

At the controls of the global IP market express

An elite group of individuals drives the international IP deals market, with big-ticket, innovative transactions, new ways of looking at value creation and cutting-edge thought leadership. We reveal the *IAM Market Makers 2015*

By **Joff Wild, Jack Ellis, Richard Lloyd and Sara-Jayne Clover**

In the 16 months since we published the first Market Makers ranking in issue 66 of *IAM* (July/August 2014, pages 61-75), the IP market has changed dramatically. A month after we named our 40 leaders, the US Supreme Court handed down its *Alice* decision, heralding a new era of profound uncertainty, with the viability of software patents called into question and dozens of plaintiffs in patent cases stymied by Section 101 eligibility arguments. Alongside a raft of previous Federal Circuit and Supreme Court judgments, as well as the activities of the Patent Trial and Appeal Board (PTAB), this has had a chilling effect on licensing activity in the United States, with potential licensees now having far less incentive to sit down and negotiate prior to the initiation of legal action.

On the other hand, we have also reported an uptick in the number of patent sales that are being done. Allied Security Trust (*IAM* issue 69, pages 45-51) and Richardson Oliver Law Group (*IAM* blog, May 1, 2015) have produced research showing that transaction activity increased during 2014 and into 2015. The *IAM* benchmarking survey (issue 72, pages 56-73), though, indicated that prices remain stuck and may even be falling. The United States is a buyers' market, it seems,

and there is no indication that this will change in the short term.

As deal making gets harder in the United States, it is on the rise in other parts of the world. Europe – Germany especially – is emerging as an attractive forum for big-ticket litigation and is likely to become even more so once the new unitary patent and Unified Patent Court come into play. In Asia, meanwhile, a growing number of companies are not only acquiring and licensing-in valuable portfolios, but also developing their own monetisation programmes – both internally and with third-party partners.

Given these trends, it is no great surprise that our list of Market Makers for 2015 features fewer NPE executives and investors, and more senior figures from operating companies. The geographical breakdown has also altered, with fewer of the top 40 working in North American organisations and more based in Europe and Asia. What has not changed, though, is the calibre of the individuals we have selected.

For us, the *IAM* Market Makers are the principal drivers of the global IP market. We have not used objective measures to identify them – instead, their selection was based on our own observations, reported transaction activity and conversations with dozens of market participants. Of course, we can only base our calls on publicly available information. By their nature, deals done confidentially and innovative strategies rolled out with no publicity are less likely to hit our radar screens, so we are not going to know about the people doing them.

So, there may well be names that we have missed and it is certain that not everyone will agree with our selections, let alone the order in which they appear. We hope, however, that everyone accepts that our efforts represent an honest attempt to shed light on what remains an extremely opaque market.

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Ron Epstein, Epicenter IP Group

Few in the market can match Ron Epstein's combination of experience, licensing savvy and deal-making nous, honed over a career that has included stints at law firm Wilson Sonsini Goodrich & Rosati and in-house at Intel. Since founding Epicenter IP Group, his greatest success has been his role in masterminding a hugely successful licensing campaign for Spanish telecoms business Fractus. In total, throughout his career, Epstein has helped to shepherd to a close deals that have delivered more than \$1 billion in sales and licensing revenues across more than 150 transactions. That has marked him out as one of the go-to advisers in the patent market.

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Gerald Holtzman, Personalized Media Communications

As general counsel of Personalized Media Communications (PMC) from 1996 to 2014, Gerald Holtzman helped to put in place one of the most effective licensing programmes in the market. Now the firm's president, he remains actively involved in managing a portfolio that covers a range of communication systems, devices and networks. In 2015 PMC added Sharp and Arris Group to its roster of high-profile licensees, which already includes Cisco, Sony, Motorola and DirecTV. In the ongoing patent reform debate in the United States, Holtzman has also become one of the more considered voices in the licensing sector, advocating for balance in any proposed legislation.

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Kwang-Jun Kim, Intellectual Discovery

Intellectual Discovery (ID) – the firm set up by the South Korean government to operate the country's first sovereign patent fund and offer a host of IP consulting services to domestic industry – has gone from strength to strength since launching in July 2010. Over the last five years, ID and its affiliates – with over \$460 million in assets under management – have built up a portfolio comprising almost 5,000 patents that has been valued at over \$100 million, with more than 200 companies signed up as members of its defensive patent pooling schemes. Appointed as ID's latest CEO earlier this

Joe Chernesky

Playing the long game

The Kudelski Group has notched up a string of positive results in its licensing campaigns over the past couple of years. Much of these successes can be ascribed to former Intellectual Ventures executive Joe Chernesky, who joined the group to head up its IP function in April 2012 and reports directly to the company's CEO.

Kudelski Group's licensing campaigns seem to have gained a lot of traction in the past year, with licensees including Google, Disney, Bloomberg, Netflix and others signed up. What is behind this new momentum?

I joined the Kudelski Group because the board had already made a decision that intellectual property was a core, integral part of its growth plans. This provided the foundation that allowed me to build an organisation that operates with a view to the long term, not just the next win. Licensing is a relationship development exercise, like any business development effort, and it takes vision, investment, commitment and a highly skilled team. This, combined with the foundational nature of the group's patent portfolio, enabled me to recruit a world-class team that has the ability to orchestrate enforcement on a global scale. André Kudelski, our chairman and CEO, has also been a great source of ideas and support as we have progressed. With a solid strategy, chairman and CEO support, strong patent portfolio and world-class talent, we have been able to get the programme off to a great start with broad group-wide support.

Kudelski Group generally appears to have been pretty successful in signing licensees without resorting to litigation – and where it has litigated, it appears to have succeeded too. How would you characterise the company's licensing strategy and under what conditions will you litigate?

We explore a range of potential outcomes, whether it be a product partnership, strategic IP relationship or straight patent licence. From the outset, the group realised that we would have to be rational in our expectations of value based on

the changing landscape, especially in the United States. I think that rationality has served us well. I see it as our responsibility to engage every company in good faith and with respect. However, it is a two-way street. While many companies respect IP rights and will engage in good-faith discussions, there are others which do not. Litigation is a very inefficient way for two companies to resolve IP disputes, but sometimes it is necessary. Based on how I am seeing some companies respond to the uncertainties in the IP marketplace today, I would not be surprised to see an increase in litigation.

You joined the group from Intellectual Ventures in 2012. What changes have you implemented in that time in terms of the company's approach to IP management and strategy?

I have built on a strong base and history of innovation, which began with Stefan and André Kudelski, and have layered on top of that a team of technologists, product managers, business and IP experts, and attorneys that are executing on the plan I mentioned previously. We have recruited internally and externally a world-class team and, working with and across the organisation, have become integrated in all facets of the group's businesses. I spend a lot of time with the executive team, the board of directors and across the group's sites talking about innovation and intellectual property, and learning from the organisation about how to make a greater impact. I have also revamped our already effective patent programme by refocusing our investment in how and where we get patents (organically and through acquisition) to match our new IP strategy and business plans. (JE)



year, Kwang-Jun Kim now has the task of expanding its business – and ensuring investor returns – in the years to come. Kim joined from Samsung Display, where he was chief IP officer (CIPO) and general counsel and developed a reputation as a key thought leader in the Korean IP space. During his time at Samsung Display – and before that

as vice president at parent company Samsung Electronics' IP centre – Kim gained broad experience in cross-border IP litigation, international prosecution and licensing negotiations. This sounds like just the kind of expertise that ID will need as it begins the next – potentially more aggressive – phase of monetising its portfolio.

YP Jou

The renaissance man

YP Jou has quite a job on his hands. As chairman of ScienBiziP, the firm formed from the spun-out IP function of Hon Hai – otherwise known as Foxconn – he is in charge of managing one of the world's biggest patent portfolios. The Taiwanese high-tech manufacturer files more patent applications on its home turf than any other entity and has done so for many years. Moreover, Foxconn is a highly active portfolio builder overseas; in 2014, it ranked ninth among corporate applicants in terms of patents granted in mainland China, receiving 811; while it placed 18th in a list of recipients of US patents last year, with 1,537 grants.

Despite the scale of this task, Jou has all the credentials to suggest he is the best person for the job. After all, he was Foxconn's general counsel for 18 years before leaving to work as a consultant for the Industrial Technology Research Institute, the National Taiwan University and eventually to launch his own IP strategy advisory and law firm, Wispro Group. "I joined Foxconn nearly 30 years ago," says Jou. "Foxconn in the past was a target for foreign competitors and faced multiple patent lawsuits every year. To assist the company to resist attacks and eventually grow, I built up a legal and IP team of around 400 persons during my tenure." It is little wonder, then, that Foxconn founder and chairman Terry Gou invited Jou to head up ScienBiziP when it was established as a separate company in 2013.

One of the benefits of independence from Foxconn is that ScienBiziP, along with Wispro, can serve a range of clients – and this is at the heart of Jou's self-assigned mission to improve IP sophistication in the region. "Industries in Taiwan and China have suffered and continue to suffer from patent barriers and litigations," he explains. "Although Taiwanese and Chinese companies are filing numerous patent applications globally, the majority of these result in little to no return on investment. Meanwhile, they are being sued all over the world and forced to pay high royalty settlements to foreign entities." As an illustration, Taiwan spent roughly \$15 billion on R&D and \$600 million on patent applications in 2014, says Jou.

