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"Acacia to Acquire Adaptix for \$160 Million"
By Ben Dummett

TORONTO—Acacia Research Corp. agreed to buy Adaptix Inc. from private-equity firm Baker Capital for \$160 million in cash, a move by Acacia to bulk up on its portfolio of next-generation wireless patents.

The transaction, expected to be announced later Friday, is the latest in a flurry of patent-related deal-making as technology companies large and small try to squeeze more revenue out of their troves of patents.

Adaptix, based in Carrollton, Texas, has 230 issued and pending patents for technology used to build 4G broadband wireless networks, which carriers are increasingly adopting to service the boom in wireless communications traffic. Adaptix's intellectual property is centered on technology that allows these next-generation wireless networks to transmit more traffic with the same amount of wireless spectrum, according to Matt Vella, executive vice president at Acacia.

Over the next decade "we think [4G] will be the predominant wireless system, so certainly we think we can earn a good return for our shareholders on this" transaction, said to Paul Ryan, Acacia's chief executive.

A group including Microsoft Corp., Apple Inc. and Research In Motion Ltd. won a bankruptcy auction last summer to acquire Nortel Networks Corp.'s treasure of wireless patents, many of which covered next-generation technology, for \$4.5 billion, much higher than expected.

The Adaptix deal is Acacia first significant move involving the acquisition of patents. Typically, the Newport Beach, Calif., patent-licenser has focused on partnering with universities and other organizations that own patent rights. Acacia licenses the patents on behalf of the rights holders, and if necessary, goes to court to sue companies allegedly infringing on the patents. Acacia shares some of the revenue stream from the licensing deals.

"We think we have the opportunity to play a major role in the market in acquiring these valuable portfolios and...licensing [them] to the appropriate parties who need licenses without all of them having to get into difficulties with each other," Mr. Ryan said.

Patents have become an increasingly valuable commodity for even some of the tech world's biggest companies, as they scramble to protect themselves from patent litigation or bolster their own licensing revenue streams. In August, Google Inc. agreed to acquire Motorola Mobility Holdings Inc. for \$12.5 billion, citing in particular its patent portfolio.