LEARNDING

BUSINESS PLAN

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1. Business Background, Description, Mission, and Objectives

1.1. Background and Description

Learnding LLC, hereinafter referred to as the "Company" or "Learnding", is a start-up company set up by Alba Capdevila, Esther Felicio, Margarida Morais, and Miriayah Borg, (hereinafter collectively referred to as "The Founders"). The Founders are all law graduates from their respective hometown jurisdictions and are currently pursuing an LLM in European Business and Social Law ("EBSL") at Bocconi University in Milan, Italy. Following their participation in a Fintech Seminar, they were inspired to establish their own innovative Fintech company.

Recognizing the complexities of student loans, and the need for a more transparent, accessible, and personalized solution, they founded the Company. Being students themselves, the Founders can vouch for the transformational, life-changing edge and potential of education. The Founders aspire to establish a platform to assist students in acquiring essential funds for advancing their education. Their vision encompasses empowering students to prudently handle their finances and debt, gain insights into the intricacies of student loans, and actively pursue their academic and professional goals. This initiative aims to alleviate the common concern of securing necessary funding, allowing students to focus on their aspirations without financial constraints.

The amalgamation of The Founders' interest in both Fintech and their career, which is the result of a lifetime of education is what encouraged them to set up the Company to aid students like them to achieve their own goals and further their education. Despite none of The Founders having pursued their education in the United States, their knowledge of the varying education systems as well as their thorough research has led them to pick the United States as the jurisdiction and country of launch. Primarily due to the existing demand in the United States. The Founders' interest in both Fintech and education is what led them to embark on this project. Recognizing a demand in the USA for a platform providing specialized services to students seeking the best services at the conditions, they set out to address this need.

The project places at its forefront the goal of encouraging motivated and ambitious students who wish to further their education but who face financial challenges in attempting to do so. This is to be achieved by providing a personalized loan process and comprehensive platform that facilitates and encourages lending, borrowing, and investment through a peer-to-peer lending system that is built into the platform. This will be possible and feasible through the integration of specific artificial intelligence algorithms which will foster, aid, and facilitate financial literacy, both for the student borrower and for the investor.

The platform will serve two primary functions, accessible to distinct user categories: one designated for students and the other for investors, each equipped with separate interfaces. Upon entering the platform, students will engage with an AI-generated questionnaire, substantiated by verifiable evidence to mitigate the risk of fraudulent activity. This questionnaire will systematically analyze the student's data through a series of inquiries, generating a comprehensive profile accessible to potential investors. Simultaneously, investors will be granted access to their portal, enabling the selection of students of interest without disclosing their identities. Before making a selection, investors will have the option to refine their search criteria based on prospective careers, professions, or university degrees, aligning their investment choices with specific student profiles. The establishment of contractual terms and conditions with both lenders (investors) and borrowers (students) will serve as a mechanism for ensuring mutual guarantees on both ends.

The questionnaire will systematically filter a range of data, including but not limited to the academic performance metrics such as grades and GPA of the respective students, evidence of college/university accession/acceptance offers, the projected probability of career success, an assessment of ethics and professionalism, documentation of professional and/or work experience, and an evaluation of their network, which includes an analysis of professional social media accounts such as LinkedIn. Additionally, the questionnaire will consider the probability of repayment based on the collective assessment of the aforementioned criteria

The platform will therefore act as an intermediary throughout the entire process in that it will seamlessly connect the respective parties in a manner where the personal risks of all are safeguarded as the respective parties will merely be known to the platform and not to each other personally. Identities will simply be disclosed in the event of any contractual infringement. It is when there is a form of contractual breach that the users become known to one another.

This platform possesses a distinct advantage in that it establishes a dynamic marketplace. Students will be granted the opportunity to pick from a pool of options, being able to compare interest rates and repayment terms, based on the length of the course they are enrolling for, the university they got admitted to, their grades and more. Learnding extends beyond mere transactional services by integrating educational resources. These include budgeting tools and insights into career paths, thereby contributing to an enhanced overall financial literacy.

On the other hand, investors may have the same options available to them, as they opt for the investment which best suits their financial exigencies and projections, this will also depend on the student/s they opt to invest in, looking at the length of the course, the likelihood of the student to be employed following the studies, the average prospective wage of the same student, the potential return on investment and more, which criteria would be accessible through our platform.

