

Patent Portfolio Report: Rockstar

July 31, 2014



Rockstar Patent Portfolio Report

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Disclaimer: This report is current as of date of analysis.
Underlying data may change over time.

Introduction

Rockstar Consortium

In 2011, Canadian telecommunications giant Nortel, as part of its bankruptcy proceedings, auctioned off its portfolio of roughly 6,000 patents and patent applications (the “Nortel Portfolio”). Several technology companies—including Apple, Microsoft, Research in Motion (“RIM”), Sony, and Ericsson—created a consortium that won the auction and purchased the Nortel Portfolio for \$4.5 billion. This consortium is now composed of several different entities, including Rockstar Bidco, Bockstar Technologies, Mobilestar Technologies, and Constellation Technologies.¹

Patent Portfolio

When it was sold, the Nortel Portfolio included approximately 4,000 U.S. patents and patent applications, along with approximately 2,000 foreign patents and patent applications. After the purchase, the Rockstar Consortium began to distribute many patents from the Nortel Portfolio. At present, many patents and applications remain assigned to Rockstar Consortium entities, others are assigned to Rockstar Stakeholders, and some have been sold to third parties.

In July 2013, seven patents in four families were sold to Spherix, an intellectual property licensing company, for an undisclosed amount of cash, \$1 million in stock, and a share of future licensing income.² Rockstar later sold 101 patents to Spherix in a subsequent transaction.³ These transactions may be a model for Rockstar’s future sales.

Litigation

In October 2013, the Rockstar Consortium began filing lawsuits. Rockstar Consortium entities have filed against Google, Samsung, and other companies for infringement of Rockstar patents. Rockstar is also involved in litigation with Charter Communications, Cable One, the Arris Group, Cisco, and others.

Overview of Elysium Analysis

Elysium Digital (“Elysium”) analyzed a snapshot of the U.S. patents and patent applications that made up the Rockstar Portfolio⁴ as of February 21, 2014. This report focuses on the U.S. patents and applications, and includes analysis of current assignments of patent and application assets, areas of technology covered, and

¹ This report collectively refers to the consortium’s current entities—e.g., Rockstar Bidco, Bockstar Technologies, Mobilestar Technologies, and Constellation Technologies—as “the Rockstar Consortium” or “Rockstar,” and collectively refers to the original backers of the Rockstar Consortium—e.g., Apple, Microsoft, and RIM—as “Rockstar Stakeholders.” In this report, “Apple” refers to multiple iterations of the company name found in patent assignment data, including but not limited to the following: Apple; Apple Inc; and Apple, Inc. “Microsoft” refers to Microsoft Corporation. “RIM” refers to Research in Motion, Research in Motion Limited, and/or BlackBerry (Research in Motion changed its name to BlackBerry early in 2013).

² Olga Kharif and Adam Satariano, “Apple-Backed Rockstar Said to Be in Talks to Sell Patents,” *Bloomberg*, Dec. 24, 2013 (<http://www.bloomberg.com/news/2013-12-23/apple-backed-rockstar-said-to-hold-discussions-to-sell-patents.html>).

³ Ari Levi, “Apple-Backed Consortium Sells 101 Patents to Spherix,” *Bloomberg*, January 6, 2014 (<http://www.bloomberg.com/news/2014-01-06/apple-backed-consortium-sells-101-patents-to-spherix.html>).

⁴ “Rockstar Portfolio,” in this report, refers to the patents and patent applications that originated from the Nortel portfolio and that are still owned by one of the Rockstar Consortium entities or by one of the Rockstar Stakeholders.

timing of patent expiration dates. Elysium based its analysis on public data, including file histories, reassignment data, and patent text provided by the U.S. Patent and Trademark Office (“USPTO”). Elysium will update this report with additional analysis as more information becomes public.

Elysium has also created an interactive online table (www.elys.com/article/rockstar-portfolio-analysis/) that allows users to explore the Rockstar Portfolio. The table is powered by Legion, a patent research and collaboration tool.

