



We are Advisors for the Knowledge Economy

IP: The Incredible Asset Value Rotation & What It Means For Companies

WTA – Coeur d'Alene – Sept 18, 2017



Lewis Lee
Lee & Hayes, PLLC
Founder & Chairman

Part I: The Setting



What is an Idea Worth?

\$612,500,000

Settlement in RIM vs NTP
(2005)

\$2,150,000,000

Unilever sale of brands Ragu and Bertolli (2014)

\$3,200,000,000

Google purchase of Nest and its patents (2014)

\$4,500,000,000

Rockstar (MS, Apple, etc.) purchase of Nortel patents
(July 2011)

\$1,000,000,000

Orig. judgment Apple vs Samsung (2013)

\$600,000,000

Purchase of Hostess Brand and
Recipes of Twinkies and Ding
Dongs (2014)

\$12,500,000,000

Google Purchase of Motorola Mobility (2011)

\$2,000,000,000

GS/CS loan to Lucent collateralized by IP
portfolio (Feb 2013)

\$ One Billion

Microsoft purchase of 800 AOL patents
(April 2012)

\$550,000,000

Facebook purchase of AOL
patents from MS
(April 2012)

\$1,300,000,000

IP securitized loan to Quanlin Paper (2014)

July 29, 2016



Why is IP So Important Today?

Macro Event 1: Global Innovation Economy

"Innovation is at the core of what we do at Xerox. I think most chief executives would say that, and if you don't, you shouldn't be a CEO."

- Ursula Burns, CEO of Xerox
@ CEO Forum | CES 2012

But, innovation
alone is not
enough. The
magic formula is...

A low-angle photograph of a modern glass skyscraper, looking up towards the sky. The building's facade is composed of numerous glass panels and metal frames, creating a grid-like pattern. A semi-transparent green horizontal band is overlaid across the middle of the image, containing white text. The lighting is bright, suggesting a sunny day, with some lens flare visible. The overall composition is clean and professional, typical of a corporate or promotional video.

Innovation + *Protection* =
Prosperity

**Protecting ideas
accelerates quality of
living for nations and
societies.**



Renaissance

“We have among us men of great genius, apt to invent and discover ingenious devices... Any person in this city who makes any new and ingenious contrivance, not made heretofore in our dominion shall, as soon as it is perfected, so that it can be used and exercised... it being forbidden up to 10 years for any other person in any territory and place of ours to make a contrivance in the form and resemblance thereof, without the consent and license of the author.”

- *Venetian Statute of 1474*



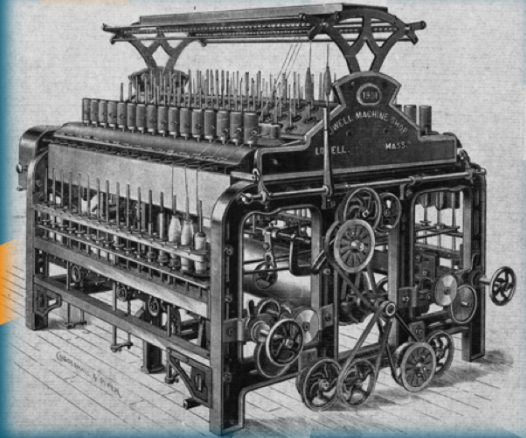
Industrial Revolution

*1623 Statute of Monopolies –
England's first patent act*

Duration of 14 years

“It was not by accident that the patent system had its origin in England nor that the Industrial Revolution was the inevitable result.”

- H.G. Fox



United States

The Congress shall have Power... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

- *US Constitution, Article 1, Section 8*



Per Capita Income:

First millennium – No discernible rise in living standards

1000 AD to 1800 AD – 50% increase over 800 years

1820 to 2000 – 9 times globally

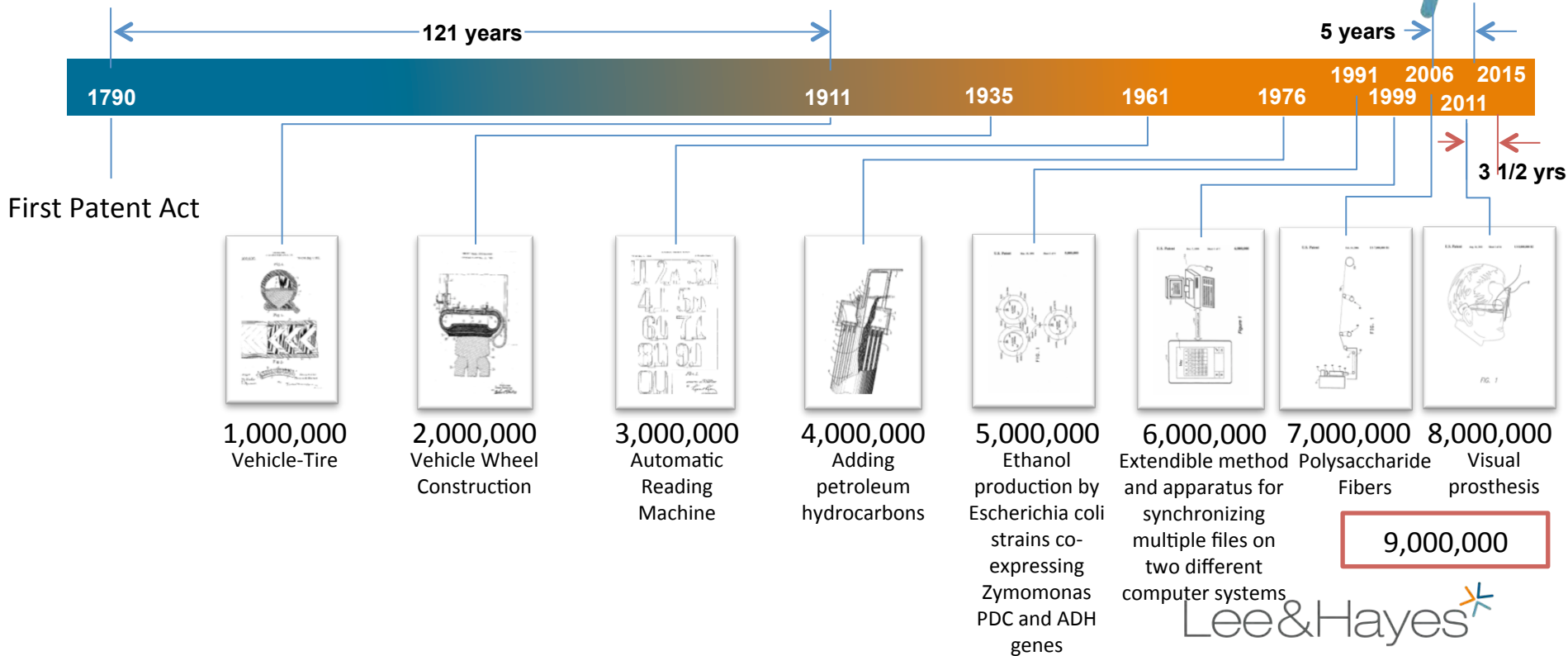
- In US, 25 times
- In Europe, 15 times

Global Per Capita Income



Life Expectancy in Western Europe, Angus Maddison, *The World Economy: A Millennium Perspective* (Paris: OECD, 2001)

Invention continues to accelerate

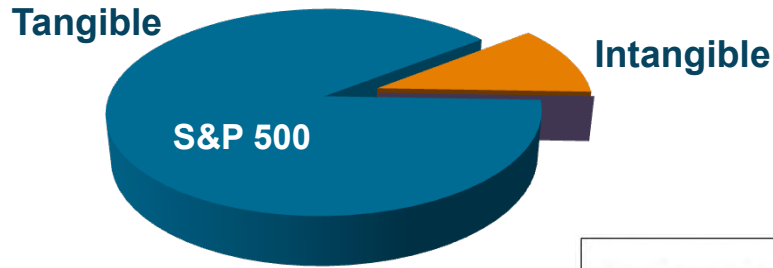


A nighttime city skyline with various skyscrapers and lights. A semi-transparent blue overlay covers the middle of the image, featuring abstract geometric shapes like a large 'X' and a circle. The text is overlaid on this blue area.