The distinctiveness and unique features of this platform can be seen through the AI-generated questionnaire which facilitates the process for all users accessing the profile, tailor-making the search for both the investors as well as student-users. Moreover, the peer-to-peer lending element creates an opportunity for both the student and the investor, in that naturally, such a process is largely simpler than that of borrowing money from any other credit institution such as a bank, apart from the possible lengthy period required to obtain the required funding, would most likely not grant such funds. The loan approval processes can be said to be generally biased; however, through this system, which combines and makes use of data analytics and ethical inputs fed into the AI, leaves a sense of anonymity between the lender and the borrower, which anonymity makes it devoid of such bias.

The automated loan management simplifies the usual administrative processes, ensuring timely disbursements, real-time tracking, and notifications for repayment deadlines. The platform will also create a community feel creating a supportive environment for students to share experiences and insights related to student loans.

The platform will also have a direct link to the respective bank accounts and will also have an inbuilt KYC system whereby it is ensured that any funds are derived from a licit source. There will be a continuous link and connection between the platform and its users, ensuring that all obligations are performed.

1.2. **Mission**

Our mission is to provide accessible and affordable financing solutions for students through an innovative peer-to-peer lending platform, facilitating a transparent and mutually beneficial financial ecosystem, whereby it is not merely the student who is benefitting but also the investor, who is investing in the student and ultimately getting his money's worth together with interest.

1.3. Business Objectives

Learnding's business objectives encompass the following:

- **Providing a superior service** by utilizing AI for personalized student loans and fostering a dynamic marketplace for transparent lender choices. Automated loan management ensures efficient processes, timely disbursements, and notifications. Learnding stands out for its holistic approach, commitment to user empowerment, post-graduation support, and a community-driven student finance experience.

- **Ethical principles and professional responsibilities**: this is evident in transparent loan terms and a commitment to data security. The platform's AI algorithms adhere to fairness standards, avoiding discriminatory practices. Learnding prioritizes financial literacy to empower students responsibly, and fosters trust through compliance with regulatory standards, embodying integrity and transparency.

- **Business sustainability:** this is manifested through the offering of student loans with competitive terms aligned with sustainable financial practice, mitigating default risks whilst ensuring long-term viability. Environmental responsibility is demonstrated by leveraging digital technologies to minimize paper usage and reduce its carbon footprint. The Platform builds enduring relationships with ethical lenders, promoting a sustainable financial ecosystem. As a socially responsible fintech, Learnding adapts to economic shifts, regulatory changes, and technological advancements to maintain a resilient, sustainable business model while empowering students.

2. Business Environment

The selection of the United States as the headquarters for Learnding reflects a meticulous evaluation of strategic imperatives such as the number of educational institutions present in the country, the number of student loans taken out over 20 years (as per item 5 below), the local market's acceptance of Fintech companies, the stability of the local economy and the investor network.

Anchored in the nation's preeminent advantages, this decision is underscored by the United States' expansive and diverse student demographic[1], offering a substantial market for specialized student loan services.

The mature fintech ecosystem, well-defined regulatory framework, and widespread technological acumen in the U.S. position it as an optimal launchpad, ensuring operational seamlessness and instilling confidence among the stakeholders.

The nation's economic stability, coupled with its receptive culture toward online financial services, renders the United States an ideal jurisdiction for the headquarters.

Furthermore, its pivotal role as a global financial hub strategically affords access to an extensive network of investors, thereby fortifying the position for future international expansion, in consonance with the enduring growth objectives.

3. Present Market

The student loan market exhibits several notable trends and features. Globally, the market has experienced significant expansion due to the increasing enrollment in higher education. Government-backed student loans, often with favorable terms, dominate the market in many countries. Rising tuition costs have contributed to the growing demand for financial assistance, resulting in an expansive student loan landscape. In particular, the United States faces concerns about the rising levels of student debt, prompting discussions on the economic and individual impacts of such debt.

These challenges become apparent when examining the trends in student loans in the United States spanning from 2002/01 to 2022/2023. In the academic year 2002/03, students in the United States were disbursed a total of 83.1 billion US dollars in loans. This amount witnessed an increase to 98.2 billion US dollars by the 2022/23 academic year. Notably, the zenith was reached in 2010/11, with an allocation of 152.8 billion US dollars for student loans[2].

