

FTC Hearing on the Evolving IP Marketplace
December 5, 2008
Washington, D.C.

The IP Marketplace Players

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Alan Greenspan on IP

“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

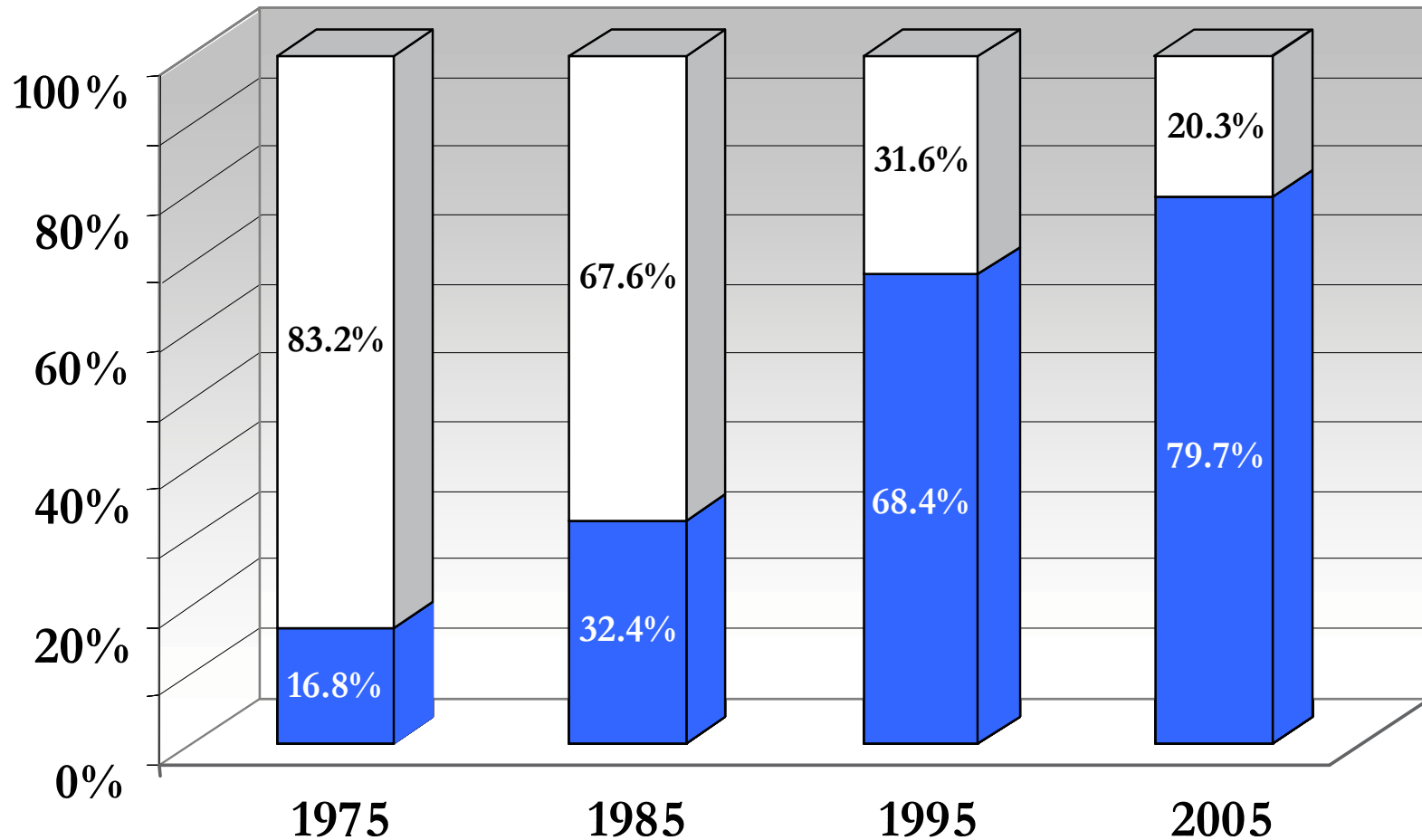
The Toffler Model

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



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

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

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

