IP Transaction Ecosystem
An Update on Market Activity

James E. Malackowski
Chief Executive Officer
September 2021
Current Ad-Hoc IP Ecosystem

- Billion Dollar Headlines
- (Pro)Active Patent Dockets
- Litigation Finance
- Specialty Financial Expert
- Post-COVID Correction
- Uncertainty
Headlines

CalTech wins $1.1 billion jury verdict in patent case against Apple, Broadcom

Technology

Intel Told to Pay $2.18 Billion After Losing Patent Trial

Investors Eye Patents After ‘Extraordinary’ Damage Awards Run

The One Legal Question That Will Probably Decide the Epic-Apple Lawsuit

It's all about how you define the market.
Litigation Finance

- Approximately 40 “known” funders in the market with numerous additional institutional investors (HF, PE, etc.)
- More may become “known” – NJ Federal Court local rule requiring disclosure of non-recourse litigation funding
- IP seen as one of the last repositories of non-correlated alpha generation
- Around $3B into the space over the last two years, mostly from private (non-Public listed lit fin) sources
- Of these, 10-15 have more than $400M in deployable capital
- Now a global market (particularly Europe) with several non-US based funders beginning to access the US market
Specialty Expert

- Second expert as compliment to traditional damages expert
- Address IP valuations, licensing, IP markets, and the impact of the infringement / misappropriation
- Connects to Georgia-Pacific factors 1, 2, 4, and 11 as well as providing support for the reasonableness of the damages claim
- Brings greater “weight” to damages part of trial
- Opinions may also address equity considerations for willfulness or injunction
- Example: Centripetal v. Cisco
Active Dockets

- Plaintiff accepted / perceived benefits
- Continued bi-partisan effort to add more judges to District courts; a number not increase for 30 years (See July 2021 introduction of Senate Bill S.2535)

<table>
<thead>
<tr>
<th>District</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>W.D.Tex.</td>
<td>89</td>
<td>290</td>
<td>857</td>
<td>21.1%</td>
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<tr>
<td>D.Del.</td>
<td>875</td>
<td>1,001</td>
<td>742</td>
<td>18.3%</td>
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<tr>
<td>E.D.Tex.</td>
<td>504</td>
<td>332</td>
<td>395</td>
<td>9.7%</td>
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<tr>
<td>C.D.Cal.</td>
<td>305</td>
<td>346</td>
<td>298</td>
<td>7.3%</td>
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<tr>
<td>N.D.Cal.</td>
<td>329</td>
<td>240</td>
<td>272</td>
<td>6.7%</td>
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<tr>
<td>N.D.Ill.</td>
<td>122</td>
<td>143</td>
<td>186</td>
<td>4.6%</td>
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<tr>
<td>D.N.J.</td>
<td>193</td>
<td>145</td>
<td>153</td>
<td>3.8%</td>
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<tr>
<td>S.D.N.Y.</td>
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<td>112</td>
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<tr>
<td>N.D.Tex.</td>
<td>102</td>
<td>55</td>
<td>86</td>
<td>2.1%</td>
</tr>
</tbody>
</table>
Government

- 173 current pieces of legislation passed or pending with current Congress that relate in some way to IP
- Greater sensitivity to “bad behavior” than large verdicts
- Continued state efforts regarding bad faith demand letters; 30 states have patent demand letter laws (North Carolina August 2021 ruling rejecting constitutional challenge to state law that criminalizes patent licensing demand letters. *Napco v. Landmark*)
- Sen Leahy (Vt) up for reelection in 2022; focused on tenth anniversary of Leahy-Smith AIA
- Growing interest in the intersection of IP and antitrust law
- No reference to “patent” or “IP” in the bi-partisan infrastructure bill
COVID Correction

• Resolution of deferred jury trials
• Future success of recent loan modifications to avoid not labeling distressed loans as TDR (Troubled Debt Restructuring)

$339 billion in modified loans (balance declining)
Relevance of IP value as means to further modify debt covenants
Office of the Comptroller of the Currency (OCC)
Organized IP Ecosystem

Is there a better way?
Organized IP Ecosystem

Markets

Geographic Partnership

Products

Liquidity

A.I. Engine
A.I. Engine

- Ratings
- Relevance
- Maintenance Value
- Analytics
Original IP Market

- Ocean Tomo pioneered live public IP auction in 2006
- Past auctions in U.S. and Europe
Markets

- Sale (Ocean Tomo Patent Bid-Ask)
- License (IPCG ULR Smart Contracts)
- Use (www.PatentMarking.com)
Welcome to the Ocean Tomo Bid-Ask™ Market, the public voice brokerage platform for patent transactions.

