



LOTNETWORK®

Invest in Growth

How LOT Network Addresses the PAE Problem

相信增长

LOT Network为你处置PAE问题

韦嘉
许可总监, LOT Network
October 24, 2019

LOT Network CEO

Ken Seddon



Introduction of Ken Seddon

25 Years of Engineering and IP experience

- BS. EE Georgia Tech, Master's Device Physics from ASU, JD from ASU
- Motorola: engineer and patent prosecution
- Intel: Asst. Director of Patents - patent prosecution and licensing
- Numonyx: Chief IP Counsel
- Micron: Asst. General Counsel
- Apple: Strategic patent licensing, patent purchasing, NPE defense
- ARM: VP of IP

LOT Network CEO

Ken Seddon



Ken Seddon的简历

25年工程和IP经验

- 佐治亚理工学院：电气工程科学学士
- 亚利桑那州立大学：设备物理硕士、法学博士
- 摩托罗拉：工程师和专利申请
- 英特尔：专利助理总监，专利申请和许可
- Numonyx：首席知识产权顾问
- 美光：助理总法务顾问
- 苹果： 战略专利许可，专利收购和NPE防御
- ARM：知识产权副总裁

Annual Fixed Cost to Companies

Litigation, Licensing, Settlements

\$29 Billion

为什么要加入LOT Network

290亿美元

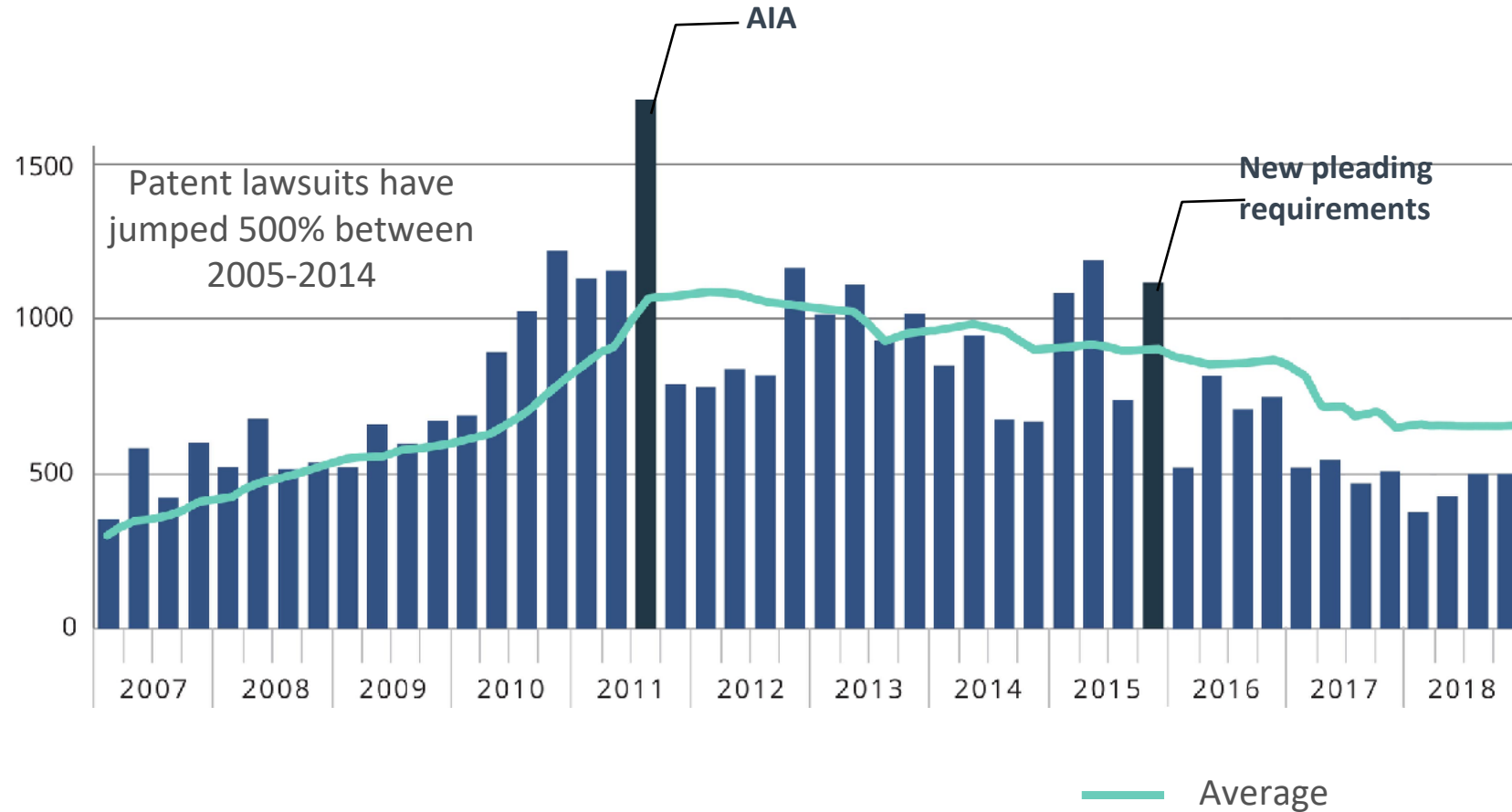
- The purpose of LOT Network:

Protect innovation from PAEs, Preserve normal uses of patents, and

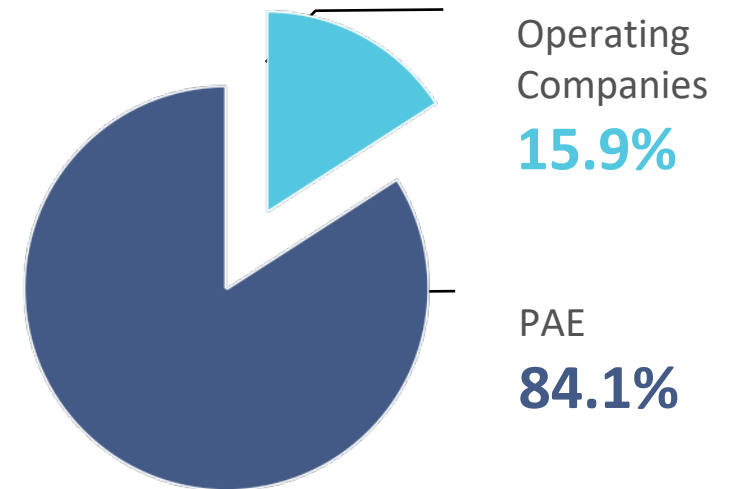
- Provide a community for IP thought leaders to collaborate

PAEs - hurting innovation

Defendants added to NPE Campaigns Quarterly



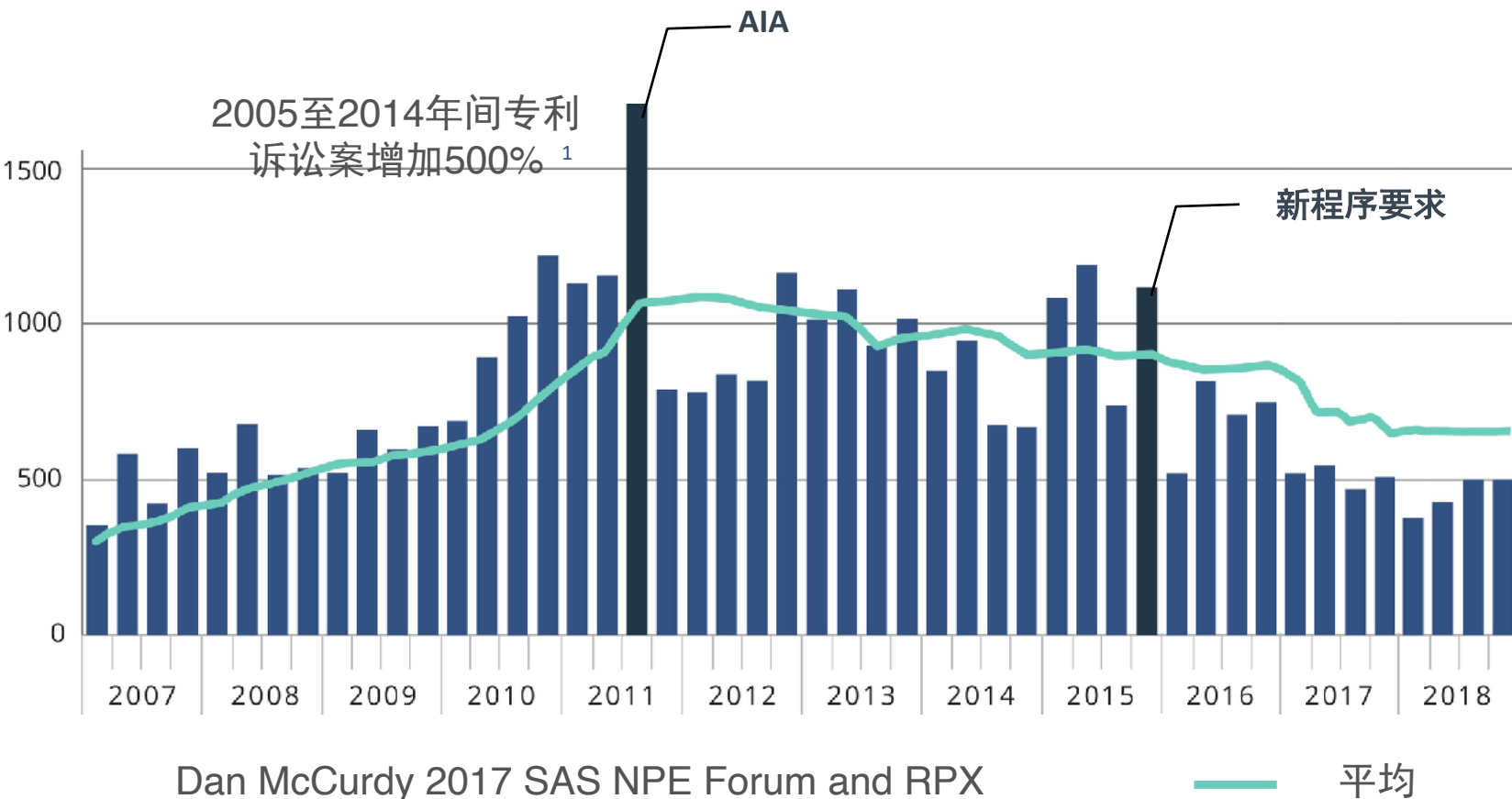
PAEs drain ~\$80B from the US economy per year, or \$1.5B a week¹⁰



