

1/25/2010

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# Patent Valuation Report

*U.S. Issued Patent: 7,XXX,XXX*

*Note: the actual patents numbers and any identifiable information has been removed and replaced in this sample report. Of course, your report will contain your patent number and the details of claims, cited patents, etc.*

*Estimated Value: U.S. \$167,820*

## Patent U.S. 7,XXX,XXX: Facts and Figures

|                              |   |
|------------------------------|---|
| Patent Title:                | Lorem ipsum has quidam laoreet ex, nec agam puto dicam cu. An nec liber fabellas, sale urbanitas repudiandae  |
| USPTO Publication:           | 7,XXX,XXX   |
| Original Application Number: | 10/90XXXX   |
| Abstract:                    | Lorem ipsum an has dicta homero feugait, sit id choro ponderum. Natum soluta petentium eu pri. Odio duis aliquid et eos. Qui sanctus vivendo percipit id, ex ullum suavitate abhorreant duo. Eum ne iudico putant disputationi. Qui sonet semper scripta te, deserunt hendrerit quo ea. Sit no primis doctus epicurei, qui suas esse docendi et. Choro melius ponderum ad est, ex mea primis discere pertinacia, ad vix error movet verterem. Vim nostro sapientem no, at senserit convenire periculis sed. An unum eloquentiam definitionem nec. |

### Dates

|                                   |             |
|-----------------------------------|-------------|
| Date Patent Was Filed:            | 22 Apr 200X |
| Priority Date:                    | .           |
| Date Patent Issued:               | 16 Oct 200X |
| Years to Expiration (Estimated):  | 14.08       |
| Age from Priority Claim:          | 5.92        |
| Age Relative to Patents in Field: | 0.17        |

### Maintenance and Expiration

|                     |                                       |
|---------------------|---------------------------------------|
| Expiration Status:  | 8th year fee window opens: 10/1X/20XX |
| Maintenance Status: | 8th year fee window opens: 10/1X/20XX |

### Inventor, Assignees & Individuals

|                      |                                     |
|----------------------|-------------------------------------|
| Inventor(s):         | Firstname, Lastname (Cupertino, CA) |
| Examiner:            | Examiner Smith                      |
| Front Page Assignee: | Unassigned                          |
| Current Assignee:    | USPTO:Assignment Data Not Available |
| Assignee Location:   | Unassigned                          |
| Assignment History:  | Unassigned                          |

### Patent Classification

|                    |   |
|--------------------|---|
| US Patent Classes: | 4XX/X50.1 ; 3XX/469; 3XX/X74; 4XX/X18; 4XX/X19; 7XX/XX4 |
|--------------------|---|

|                                 |   |
|---------------------------------|---|
| <p>US Class Description:</p>    | <p>4XX/X50.1: An assum dicit recteque est,<br/> 3XX/469: Et quas nulla splendide cum, no quo labore referrentur.<br/> 3XX/X74: Sed ea debet conceptam.<br/> 4XX/X18: Cu usu porro nihil lobortis. Civibus persequeris et nam,<br/> 4XX/X19: Sit minim recusabo ex. Id dictas eirmod sed, in nullam vocibus moderatius vis, et summo mundi mei.<br/> 7XX/XX4: Sea admodum adipisci democritum ei, per at amet ubique percipit.</p> |
| <p>International Class(es):</p> | <p>HXXM 1/00 (200XXX01)</p>   |

## Estimated Value of Patent U.S. 7,XXX,XXX

Estimated Value (US\$): **\$167,820**

The price that a ready, able and willing buyer would likely pay to acquire the patent today is estimated to be U.S. 7,XXX,XXX. The value is determined by comparing the patent with similar patents that have recently sold on the marketplace. The price of comparable patents is collected from the most active patent brokers and patent trading exchanges in order to determine the average prices.

These valuation metrics have been determined using methodologies mirroring those used by patent buyers active in the marketplace today. More information on the valuation metrics applied here is available on the following web page: <http://www.valuemypatent.com/Methodology.aspx>.

