



With the possibility of liquidation looming in the near future for Sears Holdings, now is a pertinent time visit their innovations and patents through the ages. Founded as Sears, Roebuck and Company in 1893, they carry forward an impressive legacy of innovation and a significant patent portfolio that still carries plenty of value in the modern day.

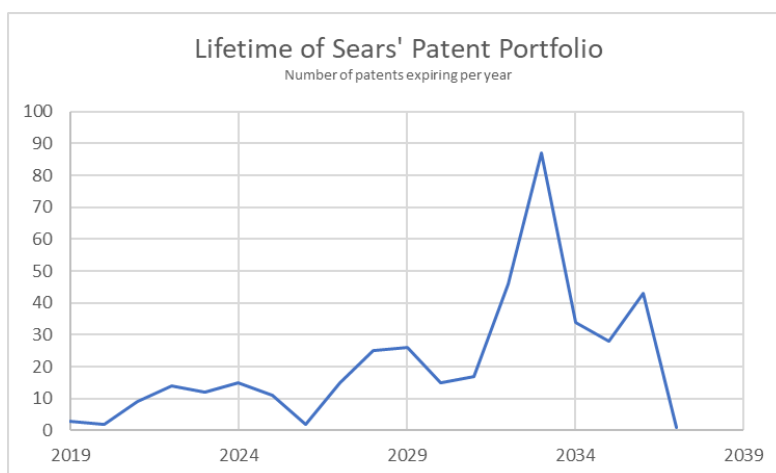
On the 15th of October 2018, Sears filed for Chapter 11 Bankruptcy. With no profit since 2010 and about 50 000 jobs currently on the line, Sears has received significant media coverage as of late. Chairman Eddie Lampert has now twice made an offer to save Sears from liquidation, first for \$4.4 billion and now for \$5 billion. With the verdict due in just a day or two, after the asset auction bids come in, we are in a critical period for the future of Sears. In liquidation, IP is often undervalued and sometimes given away for only a fraction of its value. We would like to see Sears receive fair recognition for their IP.

Using our proprietary analytical systems, we have looked at Sears' patent portfolio. We identified 719 patents, of which the vast majority are US patents, but there is a significant portfolio of German, Canadian, UK, French and other European countries' patents in the mix, giving them quite a diverse holding for a US-based retailer. Most of their patents are focused on their product offerings, with at least a third of their portfolio being design patents for a product. They also have a number of patents based on their personal shopping services and store and customer management. As far as retailers go, they are quite forward in developing and protecting the products they sell. Transferred with the assets they protect, many of these patents represent significant value to the right buyer.

Analysis

Sears still has a significant number of active patents, with protection for parts of their portfolio extending to 2037. Whoever ends up with Sears' IP portfolio in this liquidation still has plenty of time to see value from it. From smart lawnmowers to dishwashers, Sears has a relevant patent. Additionally, they have a large number of patent applications in progress that will further augment their portfolio if and when granted.

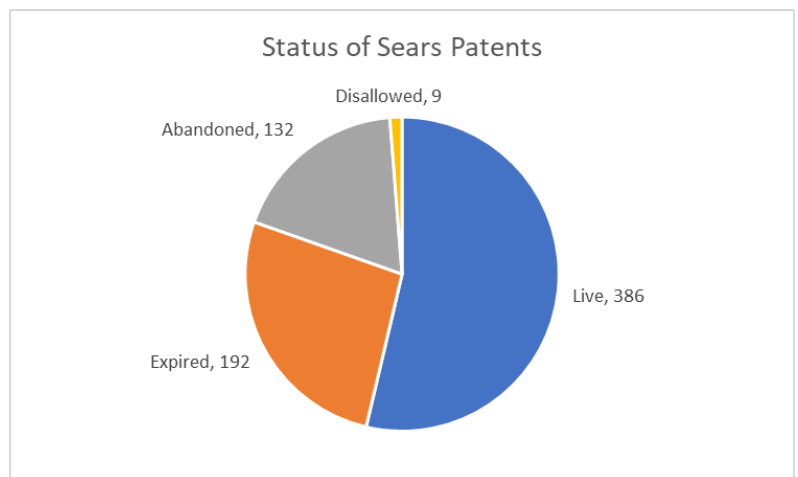
A particularly interesting field that Sears has relatively strong IP in is customer tracking and analysis in brick and mortar shops. While the rise of online shopping has given way to massive amounts of data, it has been harder to quantify data and trends in traditional shopping as customers browse through a store, picking things up and trying various things on. Sears has several patents for a technology to address this issue, one of which takes the approach of tracking customers with radio and NFC within the store to gain shopper data. This is a field Amazon has indicated interest in through their search engine and advertising arm, a9.com.