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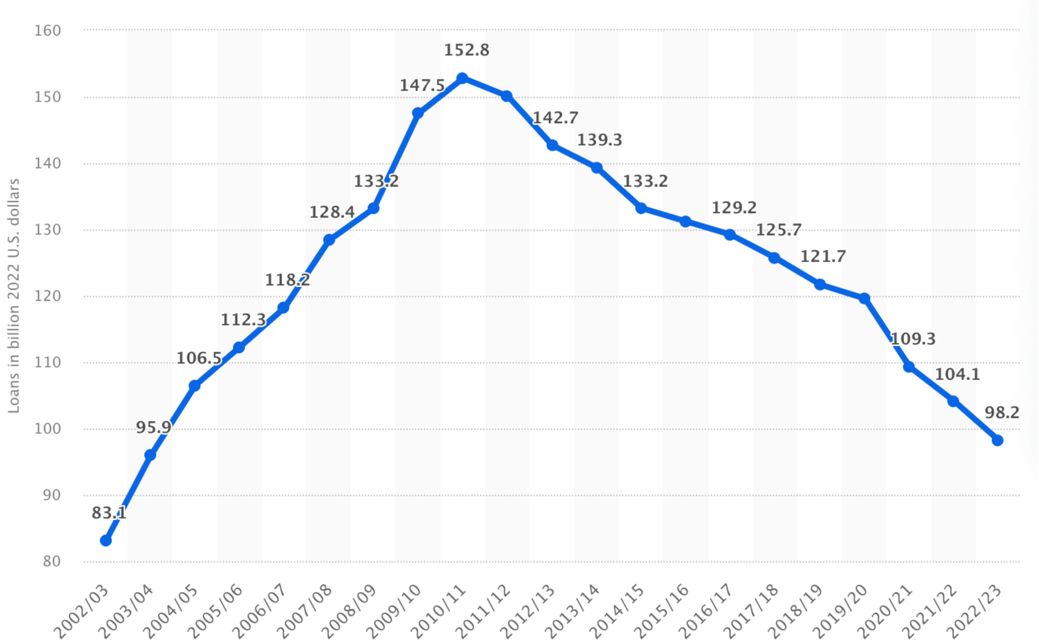
[1] Refer to the College enrollment in the United States from 1965 to 2020 and projections up to 2031 for public and private colleges statistics at: <https://www.statista.com/statistics/183995/us-college-enrollment-and-projections-in-public-and-private-institutions/>

[2] Refer to the Total amount provided in student loans in the United States from 2002/01 to 2022/23 statistics at: <https://www.statista.com/statistics/235367/student-loans-in-the-us/>

Total amount provided in student loans in the United States from 2002/01 to 2022/23[3]



Other studies and statistics have suggested that the total amount of loan debt outstanding as at the third quarter of 2023 was 1.63 trillion U.S. Dollars, with 43,4 million borrowers with a federal student loan debt. Escalating expenses associated with higher education and the imperative to contend within the employment landscape constitute prominent determinants of the burgeoning student loan burden[4].

The average annual cost to attend university in the United States from 2013/14 to 2023/2024, by institution type[5]

[3]Refer to footnote above (number 2)
[4]Refer to the Student Loan Debt: 2023 Statistics and Outlook at: <https://www.investopedia.com/student-loan-debt-2019-statistics-and-outlook-4772007>
[5] Refer to the Average annual cost to attend university in the United States from 2013/14 to 2023/2024, by institution type statistics at: <https://www.statista.com/statistics/235651/us-university-attendance-cost/>

Characteristic	Public two-year (In-District)	Public four-year (In-State)	Public four-year (Out-of-State)	Private Nonprofit Four-Year
2013/14	10,781	18,383	31,721	40,955
2014/15	11,192	18,931	32,893	42,445
2015/16	11,370	19,570	34,220	43,870
2016/17	11,640	20,150	35,300	45,370
2017/18	12,040	20,790	36,480	46,990
2018/19	12,350	21,400	37,390	48,290
2019/20	12,690	21,950	38,280	49,870
2020/21	12,900	22,290	38,870	50,580
2021/22	13,130	22,700	39,570	51,690
2022/23	13,500	23,300	40,610	53,970
2023/24	13,960	24,030	41,920	56,190

Showing entries 1 to 11 (11 entries in total)

The mean cost of attendance, encompassing tuition, fees, room, and board, at public four-year in-state higher education institutions in the United States amounted to 24,030 U.S. dollars during the academic year 2023/24. In the same academic period, the overall cost was least for public two-year in-district institutions, totalling 13,960 U.S. dollars[6].

The aforementioned statistics unmistakably illustrate the necessity for such a platform. In today's era, enrolling in a university extends beyond academic pursuits and the devotion associated with being a student. The financial implications and burdens, representing a significant financial sacrifice, have escalated over the years. This is particularly notable given the growing trend of academics resorting to loan facilities to finance their education, evident in the exponential rise in student loan debt. Recognizing this challenge, our platform presents a viable solution by incorporating peer-to-peer lending.

