



Invest in Growth

How LOT Network Addresses the Patent Troll Problem



LOTNETWORK
WHAT GOOD CORPORATE CITIZENS DO

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Any Operating Company using technology is an PAE Target



Patent trolls (or Patent Assertion Entities, PAEs) make money by buying patents and suing companies in order to monetize them.

PAEs do not make product. They leverage the costs and risks of litigation to extract money from you...money in their pockets that you're no longer able to use on R&D, improved manufacturing, or returning value to shareholders.



...even if you don't own any patents.

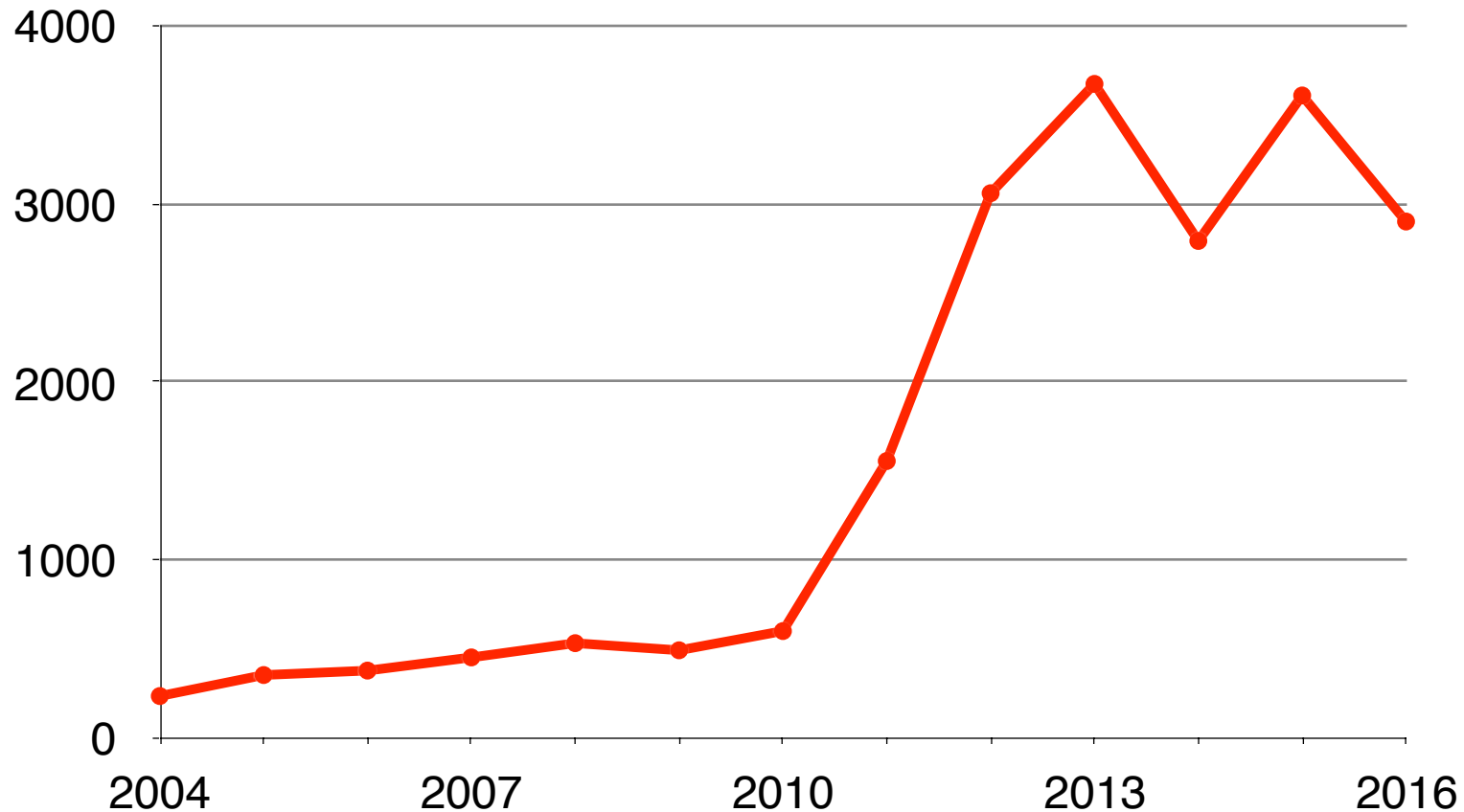


- PAEs can sue you based on third party technology that you use for everyday business
- Average cost to defend a PAE lawsuit is **\$3.2 million**⁴
- Over **10,000** companies have been sued at least once by a patent troll²