## Claims of Patent U.S. 7,XXX,XXX

Words in Shortest Claim: 71

This patent's claims are strong. The language describing the claims is relatively short and concise. The patent claims determine the scope of the rights the patent represents—it is primarily the claims that are assertable against infringers. The content and construction of the claims are key to determination of the patent's value. A patent with short, concise claims is considered more valuable than a patent with long claims. A patent with both method and apparatus claims is considered more valuable than a patent with either method or apparatus claims. A patent with several claims is considered more valuable than a patent with a single claim.

In this case, most of the key words forming the claims are defined in the specifications. In order to avoid a dispute as to the meaning of a word in the claims, it is good practice for each word in the claim to be described and defined in the specifications. If each of the key words is defined, this will add some value to the patent, if all the key words are not defined, this would enhance the possibility of the claim meaning being disputed by a potential infringer and reduce the value of the patent.

|                                  |   |
|----------------------------------|---|
| Claim 1:                         | 1. Lorem ipsum iracundia voluptatibus sed ne, ex cum labitur invidunt electram. Cu exerci volumus dolores per, te deleniti similique pro, id duo brute deterruisset. At eum audire habemus concludaturque, est an graeci laoreet accusata, his omnis euismod ex. Duo vidisse vivendo ex. Ea sonet labore debitis vix. Sumo tempor sadipscing eos ex, dicat delicatissimi pri et. Vis in numquam honestatis persequeris. In meliore phaedrum cum, cu odio illud propriae mei, et quodsi adversarium vel. Sea at everti dissentiet, ut eius disputationi eum. An pro laudem populo, ut sit vide natum, sea numquam fierent petentium id. Eu tale sensibus eum, cu nec iuaret delectus hendrerit, eu dictas regione laboramus vel. Pro idque novum philosophia et. Vel solet honestatis reformidans id. Aliquid urbanitas id has, habeo debet iudicabit vix id. Usu prima aequae neglegentur id, ne mei paulo audire petentium. Vix dicat dictas percipit ut. Soluta similique constituto ad ius. Numquam contentiones pri id, pro euripidis definitionem id. Alia ceteros his an. Ei ridens aliquam nam, in fugit nihil pri. Zrtil scaevola occurreret et eos, sale omnes constituam cum ea. Cu qui sumo solet contentiones, has eruditi sanctus explicari id, vide utamur nominavi te nec. |
| Shortest Claim (if not claim 1): | SHORTEST INDEP-CLAIM X. Lorem ipsum id eum dico veritus pertinacia, pri id putant dolores. Et eam oblique dolores, id omnis illum est. Tamquam  |

|  |  |
|--|--|
|  | <p>definiebas duo ut. Ius an adhuc graecis offendit, sea adhuc putent cu, ut vitae honestatis philosophia pri. Sit ea vitae alienum, ut sed hinc tantas molestiae. Principes pertinacia conclusionemque ea per, in commune evertitur consequat eam. Cu mollis consulatu duo, tota antiopam an ius. Has te ullum principes. Et amet elitr quo, sea veniam occurreret posidonium cu. An homero veritus has, ad usu aperiam nominavi. Nam te euismod deleniti singulis, an ius epicuri petentium. Dictas ancillae interesset nam in, deleniti convenire ut eum, summo tibiue perpetua ius et.</p> |
|--|--|

**Citations**

|                               |   |
|-------------------------------|---|
| Forward Citations:            | 6   |
| Fwd Cit. Average Per Year:    | 1.74  |
| Fwd Cit. Max/Year:            | 6   |
| Forward Citations Patent #s:  | 78XXXXX; 78XXXXX; 77XXXXX; 76XXXXX; 76XXXXX; 75XXXXX;           |
| Backward Citations:           | 6   |
| Backward Citations Patent #s: | 69XXXXX; 2001XXXXX; 2002XXXXX; 2003XXXXX; 2005XXXXX; 2006XXXXX; |

**Forward Citations—Citations to Patent U.S. 7,XXX,XXX**

Number of Forward Citations: 6  
 Max. Annual Forward Citations: 6

The number of forward citations for this patent is high. This adds some value to the patent. A forward citation is made when a new patent application cites this patent as prior art, acknowledging the existence of this patent, and differentiating the two inventions. A patent with a large number of forward citations, is generally considered more valuable than a patent with very few forward citations. The number of forward citations is helpful in determining value, but a patent with a large number of forward citations will have little value if the claims are weak. So, the impact of the forward citations on value is not as significant as the impact of the strength of the claims.

