

2014 NPE Litigation Report

The RPX NPE Litigation Report presents a comprehensive overview of the litigation activities of non-practicing entities (NPEs) in 2014. This report builds on those of previous years, continuing to provide transparency through the data needed to inform sound decisions concerning NPE litigation.

For example, this year's data reveal a marked decrease in NPE litigation from 2013 to 2014. While that drop is noteworthy, a deeper dive into the data within this report gives ample reason to be cautious before declaring that drop indicative of a trend, much less the beginning of the end of NPE litigation.

NPEs Remain the Largest Drivers of Patent Litigation

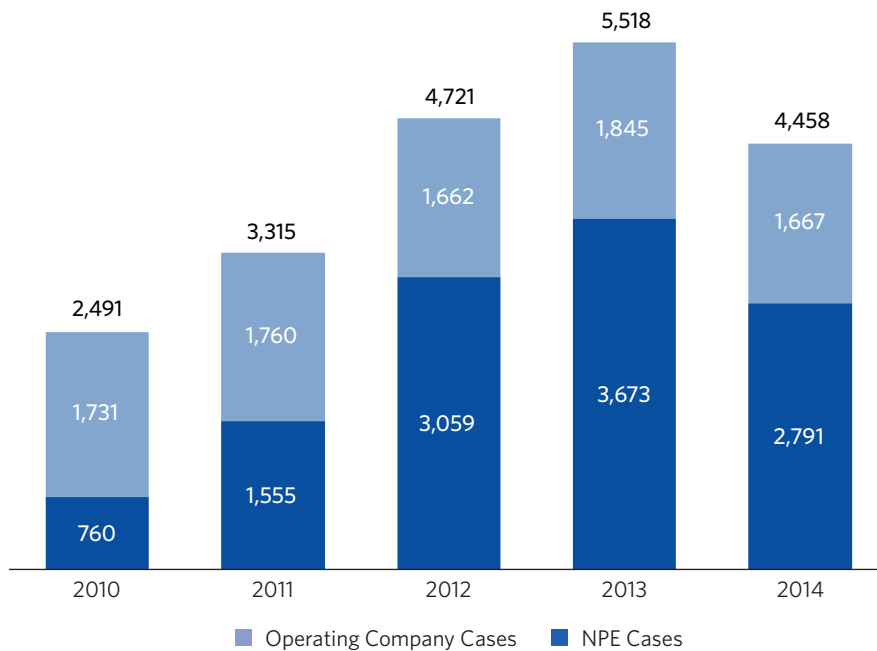
The volume of NPE litigation fell in 2014 for the first time in four years. That drop in the overall numbers is unmistakable. Nevertheless, cases filed by NPEs remained the most common form of patent litigation in 2014; NPEs continued to find new companies to target for patent infringement; and the frequency with which NPEs filed cases against smaller companies (by revenue) and private companies has remained remarkably steady over time.

The number of cases filed by NPEs dropped from around 3,700 in 2013 to roughly 2,800, but the total volume of patent cases also fell over the same time period, from 5,500 in 2013 to about 4,500 this past year. And, of those roughly 4,500 patent cases filed in 2014, NPEs filed 2,791—63% of the total—while operating companies filed only 1,667. NPEs were also responsible for naming 56% of all defendants to patent litigations in 2014, adding 3,600 defendants where plaintiff operating companies added only about 2,900 defendants.

NPEs Found New Targets in 2014

NPEs continued to broaden their reach this past year, targeting new companies in patent infringement litigation. In 2014, nearly 1,100 companies were first-time defendants in an NPE case, and when duplicates are removed from the list of defendants to any patent infringement case, 2014 saw about 3,800 unique defendants added. More than half of that list (2,072 unique defendants) were added by NPEs.

Cases Filed

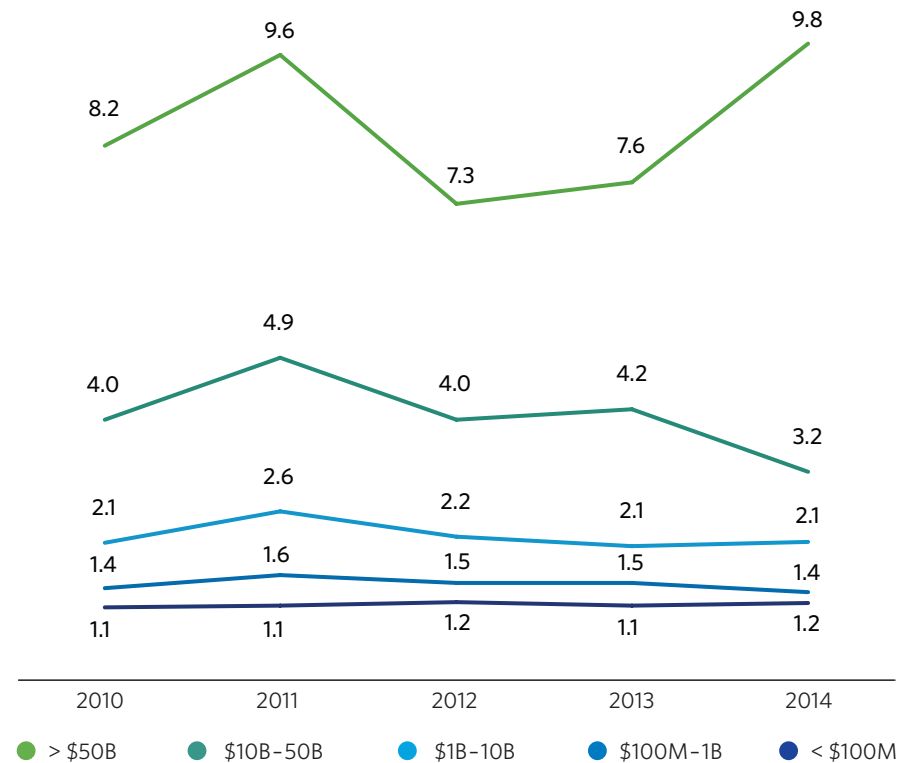


NPEs Continued Targeting Smaller Companies in 2014

Large companies (by revenue) and public companies have a higher rate of NPE litigation than do smaller and private companies. However, 62% of unique defendants in 2014 had less than \$100M in annual revenue, and the frequency of NPE litigation against smaller companies has remained remarkably steady over the past five years.

Indeed, the data demonstrates that the only appreciable drop in NPE litigation frequency has occurred for companies with between \$10B and \$50B in annual revenue. Likewise, while the frequency of NPE litigation against public companies has fluctuated from year to year, the frequency of such suits against private companies has remained the same for the past five years. Also, private companies made up nearly three-fourths of unique defendants in NPE cases in 2014.

NPE Cases per Unique Defendant by Company Revenue



Other Noteworthy Trends and Constants

PTAB

The popularity of validity challenges before the Patent Trial and Appeal Board (PTAB) continues to grow. Petitions for inter partes review (IPR) against NPEs grew over 150% from 2013 to 2014 and covered business method (CBM) review against NPEs increased more than 80% over the same time period.

Venues

The Eastern District of Texas and the District of Delaware remain the most popular venues for NPE plaintiffs. The two venues accounted for 70% of cases filed and 66% of total defendants added.

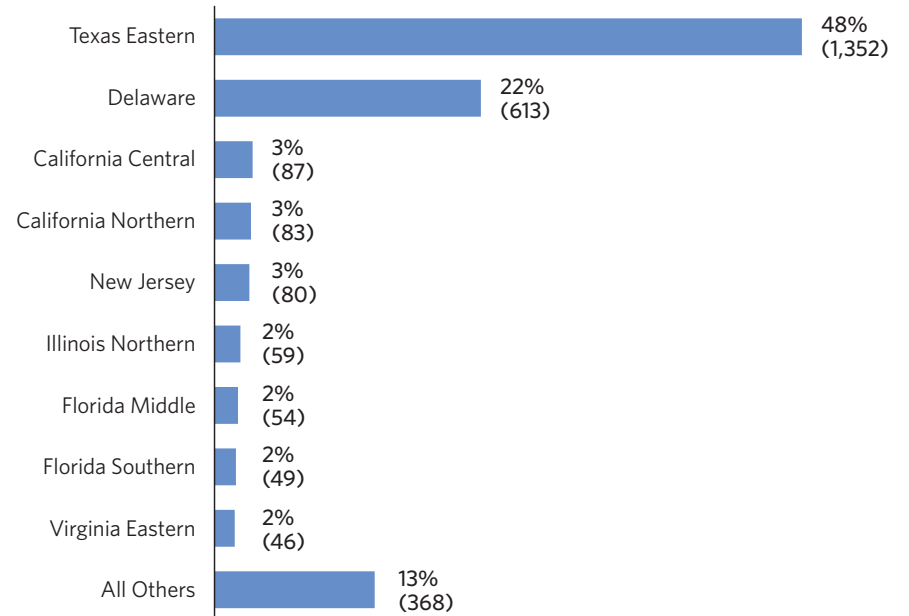
Software, Mobile

NPEs continue to favor software and mobile device patents. Patents asserted by NPEs in 2014 most often had US Patent Classification (USPC) codes related to software and mobile devices. The top five class codes accounted for 31% of unique patents asserted.

Acacia

Acacia remains the most litigious NPE. The top ten NPEs in 2014 accounted for 28% of NPE cases filed and 28% of total NPE defendants added. Acacia led the pack in both the number of cases filed and total defendants added in 2014. Acacia was also the top NPE by NPE cases filed and total NPE defendants added over the past five years.

NPE Cases Filed in 2014 by District Court



The complete 2014 NPE Litigation Report can be found at <http://www.rpxcorp.com/key-patent-market-trends/reports/>.

For further information, e-mail reports@rpxcorp.com

Table of Contents

Litigation Volume	6
Patent Validity Challenges	14
Venue	21
Sector and Revenue Analysis	25
Top Plaintiffs and Defendants	29
Patent Details	32
Methodology	38
About RPX	41

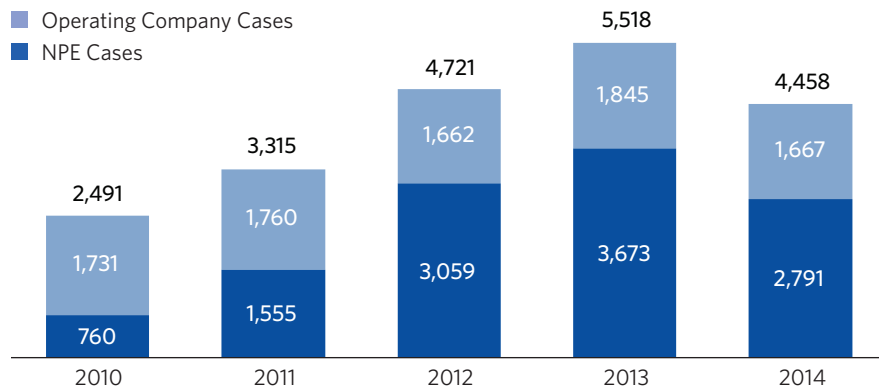
Litigation Volume

Key 2014 Findings

NPEs Still on Top

- NPE litigation remained the most common form of patent litigation. NPE cases accounted for 63% of all such cases, and NPE defendants were 56% of all patent infringement defendants. See Charts 1, 2, 3, and 4.
- Overall 3,768 unique defendants were added to patent infringement cases in 2014. Of these, 2,072 unique defendants were added to NPE cases. See Charts 5 and 6.
- Although the number of new NPE campaigns dropped 10% from 2013 to 2014, total NPE campaign defendants made up the majority of campaign defendants for the fifth straight year. See Charts 7, 8, 9, and 10.

Chart 1: Cases Filed



PAE Domination

Inventors, non-competing entities, and universities together accounted for only 11% of NPE cases filed in 2014 (9% in 2013) and 14% of total NPE defendants added (13% in 2013). Patent assertion entities accounted for the rest. See Charts 17 and 18.

One-year Average

Most NPE cases that ended in 2014 did so within six months of filing. Thirty-five percent of cases lasted more than a year. On average, NPE cases that ended in 2014 lasted 12 months. See Chart 13.

New to the Scene

One hundred and forty-three new NPEs filed suit for the first time in 2014, as in 2013. See Chart 19.

Chart 2: NPE Cases Filed as Percentage of All Patent Infringement Cases Filed

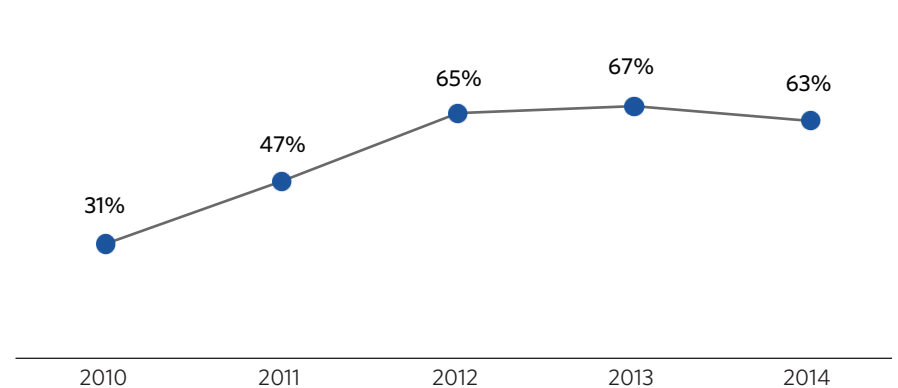


Chart 3: Total Defendants Added in Cases

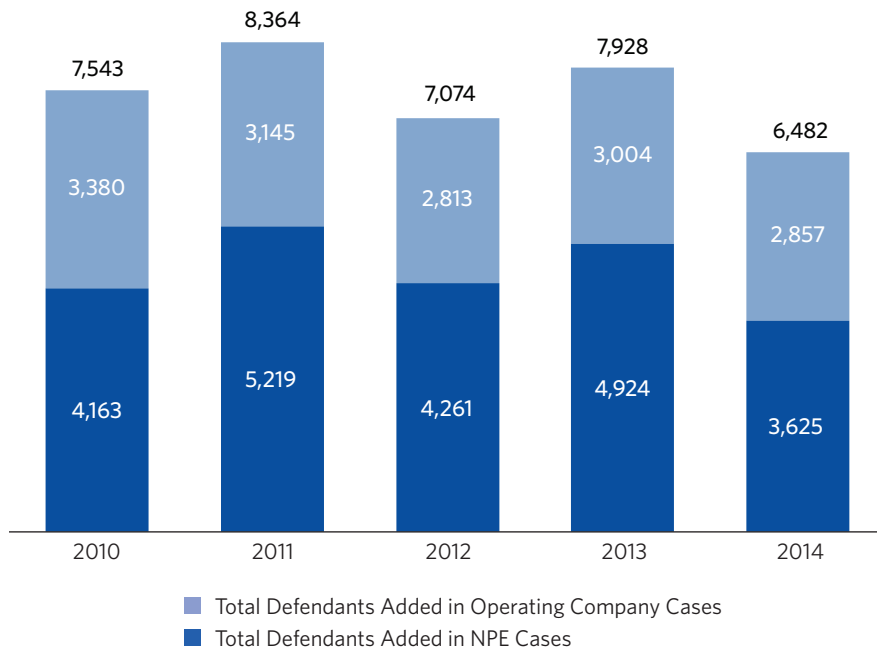


Chart 4: Total NPE Defendants Added as Percentage of Total Patent Infringement Defendants Added

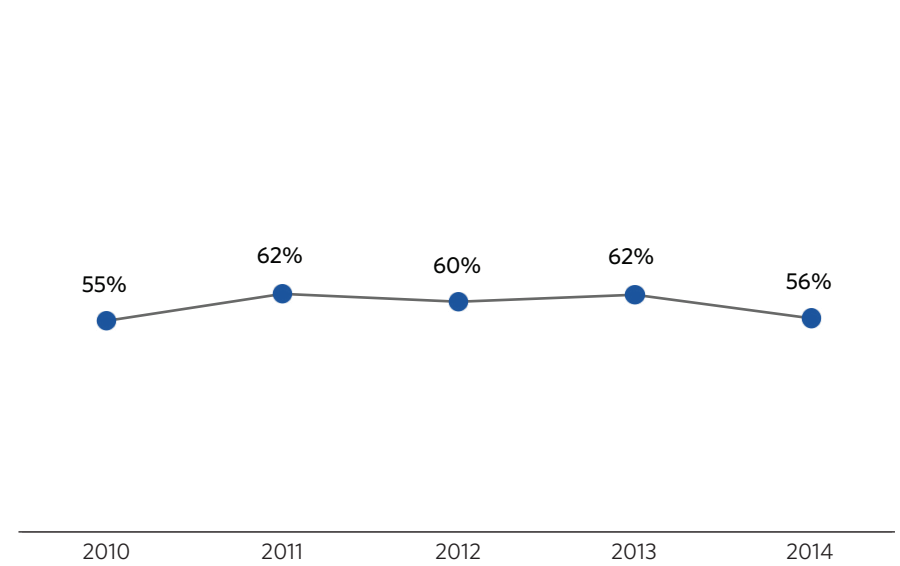


Chart 5: Unique Defendants Added in Cases

Note: Unique counts are not additive.

