



Trading Innovation

World Conference on Intellectual Capital for Communities

**World Bank Paris Office
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About IPXI

- The world's first financial exchange that facilitates **non-exclusive** licensing and trading of IP rights with **market-based pricing** and **standardized terms**.
- Developed with significant input from leading corporate, university, and laboratory IP owners.

IPXI Update

- 21 new members since IPXI's funding announcement in December 2011 (27 in total and growing)
- Founding Members
 - 5 U.S. University Founding Members
 - 3 U.S. National Laboratory Founding Members
 - 5 U.S. and foreign Corporate Founding Members
- First working version of the Rulebook approved by the Executive Committee
- \$500 million+ in IP commitments

Member Overview

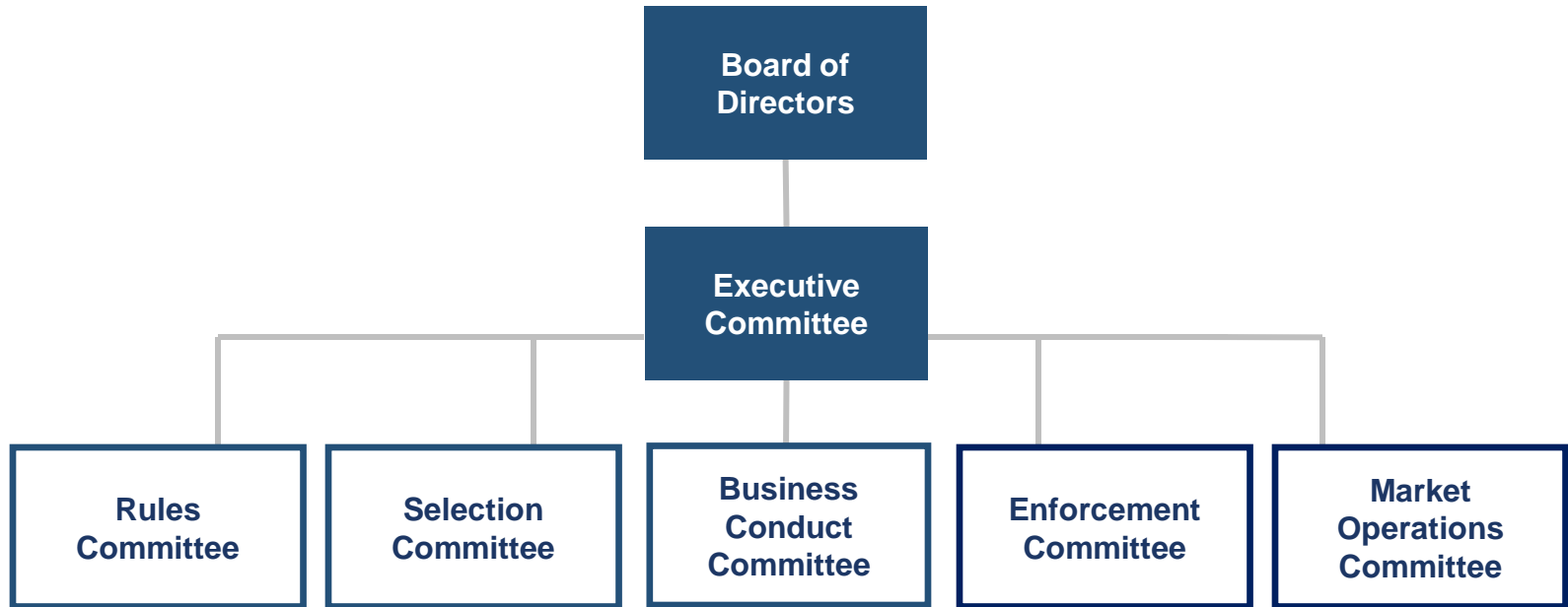
Corporate	University	Laboratory	Associate
Philips Intellectual Property & Standards	Rutgers University	Lawrence Livermore National Laboratory	DeWitt, Ross & Stevens S.C.
Com-Pac International	Northwestern University	Pacific Northwest National Laboratory	Ocean Tomo, LLC
MetaPower, Inc.	University of Utah	Brookhaven National Laboratory	Article One Partners
Ford Global Technologies, LLC	University of Notre Dame		North Point Advisors, LLC
Sony Corporation of America	Regents of the University of California		DLA Piper, LLP
Caisse des Dépôts et Consignations	University of Chicago		Red Chalk Group
			Innography
			Marsh, Inc.
			Nordic Patent Institute
			Pantros IP
			Sullivan & Cromwell, LLP
			TAEUS International Corporation
			Kerr & Wagstaffe, LLP