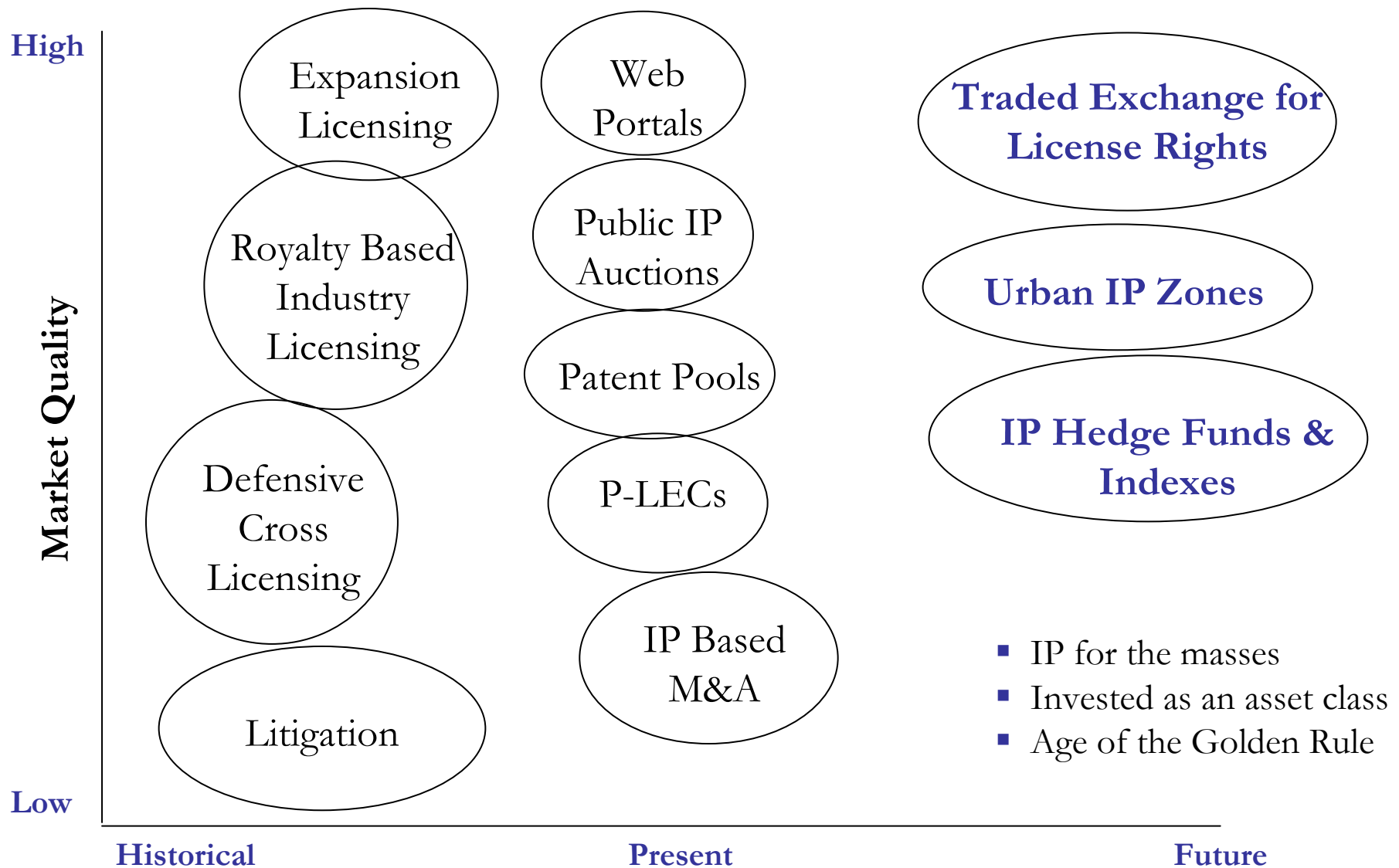
“For the first time since the industrial revolution, fewer than 10% of American workers are now employed in manufacturing.”

-- *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

- 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

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

IP Business Models – Cont.

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

Thank You!

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