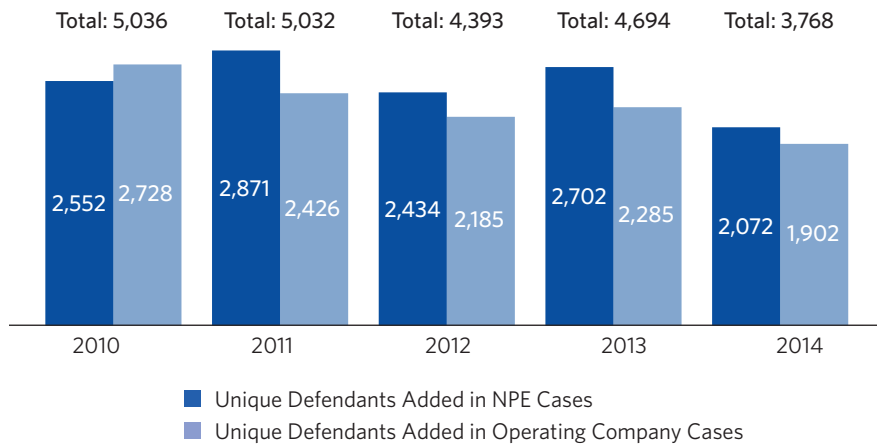


Chart 6: First-time Defendants

Note: Unique counts are not additive.

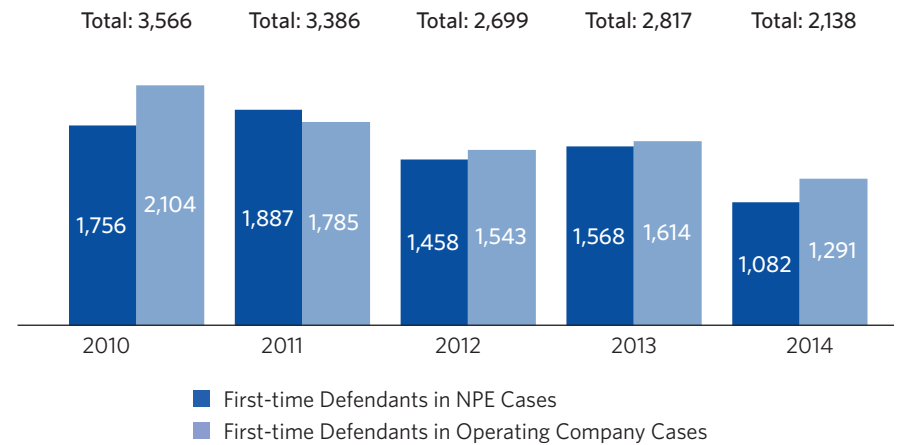


Chart 7: New Campaigns Filed

Methodology Note: The campaign calculation is defined on page 38 in the Methodology section.

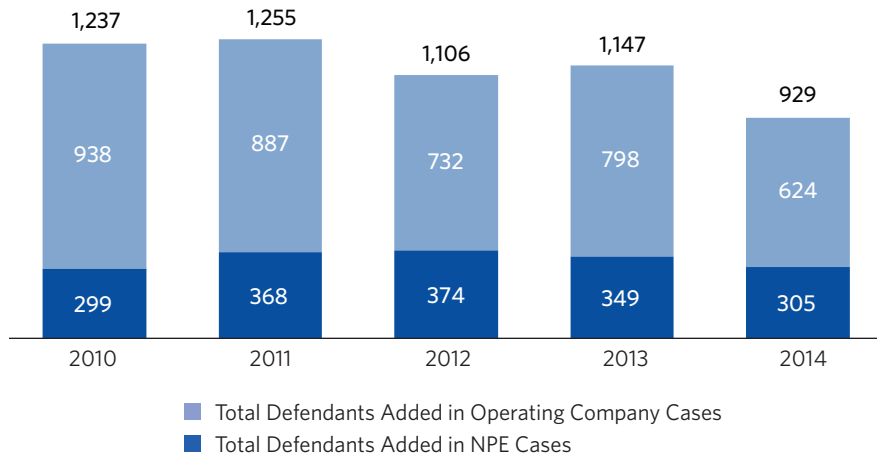


Chart 8: NPE Campaigns Filed as Percentage of All Patent Infringement Campaigns Filed

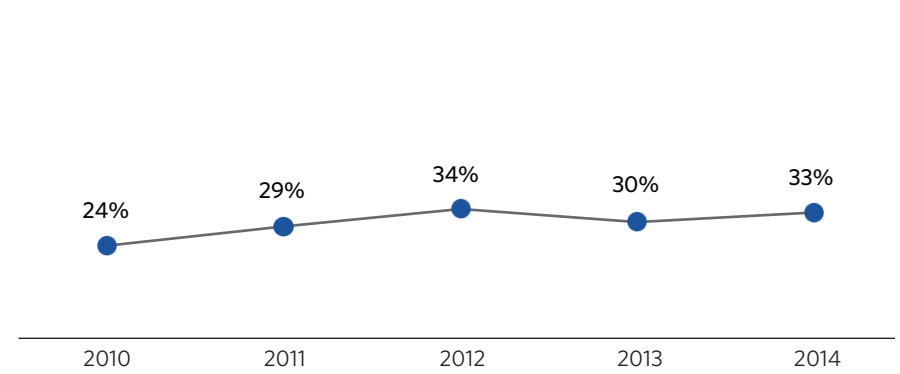


Chart 9: Total Defendants Added in Campaigns

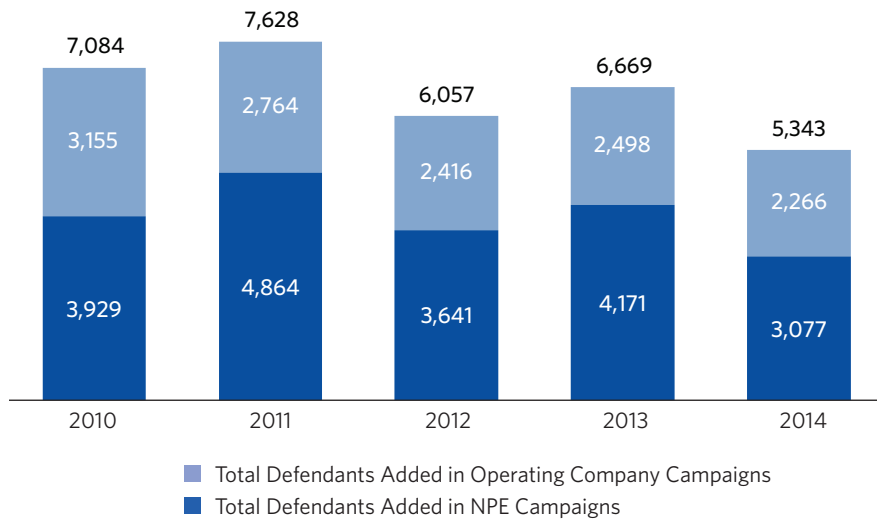
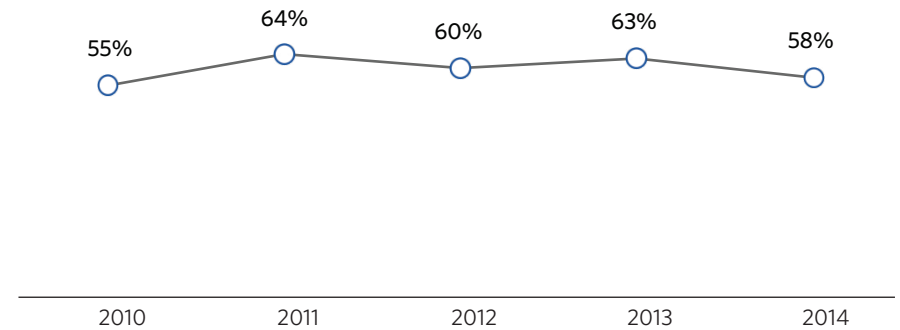


Chart 10: Total NPE Defendants Added as Percentage of Total Patent Infringement Defendants Added



NPE Total Active Defendants Backlog Decreases

The 2014 year-end backlog, a proxy for the overall scope and cost of NPE litigation, decreased 25% from 2013 as terminations outpaced new defendants. The rate of new defendants added decreased by 27% while the rate of terminations decreased by 6%.

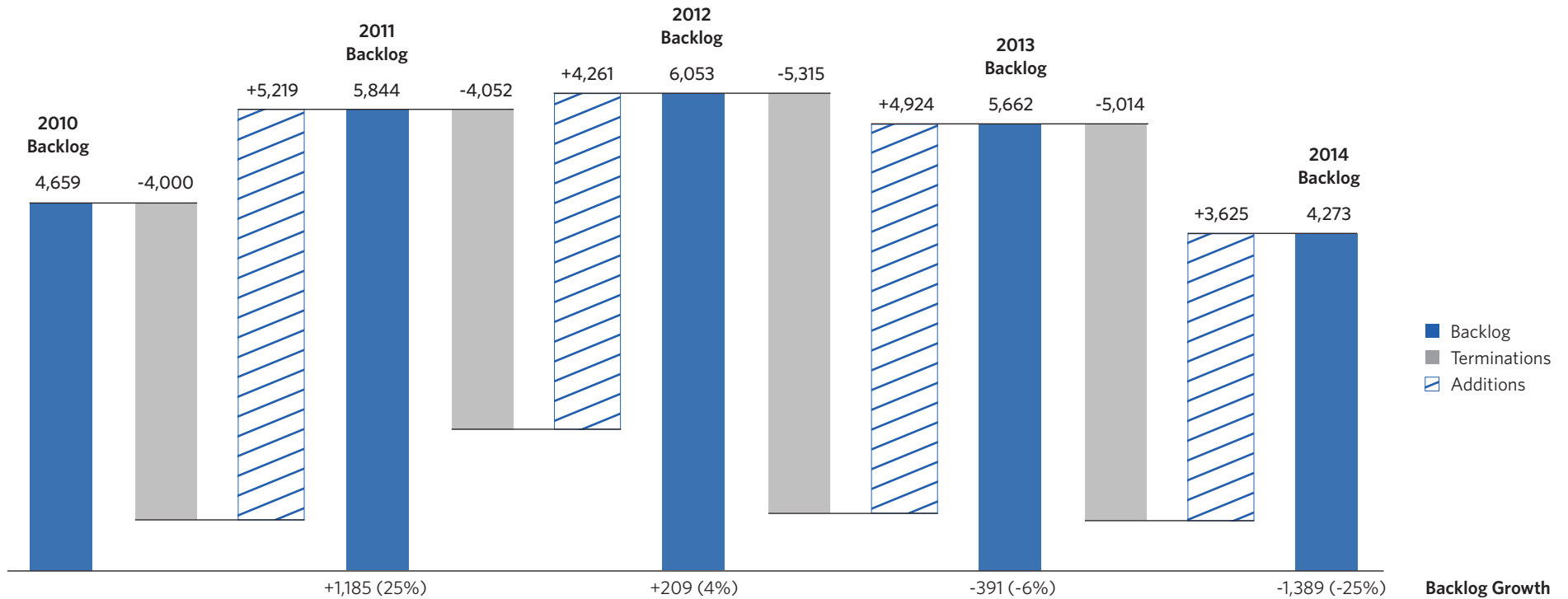
The decrease in year-end backlog was widespread and not attributable to particular sectors or segments. The largest decreases came from E-commerce and Software (-37%), Networking (-34%), and Finance (-32%). Small (<\$100M) and large (>\$50B) companies experienced the smallest percentage decrease in defendant

backlog at -17% and -18%, respectively. Companies with \$100M-\$1B in revenue had a backlog decrease of 35% and companies with \$1B-\$10B in revenue had a backlog decrease of 37%

Methodology Note:

"Total active NPE defendants" is the total number of NPE case/active defendant pairings. "Backlog" is the number of total active NPE defendants at the end of a given year. For example, at the end of 2010 there were 4,659 total active NPE defendants.

Chart 11: Active NPE Defendants Backlog



Defendant Addition Volatility During 2014

In 2014, 3,625 total defendants and 2,072 unique defendants were added to NPE cases. The rate at which defendants were added varied significantly throughout the year. The median weekly total defendants added and unique defendants added in NPE cases decreased 33% and 34%, respectively, from 2013 to 2014. The chart below shows the volatility of weekly NPE defendant additions in 2014.

