

With Rockstar-RPX Deal, 'Tis the Season for Patent Peace

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**Mallun Yen,
RPX Executive Vice President**

SAN FRANCISCO — RPX has finally harpooned the Rockstar whale.

Four years ago, the defensive patent aggregator was one of the early bidders when Nortel Networks Corp. auctioned off its 6,000-patent asset portfolio. But the company quickly fell by the wayside as a mammoth bidding war broke out between consortiums led by Apple and Google. Apple-backed Rockstar Bidco won the patents for \$4.5 billion.

As Rockstar skirmished with the likes of Google Inc., Cisco Systems Inc. and Samsung in court this year, RPX Corp. was working behind the scenes to help broker a settlement. On Friday the company acquired 4,000 Rockstar patents for \$900 million on behalf of a syndicate of some 30 companies, including Google and Cisco. RPX has chipped in \$35 million of its own money and will license the patents to other “interested parties.”

Cisco general counsel Mark Chandler

hailed the deal. “With RPX acting as a clearinghouse and deal manager, a global consortium of unprecedented scale came together willingly and reached a fair value for licensing patent rights in a negotiated business transaction instead of a courtroom,” he said in a prepared statement.

The deal was nearly a year in the making, according to RPX executive vice president Mallun Yen and Robert Heath, RPX’s senior vice president for corporate development. “We sort of got pinged by a lot of people on all sides of the transaction” starting in January, said Yen, who previously worked as Cisco’s intellectual property chief. “Knowing we had relationships on both sides, people put out some feelers as to whether now might be a good time” to strike a deal.

Apple and Google have been winding down hostilities in the smartphone wars throughout 2014, with the companies settling their patent litigation in May and Rockstar putting its disputes with Cisco, Google, and Google’s Android operating system partners on hold last fall. On Friday RPX announced the next step in the peace process.

The 30 companies—most as yet unnamed, but many of them presumably Google and Cisco customers—will form a syndicate to obtain nonexclusive licenses to the patents. RPX will in turn offer licenses to “interested parties” on fair, reasonable and nondiscriminatory terms. RPX has pledged never to assert its patents against other companies, but it has the option of selling them to third parties to assert against infringing entities.

The syndicate involves both members and nonmembers of RPX, whose core business is acquiring patents and licensing them to its nearly 200 subscribing members. This is not the first time RPX has put together a syndicate to license a specific group of patents, but it’s by far the largest such transaction, Heath said.

The deal covers about two-thirds of Rockstar’s

original patent assets. The company previously distributed about 2,000 patents and patent applications—mostly for 3G and 4G wireless technology—among its five members.

Heath described the syndication deal as “incredibly complex,” involving 30 companies with competing interests on one side and representatives of the five other technology titans on the other side. Having staff at RPX who had already analyzed the patents four years ago helped. “We had already done the work and were able to build on the knowledge we had,” he said.

“It took a village and then some,” Yen said.

RPX CEO John Amster said in a prepared statement that he commended the companies for “clearing the risk of the Rockstar portfolio by negotiating a reasonable purchase price in one efficient transaction.”

Skadden, Arps, Slate, Meagher & Flom advised RPX on the deal. The team comprised corporate counsels Josh LaGrange and Jason Tomita and associates John Lee and Marat Massen; IP counsel Carrie LeRoy and associate Ken Kumayama; tax partner Sean Shimamoto and associate Indraneel Ghosh; and antitrust and competition partner Matthew Hendrickson, associates Joanna Warren and Steven Albertson. All work out of the firm’s Palo Alto office, except Hendrickson, who is based in New York, and Albertson, in Washington, D.C.

Rockstar and its partners were represented by Canada’s LaBarge Weinstein, which described the transaction on its website as the largest in the firm’s history. Partner Michael Dunleavy led LaBarge’s team, which also included Michael Morgan, Brigitte LeBlanc-Lapointe, Michael Sami, Michael Grantmyre, Diana Cooper and Emma Wilken.

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