"These efforts resulted in a mere gain of \$92 million in royalties, while each year Taiwan pays out \$6 billion in royalties to foreign rights holders," he continues. "One of my motivations for launching Wispro Group is to provide full services to help companies in the Greater China region to realise their IP value. Wispro has spent a significant amount of resources on developing our own methodology and system for helping companies to establish and enrich their IP portfolios. Through the services we provide, our clients can compete at an international level."

Another firm in the Jou stable is MiiCs & Partners, which he established in 2014 with a team which has previously clocked up stints at licensing heavyweights such as Ericsson, WiLAN, InterDigital, Siemens and IBM. MiiCs is focused on buying, selling, licensing and asserting patents on behalf of its clients, including Foxconn. As well as handling the Taiwanese company's sales of patents to Google, it facilitated its purchase of a display-related portfolio from NEC. MiiCs later sued Funai, Toshiba and Mitsubishi Electric for infringement, reaching a settlement with the latter in July this year.

For Jou, the increase in acquisitive – and assertive – activity by Taiwanese and Chinese companies that led to the founding of MiiCs stems from patent quality issues. "They cannot continue to rely on their existing low-quality patents without running into obstacles when expanding into other countries," he says. "This is generating a need to obtain assets from other countries. In the coming years, the international transactions marketplace will become more active due to the participation of Asian companies." (JE)



37 Joe Chernesky, Kudelski Group

It may not make a big song and dance about it, but Swiss digital security and convergent media systems business Kudelski has put together a string of major licensing deals over the last 18 months. Driving transactions with household names such as Netflix, Bloomberg, Google and Walt Disney is Joe Chernesky, senior vice president of intellectual property. Recruited in 2012 from Intellectual Ventures, where he was vice president and general manager of global licensing sales (having previously been a co-founder of IPotential), Chernesky reports direct to founder and CEO André Kudelski. Softly softly is his preferred *modus operandi* and it is notable that despite its successes, the company rarely ends up in court – which tells you something about the compelling cases that Chernesky and his highly thought-of team can put before potential partners. When it does come to litigation, though, Europe is an increasingly favoured venue. [See interview opposite]

36 YP Jou, Wispro/ScienBiziP/MiiCs & Partners

Wispro CEO YP Jou is a man with many strings to his bow. In addition to heading up the IP strategy consultancy and law firm, he is also in charge at patent monetisation firm MiiCs & Partners and at ScienBiziP Consulting, an outfit formed when Hon Hai (otherwise known as Foxconn) spun out its IP function into a separate company in 2013. Jou was Hon Hai's general counsel for 18 years, during which he oversaw the Taiwanese company's growth into a regional IP powerhouse. He later left and went on to found Wispro; but things have turned full circle and today, at the behest of Foxconn chairman Terry Gou, Jou once again finds himself largely responsible for maximising the value of the company's IP portfolio – though this time as an affiliated third party, rather than an employee. In addition to handling much of the group's IP strategy, Jou's firms are also experiencing a growth in their client base among other Taiwanese companies, as the island's rights holders try to do more with their patent portfolios. [See interview on this page]

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Peter Holden, ipCreate

Few patent dealmakers are as prolific as Peter Holden, who has closed dozens of transactions over a career that has taken in stints at the likes of Panasonic, Collier Capital and IP Value. Now, however, Holden is no longer buying and selling assets; instead, as president of ipCreate, he is using his extensive list of contacts at major technology companies to drive business for the invention-on-demand company and to help secure funding for it. Early indications are that he has been highly successful on both fronts, but the real tests are probably still to come. Getting a business off the ground is one thing; sustaining and growing it is something else entirely. However, with John Cronin and Marshall Phelps in the respective roles of executive chairman and chairman, the company has every chance of pulling it off – especially at a time when corporate R&D costs have never been higher or subject to greater financial scrutiny.

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Boris Teksler, Unwired Planet

It was only a couple of years ago that Boris Teksler raised a number of eyebrows when he left Apple, where he had been in charge of patent licensing and strategy, to become Technicolor's head of technology. Now he has done it all over again, becoming CEO and president of NPE Unwired Planet in June. Whether it was the appeal of the new post, fatigue caused by boardroom battles at Technicolor or a combination of the two, the \$42 million annual losses announced by Unwired in August show that Teksler has a big task on his hands. But with foundational mobile internet patents inherited from the firm's previous incarnation as Openwave, as well as over 2,000 more assigned by Ericsson in 2013, Teksler has plenty to work with. Expect to see a greater focus on standard-essential patent licensing over the coming years as Teksler makes calls on his many high-tech contacts, as well as increased litigation in Europe. Some product development may also be on the cards.

Joo Sup Kim

Against the grain

As vice president at LG Electronics' (LGE) IP centre, Joo Sup Kim has been responsible for developing what is, in Korean terms, a revolutionary IP strategy. While its domestic competitors remain largely focused on high-volume patent filing to enable cross-licensing, LGE stands out from the crowd with its more aggressive approach to monetisation and litigation.

When did you first join the team at LGE? Have you always worked in the IP function?

I joined the IP division at GoldStar [a predecessor entity of LGE] in 1984 and worked for over 30 years in various LG entities, including LG-Philips Display and LG Display as head of the IP division; and finally at LG Electronics, initially as vice president of licensing and litigation. In that time, I have been involved in over 230 IP litigations and more than 30 trials worldwide.

Who would you say have been the greatest influences on your IP work?

At an early stage, I learned about licensing activities through my experiences of working and negotiating with Mr Zarembler at GE/RCA Licensing. I learned much about IP legal issues from a contractual perspective from my old friend Roger S Borovoy [currently of counsel at Fish & Richardson in California].

After that, of course, I have had many experiences and lessons learned from partners and adversaries at companies such as IBM, Philips, Technicolor, Kodak and Sisvel.

How would you characterise LGE's approach to IP strategy, in a nutshell?

To support our goal of becoming 'Global Number One Business' and to develop our IP portfolio accordingly. With this in mind, we work closely with our R&D colleagues, especially with respect to core technical areas such as standards technology and LG's 'unique selling point' – or 'LGUSP' – technology. We are also implementing both offensive and defensive IP strategies, including licensing and litigation, to support our R&D's operational freedom. Furthermore, we practise an active IP monetisation strategy to protect and create added value from the IP assets secured by LGE.

What are the biggest IP-related challenges facing LGE today?

As a manufacturer of consumer goods, we are facing many IP challenges from various NPEs in the United States,

Europe and Asia. There are reasonable NPEs, but many of these entities make unreasonable requests with non-valuable patents. LGE manages various risks that may arise from patent disputes with them and is implementing various strategies to minimise IP risks.

Korean companies have typically been passive and defensive in terms of IP strategy, but there are signs that LGE has become more aggressive in terms of litigation and licensing. What factors made LGE change its strategy?

LGE will initiate offensive measures depending on the situation involved in each case. We will pursue a win-win solution for both parties if there is a reasonable request. However, with respect to unreasonable and frivolous claims, we actively respond to eliminate them even if the process may incur extensive trial expenses. In addition, we are trying to reduce royalties that consistently burden operating companies and strive towards providing an environment that offers us freedom to operate.

Do you think we will see a shift in the Korean marketplace, with Korean companies becoming more aggressive in enforcing and monetising their IP assets?

In Korea, there is a trend towards awarding higher damages for IP infringements. We can see how Korean operating companies are growing or declining in part due to global IP-related issues and we are dedicating our efforts to increasing our IP capacity. Also, with advances in Korean business and stronger leadership in the technology and IP fields, many Korean companies are beginning to better utilise their IP assets and are becoming more aggressive in monetising to help their business and take a more competitive position in the market. (JE)



John Lindgren

Best practices and best-ever deals

In many ways Conversant is as well positioned for the current patent market as any licensing business. Taken private in 2011 by a group of investors led by private equity fund Sterling Capital Partners, the company has been spared the stock market buffeting that has seen the share prices of many public IP companies plummet. It has also put in place a strategy of asserting both its own internally developed and acquired patents and those of other companies with which it works in partnership. Most recently, it has introduced a series of best practices to which it has committed in its licensing negotiations and which have helped to differentiate it in an NPE sector where even the most responsible operators are tarnished by the actions of others.

According to CEO John Lindgren, 2014 was another record year for Conversant in revenue terms. The business also got off to a strong start in 2015, signing two large licensing deals in the semiconductor sector, including one that was the largest that the firm has closed. "There are still quite a few reasonable players in the semiconductor industry that won't take the chance of having a litigation result go against them," Lindgren observes. He also claims that Conversant benefits in licensing negotiations

from its best practices and a commitment not to pursue a litigation-led approach.

The strategy also helps Conversant to pick up companies which are looking for a firm to partner with to help monetise their intellectual property. "We believe you shouldn't use litigation first unless the other party has shown a clear track record of being difficult or litigious," Lindgren says.

Having started life as a semiconductor technology business (when it was called Mosaid Technologies), Conversant spun off its tech arm in the first half of 2015 to focus solely on its licensing business. Lindgren says that the company's investors were keen for it to focus on patent licensing and not on riskier, more costly product development. Even in today's tougher licensing conditions, Conversant has the experience and know-how to prosper. (RL)



31 Dana Hayter, Intel

With an IP function led by vice president Dana Hayter, Intel remains one of the sector's foremost players as it seeks to transition into new markets and technological areas. Its biggest reported patent deal over the past year was the acquisition of 1,400 assets which formerly belonged to Powerwave. Although a spokesperson told *IAM* that the amount paid was "not material" to the company, that still leaves the potential for a large sum to have been handed over. But whatever the price, the deal showed that Intel is still an active force that is prepared to think big. Broader M&A and financing deals have also beefed up its IP position, including a significant stake in China's state-backed semiconductor investment vehicle Tsinghua Unigroup. Recently, Intel has also been making its voice heard as a leading participant in the debates surrounding US patent reform and standard-essential patent licensing. Speaking at IPBC Global in San Francisco this June, Hayter predicted that technology-based transactions – as opposed to straight-up patent licensing – would become a more common feature of the IP market due to these issues. With his expertise on hand, Intel stands to benefit nicely if this comes to pass.