Chart 12: 2014 Weekly Defendants Added in NPE Cases

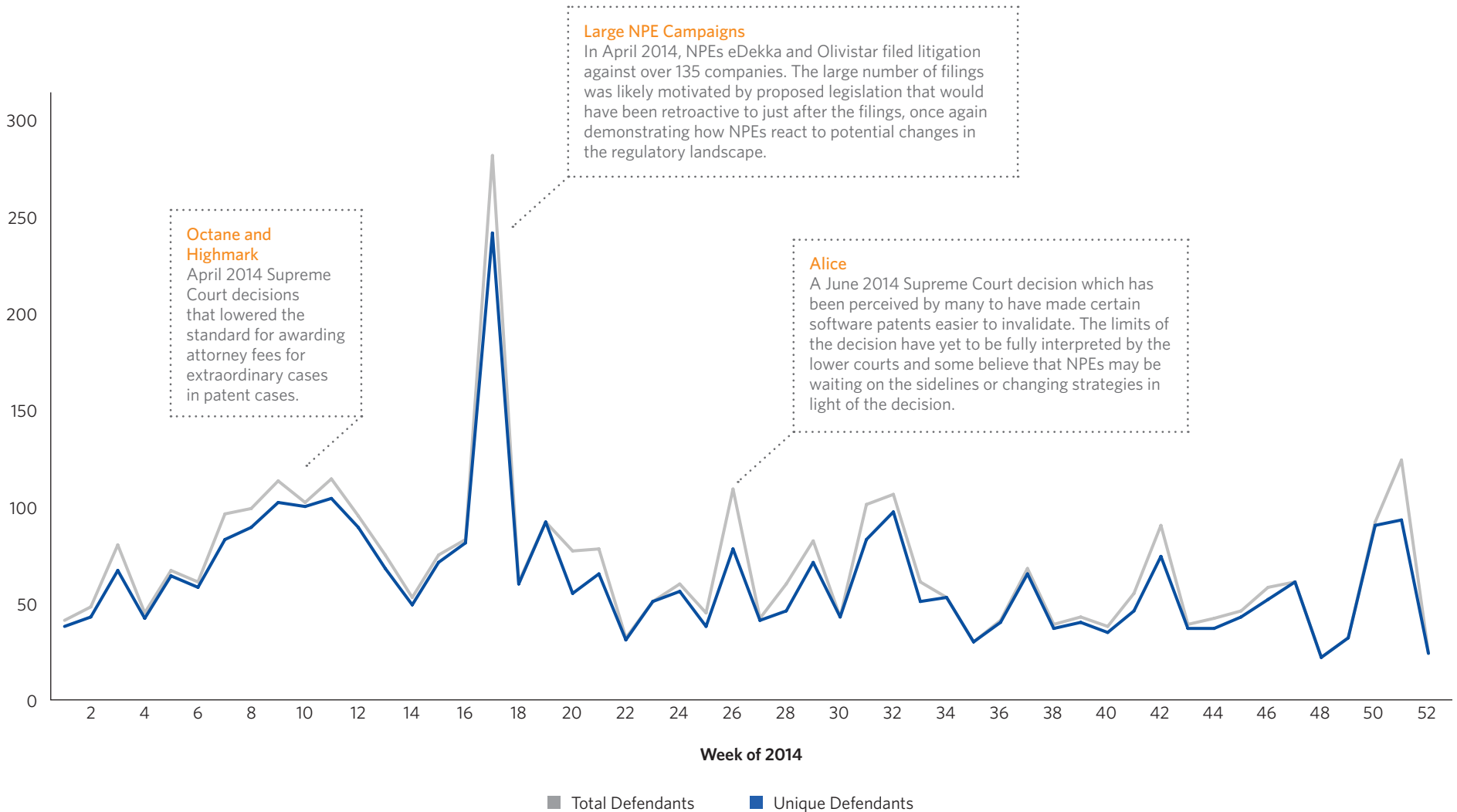


Chart 13: Duration of NPE Cases Ended in 2014 (N=3,457)

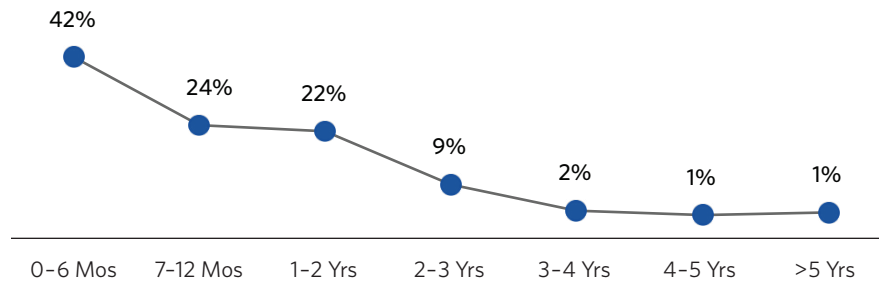


Chart 14: Duration of NPE Cases Active at Year-end 2014 (N=3,070)

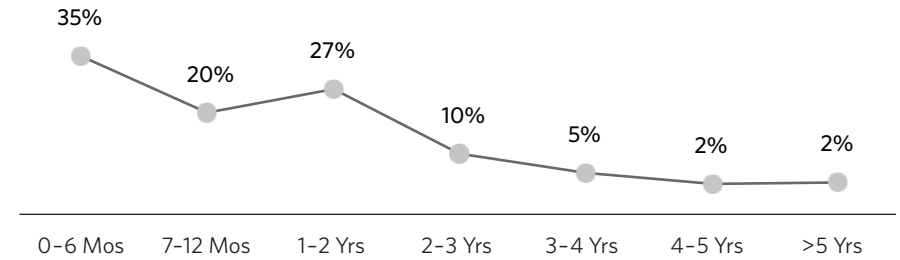


Chart 15: Duration of Litigation for Defendants Terminated in 2014 (N=5,014)

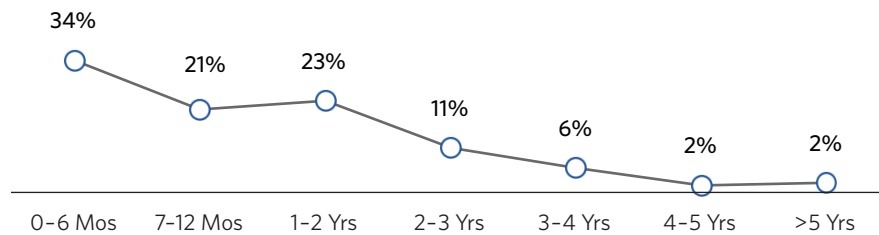


Chart 16: Duration of Litigation for Defendants Active at Year-end 2014 (N=4,273)

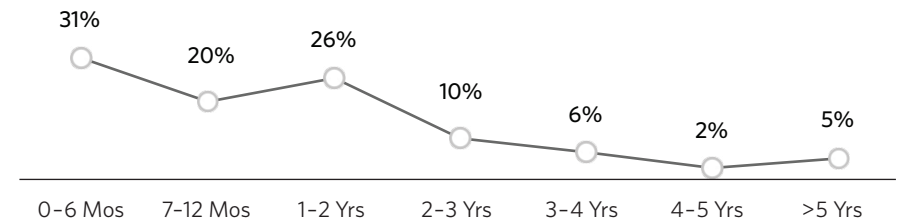


Chart 17: NPE Cases Filed in 2014 by NPE Type

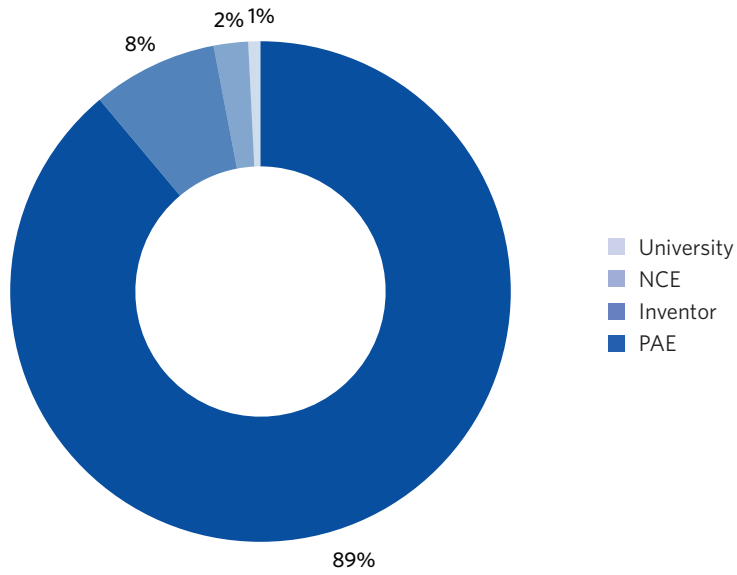


Chart 18: Total NPE Defendants Added in 2014 by NPE Type

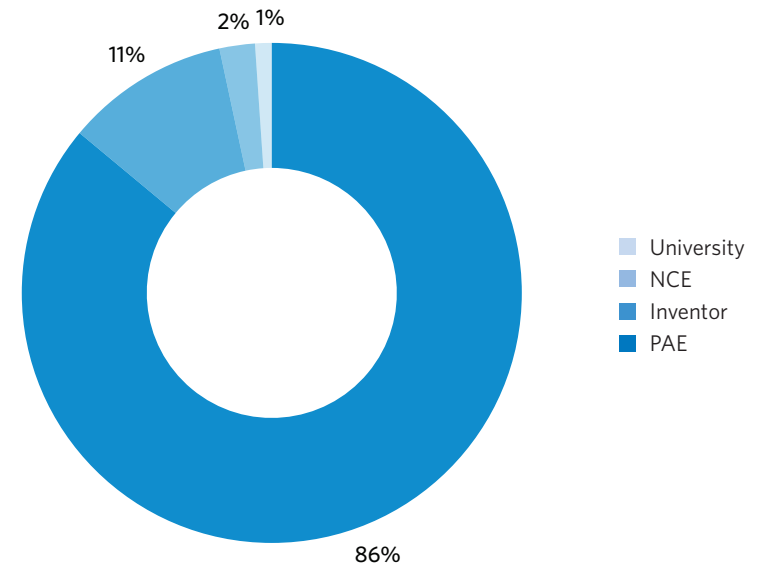
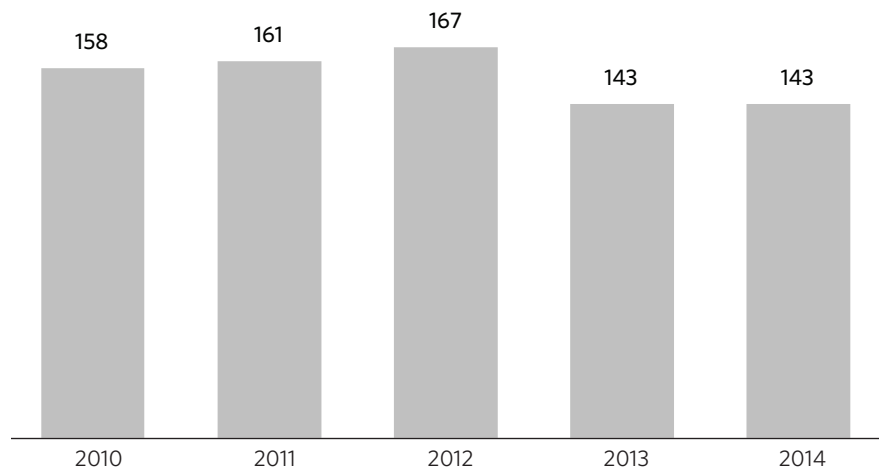


Chart 19: New NPEs Filing Suit



The ITC Continues to Be a Less Popular Venue for NPE Litigation

NPE litigation in the International Trade Commission (ITC) spiked in 2011 and has decreased every year since. This may be attributable to a number of factors, including changes in the domestic industry requirement, the perception that the ITC is a political body, the political unpopularity of NPE assertions, and public support for measures combating NPEs.

- NPEs accounted for 16% of ITC patent investigations in 2014.
- Samsung was the company targeted the most in the ITC in 2014, with four patent investigations, two of which were NPE ITC investigations.

Methodology Note:

RPX reviewed all initiated Section 337 ITC investigations and identified those involving allegations of patent infringement to compile the RPX data set. Investigations were counted based on the year an investigation was initiated, and complaints that had not led to an investigation by the end of 2014 were not included in the data set.

Chart 20: Total Initiated ITC Patent Investigations

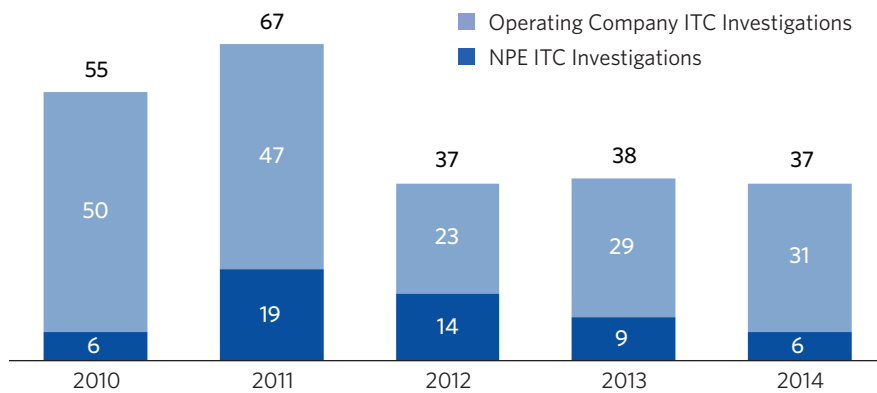


Chart 21: Initiated NPE Investigations as Percent of Initiated ITC Patent Investigations

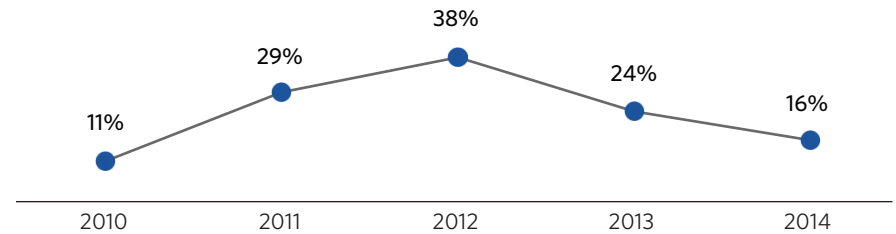


Chart 22: Total Respondents Added to ITC Investigations

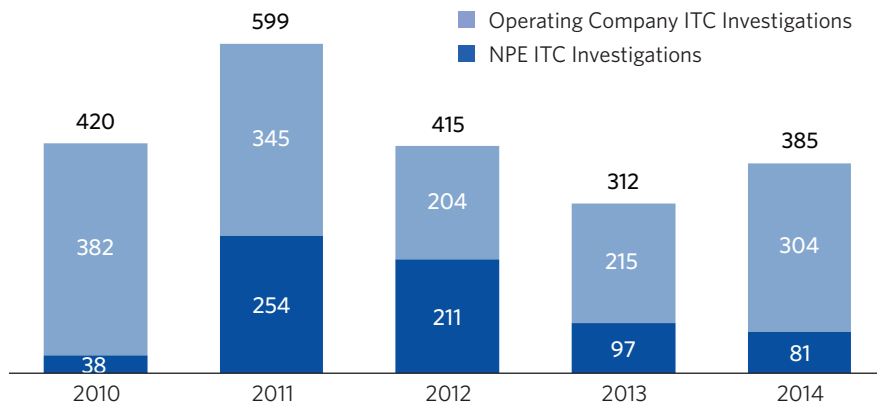
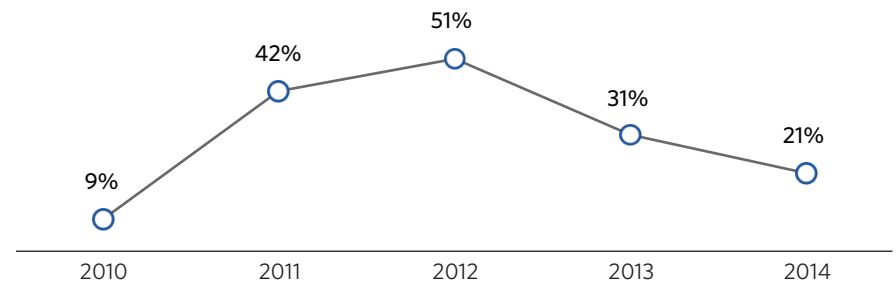


Chart 23: Total NPE ITC Respondents as Percent of Total ITC Respondents



Patent Validity Challenges

Key 2014 Findings

PTAB Popularity

- The number of IPR petitions filed against NPE patents has increased over 150% from 2013 to 2014 (262 to 758). There have been over 1,000 IPR petitions filed against NPE patents since September 2012. See Charts 24–28.
- The number of total covered business method (CBM) petitions filed against NPE patents increased over 80% from 2013 to 2014 (48 to 88). There have been over 130 CBM petitions filed against NPE patents since September 2012. See Charts 30–34.

Top Filers

Apple filed the most IPR and CBM petitions against NPE patents in 2014, with 58 and 24 filings respectively. See Tables 1 and 2.