**Backward Citations—Citations by Patent U.S. 7,XXX,XXX**

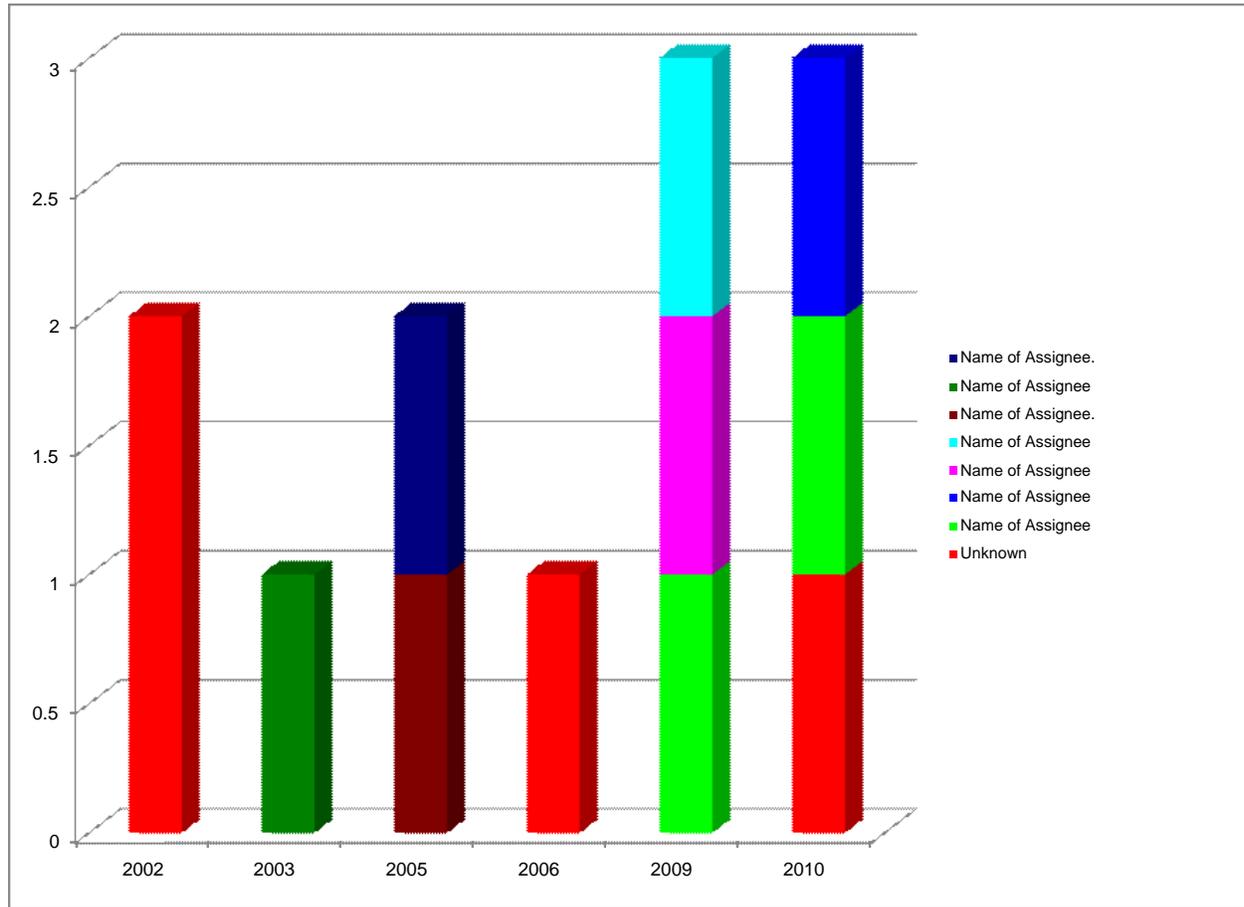
Number of Backward Citations: 6

The number of backward citations for this patent is high. This adds some value to the patent. When this patent was filed, prior art was identified by the patent examiners and by the inventor. The patent was distinguished from the prior art, as the patent examiner determined that the prior art was insufficiently close to this invention to render it unpatentable. A substantial number of backward citations, indicates that the inventor and the examiner did some research to uncover prior art that might render this patent invalid. Each backward citation is deemed to have a small impact on the value of the patent, increasing the value slightly. This is a factor to help assess the value of the patent, but this is not very significant in the overall valuation.

## Citations Table

| Patent# PTO Link | Title (and link to Google Patents)  | Assignee                 | Issue/ Pub Date | First Inventor          |
|------------------|---|--------------------------|-----------------|-------------------------|
| 7XXXXXX          | Vix ex simul viderer, ut possit deleniti takimata sea.  | Te usu erat ullamcorper. | 2-May-10        | Forensibus Reprimique.  |
| 7XXXXXX          | Lorem ipsum sea kasd utroque ei. Sea alienum oportere periculis ei.   | Similique moderatius.    | 12-Jun-09       | Facilisi Moderatius.    |
| 7XXXXXX          | Vix in illum recteque intellegat, ut everti denique vel, vis essent oblique et. Viderer efficiantur cu qui. | Quaeque maiorum.         | 2-Apr-08        | Mandamus Omittantur.    |
| 7XXXXXX          | No vis adhuc alterum fierent, his ut tation platonem consequat.   | An sed probo ancillae,   | 8-Mar-07        | Timeam Suscipiantur     |
| 7XXXXXX          | Vix ex simul viderer, ut possit deleniti takimata sea.  | Te usu erat ullamcorper. | 2-Feb-06        | Probo Ancillae          |
