

Internet Patents Corp
Form S-4
December 30, 2014
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As filed with the Securities and Exchange Commission on December 30, 2014

Registration No. 333-[]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

INTERNET PATENTS CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6794
(Primary Standard Industrial
Classification Code Number)

94-3220749
(I.R.S. Employer
Identification Number)

101 Parkshore Drive, Suite 100
Folsom, California 95630
(916) 932-2860

(Address including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Hussein A. Enan
Chairman of the Board and Chief Executive Officer

Internet Patents Corporation
101 Parkshore Drive, Suite 100
Folsom, California 95630
(916) 932-2860

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the Merger Agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13(e)-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Security Being Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, \$0.001 par value per share	3,500,000	N/A	\$0	\$0

(1) Relates to common stock, \$0.001 par value per share, of Internet Patents Corporation, a Delaware corporation (“IPC”), issuable to holders of membership units of Prism Technologies, LLC, a Nebraska limited liability company (“Prism”), in the proposed merger of Strategic Concepts Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of IPC, with and into Prism. The amount of IPC common stock to be registered is based on the number of shares of IPC common stock to be issued pursuant to the merger described herein. Includes rights to acquire common stock or preferred stock under any shareholder rights plan in effect from time to time, if applicable, under the terms of any such plan.

(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(f) of the Securities Act of 1933, as amended, based upon \$3.1 million, the estimated aggregate book value of the Prism securities to be exchanged in the merger, computed as of November 30, 2014, the latest practicable date prior to the date of filing this registration statement. Prism is a private company and no market exists for its securities. As required by Rule 457(f)(3), the estimated amount of cash consideration to be paid by IPC in connection with the transaction, or \$16.5 million, has been deducted from the proposed maximum aggregate offering price. As this results in a negative number, the proposed maximum aggregate offering price has been estimated as \$0.

(3) This fee has been calculated pursuant to Section 6(b) of the Securities Act of 1933, as amended.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. IPC may not sell its securities pursuant to the proposed transactions until the Registration Statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated December 30, 2014

prism technologies

**PROPOSED MERGER
YOUR VOTE IS VERY IMPORTANT**

To the security holders of Internet Patents Corporation and Prism Technologies, LLC:

Internet Patents Corporation (“IPC”) and Prism Technologies, LLC (“Prism”) have entered into an Agreement and Plan of Merger (the “Merger Agreement”) pursuant to which a wholly owned subsidiary of IPC will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC (the “Merger”). Prism and IPC believe that the Merger will create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for the IPC stockholders and Prism members in the long-term than IPC or Prism could create as a stand-alone business.

Prior to the effective time of the Merger, (i) each outstanding option to purchase Prism membership units that is outstanding and unexercised shall be exercised by the holder thereof and cancelled by Prism, and (ii) all outstanding indebtedness convertible into Prism membership units or other equity interests of Prism shall be fully repaid or fully converted, in each case such that such membership unit subject to such option or convertible indebtedness shall participate in the Merger pursuant to the Merger Agreement. At the effective time of the Merger, in exchange for all of the outstanding equity of Prism outstanding immediately prior to the effective time of the Merger, IPC will pay \$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), and issue 3.5 million shares of IPC common stock to Prism security holders. Subject to certain conditions, IPC has also agreed to share future revenue related to Prism’s patents with Prism’s former security holders up to a maximum amount of approximately \$49.5 million.

IPC stockholders will continue to own and hold their existing shares of IPC common stock. Immediately after the Merger, Prism members will own approximately 39.3% of the fully-diluted common stock of IPC, with IPC

stockholders and optionholders holding approximately 60.7% of the fully-diluted common stock of IPC.

Shares of IPC common stock are currently listed on The NASDAQ Capital Market under the symbol "PTNT". On [], the last trading day before the date of this joint proxy statement/prospectus, the closing sale price of IPC common stock was \$[] per share.