Macro Event 2: Market Rewards *Protected* Innovation

Formally protecting ideas increases corporate value

Unprecedented Value Rotation of S&P 500 Companies



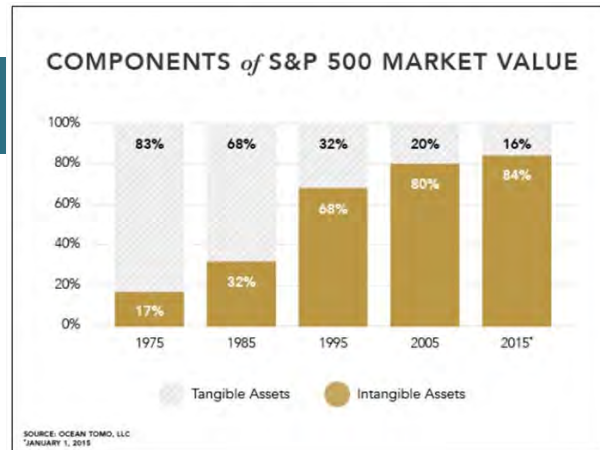
1975

IBM
GM
Exxon
GE
Chevron



2017

Apple
Microsoft
Facebook
Alphabet
Amazon

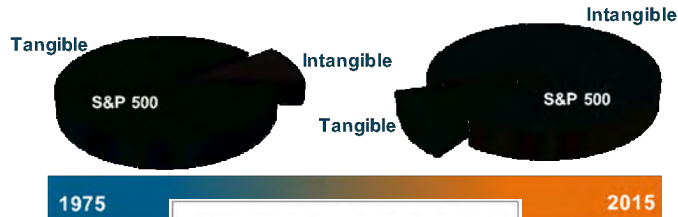


The incredible importance and value of IP



Macro Event 1: Global innovation economy

Macro Event 2: Markets reward *protected* innovation, with unprecedented value rotation into intangible asset class



Rotation Milestone

July 29, 2016



Lee & Hayes



Result of macro events is that
IP has emerged as key asset class

Microsoft's Cash Cow



Android OS
License

SAMSUNG



\$1B



**Combined operating
income**

Rise of Patent Attorneys in Society!



Cool



Astronauts
Famous People
Technologists

Doctors
Teachers

Plumbers

Tax Attorneys

Morticians

Patent Attorneys



Astronauts
Famous People
Technologists
Patent Attorneys

Doctors

Teachers

Plumbers

Tax Attorneys

Morticians

Not
Invited

Circa
1980s

Today



What is IP?

What is IP?



What is a Patent?



(12) United States Patent
Tomaszky et al.

(19) Patent No.: **US 7,966,578 B2**
(45) Date of Patent: **Jun. 21, 2011**

(54) **PORTABLE MULTIFUNCTION DEVICE, METHOD AND SOFTWARE USER INTERFACE FOR TRANSLATING DISPLAYED CONTENT**

(73) Invention: **Franchesca Tomaszky-Capriotti, C.A. (US); Richard W. Williams, Los Altos, CA (US); Chris Hainsworth, San Francisco, CA (US); Patrick Lee Colburn, El Paso, TX, CA (US)**

(71) Applicant: **Apple Inc., Cupertino, CA (US)**

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 156(b) to 755 days.

(21) Appl. No.: **11,946,475**

(22) Filed: **Dec. 19, 2007**

(65) **Priority Publication Data**
US 2008/0168462 A1 Jul. 18, 2008

Related U.S. Application Data

(60) Provisional application No. 60/777,295, filed on Jun. 25, 2007; provisional application No. 60/844,076, filed on Jun. 20, 2007; provisional application No. 60/779,465, filed on Jun. 8, 2007; provisional application No. 60/879,253, filed on Jan. 7, 2007.

(51) Int. Cl.
G06F 1/16 (2006.01)
G06F 21/00 (2006.01)

(52) U.S. Cl.
710/803; 710/773
710/810; 825; 743; 760; 773; 863; 753; 760

See application file for complete search history.

(50) **References Cited**

U.S. PATENT DOCUMENTS

2004/0010705 A1* 2/2004 Chava et al. 440/646

2004/007524 A1 2/2004 Hill et al. 440/171

2006/0016057 A1 2/2006 Chava et al. 440/171

2006/020231 A1* 2/2006 Handberg et al. 710/762

2006/004098 A1 2/2006 Chava et al. 440/171

FOREIGN PATENT DOCUMENTS

EP 1927486 A1 2/2006

EP 1927488 A2 1/2006

EP 1927489 A1 1/2006

(*) Continued.

OTHER PUBLICATIONS

Office Action dated Dec. 28, 2009 received in European Application No. EP 07 80194, which corresponds to U.S. Appl. No. 11,946,475.

(*) Continued.

Primary Examiner — **Case H. Nguyen**
(*) Attorney, Agent, or Firm — **Bojarski, Lewis & Boeckel LLP**

(57) **ABSTRACT**

A computer-implemented method, for use in conjunction with a portable multifunction device with a touch screen display, comprises displaying a portion of page content, including a frame containing a portion of frame content and also including other content of the page, on the touch screen display. An M-finger translation gesture is detected on or near the touch screen display. In response, the page content, including the displayed portion of the frame content and the other content of the page, is translated to display a new portion of page content on the touch screen display. An N-finger translation gesture is detected on or near the touch screen display, where N is a different number than M. In response, the frame content is translated to display a new portion of frame content on the touch screen display, without translating the other content of the page.

20 Claims, 10 Drawing Sheets

What is claimed is:

1. A method, comprising:
 - at a portable multifunction device with one or more processors, memory, and a touch screen display;
 - displaying a portion of web page content in a stationary application window on the touch screen display, wherein the portion of web page content includes: a frame displaying a portion of frame content, and other content of the web page, comprising content of the web page other than the frame content;
 - detecting a translation gesture by a single finger on or near the touch screen display;
 - in response to detecting the translation gesture by the single finger, translating the web page content to display a new portion of web page content in the stationary application window on the touch screen display, wherein translating the web page content includes simultaneously translating the displayed portion of the frame content and the other content of the web page;
 - detecting a translation gesture by two fingers on or near the touch screen display;
 - in response to detecting the translation gesture by the two fingers, translating the frame content to display a new portion of frame content in the stationary application window on the touch screen display, without translating the other content of the web page.

How Patents Work

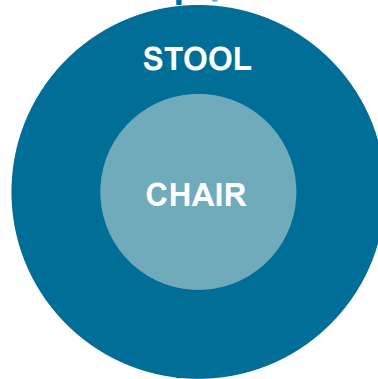


If you have a patent covering a product, are you free to make the product?



A device, comprising:

- A platform
- At least one leg supporting the platform above the ground.



A device, comprising:

- A platform
- At least one leg supporting the platform above the ground.
- A back support attached to the platform and extending from the platform in a direction opposite the at least one leg.



A young child in a dark jacket is holding a large, light-colored paper airplane high above their head. The child is standing on a brick wall. The background is a clear blue sky with a bright sun flare in the upper right. The image is overlaid with a semi-transparent teal banner containing white text.

Good news!

It's never too late to start Innovating!

A real true life story...



