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Speaker Biographies

*Moderator:*
Stephen C. Glazier
Partner
K&L Gates

*Panelists:*
Carmen Adams
Senior Vice President and Assistant General Counsel
Wachovia

Matt Banat, Ph.D.
President and CTO
Triage Wireless, Inc.

Moshe Malina
Director, Associate General Counsel and Chief Patent Counsel
Citigroup

PowerPoint Slides

Tab 1

Tab 2
Stephen C. Glazier

AREAS OF PRACTICE

Mr. Glazier handles intellectual property, transactions and disputes for technology companies, including patent procurement, litigation, intellectual property audits, opinion letters, responses to patent demand letters, settlement of adverse claims, development and sales of intellectual property rights and technology products, licensing and financing for technology companies. He has performed patent due diligence and full material disclosure for securities offerings, mergers and acquisitions, and closed loans secured by intellectual property.

Mr. Glazier’s technical expertise includes business methods, software, the Internet and e-commerce, and intelligent equipment, as applied to financial services, telecommunications, computer systems, retailing, media, medical devices, insurance, and other fields.

Mr. Glazier also advises on the strategic development and commercialization of patented products and services. He has invented around adverse patents, and is the inventor of six U.S. patents.

Mr. Glazier has lectured at the Massachusetts Institute of Technology (MIT) Sloan School of Management regarding patent strategies.

PUBLICATIONS

Mr. Glazier frequently writes and speaks about intellectual property and the commercialization of technology. He is the author of three books: *Patent Strategies for Business*, *Technology Deals*, and *e-Patent Strategies* (complimentary copies are available upon request). Writings by Mr. Glazier include:

Stephen C. Glazier

COURT ADMISSIONS
- U.S. Patent and Trademark Office
- U.S. Supreme Court

BAR MEMBERSHIP
District of Columbia
New York

EDUCATION
J.D., University of Texas, 1979
M.S., Massachusetts Institute of Technology (MIT), 1973 (Sigma Xi; Scientific
Research Society of North America)
B.S., Massachusetts Institute of Technology (MIT), 1972
Carmen R. Adams
Senior Vice President and Assistant General Counsel
Wachovia

Carmen R. Adams is a Senior Vice President and Assistant General Counsel in the Privacy, Intellectual Property and E-Commerce Group of Wachovia Corporation’s Legal Division. Ms. Adams’ practice is primarily focused in the areas of intellectual property law and technology. In her capacity, Ms. Adams is responsible for the development and implementation of strategy as it relates to intellectual property; and manages the acquisition, protection, enforcement and defense of Wachovia’s intellectual property assets, including its patents, trademarks, copyrights, trade secrets and domain names. Prior to joining Wachovia Corporation, Ms. Adams served as General Counsel of The Rock and Roll Hall of Fame and Museum in Cleveland, Ohio.

Ms. Adams holds a Bachelors Degree in Chemical Engineering from Cleveland State University and a Juris Doctor from Cleveland-Marshall College of Law. She is also licensed to practice patent law before the United States Patent and Trademark Office.
Matthew Banet  
President and CTO  
Triage Wireless

Dr. Banet currently serves as President and CTO of Triage Wireless, a San Diego-based medical device company focused on developing a cuffless solution for monitoring blood pressure and other vital signs. Dr. Banet founded Triage in 2004.

In 2000, Dr. Banet co-founded Networkcar and served as CTO and COO. Networkcar emerged as a leader in automotive telematics and successfully developed a state-of-the-art wireless, Internet-based platform for monitoring a vehicle's diagnostic condition and location. In 1995, Dr. Banet founded Active Impulse Systems ("AIS") and helped build the company from a business-plan stage to a leader in thin-film metrology. He orchestrated the sale of AIS to Philips Analytical (a division of Philips Electronics) in 1998.

Dr. Banet has extensive experience in the fields of intellectual property law, wireless electronics, medical devices, optical signal processing, and semiconductor microelectronics. He is a licensed U.S. patent agent, and has worked as a patent agent for Fish and Richardson, a leader in intellectual property law. Dr. Banet holds a Ph.D. in Physical Chemistry from Massachusetts Institute of Technology and a Bachelor of Science degree in Chemistry from University of California, San Diego.
Moshe Malina
Director, Associate General Counsel and Chief Patent Counsel
Citigroup

Moshe Malina is Director, Associate General Counsel and Chief Patent Counsel for Citigroup. Mr. Malina joined Citigroup in 2004, and his responsibilities include management of the firm’s patent portfolio - the largest in the financial services industry - and initiation and direction of its ongoing patent procurement program. Mr. Malina is also responsible for Citigroup’s patent litigations and other disputes, negotiating technology agreements with vendors and customers, and advising on patent issues arising in connection with matters ranging from routine transactions to major joint ventures and acquisitions.