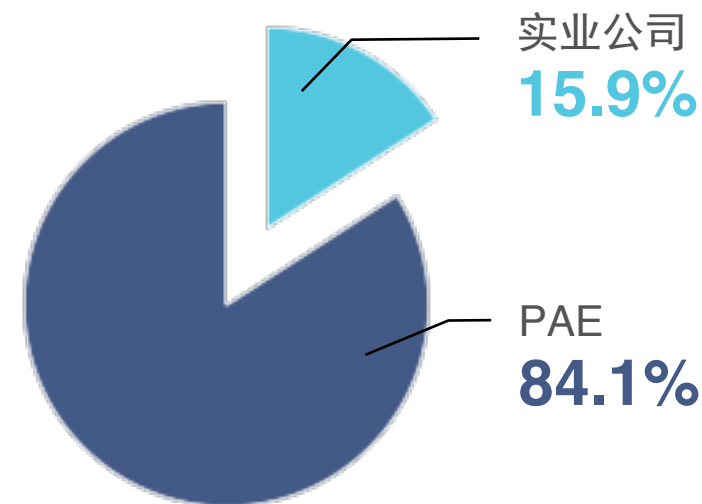
PAEs are responsible for 84% of high-tech patent litigation in the US!⁷

PAE反噬实业并损害创新

按季度PAE诉讼案的新增被告数



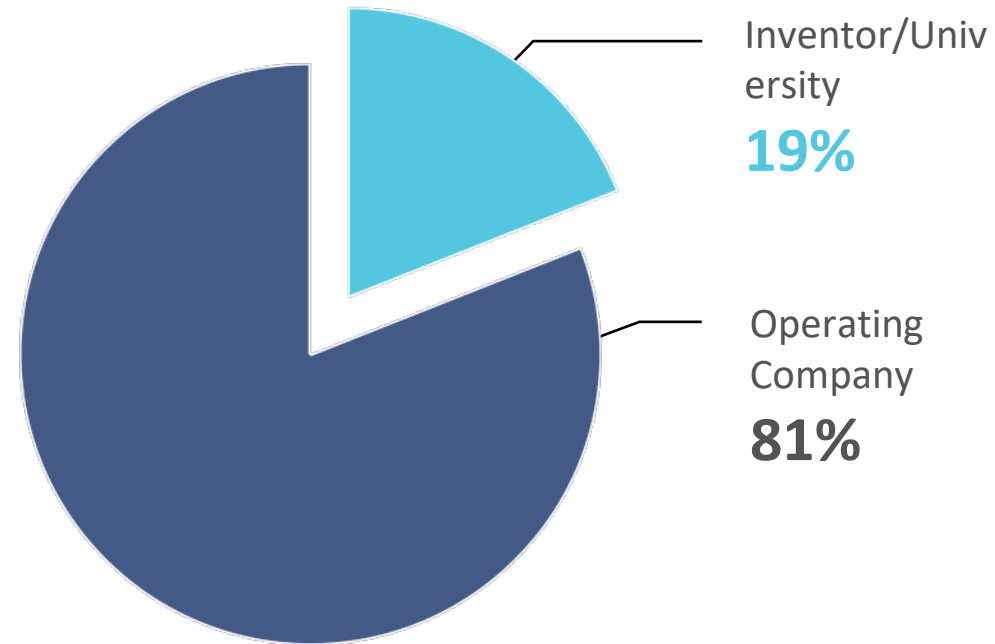
PAE每年从美国经济中抽取800亿美元，或者说每周15亿美元¹⁰



PAE为84%的美国高科技专利诉讼案负责⁷

Where are the PAEs getting their patents?

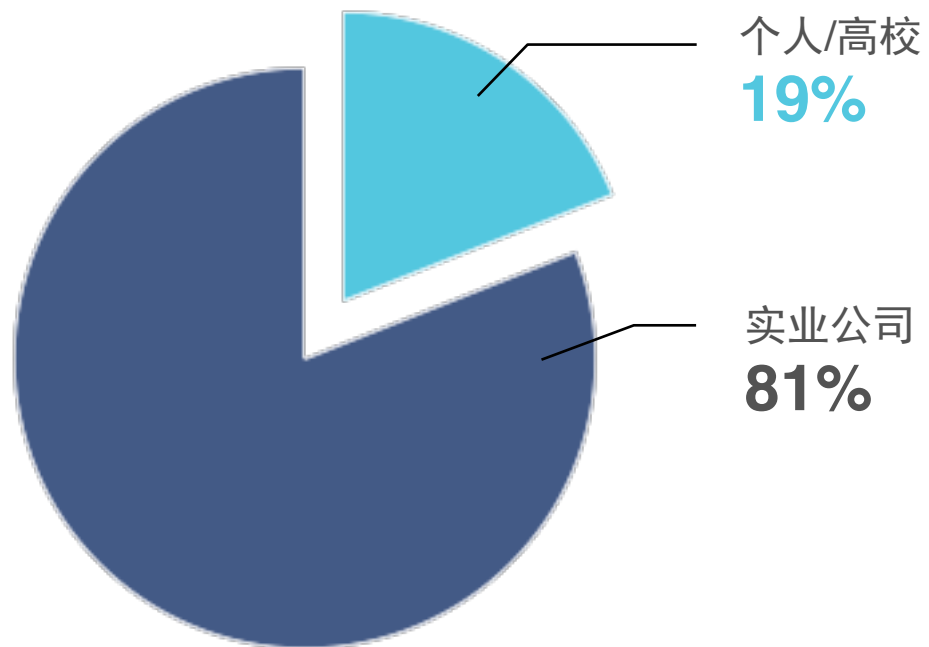
81% of patents acquired from PAEs come from companies⁷