IPXI Market Rulebook – Working Edition 1.0



- **Approved by IPXI Executive Committee**
- **Available by request**

IPXI Governance



IPXI Core Objectives

A more efficient and transparent IP marketplace

IP Market Problem	IP Exchange	Result
Incomplete or insufficient market information	Detailed prospectus, published pricing, consumption data reporting, bid/ask	TRANSPARENCY - enabling more accurate IP asset management and R&D decisions
Arbitrary or unilaterally determined IP value	Market-based pricing reflecting the value of a technology and increasing buy-side confidence	PRICE DISCOVERY – ensuring fair and reasonable pricing
Lack of standards, including course of dealing, contract terms, and pricing	Standardized tradable license rights accessible to all market participants	LEVEL PLAYING FIELD – accelerating technology transfer and innovation
Time and transaction cost inefficiencies associated with bilateral licensing	Central marketplace with market enhancing solutions, such as standard contracts, outsourced auditing, and alternative dispute resolution processes	EFFICIENCY - providing easy access, liquidity, and increasing transaction volume

Unit License Right™ Characteristics

- Non-exclusive licensing
- Non-discriminatory terms
- Standardized rights within each offering
- Retired upon use

SAMPLE UNIT LICENSE RIGHT SPECIFICATION

USP X,XXX,137 A/B/C

General Description: USP X,XXX,123 A/B/C OLED Display Panel

Patent(s): USP X,XXX,137 and continuations, continuations-in-part and foreign counterparts

Fields of Use: All

Restrictions: All Secondary Market sales through IPXI

Issuer Right to Use: Yes including all subsidiaries

Unit Basis: Each ULR covers one display panel using Organic Light Emitting Diode (OLED) Technology

Total Offered Quantity: 50 million ULRs offered in 10 unit lots

Term of Rights: Until used

Opening: Dutch Auction (50% minimum quantity & price)

Encumbrances: Prior Licensing History

IPXI Price Banding: +/- 1%

Amnesty: Full

Tranche	Priced at
U137A: 10 million ULR	\$0.50 per unit
U137B: 10 million ULR	\$0.75 per unit
U137C: 30 million ULR	\$1.00 per unit

Follow-on Offerings Through Term (2017)

10 million ULR each Deemed Market Price

SECONDARY MARKET PRICE DISCOVERY

USP X,XXX,137 A/B/C

Expiration: 12/31/17

OFFERING DATA

Tranche	Authorized	Issued	Consumed
U137A	10,000,000	10,000,000	6,688,658
U137B	10,000,000	2,250,000	
U137C	30,000,000	-	-
Follow-on (each)	10,000,000	-	-

SECONDARY MARKET DATA

Tranche	Bid	Ask	% of Issued URLs
U137A	\$0.625	\$0.630	28%
U137B	\$0.750	\$0.750	0%
U137C	-	-	-
Follow-on (each)	-	-	-

Licensor / Licensee Benefits

Licensor Benefits

- Efficiently monetize patent portfolios
- Reduce transaction costs
- Avoid forced cross licensing
- Outsource marketing
- Outsource auditing
- Outsource enforcement
- Receive timely reports on licensee usage
- Flexible rights structure

Licensee Benefits

- Efficiently obtain licenses to patent portfolios at market price
- Ability to resell unused ULRs to accommodate reduced future needs
- Fair and level playing field for all prospective licensees
- Fair and reasonable market determined licensing terms
- Selection Committee screening and public comment period promote quality offering and rational market pricing
- Potential amnesty for prior usage

IPXI ULR vs. Other Monetization Methods

Monetization Method	Revenues			Expenses		Net Income to Sponsor	Risk to Sponsor	
	Total Revenue Potential	Revenue after Market Discount	Revenue after Price Discount	Broker Fee/ Commission	Additional Expenses	Total Income Realized	Loss of Patent Ownership	Out-of-pocket downside
Sale through Broker or IP Auction	\$50M	\$37.5M	\$9.4M	\$1.4M	\$0	\$8M	Yes	\$0
Third-Party Enforcement Program	\$50M	\$37.5M	\$37.5M	\$21.4M	\$5M	\$11.1M	Yes	\$0
Self-managed Licensing Program	\$50M	\$25M	\$25M	\$0M	\$5.5M	\$19.5M	No	\$5.5M
IPXI ULR	\$50M	\$50M	\$42.5M	\$8.5M	\$100,000	\$33.9M	No	\$0

IP as an Exchange Traded Unit – Accelerated Innovation

- **Efficient and transparent technology transfer**
- **More accurate R&D and intangible asset management decision-making**
- **Greater technology access for small/medium enterprises at fair and reasonable prices**
- **An alternative for universities and research laboratories**
- **Level playing field**

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