Advantages and Strengths:

For the Investor:

- Diversification of portfolio - spreading risks and potentially enhancing returns.

[6] Refer to footnote above (number 5)

- Possible higher returns than traditional investment options.
- The direct impact as the investor would contribute to education and student success through loan funding, something which can create personal reward.
- Control over investments through tailoring investments according to calculated risks and preferences.
- Contingency funds for protection

For the Student:

- Access to funding when it is difficult to obtain funding from traditional sources.
- Competitive interest rates potentially lower than those of traditional lenders, in turn leading to cost deduction for students over the life of the loan.
- Flexible and customised repayment terms which accommodate the respective financial circumstances of the students.
- Streamlined and adaptable application process through the AI-generated questionnaire.
- Community support which the platform provides[7].
- Better comprehension of financial mechanisms through the direct and user-friendly approach of the platform[8].

Disadvantages and Weaknesses[9]:

For the Investor:

- Risk of the borrowers defaulting on their loans- a matter which the platform seeks to regulate and alleviate through effective legal implementations and mechanisms embedded in the system.
- Longer time to retrieve the investment.
- Risk of lower interest rates and thus return on investment may be lower than expected if the repayment is made earlier.
    - Such issues are sought to be addressed through the platform which offers tailor-made investments via the filters available to align with the preferences of the user.

[7] Refer to: < https://www.financestrategists.com/mortgage-broker/mortgage/peer-to-peer-lending/>
[8] Refer to: https://thecrowdspace.com/blog/p2p-lending-for-student-loans-how-does-it-work/
[9] https://www.nerdwallet.com/uk/loans/personal-loans/what-is-peer-to-peer-lending/

For the Student:

- Peer-to-Peer lending may lack additional perks or protection measures in case of repayment difficulties, however, the platform aims at mitigating such risks by having effective legal mechanisms in place.
- Risk of restrictive timelines to be repaid, depending on the flexibility and the kind of investor[10].
- Additional fees incurred, such as those of subscription to the platform and other fees that may arise throughout the duration of the loan.
- There may be higher interest rates imposed depending on the credit rating of the borrower, and in the case of this platform, depending on the bundle which the student is offered through the AI-generated analysis.

4. Competition

Presently, instances of peer-to-peer lending incorporating artificial intelligence in the student loan sector are scarce in the United States. In general, the competition within the country is not particularly concentrated on students, with lenders often favoring individuals with established employment and income sources.Nevertheless, the Company's main competitors are the following:

4.1. Non-Student Focused Companies:

- **Prosper[11]**: Prosper is a platform that facilitates peer-to-peer lending between individual and institutional investors and borrowers through fixed-rate unsecured personal loans. The platform evaluates the creditworthiness of borrowers using its in-house credit scoring model.
- **Zest[12]:** This startup applies machine learning algorithms to evaluate credit risk, examines data using sophisticated analytics, and gives lenders AI-generated solutions. Lenders can make better decisions because of the company's technology.

[10] Refer to Footnote number 8.
[11] Link to the company website: <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwi0lsezt6GDAxWHywIHHUA5A_YQFnoECBUQAQ&url=https%3A%2F%2Fwww.prosper.com%2F&usg=AOvVaw1xRA5hDYj2ijiJrJ__NaFc&opi=89978449>
[12] Link to the company website: <https://www.zest.ai>

- **Upstart**[13]: Upstart is a fintech company that combines lending and AI. Upstart uses machine learning algorithms to assess creditworthiness by analyzing unconventional data. The platform connects borrowers with personalized loans and offers an online marketplace for both consumers and banks.
- **LenddoEFL**[14]: LenddoEFL is a fintech company specializing in alternative data analytics for credit scoring. The company assesses creditworthiness using non-traditional data sources, such as social media activity and smartphone usage. LenddoEFL's proprietary algorithms enable financial institutions to make more informed lending decisions, particularly for individuals with limited credit histories.
- **Scienaptic Systems**[15]**:** Scienaptic Systems is a fintech business specializing in AI-driven credit reasoning and underwriting. The platform analyzes a variety of data using machine learning algorithms to provide more precise credit risk evaluations. The technology developed by Scienaptic helps financial institutions to manage risk better, expedite the lending process, and make data-driven decisions.
- **Kreditech**[16]: Kreditech is a fintech company using machine learning and big data analytics to assess credit risk. It analyzes a variety of non-traditional data sources, such as online behavior and social media, to determine creditworthiness. It provides fair and transparent credit decisions. Even though it operates in Germany, Poland, Spain, Russia, Romania, and India it could be a potential competitor since one of our main goals is to expand our company throughout the world.
- **Provenir**[17]: Provenir is a fintech company that specializes in providing risk evaluation and analytics solutions. Their platform enables financial institutions to make data-driven decisions through advanced analytics, machine learning, and risk scoring.