Companies provide PAEs with most of the patents

PAE专利的来源

PAE专利有81%来自于
实业公司⁷



实业公司为PAE提供绝大多数专利

2014: LOT Network is formed as the solution

Board of Directors



Dropbox



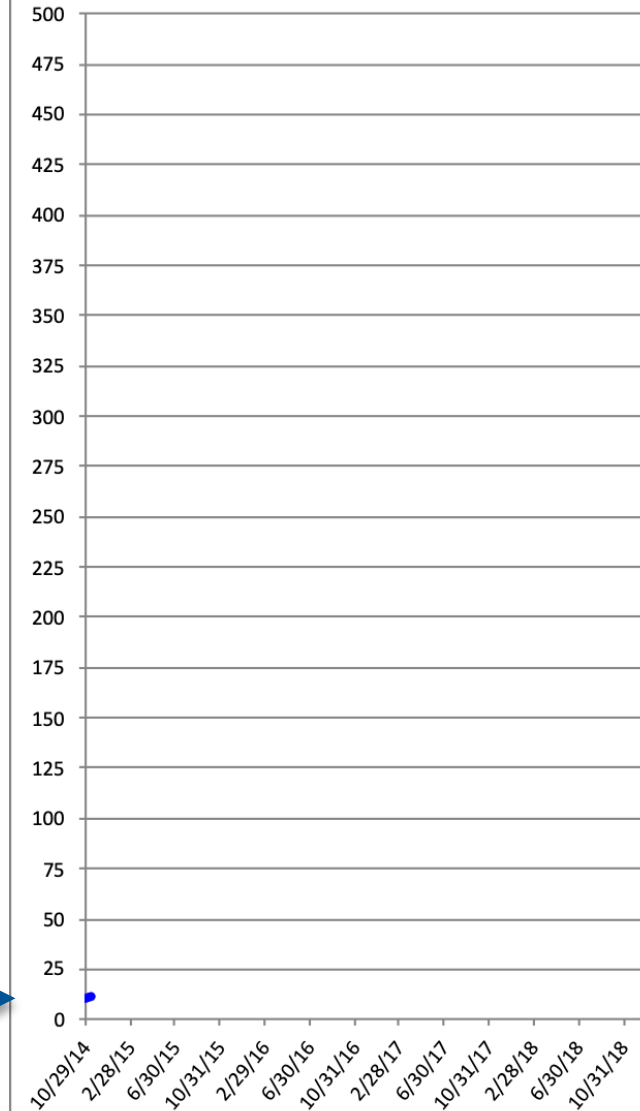
PURESTORAGE



LOT Begins



LOT Membership over time

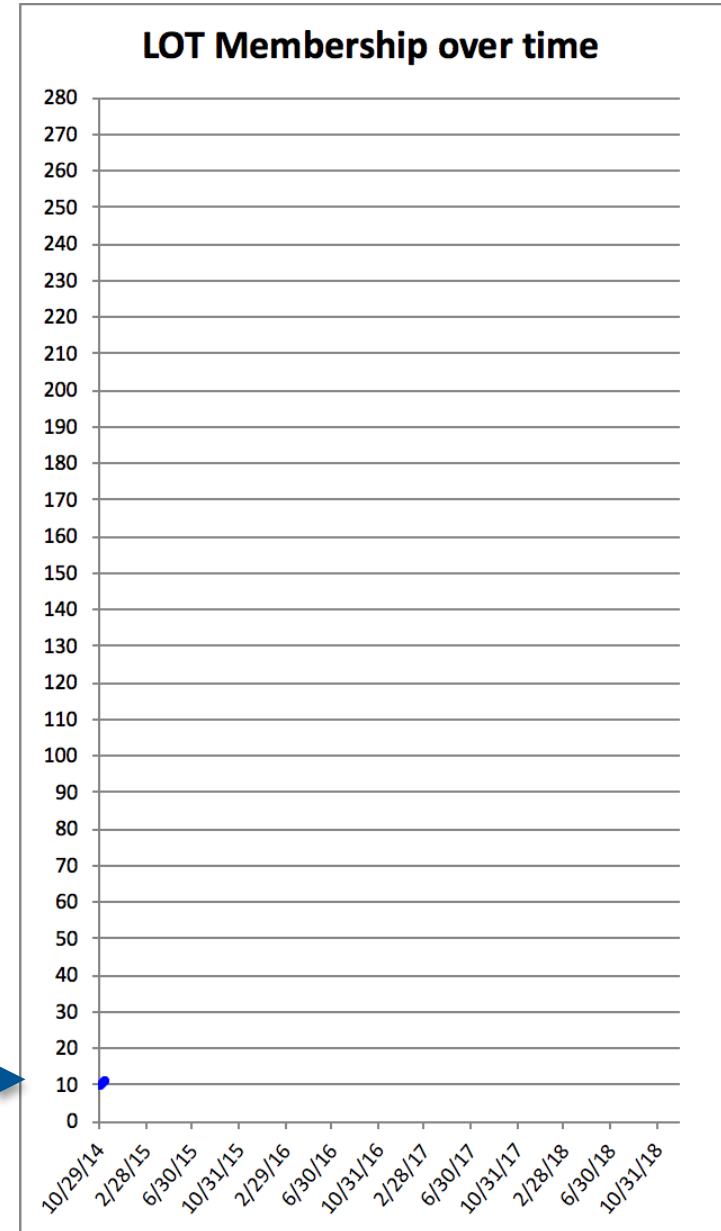


2014: LOT Network为解决PAE问题成立了!

董事会



LOT 创始 →



LOT Agreement is scaling

Board of Directors



Dropbox

JPMORGAN CHASE & CO.

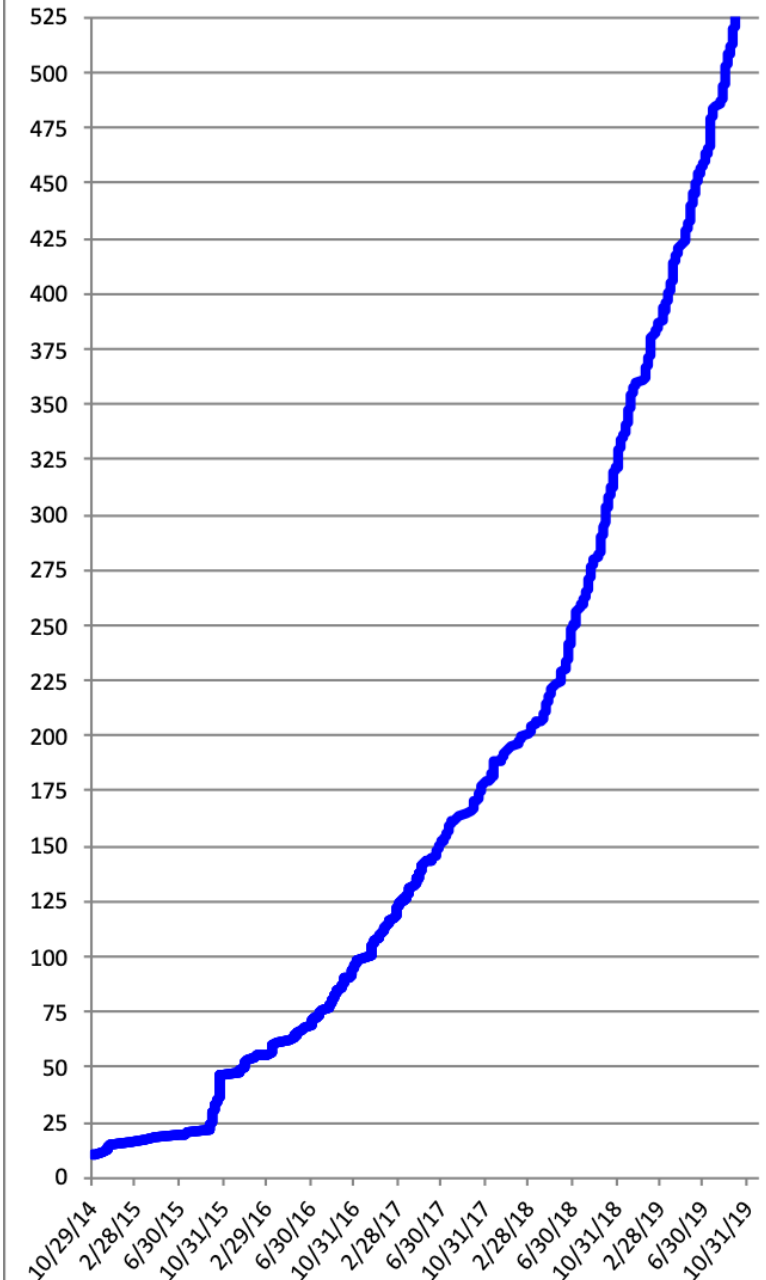


TESLA



LOTNETWORK®

LOT Membership over time



LOT合约的传播

董事会



Canon

Google



Dropbox

JPMORGAN CHASE & Co.



