



LOTNETWORK

Invest in Growth

How LOT Network Addresses the PAE Problem

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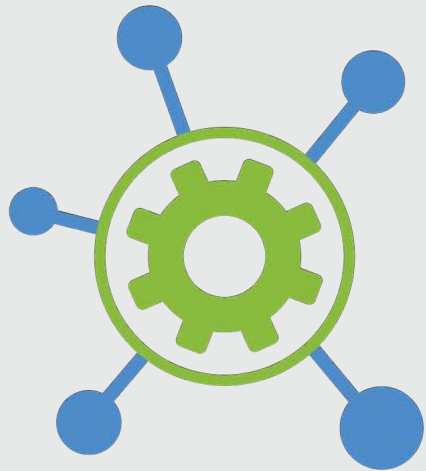
Any Operating Company using technology is an PAE Target



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.

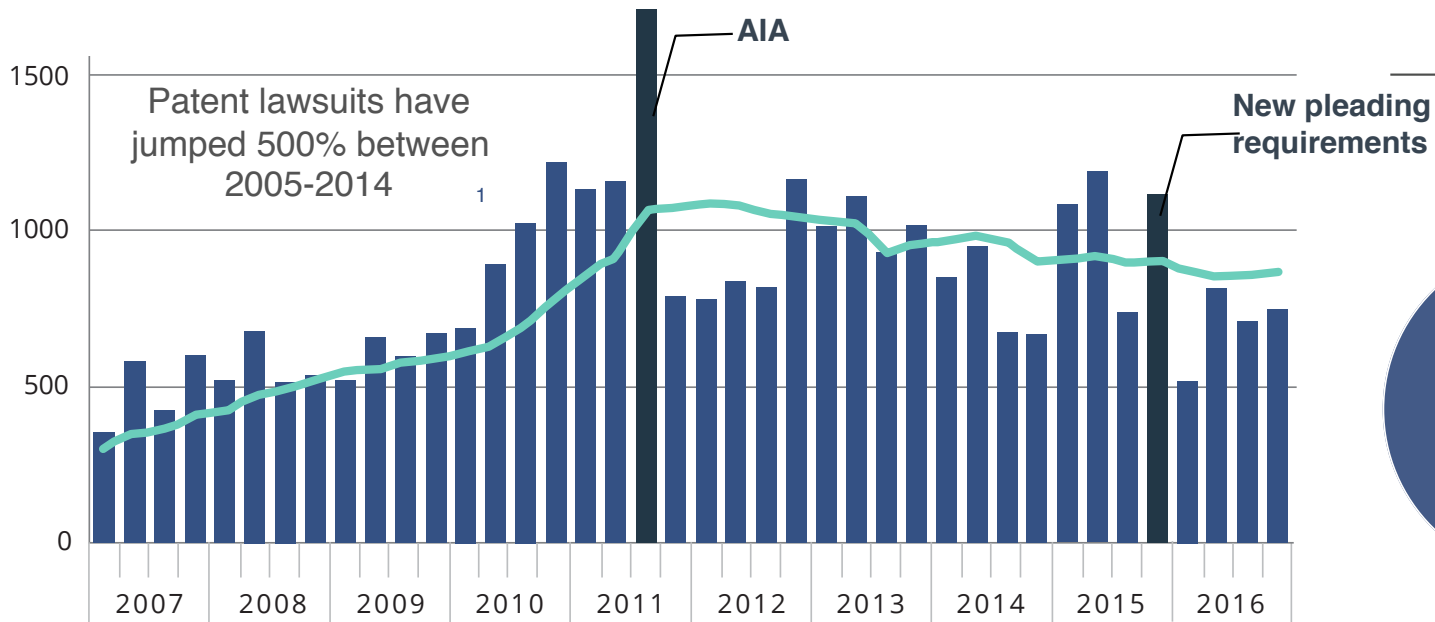
...even if you don't own any patents



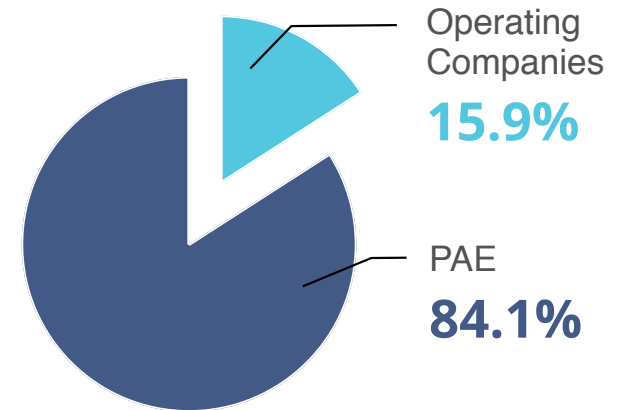
- PAEs can sue you based on third party technology that you use for everyday business
- Average cost to defend a PAE lawsuit is **\$3.2 million**⁴
- Over **10,000** companies have been sued at least once by a patent troll²

