

New Study Shows How America Can Boost Its Competitive Edge

Points to \$200 Billion Economic Gain By Expanding the Numbers of Patents Licensed and Commercialized into New Products and Services

Stamford, CT — November 12, 2014 — “Today an important new study by two of the nation’s most respected economists, Robert Litan of the Brookings Institution and Hal Singer of Economists, Inc., was released providing a framework for the economic possibility of future American innovation. I encourage anyone hoping to see stronger economic growth for our nation to examine this vital study,” said Jay S. Walker, Executive Chairman of Patent Properties, Inc., (OTCQB:PPRO) chief designer of The United States Patent Utility™ and founder of priceline.com.

A key takeaway from this study, “*Unlocking Patents: Cost of Failure, Benefits of Success*,” is that America’s economy can experience an increase of up to \$200 billion in annual economic output through just a modest expansion in the licensing of dormant technologies that are currently just sitting on the shelf rather than being put to use in creating new products, new jobs and increased economic growth.

Litan and Singer assert that the biggest problem with the patent system today is not abusive litigation. Rather, it’s a patent licensing system that is so hamstrung by high transaction costs and legal risks it prevents 95 percent of all patented discoveries from ever being put to use to create new products, new jobs, and new economic growth for society. Reducing those costs and opening up the system to the masses of inventors and businesses, the study finds, could enable tens of thousands of now-dormant inventions to be commercialized to the benefit of inventors, businesses, and consumers.

“This study is a wake-up call for America,” Mr. Walker continued. “It demonstrates clearly that if we expand licensing opportunities for inventors, and make it easier and less risky for businesses to access the significant innovation contained in existing U.S. issued patents, we can greatly expand economic opportunity for all Americans.”

Added Patent Properties Advisory Board member Mona Sutphen, former White House Deputy Chief of Staff for Policy in the Obama Administration and a partner at Macro Advisory Partners, LLP: “This important study measures what we already know instinctively — that facilitating the ability of America’s entrepreneurs to innovate and bring their ideas to market will boost economic growth. Reducing transaction costs in our patent system is a no-brainer — a win-win for America’s economy.”

The study found that as a general rule, only the largest companies can afford the high costs and legal risks associated with using patented technical knowledge to develop new products.

As the study noted: “It is as if the economy were playing a game of baseball in which the only hits that counted were home runs by players on very well-financed teams. In such an economy, vast numbers of other valuable or ‘run-producing’ innovations — triples, doubles, [or] singles — generated by many other firms, universities or individual inventors cannot be economically licensed given the potential risks or costs of litigation.”

A patent system limited to “home runs”, the report further asserts, leads to losses both for the inventors of more modest innovations and for the businesses that might profitably commercialize these into new products. But society as a whole suffers an even greater loss. The report points out that “solutions that encourage the commercialization of innovations and the knowledge they embody can

help America's productively challenge, which today is growing by half the rate achieved during the 1990s."

"There is an old saying in business that you can't manage what you can't measure," said Jon Ellenthal, CEO of Patent Properties, Inc., which will launch shortly The United States Patent Utility, its new patent licensing network. "That's why we chose to fund Dr. Litan's and Dr. Singer's research. It finally gives the business community, and America's economic policymakers, the hard data we need on how licensing can strengthen our economy."

Mr. Ellenthal continued: "The United States Patent Utility has been developed to address the big problems identified by Dr. Litan and Dr. Singer. It will offer smaller and mid-sized companies low-cost access to licensable patents relevant to their business, enabling them to use the technical knowledge contained in those patents to improve their products and services. It offers the potential to unlock huge amounts of American innovation currently sitting on the commercial sidelines."

Observed Robert L. Stoll, former Commissioner for Patents at the USPTO and executive chairman of the Patent Properties, Inc. Advisory Board: "The study is more evidence that a rational licensing system is needed for a well-functioning patent regime that will promote economic growth and further innovation."

Marshall Phelps, a former senior executive at IBM and Microsoft, who led the licensing programs at both companies, and serves on The Advisory Board at Patent Properties, Inc., commented: "Bob Litan, a prolific economist who recently published an anything-but-dismal book about the "dismal science" (Trillion Dollar Economists) is at it again. This time, it's a new, important research project, 'Unlocking Patents: Costs of Failure, Benefits of Success.' True to its title, Litan and his co-researcher Hal Singer delve into the costs and risks of the patent system which effectively excludes the vast majority of patent owners and users from any economic benefits of the system."

About Patent Properties: Patent Properties, Inc. (OTCQB:PPRO) will continue to develop and commercialize its unique portfolio of intellectual property assets, which were created by Walker Digital, LLC, the research and development lab led by internationally recognized inventor and entrepreneur Jay Walker, and will also introduce a disruptive licensing solution for the mass market of patent owners and users. Mr. Walker is best known as the founder of priceline.com and has twice been named by TIME magazine as "one of the top 50 business leaders of the digital age." All of the patents owned by the company were developed internally by Walker Digital, LLC, with Jay Walker as a named inventor on all issued patents and the lead inventor on the vast majority. Additional information regarding the company can be found at www.patentproperties.com.

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