Utilizing the Patent Syndication System for Patent Portfolios 101

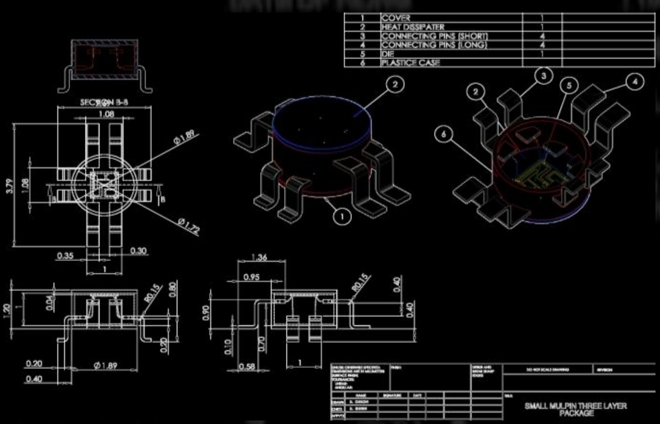
Considering that the Intellectual Property industry supports around 40 million jobs in the US alone or around 25% of all US jobs, the IP industry is an important growth industry contributing over 5 trillion in US GDP annually

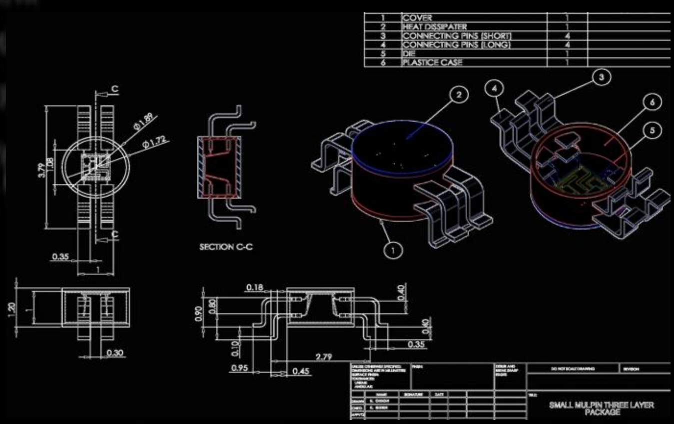
Portfolio Covers MULPIN

The MRLL Portfolio contains numerous strong claims with wide applicability. The information below shows certain claims from the portfolio and indicates the MRLL categories to which these claims apply:

Patents/Claims Categories US8,649,183:

1: An electronic assembly comprising: a circuit board that includes a substrate having a first outermost surface and a second opposite outermost surface that is spaced from said first outermost surface; an open space defined in said substrate, said open space being accessible through an opening residing at said first outermost surface; an electronic connection pad accessible via said open space; and a component including a first lead, a second lead and a housing, said housing being at least partially received in said open space and said first lead having a connection surface that is electrically coupled to said electronic connection pad, said connection pad being positioned so that any electromagnetic interference emitted from said connection surface is at least partially intercepted by said substrate. Click To View MRLL Patent





