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TransactionsIP Patent Valuation - Enhanced US 6,584,450

Valuation Summary:

High Value: $ 812,500

Low Value: $ 395,244

Current Market Value: $ 603,872

Methodology

An Intellectual Property valuation researcher will provide an initial market approach patent valuation taking into account patent metrics such as the number of forward references, the number of backward references, the number of claims, the length of the independent claims, claim strength, the remaining life, the market score, the technology score, the commercial score, and where applicable the foreign counterpart status.

An expanded report will be completed by a senior licensing / patent brokerage expert. The report will provide a detailed analysis comprising the above patent value metrics and the following additional parameters: prosecution metrics; legal strength; priority analysis; the market analysis; current and potential commercial use; and an opinion of the overall patent strength. This analysis will be used to establish the current market valuation, and provide a lower and upper value range.

Patent Bibliography:

Patent #: US # 6,584,450

Title: Method and apparatus for renting items

Current Applicant: NETFLIX, INC., CALIFORNIA
Applicants (Assignees): NETFLIX COM INC

Named Inventors:
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Filing Date: 4/28/2000
Issue/Pub Date: 6/24/2003

Priority Date: 4/28/2000

Patent Termination: 4/28/2020

Patent Enforceability Status: Enforceable

US Classifications / Sub Classes: 705/026
IPC Classifications / Sub Classes: G60F/01760 G06Q/03000

Terminal Disclaimer: No

Family Members: US 7,024,381; US App # 11/354,772

References:

Backward Citations = 3
Backward Citations by Examiner = 3

Non- Patent Citations = 3

Forward Citations (listed in Appendix II) = 29

Abstract:

According to a computer-implemented approach for renting items to customers, customers specify what items to rent using item selection criteria separate from deciding when to receive the specified items. According to the approach, customers provide item selection criteria to a provider provides the items indicated by the item selection criteria to customer over a delivery channel. The provider may be either centralized or distributed depending upon the requirements of a particular application. A "Max Out" approach allows up to a specified number of items to be rented simultaneously to customers. A "Max Turns" approach allows up to a specified number of item exchanges to occur during a specified period of time. The "Max Out" and "Max Turns" approaches may be used together or separately with a variety of subscription methodologies.

Claim Summary:

Total = 100

Independent = 8

Dependent = 92

Independent Claims:

1. A method for renting items to customers, the method comprising the computer-implemented steps of:

receiving one or more item selection criteria that indicates one or more items that a customer desires to rent;

providing to the customer up to a specified number of the one or more items indicated by the one or more item selection criteria; and

in response to receiving any of the items provided to the customer, providing to the customer one or more other items indicated by the one or more item selection criteria, wherein a total current number of items provided to the customer does not exceed the specified number.

16. A method for renting items to customers, the method comprising the computer-implemented steps of:

receiving one or more item selection criteria that indicates one or more items that a customer desires to rent;

providing to the customer up to a specified number of the one or more items indicated by the one or more item selection criteria; and

in response to receiving any of the items provided to the customer, providing to the customer one or more other items indicated by the one or more item selection criteria, wherein a total number of items provided to the customer within a specified period of time does not exceed a specified limit.

31. A method for renting movies to customers, the method comprising the computer-implemented steps of:

receiving one or more movie selection criteria from a customer that indicates one or more movies that the customer desires to rent;

providing to the customer up to a specified number of the one or more movies indicated by the one or more movie selection criteria; and

in response to a return of any of the movies provided to the customer, providing to the customer one or more other movies indicated by the one or more movie selection criteria, wherein a total current number of movies provided to the customer does not exceed the specified number.

36. A computer-readable medium for renting items to customers, the computer-readable medium carrying one or more sequences of one or more instructions which, when executed by one or more processors, cause the one or more processors to perform the computer-implemented steps of:

receiving one or more item selection criteria that indicates one or more items that a customer desires to rent;

providing to the customer up to a specified number of the one or more items indicated by the one or more item selection criteria; and

in response to receiving any of the items provided to the customer, providing to the customer one or more other items indicated by the one or more item selection criteria, wherein a total current number of items provided to the customer does not exceed the specified number.