Mr. Malina is Chairman of the Financial Services Roundtable Patent Subcommittee, and has helped coordinate the industry’s efforts for patent reform.

Before joining Citigroup in 2004, Mr. Malina was an associate at Cleary, Gottlieb, Steen and Hamilton working on both transactional and litigation IP matters.

In 2001 Mr. Malina simultaneously received a J.D. from Columbia Law School and a B.S. in Chemical Engineering from Columbia School of Engineering and Applied Science as part of Columbia’s Accelerated Interdisciplinary Legal Education Program.

Mr. Malina is a member of the bar in New York and is a registered patent attorney.
Best Practices for Patent Strategies: Breakfast Briefing

Monday, December 3, 2007
8:00 a.m. – 10:00 a.m. EST

Location:
K&L Gates
599 Lexington Avenue
New York, NY  10022

Schedule:
Registration:  8:00 a.m.
Program:  8:30 a.m. – 10:00 a.m.

Moderator:  Stephen C. Glazier, Partner, K&L Gates

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stephen.glazier@klgates.com
glazier@alum.MIT.edu
New Empirical Data

- The Impact of Patents on Shareholder Value
  - Junior Technology Companies
  - S&P 500 Large Cap Companies
New Empirical Data for Junior Technology Companies*

- 78 early stage VC financed companies, from 2000 through 2006
- Group I (20 companies) had a patent position at A round = 26%
- Group II (58 companies) had no patent position at A round = 74%

New Empirical Data for Junior Technology Companies (cont.)

After 6 Years – More financing for early patent group
- Group I – 84% had B round or more financing (16% had no further financing)
- Group II – 50% had B round or more financing (50% did not – 3 x % of Group I).

And – More survival for early patent group
- Group I – 16% were defunct
- Group II – 24% were defunct (1.5 x % Group I).
Conclusions:

- For start-ups, early patent position increases follow-on financing, and increases corporate survival.
- In the future, more than 26% of Silicon Valley A rounds will have patent positions.
- Data applicable to new products in large corporations.
New Empirical Date for S&P 500 Large Cap Companies*

- Objective metrics to grade patent strategy
- Positive linear correlations of patent strategy metrics to:
  - Revenue growth
  - Operating margins
  - Interesting Correlation Coefficients
  - Across diverse industries, not just “technology companies”

* Unpublished Study
Large Patent ROI Based On Correlations
(Between 430:1 and 1180:1)

Conclusions:

- Continued growth in corp. patent strategies and budgets, despite current change and uncertainty in patent law
- Budgets and production targets for patent acquisition and enforcement, based on comparative metrics vs. competitors
- Data scalable and applicable to smaller corporations
Changes in U.S. Patent Law

- PTO §103 guidelines regarding non-obviousness, easier to reject, factual rebuttal.
- **eBay v. Merc Exchange** 126 S. Ct. 1837 (2006) – Injunctions (25% denied in later District Court cases)
- Other cases
- The new PTO procedural rules?
- A major patent reform bill?
Changes in U.S. Patent Law (cont.)

Conclusions

- All patent strategies remain unchanged (except perhaps for patent trolls)
- Continued growth of patent strategies and budgets
- Change in patent strategy price points, schedules, and predictability
- Continued evolution of patent property market and deals
- Continued evolution of patent monetization companies
Approaches to Patent Trolls

- Pro-active counter attacks
- Invalidity versus non-infringement defenses
- Reduced settlement value of injunctions
- More deals with patent monetization companies and spin-offs
Patents in M&A, IPO's & Equity Deals [and Sales]

- Sell side 12 step process for a premium on price and terms
- Buy side 11 step process for a discount on price and terms
- Patents as a sales tool
Continued Development of Patent - Property Market

- Patent Liquidity
  - Sales
  - Auctions
  - License Programs

- Patent assets priced to market
  - And monetized (for cash flow)

- Patent company spin-offs and J.V.’s

- Avoid impaired patent assets

- Benefit – cost analysis to seek patent (adjust cost of effort to value)
Predictions (No guarantees!)

- No major patent reform bill 2007-2008
- No more Supreme Court cases on obviousness for 20 years
- PTO will double fees, double number of examiners, and open branch examination offices (to wipe out the back log)
- There will be U.S. post-grant patent opposition process
- At PTO, more applications, more appeals, more face-to-face meetings with examiners, more evidentiary declarations, reduced allowance rate
More Predictions (Still no guarantees!)

- Continued spread in software, finance, and other industries of the pharmaceutical patent Sine Qua Non Rule
  
i.e.
  
