

(1) NanoTech Patents for Cash Flow and Stock Price; and (2) Financing for NanoTech Patent Monetization and Enforcement

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It is well known that Patent portfolios can have a critical impact on the sales, margins, cash flow, and market cap of both small and large companies.

Metrics of the quality of patent strategy correlate with stock price movements for public companies. (See the Law and Business Institute studies, 2007-2012)

Startup tech companies with early patent positions are twice as likely to survive and half as likely to liquidate, vs. startup tech companies with no early patent portfolio, at five years out from the A round financing. (See the Kleiner Perkins study of 76 Silicon Valley startups)

Results of the above:

The NanoTech Patent “Gold Rush”

- See Wall Street Journal article, page one,
24 August 2013.

There is a race to the Patent Office for NanoTech patents.

ARTICLE, WALL STREET JOURNAL, PAGE A1, 24 AUGUST 2013.

“Wonder Material Ignites Scientific Gold Rush”

Atom-Thin Graphene Beats Steel, Silicon; A Patent “Land Rush”

CAMBRIDGE, England—A substance 200 times stronger than steel yet as thin as an atom has ignited a global scientific gold rush, sending companies and universities racing to understand, patent and profit from the skinnier, more glamorous cousin of ordinary pencil lead.

The material is graphene, and to demonstrate its potential, Andrea Ferrari recently picked up a sheet of clear plastic, flexed it and then tapped invisible keys, triggering tinkly musical notes.

The keyboard made at Dr. Ferrari's University of Cambridge lab was printed with a circuit of graphene, which is so pliable that scientists predict it will fulfill dreams of flexible phones and electronic newspapers that can fold into a pocket.

It is the thinnest material known. But it is exceedingly strong, light and flexible. It is exceptional at conducting electricity and heat, and at absorbing and emitting light.

(Continues on page A2.)

Graphene patent filings worldwide are up 500% in the last 5 years.

Graphene filings are up 19% in the last year.

There are 45,397 Nanotech patents issued in the U.S. (as of 1 October 2013). This is an increase of ___% in the last 12 months.

However, patent monetization and capitalization are often underutilized, because they are underfinanced, and for other factors.

Factors inhibiting patent monetization and capitalization may include:

- Budget unavailable
- Budget not allocated to patent monetization
- Internal expertise not available
- Time to cash flow is too long
- Risk of pay back is not acceptable

How can these inhibiting factors be mitigated with third party financing?

ONE EASY ANSWER:

How to get cheaper patents that are worth more:
9 step process to expedite patent applications.

Step 2: Pay the fee to PTO to expedite.

The other eight steps are not in the PTO regulations – they are just good practice.

A competitive advantage – only 1% of patent applications are expedited.

Personal record so far: patent issued and enforceable 5 months from date of application.

Non-expedited patent applications can be changed to expedited during prosecution:

You can move to the fast lane, after you start the race.

ANOTHER ANSWER:

Financing for patent development and monetization (enforcement and licensing)

Path #1

Law firm AFA (alternative fee arrangements)

Path #2

3rd party financing for

- Patent monetization spin-offs (monetization outsourcing)
- Patent project finance (monetization division)

FINANCING PATH #1: LAW FIRM AFA (ALTERNATIVE FEE ARRANGEMENTS)

- For Patent applications
 - % discounts on hourly rates
 - Flat fees to draft and file, and for each step of prosecution
- For Patent Litigation
 - % discounts on hourly rates
 - With % bonus (for early performance, plaintiff or defendant milestones)
 - With percentage of settlement or award (for plaintiff)
 - Or 100% discount on hours, plus 30-40% of settlement or award

- Licensing Programs
 - % discount on hourly rates
 - Offset by % of cash flow

INVENTION ON DEMAND (WITH PATENT AND OPINION LETTER)

(See the “Rules of Invention on Demand” in three books by Stephen Glazier)

- “Law-Driven” Invention
- Invent Around Plaintiff’s Patent (for Defendant)
 - Avoid infringement
 - Dodge an injunction
 - Mitigate settlement
- Patent the Invent Around (to have exclusive rights to the Invent Around)
- Fill holes in your Patent program
 - Cover products that are unprotected
- Accompanying Opinion Letter of Non-Infringement?