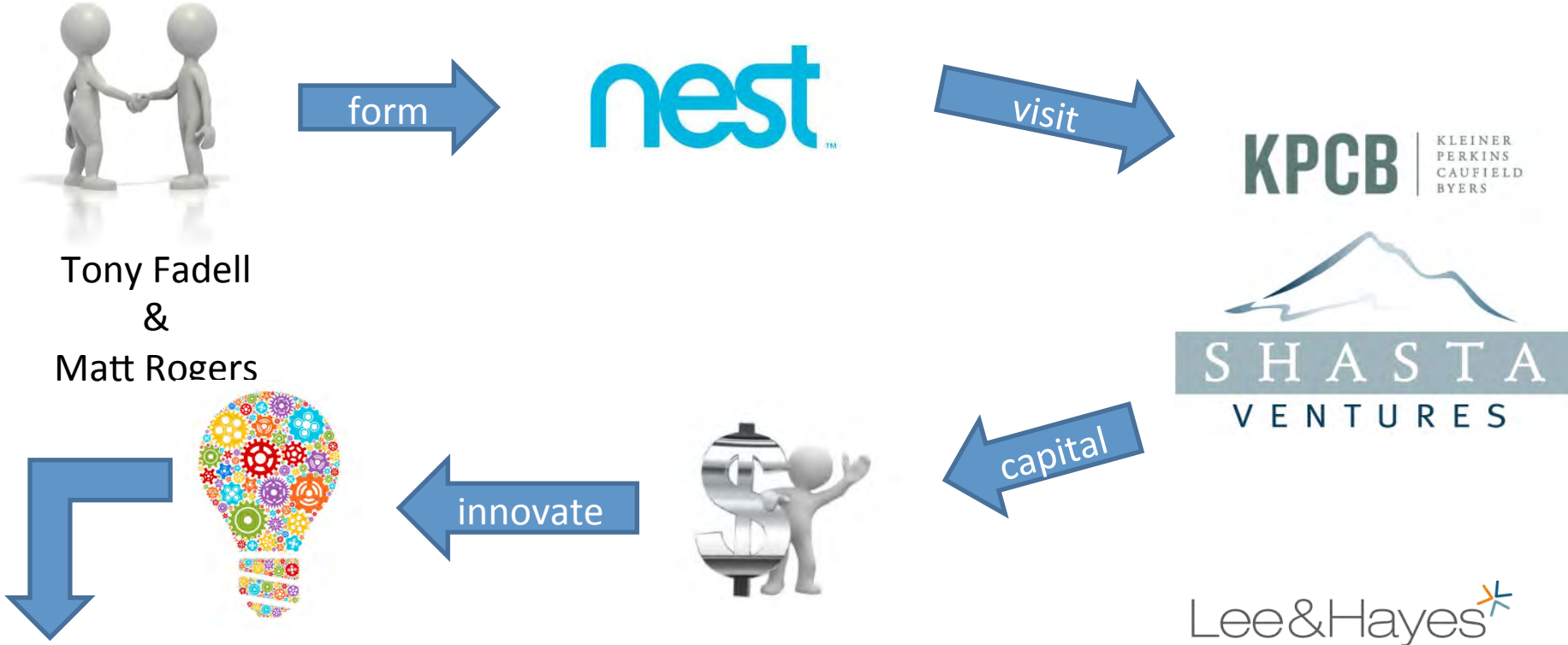
Tony Fadell



Vacation home



So, beginning in 2010...



Over the next 4 years...



nest™

Innovated This



Protects

With

Google

Gets Purchased by

Over 200 Patents

For

\$3.2 Billion



Lee & Hayes 

Part II: What this means for companies and markets



Observation 1: Changing Business Practice



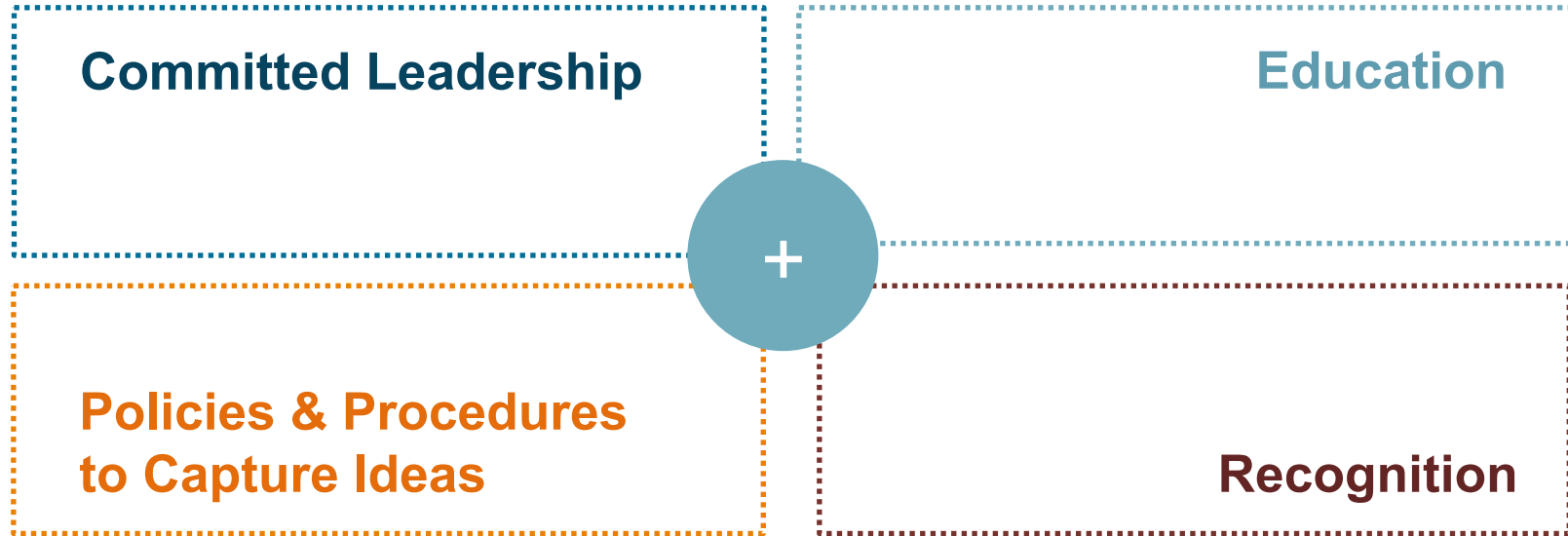
Rethink role of IP
... not just legal instruments

Rethink product development strategies

Rethink business opportunities

Rethink value creation

Observation 2: Innovation Culture Critical



Observation 3: Integrated IP Development



...to maximizing asset value creation

From traditional, linear and organic...

...to IP strategy that promotes core business strategy

...to “Intelligent Portfolios”



**New portfolio design strategies are needed
to build more relevant and valuable
portfolios ...**

“Intelligent Portfolios”

$$f(T, u) = c(T - T_0) - cT_0 \left(\frac{T}{T_0} \right)^{\lambda}$$

$$f = a - T_0 \Rightarrow df = du - T_0 ds$$

$$T_0 ds = du + pdu \Rightarrow du - T_0 ds =$$

What is an Intelligent Portfolio?



Development closely aligned with business objectives.

IP and product market-informed, via data and tools, for proactive portfolio development.

Executive understood and directed.
Fully integrated across corporate functions.

Architecting an Intelligent Portfolio



Assess

Build

Capitalize

Within a business context of
investor/management objectives

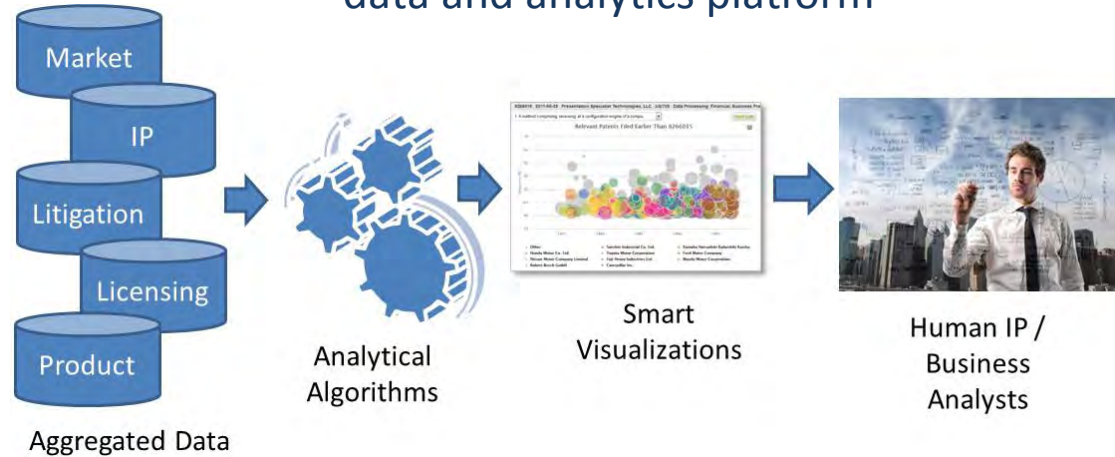
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Architecting an Intelligent Portfolio: Assess