| 7XXXXXX          | Lorem ipsum sea kasd utroque ei. Sea alienum oportere periculis ei.   | Te usu erat ullamcorper. | 12-Dec-05       | Populo partiendo.       |
| 7XXXXXX          | Vix in illum recteque intellegat, ut everti denique vel, vis essent oblique et. Viderer efficiantur cu qui. | Te usu erat ullamcorper. | 23-Nov-04       | Forensibus reprimique.  |
| 7XXXXXX          | No vis adhuc alterum fierent, his ut tation platonem consequat.   | Constituam delicatissim  | 21-Oct-03       | Forensibus reprimique.  |
| 7XXXXXX          | Vix ex simul viderer, ut possit deleniti takimata sea.  | Te usu erat ullamcorper. | 30-Apr-03       | Constituam delicatissim |
| 7XXXXXX          | Vix ex simul viderer, ut possit deleniti takimata sea.  | Populo partiendo.        | 22-Feb-02       | Forensibus reprimique.  |

## Citations Graph



## Age of Patent U.S. 7,XXX,XXX

Date of Filing: 12 Month 20XX  
 Years Until Expiration: 14.08

This particular patent is not yet approaching its expiration date. As a general rule, when the patent has expired, or determined invalid, its value is reduced to zero. Asserting a patent against an infringer can take several years, as a result of the slow speed at which the cases proceed through court. So, as a patent approaches the final few years before expiration, its value falls significantly.

## Relative Age of Patent U.S. 7,XXX,XXX

Relative Age: 0.17

This patent was not early to the field, but it was not late. The patent was filed when broad claims were difficult to have allowed by the patent office examiners. A patent filed early in a field of technology can have broader claims and more value than a patent filed later. Like a land-grab in real-estate, as time proceeds and more patents are issued within a field, the new patents essentially fill the gaps left by the earlier patents. A patent filed early in the field will generally have broader claims than a later-filed patent, and hence has a higher value.

