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Randolph Square IP is tapping into market of researching and analyzing volumes of intellectual property and patent records



ALEXA WELCH EDLUND/TIMES-DISPATCH

Rob Smith (left) is COO of Randolph Square IP; Ted Luse is a founder and CEO; Bill Cogar is a founder and managing partner; and Tom O'Hallaron is a managing partner.

## Henrico firm offers 'big data' analysis

BY JOHN REID BLACKWELL  
Richmond Times-Dispatch

The questions that intellectual property lawyer William R. Poynter often gets from clients don't have quick and easy answers.

Inventors and entrepreneurs want to know how they can put a dollar value on intellectual property such as patents.

"It can often be very difficult to get an accurate figure" on the value of patents, said Poynter, a lawyer with the firm Kaleo Legal in Virginia Beach.

They also want to know the competitive landscape — who else might be doing similar innovations? How can they find out if anyone might be infringing their patents?

Answers don't come easy because it means researching and analyzing voluminous amounts of intellectual property and patent records, and the number is growing. For instance, in

the U.S. alone, the U.S. Patent and Trademark Office issued 347,642 patents in its most recent fiscal year that ended Sept. 30, nearly triple the number issued 20 years ago.

Traditionally, research and analysis on patents has been a labor-intensive process, often requiring weeks of work by trained IP experts.

"Ten years ago, all this was done with manual searching," Poynter said. Technology is changing that, and the Henrico County-based firm Randolph Square IP is tapping into that market.

Over the past two years, Poynter has sometimes turned to Randolph Square for its ability to combine rapid data analysis and business expertise,

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Ted Luse, Randolph Square's co-founder and CEO

which its founders say makes the process much faster, easier and cheaper.

"In this day and age, information is important," said Ted Luse, Randolph Square's co-founder and CEO. "We set out to give people more information so they can make better business decisions."

Randolph Square operates out of a small office on Glen Forest Drive, but its reach is deep and wide in the ever-expanding world of digital information.

The key to the company's service is "big data" analysis, which involves using computers to search numerous sources of patent and intellectual property information.

The company's partners say it can

search patent records in 20 countries and the European and World patent offices, covering more than 90 percent of all patents filed. Randolph Square also can search numerous other sources such as scholarly journals and information on more than 9 million companies through such sources as the Securities and Exchange Commission.

"We pull from over 100 different data sources and pick the information from each that we believe provides the most accurate and best information," Luse said.

The company narrows all that information down for relevance, then analyzes it and produces reports for its clients, which include law firms, lenders, venture capitalists and businesses.

"We make it actionable," Luse said. "It is not just about the data. It is about what the information is telling you."

Randolph Square's founders say

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that type of service is vital as the economy becomes more knowledge-based and technology-driven.

"The whole world is about innovation now," said Bill Cogar, a co-founder and managing partner.

He noted research by the World Intellectual Property Organization indicating that, in 1975, about 83 percent of the value of S&P 500 firms lay in tangible assets and 17 percent in intangible assets including intellectual property, such as patents, trademarks and copyrights.

By 2014, that was flipped, with about 88 percent of the value residing in intangible assets.

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**Founded in 2015**, Randolph Square is managed by a group of professionals with backgrounds in investment banking, finance and law.

Luse worked for 30 years in sales, trading and investment banking, including management roles with Cortview Capital Markets and BB&T Capital Markets.

Cogar also was a executive at BB&T Capital Markets and had previously worked at Bear Stearns and Wells Fargo.

Managing partner Tom O'Hallaron previously worked for Countrywide Capital Markets and started a specialty green coffee importer and wholesaler, InterContinental Coffee Trading. The company's chief operating officer, Rob Smith, is a lawyer and accountant who has worked for 20 years as a financial adviser for distressed companies and served as an expert witness in commercial litigation.

"We got introduced to intellectual property consulting and saw the applications to capital

markets," Luse said. "Intellectual property is usually the domain of lawyers, engineers and strategists. We saw that the ability to do deeper dives into the information behind it can give you an incredible amount of business and competitive intelligence."

As an example of what Randolph Square does, Luse said the company was hired by a large law firm that had a client who was being sued for patent infringement. The lawyers needed to find out if the plaintiff's patent could be proved invalid, so the law firm hired professional patent examiners, who spent two weeks researching but could not come up with anything.

"They [the law firm] called us on a Friday and said, 'We really don't understand your big data approach, but if you could help us, that is fine,'" Luse said. "We went through our system. When we do an analysis, we search 120 million-plus patents every time. A human can't do that."

"We went back with six pieces of art — or six patents — that we believed would be successful in invalidating the [plaintiff's] patent," Luse said. "We were, in fact, successful. We were able to do in three days what two professionals had taken weeks to do at multiples of the expense."

Instead of spending weeks on research, "Randolph Square IP can get you an answer in the same day," said Poynter, the lawyer from Kaleo Legal in Virginia Beach who was so impressed with Randolph Square's work that he has become its fractional legal counsel. "These guys have come up with a robust way of doing that. Their algorithm is really quick."

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**Besides law firms** working on intellectual property cases, businesses can use Randolph Square's

service to better understand the value of their own IP. Venture capital firms looking to do due diligence on potential investments also use the service.

"They do a tremendous amount of work to value a company," O'Halloran said. "As we are seeing this shift from tangible to intangible [assets], this is an opportunity to really understand if a big part of a company's revenue is being driven by innovation and IP."

While the company has done work for large businesses, the partners say they are focusing on finding customers among smaller and midsize firms, which may not have the resources to do IP research that large corporations have.

"We have done work for startups," Luse said. "Richmond has a very active startup community, and there are a number of business incubators."

In May, Randolph Square took a step into a marketplace that is related to its intellectual property data analysis: patent litigation finance. That's an emerging market in which third parties provide funding to help cover litigation costs for a plaintiff who is suing for patent infringement, in return for a portion of any financial recovery from the lawsuit.

Randolph Square completed a capital raise of \$30 million to create a patent litigation finance fund. The company said two large institutional investors subscribed to most of the fund.

The company's partners declined to disclose what patent lawsuits are being financed from the fund, but described them as cases in which individual or small-business patent holders are pursuing claims against "large corporate infringers."

Luse said patent litigation financing is often the best option for smaller

entities that do not have the financial resources to spend several years defending their patents against infringement. He stressed that the company does not finance "patent trolls," or those who acquire patents simply to profit from lawsuits, not to put the invention or innovation to use.

"I think we are doing the best for everybody involved," he said. "The smaller inventor is having his rights protected, and investors are coming in and getting a return."

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**This past spring**, Randolph Square IP was a sponsor of Virginia Commonwealth University's pre-accelerator program, which helps students with business ideas develop those concepts into viable startup businesses. Students in the program were able to use the company's service to help assess the value of their own business startup ideas.

"We found it to be an incredible asset and benefit to the students in the program," said Garret Westlake, executive director of VCU's da Vinci Center.

"Students in the early stages of forming a company were able to look at the potential value and impact of any intellectual property they were developing in a startup," Westlake said. "That had a dramatic impact on identifying opportunities for their own IP in the future and helping to establish value for their companies."

"What I think is really exciting about what they [Randolph Square] have developed is that it has implications for individual startups, as well as venture capital firms, and large institutional holders of IP such as universities and corporations," Westlake said.

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