33 Ira Blumberg, Lenovo

Compared to times gone by, the last couple of years have been relatively quiet when it comes to large-scale patent deals. But China's Lenovo has bucked this trend, making patent purchases from the likes of Japan's NEC, and NPE Unwired Planet, among others. On the M&A front, it has also added to its portfolio through the acquisitions of IBM's server business and Motorola Mobility. These big-ticket deals were orchestrated from Lenovo's IP nerve centre, which lies not in its home city of Beijing, but in North Carolina in the United States. Here, vice president Ira Blumberg develops and implements the company's IP strategy, which is aimed at expanding its presence in the smartphone markets of North America and Europe, while also shoring up its offerings back at home in China and worldwide. Blumberg brings much more than a keen eye for IP asset purchases to the table, though; he has also been key in developing Lenovo's organic portfolio growth, an activity which may present it with valuable opportunities further down the line.

32 Kenichi Nagasawa, Canon

A handful of Japanese corporates have decided to embrace patent monetisation by selling assets and, in some cases, partnering with NPEs. But for the majority of domestic enterprises, such activities are still anathema. Foremost among these more conservative voices is Kenichi Nagasawa, head of intellectual property at Canon and a member of the board of directors. For Nagasawa, deals that see patents being traded on the open market are ultimately counterproductive and damaging to the economic wellbeing of Japanese companies, since such assets could end up in the hands of 'trolls' or encourage 'troll'-like behaviour. However, although he is conservative when it comes to monetisation, this does not mean that Nagasawa is a passive observer; far from it, in fact. He played an instrumental role in setting up the License On Transfer Network with Google – an alliance of rights holders that have pledged to grant licences to fellow members when they decide to sell their patents – and in Japan's tight-knit circle of corporate IP leaders, he is among the most influential.

30 Joo Sup Kim, LG Electronics

When it comes to patents, Korea's *chaebol* (mega-conglomerates) have typically focused their efforts on high-volume patent filing for the purposes of cross-licensing. But in the last few years, LG Group's flagship company, LG Electronics (LGE), has put its head above the parapet to take a more aggressive approach to litigation and licensing, with the aim of increasing the value in its extensive portfolio. The adoption of this new strategy is thanks in no small part to the efforts of Joo Sup Kim, vice president in LGE's IP centre. On joining in 2011, Kim brought with him decades of experience in handling IP disputes and licensing negotiations around the world on behalf of other LG affiliates, including LG Display, GoldStar and LG Semicon. Since then, Kim and his team have been increasingly active in IP transactions and have stoutly defended the company against assertions. More recently, it would appear that LGE is looking at partnering with third-party service providers to extract further value from its IP assets. [See interview opposite]

29 John Lindgren, Conversant

In an increasingly tough market for NPEs, Conversant – Mosaid as was – has emerged as a stalwart of the industry. The company enjoyed a record year for revenues in 2014 and then began 2015 by closing two large licensing deals with unnamed semiconductor companies, one of which was the largest that the NPE had ever done. Since joining the company in 2006, Lindgren has been a steady hand on the tiller, overseeing the name change and the 2011 take-private by Sterling Partners, followed by the sale of its product development arm earlier this year. Under his leadership, the firm has also been at the forefront of advocating ethical patent licensing principles and – through its sign-up to the Open Register of Patent Ownership – transparency. Lindgren’s long track record in the licensing business makes him perfectly positioned to head a company now focused solely on monetising its own IP assets and those of its partners. [See interview on p 11]

28 Ashley Keller, Gerchen Keller Capital

Ashley Keller has been instrumental in positioning Gerchen Keller Capital (GKC) as one of the best-known, best-financed funders in the patent space. If success in this area can in part be measured by fundraising, then GKC has quickly become a market leader. In February 2015 it announced the closing of its latest fund, GKC Credit Opportunities, with more than \$475 million in commitments. Following that closing, GKC now manages more than \$800 million in assets, making it one of the largest investment firms focused exclusively on legal and regulatory risk. With that kind of firepower, and the recent – and intriguing – creation of GKC affiliate Neptune Generics in the pharma space (an *inter partes* review-related move, perhaps?), Keller’s own stock seems destined to continue to rise. [See interview on this page]

27 Toshimoto Mitomo, Sony

As is the case for several of Japan’s major technology companies, Sony has spent

much of the past few years trying to reinvent itself for today’s market and return to profitability. Senior vice president and corporate executive responsible for intellectual property Toshimoto Mitomo has expertly managed the changes to the company’s massive IP portfolio throughout this gradual restructuring process, which has included the sale of non-core businesses such as PC brand Vaio and the spin-off of others, such as Sony’s TV making unit into new subsidiary Bravia. The

company’s move away from its traditional businesses and further into new, more promising areas such as mobile, imaging and computer gaming has also required Mitomo and his team to oversee patent transactions such as the acquisition of cloud service OnLive’s IP assets earlier this year, the sale of over 100 US patents to Dropbox in 2014 and the assignment of rights to JOLED, Sony’s display technology joint venture with compatriots Panasonic and Japan Display. [See interview opposite]

Ashley Keller Rewards through patience

Ashley Keller is the co-founder of Gerchen Keller Capital, the world’s largest investment adviser focused on legal and regulatory risk. At only two years old, the litigation fund has already exceeded \$800 million and established itself as a leading backer of patent cases. “Our investors appreciate that there is a lack of correlation between patent cases and other risk asset classes,” explains Keller of his firm’s interest in intellectual property. “Similarly, they appreciate that we can construct a portfolio in which each individual patent investment opportunity has little correlation with other patent investments on our book.”

As a former partner at litigation boutique Bartlit Beck Herman Palenchar & Scott – and a past law clerk of Judge Posner at the US Court of Appeals for the Seventh Circuit and Justice Kennedy at the US Supreme Court – Keller has an intimate understanding of patent jurisprudence and the impact it is having on the market. This knowledge gives Gerchen Keller’s investors a level of assurance that their money is in safe hands. “Patent opportunities require a specialised set of skills that are finely tuned to separate the wheat from the chaff,” states Keller. “And with all due respect to others, we have built the best patent underwriting team in the business.”

The role of that team is to size up each patent investment opportunity based on three basic principles: infringement, validity and damages. “For Gerchen Keller, these elements have to line up perfectly in order for us to commit capital to an opportunity,” states Keller, “because there is such uncertainty in the patent market in the wake of recent judicial decisions and some of the legislative reform being

considered in Congress.”

This uncertainty has meant that patent litigation is a riskier proposition than it has been in the recent past. Consequently, fewer capital providers are prepared to back patent cases and support those that are looking to monetise their IP assets, but lack the resources to do so alone. However, Keller is positive that – despite the challenges – the US patent market remains fertile: “It is certainly more difficult for investors than it was five years ago. But I still see lots of good innovations patented in the US and, if you have patience, those high-quality innovations will be rewarded if people are infringing them.”

Looking ahead to 2020, Keller predicts that patent owners will be increasingly dependent on services such as those provided by his firm. “Recent judicial decisions have made it easier to shift fees, and if the proposed legislative reform passes I think we will see a pretty dramatic increase in the incidence of fee shifting,” he states. “This in turn will increase the need for a risk partner like us.” (SJC)



Toshimoto Mitomo

Sony's steady hand

As Japanese tech giant Sony has had its fair share of ups and downs over the past decade, senior management has sought to address years of financial losses and a bloated corporate structure with reforms, restructurings, divestitures and acquisitions.

Someone who has been with Sony throughout this transitional period – and who has played a key role in this initiative – is Toshimoto Mitomo. Having served in various IP management roles at the company, in 2013 Mitomo was named senior vice president and corporate executive responsible for intellectual property, signifying the importance that the company now attaches to its IP assets and their value creation potential. First and foremost, however, Mitomo's role is to ensure that Sony's IP strategy is aligned with the company's product and service businesses. "Although Sony is known as one of a few Asian operating companies that have an active IP licensing programme and Sony generates sizeable IP licensing revenues, IP licensing is not the company's main focus," he says. "Sony has always been a consumer electronics manufacturer with massive R&D projects, and we use IP to support our main business."

Mitomo has been central to many of the decisions that have seen Sony sell off or spin out existing parts of the business that did not marry up with its planned future product offerings. "Intellectual property is one of the most important assets to evaluate when we consider selling a business," he explains. "We manage IP from a broader corporate viewpoint to determine what kind of strategy makes the most sense to Sony as a whole. Sony has a large IP portfolio and a lot of patents are valuable to multiple business units. Therefore, Sony's IP strategy is to provide maximum value to the spun-out business as well as the other Sony business units that remain under Sony."

Similarly, Mitomo's team have been involved in patent-only sales where such transactions are deemed to make good strategic sense. "We review Sony's IP portfolio from time to time to make sure it aligns with the company's business directions, and if we find misalignments we consider selling those patents to outside entities which value and want to acquire them," he says. "When we sell our patents, we take into consideration the

economic value of such sales, who will buy such patents and the impact that selling such portfolio might have on the industry."

