

Patent Aggregator RPX Lines Up Series B

By Scott Denne

7/24/2009

RPX Corp., a company selling a service to help technology companies protect themselves from patent litigation, has secured its Series B round.

Index Ventures led the round, which included participation from Series A investors Charles River Ventures and Kleiner Perkins Caufield & Byers. John Amster, the company's co-chief executive, declined to disclose the amount of either round.

RPX buys up technology patents that are relevant to its clients' businesses and licenses its entire portfolio for an annual subscription fee ranging from \$35,000 to \$4.9 million, depending on the client's operating income, Amster said.

By being a customer of RPX, a technology company has a license to use its entire portfolio of patents and doesn't have to be concerned with facing patent litigation or large royalty fees on those patents.

The proceeds of the round will give the San Francisco-based company "flexibility to accelerate growth," said Amster, though he declined to elaborate. The company is currently at break-even.

Over the last decade, technology companies have become subject of a growing amount of litigation from non-practicing entities, who have no other business except holding patents, Amster said. He expects the trend to be further exacerbated by the recession as non-practicing entities have grown.

RPX estimates that 17% of patent suits in the U.S. this year came from non-practicing entities, up from 12.8% last year.

The company currently has 14 customers, including Hewlett Packard Co., Nokia Corp., Sony Corp, International Business Machines Corp. and Cisco Systems Inc.

Giuseppe Zocco, a partner and co-founder of Index Ventures, will take a seat on the company's board of directors.