Below follows a sample of Sears' patents related to retail operation:

| Document # | Title | Assignee Name | Priority | File | Issue |
|------------|--|----------------------|-----------|-----------|-----------|
| US9996869 | Methods and systems for providing personal shopping services | SEARS BRANDS, L.L.C. | 1-Mar-12 | 29-Mar-16 | 12-Jun-18 |
| US9978048 | Methods and systems for connected sales associate services | SEARS BRANDS, L.L.C. | 30-May-12 | 30-May-12 | 22-May-18 |
| US9959567 | Systems and methods of targeted interactions for integrated retail applications | SEARS BRANDS, LLC | 12-Jul-12 | 12-Jul-12 | 1-May-18 |
| US9799057 | Systems and methods for creating and managing marketing applications, events, promotions, and publications | SEARS BRANDS, L.L.C. | 3-Feb-12 | 1-Feb-13 | 24-Oct-17 |
| US8590786 | System and method for using a mobile device to locate a followed item in a retail store | Sears Brands, L.L.C. | 26-Mar-07 | 14-Apr-11 | 26-Nov-13 |
| US8566167 | System and method for using data points collected from a customer to provide customer specific offerings | Sears Brands, L.L.C. | 27-Jul-11 | 27-Jul-11 | 22-Oct-13 |

Their portfolio also includes many current design patents, many of them focused around their homeware departments, with design patents on dishwashers, cooktops, ovens, microwaves, fridges, display screens, grills, tools, gardening devices, and many other items.



Conclusion

There is still plenty of value in Sears' patent portfolio, in various fields. If Sears ends up being split up in liquidation, it is essential that the IP is categorized, bundled, and transferred with the correct business department. The design patents should follow the brands they represent, as should the product patents; and most interesting of all will be where the customer and store management patents end up, and whether they are appropriately valued or not.

Critical to the potential liquidation is that Sears' somewhat eclectic portfolio is separated into meaningful divisions so that appropriate buyers can be found for all the various fields Sears has innovated in. This is likely to be more lucrative than trying to sell the entire portfolio as a whole.

For more details on this report, please contact patentlyobvious@m-cam.com.

A Brief Primer on the Patent System

In recent years, the importance of patents and intellectual property rights as an important variable in the marketplace has come to the forefront of the public consciousness as world leaders declare their country's lead in the innovation race. Damaging intellectual property litigation is becoming increasingly common across all industries. This is exacerbated when patent rights are granted for non-novel ideas. A vast amount of precedent innovation is unconsidered by patent-granting authorities in the creation of new IP rights. Patent granting authorities including the United States Patent and Trademark Office (USPTO), European Patent Office (EPO), Japanese Patent Office (JPO), Chinese State Intellectual Property Office (SIPO), Korean Intellectual Property Office (KIPO) and many others are constrained by the use of patent classification systems which are routinely circumvented by patent applicants.

There is a two-way social contract underlying the patent system. In the United States, patent terms are generally limited to 20 years from the date of application. By statutory intention, once a patent has expired, the patent holder loses the right to exclude others from fully utilizing any innovation described in the patent. A large number of patents enter the public domain when they are "abandoned" – when owners discontinue paying patent maintenance fees. Patents also only provide an exclusionary right in the country for which the patent is filed. As demonstrated by the Global Innovation Commons¹ (G.I.C.), using intellectual property available in the public domain eliminates the need to pay licensing fees on those innovations in countries where the patent was never registered, or worldwide, if abandoned.

Patently Obvious[®] is a report focusing on select groups of patents in order to increase transparency in markets, addressing information asymmetries, and providing a more level playing field for all parties.

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¹ <http://www.globalinnovationcommons.org/>