The flipside of these divestitures has been acquisitions of patent portfolios and whole companies that can help Sony to break into new target markets – as well as deep-dive analysis of its existing IP assets to identify potential value creation opportunities. "We constantly review our very large patent portfolio to see whether it continues to align with Sony's business direction and whether we can expand the value of our patents to new business areas," says Mitomo. "This is because there is a great deal of convergence of technology areas due to the integration of cloud-based services, Internet of Things and other fields where there have been technological advances." He adds that Sony also brings in patents from external sources to keep its portfolio "evergreen" and to support business models which evolve from time to time: "As part of our normal IP practice, we acquire patents from outside of Sony if we find patents that complement our business direction and strengthen Sony's total IP portfolio value."

With such an extensive patent portfolio to work with, Sony looks to have plenty of opportunities to generate revenues and launch new businesses as it presses forward with its reorganisation plans. "Sony has a long history of licensing its patents under reasonable terms and conditions to enable the market to have access to certain technological innovations, and we plan to continue to do that," says Mitomo. "But while generating licensing revenue is important for us, we are more focused on enabling new markets with new technologies and the IP function is an important element in making that happen." (JE)



26 Stephane Rougeot, Technicolor

With patent royalty income measured in the hundreds of millions of euros each year, Technicolor (formerly Thomson SA) is one of Europe's licensing powerhouses. But for much of 2014 and in the early part of this year, it was embroiled in a bruising dispute over strategy with activist shareholder Vector Capital. Vector advocated splitting the business into two – one focused on products, the other on licensing; the Technicolor board resisted, insisting that unity was a more powerful proposition. A resolution was finally reached in February when Vector gave its backing to Drive 2020, a strategy based on IP and product development working hand in hand to build overall value. Appointed as head of technology in April following Boris Tekler's resignation, Rougeot will be tasked with delivering on the new plan and keeping Vector onside. Previously Technicolor's chief financial officer, Rougeot knows the numbers; he now has to show that he can do the deals. The recent appointment of Arvin Patel, previously global head of IP and licensing at Rovi, should be a considerable help on that front.

25 Jean-Charles Hourcade, France Brevets

It has been a busy year for Europe's only sovereign patent fund and one that general manager Jean-Charles Hourcade can look back on with satisfaction. Founded in 2011, with €100 million of funding provided jointly by the French government and state-owned bank Caisse des Dépôts et Consignations, France Brevets' brief is to help companies, universities and other entities with a link to the country to maximise their IP returns. During 2014 and into 2015 it began to publicly deliver on this mandate, securing a licensing deal for a portfolio of near-field communications patents with LG on behalf of partner Inside Secure and prevailing in the German courts against HTC based on the same assets. Other deals have been done below the radar – proving that the France Brevets model works. There is talk now of creating a distinct fund focusing on defensive activities. Should that go ahead, it will mean even more work for Hourcade and his highly skilled team; not that they will be complaining. [See interview page 14]

24 **Guy Proulx**, Transpacific IP

Transpacific IP was Asia-Pacific's first substantial IP strategy service provider when it was launched by chairman and CEO Guy Proulx back in 2004, and it remains the region's market leader to this day. As Proulx himself explained while speaking at IPBC Asia in Shanghai last December, the past couple of years have seen a downturn in licensing activity and a more cautious approach from buyers to patent acquisitions; nevertheless, business has been booming for Transpacific. Best known for acting as a broker and intermediary, the outfit has gradually expanded its offering further into the provision of consultancy services such as analytics, drafting strategies and due diligence. As a result, its star has continued to rise and it now counts some of the region's biggest operating companies among its clientele.

23 **Hiroshi Nishimoto**, NEC

Like compatriot Panasonic, NEC is one of a small number of Japanese corporates to have embraced patent monetisation as a route for creating added value at a time when consumer electronics market shares are being eroded by nimble, low-cost competitors from China and elsewhere. With Hiroshi Nishimoto at the tiller, NEC has intelligently leveraged its IP assets to profit from this situation. Back in 2012, the company made headlines after selling patents covering display technology to Taiwan's Hon Hai/Foxconn Group for \$122 million; some of these patents were later asserted against Japanese companies Funai, Mitsubishi Electric and Toshiba in a US federal court. Last year, it sold 3,800 patent families relating to mobile technology to China's Lenovo; while recently it has also assigned assets to Rakuten, Renesas and Samsung, as well as Japanese sovereign patent fund

operator IP Bridge. Hailing from a corporate strategy background, as opposed to the more usual legal or R&D one, Nishimoto has brought a pragmatic, business-focused approach to IP management that is helping to turn NEC's patent portfolio into a revenue generator for the company.

22 **Doug Croxall**, Marathon Group

Of all the NPEs which have emerged in the last few years, Marathon still looks best placed to join the top tier of well-capitalised international operators that can survive in increasingly hostile market conditions. That status was strengthened by its August 2015 merger with Luxembourg-based licensing business Uniloc. While tax considerations were undoubtedly a big driver behind the deal, it has also given the combined business (which will be called Marathon Group) 662 patent assets and positioned it to drive

Jean-Charles Hourcade

The convert who can

Jean-Charles Hourcade is a convert: having never worked in the public sector before being asked by the French government and Caisse des Dépôts et Consignations to establish France Brevets, he is now absolutely convinced of the value of sovereign patent funds. "I think France is most certainly benefiting from the initiative," he states, "and I would welcome the introduction of similar funds in other European countries, although I don't see that there is sufficient political will for that to happen in the near future."

Much of the political will where patents are concerned has recently been directed towards the establishment of a single European patent system. However, now that the introduction of the Unified Patent Court (UPC) is nigh, there are concerns that it will make Europe a more appealing venue for trolls. "I believe that these fears are totally unfounded and that the UPC will be very good for Europe," counters Hourcade. "Trolling is rooted in legal practices that are not and will never be present in Europe – such as juries,

complicated court systems and forum shopping".

There are those who would accuse Hourcade himself of creating a state-backed patent troll in France Brevets. However, he strongly rebuts this, emphasising that he is motivated by a desire to help the innovation ecosystem to become more efficient and IP aware. As such, the next stage of development for the firm will see an increased focus on the front end of the patent lifecycle. "We have a track record in the enforcement and protection of rights and it's now time for us to educate clients about using IP to leverage and protect the freedom of their operations," he explains. Hourcade also aims to educate French banking institutions about the value of intellectual property with the hope of easing access to IP-backed lending and providing better financing conditions.

Securing a fair deal for small and medium-sized enterprises is the primary objective of France Brevets, most of whose clients are small entities pursuing suits against powerhouses. However, this is becoming increasingly difficult to achieve due to a worrying trend, claims Hourcade: "A growing number of very large companies are refusing all licensing requests because they know that the cost and complexity of litigation will deter a significant number of patent holders, and they are prepared to

risk losing one case rather than signing 10 licensing agreements." This, he explains, makes having amicable licensing discussions more difficult than it was in the past. "This situation is a consequence of patent trolling, but these corporations must recognise that France Brevets is not a troll – we are both realistic and open for reasonable discussions – and at the same time that we are prepared to follow through to litigation," states Hourcade. "So let's have a discussion now rather than wasting a lot of time and money." (SJC)



further consolidation in the NPE sector. Doug Croxall, who has retained his position as chairman and CEO following the merger, has underlined his reputation as one of the savviest leaders in the IP space. Laser focused on a strategy built around a diverse pool of high-quality patents, Croxall has helped to set an example for other NPEs to follow.

21 Kyle Bass, Hayman Capital

The 30-plus *inter partes* review petitions that Kyle Bass has filed with Erich Spangenberg against life sciences companies at the Patent Trial and Appeal Board have lit a firecracker under an industry that may have previously seen itself as immune from the kind of intensive re-examination activity experienced in the high-tech sphere. Bass makes no secret of the fact that he is looking to make money from his actions, but is also adamant that they are possible only because some pharma and biotech companies are charging astronomical prices for products based on patents that should never have been granted. Claims that his is nothing but a shorting play have gained wide currency, but are unlikely to be the full story – detailed analysis suggests a much more sophisticated strategy. Recently, the PTAB has declined to institute two *inter partes* reviews requested by Bass on patents owned by Acorda – but crucially, it did so for narrow technical reasons rather than any relating to standing or motive. At some stage, though, the PTAB will have to deal with those big subjects. Until it does, Bass and other investors will keep on filing.

20 Matthew Vella, Acacia Research

Investors may yet to be convinced, but Acacia's strategic transition to focus on bigger portfolios of high-quality assets that drive larger licensing deals has started to deliver. Since taking over as CEO in August 2013, Matthew Vella has been instrumental in this shift in approach and has helped to cement Acacia's position at the top end of the market, with successful expansion of its patent assets into new sectors such as automotive and energy, as well as the development of new markets, particularly in Asia. As conditions for licensing patents become tougher in the United States, thanks to recent court rulings and proposed legislative reforms, so the largest NPEs

look set to strengthen their position in the market. This will play directly into Acacia's hands. Vella has displayed a steady hand in maintaining Acacia's position as a leader while overseeing the strategic shift. Looking at the troubles besetting some of his contemporaries in other NPEs, this is something that he can be extremely proud of.

