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"Patent-Palooza: Why Investors Are Suddenly Focused on IP"
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Paul Ryan: Patent man.

Only a few short years ago, intellectual property media coverage was relegated to a handful of legal journals, the occasional technology trade or localized depictions of an inventor's plight against a corporate behemoth. Now, not a day goes by without front-page news featuring billion dollar acquisitions, litigation, or simply, the topic of IP. Yet, the very fundamental nature of this business remains a mystery to the general public, politicians and boardrooms alike.

The worldwide financial community and media is inundated with Apple vs. Google smart phone wars, the demise of once patent-rich Eastman Kodak, a staggering $4.5 billion Nortel IP sale, Google's shocking acquisition of Motorola Mobility for $12.5 billion and the inability of patent-heavy InterDigital to find a strategic buyer. All of this coupled by the most sweeping changes to patent laws since the early 1950's; in the form of the recently passed America Invents Act.

IP and patents are without question the hot topic of the day. That is in stark contrast to five years ago when, with the exception of notable success stories like Qualcomm, IBM and Texas Instruments, there was minimal media acknowledgment of the importance of IP in overall corporate strategies. The topic was esoteric, nebulous and ignored by even the most financially focused mainstream media outlets.

What led to this "overnight" realization that IP matters? Of course, IP served as a solid defense mechanism, but the real catalyst was an acceptance for its role in defining competitiveness. This was further supported by an ability to empower a viable offensive business strategy designed to tax competitors. That initial paradigm shift, an awakening that opened the eyes of corporate America, is about to change yet again.

It is safe to say that patents are the last competitive advantage that American corporations possess. Corporate "have-nots" are aggressively sizing up the "haves" and plotting a course of action that enables them to join this elite crowd.

IP has gone from non-existence to the subject du jour. With this dramatic increase in acceptance, there is also the wide comprehension that patents have now evolved and are viewed as a new form of corporate currency. Or better stated, they are an asset class in their own right.

This is precisely the reason that businesses have arrived at an unprecedented era, fueled by high-velocity transactions. Underprivileged companies are vulnerable to continuous attacks, as proven by volumes of IP infringement suits hurled at them by their more aggressive, patent-savvy competition.

Change is further illustrated by the moves of innovative, IP-rich organizations to not only enforce and license inventions, but also to liquidate non-core technologies to financially flush competitors, eager to beef up their stockpiles. Ergo, the patent 1% is selling strategically to the patent 99%. As a result, this industry-wide transformation created a new ecosystem of specialized firms possessing sector-specific skill sets.

The problem arising from this rapidly evolving landscape is…how does one really value a patent, something so arcane as a binary asset, which by some estimates are worthless 95% of the time?

Corporations have begun to realize the influence of non-performing patent assets on their balance sheets. After all, The U.S. Federal Trade Commission, in "The Evolving IP Marketplace," concluded that intellectual property, including patents, comprises 80% of corporate net worth in the U.S. today. The "Patent Balance of Payments," was also stacked heavily to the negative. Corporate boards have begun to argue that managements have an obligation to generate a financial return on massive shareholder funded R&D budgets. The "Patent Balance of Payments" needed to swing to the positive.

Bottom line, world-class companies woke up and realized that it was just a whole lot easier to work with patent licensing companies like Acacia than to wage constant battle.

The bubble hasn't burst; companies are just catching on, and the industry is further evolving as demonstrated by my company's latest venture. Only weeks ago, Acacia announced its biggest patent portfolio acquisition. Not a partnership, but an outright purchase, when it paid $160 million for Adaptix, a pioneer in the development of 4G wireless technology. Within days of this transaction, Acacia filed separate disclosures with the SEC announcing that a new subsidiary immediately licensed these newly acquired patents to both Samsung and Microsoft.

Acacia understood Adaptix's patents were multi-platform based and impacted not only the wireless handset manufacturers, but also the wireless carriers and wireless infrastructure players.

At best, the U.S. and global economic recovery process since 2008's near collapse has been challenging, erratic and anemic. Companies are exploring what several years ago might have been deemed as unconventional means to generate incremental financial returns. The monetization of underperforming assets – increasingly patents – is now a focused effort to bolster bottom lines. Management is not just incentivized, but obligated, to license, enforce and/or sell patent assets for the benefit of its shareholders. As a result, the patent transaction market is not just alive…it's thriving.