51. An apparatus for renting items to customers comprising:

one or more processors; and

a memory communicatively coupled to the one or more processors, the memory including one or more sequences of one or more instructions which, when executed by the one or more processors, cause the one or more processors to perform the steps of:

receiving one or more item selection criteria that indicates one or more items that a customer desires to rent;

providing to the customer up to a specified number of the one or more items indicated by the one or more item selection criteria; and

in response to receiving any of the items provided to the customer, providing to the customer one or more other items indicated by the one or more item selection criteria, wherein a total current number of items provided to the customer does not exceed the specified number.

66. An apparatus for renting items to customers comprising an item rental mechanism configured to:

receive one or more item selection criteria that indicates one or more items that a customer desires to rent;

provide to the customer up to a specified number of the one or more items indicated by the one or more item selection criteria; and

in response to receiving any of the items provided to the customer, providing to the customer one or more other items indicated by the one or more item selection criteria, wherein a total current number of items provided to the customer does not exceed the specified number.

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81. A computer-readable medium for renting items to customers, the computer-readable medium carrying one or more sequences of one or more instructions which, when executed by one or more processors, cause the one or more processors to perform the computer-implemented steps of:

receiving one or more item selection criteria that indicates one or more items that a customer desires to rent;

providing to the customer up to a specified number of the one or more items indicated by the one or more item selection criteria; and

in response to receiving any of the items provided to the customer, one or more item delivery criteria being satisfied, providing to the customer one or more other items indicated by the one or more item selection criteria, wherein a total number of items provided to the customer within a specified period of time does not exceed a specified limit.

96. A computer-readable medium for renting movies to customers, the computer-readable medium carrying one or more sequences of one or more instructions which, when executed by one or more processors, cause the one or more processors to perform the computer-implemented steps of:

receiving one or more movie selection criteria from a customer that indicates one or more movies that the customer desires to rent;

providing to the customer up to a specified number of the one or more movies indicated by the one or more movie selection criteria; and

in response to a return of any of the movies provided to the customer, providing to the customer one or more other movies indicated by the one or more movie selection criteria, wherein a total current number of movies provided to the customer does not exceed the specified number.

Patent Evaluation Index Summary[1]:

Remaining Life of Patent: 8 year(s), 0 months

Potential Industry Use: High

Patent Commercial Factor: 3 / 4

This patent relates to renting movies, music, games, or other media with a max number or time function, current usage and future usage within the marketplace is anticipated.

Patent Technology Factor: 3 / 4

This patent has a solid specification and an earlier priority date. Netflix is a known pioneer in the field for a movie or media rental system with a max number of rentals or a time restraint function, others such as RedBox, Verizon, Apple, and Amazon appear to be moving towards the model recently in their online media rental and streaming sites.

Total Patent PFI Evaluation Index: 3 / 4

Notes: [1] Pantros IP Patent Factor Report

Owners of Similar Patents[1]:

BANK OF AMERICA
BGC PARTNERS INC
CANTOR INDEX LLC
CFPH LLC
COLLAGE ANALYTICS LLC
DANGER ROOM GAMING B V
ELECTRONIC ARTS INC
ESPEED INC
IGT RENO NEV
LEVIATHAN ENTERTAINMENT LLC
LOYALTYMATCH INC
MAHOOT INC
NCR CORP
ONSALE INC
OPRICES INC
POWERPICK AMERICA LLC
PRICEPLAY INC
PRIME TABLE GAMES LLC
SEARS BRANDS LLC
SLIP TECHNOLOGIES LLC
SQUARES INC
STUBHUB INC
TRAVELOCITY COM LP
WALKER DIGITAL LLC
XCELERATOR LOYALTY GROUP INC
XEROX CORP
YAHOO INC

Senior Licensing / Patent Brokerage Expert Evaluation Summary

Summary

A method for renting items to a customer, receiving on or more items from the customer, providing the item(s), and upon receiving providing one or more other items specified by the customer up to a maximum or max out number, in other claims a timeout period is specified. The patent has method, software, and apparatus claims, broad scope and decent coverage with independent claims #1, 16, 31, 36, 51, 65, & 96.