IPC is holding a special meeting of stockholders in order to obtain the stockholder approvals necessary to complete the Merger and related matters. At the IPC special meeting, which will be held at [], local time, on [], 2015 at [], unless postponed or adjourned to a later date, IPC will ask its stockholders to, among other things, approve the Merger and the issuance of IPC common stock, as described in the accompanying joint proxy statement/prospectus.

As described in the accompanying joint proxy statement/prospectus, certain Prism members who in the aggregate own approximately 51% of the outstanding membership units of Prism are parties to support agreements with IPC, whereby such members agreed, among other things, to vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof, subject to the terms of the support agreements. After the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, is declared effective by the U.S. Securities and Exchange Commission, Prism will hold a special meeting of its members to approve the Merger and the Merger Agreement, and the Prism members who are party to the support agreements will each vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof.

After careful consideration, the IPC board of directors and Prism board of managers have approved the Merger Agreement and the respective proposals referred to above, and each of the IPC board of directors and Prism board of managers has determined that it is advisable to enter into the Merger. The board of directors of IPC recommends that its stockholders vote "FOR" the proposals described in the accompanying joint proxy statement/prospectus, and the board of managers of Prism recommends that its members vote to approve the Merger and the Merger Agreement.

More information about IPC, Prism and the proposed transaction is contained in this joint proxy statement/prospectus. IPC and Prism urge you to read the accompanying joint proxy statement/prospectus carefully and in its entirety. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER “**RISK FACTORS**” BEGINNING ON PAGE 18.

IPC and Prism are excited about the opportunities the Merger brings to both IPC and Prism security holders and thank you for your consideration and continued support.

Hussein A. Enan	Gregory J. Duman
Chairman and Chief Executive Officer	President
Internet Patents Corporation	Prism Technologies, LLC

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The accompanying joint proxy statement/prospectus is dated [], and is first being mailed to IPC and Prism security holders on or about [].

INTERNET PATENTS CORPORATION
101 Parkshore Drive, Suite 100
Folsom, California 95630
(916) 932-2860

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [____], 2015**

Dear Stockholders of IPC:

On behalf of the board of directors of Internet Patents Corporation, a Delaware corporation (“IPC”), we are pleased to deliver this joint proxy statement/prospectus for the proposed merger between IPC and Prism Technologies, LLC, a Nebraska limited liability company (“Prism”), pursuant to which Strategic Concepts Acquisition Corp., a wholly owned subsidiary of IPC, will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC. The special meeting of stockholders of IPC will be held on [____], 2015 at [____], local time, at [____], for the following purposes:

1. To consider and vote upon a proposal to approve the Merger and the issuance of IPC common stock pursuant to the Agreement and Plan of Merger, dated as of November 11, 2014, by and among IPC, Strategic Concepts Acquisition Corp., Prism and Gregory J. Duman, as the Securityholders’ Agent, a copy of which is attached as *Annex A* to the accompanying joint proxy statement/prospectus.
2. To consider and vote upon an adjournment of the IPC special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1.
3. To transact such other business as may properly come before the IPC special meeting or any adjournment or postponement thereof.

The board of directors of IPC has fixed [] as the record date for the determination of stockholders entitled to notice of, and to vote at, the IPC special meeting and any adjournment or postponement thereof. Only holders of record of shares of IPC common stock at the close of business on the record date are entitled to notice of, and to vote at, the IPC special meeting. At the close of business on the record date, IPC had [] shares of common stock outstanding and entitled to vote.

Your vote is important. The affirmative vote of the holders of a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting is required for approval of the proposals. The Merger cannot be consummated without the approval of IPC Proposal No. 1.

Even if you plan to attend the IPC special meeting in person, IPC requests that you sign and return the enclosed proxy to ensure that your shares will be represented at the IPC special meeting if you are unable to attend.

