

Patent Value Quotient

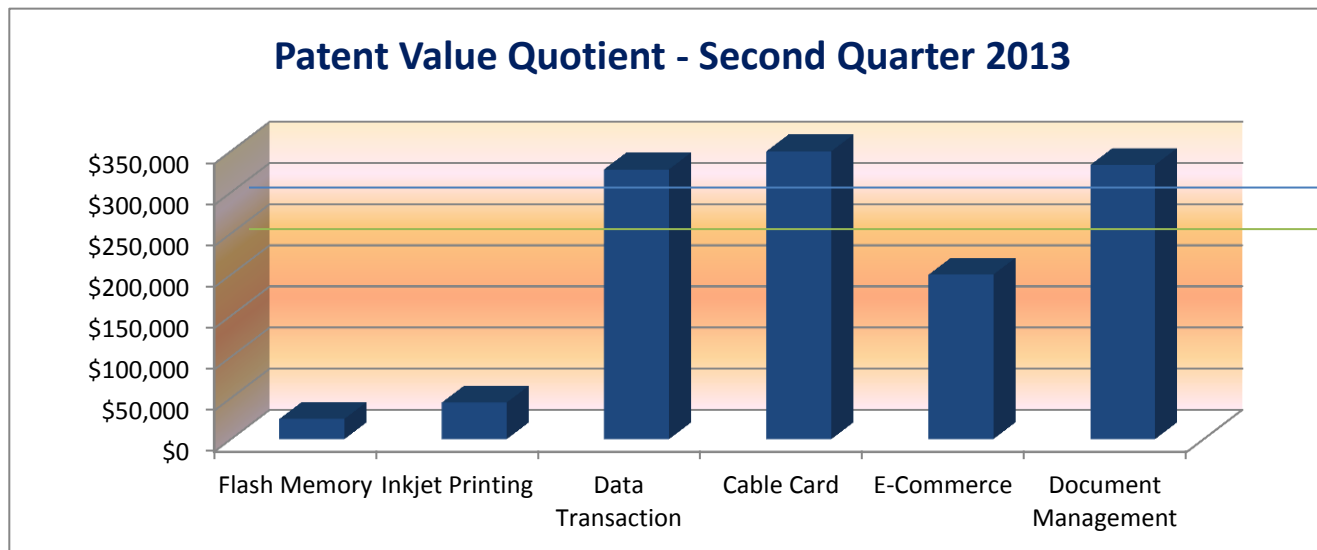


SECOND QUARTER 2013
(Revised October 2013)

IP  Offerings

Transaction Month/Year	Seller	Buyer	Technology	Total Transaction	Number of Patents	(Average Paid per Patent) Quotient
April 2013	Nokia	Pendrell Corporation	Flash Memory	\$2,000,000	81	\$24,691
April 2013	Lexmark	Funai Electric	Inkjet Printing	\$73,500,000	1,651	\$44,518
April 2013	CyberFone Systems	Marathon Patent Group	Data Transaction	\$3,280,000	10	\$328,000
May 2013	[Broker]	Anonymous	Cable Card	\$350,000	1	\$350,000
May 2013	[Broker]	Anonymous	E-Commerce	\$200,000	1	\$200,000
May 2013	Mirror Worlds	Network-1 Security	Document Management	\$3,000,000	9	\$333,333

Median: \$264,000
Average: \$213,424





SECOND QUARTER 2013

(Revised Lexmark-Funai Transaction Data)



Analysis: The Full Year 2012 **Patent Value Quotient™** showed an Average Price Paid per Patent of \$373,573 and Median Price Paid per Patent of \$220,588. For the First Quarter of 2013, the Average Price Paid per Patent was almost the same while the Median Price Paid per Patent increased substantially to \$350,000. For the Second Quarter of 2013, prices dropped dramatically in both categories driven down by the Pendrell-Nokia transaction.

Purpose: The **Patent Value Quotient™** is provided as a public service to businesses, universities, inventors and other innovators – as well as patent brokers, patent auctions and IP professionals – to assist them in the sales and acquisition of U.S. Patents. The **Patent Value Quotient** is designed to be just one of many methodologies that are used to value intellectual property by reporting on recent patent transactions. We issue the **Patent Value Quotient** on a quarterly basis, reporting each April, July and October on patent transactions from the previous calendar quarter. Each January we create a summary report that covers patent transactions from the previous calendar year.

Methodology: The **Patent Value Quotient** reports on the average value (the quotient that is derived when the total transaction is divided by the number of issued U.S. Patents) for recent patent transactions. We attempt to ascertain how many issued U.S. Patents were in the transaction, so there will be transactions that include foreign patents and patent applications that are not assigned a value. When we have to compute the portion of the transaction that represents the value of the intellectual property (for example, when a company or business unit is purchased for its intellectual assets, and the value of the IP has to be isolated from the value of the business operations), we will provide an explanation of how we determined that value.

Sources: Transactions reported in the **Patent Value Quotient** come from publicly announced sales or acquisitions, and transactions reported to us by patent brokers, patent auctions, parties to a transaction, and other sources. When requested to do so, we identify the Seller and/or Buyer as “Anonymous.” The raw data we are provided may be supplemented by data mined from the U.S. Patent and Trademark Office, SEC filings and other sources.

Accuracy: Every attempt is made to insure that all data reported in the **Patent Value Quotient** is accurate. If a party to a transaction provides us with corrected data about a transaction, we will correct our report when the next quarterly **Patent Value Quotient** is issued.

Nokia-Pendrell Transaction: The value of the transaction was extrapolated from the data in Pendrell Corporation's 10-Q filing of May 2013.

CyberFone-Marathon Transaction: This transaction was a combination of cash and stock, so we used the price of Marathon common shares on the date of the transaction to compute the total value of the acquisition.

Mirror Worlds-Network-1 Transaction: We did not include in the transaction the value of warrants that were part of the purchase price.

Lexmark-Funai Transaction: *Funai paid \$73.5 million over book value for the business unit it purchased, and 1,651 issued U.S. Patents were transferred to Funai, so the chart has been updated to show these numbers and, as a result, a new quotient for that transaction.*

Questions and Comments: Please direct all inquiries and all transaction data to pvq@ipofferings.com.

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