欢迎来到 Ocean Tomo Bid-Ask™ Market, 首个通过传统经纪 人公开在线进行专利交易的全球化市场平台

| DOCUMENT PROCESSING SYSTEM | DIGITAL DISPLAY SYSTEM | OCEAN TOMO BID-ASK™ MARKET | INDUSTRIAL INTERNET SECURITY & INSPECTION | OZONIX
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>数字内容访问</td>
<td></td>
<td>TOURN THE MARKET</td>
<td>一种工业互联网安全和检测的装置</td>
<td>种名为OXONIX的装置</td>
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<tr>
<td>LOT: 65  专利数量</td>
<td>4 ASSETS  专利数量</td>
<td></td>
<td></td>
<td>LOT: 67 专利数量</td>
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<tr>
<td>LOTS: 66 专利数量</td>
<td></td>
<td></td>
<td></td>
<td>21 ASSETS 专利数量</td>
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<tr>
<td>9 ASSETS 专利数量</td>
<td></td>
<td></td>
<td></td>
<td>18 ASSETS 专利数量</td>
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</table>

<table>
<thead>
<tr>
<th>LOT NUMBER</th>
<th>DATA ROOM</th>
<th>PTO</th>
<th>NICKNAME</th>
<th>REPRESENTATIVE PATENT</th>
<th>PRIORITY DATE</th>
<th>EVENT DATE</th>
<th>BID USD/RMB</th>
<th>BID EXP. DATE</th>
<th>ASK USD/RMB</th>
<th>ASK EXP. DATE</th>
<th>PRICE SPREAD</th>
<th>ASSETS</th>
<th>TYPE</th>
<th>NEXT MAINT DUE DATE</th>
<th>FORWARD CITATIONS</th>
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<td>US</td>
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<td></td>
<td></td>
<td>1/23/10</td>
<td>3/23/18</td>
<td></td>
<td></td>
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<td></td>
<td>01234</td>
<td>38</td>
<td>5/28/18</td>
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$1,800,000
¥ 24,002,300
## Unit License Right Contracts

**USP X,XXX,137 A / B / C**

<table>
<thead>
<tr>
<th><strong>GENERAL DESCRIPTION:</strong></th>
<th>USP X,XXX,137 A / B / C Valve Seat Insert</th>
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</thead>
<tbody>
<tr>
<td><strong>PATENT(S):</strong></td>
<td>USP X,XXX,137 and continuations, continuations-in-part and foreign counterparts.</td>
</tr>
<tr>
<td><strong>FIELD OF USE:</strong></td>
<td>All</td>
</tr>
<tr>
<td><strong>RESTRICTIONS:</strong></td>
<td>All secondary sales through IPXI</td>
</tr>
<tr>
<td><strong>ISSUER RIGHT TO USE:</strong></td>
<td>Yes including all subsidiaries</td>
</tr>
<tr>
<td><strong>UNIT BASIS:</strong></td>
<td>Each ULR covers one automotive or light truck engine</td>
</tr>
<tr>
<td><strong>TOTAL OFFERED QTY:</strong></td>
<td>50 million license units offered in 10 unit lots</td>
</tr>
<tr>
<td><strong>OPENING:</strong></td>
<td>Dutch Auction (50% minimum quantity and price)</td>
</tr>
<tr>
<td><strong>OFFERING TERM:</strong></td>
<td>3 years</td>
</tr>
<tr>
<td><strong>TERM OF LICENSE:</strong></td>
<td>Until consumed</td>
</tr>
<tr>
<td><strong>IPXI PRICE BANDING:</strong></td>
<td>+ / - 20%</td>
</tr>
</tbody>
</table>

### INITIAL OFFERING (TRANCHEs)

- **U137A:** 10 million ULRs $0.50 per unit
- **U137B:** 10 million ULRs $0.75 per unit
- **U137C:** 30 million ULRs $1 per unit

### FOLLOW-ON OFFERINGS

- Unlimited 50 million ULRs Deemed Market Price
Products

- Gold Book
- Spot market pricing
- Foreign exchange value
- Cross license ratios
- Market data alerts / subscriptions
- Custom analytics
Gold Book

- Objective assessment of patent holdings
- Promotes commercial use of IP
- Identifies desirable manufacturing partners
- Competitive insight
- Investment reference
- Facilitates policy directives to specific technology areas
Global Partnerships

- Local partner JVs
- National Patent Ratings
- Patent based equity indices (OT 300)
Liquidity

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- SPAC
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• SPAC (TBD)