Chart 24: Total IPR Petitions by Month

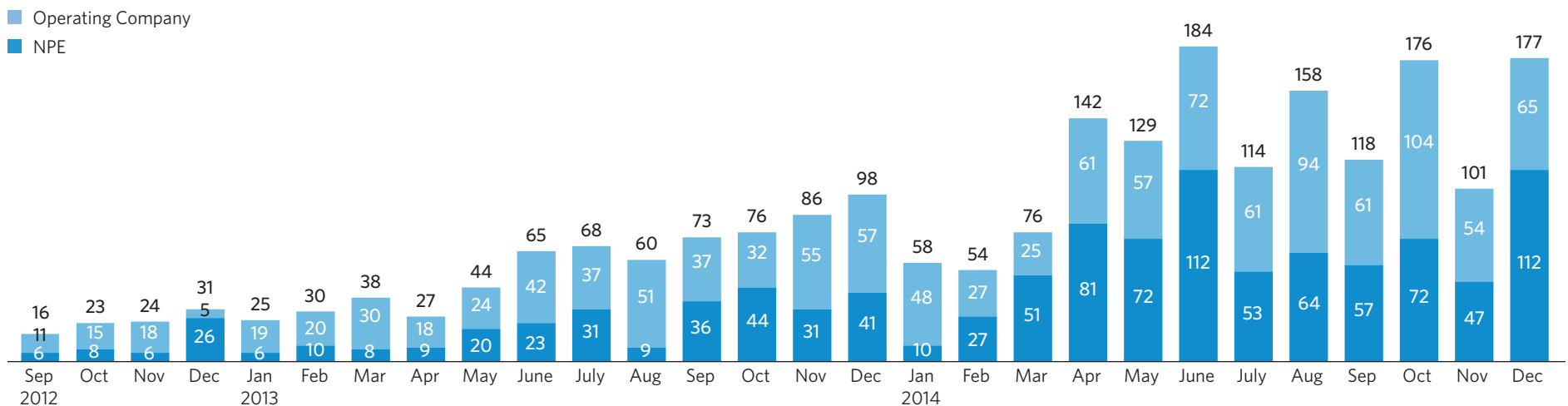


Chart 25: Total Patent Families Subjected to IPR Petition by Month

■ Operating Company
 ■ NPE

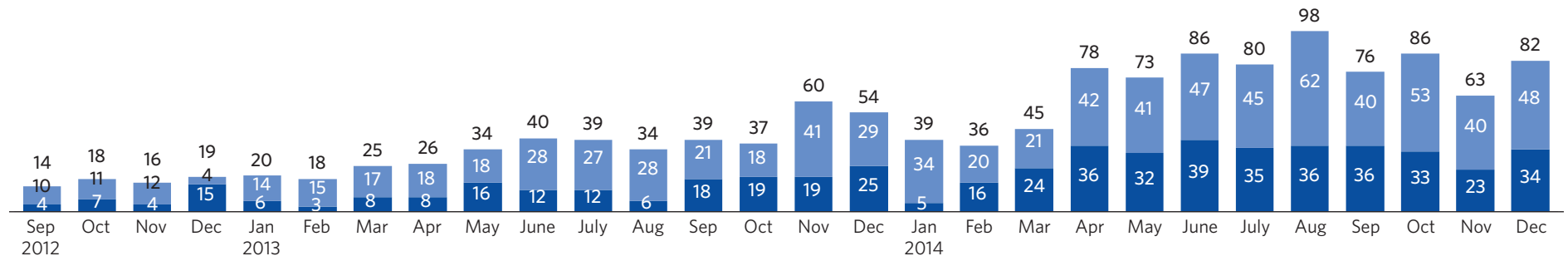


Chart 26: NPE Cases Filed Asserting Patents Subject to IPR

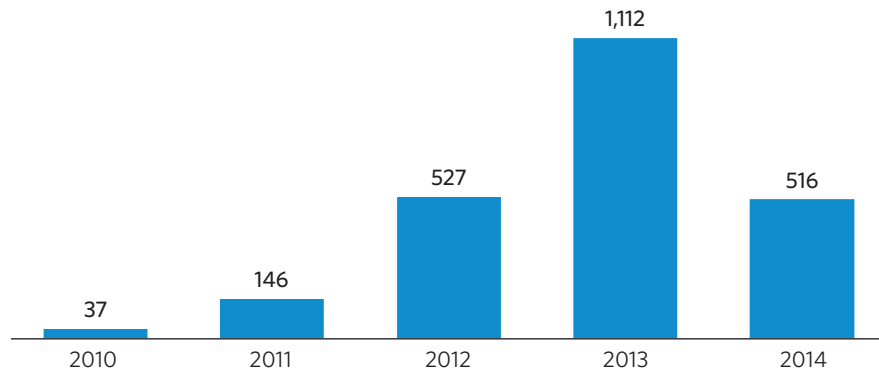


Chart 27: Total NPE Defendants Added in Assertions of Patents Subject to IPR

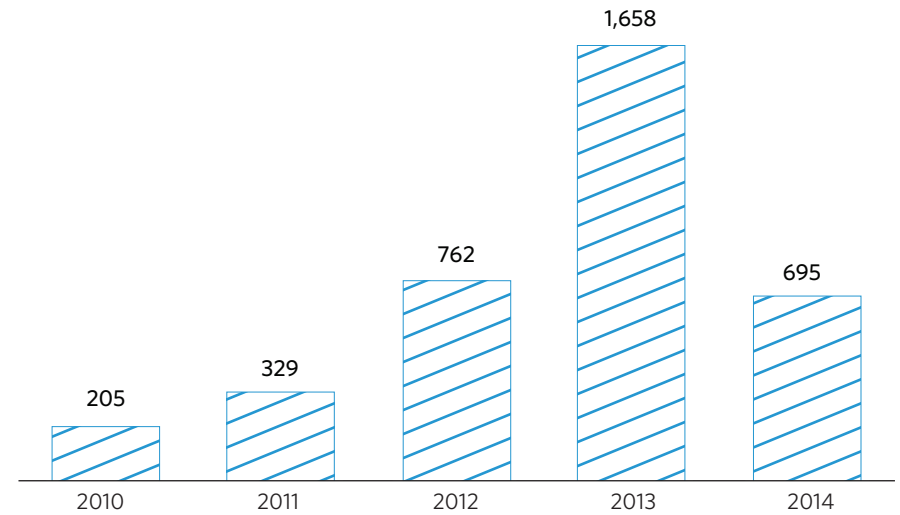


Chart 28: Unique NPE Defendants Added in Assertions of Patents Subject to IPR

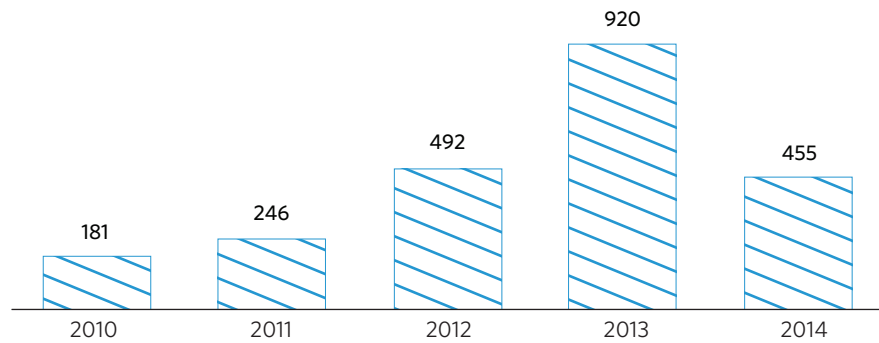
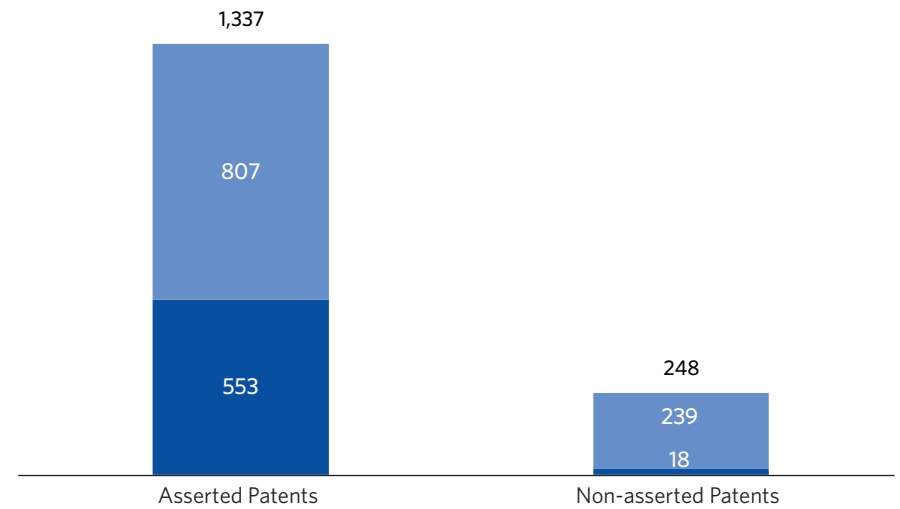


Chart 29: Number of Patents Subject to IPR by Assertion Status



■ Operating Company ■ NPE

Table 1: Top Filers of IPR Petitions in 2014 Against Patents Owned by NPEs

Rank	IPR Filer	Total Filings Against NPEs	Other Filings
1	Apple	58	4
2	Google	45	0
3	Samsung Electronics	40	0
4	Gillette Company	33	0
5	Microsoft	32	8
6	Intel	29	0
7	Taiwan Semiconductor Manufacturing Company Limited	26	0
8	HTC Corporation	23	0
9	LG Electronics	22	15
10	Fujitsu Semiconductor Limited	17	0

“Other Filings” is defined as petitions against patents owned by non-NPEs.

Chart 30: Total CBM Petitions by Month

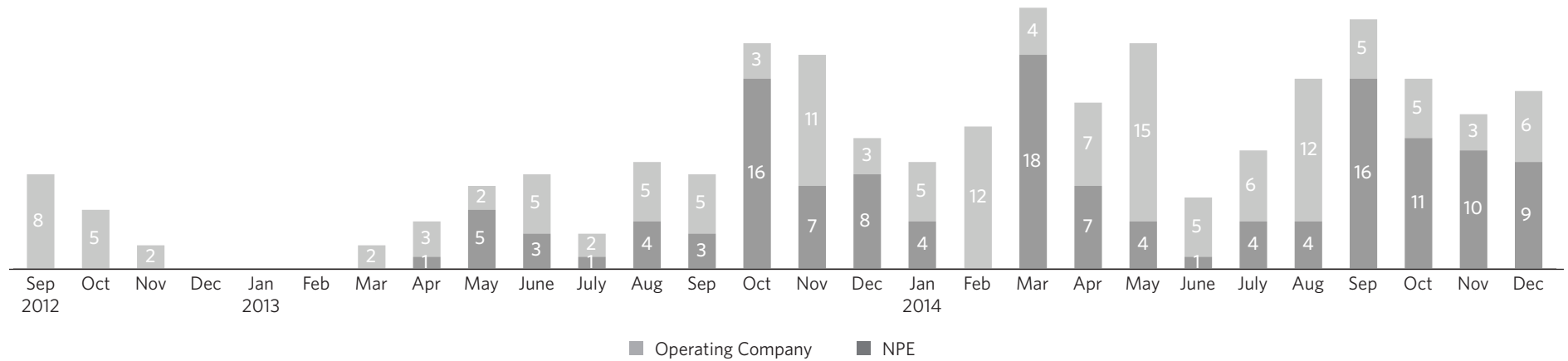


Chart 31: Total Patent Families Subject to CBM by Month

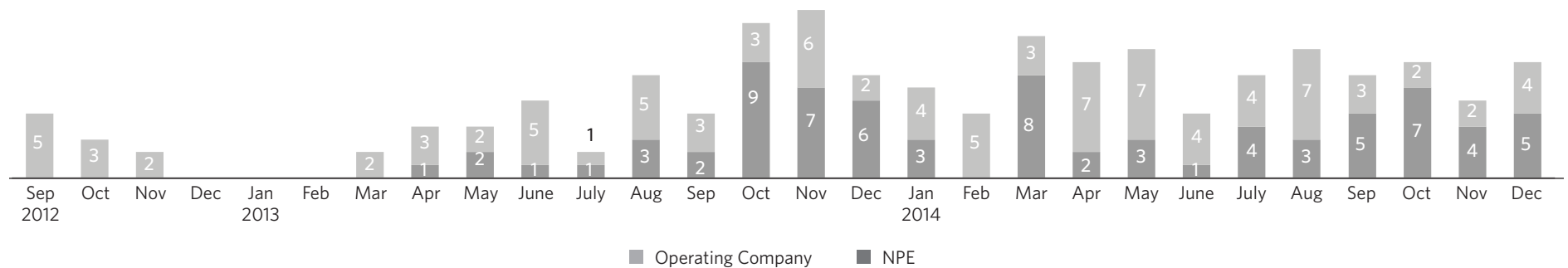


Chart 32: NPE Cases Filed Asserting Patents Subject to CBM

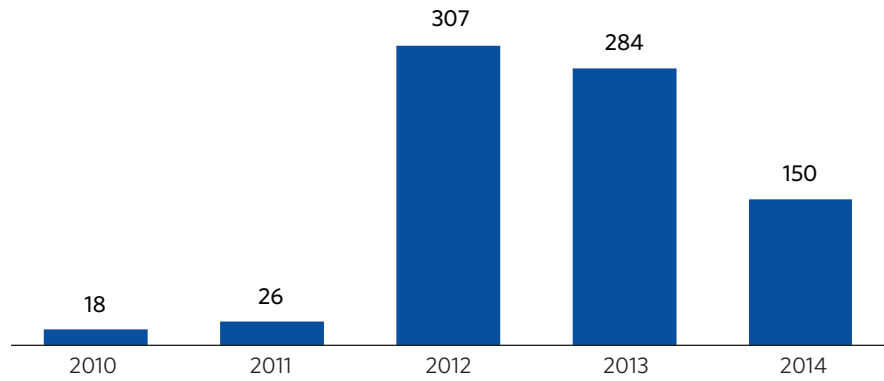


Chart 33: Total NPE Defendants Added in Assertions of Patents Subject to CBM

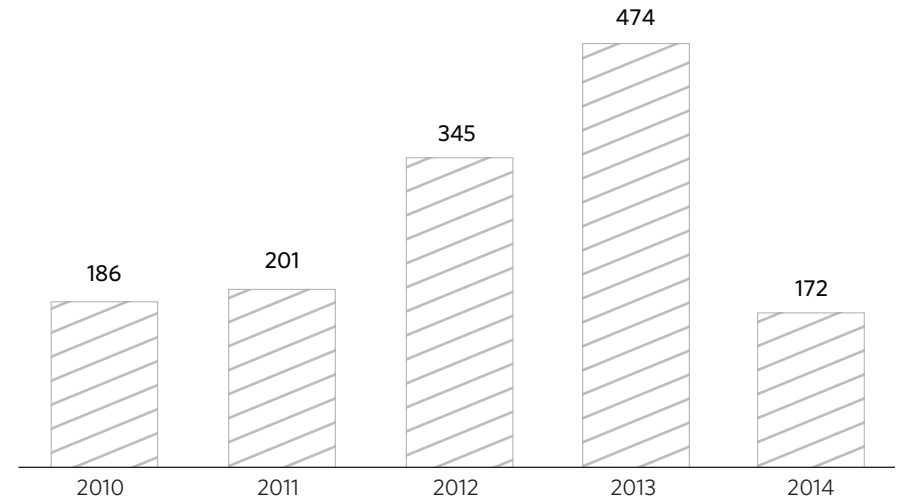


Chart 34: Unique NPE Defendants Added in Assertions of Patents Subject to CBM

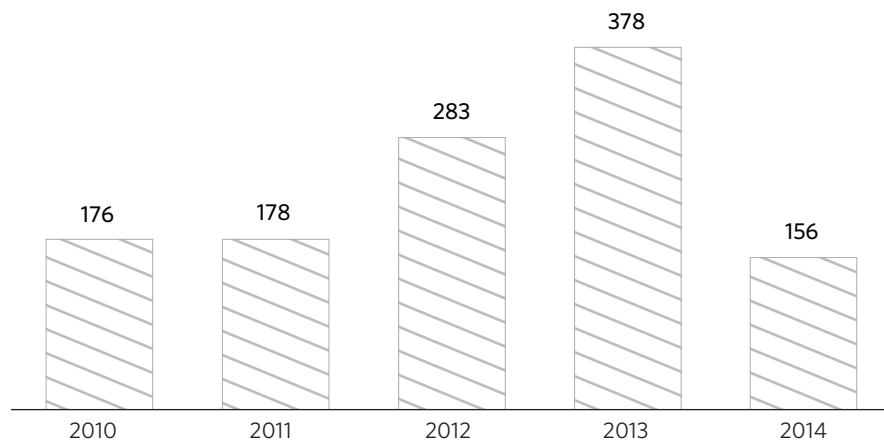


Table 2: Top Filers of CBM Petitions in 2014 Against Patents Owned by NPEs

Rank	CBM Filer	Total Filings Against NPEs	Other Filings
1	Apple	24	0
2	Samsung Electronics America	10	0
3	Google Inc.	8	1
4	eBay Incorporated	4	6
4	Motorola Mobility LLC	4	0
6	salesforce.com incorporated	3	0
7	Eleven companies with 2 filings against NPEs	2	0

“Other Filings” is defined as petitions against patents owned by non-NPEs.

