

PatentGuard™

Through our exclusive relationship with Innography, Willis has been offered unique access to PatentGuard, a managed service that analyzes your patent portfolio to identify patent title issues, proactively report measures to repair broken title chains, where possible, and provide an ongoing, cost-effective monitoring service to mitigate patent title risks. Following an initial scan, PatentGuard provides portfolio managers with a certified audit report of existing and ongoing issues, and recommends corrective actions to automatically resolve them, assuring the asset is properly protected.

SECURING PATENTS AS FINANCIAL ASSETS

Traditionally, patents have been primarily a means of protecting intellectual property from competitors, but over the past 10 years they have become increasingly important as financial assets. It is estimated that patent values range from a minimum of \$38K (on a cost basis) to millions of dollars in potential licensing revenue.

Organizations that do not apply proper and continuous governance principles to their patent portfolio risk title issues that may compromise their right to future sale, litigation or licensing revenue. A simple break in the chain of title can result in the loss of all rights to a patent, rendering it useless in court. In fact, there are hundreds of thousands of patents identified that have title issues or chain of ownership discrepancies.

INHERENT FLAWS IN THE PATENT OWNERSHIP SYSTEM

One significant vulnerability of patent title ownership is the relative ease with which title changes can be processed through the US Patent and Trademark Office (USPTO). Further, the responsibility for verifying accuracy rests not with the USPTO, but with the patent owner(s).

In addition, the USPTO has a strictly enforced window of 90 days to correct any issues with a patent title – whether from theft, fraud or clerical error – before it becomes relatively unfixable. Data from US Federal Courts of Appeals over the past decade show more than a thousand cases in which patent litigation was

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dismissed because the patent owner did not have clean title ownership, resulting in lost damages ranging between \$2M and \$50M per patent.

For companies with significant patent portfolios, this task of auditing patent titles can be labor intensive and costly. Activities such as bankruptcy, mergers and acquisitions, licensing, partnerships or even fraud or theft can cause ownership complications. Factor in the complexities of global licensing deals or merger and acquisition activities, and the labor and difficulty of protecting patents are multiplied.

RISKS TO ORGANIZATIONS

There are many ways patent title issues can impact the core operations of an organization.

LOST PATENT ASSETS Minimum of \$35K spent to acquire a patent and, in many cases, the true patent value is much more.

SOX 404/INTERNAL RECORD CONTROLS Sarbanes Oxley and Delaware Supreme Court requirements to monitor material assets from fraud.

GOODWILL IMPAIRMENT Annual requirement that can cause restatement of earnings if impairment is not caught immediately.

LOSS OF RIGHT TO SUE \$2M-\$50M average loss of damages.

LOSS OF LICENSING REVENUE Patent licensing revenue is at risk without a clear title.

LOSS OF STRATEGIC VALUE Impact to an organization's current and future product strategies.

THE PATENTGUARD SOLUTION

To address the growing concerns around the complexity and cost of verifying patent title ownership, Innography has created the exclusive PatentGuard solution to identify possible patent title issues. With PatentGuard, companies can protect revenue streams and ensure their strategic future while complying with regulations. This solution not only monitors and identifies ongoing issues without the need for human training, but it can also correct them.

INITIAL AUDIT PatentGuard will perform an initial evaluation utilizing proprietary algorithms to find breaks in the chain of ownership within an existing patent portfolio.

ISSUE REPORTING PatentGuard delivers a comprehensive report that can also be used to provide evidence to auditors of patent record controls and ensure compliance for existing and future regulations.

OPTIONAL ISSUE CORRECTION Once a discrepancy is found and validated, PatentGuard can "lock down" that asset and immediately correct the ownership records according to Patent Office rules and regulations, if possible.

ONGOING MONITORING SERVICE 24 hours a day, 365 days a year, PatentGuard can also monitor patent assets in order to provide early warning of new title issues as they arise.

NO HUMAN RESOURCES REQUIRED PatentGuard is a turnkey solution that enables monitoring and protection of patents without additional human resources.

TIME AND COST SAVINGS Through advanced software analysis, PatentGuard is 5 – 10 times less expensive and identifies as many as 50% more issues than any existing people-intensive practices.

USES OF PATENTGUARD

FINANCIAL RECORD CONTROL Ensure compliance with SOX and Delaware laws

AUDIT COMPLIANCE REPORTING Avoid SEC fines and restatements

STRATEGIC PRODUCT PROTECTION Protect current and future products, especially in emerging markets

MERGER & ACQUISITIONS DUE DILIGENCE Validate ownership and purchase rights

LICENSING TRANSACTIONS Protect patent purchase or exclusive licensing rights

ROYALTY PAYMENT AUDITING Avoid payments on unsecured patents

LITIGATION PRE-TRIAL AND INVALIDATION Eliminate potential challenges to your right to take action

LOAN SECURITIZATION (COLLATERALIZED ASSETS) Secure patents against unintended collateralization or default

CONTACTS

Sara Benolken

+1 512 651 1670

sara.benolken@willis.com

Karl Pederson

+1 213 607 6272

karl.pedersen@willis.com

Peter Smith

+1 972 715 6325

peter.d.smith@willis.com