Assess

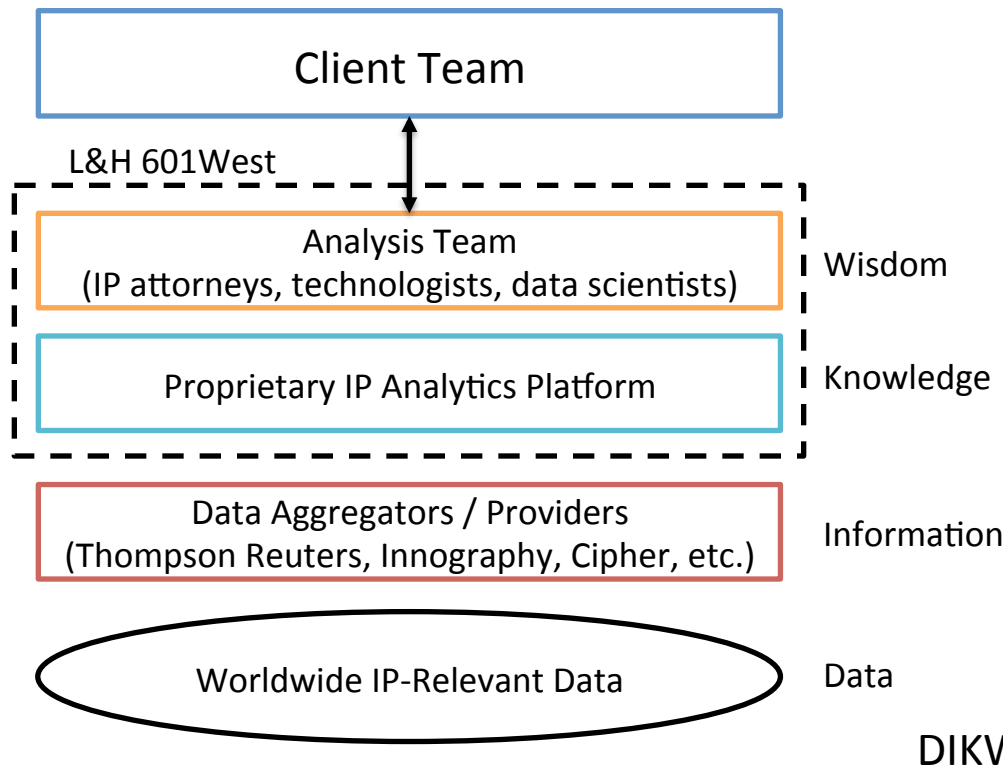
Assessment phase utilizes a proprietary data and analytics platform



Build

Capitalize
Lee & Hayes

Proprietary platform

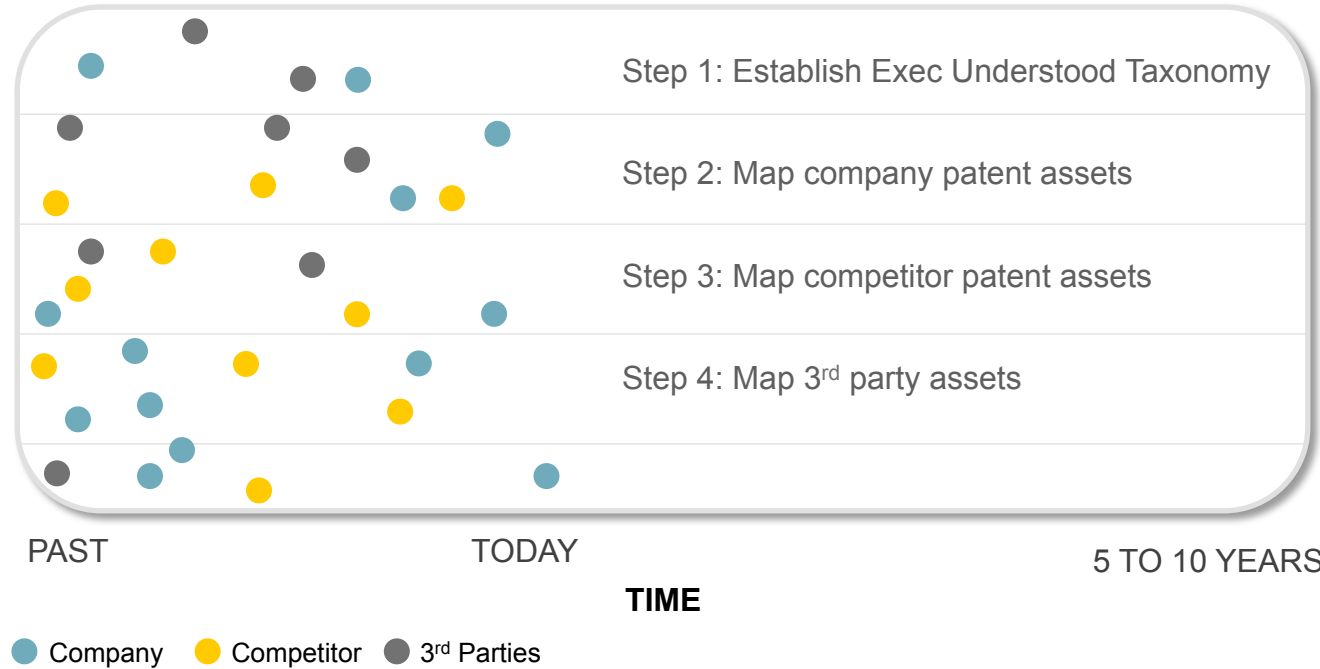


Our proprietary analytics platform allows us to assess and build customized solutions for a given business question that involves IP.