4.2. Student Focused Companies:

- **LendEDU**[18]: LendEDU is a financial technology enterprise that facilitates the comparison of various financial products, including student loans. It employs

[13] Link to the company website: <https://www.upstart.com?>
[14] Link to the company website: <https://lenddoefl.com>
[15] Link to the company website: <https://www.scienaptic.ai>
[16] Link to company profile: <https://www.linkedin.com/company/kreditech/?trk=public_profile_experience-item_profile-section-card_image-click&originalSubdomain=nl>
[17] Link to the company website: <https://www.provenir.com>
[18] Link to the company website: <https://lendedu.com>

technology to simplify the process of comparing and applying for loans. It uses a friendly interface that helps them navigate and understand the complexities of different loan products

- **CommonBond**[19]: CommonBond is a fintech company that employs technology and data-driven underwriting to offer competitive rates for student loans and facilitate loan refinancing. It also offers resources and networking opportunities for its members.
- **Skills Fund**[20]**:** Skills Fund is a lending platform that specializes in providing student loans for skills-based education. Skills Fund partners with coding boot camps and other educational programs and then utilizes technology and data analysis to assess the employability of students after completing their programs, helping individuals access funding for career-focused education and training.
- **Credible**[21]**:** Financial technology startup Credible specializes in streamlining the loan comparison and application procedure. Users of the portal can browse and receive individualized rates for a range of financial products, such as mortgages, personal loans, and student loans. Although Credible does not only concentrate on AI, technology is used to make the entire process more efficient.
- **MPOWER Financing**[22]: MPOWER Financing is a fintech enterprise that specializes in offering loans to overseas students pursuing higher education. It focuses on students enrolled in universities in the US and Canada and uses data analysis and technology to provide loans that are determined by future earning potential rather than credit history, making it easier for international students to pursue their academic objectives in North America.

Despite the existence of various potential competitors, none directly mirrors or implements what we intend to establish. Therefore, there is currently no direct competitor offering the same product or service. Learnding will be different from its competitors by offering services that are not available elsewhere, promoting them through an aggressive marketing strategy to target the right market segment and inform people about these new services available in the USA. None of the abovementioned competitors offer the innovative AI system that Learnding will be offering, thus there are no direct competitors when it comes to peer-to-peer lending involving artificial intelligence in the student loan sector.

[19] Link to the company website: <CommonBond | Simple loans. Smart.CommonBondhttps://www.commonbond.co>
[20] Link to the company profile: <https://www.bloomberg.com/profile/company/1336240D:US>
[21] Link to the company website: <https://www.credible.com>
[22] Link to the company website: <https://www.mpowerfinancing.com>

5. Profitability Projection

Our platform envisions a robust and sustainable financial model, underpinned by a diversified range of revenue streams and stringent cost management practices. The primary sources of revenue include loan origination fees, servicing fees, and late payment fees. Loan origination fees, calculated as a percentage of the total loan amount, will contribute to covering the costs associated with processing loans. Servicing fees will be generated from ongoing management, payment processing, and customer support. Additionally, late payment fees provide an additional revenue stream.

To ensure financial viability, we will diligently manage our cost structure. The investment will be made in technology development to establish a secure and user-friendly platform, alongside targeted marketing and outreach initiatives to attract both borrowers and lenders. Compliance and legal measures will be implemented to uphold regulatory requirements. Rigorous risk management strategies will minimize defaults, safeguarding the platform's financial stability.

The scalability of our business model is evident in its adaptability to global expansion, potential partnerships, and continuous innovation. By focusing on customer satisfaction and market trends, we aim to not only achieve profitability in the short term but also sustain and enhance financial performance over the long term. A comprehensive financial projection, inclusive of income statements, balance sheets, and cash flow statements, is provided for detailed analysis and transparency.

6. Intellectual Property Protection (IP Protection)

6.1. Choice of IP Protection

Building value and brand recognition for a startup is a critical component of its success. A business development process should prioritize an intellectual property strategy in order to increase the chances of accomplishing this goal. Proactively registering the brand name as a trademark protects the brand from copycats, maintains the brand’s identity, and makes it easier to use for commercial purposes.

