



## **Case Study – The \$1,000,000 Patent**

In the early 1990s, John and Brett, with roots in TV Data, a television listing company, discovered a way to block unwanted television content based on a code system. Their system could also limit the total amount of time their children could watch TV in a day. They decided to patent the idea.

They originally wanted to build a business on the patent and sell set-top boxes. However, in 1996, the same year that their patent was issued, Congress enacted the V-Chip Legislation, which established the “requirement for manufacture of televisions that block programs.” They decided the legislation would enable them to license their patent to manufacturers, and to pursue that goal they hired a patent attorney to help them build a licensing program and entrusted marketing of the patent to him.

### **Beaten from Pillar to Post**

It quickly became apparent that the patent attorney had less skill and integrity than John and Brett had expected, and the result was skyrocketing costs and no tangible evidence of any marketing activities. To defray costs and jumpstart the licensing effort, they signed one-third ownership of the patent over to the patent attorney, who also convinced them to sign away the rights to market the patent themselves.

Three years later, still with no license obtained for the patent, the patent attorney retained a contingency law firm in an attempt to assert the patent against potential infringers. John and Brett were encouraged at first when several infringement notices were issued, but that feeling soon passed. The contingency law firm had little experience in patent licensing and never followed through with the infringement notices.

By 2004, eight years since their patent issued, John and Brett received notice that their patent had lapsed because their patent attorney had missed paying a periodic patent maintenance fee. At the same time, they received an offer of \$4,000 for the patent. Weary and frustrated, John and Brett seriously considered the offer since the professionals they had hired previously were unable to obtain any value from the patent, but still they felt the patent must be worth more.

Instead of accepting the offer, John and Brett insisted that as his last act their patent attorney get their patent reinstated by paying the delinquent fees. They hired a new patent attorney to reclaim the partial ownership from the old patent attorney and begin aggressively marketing their patent. After much resistance from the previous attorney, the new attorney took over as one-third owner of the patent. He negotiated the \$4,000 offer up to \$150,000 by saying “no” to the low offers and reached a verbal agreement with the interested party.

The confidence instilled after hiring the second patent attorney started to collapse around the same time as the verbal agreement did. The interested party was trying to renegotiate, and the process became mired and uncertain yet again.

### **A Breath of Fresh Air**

John consulted a longtime friend and advisor who told him about a company called IPotential that might be able to help. John and Brett contacted IPotential and in an introductory conference call

conveyed their story. IPotential listened. By the end of the meeting, IPotential was certain that it could help John and Brett successfully sell their patent, and John and Brett were immediately impressed with IPotential's complete understanding of the sales process for patents.

John and Brett decide to move forward with IPotential. They sent all of the necessary paperwork and documentation to IPotential to prepare the patent for sale. IPotential was facing quite a task: a ten-year history of negligence, mistakes, and misfires that had to be cleared up before any serious offer could be secured. IPotential discovered during its due diligence several issues from the previous relationships and licensing activities that, if not corrected, would significantly affect its ability to get a fair price, let alone complete a sale. IPotential returned the full ownership of the patent to John and Brett, cleaned up several issues related to past licensing activities, and developed a comprehensive marketing package that they knew would attract the interest of many major technology companies that have active patent purchasing programs.

John and Brett were impressed with IPotential's meticulous work and ability to build interest among a number of companies who put real offers on the table. By cleaning up the issues with the patent, building a marketing package that sold the patent's value by demonstrating its current use, and bringing a large number of interested buyers to the table, IPotential sold the patent for \$1 million, far exceeding Brett and John's expectations. John and Brett had this to say about IPotential:

"It was a hard decision to turn down \$150,000, but in the end, it was the best decision we could have made to bring in IPotential to broker our patent. And the \$1 million makes us feel like we were actually rewarded for our invention."

"They were realistic and showed examples. They managed our expectations and then wildly exceeded them. IPotential showed us what a Class-A organization could do."

"They were the only professionals that we dealt with through the entire process who really understood patents and how to obtain value from them...quality all the way."

IPotential's knowledge, experience, and commitment to excellence made them an invaluable resource and partner for John and Brett in the patent sales process.