Key 2014 Findings

E.D. Tex., D. Del.

The Eastern District of Texas and District of Delaware were again the most popular venues for NPE activity, together representing 70% of cases filed and 66% of total defendants added. See Charts 35 and 36.

Backlogs

Districts with highest NPE litigation volumes also have the largest backlogs. The Eastern District of Texas and District of Delaware accounted for over half of the

total pending cases (62%) and total active NPE defendants (58%) at the end of 2014. See Charts 37 and 38.

DJs Spread Out

Declaratory judgment actions were spread out among districts in 2014. Delaware had the most by volume (17%) while Arizona had the most by proportion (29%). See Charts 39 and 40.

Chart 35: NPE Cases Filed in 2014 by District Court

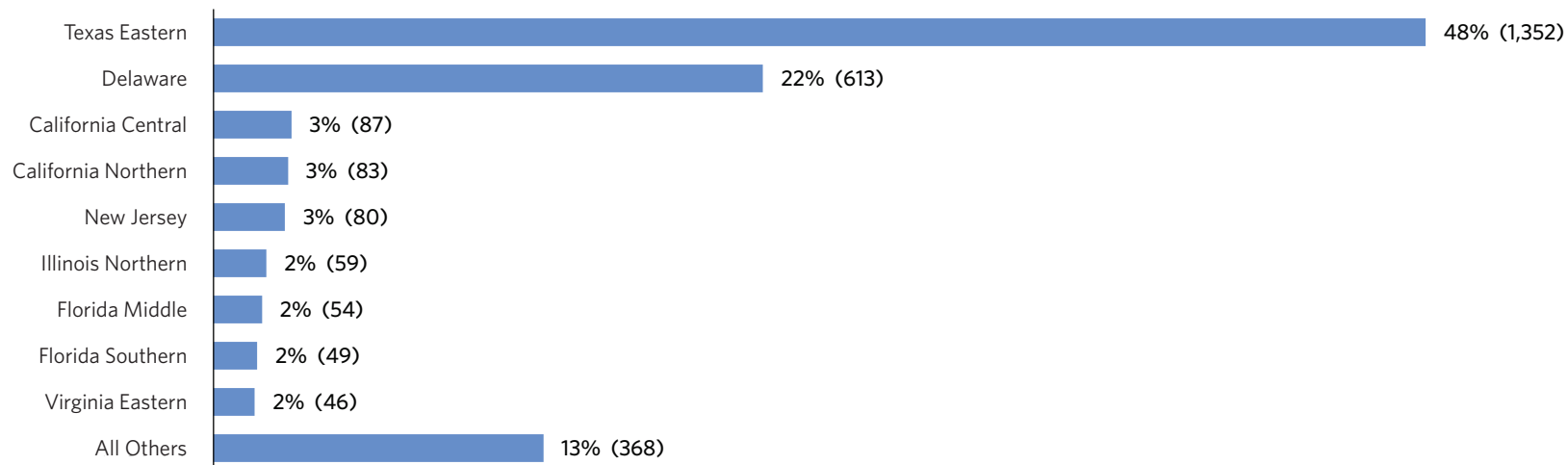


Chart 36: Total NPE Defendants Added in 2014 by District Court

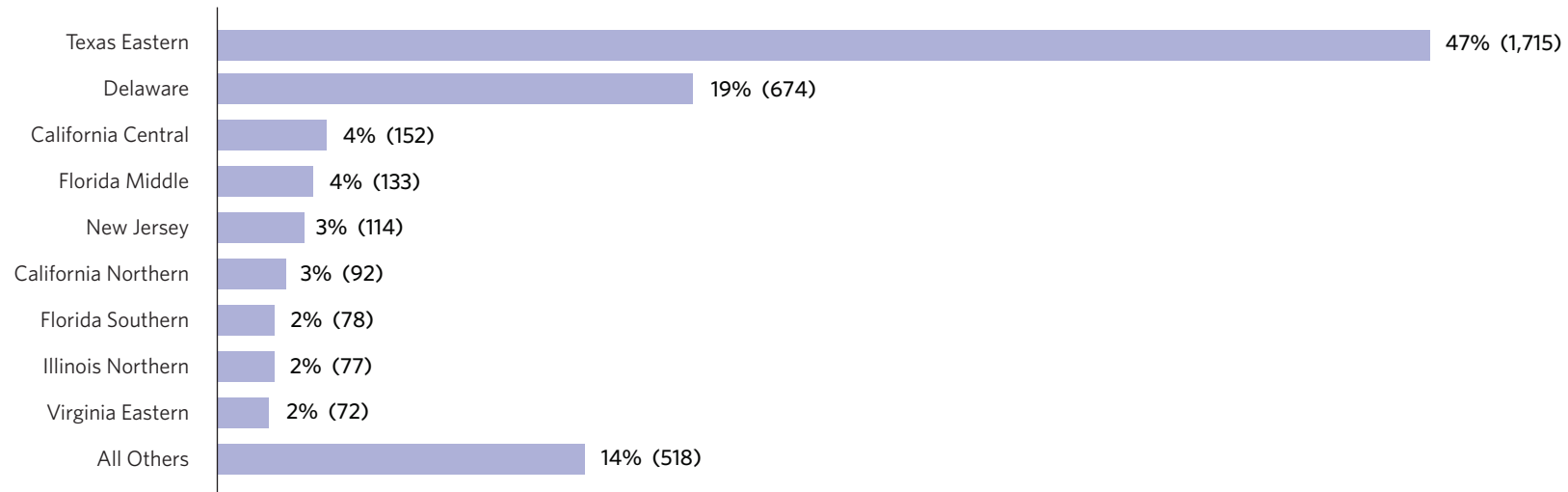


Chart 37: NPE Cases Pending at Year-end 2014 by District Court

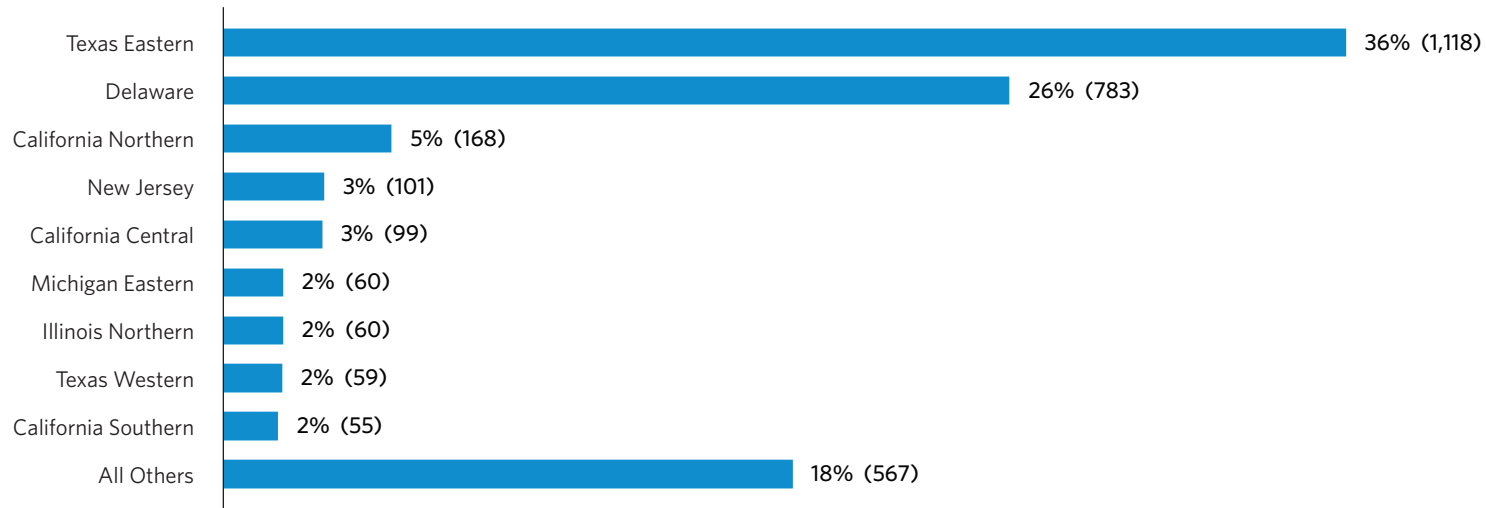


Chart 38: Total Active NPE Defendants at Year-end 2014 by District Court

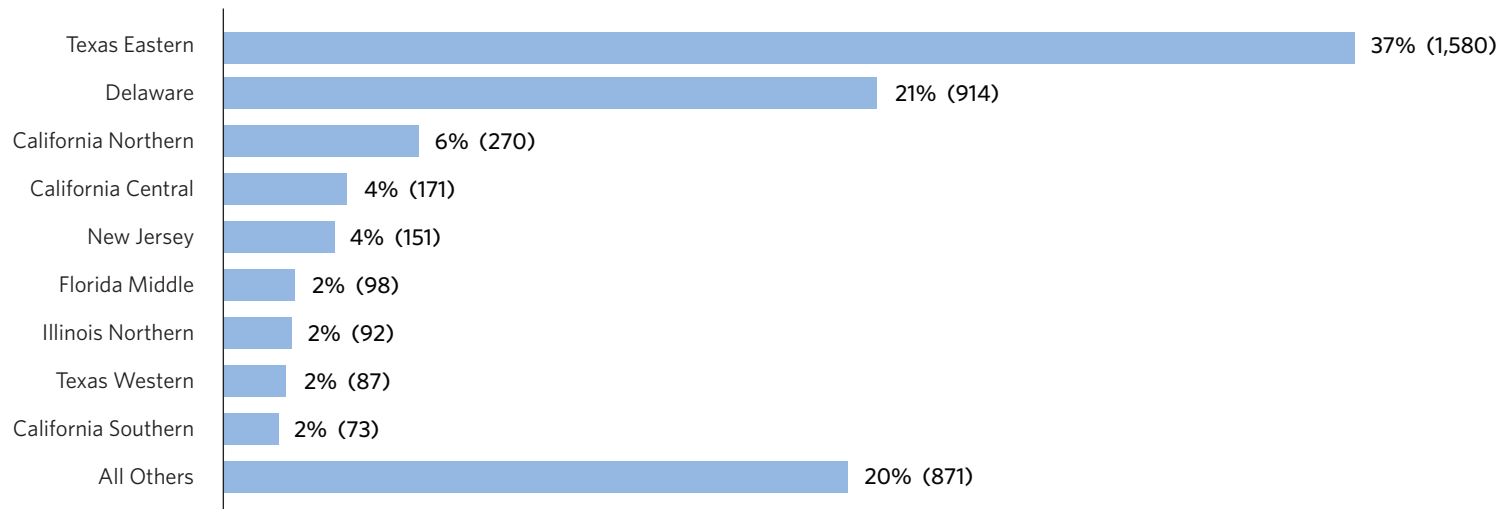


Chart 39: District Courts with Largest Volume of Declaratory Judgment NPE Cases Filed in 2014

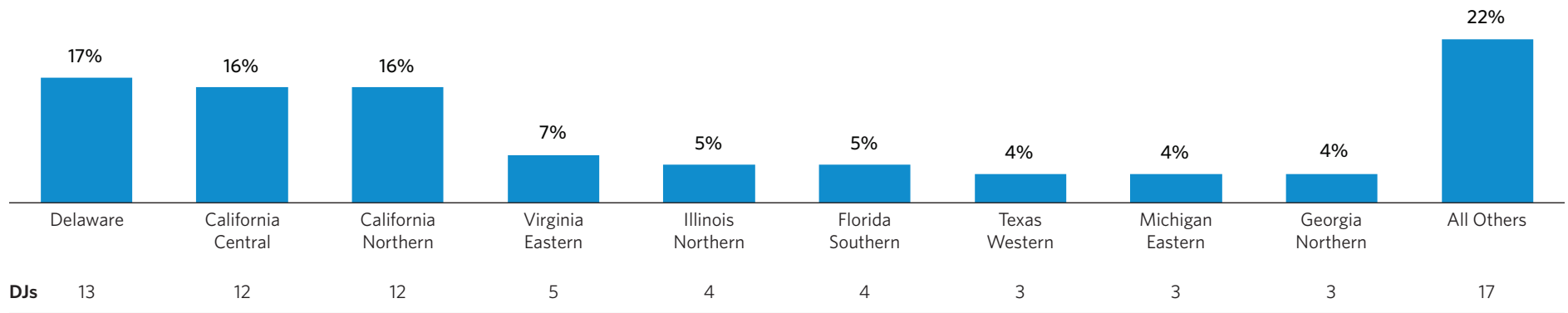
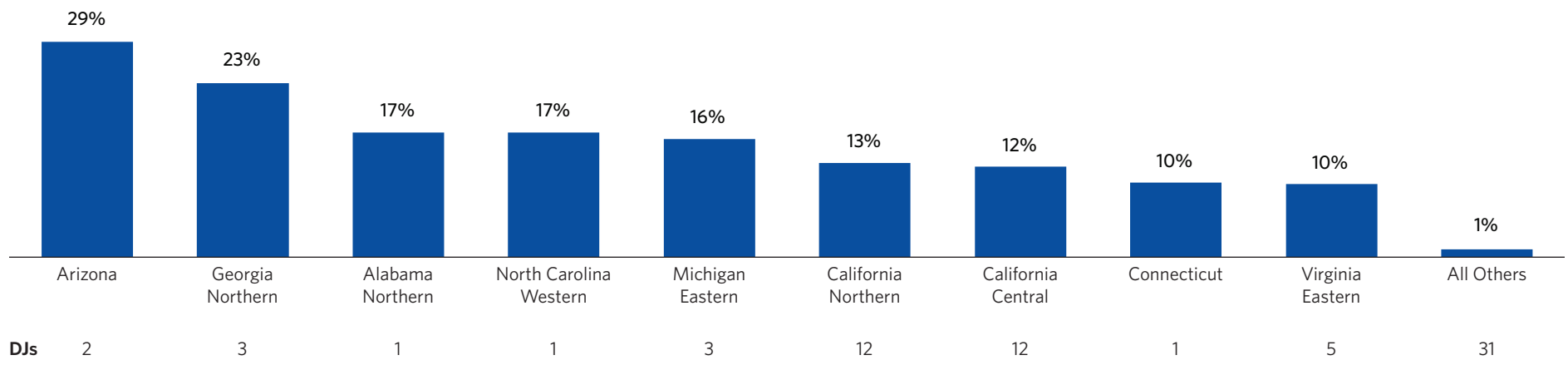


Chart 40: District Courts with Largest Proportion of Declaratory Judgment NPE Cases in 2014

Methodology Note:
"Districts" expressly denoted in Chart 40 are limited to those with at least five NPE cases filed in 2014.



