

Goodbye patent trolls: New coverage promises protection from NPE patent litigation

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Patent litigation has become a viable market for a number of public companies that acquire patents in bulk and then make money through litigation, but a unique new insurance option should calm the nerves of tech startups and others at risk of falling victim to these patent trolling tactics.

RPX Insurance announced this week a new patent litigation insurance policy which would, in effect, act as a cushion for startups and small businesses that face litigation from non-practicing entities (NPE's).

"This is a game changer because it levels the playing field for small companies by transforming a previously uninsurable threat into a manageable business risk," said John A. Amster, Chief Executive and Co-founder of RPX, in a press release.

And it's not a small market. The number of litigations has more than tripled in the past five years, according to research done by RPX.

"You can see these early stage companies struggle with managing this risk and there's a lot of these cases out there," Paul Scola, Senior Vice President at RPX tells *PC360*. "If you look at patent litigation most of them are NPE cases."

Companies in the tech sector, and even businesses that use tech software, have born the brunt of this trend. In 2013, 60% of the companies that were involved in an NPE lawsuit were smaller companies that made less than \$100 million.

"Any makers of technology are the primary drivers, and the biggest companies that experience this risk they will literally see tens of cases a year," says Scola. "But users of technology also have exposure.

Companies that have e-commerce infrastructure, they all have exposure. Basically anybody who uses technology is exposed."

One of the larger NPEs, Acacia Research Corporation, however, has argued that such litigation does serve a viable purpose: it protects intellectual property.

"I think this effort to destroy the value of intellectual property is a bigger wet towel on innovation," said Jaime Siegel, Executive Vice President of Licensing and Litigation for Acacia, in an interview with *IPWatchdog*.

The policies, which start at \$7,500 for \$1 million in coverage, also include access to RPX patent risk experts and a "dedicated claims management team," according to the press release.

"This is the first step to a larger solution of changing the patent market," says Scola. [PC360](#)