Applicable Market

Online, Kiosks, Store, & Stream movie, music, games, book rentals with time limits

Market Size: $7B estimated

Key Players:

Netflix
RedBox (Coinstar)
Verizon
Amazon Kindle & Amazon Prime
Google Play
Apple iTunes
Wal-Mart / VuDu
Hulu

Current & Future Usage: Medium - High

Current usage is very close to being implemented with Redbox having started providing a max out or time limit in their new online subscription and kiosks service for 4 rentals within a month, and Amazon Kindle provides a rental max on books to friends, as well as a rental time limit in the Amazon Instant video rental service. Apple iTunes and Google Play for movies and music does have a 30 day time limit on rentals, similar to claims #16 and #31, and Wal-Mart

allows users to rent movies from their library for a 24 hour or unlimited feature, increased use is anticipated by other leading companies in the future.

Priority Analysis / Office Actions: Moderate Risk

Priority date of Apr 28, 2000 is decent, an early patent in the field, although only US filings and prosecution. Examiner found 11 prior patents not cited by inventors, 2 office actions and two child patents, one issued and one application abandon. The patent has only seven years life remaining, with only US coverage the patent is exposed to prior art from overseas, quite a few online and computer based movie, DVD, cassette tape and other media rental options from 1975 until 1998 around the world from hotels to gaming.

Source: http://www.patenthawk.com/blog/2006/06/blockbusting.html

Patent Valuation

Estimated Value of Patent US # 6,584,450:

Utilizing the Market approach methodology described on Page 1 and Appendix I.

The value is anticipated as:

High Value: $ 812,500

Low Value: $ 395,244

Current Market Value: $ 603,872

Appendix I: Patent Valuation

There are 3 classic valuation methodologies: Cost, Income and Market Approach. TransactionsIP utilizes the Market Approach for providing patent valuation. This valuation is based upon market value which is realized from market transactions and makes use of prices actually paid for comparable assets.

In addition, the following patent value indicators are utilized which include: backward citations; forward citations; Claims; Patent family; Litigations; Licensing opportunities; Current technology in patent sector; and Life remaining.

Patents are a veritable moving target; with the price affected by the buyers perceived level of need plays a significant role in driving the price. How one or more specific buyers plan to use a particular group of assets will help determine the price it eventually sells for, as well as perceived need, cash position, and strength of their current patent coverage. TransactionsIP's team of analysts develop a consensus approach that reflects the actual anticipated market conditions.

Appendix II: Definitions

Citations may be made by the author (**Backward Citations**) or by the examiner (**Backward Citations by Examiner**). They comprise a list of references that are believed to be relevant prior art and which may have contributed to the "narrowing" of the original application. The examiner can also cite references (**Non-Patent Citations**) from technical journals, textbooks, handbooks and sources.

Forward Citations are US patents or applications that cite this patent as a reference.

Claim(s)

The definition of the monopoly rights that the applicant is trying to obtain for the invention. The claims become the actual monopoly that is given when the patent is granted. A patent consists of a specification and one or more claims. A claim in the patent consist of a preamble and one or more claim elements. The claims define, in technical terms, the extent of the protection conferred by a patent, or the protection sought in a patent application.
A valid claim is one which on the invention described in the specification but does not read on any prior art.

There are two basic types of claims:

- the **independent claims**, which stand on their own, and
- the **dependent claims**, which depend on a single claim or on several claims and generally express particular embodiments as fall-back positions.

Patent Evaluation Index Factors Scoring:

Applies a numeric score to each individual index from 0 to 4. Each index definition starts at zero (0) for the lowest possible value thru four (4) for the highest possible value.