Assessment begins with mapping relevant assets



Business Aligned Taxonomy



5 TO 10 YEARS

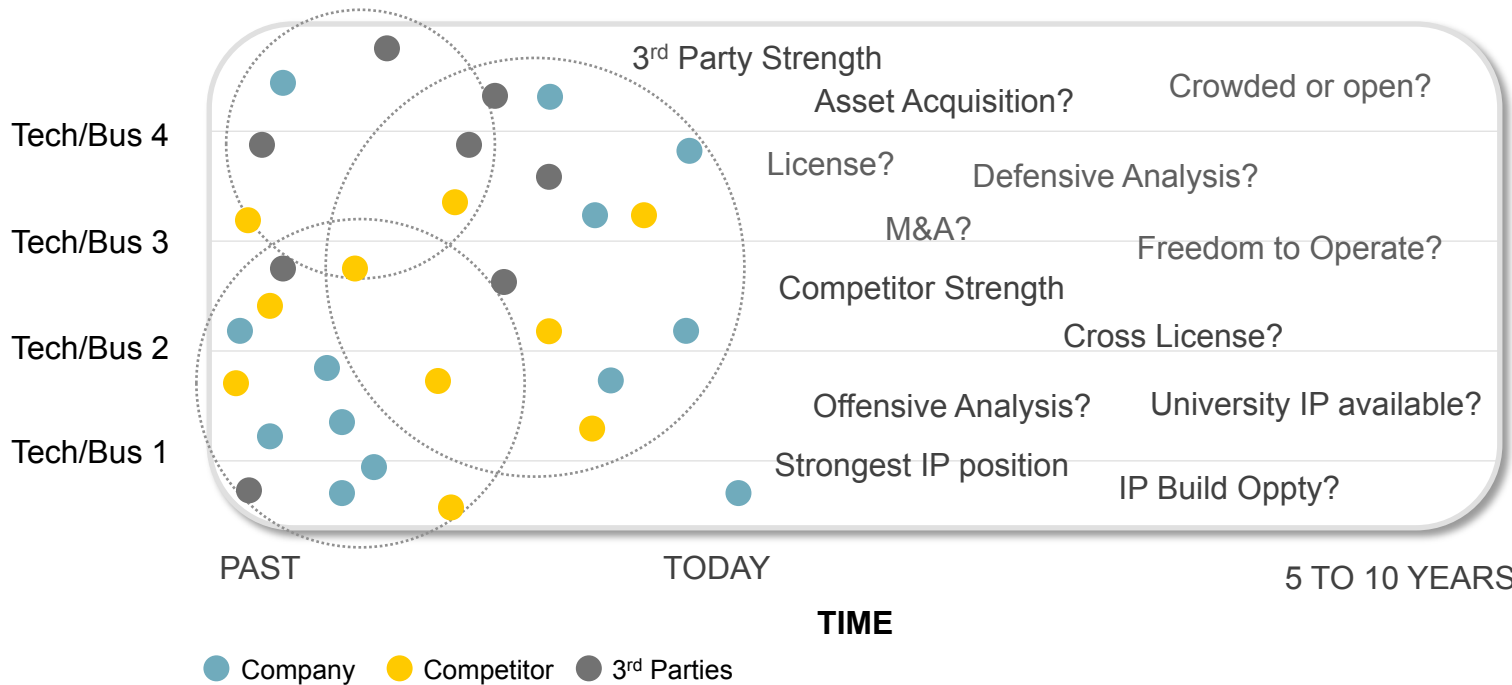
TIME

● Company ● Competitor ● 3rd Parties

IP assessment questions



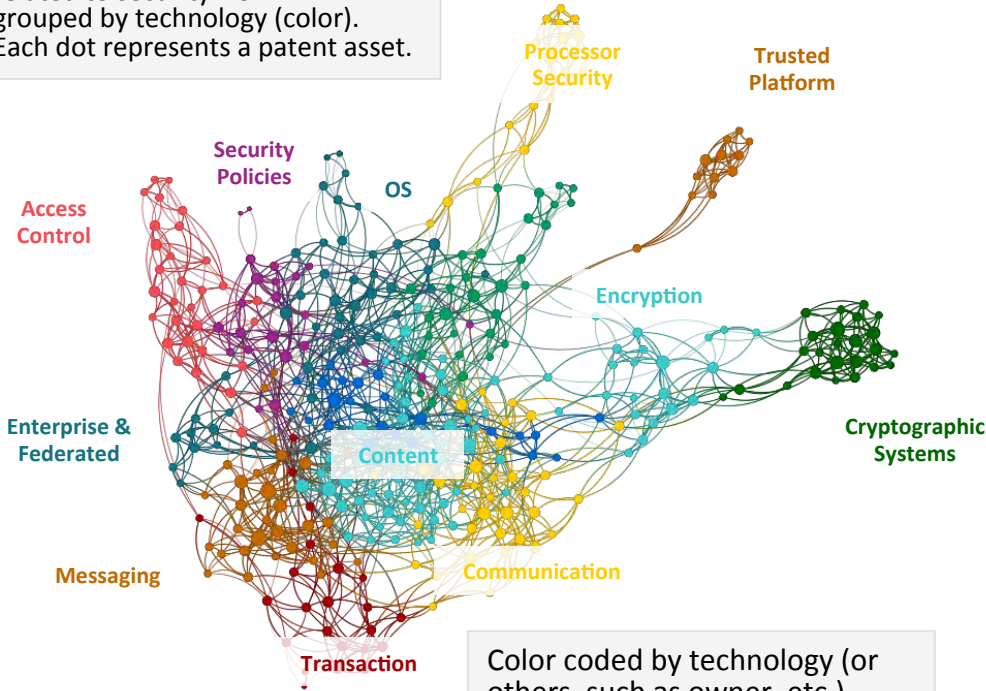
Business Aligned Taxonomy



1st example assessment analytics: security space



Landscape shows 25 patent families from SFC and 349 patent families related to security from IBM grouped by technology (color). Each dot represents a patent asset.



Color coded by technology (or others, such as owner, etc.).



Size & Reach

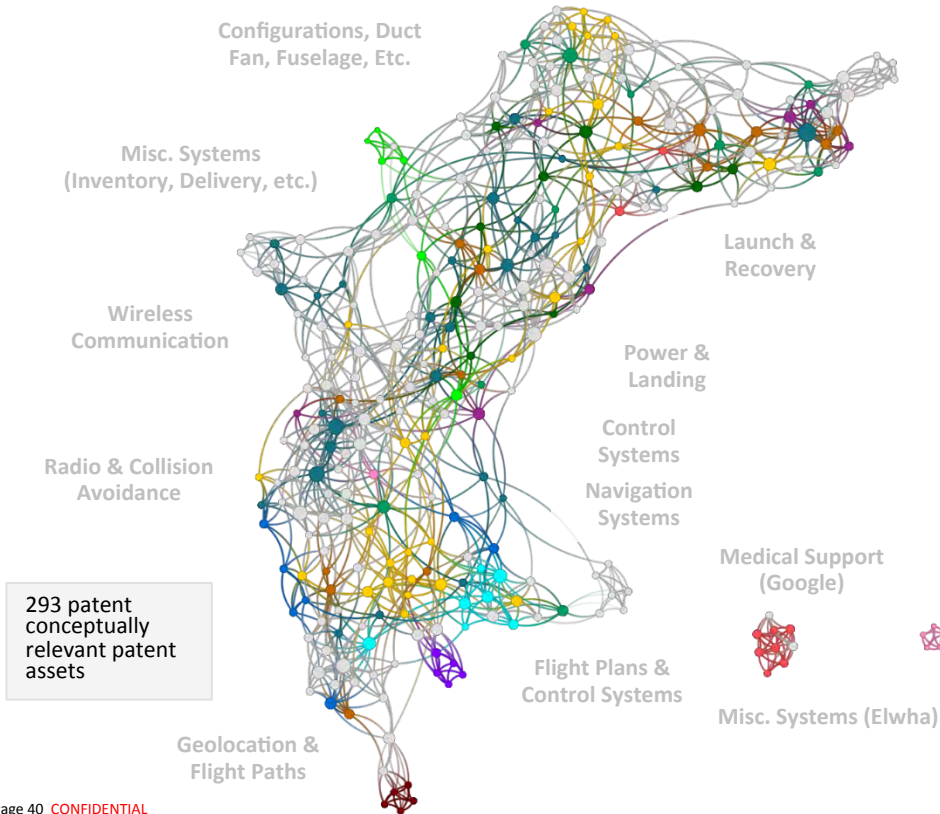
United States (827)
 Brazil (5)
 Australia (12)
 Japan (1)
 China (130)
 EPO (171)
 Canada (121)