Being the owner of a registered trademark gives the power to restrict unlawful use of the brand, which is an essential protection against dilution and to increase customer confidence in the related services. If an illegal entity uses the brand name to deliver unregulated services on social media, there is a significant risk to the brand's reputation as customers may mistakenly identify such actions with the real business.

For all the reasons mentioned, The Founders believed it was appropriate to protect the company with a trademark. Hence, the trademark "Learnding" has been registered as a figurative mark due to its combination of verbal and graphical elements. This registration ensures protection for the distinct representation of our brand, mandating the submission of a comprehensive representation that includes all its elements, underscoring our commitment to intellectual property protection. Also, the primary goals of the Nice Classification are to organize trademark application processes and facilitate the determination of fees by trademark authorities for the application and registration of a trademark in a specific jurisdiction. Therefore, it is crucial to confirm that our Nice Classification number is 36th.

6.2. <u>The Rationale for Avoiding a Patent Application</u>

The Alice decision of the Supreme Court[23] is a clear example that there is a possibility of granting patent protection to software. Nevertheless 35 U.S. Code § 101 enumerates four categories of subject matter that inventions or discoveries must fulfill, these are: processes, machines, manufactures and compositions of matter. Thus, software programs *per se* are not patentable since they do not fit in any of these categories. However, the restriction could be overcome if the claimed software is a technical solution to a functioning problem of the computer, even if that improvement is primarily useful for performing a business task. In spite of that, since Learnding's potential patent would not solve a customer's pain point but would attempt to claim the benefits that a customer will enjoy from Learnding's software, it is highly probable that our patent application would be denied in the US. As already mentioned, software derived from an algorithm and lacking industrial application beyond the algorithm is not patentable in the US. Additionally, the patenting of fintech software is relatively limited, considering the vast amount of existing software. Furthermore, the graphics[24] show that in the US there are fewer applications to get a patent being filled because companies acknowledge

[23] *Alice Corp. Pty. Ltd. v. CLS Bank Int'l,* 573 U.S. 208, 216, 110 USPQ2d 1976, 1980 (2014).
[24] Refer to the graphic: A. G. CICCATELLI, "Why Fewer Patent Applications are Being Filed", IPWatchdog, available at <https://ipwatchdog.com/2018/04/11/fewer-patent-applications-filed/id=94436/>

that it is extremely tough to get them, and from the ones that are filled, only less than half of them are granted. It is for the mentioned reasons that patenting Learnding's software will not be an option since it is utterly tough to get a patent on fintech innovations. Conversely, Europe works differently: statistics state that around 2/3 of the filled applications for patenting products are granted, thus, The Founders might consider, if they are able to expand our company worldwide, to make a patent application in Europe.

6.3. Scope of Protection

Due to the fact that Learnding has its commercial establishment, is domiciled and is national of the USA –country which is party to the Madrid Agreement and the Madrid Protocol–, the Company is entitled to the right of application for an international registration of its trademark. Thus, after filling an application for registration of the trademark in the The United States Patent & Trademark Office (USPTO) –the Company's Office of Origin, The Founders proceeded to file the application in English and to pay the fees to the mentioned Office. This method was chosen because it eliminates the need to file separate applications in every country where trademark protection is desired. An international application must be presented to the International Bureau of WIPO through the intermediary of the office of origin. This approach also eliminates the requirement to submit the same documentation in various languages, depending on the filing office, and to pay the corresponding fees to each respective office. Since fees are based on the number of designated countries, we designated the contracting parties where we intend to expand our business later on, or in countries where our trademark protection would be at risk due to significantly high rates of trademark applications. Our designated countries are the USA, China, EUIPO countries, India, Turkey, the UK, Russia, Brazil, Japan, the Republic of Korea, Australia, Indonesia, Canada, Vietnam, and Iran. Furthermore, Asian students constitute over 50% of foreign students worldwide, with the largest numbers hailing from China, India, and the Republic of Korea.[25] It is crucial to protect our trademarks in these countries, as they are major contributors to trademark applications and host a significant number of international students. Failing to do so may put our trademark at risk.

[25] Refer to the V. KORHONEN, Statistics available at: <https://www.statista.com/statistics/233880/international-students-in-the-us-by-country-of-origin/>

6.4. **Brand and Logo**

The 'Learnding' brand was meticulously crafted to communicate the values of reliability, elegance, simplicity, and transparency. Comprising the words '*learn*' and '*lending*', the brand name succinctly captures the company's core mission of serving as a bridge between lenders and borrowers. The design of the logo crest was informed by characteristics of competence and solidity, aligning with the educational sector's standards. The incorporation of the color blue imparts a sense of tradition and respectability to the brand, while the imagery of books establishes a direct connection with knowledge. Positioned strategically at the logo's center, the letters "L's" not only symbolize '*learn*' and '*lending*' but are also thoughtfully placed to symbolize the peer-to-peer system at the heart of the brand's operations.

