

diffusetap
Virtual Event Series

Should Your IP be an NFT?

Guest Speaker:



Pamela Norton
CEO & Founder
TitleChain

Hosts:



Kenny Estes
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DiffuseTap: Should Your IP be an NFT?

Last time on DiffuseTap, Pamela Norton, CEO and Founder of TitleChain, talked to us about why the current process of registering intellectual property does not work, challenges that startups and creators face with IP licensing today, and how NFTs can revolutionize the way we view ownership and IP monetization.

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DiffuseTap

This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas)... straight from your armchair like a boss.

Meet the Speaker



PAMELA NORTON invented the patented process to create intelligent NFT IP assets. She is the Founder/CEO of [TitleChain](#), a blockchain digital asset-as-a-service platform that helps organizations and inventors register patents, copyrights, trade secrets, and trademarks as NFT assets. She also founded [Borsetta Labs](#), the world's first tokenized AI system on a chip.

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KENNY ESTES: Ms. Pamela Norton, would you mind telling the good folks a little bit about that background and what you're up to?

PAMELA: Okay. Hi, I'm Pamela Norton. I'm the CEO and founder of Title Chain and Borsetta Labs. I'll talk about that a bit later. Our focus is on tokenizing patents, trademarks, copyrights and trade secrets. We have a patent and IP process to secure any asset using a digital asset registry process. The problem we're focused on solving right now is, as you all know, we have a huge problem with intellectual property (IP) theft that has caused \$1.2 trillion in U.S. economic damage

We have legacy systems that have not been updated and lack validation of data when it comes to ownership and access rights. We have IP theft in the licensing market and a lot of fraud, friction, paper processes and inefficiencies with a lot of hands in the pie.

We're about secure ownership transfer. Everyone says, "Oh, you can do that on-chain and believe that the data is trusted." Well, it doesn't matter if it's on the blockchain or not. Our focus has always been on converting any asset into a digital asset entity from an ownership digital property title rights perspective.

What people need to understand is that we have this old world of apps that are centrally controlled, and our new world is around creator ownership rights. I have an NFT of my identity. I have NFT ownership rights of my company. I will also have NFTs of my entire intellectual assets controlled within my company. I control and own them. I determine who I share that information with and the terms of those licensing and royalty agreements. This is why we have a lot of friction. There is a lot going on because big tech companies have a lot to lose with decentralization of our identity and digital assets. They want all of our data and control of the 3IT of intangible assets that will be tokenized on chain..

This is how TitleChain's IP registry is structured. We've been working for six years with members of Congress, The House Finance Committee, and the Wyoming legislator who just passed the Digital Asset Registration Act in March 2023, which recognizes the right to register a digital asset as a DAO entity. They've recognized a DAO which is a decentralized autonomous organization, but now there is a registration process for those digital assets using our patented process. TitleChain is registering these assets into a DAC "digital asset company" which is the parent company that controls the IP and all contracts, agreements, stakeholders and investors ownership rights. The DAC will then launch a wholly owned subsidiary the DACO a digital cooperative that is 100% member owned community. We believe these new venture structures will then participate in a tokenized DeFi economy and alternative trading systems creating opportunities for all participants and community members.

Our focus, from the registration perspective, is to allow you to come in and get your self sovereign identity. We connect that to a secure and easy to use web 3 wallet, and you go through an attestation that you own whatever company or whatever entity you have. And then, we go through an enhanced attestation, an oath that the actual IP copyrights, trademarks, patents, patent pending, and trade secrets can be secured in that legal entity. This is where we're at and we are launching two pilot projects in the digital health and creator and entertainment sector featuring an AI digital agent to enhance on-boarding and experience of a personal AI assistant .



I've been through five tech cycles in everything from online travel, mobile, e-commerce, social and now a convergence of blockchain, AI and digital assets. I began my career going from mainframe to, client server computing, AI expert systems and then to the cloud. I went down the rabbit hole with Bitcoin in 2015. That's where I really started creating what I saw was a new "edge" economy with the tokenization of any object into a digital asset that was validated and titled on an immutable ledger through the blockchain.

We've worked since 2018 to get our "Decentralized Title Transfer and Validation of Assets" patent awarded. It was a long process, but the good news is that it was awarded in March of this year. We are now deploying that technology and that methodology process as a registered digital asset service in Wyoming.