Proprietary tools assess claim breadth and quality



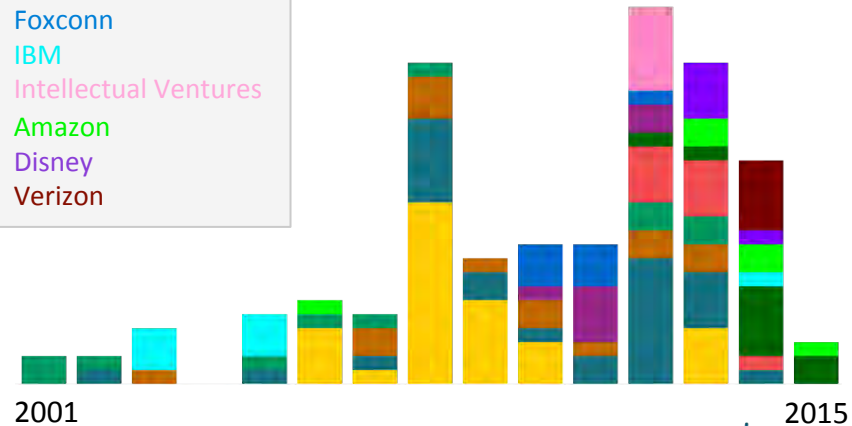
Quality/Size Plot

2nd example : UAV technology landscape

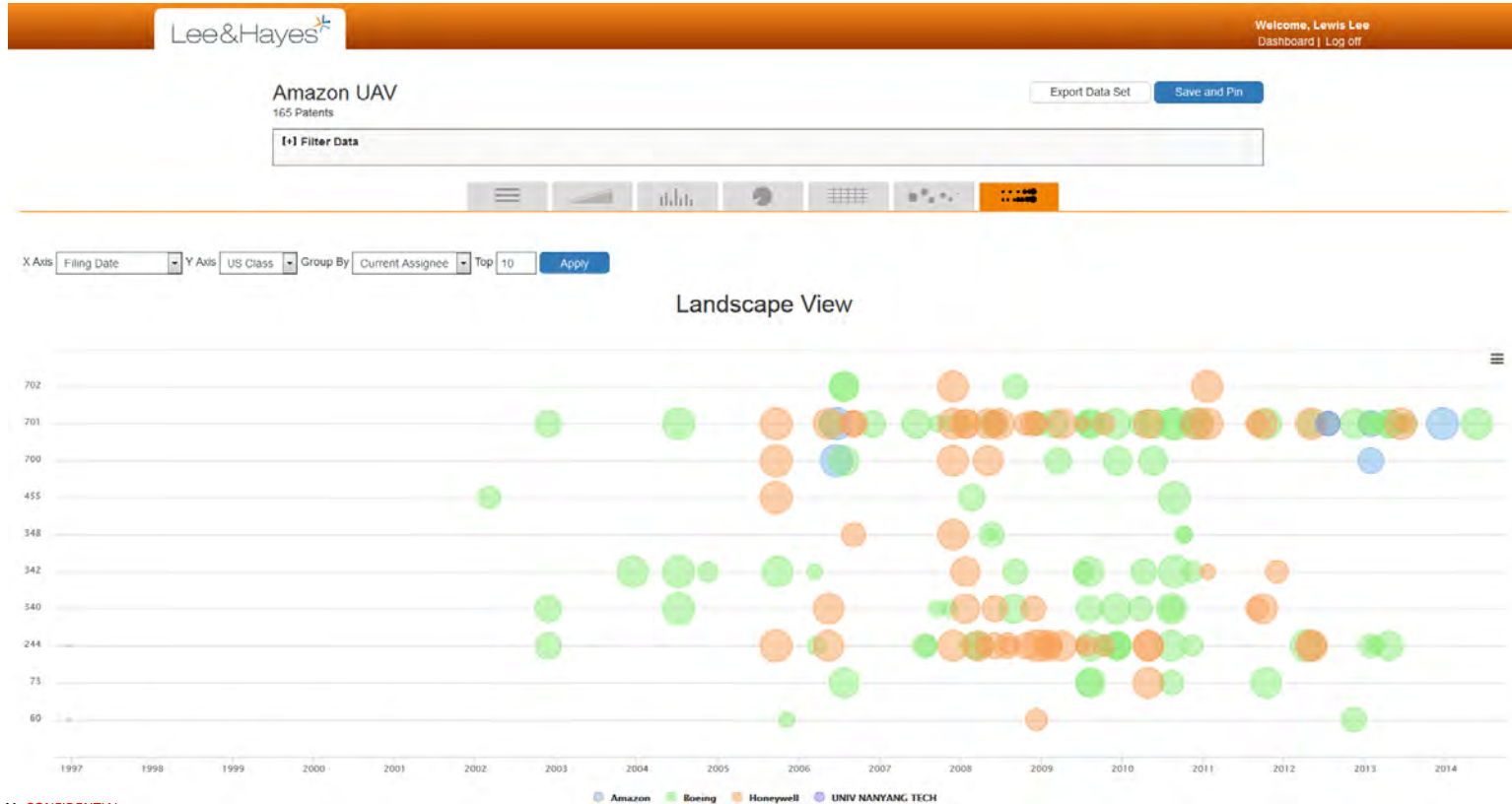


- Top Assignees**
- Honeywell
 - Boeing
 - Raytheon
 - Lockheed Martin
 - DJI
 - Google
 - AeroVironment
 - Foxconn
 - IBM
 - Intellectual Ventures
 - Amazon
 - Disney
 - Verizon

Associated timeline in which patent assets originated by company.



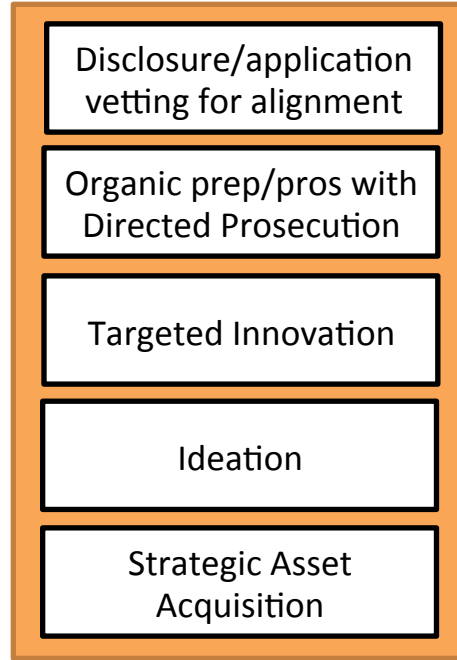
3rd example: landscape view of UAV tech



Architecting an Intelligent Portfolio: Build



Assess



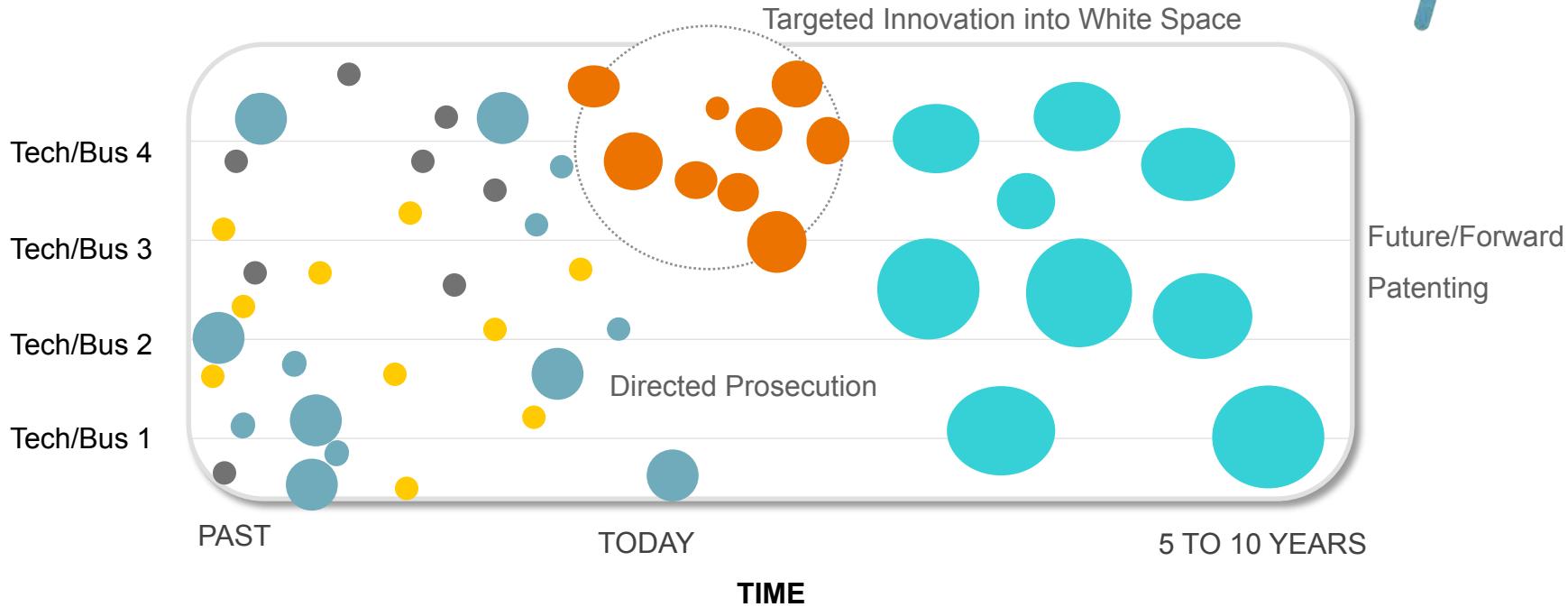
Build

Capitalize
Lee & Hayes 

Strategies to proactively place patent assets in key current and future product/tech areas

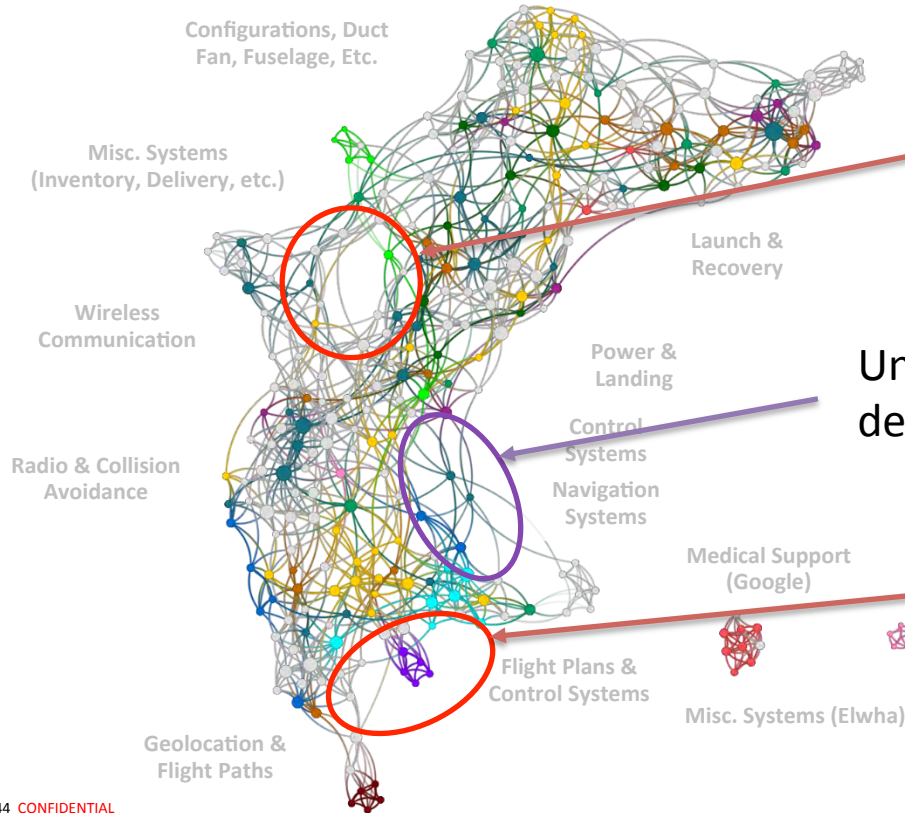


Business Aligned Taxonomy



- Company
- Competitor
- 3rd Parties
- Targeted Innovation
- Directed Prosecution
- Forward Patenting

Analytics to drive FTO and proactive build



Explore white space intersection of Wireless Communication and inventory/delivery aspects.

