



The IP Funding Opportunity

Presented by:
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What We'll Cover



What is IP Funding



How IP Funding Works



Types of IP Funding

About Licensing Consulting Group

Services

- Consulting
- IP Management
- Licensing In/Out
- IP Audits
- IP Funding

Clients



Health



Data



Food



Oral Care

Thomas Edison

- Founded GE by financing his patents



imagination at work

IP Funding Market

- ▶ Bowie Bonds 1997
 - \$55 Million secured by song royalties
- ▶ \$500 million in 2003
- ▶ By 2007 – 5 Billion +
 - Source: AUTM Journal



How IP Funding Works

Form SPV

Security
Interest

Payment From
Royalties

The IP Funding Opportunity

IP Fundable Characteristics

- ▶ Revenues
- ▶ Value
- ▶ No Liens



Patents as Collateral

Less than
10,000 in
1995

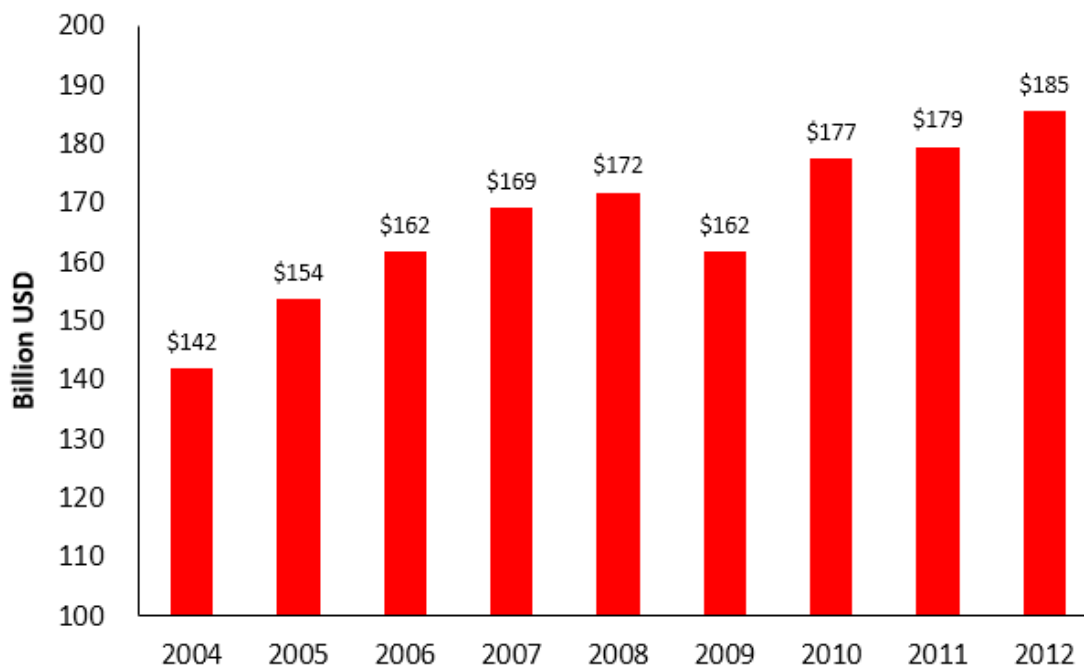
About
50,000 in
2013

1980 – 2012
16%
Total US
Active
Patents

Since 2013
40%
Total US
Active
Patents

What's Fueling IP Financing

US Licensing Royalty Revenues



Sources:
US Balance of Payments
Ernst & Young
The Economist

What's Fueling IP Financing

Large IP Market Transactions

Buyer	Seller	Technology Sector	Price (millions)	Patent Count
Consortium	Kodak	Digital Imaging	\$ 525	1,100
Consortium	MIPS Tech	Chip Architecture	\$ 350	498
Intel	InterDigital	Wireless	\$ 375	1,700
Facebook	Microsoft	Various	\$ 550	650
Microsoft	AOL	Internet	\$ 1,050	1,100
Sterling	MOSAID Tech	Semiconductors	\$ 594	2,822
Google	Motorola	Wireless	\$ 5,500	24,500
Consortium	Nortel	Wireless	\$ 4,500	6,000+