PAEs - hurting innovation

Defendants added to NPE Campaigns Quarterly



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 US³

Dan McCurdy 2017 SAS NPE Forum and RPX

— Average

LOT Agreement is scaling

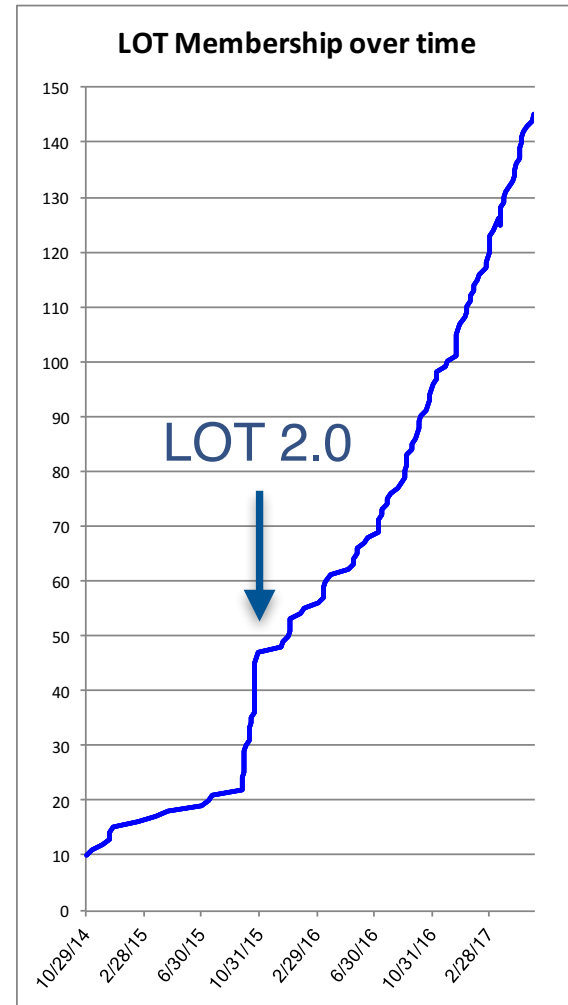


Canon



Dropbox

JPMORGAN CHASE & CO.



What is LOT Network?



Non-Profit



Community



Protecting Innovation

LOT - community providing PAE immunization

No effect on traditional uses of patents

Free to
Cross License

Free to
Do Nothing

Free to
Assert

Free to
Sell

LOT - community providing PAE immunization

No Burden to being a member



Don't have to
list patents



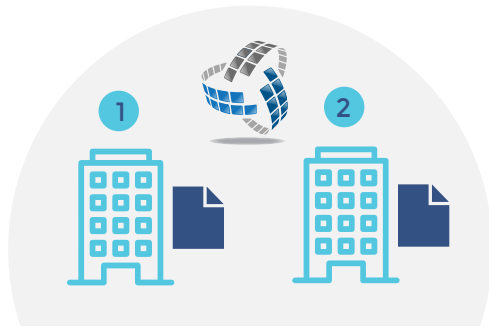
Don't have to
give notice



Don't have to
report

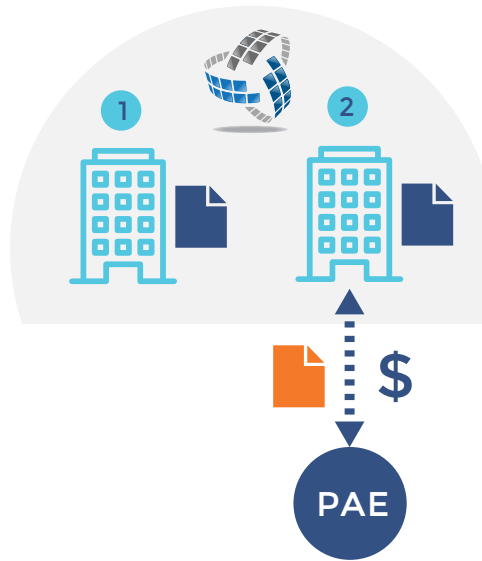
Illustration of the LOT Agreement's Operation

Today: Companies 1 and 2 join the LOT Network.



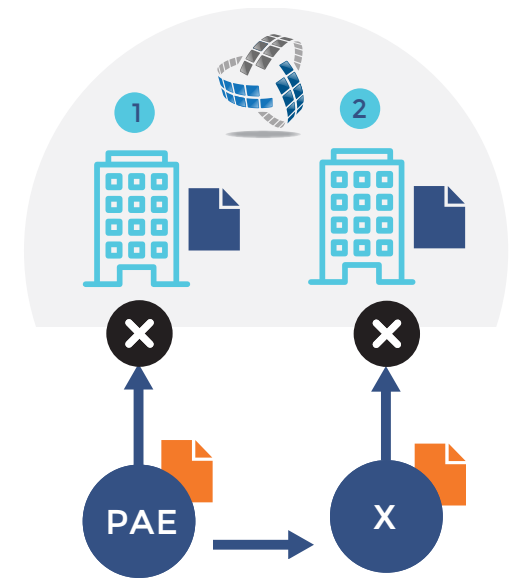
Over 689,000 WW assets
Over 190,000 US assets

Tomorrow: Company 2 sells a patent to a Patent Assertion Entity.



License to LOT membership automatically becomes effective.

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



Legend:
= Transferred patent(s)

LOT Network is non-profit: Annual Fee

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

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)