTANT NOTICE

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

# In Summary ...

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- We have available new avenues of transferring intellectual property into the hands of commercial entities
- Same goal—to bring Federally-funded inventions to commercial use for the benefit of U.S. taxpayers and the economy
- Faster mechanism—auctions and ULR can be employed alongside traditional approaches for technology transfer
- Great benefits for the Federal lab and the licensee:
  - burden shifted away from offeror to buyer
  - sense of urgency accelerates transaction closure
  - exposure to wider network of licensees
  - lower transaction costs
  - market-based pricing

# Contact Information

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