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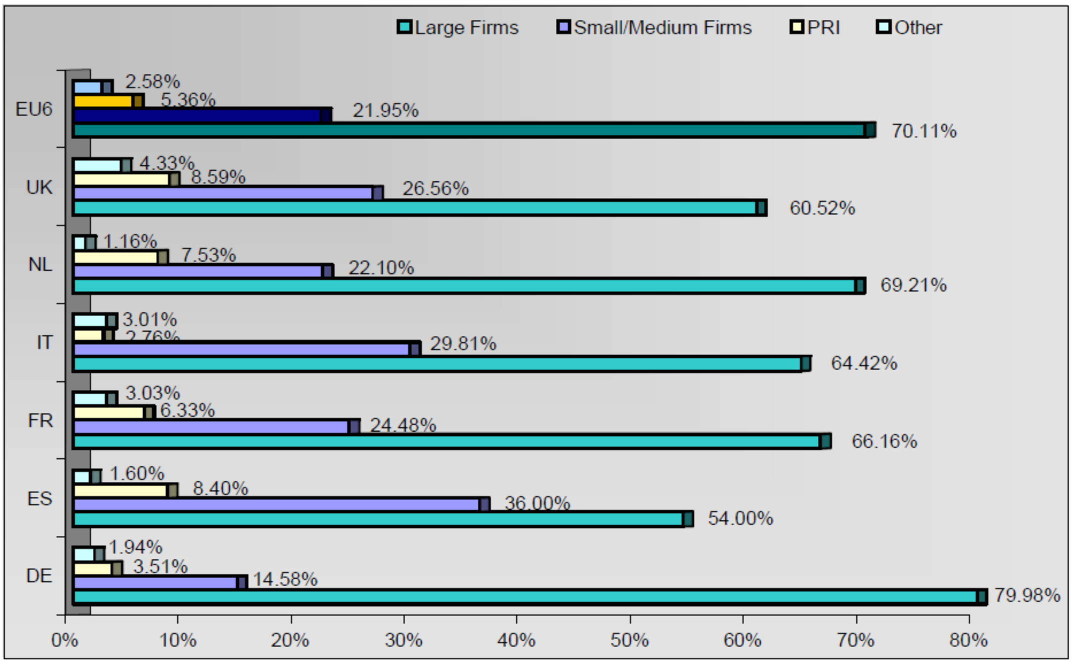
Utilizing the Patent Syndication System for Patent Portfolios 101

The increased investment into Intellectual Property (IP) over the last few years by either acquisition (think Google buying Motorola and Nest more recently) Source Link Source link 2 or through increased R&D development in house (think IBM No1 US Patent Filings 20 years straight) Source link tells the market and the International Intellectual Property (IP) Industry that more and more entities and especially larger companies are placing a growing emphasis on building their patent portfolios as a central part of their business plans. More importantly IP is becoming a sought after asset to own.

Considering that the Intellectual Property industry supports around 40 million jobs in the US alone or around 25% of all US jobs, the IP industry is an important growth industry contributing over 5 trillion in US GDP annually. Source link

A number of well documented Patent Survey reports and research papers have highlighted that operating companies, and especially larger companies / firms (>500 employees) dominate the majority share of new patents that are created each year by inventors. The graph below which was taken from an EU survey shows large firms create the most patents.

Type of organisation in which the inventors were working when the research leading to the patent was performed



Note: "PRI" indicates Public Research Institutes such as Government Research Organization, University and oth Education Institutes; "Other" stands for Hospital, Foundation, Private Research Organization and Other residu categories. Large firms denote firms with more than 250 employees; small-medium firms less than 250.

Source link

The most obvious fact behind large firms creating the most patents is that they have the financial resources (Internal funds) and intellectual capital (Inventors) to carry out the research and development that is required to create patents more predominately than any other type of entity. Table 4.4 below outlines this idea quite clearly. The survey results below are from the same EU survey as the previous graph.

Table 4.4 Types of financing of the research leading to the patent (share of inventors in %)

	DE	ES	FR	IT	NL	UK	EU6
Internal funds of the patent applicant (including his subsidiaries)	94.03	90.84	91.73	88.00	77.94	87.33	89.37
Funds from any other unaffiliated organization joining the project	3.27	2.39	3.62	2.40	13.08	3.83	4.59
Funds from financial intermediaries of any kind (banks, other financial institutions, etc.)	0.37	1.20	1.55	2.40	1.42	1.32	1.15
Government Research Programmes or other government funds	5.41	23.11	10.24	9.52	11.21	9.77	8.70
Other	4.70	2.39	1.55	6.95	4.36	8.05	5.16

Note: Multiple responses allowed.

Source link

Growing the patent portfolio at such a rapid clip for many of these companies and other types of entities is exposing them to a problem of not maximizing both the quantity and the true intrinsic value of their entire patent portfolios. Companies creating patents are not utilizing their portfolio efficiently with just over 53% of patents currently been used for commercial purposes. Source link

Therefore companies and other entities are not generating the maximum returns possible from their investment as they build on their growing patent portfolio, leaving a large opportunity for companies to exploit to grow their earnings and maximize their returns on investment.