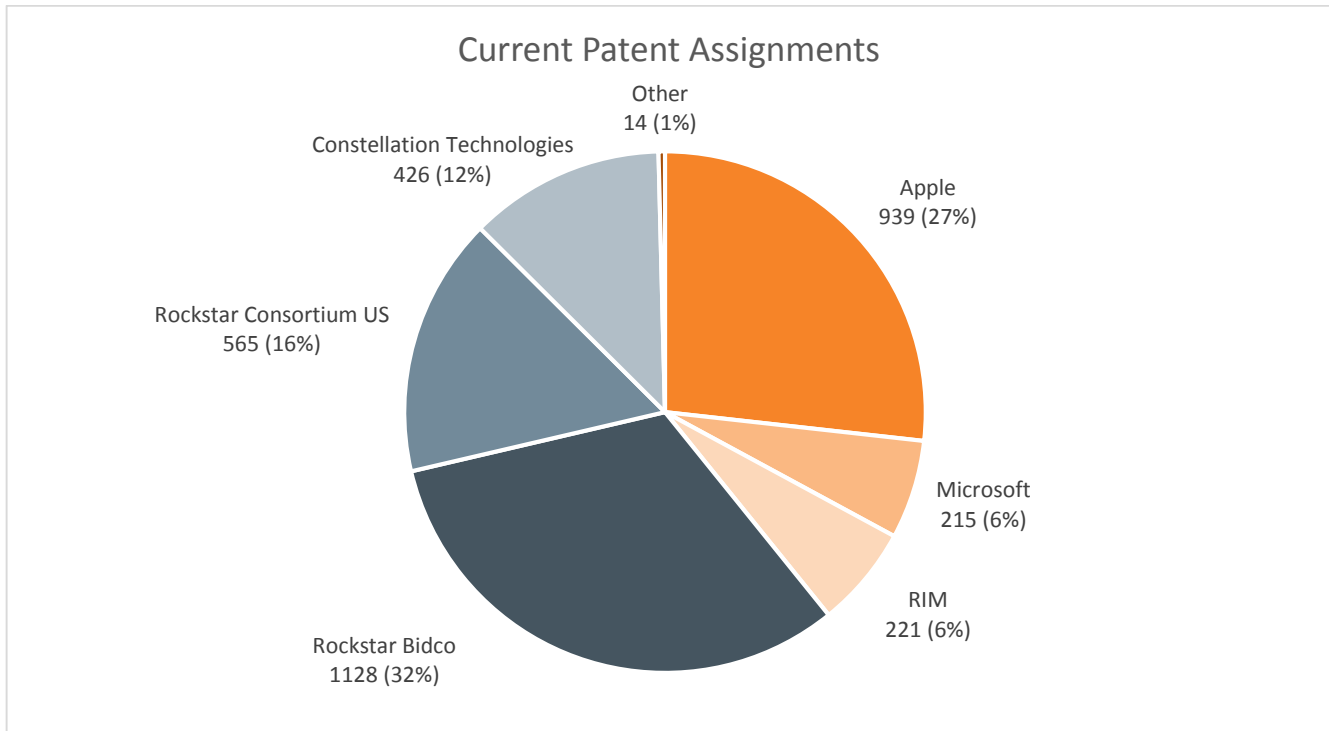
Future Analysis

Elysium is currently performing an analysis of which patents in the Rockstar Portfolio are encumbered by FRAND obligations. Elysium is conducting this analysis based on public statements made by Nortel to standards bodies, as well as analysis of patent subject matter, timing, and inventorship. Elysium plans to expand and update this report once the FRAND analysis is complete.

Assignment of Patents and Applications

Current Patent Assignments

As of February 21, 2014 the Rockstar Portfolio contained 3,516 granted U.S. patents. Distribution of these granted patents is as follows:



