

FTC Hearing on the Evolving IP Marketplace  
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# The IP Marketplace Players

Raymond Millien  
CEO  
PCT Capital, LLC



# Alan Greenspan on IP

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“In recent decades . . . the fraction of the total output of our economy that is essentially conceptual rather than physical has been rising. This trend has, of necessity, shifted the *emphasis in asset valuation from physical property to intellectual property* and to the legal rights that inhere in the latter.”

*-Remarks at the 2003 Financial Markets  
Conference of the Federal Reserve Bank of Atlanta,  
Sea Island, Georgia (April 4, 2003)*

# “Three Waves” of Economic History

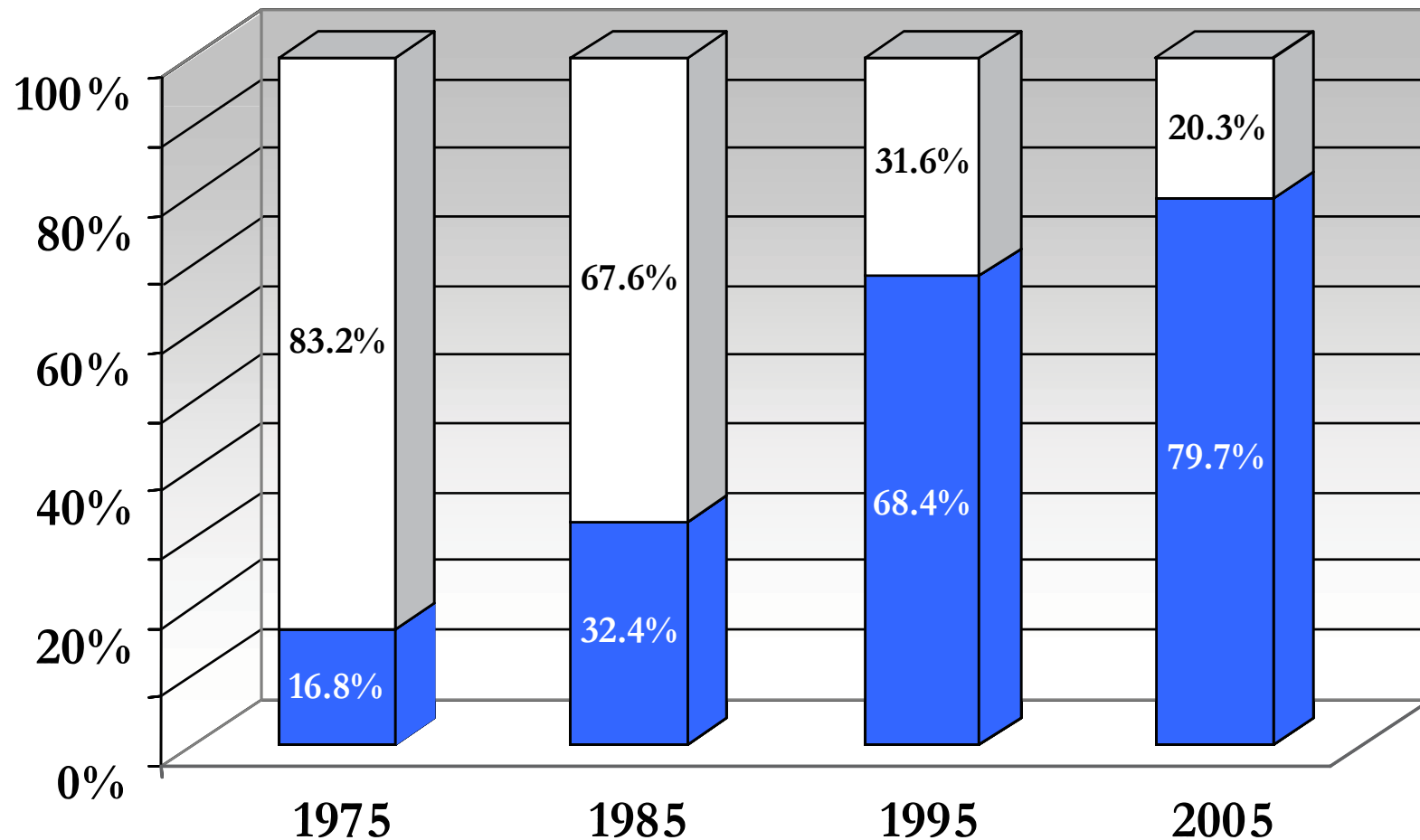
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## *The Toffler Model*