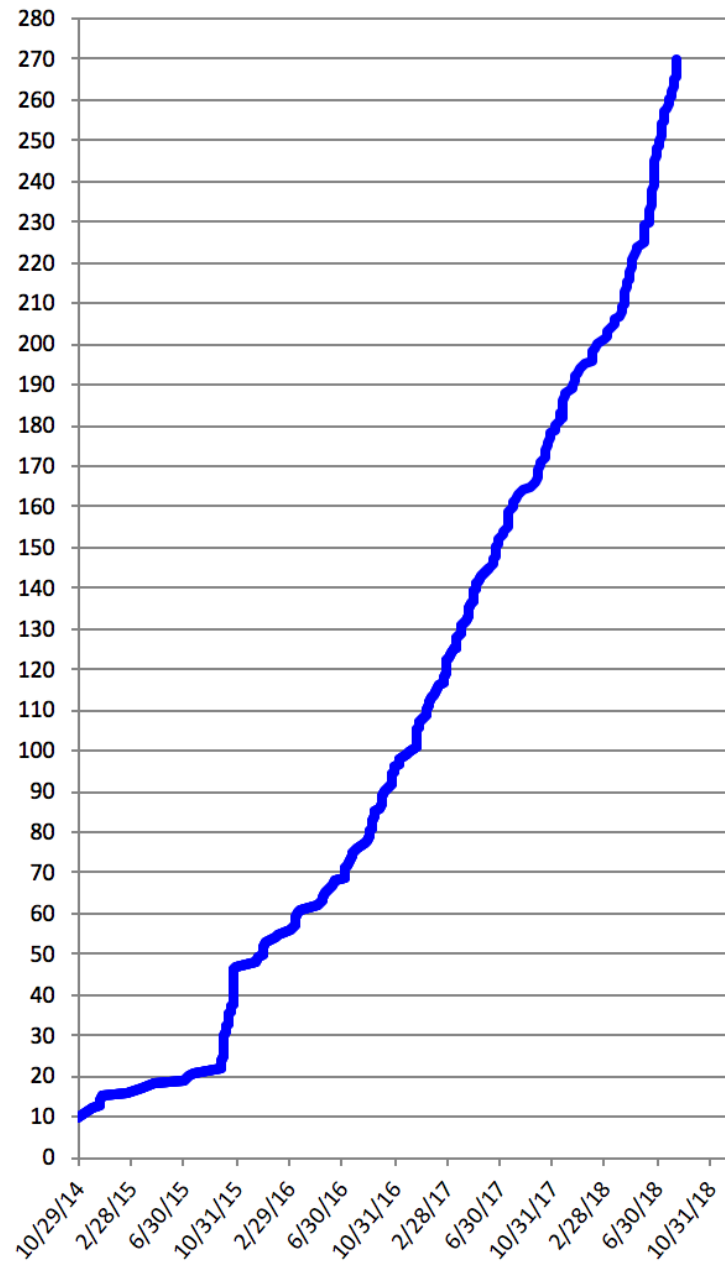
TESLA



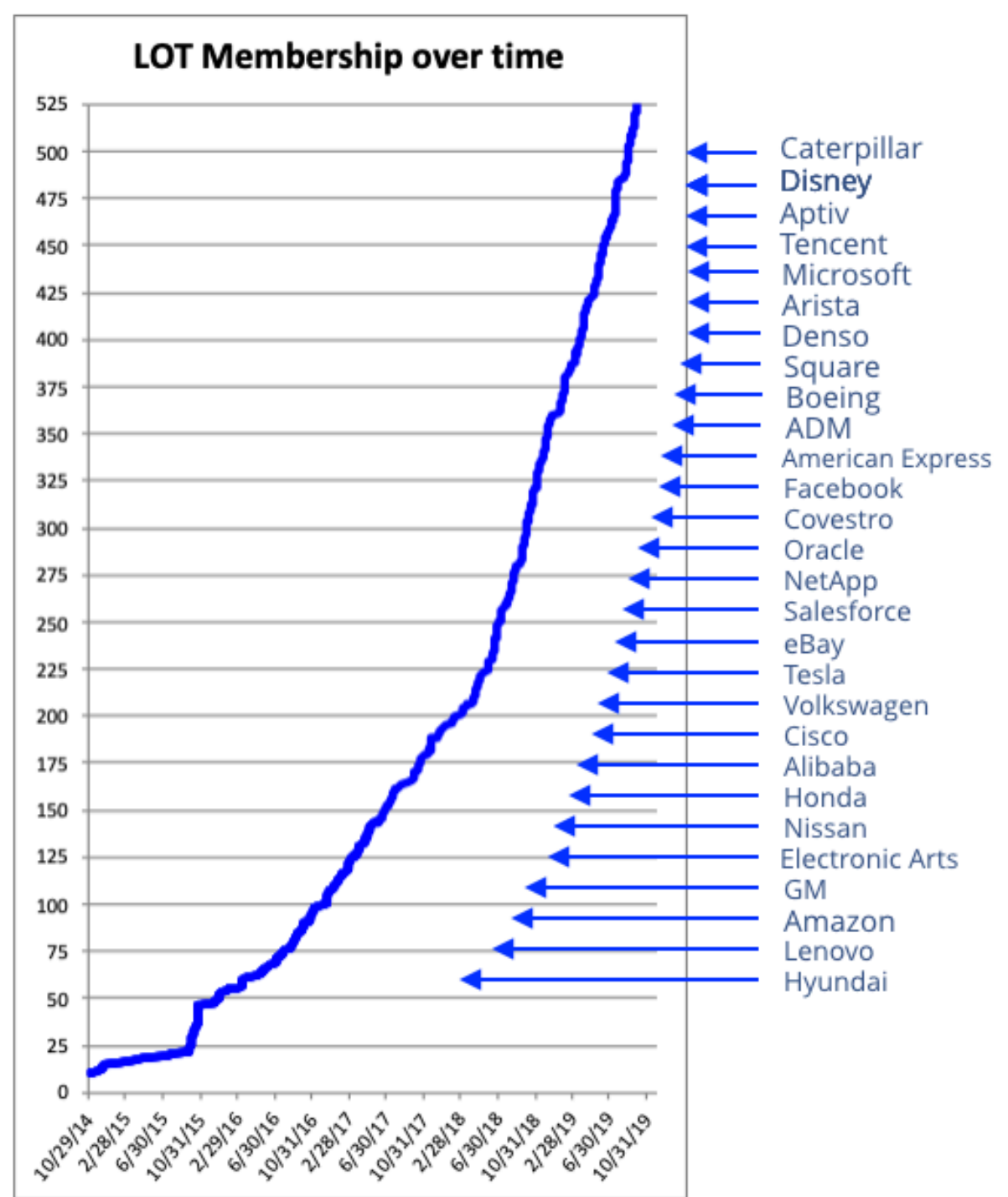
PURESTORAGE



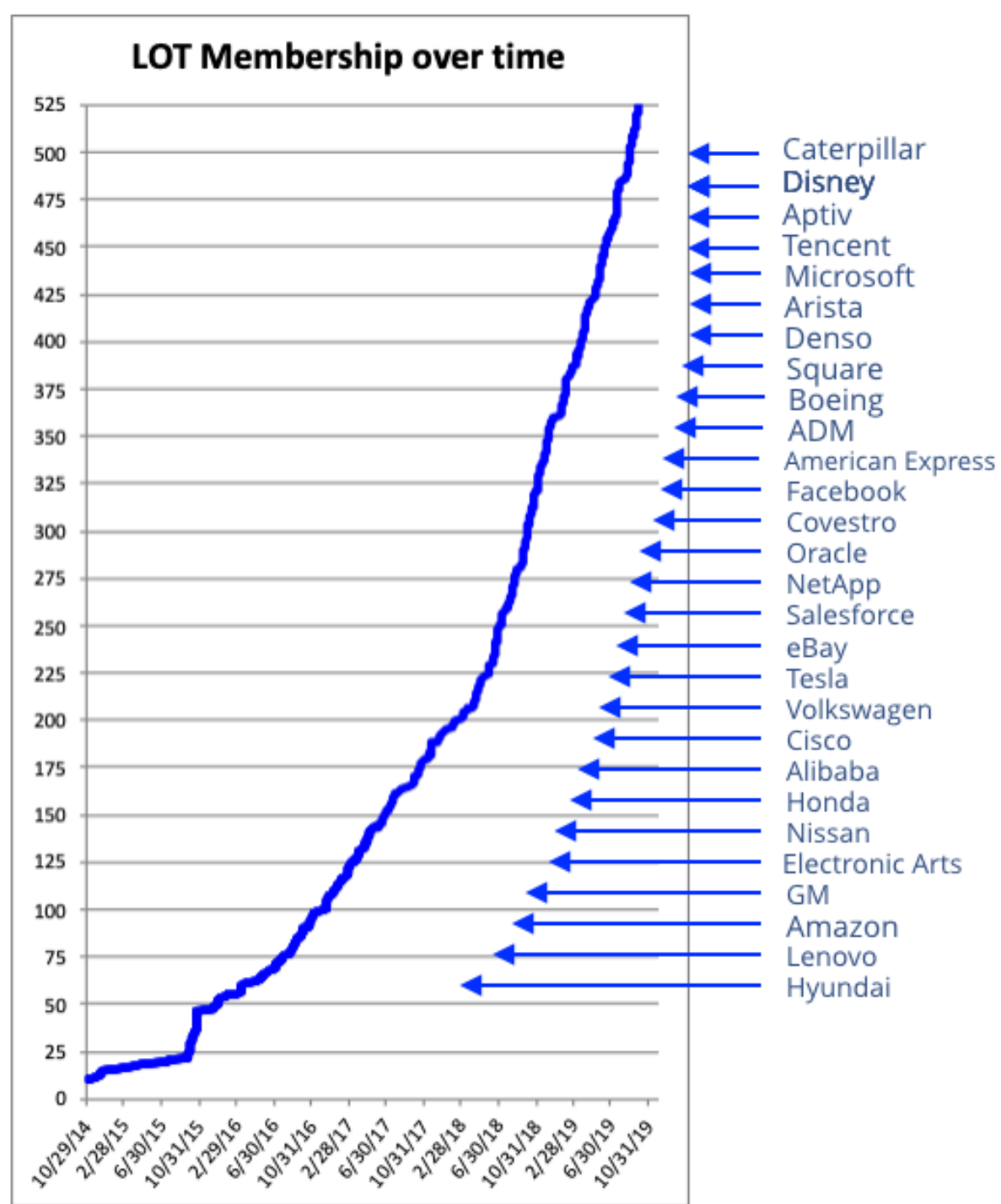
LOT Membership over time



Today: LOT Includes the most sophisticated Global IP holders across all industries



LOT合约的传播



Who is joining and why?

谁加入了LOT, 为什么?

LOT成员示例 - 成员500+

Software:



LOT成员示例 - 成员500+

Hardware:



COMPAL



LOTNETWORK®



LOT成员示例 - 成员500+

Automotive:



LOT成员示例 - 成员500+

Financial Services

JPMORGAN CHASE & CO.

 **Alibaba.com**
Global trade starts here.™

 **Fidelity**
INVESTMENTS

**WELLS
FARGO**

 **TD Bank**
America's Most Convenient Bank®


Nationwide



 蚂蚁金服
ANT FINANCIAL

 **AMERICAN
EXPRESS**

BMO 
Harris Bank


Vanguard

 京东金融
JD Finance

stripe

usbank

 **Square**

EQUIFAX

 Erie
Insurance®

AIG

 **LOTNETWORK**®

LOT成员示例 - 成员500+

Entertainment/media

NETFLIX

The
WALT DISNEY
Company



PANDORA[®]

Etsy

amazon

CBS[®]

eHarmony[®]

Roku[®]



T2[™]
TAKE TWO
INTERACTIVE

YY.COM

SQUARE ENIX[™]

SHOWTIME



LOTNETWORK[®]

IAC

SQUARE ENIX[™]

LOT成员示例 - 成员500+

Retail:



Key Others:



Some of LOT's 500+ members in China



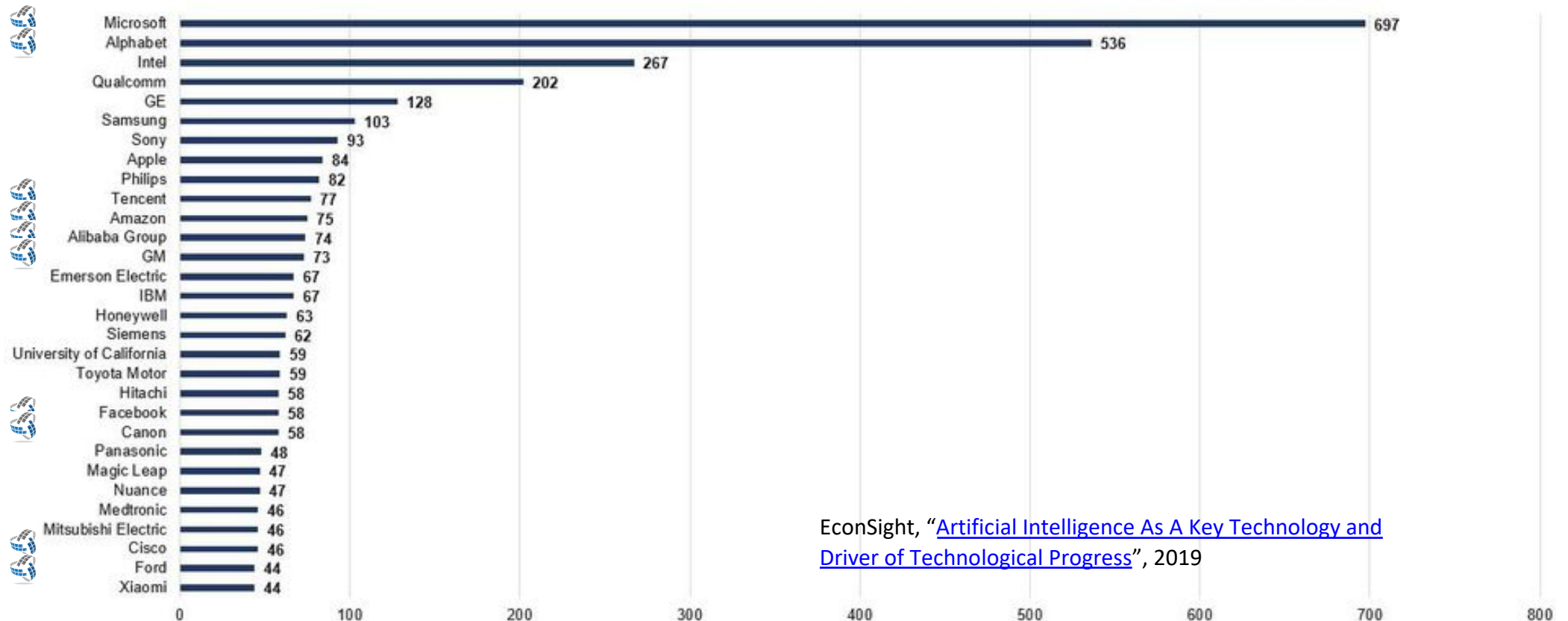


EconSight: LOT Network has 10 of largest AI Patent holders



Leading Companies and Research Institutions in Artificial Intelligence
Ranked by number of world class patents, Competitive Impact>3.5, November 2018