By Order of the IPC Board of Directors,

Hussein A. Enan
Chairman and Chief Executive Officer
Folsom, California
[], 2015

THE IPC BOARD OF DIRECTORS HAS DETERMINED AND BELIEVES THAT EACH OF THE PROPOSALS OUTLINED ABOVE IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, IPC AND ITS STOCKHOLDERS AND HAS APPROVED EACH SUCH PROPOSAL. THE IPC BOARD OF DIRECTORS RECOMMENDS THAT IPC STOCKHOLDERS VOTE “FOR” EACH SUCH PROPOSAL.

We urge you to read the accompanying joint proxy statement/prospectus, including all documents incorporated by reference into the accompanying joint proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the Merger Agreement, the Merger, the IPC special meeting or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus or need help voting your shares of IPC common stock, please contact:

D.F. King & Co., Inc.
48 Wall Street

New York, NY 10005

Toll-free: 866-387-7715

Banks and Brokers should call 212-493-3910

E-mail: ptomaszewski@dfking.com

prism technologies

PRISM TECHNOLOGIES, LLC
2323 S. 171st Street, Suite 106
Omaha, NE 68130

NOTICE OF SPECIAL MEETING OF THE PRISM TECHNOLOGIES, LLC MEMBERS TO BE HELD ON [], 2015

To Members of Prism Technologies, LLC:

Prism Technologies, LLC, a Nebraska limited liability company (“Prism”), has entered into an Agreement and Plan of Merger, dated as of November 11, 2014 (the “Merger Agreement”), by and among Prism, Internet Patents Corporation, a Delaware corporation (“IPC”), Strategic Concepts Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of IPC (“Merger Sub”), and Gregory J. Duman, as the Securityholders’ Agent (the “Securityholders’ Agent”), pursuant to which Merger Sub will be merged with and into Prism, and Prism will continue as the surviving entity and as a wholly owned subsidiary of IPC.

A special meeting of the members of Prism (the “Prism Members” and, individually, a “Prism Member”) will be held at [], on [], [], 2015, at [] a.m., local time, for the following purposes:

1. To approve the Merger and the Merger Agreement, a copy of which is attached as *Annex A* to the accompanying joint proxy statement/prospectus.
2. To consider and vote upon an adjournment of the Prism special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Prism Proposal No. 1.

3. To transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

These proposals are more fully described in the accompanying joint proxy statement/prospectus, which we encourage you to read carefully, including the “Risk Factors” beginning on page 18. We have included a copy of the Merger Agreement as *Annex A* to this joint proxy statement/prospectus.

Approval of the Merger and the Merger Agreement requires the approval of Prism Members holding at least sixty-seven percent (67%) of then outstanding units (“Units”) held by Prism Members.

After careful consideration of the Merger and the terms of the Merger Agreement, the board of managers of Prism (the “Prism Board”) has determined that the Merger is fair, advisable and in the best interests of Prism and the Prism Members. Accordingly, the Prism Board unanimously recommends that the Prism Members vote to approve the Merger and the Merger Agreement.

Your approval of the Merger is important. The Merger cannot be consummated without approval of Prism Proposal No. 1 by Prism Members holding at least sixty-seven percent (67%) of then outstanding Units held by Prism Members. Even if you plan to attend the Prism special meeting in person, Prism requests that you sign and return the enclosed proxy to ensure that your Units will be represented at the Prism special meeting if you are unable to attend.

By Order of the Board of Managers,

Gregory J. Duman
President
Omaha, Nebraska
[], 2015

REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about IPC that is not included in or delivered with this document. You may obtain this information without charge through the Securities and Exchange Commission (“SEC”) website (www.sec.gov) or upon your written or oral request by contacting the General Counsel of Internet Patents Corporation, 101 Parkshore Drive, Suite #100, Folsom, California 95630 or by calling (916) 932-2860.

In addition, if you have questions about the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact D.F. King & Co. Inc., the proxy solicitor for IPC, toll-free at (866) 387-7715 (banks and brokers should call (212) 493-3910) or Gregory J. Duman, Prism Technologies, LLC at (402) 934-2020. You will not be charged for any of these documents that you request.

To ensure timely delivery of these documents, any request should be made no later than [], 2015 to receive them before the special meeting.