Sources: Various

IP Funding Sources

Commercial
Banks

IP Investment
Funds

Venture
Capital

Private
Investors

Royalty
Securitization
Firms

IP Backed
Lending Firms

IP Backed Loans

- ▶ IP is Security (collateral)
- ▶ Commercial, private equity and specialty lenders
- ▶ Requires revenue generating IP
- ▶ Lender gets IP in default



Kodak

- Used Patents to Secure \$965 million during BK



Toy R'Us

- Brand to help secure \$5 Billion

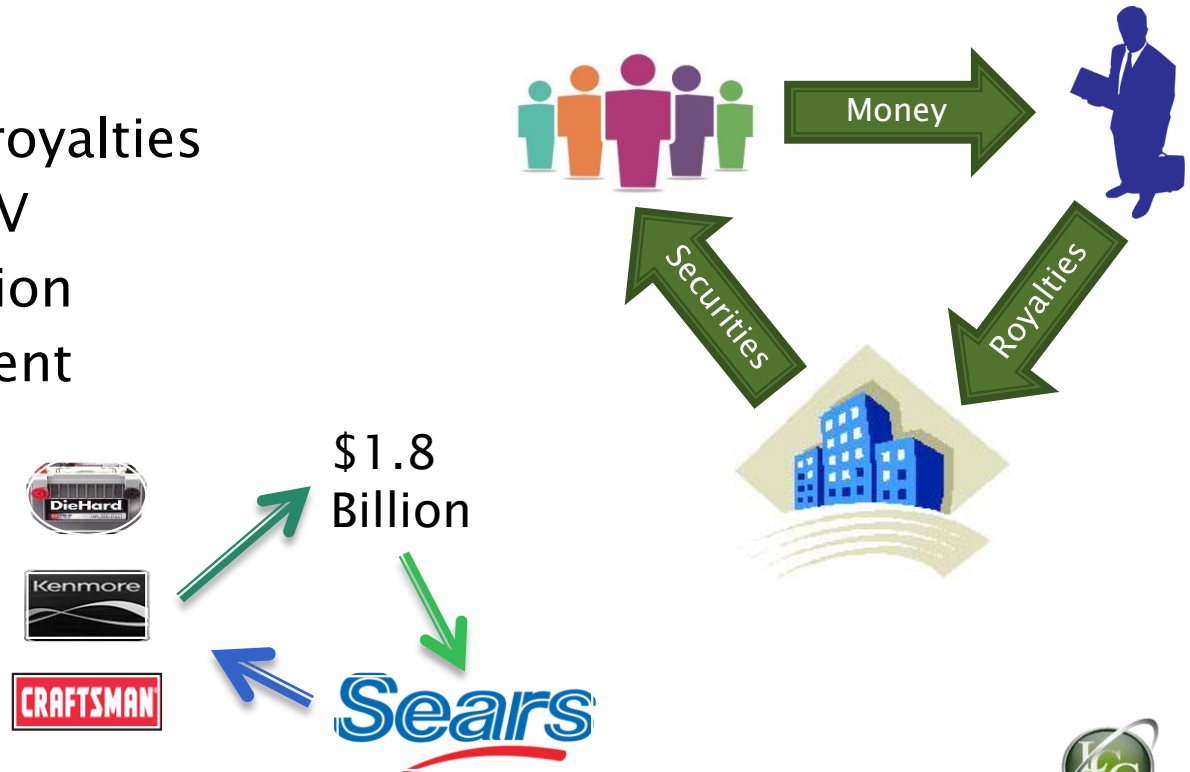


Dreamworks