The problem isn't going away

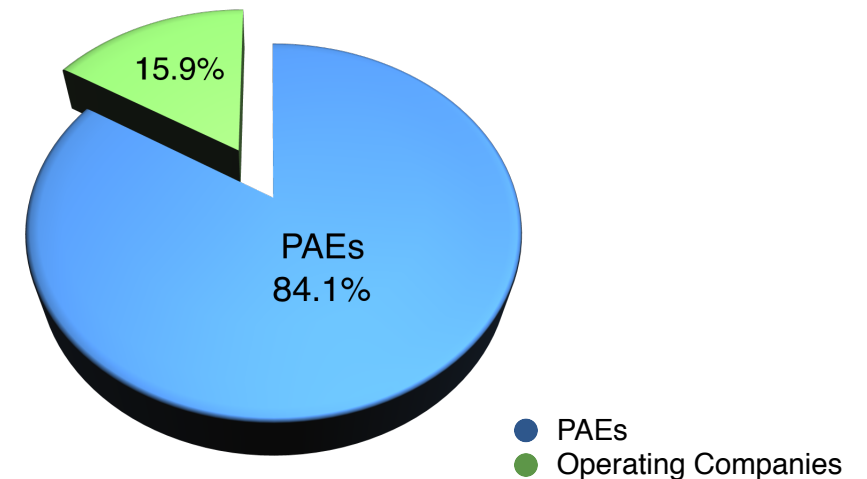
Number of PAE initiated lawsuits per year¹



Patent lawsuits jumped 500% between 2005-2014

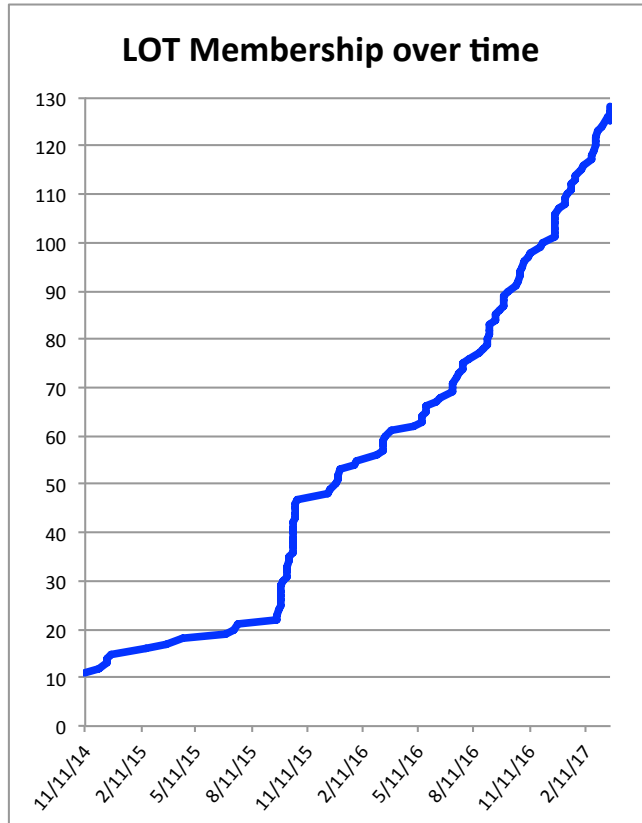
PAEs drain ~\$80B from the US economy per year, or \$1.5B a week⁵

PAEs are responsible for 84% of high-tech patent litigation in the US!³





That's why smart companies are banding together by joining LOT Network



Do you really want to fight patent trolls *on your own*?



What is LOT Network?

Community

Non-Profit

Protecting
Innovation

A non-profit community of companies that immunize each other from their patents if they are transferred to a patent troll (**L**icense-**O**n-**T**ransfer)



