

Reassignment and Litigation Data

April 2014

Objectives

Find answers to the following:

- 1) If a Non-Practicing Entity (NPE) acquires a patent, how likely are they to assert it?
- 2) Against whom is the NPE likely to assert the patent?
- 3) How soon is a NPE likely to assert the patent after acquisition?
- 4) What is the buying pattern of the NPE?
- 5) Do any NPE lots go unasserted? If so, why?

Study Methodology

Used MaxVal's Reassignment and [Litigation Databank](#) to gather relevant data regarding NPEs and OCs.

Calculated the means and medians of necessary data from the July-December 2013 time period to create assumptions and correlations of the data.

Analyzed the data to understand NPEs' patent reassignment and assertion practices.

Compared this NPE information with OC information.

Use analyzed data to create pertinent inferences regarding NPE patent reassignment and assertion.

1) If a NPE acquires a patent, how likely are they to assert it?

NPE is 4x more likely than an operating company (OC) to assert a reassigned patent.

	NPEs	OCs
No. of Reassigned Patents	1,949	20,957
No. of Litigated Reassigned Patents	58	150
Percent of Litigated Reassigned Patents	3%	0.7%

2) Against whom will the NPE assert the patent?

From July-December 2013, 56 of the 241 (23%) unique defendants against whom a patent was asserted was a U.S. Fortune 500 company.

Company	
American Express	EMC Corp.
Avaya	Fidelity National Financial
Barnes & Noble	First Data Corp.
Best Buy	Oracle
CDW	PNC Financial Services
Charter Communications	Texas Instruments
Dillards	Yahoo

2) Against whom will the NPE assert the patent?

From July-December 2013, 30 of the 58 (52%) patents asserted included a Fortune 500 company as a defendant.

Also, there were 54 defendants who were sued multiple times. These include many of the Fortune 500 companies:

Company	Number of Unique Suits
Amazon	4
Apple	8
AT&T	4
Google	5
Hewlett Packard	5
Samsung	6

3) How soon will a NPE assert the patent?

NPEs assert a reassigned patent quicker than an OC.

Inference: NPEs have an idea of asserting a patent prior to patent reassignment.

Oct-Dec 2013	NPEs	OCs
Mean	78 days	105 days
Median	38 days	58 days

4) What is the buying pattern of a NPE's reassignment process?

From July-September 2013, 43 NPEs asserted a patent.

The table below shows relevant statistics of the asserted lots:

	Asserted Patents Per Lot
Mean	1.4
Median	1

29 of these 43 NPEs (67%) asserted all patents from the lot they acquired.

4) What is the buying pattern of a NPE's reassignment process?

NPEs are more selective when buying patent lots.

NPE buying pattern compared with OC buying pattern:

	NPEs	OCs
Average Size of Patent Lot	6.77	14.16

Inference: NPEs are more selective with reassignment purchasing patterns in order to maximize profits.

5) Do any NPE lots go unasserted? If so, why?

From July-December 2013, 85.6% of NPE lots did not contain a single patent that had been asserted before 2014 .

	NPEs
Patent Lots Acquired	299
Number of Patents Acquired	2,204
Number of Patents Asserted	58
Patent Lots With One or More Asserted Patents	43
Patent Lots With Zero Patents Asserted	256

5) Do any NPE lots go unasserted? If so, why?

Why do only 14.4% of patent lots have an asserted patent?

- 1) Most likely reason: The NPE was able to monetize the patent via a licensing agreement.
- 2) The NPE will be filing a lawsuit; but have yet to file suit (possibly waiting for infringement to occur).
- 3) The NPE miscalculated and the patent lot was a waste.
- 4) They have reassigned the patent to another party or potential infringer

Inferences

Based on the data set analysis, and the assumptions, we are able to make the following inferences:

1) When compared to OCs (who obtain 14.16 patents per lot), it seems that NPEs are more precise/particular about which patents they want.

2) NPEs have an idea of asserting the patent when they get it reassigned to them.

3) NPEs are looking to assert patents against companies with deep pockets.