  - No Patent = No product launch
  - No Patent = No product sales
  - No Patent = No funding
AREAS OF PRACTICE

Mr. Glazier handles intellectual property, transactions and disputes for technology companies, including patent procurement, litigation, intellectual property audits, opinion letters, responses to patent demand letters, settlement of adverse claims, development and sales of intellectual property rights and technology products, licensing and financing for technology companies. He has performed patent due diligence and full material disclosure for securities offerings, mergers and acquisitions, and closed loans secured by intellectual property.

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Stephen C. Glazier (continued)


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Senior Vice President and Assistant General Counsel
Wachovia
Matt Banet, Ph.D.
President and CTO
Triage Wireless, Inc.
Best Practices for Patent Strategies
Matthew Banet Ph.D. – President Triage Wireless
December 3, 2007
Background

- Ph.D. Physical Chemistry (MIT)
- Patent Agent (Fish & Richardson)
- Founded and liquidated 3 early-stage start-ups
  - Semiconductor (Active Impulse Systems)
  - Automotive (Networkcar)
  - Medical (Triage Wireless)*
- IP was critical for each financial event

* Closed Series-B
Philosophy for Monetizing IP

- Identify well-defined problem
- Identify IP ‘opening’
- Marry disparate technologies → solution
- IP drives product-development roadmap
- Avoid ‘arm’s length’ relationship with IP counsel
- Secure initial IP that covers most valuable, next-gen products
- Aggressively pursue IP
## Monetizing IP

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Revenue</th>
<th>Issued IP</th>
<th>Pending IP</th>
<th>Sale Price</th>
<th>IP/Sale Ratio</th>
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<tbody>
<tr>
<td>Active Impulse</td>
<td>Semiconductor</td>
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<td>$29M</td>
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<td>$35M*</td>
<td>$795K</td>
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</table>

* Series-B Valuation
Triage Wireless – IP Monetization

➢ **IP Focus: Cuffless BP + Wireless + IT**

➢ Key patented innovation: cuffless, continuous, wireless BP measurement

➢ Extremely competitive IP space

➢ Infamous ‘Besson’ license

➢ Aggressively pursued electronic filing

➢ Portfolio mitigates litigious competitors
Networkcar – IP Monetization

- **IP Focus:** Vehicle Diagnostics + GPS + Wireless + Internet
- Key patented innovation: on-line smog check, fuel consumption
- Relatively uncompetitive IP space
- Purchased ‘Infomove’ patents
- Initiated licensing program
Active Impulse – IP Monetization

- **IP Focus: Optical Measurement of Thin Metal Films**
  - Key patented innovation: non-contact, *in situ* measurement of copper ‘damascene’ structures
  - Moderately competitive IP space
  - Licensed MIT patents
A start-up company’s ‘fund raising’ product is often not their most valuable one. Best IP covers the Next-Gen, Home Run Product.

**‘Fund Raising’ Product**
- Cuffless, Ambulatory BP Monitor
- Wireless, Consumer Telemetry w/ Diagnostics

**Next-Gen Product**
- Wireless, Body-Worn Vital Sign Monitor
- Wireless, Fleet Telemetry w/ GPS + Diagnostics

- Non-Contact Measurement of Al Test Wafers
- In Situ, Non-Contact Measurement of Cu ICs
Goal for IP Monetization

- **Masimo**: Market Cap: $600M
  - 131 Issued

- **CardioNet**: Est. Market Cap: $500M
  - 13 Issued

- **Triage**: 4 Issued
  - 40 Pending
  - 100 Pending/Issued by Q3 ‘08
Moshe Malina
Director, Associate General Counsel and Chief Patent Counsel
Citigroup
Questions?
Thank you!
Developing and Implementing a Corporate Intellectual Property Strategy

Carmen R. Adams
Vice President & Assistant General Counsel
Wachovia Corporation
Overview

- Setting the context
- Assessing the need for an intellectual property strategy
- Setting objectives and goals of the strategy
- Securing buy-in from key decision makers
- Implementing the IP Strategy
- Measuring and tracking success
Setting the Context
Why should you care about patents?