There are many factors why approximately 47% of patents are not used commercially some of these factors include:

- Creating patents to sell once completed.
- Cross licensing strategies.
- Blocking of competitors patents.
- Intending to be utilized but not currently utilized.
- Not as valuable as originally forecasted.

Considering these factors you can see there are multiple opportunities available that companies and entities can consider making better use of their portfolio.

When you take into consideration the average patent costs $500 - $1,500 in maintenance costs per year (depending on type and country of the patent) just to retain them on the balance sheet, it would make financial sense to consider an alternative strategy.

The chart below highlights the total costs incurred over a 10 year period to file and maintain the patents according to WIPO.

	2 countries				7 countries				15 countries			
U.S. $	**Direct**	**Share**	**PCT**	**Share**	**Direct**	**Share**	**PCT**	**Share**	**Direct**	**Share**	**PCT**	**Share**
Official fees	6,442	38.0%	9,001	48.9%	20,067	33.8%	21,449	35.5%	36,258	30.4%	36,799	31.1%
Excluding Maintenance	5,607	33.3%	8,302	45.5%	12,960	21.8%	14,664	24.2%	21,810	18.3%	23,203	19.6%
Maintenance	835	4.9%	700	3.4%	7,108	12.0%	6,785	11.2%	14,448	12.1%	13,595	11.5%
Legal costs	4,398	25.9%	4,274	21.0%	25,836	43.5%	25,539	42.2%	61,697	51.7%	60,353	51.0%
Excluding Maintenance	4,156	24.5%	4,156	20.4%	21,616	36.4%	21,854	36.1%	50,247	42.1%	50,129	42.4%
Maintenance	242	1.4%	118	0.6%	4,220	7.1%	3,685	6.1%	11,450	9.6%	10,224	8.6%
Translation costs	6,131	36.1%	6,131	30.1%	13,494	22.7%	13,494	22.3%	21,426	17.9%	21,188	17.9%
Total	**$ 16,971**		**$ 19,406**		**$ 59,397**		**$ 60,481**		**$ 119,381**		**$ 118,339**	

Note: The patenting costs are based on estimates sourced from Global IP Estimator (http://www.globalip.com/). They include filing, examining, prosecution, granting costs and the international phase for PCT scenarios. They do not include in-house and pre-filing costs. The figures shown above are based on typical cost schedules which are indicative only; actual costs will vary widely depending on the many options that are available to applicants and the many differences in costs and fees (including legal and translation costs) around the world. The last maintenance year is 10 years from filing. See annex D for further details regarding the methodology used.

Source: WIPO

Source link

Utilizing the Patent Syndication method companies have the potential to save the majority or the entire costs incurred in filing and maintaining a patent as highlighted in the previous graph from WIPO or approximately $ 15,800 per country per patent based on 15 countries over a 10 year period (depending on the type of patent, country, claims and translation etc).

If any one company owns 10,000 patents in total and there would be many companies that do globally, you are looking at saving the company around $158 million for every 10,000 patents they own that are syndicated.

Taking the top 30 or so companies / entities globally who are adding thousands of new patents to their existing patent portfolio and balance sheet each year, the costs quickly start to add to their overall ongoing Intellectual property budgets.

Even for large companies this affects the return on investment (ROI) especially when this cost doesn't necessarily add any more intrinsic value to the existing portfolio. This is especially important when you consider that the biggest companies own tens of thousands of patents in total within their Intellectual Property divisions.