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In crafting our distinctive brand identity, we conducted thorough searches across various intellectual property databases, including the World Intellectual Property Organization (WIPO), specifically utilizing the Global Brand Database. Additionally, we engaged with the United States Patent and Trademark Office, the EU Intellectual Property Office, and various national trademark databases to ensure the uniqueness of both our logo and name in the market. This exhaustive process exemplifies our commitment to originality and distinguishes our brand from existing names in the industry.

7. **Our Intellectual-Property (IP) Strategy**

A clearly defined IP strategy is as important as a strong business strategy. IP strategies can be predominantly offensive, by preventing competitors from exploiting the company's own technology, or defensive, if the emphasis is on ensuring the company can exploit its own technology without risking infringing other companies' rights.

It is vital, especially for small companies, to evaluate whether IP should be strategically used as a sword and/or shield, to develop their business potential. Considering the other existing companies in the market which are evaluated in our competition assessment, we will implement both offensive and defensive strategies.

7.1. Offensive Strategy

Even though the exercise of market power is considered to be the best approach when pursuing an offensive strategy, we will not implement that strategy, since we are a new and small company, that is now entering a competitive market, which means our company does not hold (yet) a high share of this relevant market nor a dominant and leading position capable of influencing and constraining other companies' behavior.

Regarding other available offensive strategies, we can decide between selling our IP rights or, instead of selling them, we can license them to other companies. The second option seems the most suitable for our business model, since we are seeking trademark protection for our company, and quality control is the essence of trademark licensing. Thus, licensing it, instead of selling it, will allow us to remain in control of the nature and quality of the service we offer and represent, and simultaneously expand the size of the market. Apart from increasing revenue, trademark licensing also increases customer recognition. In trademark licensing, our company, as a trademark owner/licensor, will grant permission to a licensee to use that trademark on mutually agreed terms and conditions.

The main role of licensing the use of trademarks is in its usefulness in international business relations, especially when regarding relations between, on one side, licensors in developed countries and, on the other side, licensees in developing countries, since they represent a key factor in the economic development of the latter.

It is important to take into account that these agreements conferring the right to use the licensor's trademarks have to comply with the relevant licensing provisions of the trademark law of the licensee's country. In September 2000, the WIPO General Assembly and the Assembly of the Paris Union adopted a Joint Recommendation Concerning Trademark Licenses, which supplements the Trademark Law Treaty of 1994. The Recommendation aims at harmonizing the formal requirements for the recording trademark licenses and for that provides a list of elements that an Office may require for a license to be recorded (Article 2(1)).

Taking into consideration the two legal instruments at stake, the request for registering of a trademark license has to include, firstly, the grant of permission to use the relevant mark and its extent, specifying aspects as the name of the service for which the license is granted, grouped according to the classes of the Nice Classification, the number of licensees, the territory in which the trademark may be used and what type of license will be granted, within 3 categories: an exclusive, a non-exclusive, or a sole license. Exclusive license, as a license which is only granted to one licensee, and that excludes the holder from using the mark and from granting licenses to any other person does not suit our project, considering the above-mentioned goals. A sole license would be feasible since it does not exclude the holder from using the mark, but it means it is only granted to one licensee and excludes the holder from granting licenses to any other person. That's why, considering we are looking to expand our business internationally, we have decided to grant non-exclusive licenses, a license that does not exclude the holder from using the mark or from granting licenses to any other person. It is also relevant to include a quality control provision, in order to ensure that the standard of quality prescribed by the licensor is respected. Finally, the financial arrangement provision, which defines the applicable fees/royalties, is related to the previous requirement, considering that, to achieve the prescribed quality standards required in the agreement, and in addition to the fees, the licensor is free to establish a payment for providing skilled persons to instruct employees of the licensee. Additionally, the licensee is usually required to report to the licensor all infringements that may occur, since the responsibility for conducting infringement proceedings lies on the licensor.

Moreover, and considering the different possibilities of licensing trademarks, co-branding seems to be particularly advantageous for us, especially in view of eventual future collaborations with other entities, as mentioned below. In this scenario, two or more reputed trademarks, not necessarily with the same level of reputation, could work together to create a new appeal for the service offered to the same clientele. Furthermore, efficiencies can arise from this partnership because common costs may be shared, particularly the ones related to advertisement.