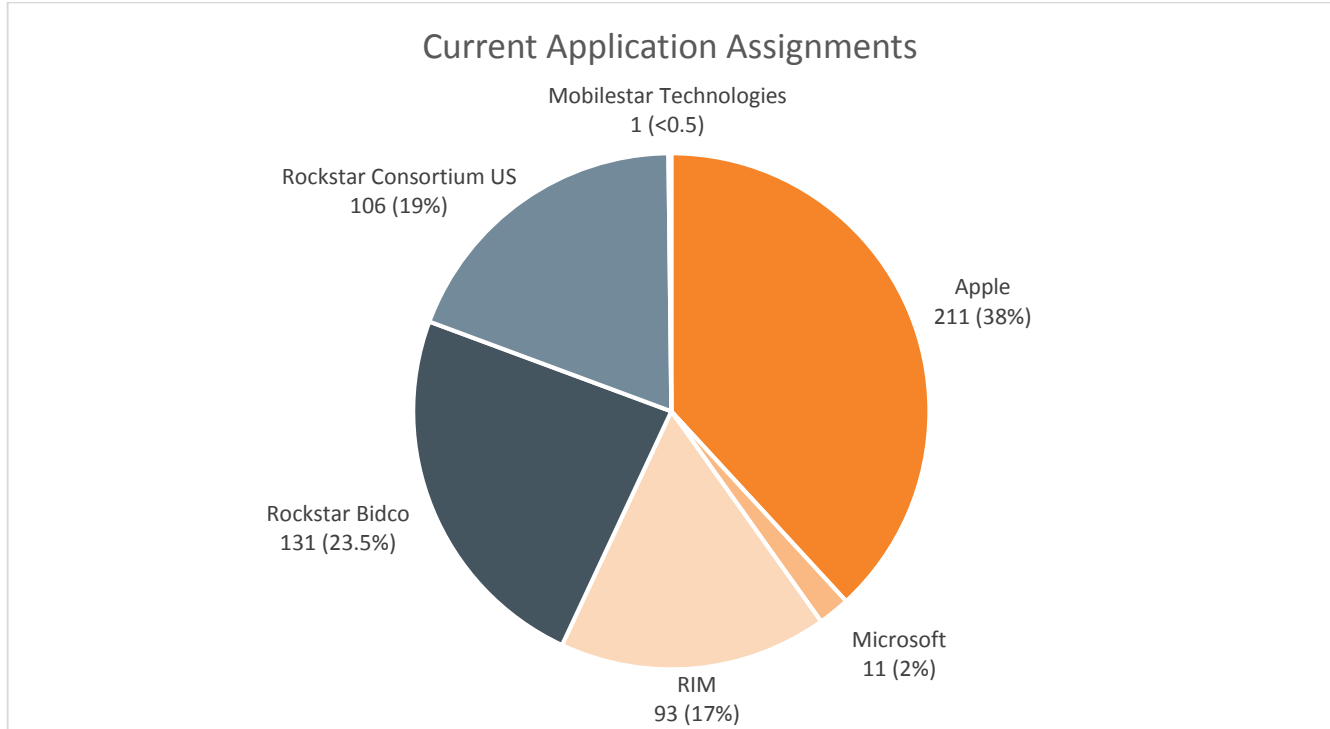
Note: Source data current as of February 21, 2014

Source: USPTO patent assignments database

Rockstar Consortium entities own approximately 61% of these granted patents. Rockstar Stakeholders own the remaining 39% of granted patents.

Current Patent Application Assignments

As of February 21, 2014, the Rockstar Portfolio contained 553 pending U.S. patent applications. The assignment distribution of these pending patent applications is as follows:



Note: Source data current as of February 21, 2014

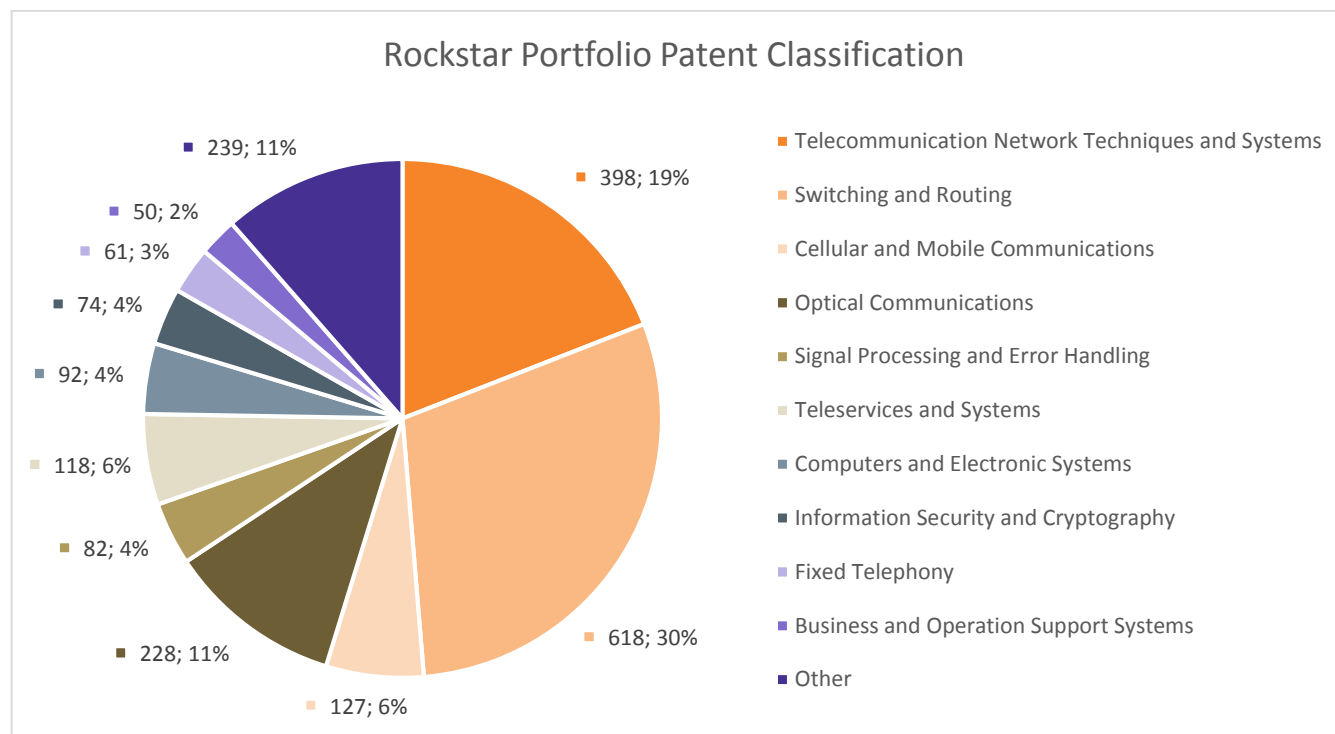
Source: USPTO patent assignments database