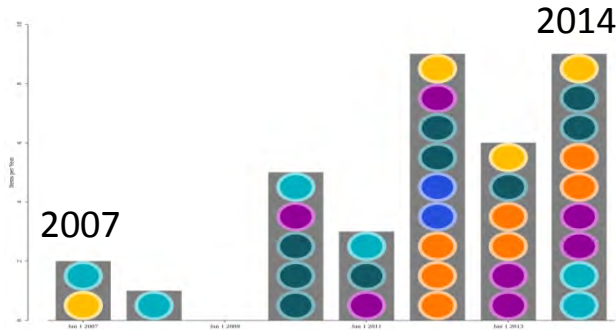
Understand Competitor positioning for development and Freedom to Operate

Explore competitor assets and white space relevant to geolocation, flight plans, and control systems.

True story about a start up....

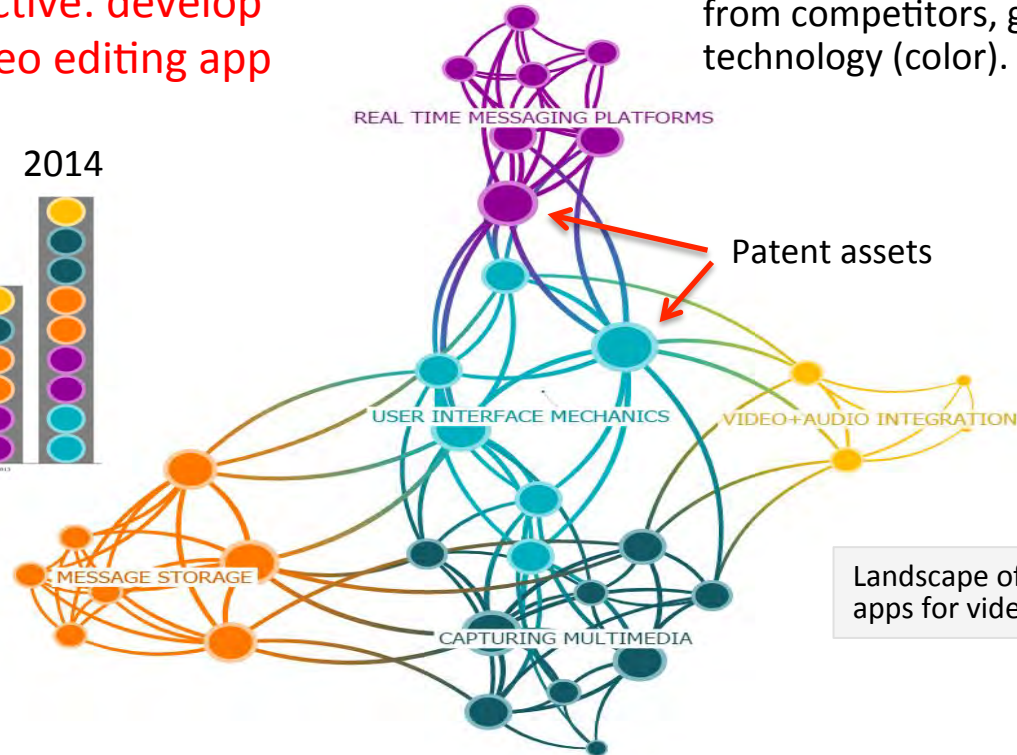


Original Business objective: develop mobile easy-to-use video editing app



Relatively new innovation space with most assets originating after 2010 – 20 grants and 15 apps.

35 relevant patent assets from competitors, grouped by technology (color).



Emerging players in mobile video capture and editing...



Twitter

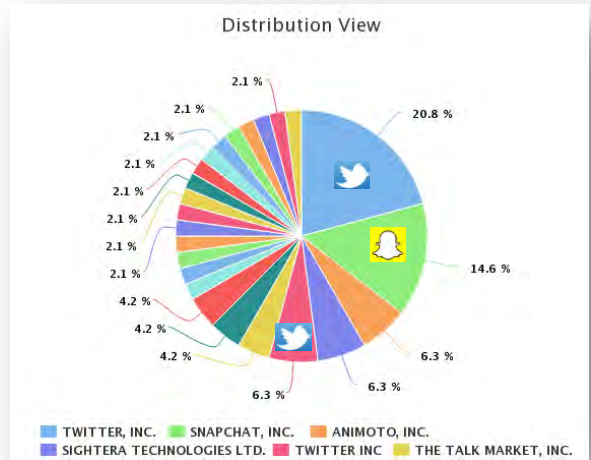
SnapChat



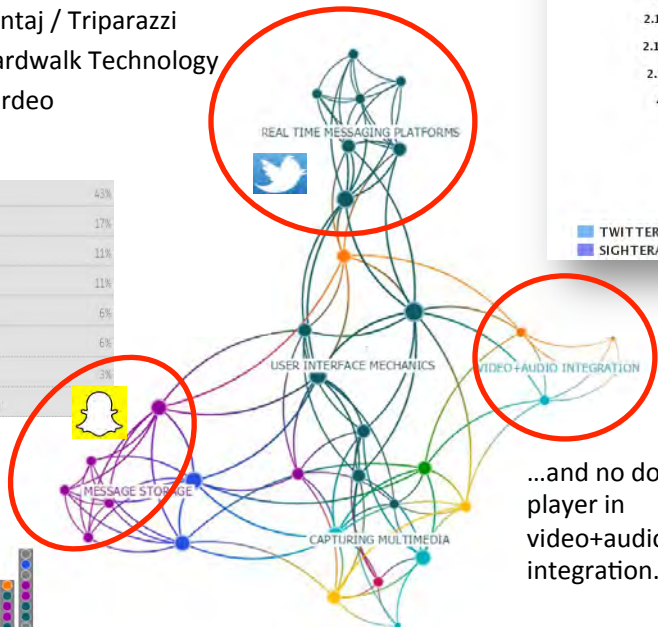
...with Twitter and SnapChat having the most assets in the space...

- Animoto
- Talk Market (i.e., Videolicious)
- Jigsaw Informatics
- Sightera Technologies Ltd. (Magisto)
- Atebits
- Montaj / Triparazzi
- Boardwalk Technology
- Wordeo

Assess phase allowed closer look at players in the space.

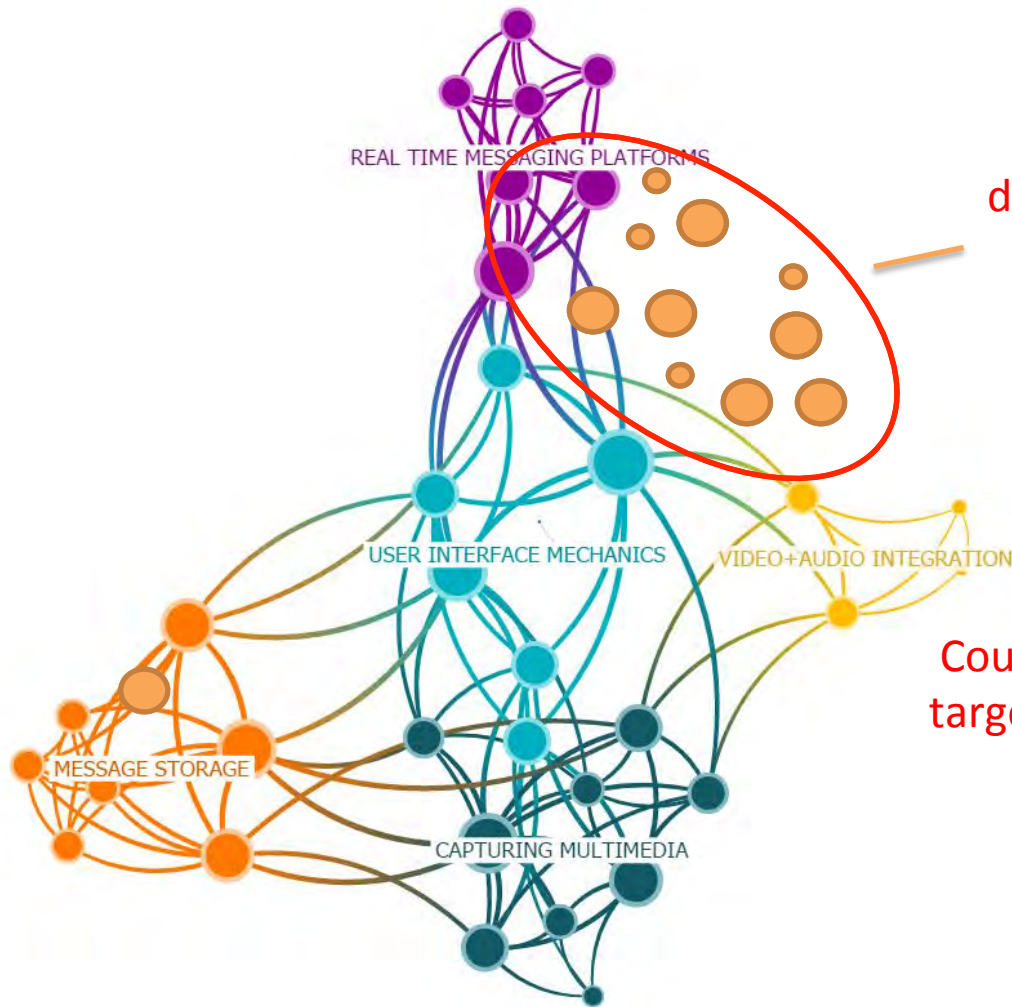


Twitter	43%
Snapchat	17%
Animoto	11%
Sightera Technologies	11%
Videolicious	6%
Jigsaw Informatics	6%
Montaj	3%
Boardwalk Technology Group	3%



...but concentrated in message storage and real-time messaging...

