

Impact of IP on the Entrepreneur

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Bottom Line

- Proper consideration of IP alternatives at or near inception of a concept or company will most likely influence its ultimate success

Brief Career Overview

- Practicing CPA with Price Waterhouse (1970s)
- Cofounder & CEO of Bitstream (1980s)
- President & COO of EFI (1991-1992)
- Chairman of Ares Software (1993-1996)
- Chairman of Softwatch (1998-2003)
- Chairman of OSS (1999-2010)
- Chairman & CEO of CHS (2004-Present)
- Consultant & Investor (1996-Present)

Bitstream (BITS)

- Conceived as first digital type foundry before the IBM PC was introduced
- Company made possible by **lack of copyright protection** for analog type design
- Its digital type font copyright applications, along with Adobe's were rejected
- Subsequently won protracted registration battle with US Copyright office

Bitstream (Cont)

- Company financed using customer advance payments as seed capital
- Despite lack of IP was able to raise ~ \$10M from VCs
- **Upside severely limited by lack of IP** because of rampant pirating of fonts
- Successful IPO in 1996. Eventually acquired by Monotype (TYPE)

Electronics for Imaging (EFI)

- Company founded in 1988 to commercialize MIT owned patent for color printing
- **Aggressive patent litigation** strategy yielded ~\$10M in licensing fees used as seed capital
- Company developed proprietary hardware and software solutions
- Raised ~ \$20M in VC
- Successful IPO 1994

Ares Software

- Founded in 1990 to develop font design and related utilities to be sold to end users
- Founders bootstrapped company
- Joined in 1993 as Chairman because of new technology breakthrough
- Recommended to apply for patent
- Adobe acquired Ares in 1996 primarily **because of patent protected solution**

Softwatch Ltd.

- Started in 1996 to develop web based health care solutions.
- Joined as Acting VP Finance in 1998
- No IP applied for due to cost and time consideration
- Successfully raised ~ \$30M in VC
- Company had no successful exit, **due to among other reasons no IP**

Open Security Solutions (OSS)

- Cofounded in 1999
- Patent applied for content security technology
- Pursued technology licensing and VC raise without success
- **Partnership and patent litigation strategy led to successful outcome** for principals in 2010

Bottom Line

- The unique facts and circumstances surrounding an idea or company at its inception should dictate IP strategy
 - Decision should be thoroughly researched and considered
 - Decision will effect ability to raise capital
 - Decision can effect ultimate success of business