For additional details about where you can find information about IPC, please see the section entitled “Where You Can Find More Information” in this joint proxy statement/prospectus.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following section provides answers to frequently asked questions about the Merger. This section, however, provides only summary information. For a more complete response to these questions and for additional information, please refer to the cross-referenced sections.

Q: What is the Merger?

Internet Patents Corporation (“IPC”), Strategic Concepts Acquisition Corp. (the “Merger Sub”), Prism Technologies, LLC (“Prism”) and Gregory J. Duman, as Securityholders’ Agent, have entered into an Agreement and Plan of Merger, dated as of November 11, 2014 (the “Merger Agreement”). The Merger Agreement contains the terms and conditions of the proposed business combination of IPC and Prism. Under the Merger Agreement, Merger Sub will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC. This transaction is referred to as the “Merger”.

At the effective time of the Merger, in exchange for all of the outstanding equity of Prism outstanding immediately prior to the effective time of the Merger, IPC will pay \$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), and issue 3.5 million shares of IPC common stock to Prism security holders. Subject to certain conditions, IPC has also agreed to share future revenue related to Prism’s patents with Prism’s former security holders up to a maximum amount of approximately \$49.5 million. For a more complete description of what Prism security holders will receive in the Merger, please see the section entitled “The Merger Agreement—Merger Consideration” in this joint proxy statement/prospectus.

As a result of the Merger, Prism’s former security holders are expected to own in the aggregate approximately 34.7% of IPC (or approximately 39.3% on a fully-diluted basis), and the IPC stockholders and optionholders are expected to own in the aggregate approximately 65.3% of IPC (or approximately 60.7% on a fully-diluted basis).

Q: What will happen to IPC if, for any reason, the Merger does not close?

If, for any reason, the Merger does not close, the IPC board of directors will continue to operate its current business and may evaluate other strategic transactions from time to time, including another merger, a special distribution of cash, or an acquisition of intellectual property assets.

Q: What will happen to Prism if, for any reason, the Merger does not close?

If, for any reason, the Merger does not close, the Prism board of managers will continue to operate its current business and may evaluate other strategic transactions from time to time, including another merger or sale, an initial public offering, or other sources of financing.

Q: Why are the two companies proposing to merge?

Prism and IPC believe that the Merger will create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for IPC stockholders and Prism members in the long-term than IPC or Prism could create as a stand-alone business. For a discussion of IPC and Prism reasons for the Merger, please see the section entitled “The Merger—IPC Reasons for the Merger” and “The Merger—Prism Reasons for the Merger” in this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus?

You are receiving this joint proxy statement/prospectus because you have been identified as a security holder of IPC or Prism as of the applicable record date, and you are entitled, as applicable, to vote at the IPC stockholder meeting to approve the Merger and the issuance of shares of IPC common stock pursuant to the Merger Agreement or to vote at the Prism member meeting to approve the Merger and the Merger Agreement. This document serves as:

a proxy statement of IPC used to solicit proxies for its stockholder meeting;

a prospectus of IPC used to offer shares of IPC common stock as part of the Merger consideration payable to Prism security holders in the Merger; and

a proxy statement of Prism used to solicit proxies for a meeting of its members to approve the Merger and the Merger Agreement.

Q: What is required to consummate the Merger?

A: To consummate the Merger, IPC stockholders must approve the Merger and the issuance of IPC common stock pursuant to the Merger Agreement, and Prism members must approve the Merger and the Merger Agreement.

The approval of the Merger and the issuance of IPC common stock pursuant to the Merger Agreement by the stockholders of IPC requires the affirmative vote of the holders of at least a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting.

The approval of the Merger and the Merger Agreement by the members of Prism requires the approval of Prism members holding at least sixty-seven percent (67%) of then outstanding units held by Prism members.

In addition to the required IPC stockholder and Prism member approvals, each of the other closing conditions set forth in the Merger Agreement must be satisfied or waived.

