

blog

Auction for Nortel patents approaches its climax as purchasers bid big bucks

The Nortel patent sale is approaching its end game, according to [a report from Reuters](#). It looks like the bankrupt Canadian company has definitely decided against [setting up a licensing business](#) and will instead divide the portfolio up and then auction each tranche off separately. Among the companies said to be putting bids together are Google and Apple. Interdigital has confirmed that it is part of a consortium "bidding for Nortel's Long Term Evolution patents for a system to increase wireless speed and capacity", Reuters states.

The sale, which is being organised by Lazards and the Global IP Law Group, is due to be completed within the next few weeks and could raise over \$1 billion if [estimates](#) as to the value of what is on offer turn out to be correct. One round of bidding has already occurred. On his [IP Insider blog](#) Bruce Berman reports that "a banker familiar with the negotiations" says that there is heavy bidding for a Nortel's LTE/wireless cluster: "Bids are due before December 20th and \$300 – \$350 MM is expected from this alone."

I am not sure on where the law stands here, but I wonder whether because this is a bankruptcy sale we will end up finding out the amounts the sales end up generating. [Microsoft recently showed](#) that when a company comes across patents that it wants to get its hands on, it is willing to pay top dollar to secure them. It looks like that is what is going to happen here. And by splitting the portfolio up, Lazards and the Global IP Law Group are giving themselves the best chance to generate maximum returns.

Given that so many big name companies are in on the bidding, you can't help but wonder whether in the past Nortel made the most of what it had. And looking forward, if I were an NPE with access to financing then I would be thinking very carefully about getting involved in the auction too. There is clearly the potential for a lot of licensing revenue in this portfolio. Look at the [success Round Rock Research has enjoyed](#) since acquiring 20% plus of Micron's portfolio. Nortel must offer the same opportunities. I suppose the one tricky issue for an NPE is that Nortel may not be in a position to lower its price in return for a future share of income. That would make the upfront price much higher than it need otherwise be. But if NPEs are interested, you would have thought that the defensive aggregators - AST and RPX - would be too. We live in interesting times; and should know a whole lot more by the end of January.

Sectors

Licensing, Patents, IP business, IP finance