19 Brian Hinman, Philips

On the evidence so far, Brian Hinman is revelling in his position as CIPO at Philips – a post he assumed at the start of 2014 following the retirement of Ruud Peters. Under Hinman, Philips IP & Standards remains a pioneer in new approaches to value creation, while it builds on established revenue streams and, critically, ensures freedom to operate across the diverse technological areas in which it operates. Hinman was closely involved as Philips split its light-emitting diode operations from the rest of the business, with IP assets playing a central role in the \$3.3 billion sale of 80% of Lumileds to a Chinese consortium in April. Always a deep thinker about the patent market – and a major player in it for many years before moving to Eindhoven – Hinman has ensured that Philips' voice is heard in debates as diverse as patent reform in the United States and Europe, the future of standard-essential patents and the new ways in which intellectual property can drive R&D.

18 Simon Segars, ARM Holdings

Based in Cambridge in the east of England, ARM is one of those very rare UK examples of a world-leading technology business that has intellectual property at its heart. Spun out of Acorn Computers in 1990, the company designs processors that run in the semiconductors found in almost every smartphone made in the world, as well as many other types of computing device. Simon Segars himself is not an IP professional; but as CEO of a company that generates much of its \$1 billion-plus annual revenues from technology licensing, he is indisputably a market maker. Put simply, if you manufacture smartphones, you have to talk turkey with ARM; the likelihood is high that you will also have to do this if you are operating in fields such as digital television and mobile computing. And as the Internet

of Things becomes ubiquitous, look out for ARM in that arena too.

17 Deirdre Leane, IPNav

These days the IPNav website is a holding page. Go there and all you see is a cryptic: "TRANSFORMING/Launching Fall 2016." There is nothing else and direct enquiries to the firm about its plans yield little more than a polite "No comment." Whatever does emerge, though, will have the fingerprints of Deirdre Leane all over it. Previously president of this most litigious of NPEs, Leane became CEO at the start of 2015 when Erich Spangenberg stood down. Her task now is not only to oversee the transformation, but also to ensure that IPNav continues to generate stellar revenues at a time when the environment for licensors in the United States is tougher than ever. She will do this through industry diversification, with an increasing focus on areas such as medtech, and also by using foreign courts to drive negotiations – Germany is a stated favourite. And don't be surprised to see more deals in which IPNav licenses out use of its proprietary Patent Monetization Platform to other NPEs and even, perhaps, operating companies.

16 BJ Watrous, Apple

Although he runs one of the world's biggest patent portfolios, BJ Watrous is not as high profile a figure as others in the market. That is down to Apple's policy of talking as little as possible about its IP strategy. But make no mistake – as chief IP counsel, Watrous is a major player. Responsible for all of Apple's IP-related matters beyond litigation, he majors in areas such as licensing, M&A, policy and portfolio management. And as the smartphone wars wind down, the focus on these issues will only intensify. Watrous was closely involved in the sale of the Rockstar patents to RPX at the end of 2014 and is in Washington DC on a regular basis as the reform debate continues. He was also behind Apple's intriguing purchase of a number of patent portfolios over the last year that cover technologies not usually associated with the company – a signal, perhaps, of an expanded product range to come. There is no reason to think that the pace will not continue over the coming 12 months.

15 Ken King, IBM

In spite of a few hiccups in terms of its product and service business, IBM retains its elite position in the patent marketplace; 2014 was the 22nd year in a row in which Big Blue was the top recipient of patents granted by the US Patent and Trademark Office. As general manager of intellectual property, Ken King is responsible for ensuring not only that this high-volume approach to patenting aligns with IBM's consumer offerings, but that it also pays dividends in terms of licensing and sales, and keeps would-be aggressors at bay. In fact, these factors are more closely intertwined than you might at first think; it was for their defensive capabilities that Pure Storage picked up around 150 patents from IBM in June last year. More recently, patents played a substantial role in the deal which saw Big Blue divest much of its chip-making business to GlobalFoundries – a transaction which helped the former to shed a loss-making unit while giving the latter possession of what may well be the world's largest semiconductor-related patent portfolio.

14 Hideo Toyoda, Panasonic

Japanese corporates have traditionally shied away from monetising their intellectual property. Panasonic is one of a few to buck the trend, becoming an IP value creation trailblazer in its home country as it continues to implement measures to turn its fortunes around. According to Allied Security Trust, Panasonic sold more US patent assets than any other company globally in 2014, divesting 1,903 assets in 10 different transactions between January and June alone. The company has also sought to work with NPEs to monetise its portfolio, having partnered with Inventergy, Sisvel and WiLAN, among others. It has also transferred patents to – and invested capital in – Japan's first sovereign patent fund, managed by IP Bridge. And it is not just through licensing and sales that Panasonic is seeking to create IP value; back in March, it pledged royalty-free access to a number of its patents and other IP assets relating to Internet of Things technologies in an attempt to

expedite development in the field. All in all, it has been another busy year for Toyoda and his IP team, who were spun out into a subsidiary called Panasonic IP Management in September 2014. As a standalone company within the Panasonic fold, this entity has its own revenue targets, further inculcating the idea that intellectual property is a business asset that need not just cost money – in the right hands, it can make money, too.

13 William Merritt, InterDigital

InterDigital has experienced something of a turnaround over the past few years, thanks in no small part to the stewardship of CEO Bill Merritt. Things were looking fairly bleak back in 2012, with attempts to find a buyer for the company falling flat. Changing tack, Merritt decided that InterDigital should redouble its efforts to monetise its 20,000-strong patent portfolio. In time, this strategy began to pay off. Over the course of 2014, InterDigital saw its share price rise by almost 80% as it signed a number of lucrative licences, including a crucial deal with Samsung Electronics. On the back of this, InterDigital announced that it would double its quarterly dividend and launch a \$300 million share buy-back, further indicating the good health of the business. Moving towards the end of 2015, it would appear that the biggest challenge facing Merritt and his team is the uncertainty surrounding standard-essential patent licensing. InterDigital stated that it will be reframing its relationship with the Institute of Electrical and Electronics Engineers (IEEE) after it introduced a new policy back in February which – according to Merritt, writing on the IAM blog – makes it “as hard as possible” for developers to get paid for their R&D investments and will “tilt the playing field in favour of implementers”.

12 Erich Andersen, Microsoft

Under the leadership of Horacio Gutierrez, Microsoft's IP group helped to build an Android-based licensing programme that generates billions of dollars a year for the company. Following Gutierrez's move to Microsoft's cloud business last summer,

Erich Andersen has now taken the reins. The Android deals have almost all been inked, so one of his principal jobs is to ensure that the revenues keep on coming – something that requires constant vigilance in territories across the world, not least with regard to the activities of competition regulators, many of which are paying closer attention to licensing agreements and other IP deals. Andersen's other big task over the coming years will be to build a function that reflects Microsoft's priorities in areas such as collaborative external projects, cross-disciplinary communication and the cloud generally. As he settled in and took stock, we did not hear too much from Andersen during his first year in charge. That will doubtless change in his second.

11 Ramzi Haidamus, Nokia Technologies

Ramzi Haidamus's appointment as president of Nokia Technologies was one of the most significant of 2014. Although the role is about much more than patent licensing, it puts him in charge of one of the largest, highest-quality portfolios in the world. After a long career at Dolby Laboratories, Haidamus has become accustomed to working in IP-rich businesses focused on cutting-edge technologies. This experience has made him an excellent fit for the recently restructured Nokia and has seen him drive the Technologies arm to focus on innovations in new sectors such as digital media, including the introduction of a new virtual reality product. Much of his success will depend on the results of Nokia Technologies' push to innovate and bring new products to market, but just as important will be his role overseeing an increase in patent licensing revenues. The growth potential there remains considerable; while there is also the small matter of the merger with Alcatel-Lucent to deal with. [See interview opposite]

10 Edward Jung, Intellectual Ventures

With Peter Detkin standing down as vice chairman at Intellectual Ventures (IV) at the start of this year and assuming more of a part-time role, chief technology officer and co-founder Edward Jung has assumed

a much greater level of dealmaking responsibility and become a lot more publicly visible. With his background in biomedical science and his instrumental role in launching numerous R&D and consumer product projects at former employer Microsoft, Jung has brought a different flavour to the transactional side of the business, with more focus being placed on deals involving IP commercialisation, venturing and spin-outs – an approach that has won the firm something that it has not seen much of up to now: positive publicity. Although IV continues to buy, assert and license patents, having closed financing for its most recent fund last year, Jung's activities may end up with a level of strategic rebalancing – which will probably reap significant dividends as the traditional patent market undergoes major change.

9

Steve Mollenkopf, Qualcomm

These are not the easiest of times for Qualcomm. In February the company

announced that it had accepted a fine of \$975 million from China's National Development and Reform Commission and agreed to change its licensing approach in the country following an extensive antitrust investigation. Then in July the company confirmed that it was launching a strategic review with a possible division of the business under consideration that would see its highly profitable patent licensing operation separated from its chip-making arm. As he revealed details of the review, CEO Steve Mollenkopf also announced that the company was cutting 15% of its workforce. The company has also had to grapple with the fallout from recent changes to the IEEE's policy on standard-essential patents – something that did not go down well at Qualcomm HQ. But despite these setbacks and challenges, there is no doubt that Qualcomm remains one of the worldwide leaders in patent licensing, making Mollenkopf one of the market's most prominent figures. If the split does go ahead, some analysts have estimated that the standalone patent business could be worth as much as \$87 billion.