Age (“Wave”)	Agricultural	Industrial	Technological
Period	8000 B.C. – 1800 A.D.	1800 – 1950	1950 –
Measure of Wealth	<ul style="list-style-type: none"><li>• Land</li></ul>	<ul style="list-style-type: none"><li>• Land</li><li>• Labor</li><li>• Capital</li></ul>	<ul style="list-style-type: none"><li>• Intellectual Property</li><li>• Capital</li></ul>

# IP & Public Equity

## Components of S&P 500 Market Value



□ Tangible Assets    ■ Intangible Assets  
(IP is the largest component of Intangibles)

*Source: Ned Davis Research*

# Some Facts

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“As much as three-quarters of the value of publicly traded companies in America comes from intangible assets.”

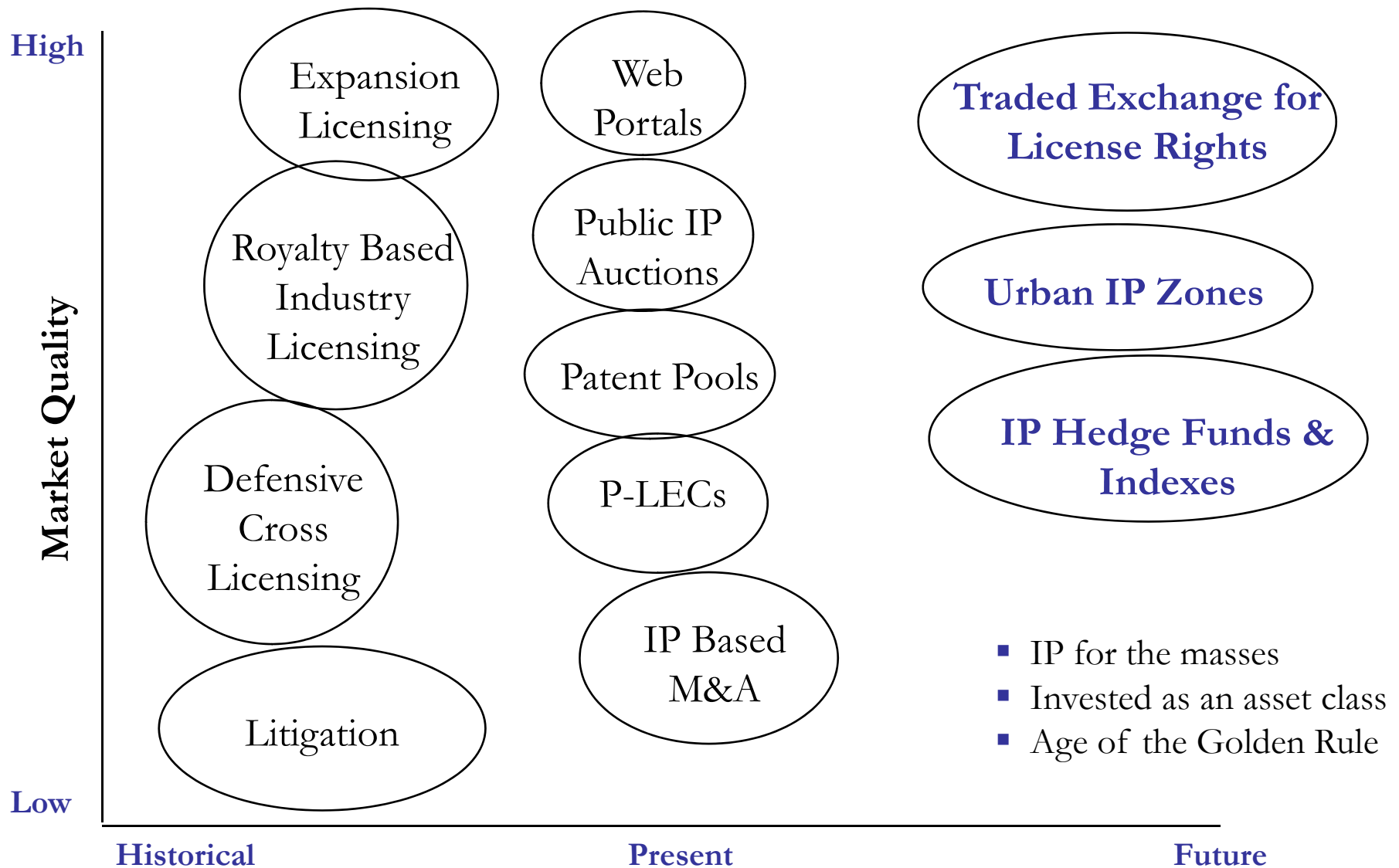
-- *The Economist* (Oct. 22, 2005)

“For the first time since the industrial revolution, fewer than 10% of American workers are now employed in manufacturing.”