LOT does not affect traditional uses of patents

Free to
Cross License

Free to
Assert

Free to
Do Nothing

Free to
Sell



No burden to being a member

Don't have to
give notice

Don't have to
list patents

Don't have to
report

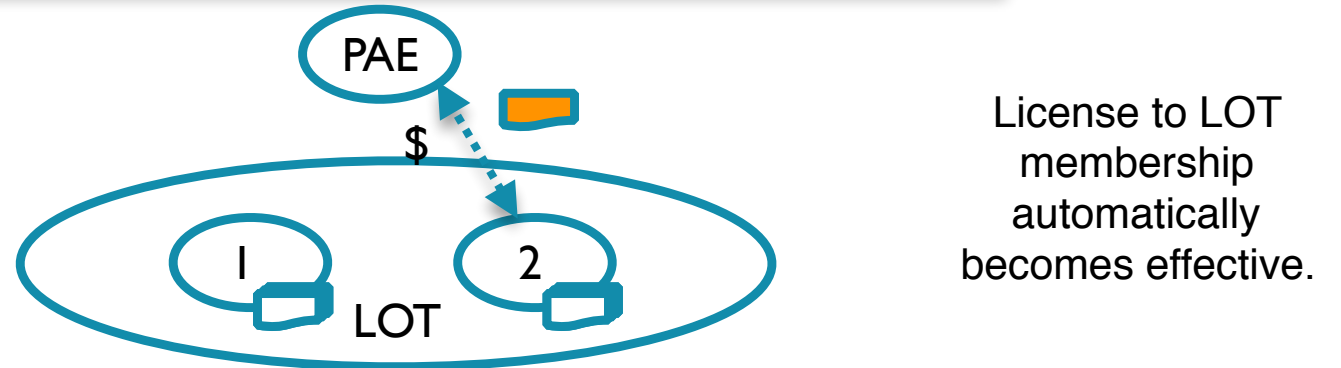


How the LOT Agreement Works

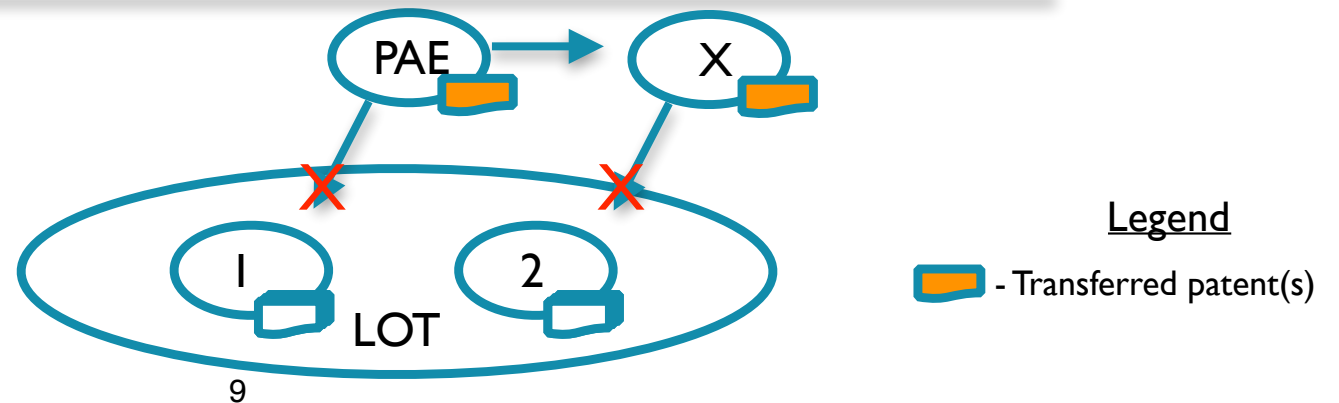
Today: Your company joins LOT Network.



Tomorrow: Company 2 sells a patent to a PAE, or the PAE otherwise gains ownership to the patent.



Future: LOT membership immunizes you from the patent, regardless of the owner.





No brainer risk reduction for your company

LOT Member's Annual Revenue	Annual Membership Fee
<i>Less than \$5 million</i>	<i>Free</i>
<i>Between \$5 and \$10 million</i>	<i>\$1,500</i>
<i>Between \$10 and \$25 million</i>	<i>\$2,500</i>
<i>Between \$25 and \$50 million</i>	<i>\$5,000</i>
<i>Between \$50 and \$100 million</i>	<i>\$10,000</i>
<i>Between \$100 million and \$1 billion</i>	<i>\$15,000</i>
<i>Greater than \$1 billion</i>	<i>\$20,000 (cap)</i>



References

1. Patent Freedom
 - <https://www.patentfreedom.com/about-npes/litigations/>
2. James Bessen & Michael Meurer, The Direct Costs from NPE Disputes, 99 Cornell L. Rev. 387 (2014).
3. Dan McCurdy, RPX presentation at 2015 IP Counsel Cafe spring meeting, Palo Alto, CA.
4. Kevin Jakel, Unified Patents presentation at 2015 IP Counsel Cafe spring meeting, Palo Alto, CA.
5. Robert Gebelhoff. (2015, November 23). 'Patent trolls': Reading the comments. The Washington Post. Retrieved from <https://www.washingtonpost.com/news/in-theory/wp/2015/11/23/patent-trolls-reading-the-comments/> (© 2015)