Issued Patents Top 25 - 2013 [Source link]

RANK	Grants	Assingee Name	Country
1	6809	International Business Machines Corp	United States
2	4676*	Samsung Electronics Co Ltd KR	Korea
3	3825	Canon K K JP	Japan
4	3098	Sony Corp JP	Japan
5	2660	Microsoft Corp	United States
6	2601	Panasonic Corp JP	Japan
7	2416	Toshiba Corp JP	Japan
8	2279	Hon Hai Precision Industry Co Ltd TW	Taiwan
9	2103	QUALCOMM Inc	United States
10	1947	LG Electronics Inc KR	Korea
11	1851	Google Inc	United States
12	1806	Fujitsu Ltd JP	Japan
13	1775	Apple Inc	United States
14	1739	General Electric Co	United States
15	1626	GM Global Technology Operations LLC	United States
16	1494	Seiko Epson Corp JP	Japan
17	1470	Ricoh Co Ltd JP	Japan
18	1455	Intel Corp	United States
19	1360	Hewlett-Packard Development Co L P	United States
20	1334	BlackBerry Ltd CA	Canada
21	1284	Toyota Jidosha K K JP	Japan
22	1270	Samsung Display Co Ltd KR	Korea
23	1149	Telefonaktiebolaget L M Ericsson SE	Sweden
24	1132	Sharp K K JP	Japan
25	1121	Honda Motor Co Ltd JP	Japan

To reduce the burden of these maintenance costs companies currently have a few options that they can engage in to offset or reduce the maintenance costs, some of these include:

1. Companies can sell patents they believe are not integral to the company's future and return a portion of the invested capital back to the company.

2. Let patents lapse and stop maintenance costs on selected patents to reduce the annual maintenance costs.

3. Lease back patents that are sold through the engaging of a license with the patent and or portfolio they are selling to either assist with attracting a higher

sale price of the portfolio or to protect the company in case the patent technology becomes more valuable in the future then originally considered.

All 3 of these options mentioned have a number of drawbacks and or lost opportunity costs that companies face when implementing them.

Some of these drawbacks include:

- Loss of patents through sale or lapsing that ultimately would have become very valuable over time as technology and demand for the technology catches up with the original patent technology developed.

- Increased costs to Intellectual property departments / divisions from ongoing licensing costs of multiple patent portfolios, reducing budgets for the development of existing patent portfolios, ultimately slowing down innovation and value creation for the company.
- The company becomes vulnerable from attack from either operating companies with patent portfolios and or patent assertion companies from the loss of patents that may have offered protection. This becomes a distraction for the company and major drain of capital to defend litigation costs and increased insurance premiums to the company.

- Companies may have to acquire intellectual property from the market for defensive legal purposes at a premium to the market price for patented technology they originally owned or developed.

Despite these drawbacks and many others companies decide to go ahead with strategies like these because many of these strategies are the best options available in the market place at the time.

A good example occurred in the first half of 2012 between AOL and Microsoft, which involved AOL selling over 800 patents within its portfolio to Microsoft and licensing them back in order to be able to continue utilizing the technology as well as issuing licensing agreement to Microsoft for certain patent. Source link

If AOL was to syndicate their 800+ patents instead of selling them, they would have had the opportunity to raise capital upfront and retain an equity percentage in the patent portfolio saving them considerable amount in annual licensing income to Microsoft, and continue to utilize their own technology for their company.

A similar and more recent example occurred on the 30th January 2014, with Google selling the Motorola handset division to Lenovo for US$2.91 Billion dollars keeping the majority of the patent portfolio they acquired with the Motorola acquisition back in 2012 and licensing them to Lenovo. However Lenovo will be still inheriting over 2000 patents from their most recent acquisition from Google with their purchase of Motorola. Source link

The opportunity for Google in this transaction if they were to of syndicated the 2000+ patents, would be that they would still retain an equity percentage in the patent portfolio they sold to Lenovo, and continue to have access to this technology at no additional cost to Google whilst still raising capital from the syndication.

The Patent Syndication Solution

Patent Syndication unique model is so innovative because the model can be implemented in so many different ways and tailored to suit the needs and different goals that companies and entities have. Because of its flexibility entities that utilize the patent syndication model can generate increased benefits and financial returns from their patent portfolio, unlocking significant capital through patent syndication that has been previously invested by companies and entities.

Syndicating a patent or a patent portfolio instead of selling outright and or licensing the technology back enables entities to either reduce significantly or eliminate the maintenance costs of their portfolios depending on the following factors:

- Equity percentage syndicated for each Patent
- The demand for the patent
- The method / Style of patent syndication

This allows companies to extract significant savings that could be redirected to further Intellectual property innovation and development delivering higher returns on invested capital.