-- *The Economist* (Sept. 29, 2005)

- Global licensing revenue is greater than US\$150B and is growing at 25% to 35% per year
- U.S. IP settlements and judgments totaled US\$3.4B in 2006
- IBM collected more than US\$975M in royalties in 2006
- Microsoft paid more than US\$1.4B in royalties in 2003

# IP Marketplace: The Evolution



# The Problem with IP

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- Currently, IP is a very illiquid asset class with a very inefficient marketplace
- Historically, potential sellers of IP rights have been unable to access a large quantity of buyers who are willing to pay a predictable price under an agreed-upon set of conditions
- Traditionally, IP transactions are characterized by difficult acquirer identification, long periods of negotiations and endless due diligence activities

# IP Business Models

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<u>Model</u>	<u>Exemplary Players</u>
<b>1. Patent Licensing and Enforcement Companies (PLECs)</b>	Acacia Research; Fergason Patent Prop.; Lemelson Foundation; LPL; NTP; Patriot Scientific RAKL TLC
<b>2. Institutional IP Aggregators/Acquisition Funds</b>	Coller IP Capital; Intellectual Ventures; RPX Corp.
<b>3. IP/Technology Development Companies</b>	AmberWave; InterDigital; MOSAID; Qualcomm; Rambus; Tessera; Walker Digital; Wi-LAN; TPL Group
<b>4. Licensing Agents</b>	Fairfield Resources; Fluid Innovation General Patent; ipCapital Group; IPValue; ThinkFire; TPL
<b>5. Litigation Finance/Investment Firms</b>	Altitude Capital; IP Finance; Rembrandt IP Mgmt.; NW Patent Funding' Oasis Legal Finance
<b>6. IP Brokers</b>	Bramson & Pressman; Iceberg; Inflexion Point; iPotential; Ocean Tomo; PCT Capital; Pluritas; Semi. Insights; ThinkFire
<b>7. IP-Based M&amp;A Advisory</b>	Analytic Capital ; Blueprint Ventures ; Inflexion Point ; PCT Capital ; Pluritas
<b>8. IP Auction Houses</b>	FreePatentAuction.com; IPAuctions.com; IP Auctions GmbH; Ocean Tomo
<b>9. On-Line IP/Technology Exchanges, Clearinghouses, Bulletin Boards, and Innovation Portals</b>	InnoCentive; NineSigma; Novience; Open-IP.org; The Dean's List; Tynax; Yet2.com

# IP Business Models – Cont.

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<u>Model</u>	<u>Exemplary Players</u>
<b>10. IP-Backed Lending</b>	IPEG Consultancy BV; Paradox Capital
<b>11. Royalty Stream Securitization Firms</b>	alseT IP; UCC Capital
<b>12. Patent Analytics Software and Services</b>	1790 Analytics; Intellectual Assets; IP Checkups; Next Steps Research; Patent Café; PatentRatings.com; TAEUS; The Patent Board; TOPCAP
<b>13. University Technology Transfer Intermediaries</b>	Texelerate; UTEK
<b>14. IP Transaction Exchanges &amp; Trading Platforms/IP Transaction Best Practices Development Communities</b>	Gathering2.0; IP Exchange Chicago
<b>15. Defensive Patent Pools, Funds and Alliances</b>	Constellation Capital; Open Invention Network; Pelorus Advisors; Allied Security Trust
<b>16. Technology/IP Spinout Financing</b>	Altitude Capital; Analytic Capital; Blueprint Ventures Inflexion Point; IgniteIP; New Venture Partners
<b>17. Patent-Based Public Stock Indexes</b>	Ocean Tomo Indexes; Patent Board WSJ Scorecard

# Thank You!

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**Raymond Millien**

**818 Connecticut Avenue NW**

**Suite 700**

**Washington, DC 20006**

**202.684.8181**

**rmillien@PCTCompanies.com**

**www.PCTCompanies.com**