8

Eran Zur, Fortress Intellectual Property Finance Group

Not content with running the licensing programme of the Lemelson Medical, Education & Research Foundation and then becoming a co-founder of RPX, in 2013 Eran Zur made big waves once again when he was appointed by Fortress Investment Group to oversee the development of its IP financing group. Since then, offering loans secured solely against patents, Zur and his team have done dozens of deals with both operating companies and NPEs. Notable hook-ups over the last year have included an \$11 million financing agreed with Inventergy in November 2014; a \$15 million arrangement with Marathon Patent Group signed off in February; and the reworking in the same month of a 2013 Netlist financing giving that company access to further capital. Zur is said to strike a hard bargain with the entities that Fortress hooks up with, but as the firm's deal flow confirms, there are plenty of takers for what is on offer. If that continues, expect to see further entrants to the field. [See interview p 18]

Ramzi Haidamus

An offer too good to refuse

For Ramzi Haidamus, the chance to head the newly created Nokia Technologies – the arm of the Finnish telecoms giant charged with developing new products and overseeing its patent licensing business – was in many ways the perfect opportunity. After leaving Dolby Laboratories, where he had most recently served in a chief operating officer-level role, Haidamus decided to take two years off to recharge his batteries; the offer to become president of Nokia Technologies, however, was so appealing that he cut short his sabbatical by six months and returned to work to help determine the direction of this crucial part of the Finnish company's business.

"It's truly rare when someone says, 'Here's a clean sheet of paper – write the new strategy and execute,'" explains Haidamus. "That's a dream come true for any executive who has an entrepreneurial

element in their blood." Since taking over in September 2014, Haidamus has driven the focus on developing new, potentially market-disrupting technologies, ultimately deciding to concentrate on two areas: digital media and digital health. The focus on the former has already led to the announcement of a new product, a virtual reality camera called Ozo, which was unveiled in July.

As Haidamus is quick to point out, Nokia Technologies is a technology and innovation business, not a standalone IP licensing company. But in assuming his new post, he has landed one of the most influential positions in patents, with a significant opportunity to build annual licensing revenues. Part of that growth may well come from a change of approach centred on what Haidamus describes as "changing our posture from a defensive posture to more of a monetisation posture". He has also encouraged the business to explore licensing opportunities in new geographical markets and in sectors beyond Nokia's mobile core.

The patent business, now headed by Ilkka Rahnasto – a Haidamus

appointment from Nokia's central legal team – provides Nokia Technologies with the revenue stream to develop, manufacture, sell and license new inventions. Few in the tech world have the same kind of opportunity to lead and influence as Nokia Technologies' new head. (RL)



7 **Laura Quatela**, Quatela Lynch Intellectual Property

In an IP market that is dominated by men, Laura Quatela is one of the few women who have so far made it to the very top of the tree. Having built her reputation at Kodak – where she was first head of intellectual property and then president during its period in bankruptcy – Quatela subsequently branched out with Kodak colleague Tim Lynch to form IP advisory Quatela Lynch. From there she was appointed executive vice president of

intellectual property at Alcatel-Lucent in August 2014. Reporting directly to the CEO, Quatela was originally briefed with “unlocking the value” of the company’s 32,000 patents, but soon found herself heavily involved in the ongoing negotiations surrounding the proposed merger with Nokia – a deal in which intellectual property plays a key role. If all that were not enough, she was also a member of the Technicolor board at a time when it was in dispute with a major shareholder over future IP strategy. Still in place there, she will now help to oversee the roll-out of the company’s new Drive 2020 business plan. [See interview opposite]

Eran Zur

The money man

Eran Zur launched the IP investment group at Fortress in 2013 and has been doing deals ever since, with both NPEs and operating companies.

How would you assess your progress since you joined Fortress? What are the main challenges that you have faced?

We have made significant progress in getting our message out. As a result, more and more companies are now realising that collateralising their IP portfolio is a viable alternative to enforcement and sale, and a realistic option when considering debt financing.

Our initial challenge was to reacquaint the market with the notion that patents are assets *per se*, and that they can be leveraged. When we started providing debt solutions, most companies were unaware that they could use their patent portfolio as collateral for debt financing. Indeed, even companies that were aggressively exploring portfolio monetisation viewed their only options as selling or enforcing their portfolios.

We also had to answer the concerns of potential borrowers that our debt offering was an ‘end run’ by which we would end up acquiring their patents and they would lose control over the assets. After years of aggregators and arbitrage players buying patents cheaply only to extract a higher value for their own benefit, most companies were understandably suspicious of any financial transaction that involved patents.

Another major hurdle was overcoming misplaced – and mispriced – market valuation expectations. Such expectations had been unrealistically set by various consulting firms providing valuation numbers based on statistical quantitative approaches rather than actual qualitative and substantive reviews of the patents.

How many opportunities that you actively consider ultimately turn into deals?

Once an opportunity has been put through our underwriting process and we can confirm that the patents are valuable, we have a lot of internal flexibility to build a deal around them. As a result, we have a high conversion ratio for high-quality assets.

You have closed a number of deals with NPEs; how would you assess the condition of the NPE market?

There are different kinds of enforcement entity. Some have enough quality patents to use as collateral for debt financing. Nevertheless, all such entities are facing a negative political climate. Accordingly, entities that maintain the quick arbitrage model with weak patents will not, in my opinion, survive the recent political and judicial changes. On the other hand, well-capitalised monetisation entities with superior valuation models and a willingness to engage in drawn-out legal battles may not only survive, but thrive.

Because of some key court decisions and the ongoing debate around patent reform in Washington DC, considerable uncertainty is hanging over the US patent market. How does that affect you?

Uncertainties, unknowns and risk are part of any investment. Assuming that the end

result of the patent reform is not to completely devalue patents – or better said – to divorce patent claims coverage from real economy goods and services patents cover, we do not expect to be adversely affected by the recent and proposed changes.

Looking forward, where do you see the main opportunities for growth?

Intellectual property in general, and specifically patents, will eventually be considered as assets *per se* and we expect corresponding increases in sophistication around their accounting and transactional rules. The main opportunities for growth will come by accurately identifying and defining a set of universal metrics for patent valuation – a standard, if you will – and providing alternatives to monetisation that don’t involve the courts while incentivising and rewarding innovation. (RL)



Laura Quatela

World-class dealmaking

It is hard to think of anyone in the IP market who has had a busier five years than Laura Quatela. First at Kodak, and then at Alcatel and Technicolor, she has been involved in some of the biggest deals going at the very highest level.

How did you get into the IP field?

As a general lawyer at Eastman Kodak, I did an internship with the chief financial officer to get a finance background. When I came back to the legal department, I was offered an IP job focusing on licensing; I had reservations because I lacked a technology background, but by building the right team we were able to bring in \$4 billion in five years. It was a steep learning curve and a wild ride at Kodak, and I enjoyed it immensely.

Part of that wild ride was, presumably, Kodak's bankruptcy. What role did you play in that process?

Our products and services businesses were increasingly challenged by digitisation. We were supplementing business revenue with licensing revenue, and it wasn't sustainable. Our licensing targets had become tougher and required litigation to achieve meaningful settlements. At the time of bankruptcy, I was chief operating officer of the company and president of the consumer businesses, and was one of a handful of executives who took Eastman Kodak through the process.

After leaving Kodak, you established Quatela Lynch Intellectual Property. How do you balance your position there with your role at Alcatel-Lucent and what is your role in Alcatel's sale to Nokia?

The Quatela Lynch business model assumes that we have an 'anchor client' and currently that is Alcatel-Lucent. We were brought in as advisers to focus on the monetisation efforts of the company

and to ensure that the structure of the organisation supported those efforts. The CEO felt it was important that we have an executive presence, so I am a non-employee executive officer of Alcatel-Lucent, reporting to the CEO.

My team and I had protracted negotiations with Nokia during our Kodak days and we developed a great working relationship with them. So we've been in a good position to collaborate with Nokia, as well as to get Alcatel-Lucent ready for acquisition. It has been very exciting and something we didn't expect at all when we took on the engagement.

What are your plans once the acquisition closes?

At the moment, we are focused on delivering a very well-run organisation and set of IP assets at Alcatel-Lucent, so that the transition into Nokia can be seamless. What happens after that remains to be seen – let's talk again in the spring!

You are also on the board of Technicolor. What does that role entail?

I was brought in to Technicolor at the time when BPI France, the French public investment bank and an investor in the company, was increasingly focused on protecting and leveraging the IP assets of French companies. As a board member, I look after those interests, ensuring that the company's IP efforts are progressing smoothly and the right team is in place. I also chair the company's strategy committee. Every three to five years, Technicolor formally reviews and refreshes its strategic plan; we have recently announced the plan to take us through to 2020 and have received very positive shareholder support for it, so we're marching forward and wasting no time. Technicolor agreed at the end of July to acquire Cisco's connected devices division and to enter a strategic partnership to develop and deliver next-generation solutions for the connected home focused on video, broadband and Internet of Things services, including a long-term patent cross-licence between the companies.

Looking at the broader picture, what is your take on the patent market today and how do you think it will develop?

Three things stand out to me. First, I believe that the most meaningful patent transactions are occurring privately, between operating companies. Second, Chinese companies are rapidly acquiring assets and building portfolios to enable them to compete in foreign markets. Third, I am seeing exciting new talent coming up in the industry.

Are there many women among this emerging talent? And why do you think there are still so few women in top monetisation and patent positions?