More importantly the drawbacks that companies experience from implementing the strategies available from Patent Syndication to reduce maintenance costs to the company are no longer present and a potential future concern.

Keep in mind that the percentage of equity required to be sold to new patent syndication shareholders for syndication can vary when dealing with pre granted patents as opposed to post granted patents. This would be especially true if the company that owns a pre-granted patent or a portfolio of pre- granted patents is a start-up company looking to syndicate rather than an established International company with a proven track record.

The reason for the differences in equity that is sold into the syndication between a start-up and or small company to a large company is the lower risk premium or implied safety that a large company has over smaller companies or start-ups.

How does Patent Syndication work?

Companies and entities can utilize the model for both pre and post granted patents however the amount of equity that will be required to be syndicated will vary depending on the stage the patent is currently at and the market appraised value of the patent at the time of syndication (in most cases).

Pre or Post Granted patents - The Company decides which patents they would consider to syndicate and in which countries if applicable they want the patent syndicated.

Once the patents are chosen each patent is valued by an independent valuation professional for its current market value and future value in the market place.

Gathering the valuation details allows the company or the entity to decide how much of the equity percentage they will sell down for the syndication in order to recoup the majority or all of the initial costs that was invested into the patent or patent portfolio.

The valuation of the patents and the percentage syndicated also determines what level of the maintenance costs will be covered by the new syndication owners of the patent or portfolio.

For example a company may decide to syndicate a percentage of the patent, and charge the new patent syndication shareholders a calculated percentage of the ongoing maintenance costs of the patent based on the value or premium that the patent is currently valued.

If the patent was not considered a premium patent and doesn’t carry as much demand / interest for the patent they may charge the new shareholders a significantly lower percentage of the maintenance costs that represents its earnings potential.

Once the valuations and the equity percentages are determined the marketing of the syndication can now commence, with all the terms and conditions of the syndication outlined in the syndication agreements. As soon as the syndication has received the full allotment of applications for the syndication, the syndication can close and the funds are collected from the new patent syndication shareholders.

The new owners cover the allocated percentage of maintenance costs of the patent or portfolios based on the predetermined agreements of the syndication. The original existing company or entity still retains equity in the patent syndicated.

The company / entity receives an upfront capital injection from the proceeds of the syndication and the new patent syndication owners assist in covering the annual maintenance costs among the many benefits of syndicating.

The upfront injection of capital allows the company to recycle the capital back into the company into high return on equity projects / investments or is simply returned to the shareholders via dividends and or buybacks.

An alternative benefit that companies can consider with patent syndication is to also add a buyback provision in the syndication agreement. This can give companies further flexible options when syndicating the patents to allow them to take advantage of changing circumstances, that can occur in the future where by a patent ultimately becomes a very valuable patent in say 5 years' time as the market has caught up to the advanced technology.

Creating a mechanism like the buyback provision is one way to grasp future upside value for the original patent owner if a patent was to turn out to be better than expected and more valuable over the longer term.

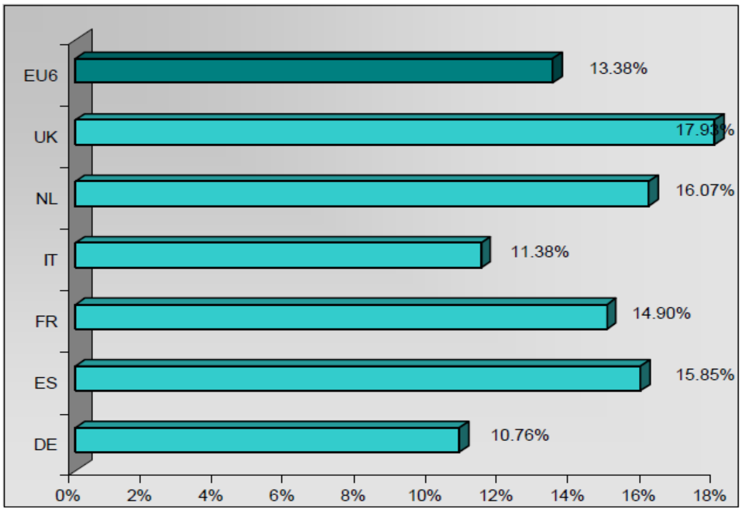
Reducing or eliminating annual maintenance costs from syndicating patents and returning a high percentage of capital back from patenting is among some of the benefits a company or entity would consider for their patent portfolio to enhance returns and productivity.