The process and methodology we developed came from the creation of the first NFT on the blockchain, an AI system of a chip for the US Air Force. People were like, "What are you talking about?", but that's just really part of my journey which is to disrupt by creating entire new markets while most cannot grasp the vision. What I'm trying to demonstrate is that we have a process in which all the IP that was designed and developed in this chip is secure and trusted. We could verify provenance of concept, design, IP, RTL code, to developers and ownership rights of the digital asset as a "top secret" design owned by the USAF. And now, the technology it's being deployed on a very sophisticated system for next generation autonomous systems. .

This is why I'm excited to talk about real world digital assets and to get expertise from all of you, as investors, fund managers, LPs and GPs. We have the opportunity to create new digital asset entities. We're registering some incredible IP for AI voice recognition to a new form of electricity and will be onboarding two pilot projects demonstrating tokenizing IP assets into new intelligent companies for digital health called Valeo Labs and entertainment new media called Quanta Labs.

We have about seven unique technology companies coming in from the digital health space, from a federated machine learning entity and personal digital AI assistant that includes AI Nudge Theory, to encourage and help people have better outcomes with their health. Currently, we're demonstrating how we're securing all the IP in that entity, tokenizing not only the IP, but tokenizing all the agreements and the ownership rights as well as the cap table. We're also implementing the same process for Quanta and package it up as a value add on service..

We have an amazing team that we put together who are leaders and experts in their industry and sector. Our goal is to allow anyone to come in and to spin up a new digital asset entity to Title lock the IP in. For instance, maybe you have a machine learning algorithm that you have a trade secret for, and you want to license that to the world. You now have a token that you can issue "data" tokens that represent the licensing agreements from your IP and cash flow right into your wallet.

It's a new way to look at how these entities can eventually go on platforms like [Republic](#), and then do a mini IPO, and go into an alternative stock exchange for liquidity for those early investors. There could be hundreds of thousands of these new types of companies.

What it does is it also allows this "coop-etition". A lot of times, you have companies that want to do a joint venture, and it gets messy and expensive. This way, everyone's assets are defined. You can determine



what new IP is being created, and how that is sold for the entity, as well as how the members operate within that digital cooperative and the parent company that's basically controlling the IP and contracts, and so forth.

It's a really interesting time now because we finally have this framework that we can deploy. We are looking for partners to come alongside us as we're deploying this out so that we can offer a digital asset in a box registering a new legal entity, where tokenized IP can participate not only in the entity, but also have data tokens that represent the licensing rights of that master NFT as a source of revenue with real time settlements and auditable ledger.

AYLA KREMB: Awesome. I think we'll hop right into questions. Maybe we'll start with some fundamentals. Why is it that most intellectual property right now is not monetized? What's the reason behind that?

PAMELA: I think it's twofold. I think one is that you go through a 409A valuation centralized process of four to six weeks and sometimes much longer. It can be arbitrary in some cases and then they discount it, and when it comes back, it's a PDF. It's dated. There isn't an ongoing intelligence to the valuation of that asset that can be monetized in a cost efficient way. I also think that there have been problems with the patent office, and that investors don't think there is value to patents. I think many people believe that big companies can just infringe, and there is no value and it has been used as a way to heavily discount the value for start up ventures.

What we really want to do is to help startup companies. They struggle because they have a lot of intellectual capital. Eighty percent of the valuation of the S&P 500 is intellectual capital; it's intangible assets. Those are the companies of the future. So, the question is how do we tokenize that information into digital assets in a way that's valid, trusted, and transparent?

How do we do that so everyone gets the best deal, and investors feel comfortable and excited to support these new entities? Investors are on the cap table and they can now be placed in first position and if something happens to that entity, they're in first position on the title of that IP asset. So, I think it's a combination. There was an IP exchange that was launched in 2015 that lasted about two years. They launched the IP on a commodities exchange, and it was not on the blockchain so it was still centrally controlled.

There was a lot of IP supply, but the demand side didn't understand the commodities market and the unit of value used at the time. Now, we have data tokens on a blockchain that represent the licensing of any IP, and that can go into any marketplace for people to purchase it, it provides more options to monetize opportunities for inventors and creators, and the DeFi marketplaces will offer increased visibility of their IP to be financed in new ways.



KENNY: Okay. Let's dig a little further. A common pushback criticism of any NFT project trying to monetize real world assets is, is it actually a technology problem or is it a liquidity problem? There's just not enough people who care about an individual product to make a valid marketplace and have enough liquidity to really trade.

You mentioned the other company that went belly up dry after about two years, and they were using non-NFT technology. What is it specifically about NFTs and managing those ownership rights on-chain that you think is going to help with that liquidity problem?