...and no dominant player in video+audio integration.

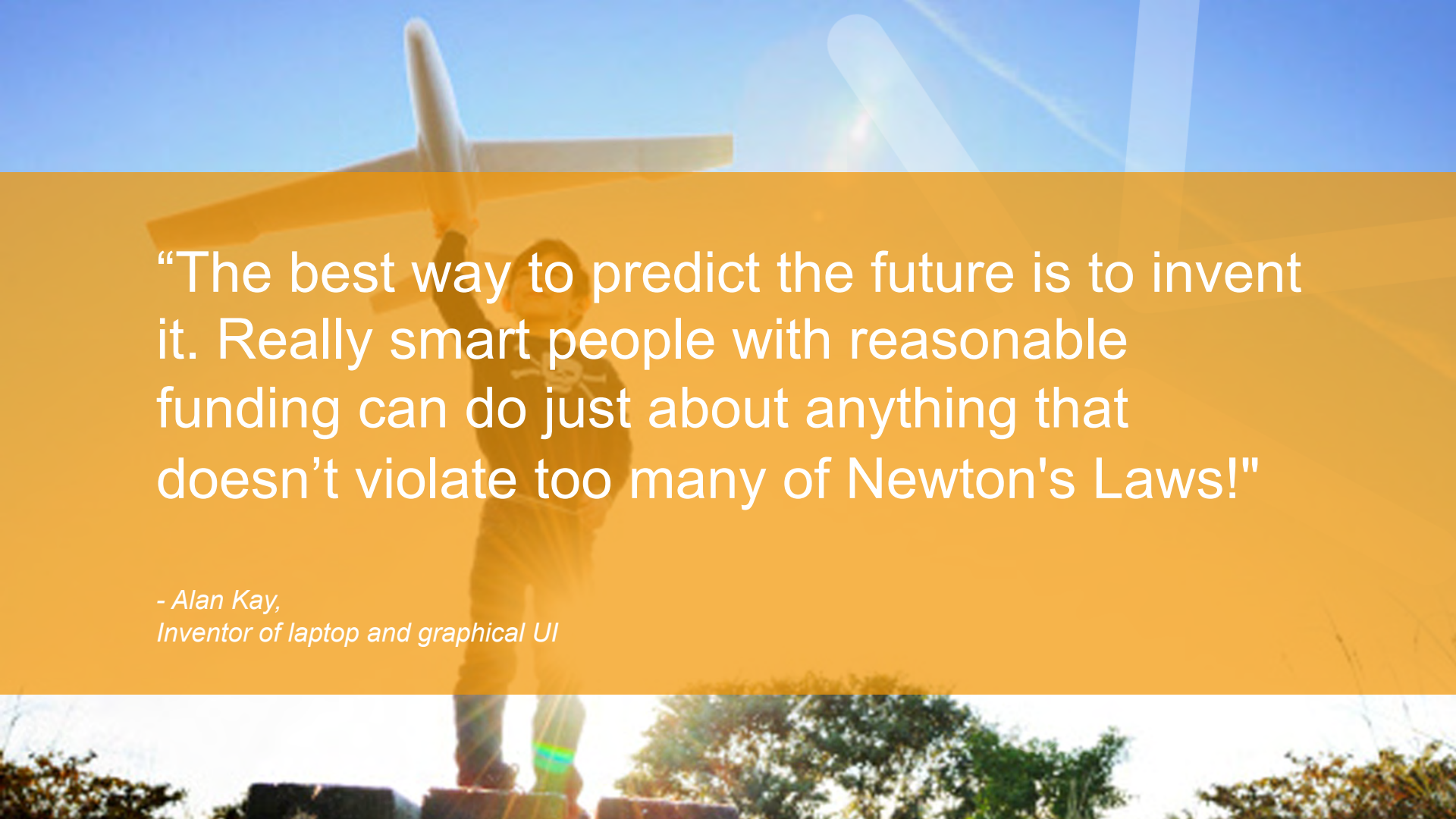


During assessment,
discovered key areas for
next gen video-based
messaging app...

... and implemented targeted
build strategy to seize
opportunity.

Coupled with awareness of
target suitor portfolio holes.

Result: Early post launch
acquisition by Fortune 50
company for a premium

A child is standing on a brick wall, holding a white paper airplane high in the air. The background is a clear blue sky with some light rays. The image is overlaid with a semi-transparent yellow band that contains the text.

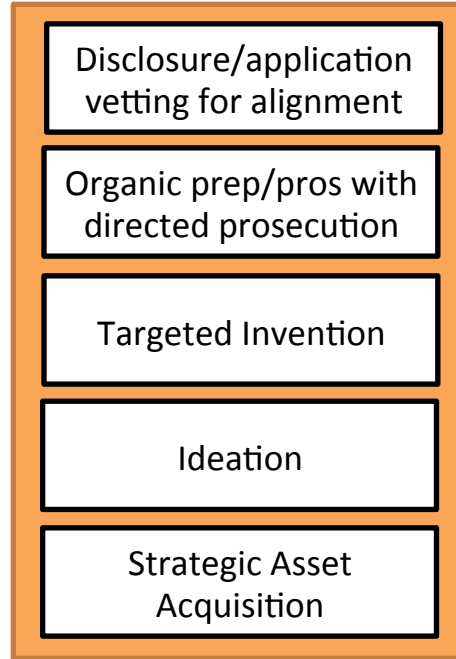
“The best way to predict the future is to invent it. Really smart people with reasonable funding can do just about anything that doesn’t violate too many of Newton's Laws!”

*- Alan Kay,
Inventor of laptop and graphical UI*

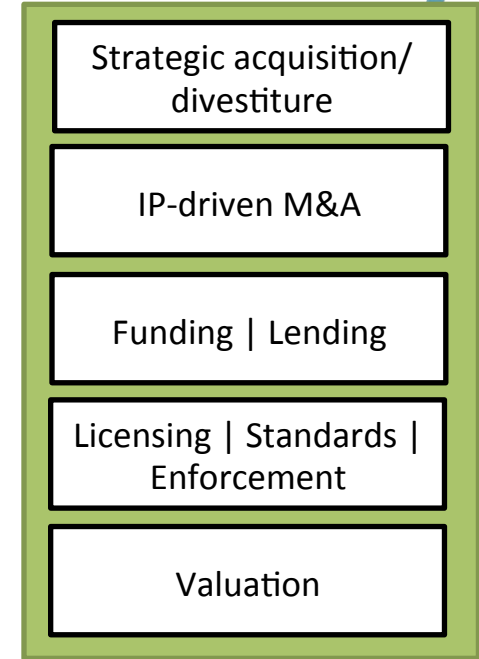
Architecting an Intelligent Portfolio: Capitalize



Assess



Build



Capitalize
Lee & Hayes 

Investors care



IP to protect tech...

IP in M&A...

Insurance...

Banking...

Hedge funds...

VCs...

Private Equity...

What investors are realizing...



Great Team



Innovation



Strong IP



Best ROI

Summary



- ✓ IP is an emerging asset class.
- ✓ Great team + Innovation + Protection = best ROI
- ✓ Investors and financial institutions care
- ✓ IP plays significant role in corporate valuation
- ✓ It's never too late to innovate something great



More than you can imagine...

So, what *is* an Idea worth?



Lee&Hayes 

We are Advisors for the Knowledge Economy

Atlanta / Austin / Portland Metro / Rochester / Seattle / Spokane / Washington, D.C.

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