Sector and Revenue Analysis

Key 2014 Findings

E-commerce and Software

NPEs targeted a broad range of sectors but focused most on E-commerce and Software litigations. See Chart 41.

High Revenues

In 2014, companies that were sued most frequently by NPEs generated high revenues and most commonly were defendants in Mobile and Consumer Electronics cases. See Chart 42.

Private Companies

Nearly three fourths of the unique NPE defendants added and over one half of the total NPE defendants added in 2014 were private companies. See Chart 43.

Smaller Companies

Companies with less than \$100M in revenue accounted for over 60% of the unique NPE defendants added and over 40% of total NPE defendants added. See Chart 44.

Methodology Note:

"Total NPE defendants added by sector" is based on the classification of the relevant case. Accordingly, a company may be included as an "NPE defendant added in multiple sectors" to the extent it was in cases classified in multiple sectors.

Chart 41: Total NPE Defendants Added in 2014 by Sector

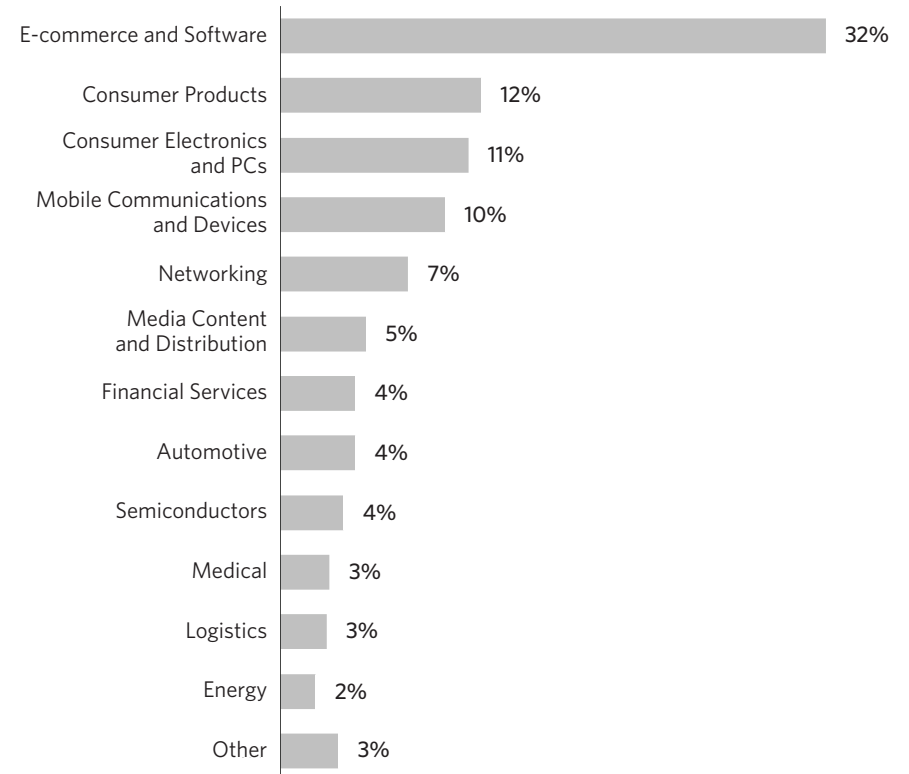


Chart 42: NPE Case Frequency per Company by Sector and Revenue

Methodology Note:

Companies were categorized based on the most common RPX sector of cases they were added to in 2014. Revenue is based on data from third-party providers and is for annual results available at year-end 2014 (typically 2013 results).

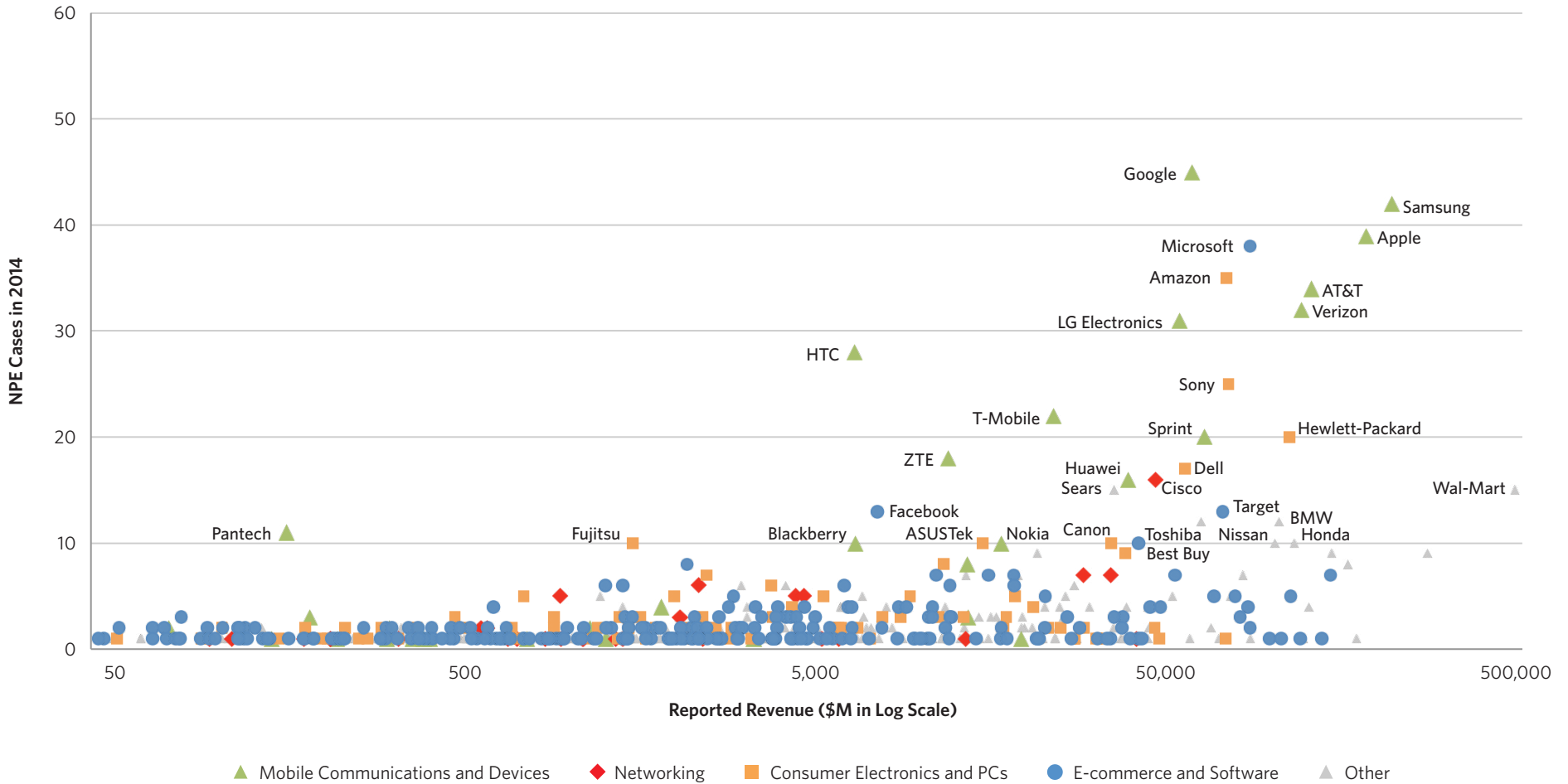


Chart 43: NPE Defendants Added by Ownership Type

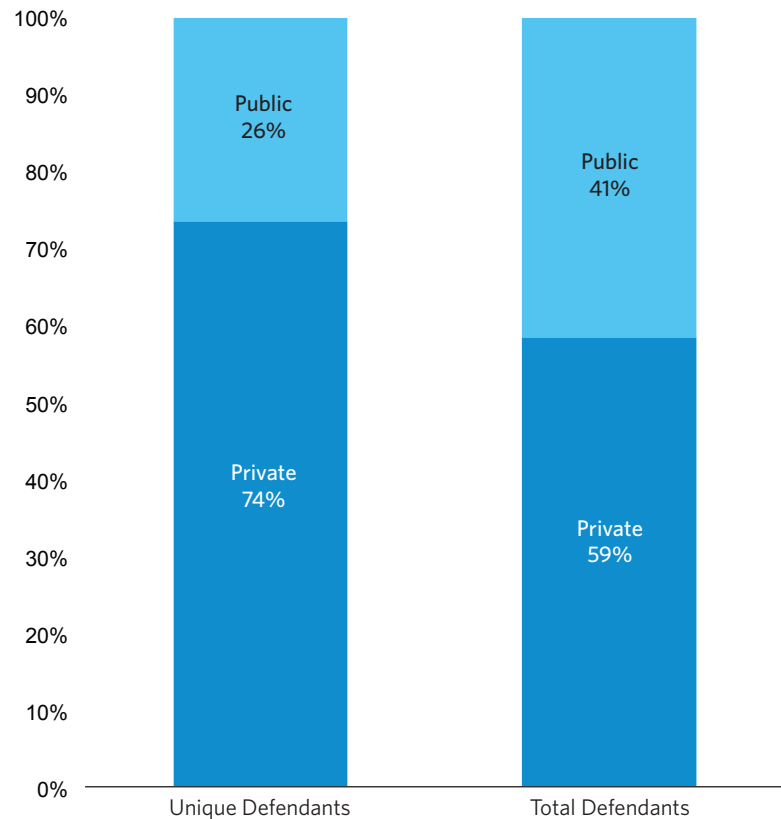
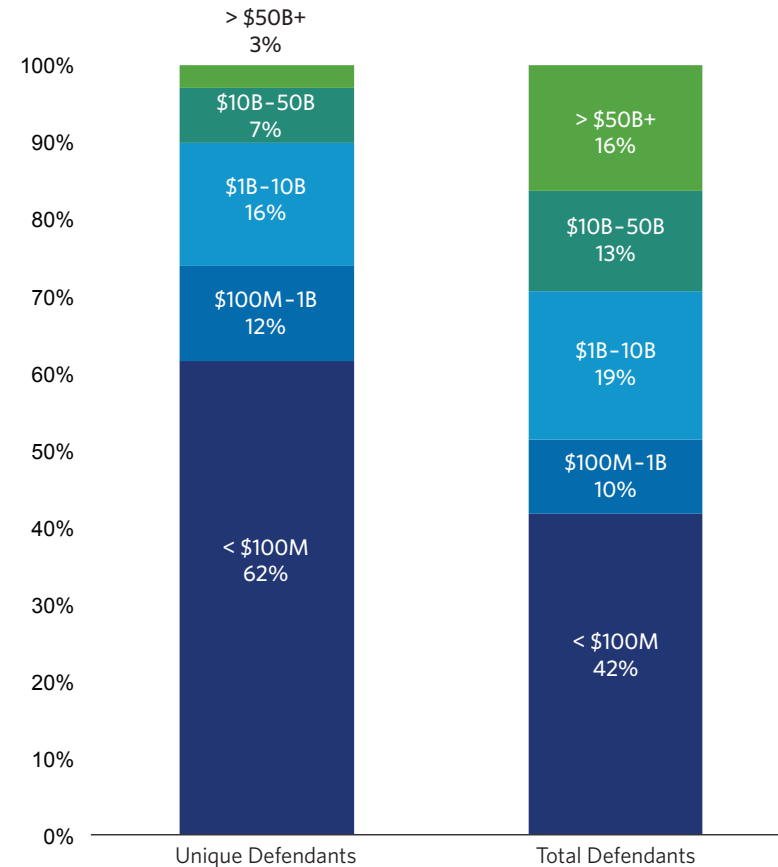


Chart 44: NPE Defendants Added by Company Revenue



Methodology Note:

Companies were categorized based on the most common RPX sector of cases they were added to in 2014. Revenue is based on data from third-party providers and is for annual results available at year-end 2014 (typically 2013 results).

Chart 45: NPE Cases per Unique Defendant by Ownership Type

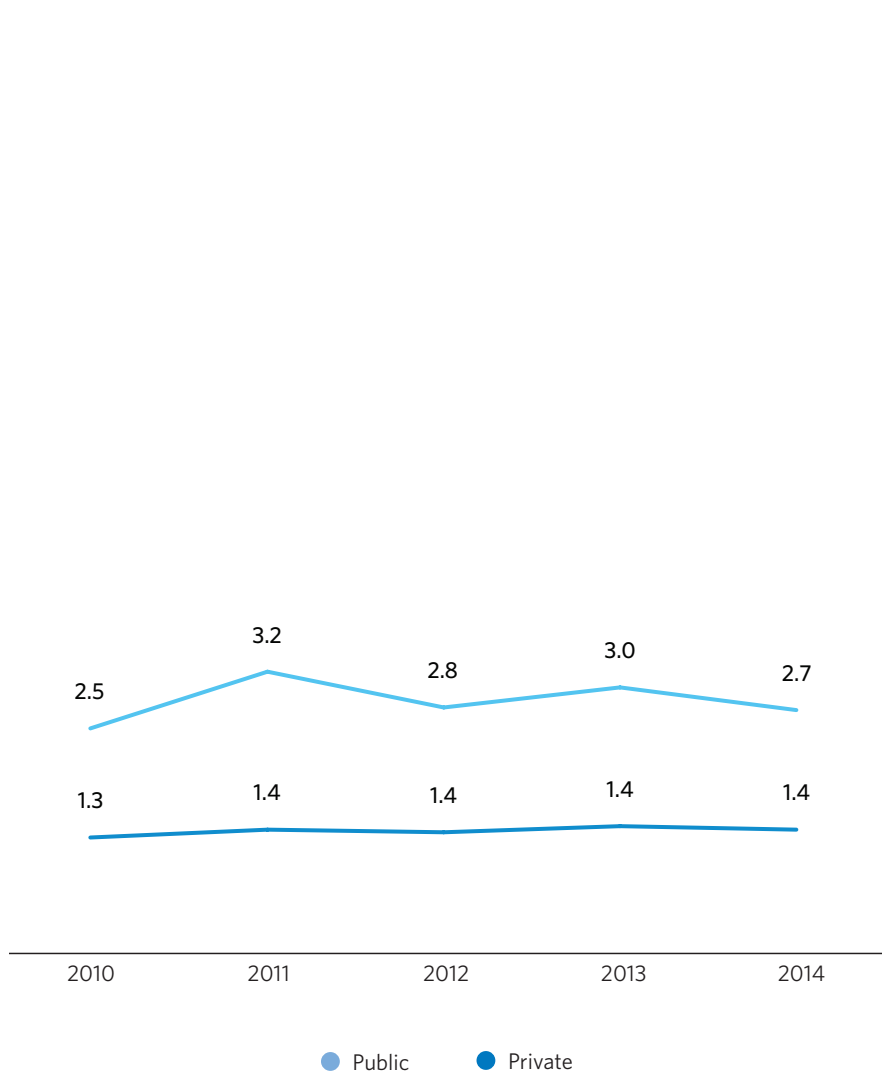
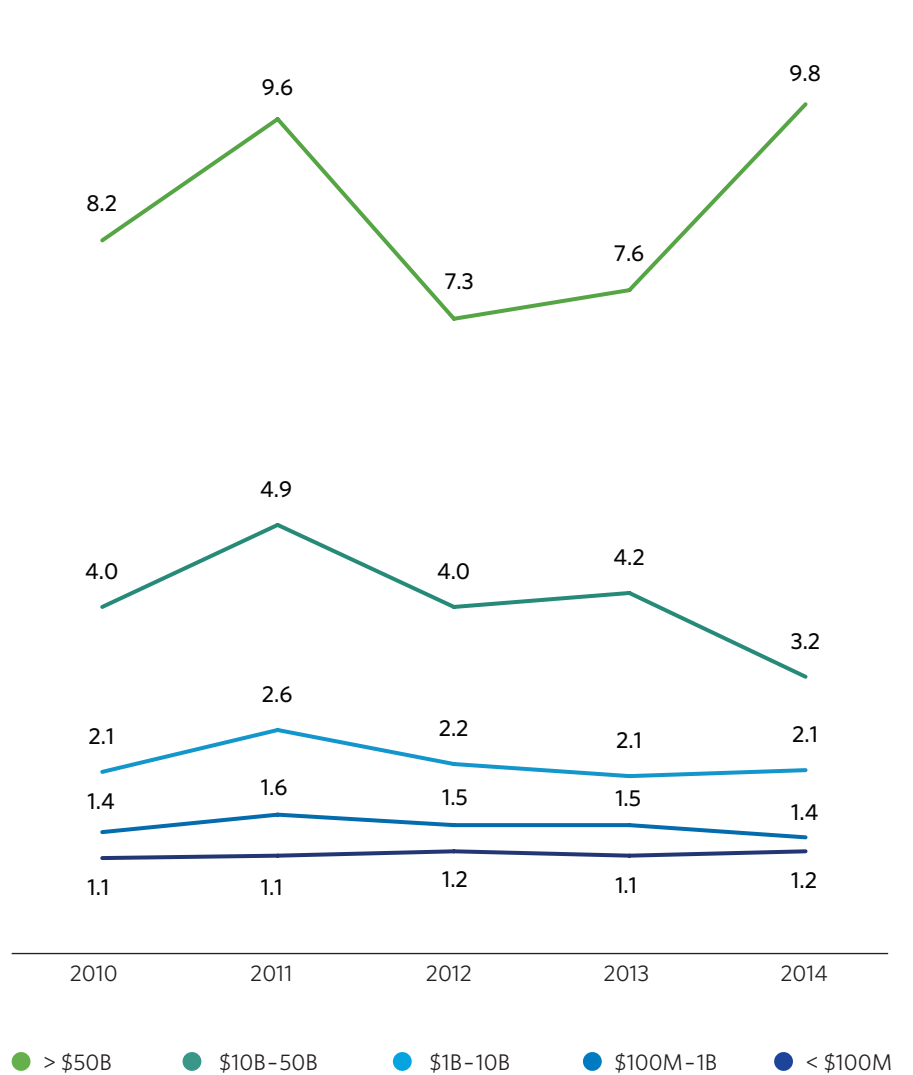


