



Litigation funder Randolph Square runs secondary market check on IP deal value

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Litigation funder Randolph Square IP (RSIP) is in the market offering to sell exposure to portions of its existing case portfolio, according to three sources familiar with the matter.

The Virginia-based firm is shopping for interested buyers on its own behalf, without the help of a mandated broker, the sources continued. The offerings are weighted toward patent cases where RSIP originated case funding deals with plaintiffs.

The secondary market-making was initially sparked earlier this summer when the funder received inbound interest from parties offering to buy positions in existing RSIP deals, noted one of the sources. RSIP management then opted to run the outbound market check to assess where valuations for some of its patent cases may trend in light of certain pro-inventor regulatory shifts that may take shape under newly appointed leadership at the United States Patent and Trademark Office (USPTO), the source added.

The slow build of a viable secondary market for litigation funders to monetize and/or mark ongoing deals has mainly had success around securitizing pools of consumer cases and mass tort actions, as well as the one-off mega commercial cases where award entitlements have been sold off. Of course, the general trajectory of the litigation finance industry hit a relative speed bump this month amid scrutiny of how Burford Capital in particular marks and accounts for trading its existing investments.

But when it comes to the world of IP commercial cases, secondary trading activity has yet to complete its first steps, two of the sources noted. The America Invents Act of 2011, which encompassed the launch of the Patent Trial and Appeal Board (PTAB), may be to blame for chilling investor interest in the patent subsector of litigation finance, the sources noted. But since his appointment last year, USPTO Director Andrei Iancu has made inroads limiting the chances patent infringers get in their attempts invalidate patents when he instituted the Precedential Opinion Panel (POP) at the PTAB in order to deem more cases precedent-setting without the option to further appeal, two sources added.

Since launching in 2015, RSIP has only publicly disclosed one of its capital raises. That was in May 2018, when the funder announced a USD 30m capital raise to go toward its patent litigation finance fund. The capital raise was majority backstopped by two institutional investors.

Year-to-date, the firm has been active, making deployments across its various other independent funds. RSIP has sold aggregate USD 44.11m of "pooled investment fund interests" across eight different transactions involving various RSIP Partners entities, according Form-D SEC filings. Charles Towne Securities is listed as the broker on several

PROPRIETARY

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Services (Other)

USA

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Litigation Finance

transactions from February, but some recent deals in July were done without a broker.

RSIP's business model cuts down multiple avenues beyond litigation finance. The firm's analytics segment runs an algorithm-driven proprietary analytics platform that delivers clients reports on patents and potential ideas for patents. In addition to being a capital provider itself, RSIP's case management segments advises patent owners on connecting with other capital resources for litigation.

RSIP declined comment.

by Andrew Ragsly

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