Research labs have traditionally been male dominated and therefore the technologists that emerge from these labs into IP business roles are much more likely to be men. However, I certainly think this is changing. I am seeing many more women with excellent preparation for these roles and I hope that they will become more visible. I would encourage any woman interested in this field to get finance training as, unless you can speak the language of profit and loss, you are unlikely to qualify for a top IP role. (SJC)



6

Bill Coughlin, Ford Global Technologies

In recent years the car industry has become a far more prominent player in the patent market and leading the way has been Ford. Over the last year, the iconic US auto company became the

first (and so far only) car manufacturer to join RPX, signed up to the License on Transfer Network and inked a trail-blazing licensing deal with Intellectual Ventures. Throw in an increasing predilection for filing *inter partes* reviews against tricky plaintiffs and the Ford patent playbook looks increasingly like it came out of high-tech's top drawer. As president and CEO

of Ford Global Technologies, Coughlin is responsible for all IP matters worldwide for the company and its subsidiaries, and so has been central to its emergence as a significant player. Coughlin is also a founder of AutoHarvest, a non-profit launched to create a transparent marketplace for intellectual property in the auto industry.

5 Jim Skippen, WiLan

It has turned out to be quite a year for Jim Skippen, president and CEO of WiLAN. In June the Canadian NPE announced that it was buying the Qimonda portfolio, a package of 7,000 granted patents and applications, for \$33 million. In size terms alone that

was a transformational deal for WiLAN, even if the assets came with a number of encumbrances. Having closed that transaction and immediately announced a licensing deal with Samsung on the back of it, Skippen announced that he planned to retire, bringing an end to a nine-year career as the firm's leader. That Skippen has left WiLAN on a firmer footing seems hard to dispute. During his tenure, its market capitalisation

alone has increased from less than C\$30 million to more than C\$300 million, so that – at a time when it is the largest, best-capitalised NPEs that are favoured in the market – WiLAN finds itself extremely well placed. Skippen has also established himself as one of the most prominent figures of the NPE community, adding a rational voice at a time of considerable disruption in the market. [See interview below]

Jim Skippen

Bowing out

Back in July, NPE WiLan announced that Jim Skippen would be stepping down after nine years as CEO. During his tenure, he masterminded the transformation of WiLan from a struggling operating company to one of the patent monetisation market's most formidable players.

When you joined WiLan, it owned few patents and was not focused on monetisation as a business model. How and why did this change?

WiLan at that time was really on its last legs. It was a failed product company that owned a handful of promising patents, but had no employees, revenues or cash in the bank, so it was risky. At that time I felt that WiLan, as a public shell with a handful of valuable patents, was a good vehicle to get a patent licensing business going.

At the beginning of the rebirth of WiLan, we focused on getting our patents licensed and on raising money when the stock market was receptive, which in turn gave us the ability to continue to build our patent and cash war chests.

One thing I really believe is that in patent licensing, it is critical to sign licences. I almost never subscribe to the view that you hold out for the last dollar. Some companies that have failed, I believe, made the mistake of holding out for too much money for their patents.

Why did you believe that patent monetisation was the right direction for WiLan to head in? Do those same reasons still stand true today?

Patent monetisation was definitely the right direction for WiLan. The truth is that it was probably the only direction.

The company by that point had completely run out of money and was not selling its products. It was technically bankrupt, but still held a few patents. There was no other option.

WiLan was founded in 1992 and had never had a cash-flow positive year up until 2006, when we changed the model. Since then, every one of the subsequent years has been cash-flow positive. The company became one of the most significant public technology companies in Canada. It became part of the Toronto Stock Exchange Composite Index. It is still part of the S&P/TSX Canadian Dividend Aristocrats Index.

One of the key moments in the past year was the purchase of the former Qimonda portfolio. What were the driving factors behind this acquisition – particularly in light of recent suggestions from you that the company would be moving away from large-scale purchases?

For us, the Qimonda patent purchase made sense as an outright acquisition. We have had a war chest of cash for a while and we were always willing to deploy some of that if the circumstances warranted it.

I think if Infineon had been willing to transfer the Qimonda portfolio for only a revenue share, we would have considered that; however, Infineon was really trying to raise money with the portfolio. It was our understanding that competing bids for the portfolio were for cash upfront, so to be competitive we needed to offer cash upfront as well.

The fact that Samsung was willing to take a non-exclusive licence to the portfolio at the time of purchase helped to make it a lower-risk deal for us and made it much easier to pay cash upfront.

WiLan seems to have had particular success among NPEs in partnering with

Japanese corporates to help them license and assert their patents. Why do you think this is?

Recently we have acquired two portfolios from Panasonic, two portfolios from Rohm and one portfolio from Funai. All except one of these portfolios involved no money upfront, so all of these companies are relying on our ability to license patents in order to get the expected value from these portfolios.

I think there are a number of reasons why we are able to conclude these types of deal with major Japanese companies. One is our track record: we have generated hundreds of licences from third-party portfolios from many different technology areas, so we have demonstrated our competence repeatedly. Another is that we are well capitalised with a large, stable team. Another factor that some find attractive is that we have an ongoing R&D effort. So we are not just lawyers or investors monetising patents; we are active in the engineering area. (JE)



4

John Amster, RPX

It may not have attracted the same kind of headlines – or the same level of bid interest – as the original Nortel patent auction, but the acquisition of Rockstar’s patents by RPX in December 2014 was clearly the patent deal of the year. The \$900 million transaction was in many ways a vindication of the business model that CEO John Amster helped to put in place when he co-founded RPX in 2008. As part of the deal, RPX revealed that it would receive licence payments from a syndicate of more than 30 companies, including Google and Cisco, with the defensive patent aggregator putting around \$35 million of its own money into the transaction. As in the 2013 acquisition of Kodak’s patents (where RPX worked alongside Intellectual Ventures), the Rockstar takeover demonstrated that few companies can play the kind of quarterbacking role in patent transactions that RPX has clearly mastered. That makes Amster one of the most influential players in the patent deals market. [See interview on this page]

3

Kasim Alfalahi, Ericsson

Few companies generate over \$1 billion in patent licensing royalties each year, but Ericsson is one of them, achieved on the watch of chief IP officer (CIPO) Kasim Alfalahi. The importance of this income (and growing it) is reflected in his direct reporting line to CEO Hans Vestberg. With a portfolio of 35,000 patents – many standard essential in cutting-edge areas of mobile communications – Ericsson is one of the major high-tech players; and as recent high-profile royalty rate disputes with the likes of Apple and Samsung demonstrate, under Alfalahi the company is determined that it will remain that way. Ericsson has stated that, following the latest controversial changes to the IEEE policy on standard-essential patents, it will not submit its patents for licensing under the new regime; while in India and Brazil it has successfully used the courts to block out low-cost Chinese smartphone manufacturers that refuse to play ball. As the world begins to go 5G, there is little doubt that Alfalahi and Ericsson will remain very busy.

2

Erich Spangenberg, nXn Partners

The series of *inter partes* review challenges to pharmaceutical patents filed by hedge fund investor Kyle Bass and IPNav founder Erich Spangenberg has quickly become the patent story of the year. While Bass has become the public face of the initiative in much of the financial press, Spangenberg has been providing the patent savvy which has been guiding the *inter partes* reviews. In filing the challenges, the pair have not only scared the life out of the pharma sector, but also reframed the debate around patent

reform in Washington DC. Changing the review process – an idea that received little attention prior to the Bass/Spangenberg challenges – has now become one of the key issues affecting new legislative proposals, creating a sharp divide between the high-tech and pharma sectors. Spangenberg may have stepped back from the day-to-day running of IPNav, but he remains the major shareholder in the firm, while also engaged in a number of other monetisation-based projects, as well as providing sophisticated analytics-based advice for a range of clients as CEO of nXn Partners. Spangenberg may not be universally loved, but his influence on the IP market is probably stronger than ever.

John Amster

The more they stay the same

To RPX CEO John Amster, any suggestion that the defensive patent aggregator’s success in making the patent system more benign for its members is somehow undermining its *raison d’être* simply doesn’t add up. “This is a big, steady state problem,” he says of the patent assertion threat that companies continue to face. “It’s driven by capital which is in the hands of people whose business is to buy patents and assert them, and that’s not going away.”

That said, RPX has played a pivotal role in providing members with a large degree of protection from assertions. It has also enjoyed a number of recent successes both in growing its business and in neutralising threats to its 200-plus members.

At the end of 2014, it masterminded what was undoubtedly the patent deal of the year, acquiring the Rockstar portfolio which had been the subject of a bitterly contested auction in 2011. To close the \$900 million transaction, RPX put up a chunk of its own money, but also brought together a group of 36 tech companies – including Cisco and Google – which helped to finance the deal by taking licences to the portfolio.

Bringing that kind of deal to close presents multiple challenges, but perhaps the greatest, suggests Amster, was convincing all those involved that they wouldn’t get everything they wanted. As the recent debates over patent reform in Washington DC have shown, in this

market that can be a tough sell.

While the Rockstar transaction was very much in keeping with RPX’s strategy, the company has also been continuing its push into new areas such as insurance. Amster maintains that this has been a natural step: “We always felt that one of the things missing in the patent market was insurance. It’s a cornerstone of every asset group out there.”