In this way, collaborating with other entities that can make our activity even more valuable is also a possibility. We will be interested in collaborating with developers of complements, in order to create an environment in which the complements for the service we offer are as readily available and inexpensive as possible. In light of this, and pursuing the idea of making our services available both on our website and on our own App, we will collaborate with Google Play Store, Apple's App Store and LinkedIn to launch this App. There are several benefits of creating one mobile App for our business: it increases brand awareness because it helps people in getting more acquainted with the services, we offer with the benefit of being less intrusive and more user-friendly. In this field, it is important to take in consideration that Apple has been requiring developers to sandbox their applications in the Mac App Store since March 2012[26]. This procedure is usually voluntary, and it should be done by the developer of the app, so the novelty here is Apple's made sandboxing mandatory if the developer wants to distribute its application through the Mac App Store. The benefit of sandboxing applications is to prevent the created program from inadvertently accessing files it was not built to access so that it protects programs from each other in addition to protecting user data.

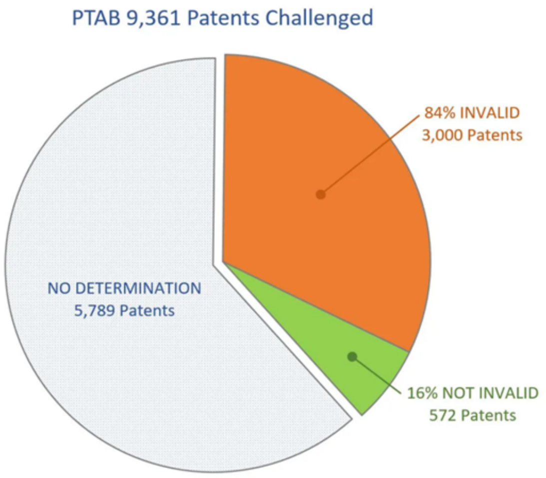
Additionally, in the future, we can stress the feasibility of collaborating with Governments and Foundations, in view of the role they both can play in helping students finance higher education, which could be even stronger if we join forces.

7.2. Defensive Strategy

Taking into consideration our competition assessment of the relevant market, asserting a legal privilege could always be a beneficial strategy for our company to adopt, given that it is considered as the most effective defensive strategy and it works in accordance with our goal of increasing market shares, without risking infringing other companies' rights. This approach consists of challenging the validity of the IP rights held by our competitors.

Statistics demonstrate there are some weak patents in the market that can be challenged in litigation. These kinds of patents can harm legitimate innovators, chill new research, and therefore reduce market entry, and technology development and hinder competition. Once the patent is invalidated, we are free to compete. The invalidation rate on patents appraised by the Patent Trial and Appeal Board (PTAB) expresses the high probability of successfully invalidating patents granted to our competitors. Statistics recently released[27] show the percentage of patents that have been fully reviewed by the PTAB and that were found to be invalid is around 84%.

[26] Refer to:< Sandboxing and the Mac App Store - Latest News - Apple Developer>
[27] Refer to the PTAB Invalidity study, available at: < Assessing PTAB Invalidity Rates – US Inventor>



In addition, an invalidity defense applied to trademark law is also suitable. On this matter, we can highlight two approaches: the genericity defense and the functionality defense.

The genericity defense arises from the premise that generic terms can never receive trademark protection, because they are expressions that describe what type of product/service is being offered, thus, granting trademark protection to a generic term would be the equivalent of granting a monopoly in that product. The case ***Murphy Door Bed v. Interior Sleep System***s[28] illustrates the importance of fighting to prevent a trademark from becoming generic; otherwise, the trademark can be denied or invalidated.

In the US, the functionality doctrine exists to distinguish what trademark law should protect, and, on the other hand, what is better protected by patent law, since the line that separates one from the other is not always clear. Functionality can be protected under patent law, but not under trademark law, therefore, the main goal here is to prevent a company from obtaining trademark rights in the functional features of a product/service.

All in all, both doctrines have the purpose of preventing trademark owners from inhibiting legitimate competition and one and the other represent possible ways of invalidating a trademark.

To conclude, the company's plan to manage and protect its intangible assets combines both strategies: offensive and defensive, since applying them together allows us to achieve a sufficient level of protection. Nonetheless, developing an IP strategy is not a one-time event, so our business implementation plan will also evolve in the future according to the company's business growth.

[28] *The Murphy Door Bed co., inc. v. Interior Sleep Systems, Inc.* 874 F.2d 95 (2d Cir. 1989).