The patent syndication model also allows companies to derive new income streams from their existing patent portfolio if their patents are currently not monetized, or build upon existing licensing and royalty streams from their existing portfolio.

Companies that hold portfolios of patents predominately focus on utilizing their portfolio solely for the companies commercial benefit and derive no or little income from the portfolio via licensing and royalty payments.

The graph below which shows the percentage of patents utilized for licensing from entities in EU countries is indicative of global countries statistics for licensing utilization of patents.

Figure 6.2 Share of licensed patents



Note: France shows a high number of missing values on this variable (about 30.4% for France against 4% on average for the other 5 EU countries).

[Source link]

The syndication model can turn whole Intellectual property divisions from a cost center to profit center further enhancing the financial returns that can be generated from the investment in intellectual property.

How to Monetize your Patent Portfolio?

When a company decides to syndicate their patent portfolio, they have the option of operating the syndication themselves with their existing infrastructure or outsourcing this function to another company or entity.

Companies that own and build patent portfolios have divisions of expert teams of professionals that are usually the best in their fields within their organizations. These teams of people are highly skilled in running, maintaining and building patents including performing key administrative tasks.

Therefore it makes logical and financial sense for companies / entities to syndicate their patent portfolio and manage the syndication internally through their divisions to enhance shareholder value for the company, and leverage their existing intellectual property personnel.

Some example benefits for companies who decide to manage the syndication include:

- The manager of the syndication earns additional multiple income streams from the ongoing management of the syndication on behalf of the patent syndication shareholders.

- The Syndicator can earn an additional fixed management / performance fee out of the syndication profits generated from the patent portfolio that they manage further leveraging their returns on their intellectual property divisions.

Becoming a syndicator and leveraging your existing intellectual property divisions to monetize your patent portfolio significantly increases the revenue returns generated from the invested capital and ultimately increases the return on equity for each dollar invested in intellectual property.

Large firms / companies are usually public companies listed on one or more exchanges around the world. They would have tens or hundreds of thousands of different shareholders on their share registry, with many of these shareholders being long term and loyal investors who have been on the registry for several years.

The additional opportunity is that companies already have access to a large database of investors who would be interested in investing in one or more syndications that companies could conduct over time, because shareholders are already invested with the company that currently owns the intellectual property.

Therefore the costs to market to the ideal target market of investors for patent syndication are much lower because they are already within their network's reach for companies listed globally.

The patent syndication model is an exciting new development that will drive increased innovation and development of patents and significant wealth creation internationally for inventors, organizations and other entities that participates in the intellectual property industry. The opportunities and options available are nearly endless on maximizing intellectual property through patent syndication.

Individuals who collaborated on this white paper include:

Guy Manno - Investor, Trader, Trustee of Private Superannuation Fund

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Kevin Bellette – Inventor, Corporate Finance

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Patent Syndication Pilot Program Update:

4^{th} February 2014

Mulpin Research Laboratories Limited

Our Mission:

Through Syndication, To Commercialize World Changing Technologies With World Class Inventors

A copy of the notification EPO lodgement (Application No / Patent No: 12744442.0 – 1803 PCT/AU2012000123 that was funded through the syndication of MRLL's patent is now available for viewing Click here.

The USPTO granted patent will be publicly released on the 12^{th} February 2014. If you would like a copy of the patent it must be requested via email at the following link. Contact us

The Mulpin pilot patent syndication program is now officially closed.

Mulpin Research Laboratories Limited (MRLL)

Patent Portfolio Offer.