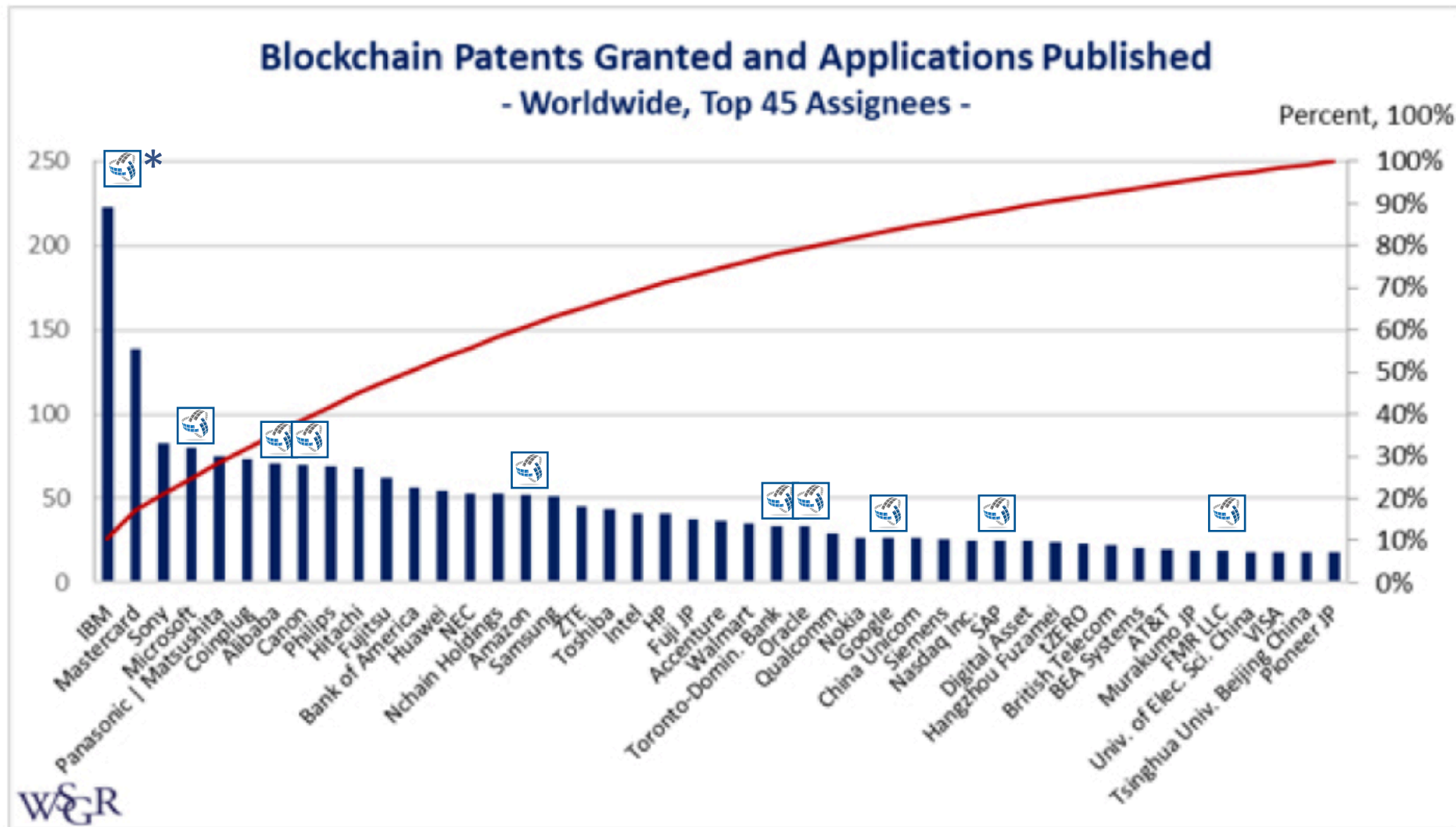
Source: Kai Gramke, Managing Director, EconSight Patent Analytics



EconSight, [“Artificial Intelligence As A Key Technology and Driver of Technological Progress”](#), 2019



LOT Network includes 10 of the largest holders of Blockchain IP



What about *small* companies?

- Startups and small companies are softest targets for trolls
 - 50% of all companies sued by trolls make less than \$10 million/year
 - Over 50% of all patent lawsuits concern software patents[†]



那小公司呢？

- 初创公司和小公司是trolls最容易攻击的目标
 - 被trolls起诉的所有公司中，50%年收小于1000万美元
 - 超过50%的专利诉讼涉及到软件专利[†]



2/3的LOT成员是初创企业



Technology

Tech Giants Are Offering Startups Free Patents in a Bid to Foil Lawsuits

By [Susan Decker](#)

May 10, 2018, 8:30 AM MST

- ▶ [Non-profit group seeks to keep members out of litigation](#)
- ▶ [Idea comes from lessons learned after dot-coms crashed](#)

LISTEN TO ARTICLE

▶ 4:57

[Red Hat Inc.](#) and [Lenovo Group Ltd.](#) are giving away free patents to any startup that joins a group of more than 200 companies devoted to keeping its members and their patents out of court.

It's a carrot to entice startup companies to join the LOT Network, a non-profit created by [Alphabet Inc.](#)'s Google and [Canon Inc.](#) four years ago to combat litigation by patent assertion companies, known derisively as "trolls," that don't make any products but seek royalties by challenging patents. By joining LOT, a company agrees that if they sell patents to such firms, all group members will have a free license to them.

"You're binding yourself to the mast and saying 'I'm not going to give in to



LOTNETWORK®

What is LOT Network?



Non-Profit



Community



Protecting Innovation

LOT - community providing PAE immunization

LOT Network是什么



非营利



社区



保护创新

LOT是提供PAE免疫机制的社区

How LOT Protects Members

A license to the other members of LOT Network that applies **ONLY** on and after transfer of the particular patent to a patent assertion entity
(License on Transfer - LOT)

LOT如何保护成员

LOT - License on Transfer

- 指当且仅当，一个成员的一个专利，
被转让到PAE时，
该专利被免费许可给其它成员。

How LOT Protects Members

All LOT member agree to place the exact same encumbrance on their portfolio to protect the community.

It is important the encumbrance remain in effect as patent is transferred to others, particularly PAEs.

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

不影响专利的常规使用

自由
交叉许可

自由
不作为

自由
提告

自由
出售

同时提供PAE免疫

No effect on traditional uses of patents

LOT Members involved in recent IP disputes:

Cisco

Arista

Waymo

Uber

Google

Oracle

No Burden to being a member



Don't have to
list patents



Don't have to
give notice



Don't have to
report

无负担会籍



无需开列
专利清单



无需通告



无需提供
销售报表

What is an assertion entity?

A patent holder, in combination with its affiliates,
that generates more than 50% of its
gross revenue from patent assertion.

PAE的定义

与关联公司加总后，
年总营收50%以上来自专利提告的
专利持有者。

What is an assertion entity?

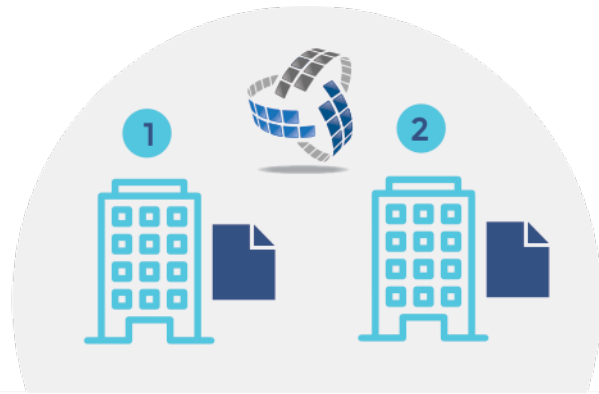
Examples of PAEs: Intellectual Ventures, Dominion Harbor, Fortress, Uniloc, IP Nav

How LOT works

LOT的作用场景

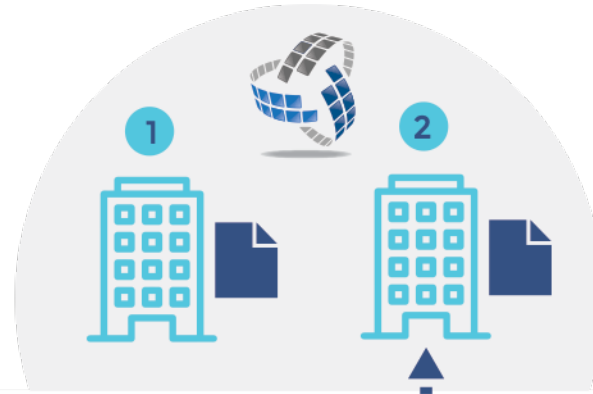
Illustration of the LOT Agreement's Operation

Today: Companies 1 and 2 join the LOT Network.