PAMELA: First, the onboarding process is horrific right now. We have such friction that people don't even know how to do it and what to do. I think when you get the experience like Venmo or PayPal, where people can say, "Hey, I just wrote this song and I want \$500 for it," and I can go up and post the song that I just wrote, it is so abstract right now and people don't get the whole thing and hung up on the word crypto, but when people start seeing, "Hey, that token turned into 500 bucks", the adoption is going to be there. Because it's real money for people's real ideas backed by a unique token that represents their work and value.

The problem now is that between the web 2 and web 3 world, the wallet experience is not user friendly or easy to navigate. The user experience is awful. People don't know how to convert crypto or why they are doing it. But now, this interoperability and seamless experience has finally happened. The technology is here and the system can scale and with a seamless experience we can onboard more users quickly to accelerate adoption..

That's how you will get that adoption, and that's how you will get people saying, "Hey, I want to be registered because I don't want anyone counterfeiting my stuff." That's the problem that's happening now. There are no tools to protect themselves and AI is accelerating the problem.

AYLA: Maybe another question for you around the legal structure that this IP would need to be in, or the NFT itself would need to be in, in order to be monetized. How would you usually approach that? How do you work with a startup company that has a piece of IP that they want to turn into an NFT and put inside a reasonable legal structure?

PAMELA: That's what we're going to be demonstrating with these two new entities. We're actually documenting the entire process. We're also partnering up with Amelia AI, which is one of the top conversational AI engines on the market. We're basically going through the entire user flow and process.

Any startup entrepreneur can come in and they will walk through all the intelligent prompts. They can follow all the prompts. They will have all the contracts. They will have the ability to provide credentials to



their lawyers to work with standard legal “Ricardian smart contracts” that they can easily adapt, and then register a new LLC for 150 bucks that's in a DAO format, or a digital asset legal entity.

And then, you will have a tangible entity that can gain access to third party digital asset IP valuation services, that can provide real time valuation for investors to evaluate and say, “Hey, this is secure, trusted and our due diligence shows that all the IP and all the source code within the tokenized digital asset.” It's not going anywhere because it's all encrypted with an attachment to that master NFT and private key control.

We're looking for really good use cases because we think any entrepreneur should be able to go in and easily upload and spin up their NFT and secure their assets, to get cash flowing as easily and quickly as possible.

KENNY: Gotcha. There are a couple of technical questions in the chat, and I'll try to combine them all. First, what blockchains are you implementing on? Because obviously, gas fees are no joke in the space. Secondly, are you implementing ERC-6551? I know there are a few options there when you're looking at NFTs.

PAMELA: Yeah, is that the fractionalized ownership or the rental one? I'm trying to remember because there are so many options right now. The ERC-6551 can hold tokens and other NFTs just like a regular smart contract wallet can.

KENNY: I also am not sure, sorry.

PAMELA: Yes, we do. We are on Ethereum, and we're minting on Polygon. And then, we're going to be testing the data token licensing on the [Ocean Protocol](#). And then eventually, we'll have a proof of title protocol in the long term. We will be able to open it up to get more people registered to expand the ecosystem.

KENNY: Okay. One last quick knock-on question from the chat. The use cases right now are primarily around licensing fees. What's the larger vision? Where are you heading? Or is that the bread and butter for you?

PAMELA: The bigger picture is really creating an ecosystem. We want to have a registered index of these digital assets valuation as a service. There will be insurance. There will be escrow services. There will be part IP partners for funds that we can feed those opportunities to. We can see this ecosystem as a great opportunity to accelerate new businesses that are able to rapidly form, deploy, service and participate in this new 31 Trillion dollar digital asset economy.



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Dennis Chookaszian

Corporate Director, CME Group

DiffuseTap: Institutional Grade Governance

Sharing his decades-long expertise on corporate governance, Dennis talked about how to avoid a co-partnership going sour, the problem with overly idealistic CEOs, and the importance of keeping your board in check. [Read on](#)



Susan Brazer

CEO & Founder, LionShare Media

DiffuseTap: Media Metaverse 2022

Susan described the 2020 digital media landscape; the evolution of media distribution; how converging, emerging technology points to the metaverse; and the prospect of having an open, decentralized, and free Web 3.0 marketplace. [Read on](#)



Raj Mukherjee J.D.

VP/Global Head of Tax, Binance.US

DiffuseTap: Crypto Taxes Decoded with Binance.US

Raj explained the complexities of the US crypto tax landscape, how he built a dynamic tax information system for [Coinbase](#) and [Binance](#) from scratch, and how investors can profit from crypto without getting caught in a taxation mess. [Read on](#)

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