Due to internal reasons the inventors of the MRLL technology, the directors and shareholders of MRLL have decided to offer its Patent Portfolio for Immediate disposal.

The Mulpin team has utilised the Patent Syndication Method, which has allowed Mulpin to raise the required funds to move forward with the Mulpin EPO patent program in multiple countries.

Mulpin also added that prior to the Patent Portfolio disposal the funds raised through the Syndication has been used to lodge and secure patent options on the following EPO countries: AL, AT, BE, BG, CH, CY, DE, DK, EE, ES, FI, FR, GB, GR, HR, HU, IE, IS, IT, LI, LU, LV, MC, MK, MT, NL, NO, PL, PT, RO, RS, SE, SI, SK, SM, TR.

Outside of the EU includes the following countries - IN, MY, IL, SG, AU, CA, CN.

To view the complete Pilot program update Click here.

Innovate and Partner With Us – Patent Syndication

A New International Network For Accomplished –

- Inventors
- Intellectual Property (IP) Professionals
- Corporate Executives
- IP Media
- Investment / Financial Professionals and
- Entrepreneurs.

Patent Syndication is the first international network of seasoned operating Intellectual Property Professionals – the *Patent Syndication Network* - focused on helping the Intellectual Property Industry reach their key growth goals through the development and utilisation of IP.

As individuals, Patent Syndication's Partners, Affiliates and Affiliate Firms are some of the industry's most accomplished professionals - each with successful track records in building companies in one or more industry / technology sectors.

As a group, the Patent Syndication *Network* is building the world's preeminent 'virtual' international intellectual property business development team, with high level contacts at numerous international companies, solution providers, systems integrators, and technology vendors.

Patent Syndication together with its international partners will be greater than the sum of all individuals' parties. Through our collaboration we will provide systems and international back office assistance and structure to support business development and growth, and a model for successfully syndicating Intellectual Property.

Supporting our respective international clients through infrastructure and other tools, to facilitate the business development and collaboration needs of our Partners, Affiliates and Affiliate Firms – driving improving economies of scale.

We are rapidly growing the *Patent Syndication Network Internationally* – Innovate with us

Intellectual Property (IP) Professionals

Build your company and relationships by registering as an IP professional and display your contact details and brief services (free service) at patent syndication at the following link:

http://patentsyndication.com/intellectual-property-professionals/ip-professional-registration/

Patent Syndication continues to grow the Patent Syndication *International Network*. Our business model provides senior professionals with greater independence and earnings potential in the following industries:

- Intellectual Property
- Equity Investors (Sweat / Capital)
- Technology
- Sales and Business Development
- Employment
- Licensing
- Syndications
- IT
- International Payment Systems
- Start-up Incubators.

The Patent Syndication model provides senior professionals with greater independence and earnings potential by:

- Providing access to deal flow / revenue opportunities.
- Enabling Network participants to leverage their individual talents with those of peers having complementary industry and functional expertise within multiple disciplines.
- Increasing efficiency and productivity through accelerating change, by ensuring the introduction of the best resource(s) for the job.
- Providing referral fees for projects introduced to and secured by other Network participants.
- Delivering high quality infrastructure to support your business – billing, payment systems, web support, and administrative services.
- Sharing Patent Syndication's and the Network's intellectual capital.

Patent Syndication offers four levels of participation, including:

- Affiliate - an individual professional, seeking broader market access
- Affiliate Firm - an existing firm / organization, targeting similar clients with similar services to offer
- Engagement Partners - independent contractors, committed to helping develop Patent Syndication’s business model.
- General Partners - equity owners of Patent Syndication.

We continuously seek firms and all individuals within the following fields, IT, Intellectual Property professionals, writers and business and corporate development executives etc with the interest and ability to contribute to the success of the *Patent Syndication International Network*:

- Senior managers of successful companies and entrepreneurs
- Network of contacts in one or more industries
- Industry expertise that can add value to successful syndication outcomes
- Commitment to contribute to the Patent Syndication International Network

If you or your firm are interested in becoming part of the *Patent Syndication International Network*, Innovate with us