Over 1,814,000 WW assets
Over 300,000 US assets

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



License to LOT membership automatically becomes effective.

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



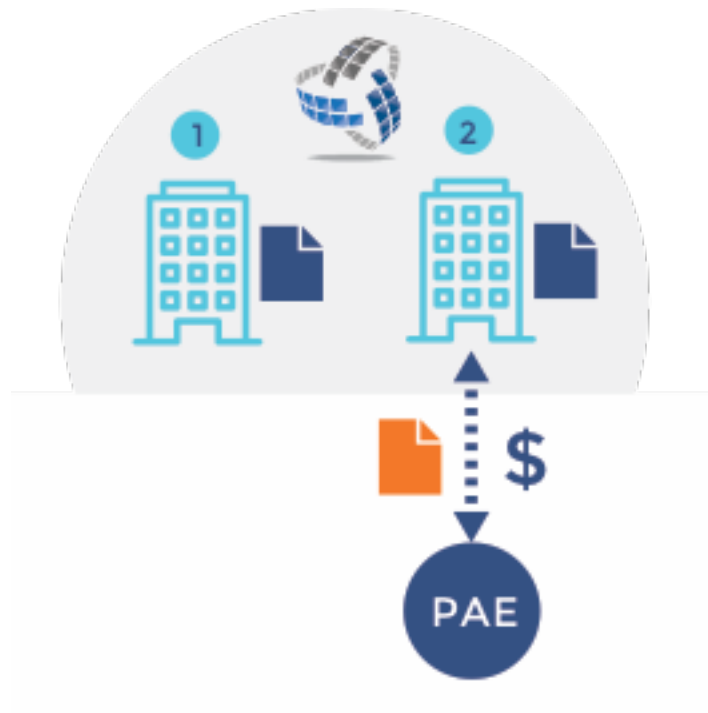
Legend:
= Transferred patent(s)

LOT合约运作图解一

今日：公司甲和公司乙加入LOT Network



明日：公司乙出售专利给PAE



未来：公司甲获得该专利的许可，无论PAE还是其它公司都不能以此专利对甲提告

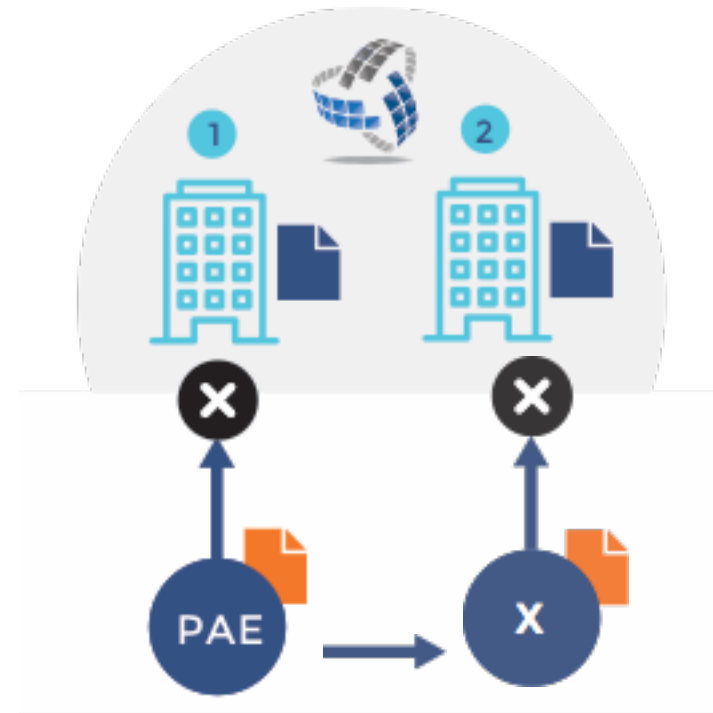
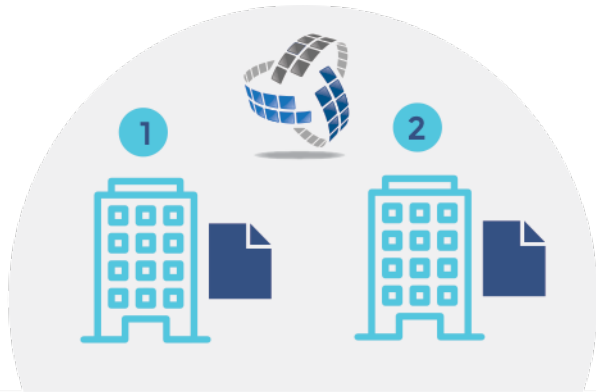


Illustration of the LOT Agreement's Operation

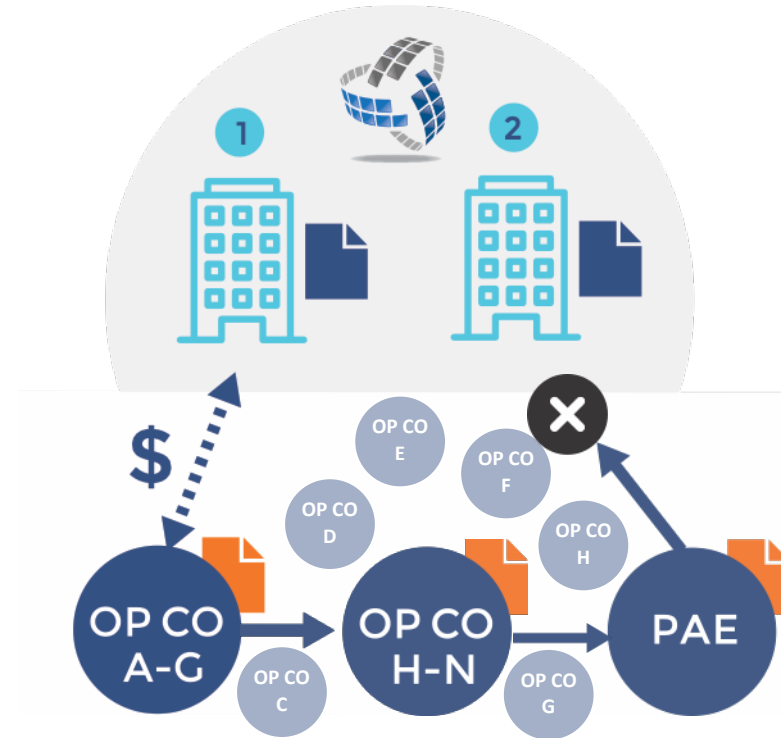
Today: Companies 1 and 2 join the LOT Network.



Over 1,814,000 WW assets
Over 300,000 US assets



Tomorrow: Company 1 sells a patent to an Operating Company



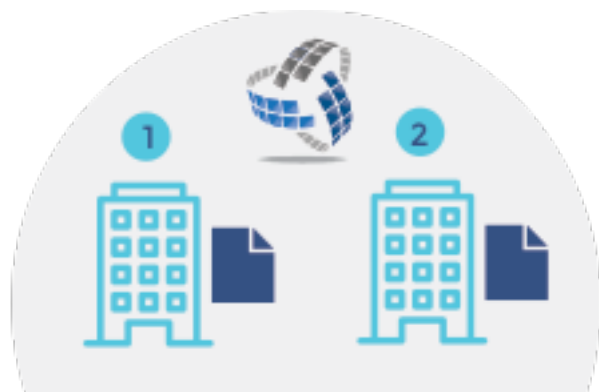
License to LOT membership automatically becomes effective when transferred to PAE.



Legend:
= Transferred patent(s)

LOT合约运作图解二

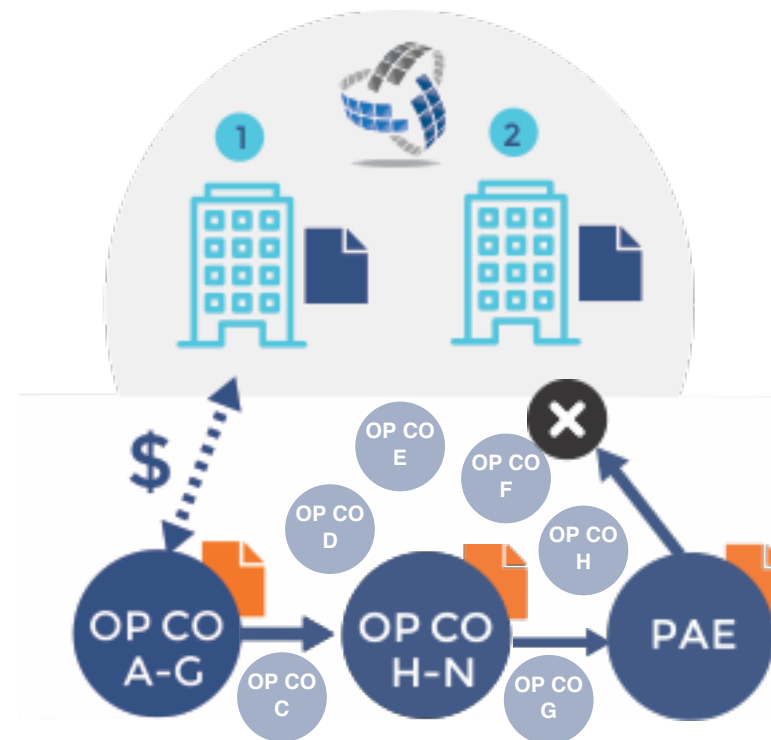
今天：公司甲和公司乙加入LOT Network



超过1,814,000件全球资产
超过300,000件美国资产



明天：公司甲出售专利给另一实业公司



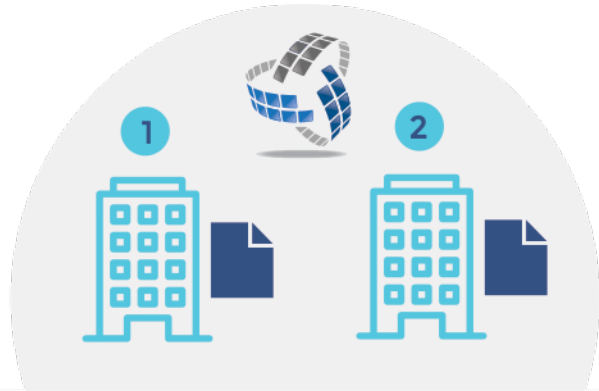
图例：

= 转让的专利

如专利之后被出售给PAE，对LOT成员的许可彼时自动生效

Illustration of the LOT Agreement's Operation

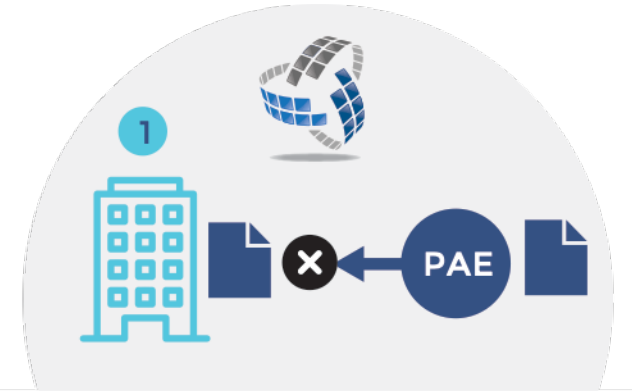
Today: Companies 1 and 2 join the LOT Network.