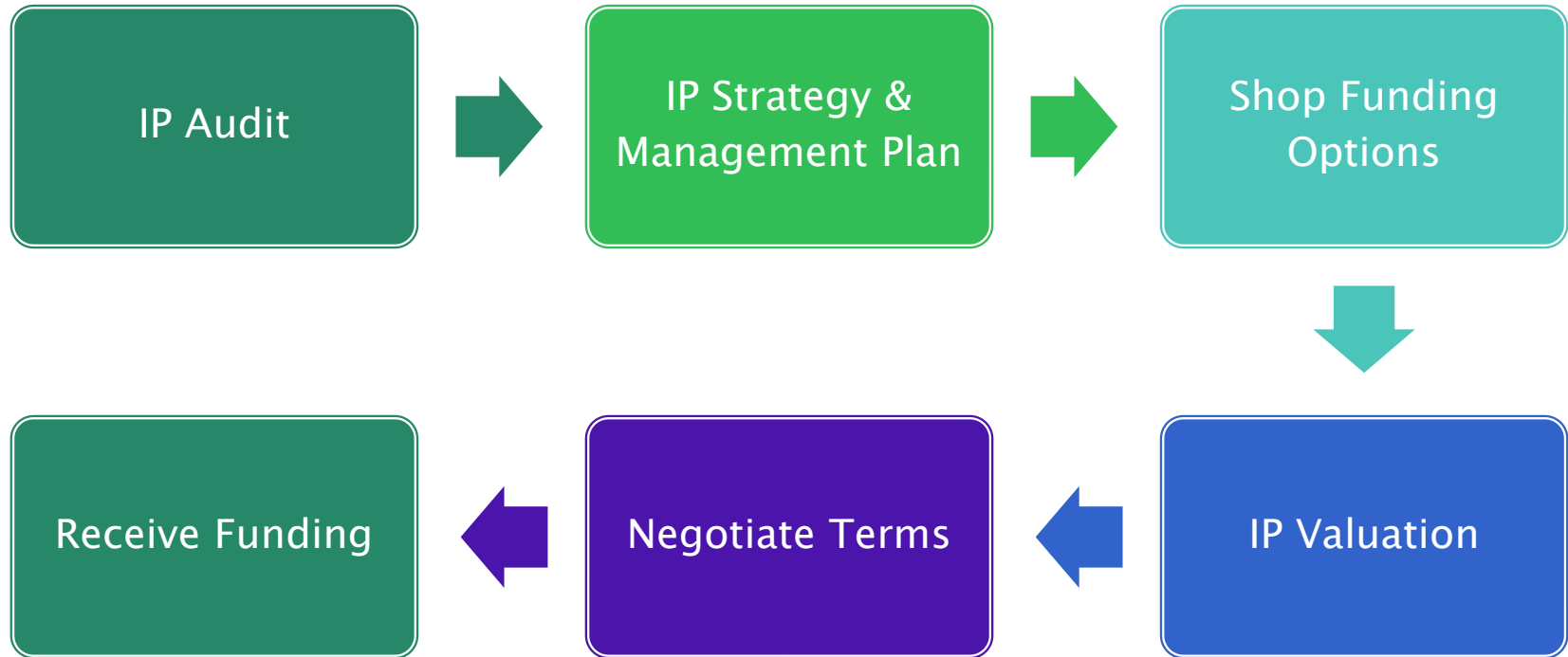
- Secured \$1 Billion with film copyrights

Royalty Securitization

- ▶ Cash Up-front
- ▶ Percentage of royalties
- ▶ Assign IP to SPV
- ▶ Min. of \$5 million
- ▶ Private placement



The IP Funding Process



IP Funding Summary Points

- ✓ Debt, Equity or Combo
- ✓ Collateral / Security Based
- ✓ Attractive to Lenders / Investors



Thank You

► Contact Information

Rand Brenner

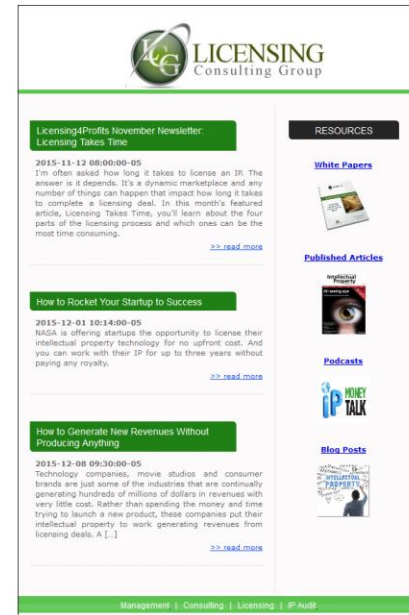
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