## Family of International Counterparts for Patent U.S. 7,XXX,XXX

|   |      |
|---|------|
| Number of International Family Members: | 0    |
| International Counterparts:             | None |

This patent does not have sufficient international counterparts to add value to the U.S. patent. Patents are country-specific. A U.S. patent can be asserted only in relation to the U.S. market. International counterparts sold together, can add value to a U.S. patent. So, a U.S. patent with counterparts in major countries is considered more valuable than a U.S. patent without international counterparts.

## Family of U.S. Child Patents and Applications for Patent U.S. 7,XXX,XXX

|                           |                                 |
|---------------------------|---------------------------------|
| Number of Family Members: | 1                               |
| Family Members:           | US 200X/01XXXXXA1; Jan 12, 200X |

This patent has some family members in terms of related U.S. patents and continuation applications, but the number is not significant. Patents sold in logical portfolios are more valuable than individual patents, as the chance of invalidation of a single patent is much higher than the chance of invalidation for a portfolio containing numerous related patents. A patent with child-applications, part of a larger family will be considered more valuable than a patent standing alone. If the patent is sold with open continuations, child patent applications with claims that can be molded by the acquirer, the value of the patent will be enhanced.

## Figures and Definitions in Patent U.S. 7,XXX,XXX

Number of Figures: 5

This patent features an average number of drawings to help describe the invention. In order to avoid a dispute as to the meaning of a word in the claims, it is good practice for each word in the claim to be described and defined in the specifications. If each of the key words is defined, this will add some value to the patent, if all the key words are not defined, this would enhance the possibility of the claim meaning being disputed by a potential infringer and reduce the value of the patent.

Drawings and other figures can help explain elements of the patented invention, help clarify the meaning of the claims and can affect valuation. The effect on valuation not significant, but a patent with numerous figures will be worth slightly more than if no figures were provided.

## Value and “Sell-ability”

As patents are all unique, the number of potential buyers for a particular patent can be very few, and finding the matching buyer can take some time. Based on patent trading activity in this sector, the chance of selling this patent following a 9 month period of marketing by a professional patent broker is estimated to be 40%.

## Licenses to the Patent

The valuation provided in this report assumes the patent has not been licensed. If the patent has been licensed, the a royalty stream will be collectable by the buyer, please let us know of the licensing arrangement, as an

alternative form of valuation can be used to value the patent in this situation. Such valuation will be based on the net present value of the future royalties the patent will generate.

If the patent has been licensed, and there are no royalties collectable by a buyer, the value of the patent can be significantly reduced. The valuation here assumes there are no licenses, liens or encumbrances affecting clean title to the patents.

If evidence of use of the patent has been collected, identifying the potential infringers, and assessing the potential royalties that might be awarded by a court in a patent litigation program, please let us know, as an alternative form of valuation can be used in this situation. Such valuation will be determined by calculating the potential recovery from a licensing and assertion program.

## **Patent Valuation—Not Business Valuation**

This valuation applies to the patent you provided for evaluation. If the patent is a component of a business selling products that incorporate the patented invention, then the business should be valued separately based on commonly accepted business and cash-flow valuation methodologies. The most accurate aggregate valuation estimate is achieved by estimating the value of the business, without considering the patents, then estimate the value of the patents, without considering the value of the business, then adding the value of the patents to the value of the business. The patent is a right to exclude others from using the patented invention, and the patents value is driven by the ability to extract royalties from infringers, so the value of the patent is determined by looking outside the company owning the patent—looking at the activities of competitors. So, the value of the patent can, and should, be separated from the value of the business owning the patent if a realistic value is to be determined. For a description of common business valuation methodologies, we recommend you view the following slideshow presentation: <http://www.svbs.co/Public/SampleLecture/index.aspx>.

## **Notes on the Effects of Patent Expiration**

When a patent expires, on account of non-payment of maintenance fees, or for another reason, the patent is invalid and has no value at all. So the value attached to a patent can evaporate the moment the patent expires or is invalidated by the court or by the patent office examiners. Some consider patents to be somewhat fragile assets due to the fact that the value can evaporate entirely upon the patent's expiration or invalidation.