Over 1,814,000 WW assets
Over 300,000 US assets



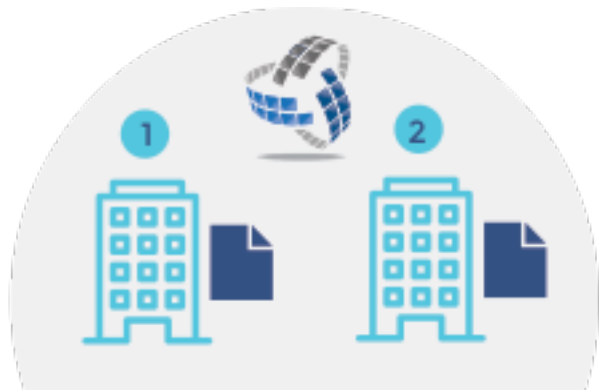
Tomorrow: Company 2 becomes an assertion entity



License to LOT membership automatically becomes effective.

LOT合约运作图解三

今日：公司甲和公司乙加入LOT Network



超过1,814,000件全球资产
超过300,000件美国资产

明日：公司乙成为PAE



对LOT成员的许可自动生效

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	Free
Between \$10 and \$25 million	Free
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)

LOT Network是非营利组织： 仅收取年会费

成员年营收	年会费
低于5百万美元	免费
5百万到1千万美元之间	免费
1千万到2千5百万美元之间	免费
2千5百万到5千万美元之间	\$5,000
5千万到1亿美元之间	\$10,000
1亿到10亿美元之间	\$15,000
10亿美元以上	\$20,000（封顶）

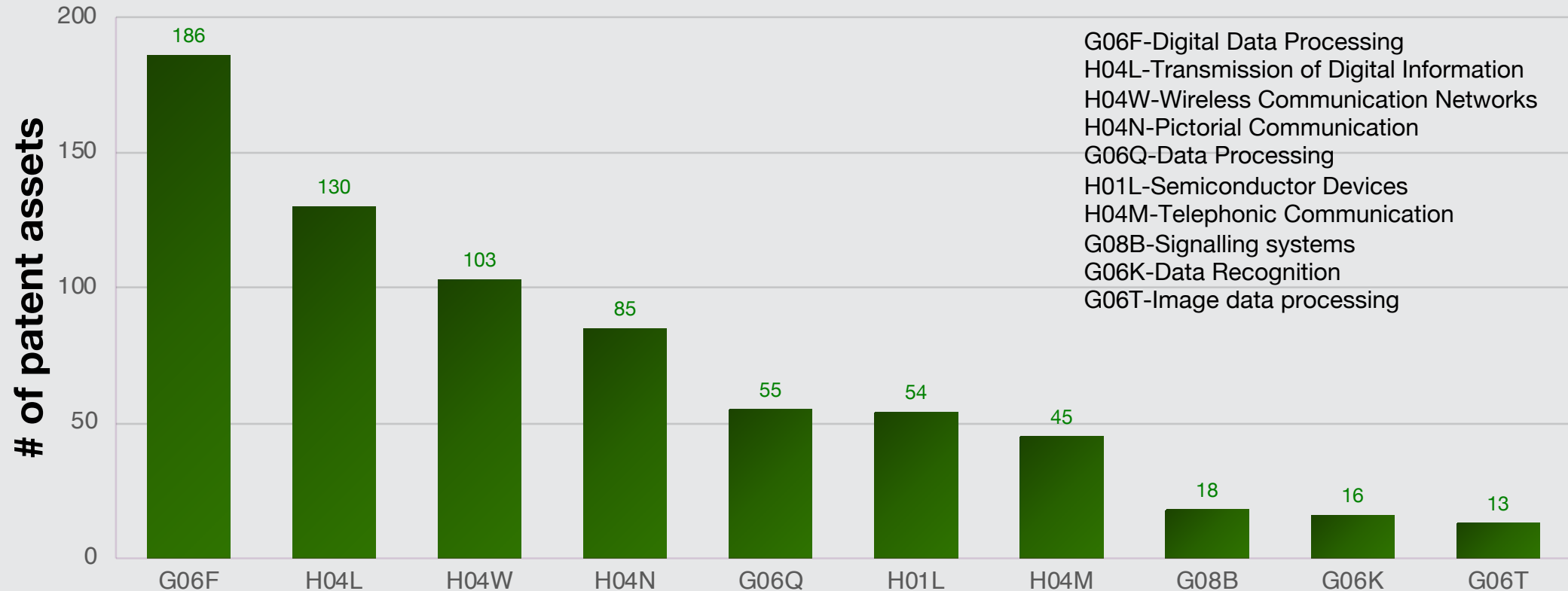
LOT provides value to its members

LOT为成员提供价值

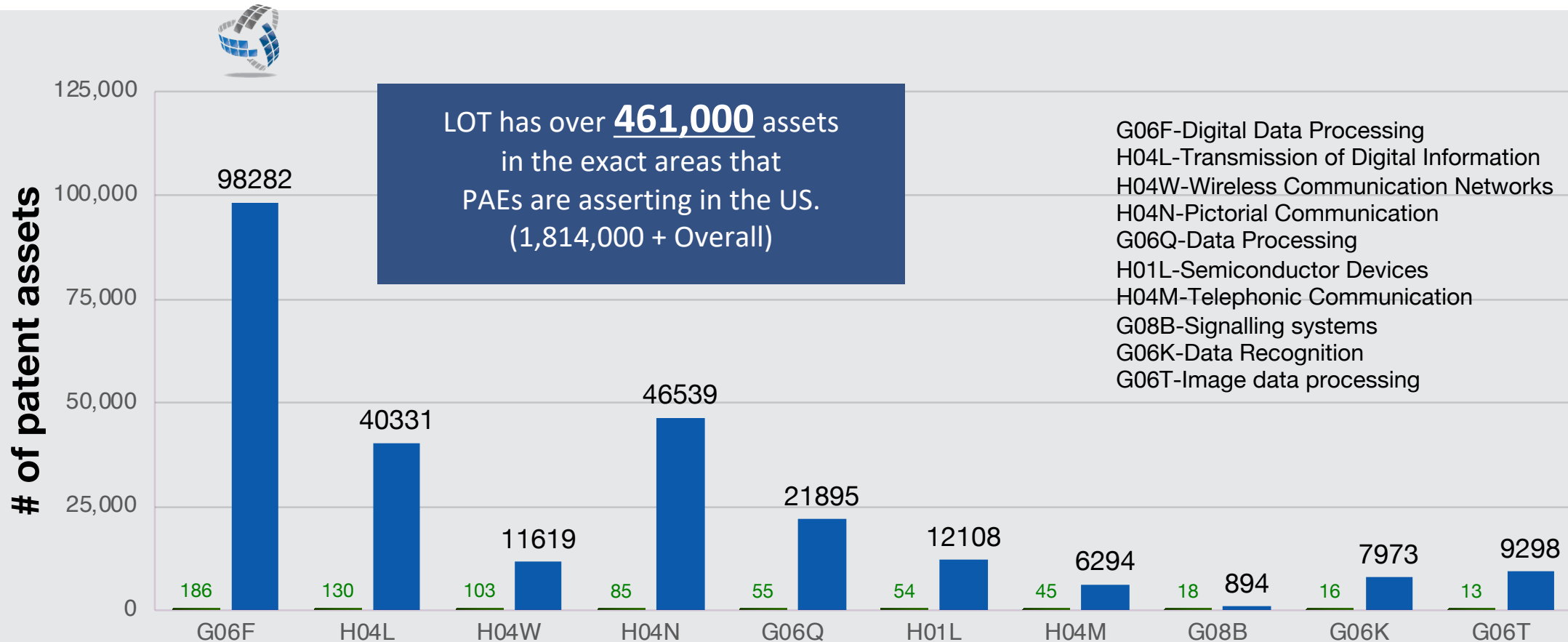
Analysis of assets litigated by PAEs

提供与PAE有关的诉讼分析

What types of patents did PAEs use to sue in the US (1,796 litigations)