As the above figure shows, Rockstar Consortium entities own approximately 43% of these patent applications. Rockstar Stakeholders own the remaining 57% of patent applications.

Areas of Technology

Portfolio Classification

The patents in the Rockstar Portfolio span a variety of technological areas, as seen below. These categories were derived from the USPTO's patent classification assignments.



Note: Source data current as of February 21, 2014
Source: USPTO patent classifications

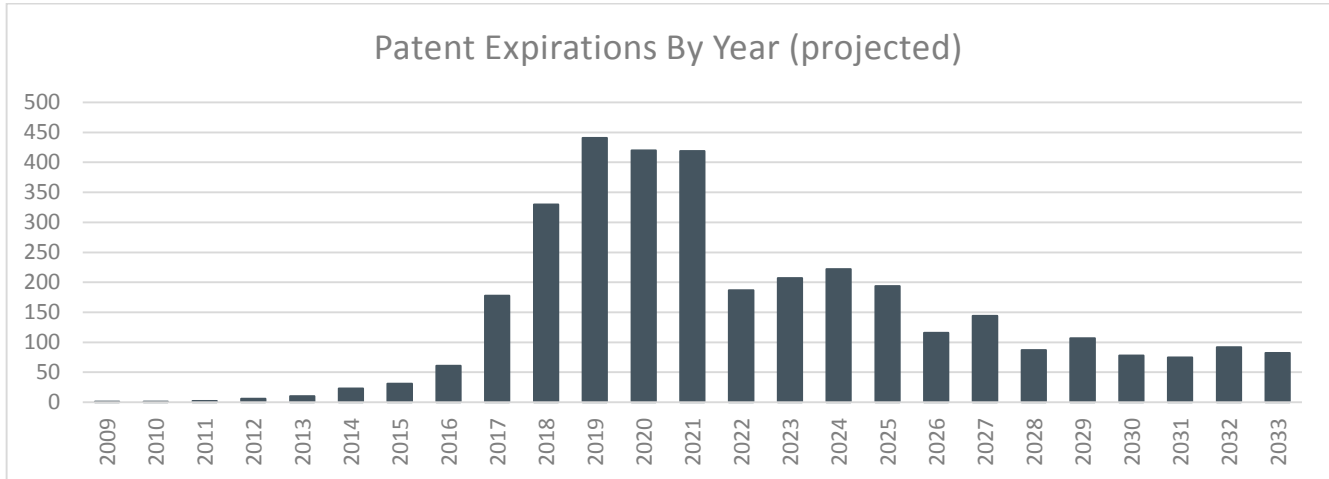
As would be expected from Nortel's background, the Rockstar Portfolio is heavily weighted toward networking and telecommunications patents. There is an emphasis on packet routing, flow control, network configuration, and quality of service systems.

This analysis is built into Elysium's interactive online table (www.elys.com/article/rockstar-portfolio-analysis/), which allows users to quickly filter the Rockstar Portfolio patents by the above classification categories and/or by user text input.