Chart 46: NPE Cases per Unique Defendant by Company Revenue



Methodology Note:

Revenue is based on data from third-party providers and is for annual results available at time of report (typically 2013 results). Determination of ownership type is also based on data from third-party providers. Ownership type may change across time as companies switch from private to public and vice versa.

Top Plaintiffs and Defendants

Key 2014 Findings

Targeted Industries

The most popular defendants for NPEs in 2014 were in the mobile and consumer electronics industries and included 13 of the top 15 companies targeted in 2013. LG Electronics and HTC joined the list, while BlackBerry and Huawei fell off. See Table 3.

Tech Giants

In 2014, AT&T took over the number one spot for active cases at year-end. Fourteen of the 15 top defendants by active cases were also top 15 companies in 2013. Toshiba is a newcomer while Huawei fell off. Among the top 15 defendants by active cases at year-end, a slight majority (nine) had fewer suits pending at year-end 2014 than year-end 2013. See Table 4.

Private Companies

Acacia led NPEs in both the number of NPE cases filed and total NPE defendants added in 2014. See Tables 5 and 6. Acacia was also the top NPE by NPE cases filed and total NPE defendants added over the past five years. See Tables 7 and 8. The top ten NPEs in 2014 accounted for 28% of NPE cases filed and 28% of total NPE defendants added. See Tables 5–8.

Table 3: Top 15 NPE Defendants by New Cases

Defendant	2014	2013
1 Google	45	43
2 Samsung	42	39
3 Apple	39	41
4 Microsoft	38	27
5 Amazon.com	35	39
6 AT&T	34	54
7 Verizon	32	42
8 LG Electronics	31	28
9 HTC	28	29
10 Sony	25	34
11 T-Mobile	22	31
12 Hewlett-Packard	20	29
12 Sprint Nextel	20	29
14 ZTE	18	28
15 Dell	17	37

Table 4: Top 15 NPE Defendants by Active Cases at Year-end

Defendant	2014	2013
1 AT&T	73	70
2 Google	71	72
3 Apple	65	68
4 Samsung	60	63
5 Amazon.com	56	54
6 Verizon	53	46
7 LG Electronics	46	42
8 Microsoft	44	39
9 Sprint Nextel	42	41
10 Sony	39	58
11 T-Mobile	38	39
12 HTC	37	42
13 Dell	26	41
14 Hewlett-Packard	25	40
14 Toshiba	25	36

Table 5: Top Ten NPEs by Cases Filed in 2014

Rank	NPE	2014	Active at YE 2014
1	Acacia Research Corporation	134	188
2	eDekka LLC	127	21
3	Marathon Patent Group Incorporated	107	83
4	IPNav	73	39
5	Empire IP LLC	64	113
6	Olivistar LLC	62	23
7	Logitraq LLC	58	28
7	Simon Nicholas Richmond	58	68
9	Hawk Technology Systems LLC	54	30
10	Penovia LLC	49	13

Table 7: Top Ten NPEs by Cases Filed 2010-2014

Rank	Defendant	Past 5 Years	2014 Only
1	Acacia Research Corporation	799	134
2	IPNav	444	73
3	Empire IP LLC	351	64
4	Arrivalstar SA Melvino Technologies Limited	351	7
5	Marathon Patent Group Incorporated	321	107
6	eDekka LLC	147	127
7	Uniloc Corporation Pty Limited	146	43
8	Novelpoint Holdings LLC	139	22
9	Altitude Capital Partners	123	6
10	Pragmatus	117	19

Table 6: Top Ten NPEs by Total Defendants Added in 2014

Rank	NPE	2014	Active at YE 2014
1	Acacia Research Corporation	250	336
2	eDekka LLC	131	23
3	Marathon Patent Group Incorporated	125	107
4	IPNav	98	89
5	Empire IP LLC	85	126
6	Olivistar LLC	69	23
7	Simon Nicholas Richmond	68	94
8	Logitraq LLC	62	32
9	Hawk Technology Systems LLC	57	29
10	LPL Licensing LLC, Phoenix Licensing LLC	54	69

Table 8: Top Ten NPEs by Total Defendants Added 2010-2014

Rank	Defendant	Past 5 Years	2014 Only
1	Acacia Research Corporation	1,686	250
2	IPNav	1,044	98
3	Empire IP LLC	542	85
4	Arrivalstar SA Melvino Technologies Limited	496	7
5	Marathon Patent Group Incorporated	459	125
6	Geotag Incorporated	369	1
7	PJC Logistics LLC	320	0
8	Uniloc Corporation Pty Limited	242	48
9	Patent Properties Incorporated	224	16
10	Select Retrieval LLC	218	0

Chart 47: Share of NPE Filings from Top Ten NPEs in 2014

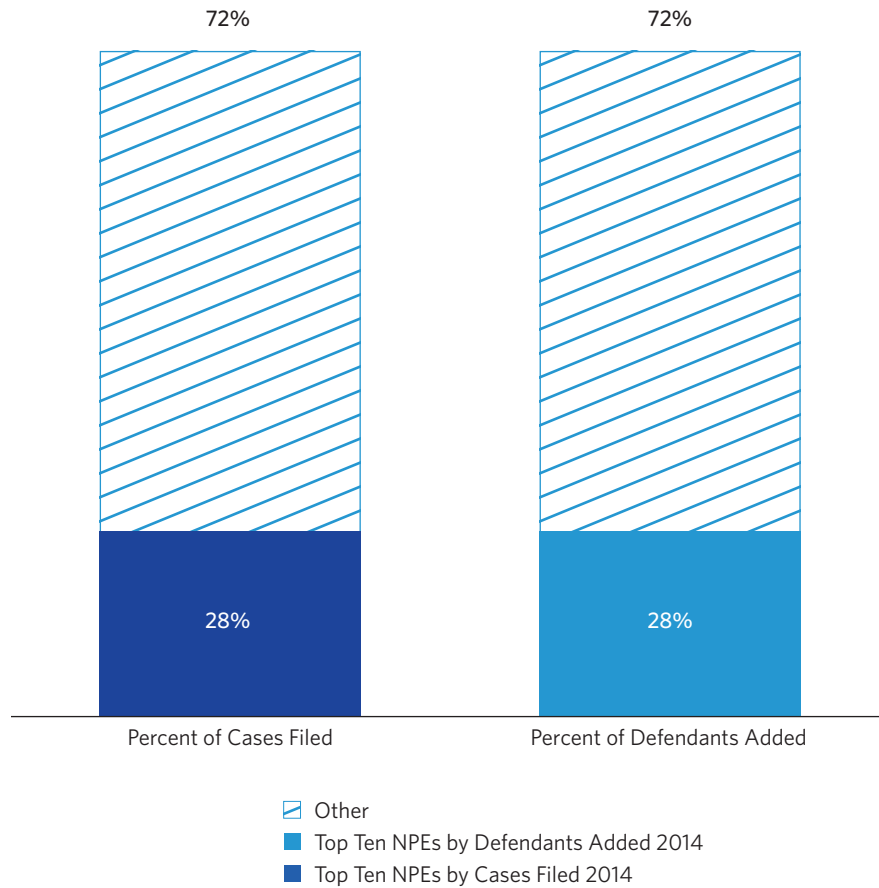
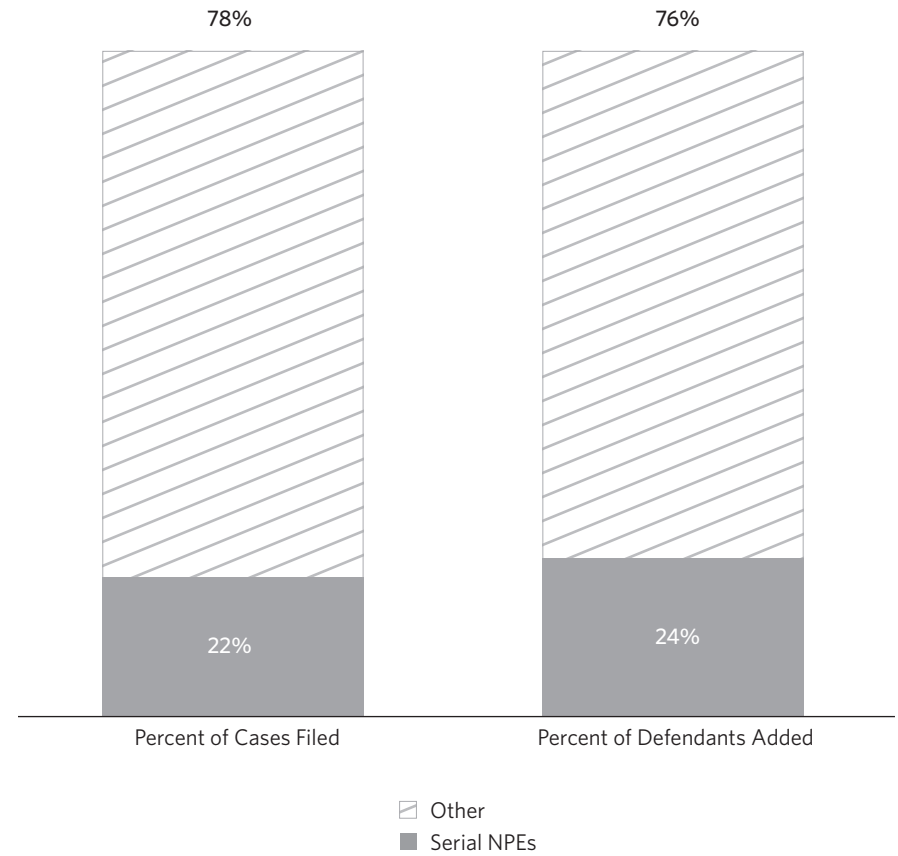


Chart 48: Share of NPE Filings from Serial NPEs in 2014



Methodology Note:

The top ten NPEs are those listed in Table 5 (cases) and Table 6 (defendants). Serial NPEs are NPEs that RPX has identified as having initiated three or more assertion campaigns, including campaigns before 2014.

Key 2014 Findings

Top Class Codes

NPE-asserted patents most commonly had USPC codes associated with mobile devices and software. The top five class codes accounted for 31% of unique patents asserted by NPEs in 2014. See Table 9.

Boom-era Priority Dates

Patents asserted by NPEs in 2014 most often had a priority date between 1999 and 2000, a period generally considered a technology boom that immediately preceded the bursting of a technology bubble. Over the past five years, the mean and median priority dates of asserted patents have not changed substantially. See Chart 49 and Table 14.

OpCos Versus NPEs

Patents asserted by operating companies had slightly later priority dates than those asserted by NPEs. See Chart 50 and Table 15.

Methodology Note:

"Common RPX Categories" (column 2 in Tables 9–13) are the most common RPX sector classifications for cases in which patents of the applicable USPC code were asserted in 2014.

Table 9: USPC Classes of Patents Most Frequently Asserted by NPEs in 2014

USPC Code	Common RPX Categories	Unique Patents	Total Defendants
705: Data Processing: Financial, Business Practice, Management, or Cost/Price Determination	E-commerce and Software, Financial Services	123	833
709: Electrical Computers and Digital Processing Systems: Multicomputer Data Transferring	E-commerce and Software, Networking	123	795
455: Telecommunications	Mobile Communications and Devices	105	435
370: Multiplex Communications	Mobile Communications and Devices, Networking	78	348
340: Communications: Electrical	Networking, Mobile Communications and Devices	76	478
345: Computer Graphics Processing and Selective Visual Display Systems	E-commerce and Software, Logistics	49	223
713: Electrical Computers and Digital Processing Systems: Support	Financial Services, E-commerce and Software	48	163
235: Registers	Consumer Electronics and PCs, Mobile Communications	47	152
375: Pulse or Digital Communications	E-commerce and Software, Consumer Electronics and PCs	46	186
369: Dynamic information storage or retrieval	Financial Services, E-commerce and Software	44	63
379: Telephonic Communications	E-commerce and Software	41	251
715: Data Processing: Presentation Processing of Document, Operator Interface Processing and Screen Saver Display Processing	Mobile Communications and Devices, Networking	37	199
348: Television	Automotive	33	174
362: Illumination	E-commerce and Software, Financial Services	33	364
701: Data Processing: Vehicles, Navigation and Relative Location	Consumer Electronics and PCs	29	223
704: Data Processing: speech signal processing, linguistics, language translation, and audio compression/decompression	Automotive	28	71
725: Interactive video distribution systems	Media Content and Distribution	27	79
707: Data Processing: Database, Data Mining, and File Management or Data Structures	Automotive, Logistics	25	155
726: Information security	E-commerce and Software, Mobile Communications and Devices	25	83
606: Surgery	Medical	23	26
All Others		574	2,343

Table 10: Top Five USPC Class Codes by Year-over-year Increase in Unique NPE Patents Asserted

USPC Code	Common RPX Categories	2014 Unique Patents	2013 Unique Patents	YoY Change
369: Dynamic information storage or retrieval	Financial Services, E-commerce and Software	44	14	30
345: Computer Graphics Processing and Selective Visual Display Systems	E-commerce and Software, Logistics	49	33	16
704: Data Processing: speech signal processing, linguistics, language translation, and audio compression/decompression	Automotive	28	12	16
361: Electricity: electrical systems and devices	Consumer Products	17	5	12
235: Registers	Consumer Electronics and PCs, Mobile Communications	47	36	11

Table 11: Top Five USPC Class Codes by Year-over-year Increase in Total Defendants