INVENTION ON DEMAND - FINANCE

- AFA with Law Firm
 - Flat Fee per Invent Around
 - Flat Fee for Opinion Letter
 - Flat Fee for Patent Application

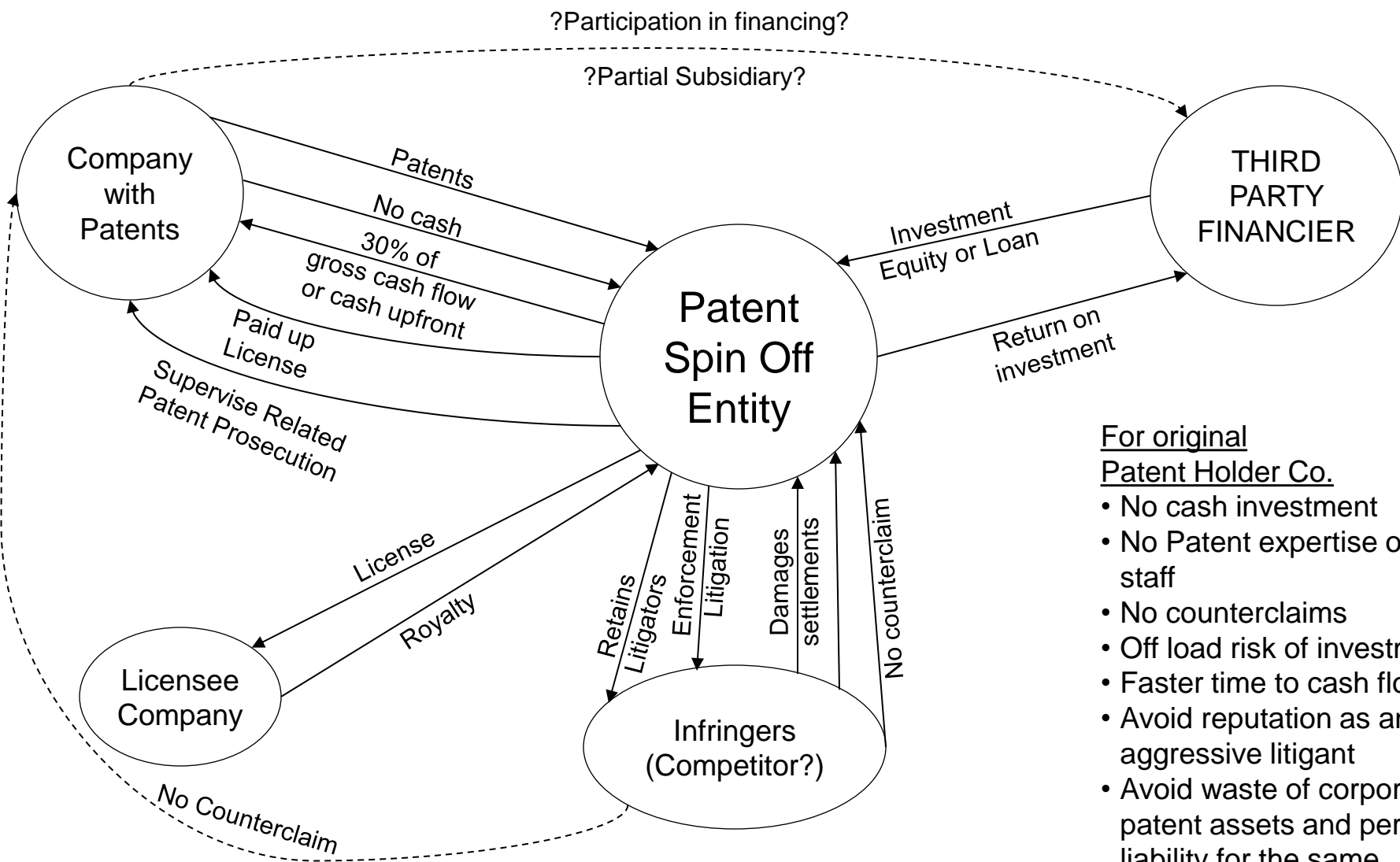
or

- Discount % on hourly rate with performance bonus

FINANCING PATH #2

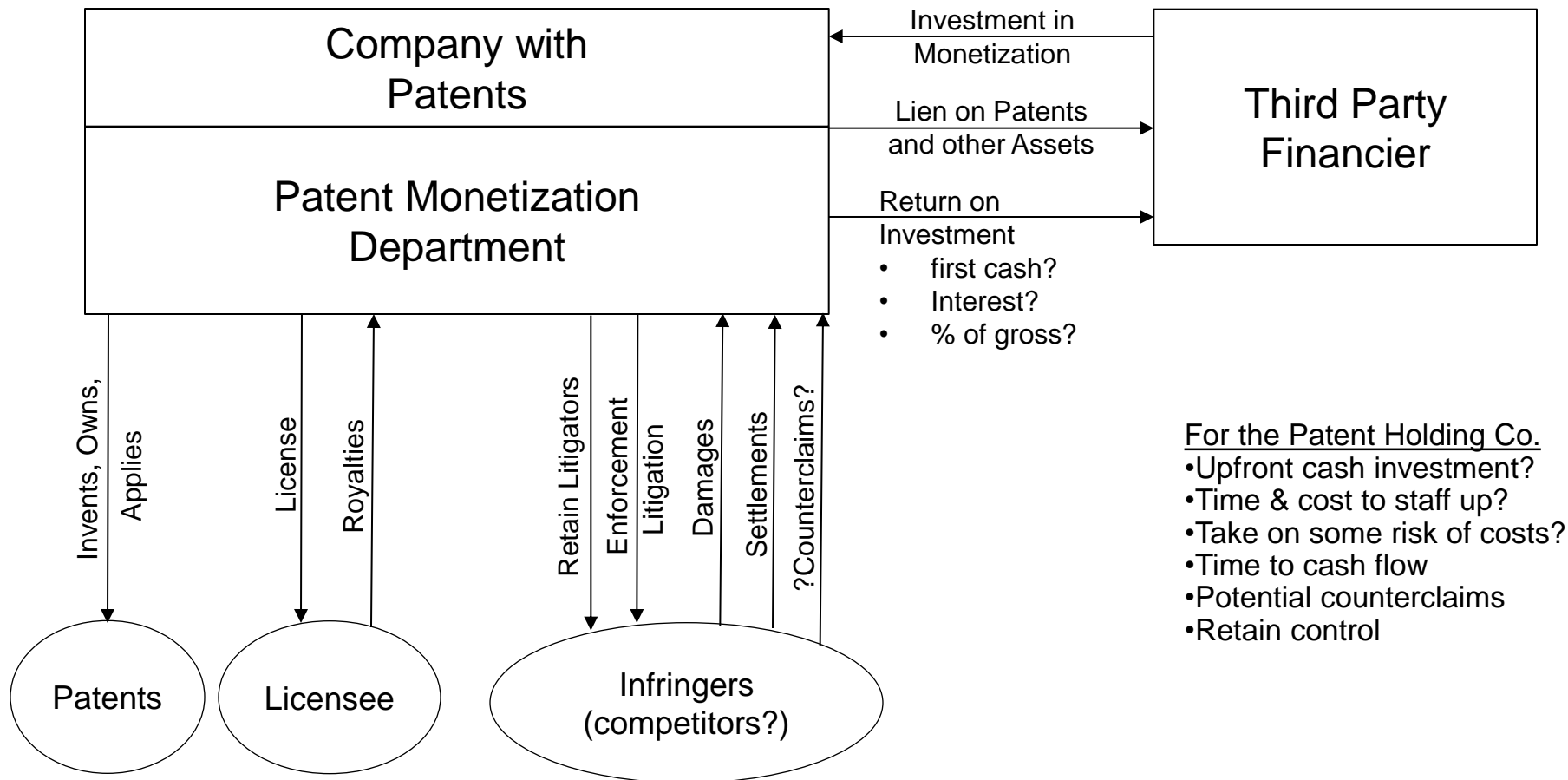
- 3rd Party financing of Spin Off or Project Financing

Spin-off Financing



- For original Patent Holder Co.
- No cash investment
 - No Patent expertise on staff
 - No counterclaims
 - Off load risk of investment
 - Faster time to cash flow
 - Avoid reputation as an aggressive litigant
 - Avoid waste of corporate patent assets and personal liability for the same

Project Financing



Ideal Features of Finance-Grade Patent Portfolios

- Issued U.S. Patents
- Clean ownership of record
- Well written, valid, enforceable patents
- Core technology
- Developed markets with infringing products and sales
- Identified infringing products by identified competing companies
- No prior enforcement litigation for the patents
- Current or past production and sale of the patented product or service
- Not a sole source, 100% market share, injunction strategy by Patent holder. This is for cash flow.