Timing Analysis: Issue and Expiration

Expiration Date of Granted patents

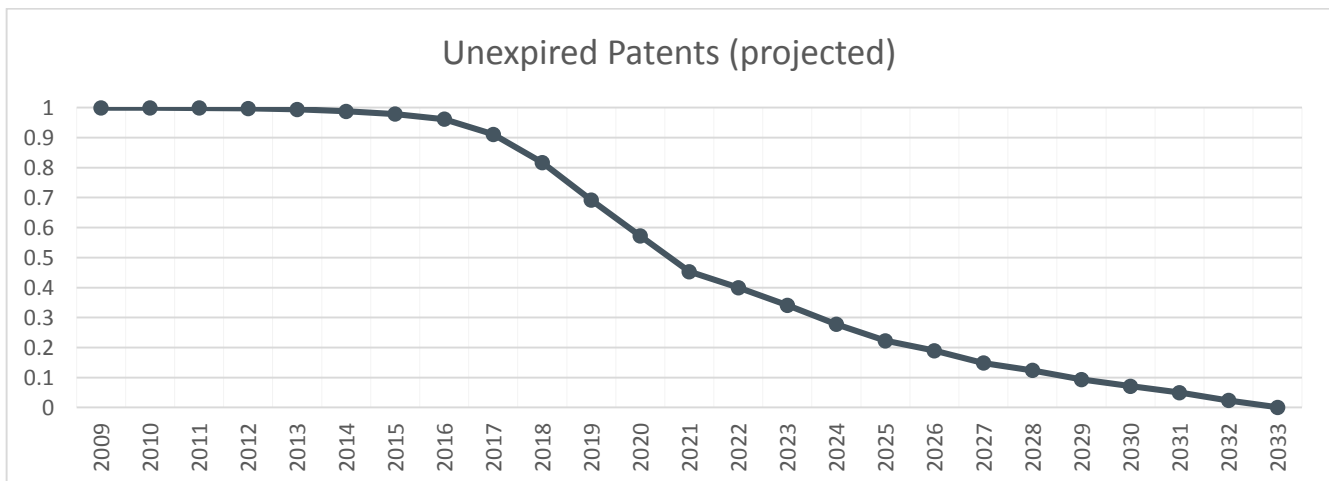
Patents in the Rockstar Portfolio began issuing in 1992. Below are the projected expiration dates for the portfolio's granted patents. Note that there are also approximately 553 pending U.S. patent applications in the Rockstar Portfolio that have not (yet) been granted. This data is current as of February 2014.



Note: Source data current as of February 21, 2014

Source: USPTO patent issue date

Older patents in the Rockstar Portfolio began to expire in 2009. As of today, the majority of the portfolio's patents have still not expired. However, as the graph above demonstrates, there will be a significant increase in expirations beginning in 2017. Expirations will then peak in the years 2019, 2020, and 2021, with more than 400 patents expiring in each of those calendar years. As visualized below, more than half of the currently issued patents are expected to expire by the end of 2021.



Note: Source data current as of February 21, 2014

Source: USPTO patent issue date

Elysium Digital

About this Report

The analysis in this report was conducted by Elysium Digital consultants. If you would like further information or have questions about this analysis, please contact Geoff Cohen at geoff@elys.com.

About Elysium Digital

Founded in 1997, Elysium Digital provides technical consulting expertise to law firms, corporations, individuals, and government agencies engaged in complex intellectual property disputes. Elysium has a full line of services spanning intellectual property consulting, expert testimony, digital forensics, and eDiscovery.

The firm has worked on behalf of some of the largest patent holders in the world, serving as consultants, expert witnesses, and forensic scientists in high-stakes litigation matters. Elysium Digital consultants specialize in deciphering complex technology and effectively communicating their findings to a client, witness, judge, or jury.

Find out more at www.elys.com.

About Legion

Legion is a unique research and analysis tool that streamlines and simplifies working with patents. Legion is designed with patent researchers and litigators in mind. The interface is optimized for desktop, tablet, and smartphone use, enabling access from the office, courtroom, and elsewhere.

The transformative power of Legion lies in its collaboration tools. Users can take advantage of numerous patent research features free of charge while a subscription opens up collaboration tools. These tools allow users to annotate patents with notes, highlight and comment on key text, and organize and rate prior art.

For more information and to experience Legion, visit www.legionpatent.com.

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