USPC Code	Common RPX Categories	2014 Total Defendants	2013 Total Defendants	YoY Change
463: Amusement devices: games	E-commerce and Software	135	22	113
379: Telephonic communications	Mobile Communications and Devices	251	183	68
361: Electricity: electrical systems and devices	Consumer Products	78	27	51
345: Computer graphics processing and selective visual display systems	E-commerce and Software, Logistics	223	178	45
382: Image analysis	Mobile Communications and Devices	67	26	41

Table 12: Top Five USPC Class Codes by Year-over-year Decrease in Unique NPE Patents Asserted

USPC Code	Common RPX Categories	2014 Unique Patents	2013 Unique Patents	YoY Change
606: Surgery	Medical	23	59	-36
701: Data Processing: Vehicles, Navigation and Relative Location	Consumer Electronics and PCs	29	51	-22
435: Chemistry: molecular biology and microbiology	Biotech and Pharma	4	23	-19
726: Information security	E-commerce and Software, Mobile Communications and Devices	25	41	-16
700: Data processing: generic control systems or specific applications	Consumer Electronics and PCs	4	19	-15

Table 13: Top Five USPC Class Codes by Year-over-year Decrease in Total Defendants

USPC Code	Common RPX Categories	2014 Total Defendants	2013 Total Defendants	YoY Change
705: Data processing: financial, business practice, management, or cost/price determination	E-commerce and Software, Financial Services	833	1416	-583
701: Data processing: Vehicles, Navigation and Relative Location	Consumer Electronics and PCs	223	700	-477
235: Registers	Consumer Electronics and PCs, Mobile Communications	152	506	-354
370: Multiplex communications	Mobile Communications and Devices, Networking	348	634	-286
455: Telecommunications	Mobile Communications and Devices	435	717	-282

Chart 49: Priority Date of NPE Asserted Patents in 2014

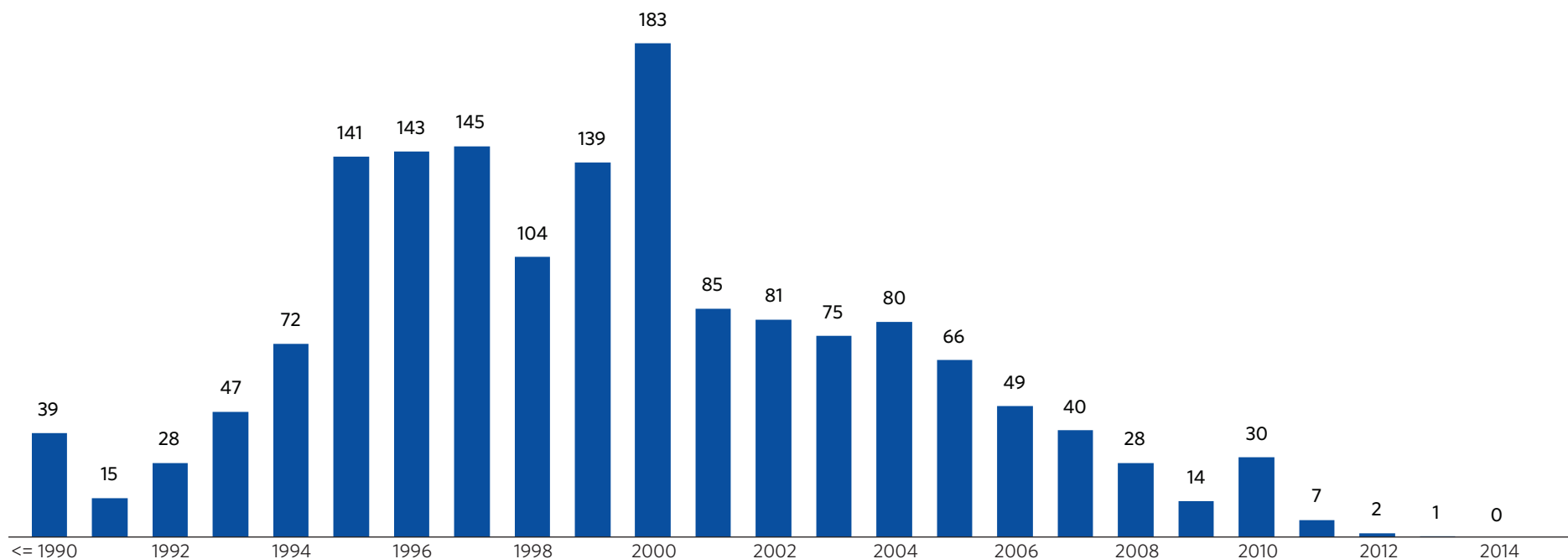


Table 14: Mean / Median Priority Date of NPE Asserted Patents by Year of Assertion

	2010	2011	2012	2013	2014
Mean Year	1996	1997	1997	1998	1999
Median Year	1997	1997	1997	1998	1999

Methodology Note:

Priority date is based on filing date of earliest-filed family member.

Chart 50: Priority Date of Operating Company Asserted Patents in 2014

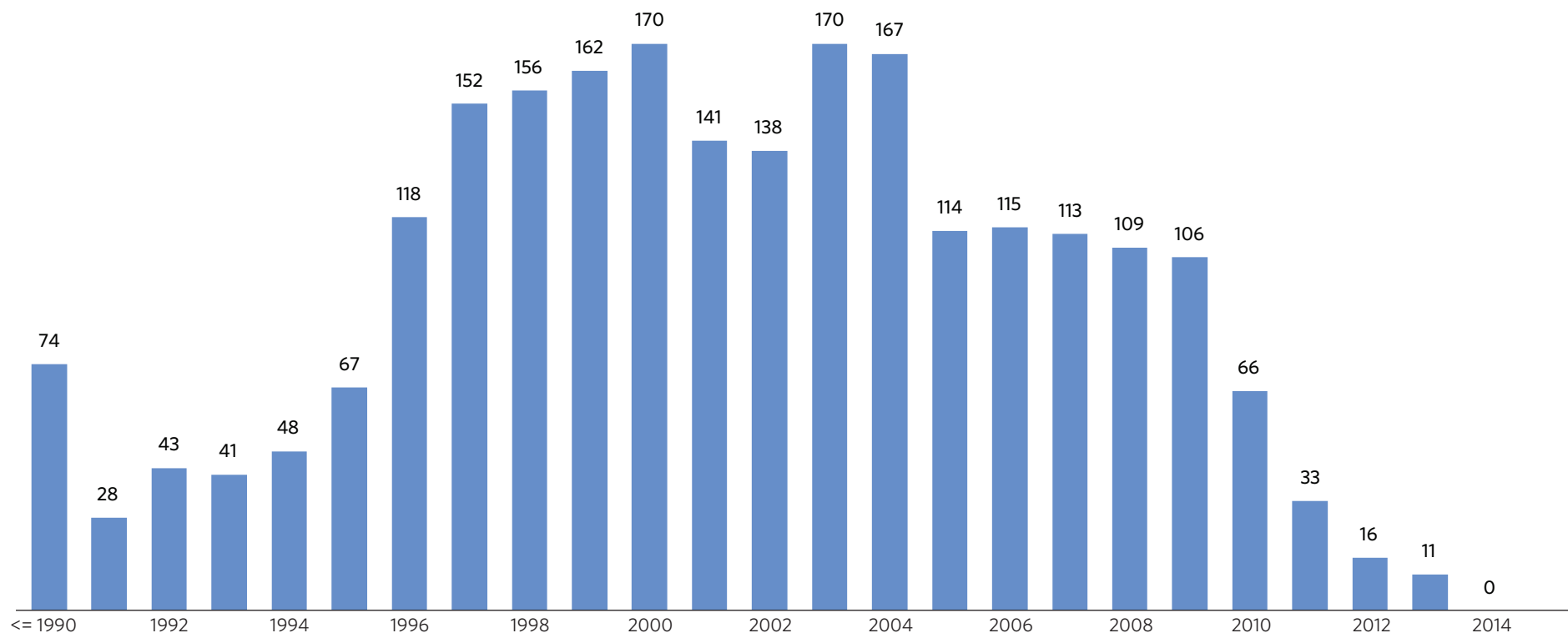


Table 15: Mean / Median Priority Date of Operating Company Asserted Patents by Year of Assertion

	2010	2011	2012	2013	2014
Mean Year	1998	1999	2000	2001	2001
Median Year	1998	2000	2000	2001	2001

Methodology Note:

Priority date is based on filing date of earliest-filed family member.

Methodology

RPX strives to continuously improve the accuracy and scope of its data and may make minor changes to methodology and underlying data presented in future analyses and reports. In addition, certain aspects of our methodology, such as the treatment of severances and consolidations, may result in slight changes as time passes.

NPE Definition

For the purposes of this report the following are considered NPEs:

1. Patent assertion entities (PAEs): entities believed to earn revenue predominantly through asserting patents
2. Universities and research institutions
3. Individual inventors
4. Non-competing entities (NCEs): operating companies asserting patents outside their areas of products or services

Cases Filed, Total Defendants Added, and Unique Defendants Added

“Cases filed” refers to filed actions. A single case filed may include multiple defendants. The date for a case filed is the date that it was originally filed.

“Total defendants added” refers to the total number of case/defendant pairings added for a given criterion. New filings, as well as amended complaints that add a defendant, are taken into account in total defendants added.

“Unique defendants added” refers to the total number of entities that have been added as a defendant in a case (via original or amended complaint) for a given criterion. For example, if Company A has been added in seven cases in 2013, it still counts as one unique defendant added in 2013.

The date for determining total defendants added and unique defendants added is the date that a defendant was added to a case. This date may differ from the date the case was originally filed. For example, defendants added in amended complaints may be bucketed in a different time period than the period that applies for the case filed.

“NPE cases filed”, “total NPE defendants added”, and “unique NPE defendants added” have the same meaning as these terms but are limited to cases filed by NPEs.

Campaign, New Campaigns Filed, Total Campaign Defendants, and Unique Campaign Defendants

“Campaign” refers to all cases filed by the same plaintiff (inclusive of all members in the corporate family), where each case has at least one patent or family member of a patent in common with another case in the campaign.

“Campaigns filed” refers to unique campaigns. The date for a campaign filed is the filing date of the first case filed in the campaign. For example, if a campaign includes ten cases, there will be only one new campaign filed; the filing date for the campaign is established by the filing date of the first case filed in the campaign.

“Total campaign defendants added” refers to the total number of campaign/defendant pairings for a given criterion.

“Unique campaign defendants added” refers to the total number of entities that have been added in a campaign for a given criterion.

The date for determining total campaign defendants added and unique campaign defendants added is the date a defendant was first added to a campaign.

“NPE campaigns filed”, “total NPE campaign defendants added”, and “unique NPE campaign defendants added” have the same meaning as these terms but are limited to campaigns filed by NPEs.

NPE Identification

RPX identifies NPEs through a manual review process performed by experienced employees with sophisticated knowledge of the patent industry.

The process includes, among other things, searching for evidence of operating or patent monetization activities on the Internet including company websites; reviewing complaints, with a focus on accused products and allegations regarding products and/or services sold by the patent owner; considering the outside counsel employed by the entity (e.g. whether outside counsel has a history of representing NPEs); reviewing public filings; reviewing corporate disclosure statements filed in litigation; and soliciting market intelligence from patent professionals.

While there are elements of subjectivity in this approach, we believe that the process is robust based on feedback from other patent professionals.

Litigation Identification

RPX has manually reviewed for inclusion in this report all litigations with a nature-of-suit code 830 (Patent) on PACER (Public Access to Court Electronic Records). Out of those cases, RPX has included only those with complaints that allege patent infringement. For example, RPX excludes false marking cases, misfiles, and ownership disputes.

Inter Partes Review and Covered Business Method Review Identification

RPX has reviewed for inclusion in this report all IPRs and CBMs made available through the Patent Trial and Appeal Board's Patent Review Processing System with case numbers starting with "IPR" or "CBM".

Inter partes review (IPR) is a proceeding that was introduced in September 2012 as part of the America Invents Act. A petitioner can request the USPTO to review the patentability of one or more claims in a patent on the basis of prior art consisting of patents of printed publications.

Covered business method review (CBM) is another proceeding that was introduced in September 2012 as part of the America Invents Act. A petitioner that has been sued or threatened with suit on patents that claim certain types of financial business methods can request the USPTO to review the patentability of one or more claims in a patent on various grounds.

Declaratory Judgment Actions

Declaratory judgment actions are excluded unless otherwise expressly noted.

Corporate Families

RPX has developed a proprietary database of corporate families. All entities in a corporate family are generally treated as a single unique entity. Portfolio companies owned by private equity firms are a notable exception; they are treated as independent entities. To the extent multiple members of a corporate family are defendants in a lawsuit, RPX counts those entities as a single defendant. Corporate families may change over time. For example, M&A activity may result in consolidation of entities.

NPE Roll-up

RPX's proprietary litigation database rolls up certain related NPEs to a single NPE entity. RPX has manually identified these relationships by, among other things, reviewing corporate disclosures, patent assignment records, and RPX market intelligence. For example, Acacia has numerous subsidiaries that RPX has identified. These entities are all represented as Acacia in this report's analyses concerning the most prolific NPEs.

Transfers, Severances, and Consolidations

RPX takes into account transfers, severances, and consolidations as follows:

When a case is transferred, RPX counts the original action and the new action as a single case filed. RPX considers the filing date of the original action to be the case filing date.

When several cases are consolidated, RPX counts the consolidation as one case filed but multiple total defendants added. RPX considers the filing date of the earliest-filed consolidated case to be the case filing date.

When a case is severed into multiple cases, RPX counts multiple cases filed. RPX considers the filing date of the original case to be the filing date of each of the severed cases.

Consolidations and severances may happen after the year of filing and, in such circumstances, RPX's count of the number of cases filed for the year of filing will change as described above.

Market Sector Classifications

RPX has created a proprietary list of market sectors. RPX manually categorizes each case filed into a market sector based on a review of the accused products, defendants, and asserted patents.

In certain portions of this report, defendants are also classified into an RPX market sector. Classification of defendants is based on the type of NPE litigation that the defendant appears in most often.

First-time Defendants

First-time defendants are calculated on a normalized defendant basis based on the minimum defendant start date in an NPE litigation.

Data Set

This report uses data from the RPX database as of January 9, 2015. The additional time following year-end 2014 accommodates the lag time between when cases are filed and when PACER makes case information available to the public. As a result of using a January 9, 2015 dataset, transfers, severances, and consolidations that occurred between January 1, 2015 and January 9, 2015 may have had a small effect on reported data.

About RPX

RPX Corporation (NASDAQ: RPXC) helps operating companies reduce the cost and risk associated with NPE (non-practicing entity) patent litigation. Members of the RPX client network pay an annual fee that reflects their particular NPE risk. We then use this aggregated capital to acquire potentially problematic patents and rights in the open market and out of active litigations before they can become a costly problem for our clients. RPX promises never to litigate or assert the patents it purchases.

In addition to our core defensive patent acquisition service, RPX also negotiates syndicates to purchase and clear significant portfolios from the market on behalf of our clients. We offer unique NPE liability insurance, written on A-rated paper and backed by a Lloyd's syndicate, which provides comprehensive coverage against the costs of patent assertion. We also provide members of our network with in-depth industry data, market intelligence, and patent advisory services.

To date RPX has invested nearly \$1 billion to acquire 10,000+ US and international patents and rights, achieved more than 675 litigation dismissals, and prevented more than 2,500 of NPE litigations from occurring. Since our founding in 2008, we have saved our clients more than \$2.5 billion in avoided NPE legal and settlement costs.

The RPX network comprises more than 200 clients in sectors including automotive, consumer electronics and personal computing, E-commerce and software, financial services, media content and distribution, mobile communications, networking and semiconductors.

Contacts

If you have questions about this report, please e-mail reports@rpxcorp.com or contact your Client Relations or Client Development professional at RPX.



RPX Corporation
One Market Plaza
Steuart Tower, Suite 800
San Francisco, CA 94105
rpxcorp.com