More recently, RPX made a \$5 million debt and equity investment in digital security company Typhoon, the first of its kind for the patent business. “I’d put that deal in the more opportunistic bucket,” says Amster, adding that it is unclear whether others will follow. Perhaps more than anything, the move demonstrates that if parts of RPX’s business do slow down, it is always prepared to explore new avenues for growth. Under Amster, that flexibility will likely remain a hallmark. (RL)



Allen Lo

The busiest team in patents

Since joining Google from Juniper Networks in 2012, Allen Lo has slowly made his mark on the search giant's patent group. In such a titanic company, with a sprawling portfolio and a complex web of interests in the patent market, Lo – who is deputy general counsel for patents and patent litigation – is quick to credit his team for much of the group's success. However, he himself has played a crucial role in reorganising and expanding Google's patent function – for instance, introducing a much greater emphasis on data analysis in portfolio management.

He has also overseen a series of recent initiatives focused on many of Google's priorities, such

as improving patent quality and neutralising the threat of NPE litigation. In the first half of 2015 the search giant announced the Patent Purchase Promotion, designed to give patent owners the chance to sell their assets to Google; and the Patent Starter Programme, which offered 50 start-ups two free Google patents and encouraged membership of the License on Transfer Network (LOTNet). As well as the direct dividends they yielded, these initiatives gave Google – with its high-powered analytics tools – detailed insight into what is out there that may cause future problems or present new opportunities.

Meanwhile, a revamped Google Patents, launched in early summer, gave users an improved platform through which to search for prior art. The company has also inked major cross-licensing deals with the likes of Cisco, LG, Samsung and Verizon, and secured a licence to the Rockstar patents as part of the deal which saw their purchase by RPX. When you also consider the 2014 launch of LOTNet, which aims to give members increased protection from NPE attacks and which Google played a central

role in establishing, it is clear that no other company has been as busy in the patent market. And while he cannot be involved in every day-to-day decision around each project, Lo is committed to setting the right tone and establishing the ideal platform for these initiatives to thrive.

"A lot of my role is at the outset, or what I would describe as making sure that we have created the environment to allow these ideas to come up and help facilitate a certain amount of that discussion and try to foster a culture of risk following," he explains.

This in turn has informed a far more creative approach to how Google uses its portfolio. Rather than seeing it as a purely defensive tool to ward off threats of litigation or as an asset to be monetised and add to the bottom line, Lo has encouraged a different mindset.

"There are a lot of areas where

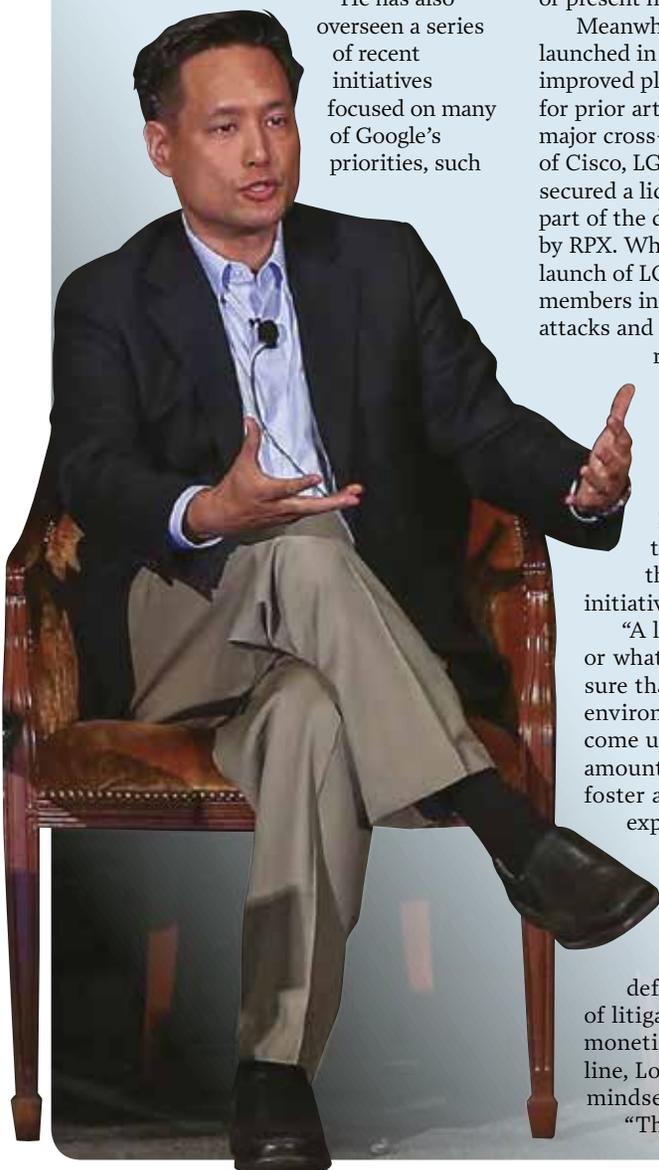
we could be more aggressive in terms of assertion of our patents or around monetisation and those kinds of things," he reflects. "We've kicked around lots of ideas and in the end we want to make sure that all of these things that we've launched are consistent with what we believe to be the right thing – not only good for Google, but also good for what we would want other companies to be doing as well." So each project is a way of leveraging the company's vast portfolio and its standing within the tech industry to help promote Google's vision of the patent system.

However, for some in the market, Google is typically the first name that comes to mind when asked which players are seen as attempting to undermine the US patent system. This is most often in the context of the ongoing debate around patent reform in Washington DC, where the company has been one of the keenest advocates of new legislation.

While doubts are growing as to whether anything will be approved in the current Congress, Lo insists that a consensus can still be reached. "If there's a willingness among companies to engage in that discussion, to reach an agreement or solution that everyone is satisfied with, then I am confident that we can pass something this year," he remarks. "If there's not that willingness, then that reduces the chances."

Overall, it seems hard to dispute that Lo's tenure has given the Google patent group a far more influential profile. He concedes that he is unsure whether the team's recent efforts have changed external perceptions, but he aims to ensure that the market knows what the company stands for.

"My hope is that by engaging more with other participants in the industry, others at least know what our positions are," he says. "I think perhaps in the past there have been some questions about what Google's interests are, what our motivations are. What I'd like to be able to do – not just through our words, but through our actions – is to make it clearer where we're coming from, what we're hoping to do." For Google under Lo, it has definitely been a case of actions speaking louder than words. (RL)



1

Allen Lo, Google

Few patent teams have been as busy as Google's in 2015. In the first six months of the year the search giant released a new version of Google Patents, making it easier to search for prior art from a wider range of sources; launched the Patent Purchase Promotion, offering patent owners a streamlined way to sell their intellectual property to the company; and unveiled its Patent Starter Programme, designed to give Google patents away for free to start-ups. Masterminding these initiatives is Allen Lo, deputy general counsel for patents and patent litigation, who has both re-engineered the patent team – adding greater expertise in areas such as data analytics – and given it a more outward-looking perspective. Google's role in the patent community continues to divide opinion, but Lo and his team remain committed to righting what they see are some of the wrongs in the system, such as poor patent quality and operating companies which sell their patent assets to non-practising entities (NPEs). Lo's role in directing the team's disparate initiatives has seen him extend a grip on the market that few can match. [See interview opposite] **iam**

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1.	Horacio Gutierrez, Microsoft
2.	Peter Detkin, Intellectual Ventures
3.	Steve Mollenkopf, Qualcomm
4.	Ken King, IBM
5.	Erich Spangenberg, IPNav
6.	Kasim Alfalahi, Ericsson
7.	Yoav Roth, Hudson Bay Capital
8.	Paul Melin, Nokia
9.	John Veschi, Rockstar
10.	Kent Walker, Google
11.	Matthew Vella, Acacia
12.	John Amster, RPX
13.	Jeffrey Smith, Starboard Value
14.	Boris Tekler, Technicolor
15.	John Lindgren, Conversant
16.	Naveen Nataraj, Evercore
17.	Eran Zur, Fortress Investment Group
18.	Gerard DeBlasi, Round Rock
19.	Andrew Perlman, Vringo
20.	Dan McCurdy, Allied Security Trust/ PatentFreedom
21.	Peter Holden, IPValue
22.	Noreen Krall, Apple
23.	Ira Blumberg, Lenovo
24.	Doug Croxall, Marathon Patent Group
25.	William Merritt, InterDigital
26.	Jim Skippen, WiLAN
27.	Terry Gou, Hon Hai
28.	Gerald Holtzman, PMC
29.	Ron Epstein, Epicenter IP Group
30.	Toshimoto Mitomo, Sony
31.	Richard Fields, Juridica Investments
32.	Brian Hinman, Philips
33.	Hideo Toyoda, Panasonic
34.	Dana Hayter, Intel
35.	Bernard Frohwitter, IPCom
36.	Izhar Armony, Charles River Ventures
37.	Ashley Keller, Gerchen Keller Capital
38.	Guy Proulx, Transpacific IP
39.	Craig Thompson, Alcatel-Lucent
40.	Soon Gan Kang, Intellectual Discovery

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4.	John Amster, RPX
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6.	Bill Coughlin, Ford
7.	Laura Quatela, Alcatel-Lucent
8.	Eran Zur, Fortress
9.	Steve Mollenkopf, Qualcomm
10.	Edward Jung, Intellectual Ventures
11.	Ramzi Haidamus, Nokia
12.	Erich Andersen, Microsoft
13.	William Merritt, InterDigital
14.	Hideo Toyoda, Panasonic
15.	Ken King, IBM
16.	BJ Watrous, Apple
17.	Deirdre Leane, IPNav
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36.	YP Jou, Wispro/ScienBiziP/MiiCs & Partners
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39.	Gerald Holtzman, PMC
40.	Ron Epstein, Epicenter IP Group