1. The current environment, especially since 1998, calls for action.
4. Recent financial services experience calls for action.
Setting the Context

Typical Fledgling IP Environment

- No line of business dedicated to IP
- Applications and defense handled by Legal
- Finance handles IP assets, if any
- Trademarks and copyright managed by Legal, marketing or individual business units
- Domain names handled by Legal or e-commerce group
- No one group managing protection of trade secrets
- Code of Conduct might address issues of IP ownership
Invention submission process is not defined or widely publicized
Requirements for patentability are not widely publicized or understood
No budget for patent applications
Inventors see the process as a hinderance
What is the driving rationale/business need/benefit of an IP Strategy to your business?
- Protection of intellectual property assets
- Reducing the risks associated with costly patent infringement litigation
- Competitor environment calls for action
- Risks associated with not having a strategy
Ernst & Young – Financial Service Companies Should Protect Their “Core Intangibles”

- “If [a] firm chooses to out-license its technology, it benefits by charging royalties for the use of the patented technology.”
- “Holding a patent [can] provide a competitive advantage by building walls that can be difficult for competitors to scale.”
- “An arsenal of patents in one’s portfolio can serve as a deterrent to companies considering an infringement suit if they think the defendant’s portfolio might allow them to launch a countersuit.”
Setting Objectives and Goals

- Protect core business operations
- Reduce litigation exposure
  - Improve internal procedures
  - Provide bargaining chips in the event of infringement litigation
  - Passively discourage third parties (competitors and others) from pursuing infringement actions against you
- Create competitive advantage in your industry
- Pursue cross licensing arrangements with industry peers
- Exclude and discourage competitors from operating in a particular space
- Develop “Best in Class” reputation
- Increase corporate assets
- Generate revenue through strategic licensing
What does a successful execution look like?

- Establishment of a Committee comprised of decision makers and representatives from at least the following areas: Legal, Finance, Technology, R&D, and core business areas.
- Implementation of a formal program for educating employees about the strategy; intellectual property, generally; and the methods of protecting intellectual property.
- Implementation of formal procedures for documenting inventions and submission of inventions for review by the Committee.
- Partnering with business units to implement a comprehensive plan of acquiring patents through the filing of patent applications covering internally developed processes and products and acquisition of patents and patent applications from third parties.
- A robust portfolio of patents and patent applications strategically selected to protect your core businesses. Provide licensing revenue and provide defensive benefits.
Securing Buy-in from Key Decision Makers

- Preaching to the Choir v. Selling the Concept
  - Advocates v. Audience
- It is imperative that you insure support and input from critical stakeholders in your organization
Securing Buy-in from Key Decision Makers
Advocates v. Audience

• The legal crowd gets it
• The technology crowd gets it
• The litigated business unit gets it
• The finance crowd maybe gets it
• The decision makers maybe get it
Securing Buy-in from Key Decision Makers

- Gather more information than you need
  - Litigation statistics (Scare tactics)
    - Competitors
    - Vendors
    - “Patent trolls”
  - Competitor patent portfolio statistics
  - Anecdotal information from other industries
Securing Buy-in from Key Decision Makers

Articulate Defensive and Offensive Advantages

- **Defensive Advantages**
  - Threat of excluding others deters litigants
  - Possess bargaining chips to cross license
  - Sends strong message to competitors and others that we protect our business

- **Offensive Advantages**
  - Potential licensing revenue
  - “Passive discouragement” - - to slow competitors from fulfilling a demand in the market
  - “Best in class” reputation
  - Enhance Company / Shareholder Value (Asset)
  - Employee and Company Morale
Implementing the IP Strategy

- Form initial **Intellectual Property Strategy Group:**
  1. Set policy and standards for protecting our IP (copyright, trademarks, trade secrets, domain names and patents, including recordation of prior art);
  2. Propose and approve appropriate/tailored invention submissions for patent and provisional patent applications;
  3. Educate business units and create incentive program;
  4. Leverage existing IP for revenue; and
  5. Establish permanent IP Committee/business unit.
Implementing the IP Strategy

- Review existing agreements related to company intellectual property, including licenses, joint development agreements, royalty agreements and assignments.
- Establish goals for building patent portfolio
- Identify key threats
- Consider revenue potential
- Consider carefully IP Committee members
- Consider cross-licensing
- Consider selectively pursuing infringers
Measuring and tracking success

- Invention disclosures submitted
- Patent applications filed
- Issued patents
- Impact of patent portfolio on patent infringement litigation, damages awarded and settlements entered
- Licenses and royalties
Questions?
## Competitor Update
### Patent Count by Assignee

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<tr>
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<tr>
<td>Citibank</td>
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<td>189</td>
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<tr>
<td>JP Morgan Chase</td>
<td>89</td>
<td>123</td>
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<tr>
<td>Bank of America</td>
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<td>American Express</td>
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<tr>
<td>Wells Fargo</td>
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<tr>
<td>National City</td>
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<tr>
<td>KeyCorp</td>
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<tr>
<td>US Bancorp</td>
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<tr>
<td>State Street</td>
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</tr>
<tr>
<td>HSBC</td>
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**Total** 328*  **Total** 443

*Does not include American Express

**Wachovia**