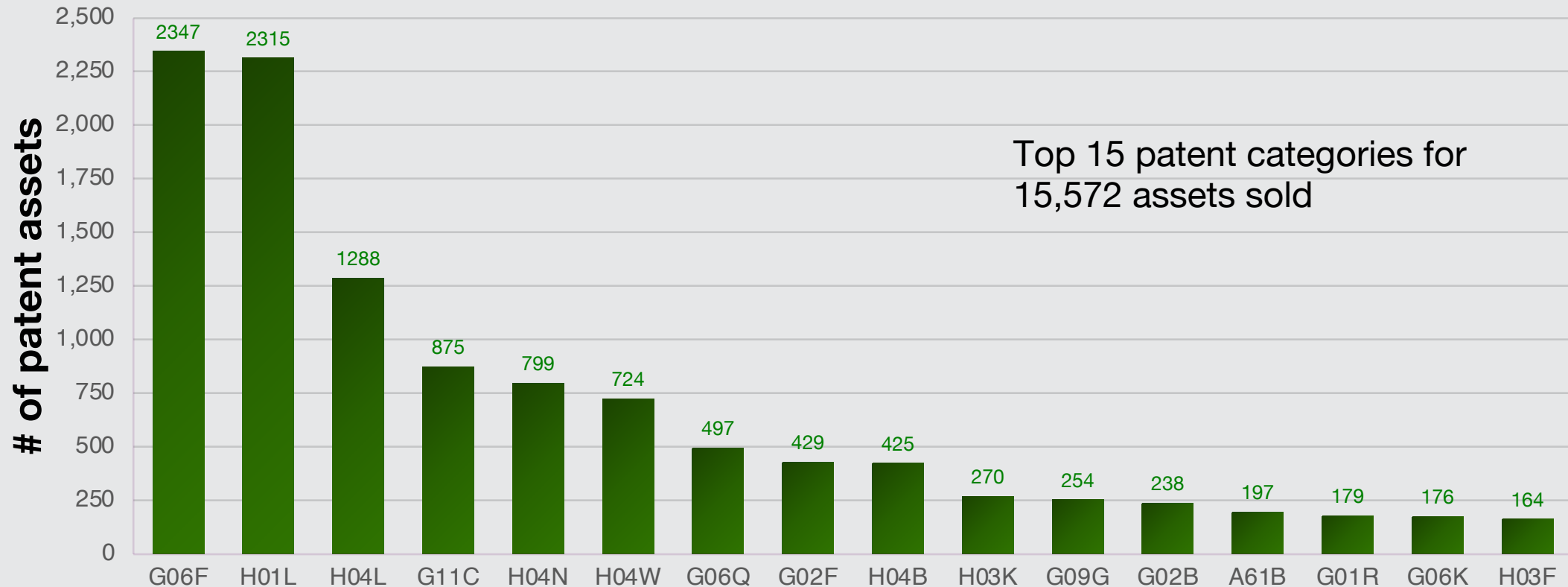
LOT has thousands of patents in the same areas as those PAEs are asserting in the US



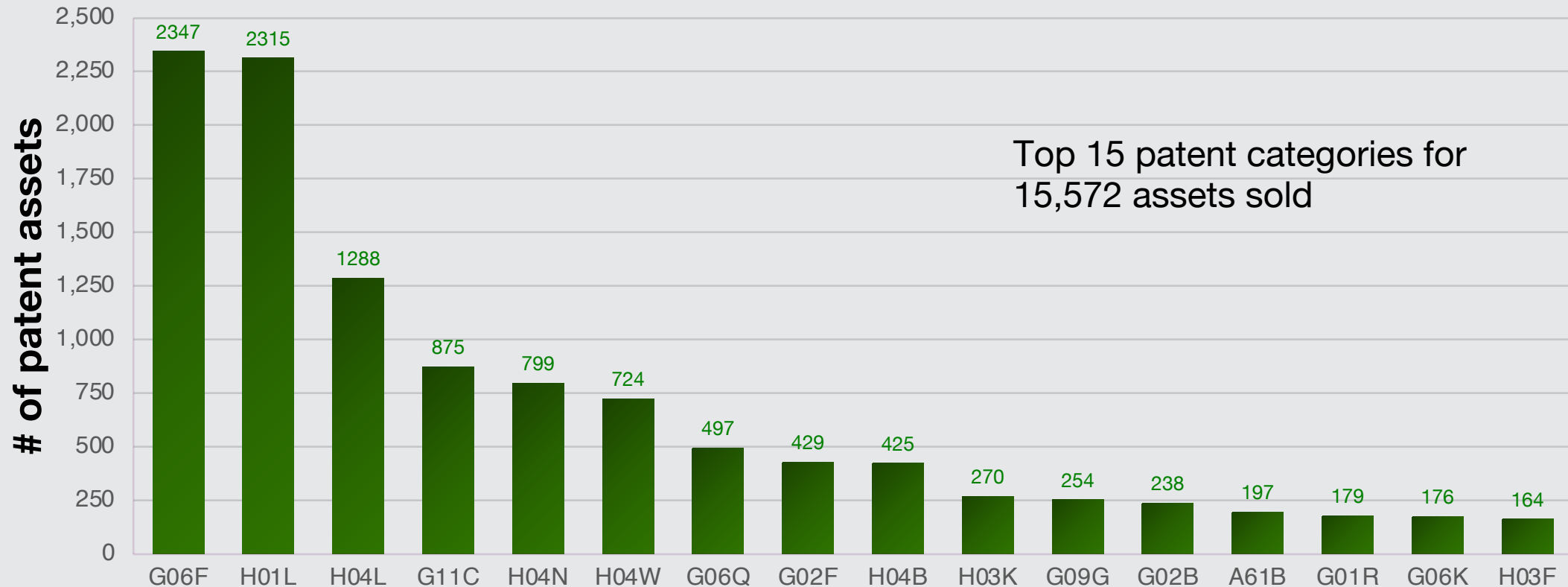
Analysis of assets bought

对PAE诉讼的分析能带来什么

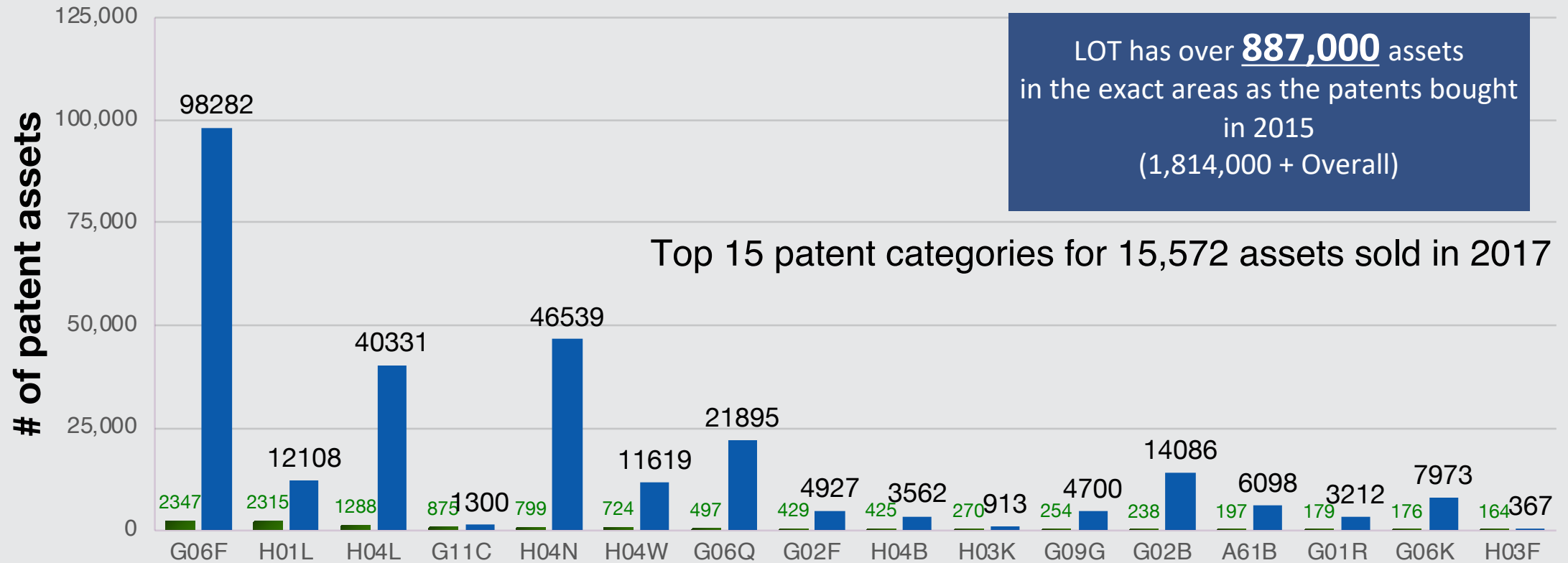
Patent sales: Forecast of future litigation



专利交易：未来诉讼的预告



Patent sales: Forecast of future litigation



Yeah, but does LOT REALLY work?

你是乐观主义者吗？
LOT主义者？

LOT Members have divested assets, but...

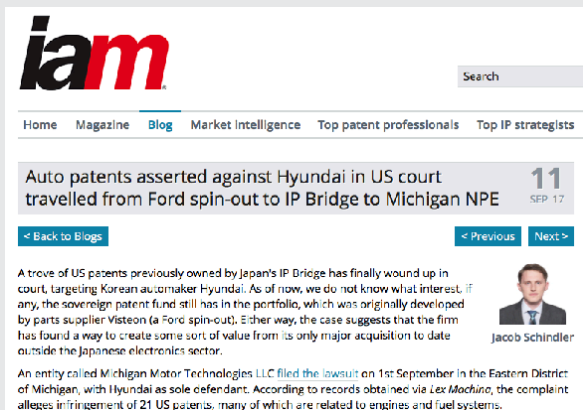
- Over 26,000 have left LOT Network
- 35 of those assets have landed in the hands of 8 different PAEs
- One of those PAEs is Intellectual Ventures



No LOT Member has ever been sued by an asset that has left the Network

LOT成员已经、并且会继续剥离资产

- 超过26,000件资产已经离开LOT Network
- 35件资产落入8个PAE之手，
- 其中一个PAE是高智



Backup

补充资料

LOT成员示例 - 成员500+