0 = Not Used or Poor
1 = Low
2 = Average
3 = Very Good
4 = Excellent

Appendix III:

FORWARD CITATIONS

Citing Patent	Filing date	Publication date	Applicant	Title
US7389243	Feb 2, 2004	Jun 17, 2008	Media Queue, Llc	Notification system and method for media queue
US7435232	Sep 7, 2004	Oct 14, 2008	William Marsh Rice University	Noninvasive tissue assessment
US7461134	Nov 19, 2004	Dec 2, 2008	W.A. Krapf, Inc.	Bi-directional communication between a web client and a web server
US7523071	Sep 16, 2003	Apr 21, 2009	Yahoo! Inc.	On-line software rental
US7590546	Oct 22, 2003	Sep 15, 2009	Chuang Thomas C	System and method for renting or purchasing goods via a communications network
US7666090	Jan 25, 2005	Feb 23, 2010	Igt	Method of leasing a gaming machine for a percentage of a net win amount
US7685028	May 28, 2004	Mar 23, 2010	John Nicholas And Kristin Gross Trust U/A/D April 13, 2010	Method of testing inventory management/shipping systems
US7707115	Jul 25, 2002	Apr 27, 2010	Avaya Inc.	Periodic software licensing system
US7742949	Jun 30, 2005	Jun 22, 2010	Blockbuster Inc.	System and method for processing media requests
US7752104	Oct 12, 2004	Jul 6, 2010	Bonaller Llc	Financial instruments and methods of use

Citing Patent	Filing date	Publication date	Applicant	Title
US7756753	Mar 29, 2006	Jul 13, 2010	Amazon Technologies, Inc.	Services for recommending items to groups of users
US7774233	Oct 23, 2006	Aug 10, 2010	Ncr Corporation	System and kiosk for commerce of optical media through multiple locations
US7783512	May 28, 2004	Aug 24, 2010	Gross John N	Method of evaluating learning rate of recommender systems
US7860798	Jan 20, 2006	Dec 28, 2010	Apple Inc.	Electronic delivery and management of digital media items
US7890365	Jan 25, 2005	Feb 15, 2011	Igt	Method of leasing a gaming machine for a flat fee amount
US7908169	Jan 25, 2005	Mar 15, 2011	Igt	Method of leasing a gaming machine for a percentage of a total coin-in amount
US7933841	Aug 1, 2008	Apr 26, 2011	Rewards Network, Inc.	System and method for providing consumer rewards
US7941354	Dec 16, 2005	May 10, 2011	Asset Intelligence, Llc	Method and system for lease of assets, such as trailers, storage devices and facilities
US7996265	May 19, 2005	Aug 9, 2011	Blockbuster L.L.C.	System and method for fulfilling a media request
US8249955	Mar 22, 2010	Aug 21, 2012	John Nicholas Gross	Method of testing item availability and delivery performance of an e-commerce site
US8346673	May 10, 2004	Jan 1, 2013	Blockbuster L.L.C.	System and method for provisioning audiovisual works
US20110071686	Dec 1, 2010	Mar 24, 2011	Microplex Cinemas, Llc	Coalescence of Compartmental Entertainment Units for

Citing Patent	Filing date	Publication date	Applicant	Title
				Intellectual Property Screening
US20110258014	Jun 24, 2011	Oct 20, 2011	Butler John F	System and Method For Allocating Inventory to Satisfy Online Demand and Demand At Physical Locations
EP1760652A1	Aug 31, 2005	Mar 7, 2007	Thomson Licensing	Method, system, and recording medium for distributing multimedia content
EP1916661A2	Oct 25, 2007	Apr 30, 2008	Pitney Bowes Inc.	Digital media envelope sleeve with identification markings
EP1916664A1	Oct 25, 2007	Apr 30, 2008	Pitney Bowes Inc.	Method and apparatus for automated return processing of mailed digital media by code comparison and digital media mail piece
WO2005017843A2	Aug 13, 2004	Feb 24, 2005	Allen, Gregory, J.	Metthods and systems for sending a gift to a mailbox
WO2005026902A2	Sep 7, 2004	Mar 24, 2005	Levi, Ronald, M.	A rental system, method and apparatus
WO2005114565A2	Apr 28, 2005	Dec 1, 2005	Blockbuster Inc.	System and method for provisioning audiovisual works