Certain Prism members who in the aggregate own approximately 51% of the outstanding membership units of Prism are parties to support agreements with IPC, whereby such members agreed, among other things, to vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof, subject to the terms of the support agreements.

For a more complete description of the closing conditions under the Merger Agreement, we urge you to read the section entitled “The Merger Agreement—Conditions to the Completion of the Merger” in this joint proxy statement/prospectus.

Q: What will Prism members receive in the Merger?

A: As a result of the Merger, Prism members will receive an aggregate of \$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), and 3.5 million shares of IPC common stock. Subject to certain conditions, IPC has also agreed to share future revenue related to Prism’s patents with Prism’s former security holders up to a maximum amount of approximately \$49.5 million.

For a more complete description of what Prism members will receive in the Merger, please see the section entitled “The Merger Agreement—Merger Consideration” in this joint proxy statement/prospectus.

Q: Who will be the directors of IPC following the Merger?

A: Following the Merger, Gregory J. Duman, Prism’s President, is expected to be appointed to the board of directors of IPC, which will otherwise remain unchanged.

Q: Who will be the executive officers of IPC and Prism immediately following the Merger?

A: Immediately following the Merger, the executive management teams of IPC and of Prism are expected to remain unchanged.

Q: What are the material U.S. federal income tax consequences of the Merger to Prism members?

The Merger will be a taxable transaction to the Prism members for U.S. federal income tax purposes. Prism is taxed as a partnership for federal income tax purposes immediately prior to the sale and will be a single member LLC immediately after the sale. Prism security holders should reference Internal Revenue Service (“IRS”) Revenue Ruling 99-6, 1999-1 C.B. 432 (“Revenue Ruling 99-6”) for general guidance on the taxation of this transaction. In general, a Prism member, who exchanges its Prism membership units for cash and IPC common stock pursuant to the Merger, will recognize a gain or loss in an amount equal to the difference between: (i) such Prism member’s amount realized, calculated as the sum of (A) the amount of any cash received, (B) the fair market value of any IPC common stock received, and (C) such Prism member’s share, for U.S. federal income tax purposes, of Prism’s liabilities immediately prior to the Merger and (ii) such Prism member’s adjusted tax basis in the Prism membership units exchanged therefor. A Prism member’s amount realized will include any earnout payments received. If a Prism member recognizes gain as a result of the Merger, such Prism member may incur a tax liability without a corresponding receipt of cash sufficient to pay such liability.

Tax matters are very complicated, and the tax consequences of the Merger to a particular Prism member will depend on such member’s particular circumstances. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of the Merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws. For more information, please see the section entitled “The Merger—Material U.S. Federal Income Tax Consequences of the Merger for Prism Security holders” beginning on page 53.

Q: As an IPC stockholder, how does the IPC board of directors recommend that I vote?

A: After careful consideration, the IPC board of directors recommends that IPC stockholders vote:

- “FOR” IPC Proposal No. 1 to approve the Merger and the issuance of shares of common stock of IPC pursuant to the Merger Agreement; and

• “FOR” IPC Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1.

Q: As a Prism member, how does the Prism board of managers recommend that I vote?

A: After careful consideration, the Prism board of managers recommends that Prism members vote:

• “FOR” Prism Proposal No. 1 to approve the Merger and the Merger Agreement; and

“FOR” Prism Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Prism Proposal No. 1.

Q: What risks should I consider in deciding whether to vote in favor of the Merger?

You should carefully review the section of this joint proxy statement/prospectus entitled “Risk Factors,” which sets forth certain risks and uncertainties related to the Merger, risks and uncertainties to which the combined company’s business will be subject, and risks and uncertainties to which IPC and Prism are subject.

Q: When do you expect the Merger to be consummated?

We anticipate that the Merger will occur sometime soon after the IPC special meeting to be held on [], but we cannot predict the exact timing. For more information, please see the section entitled “The Merger Agreement—Conditions to the Completion of the Merger” in this joint proxy statement/prospectus.

Q: What do I need to do now?

A: IPC and Prism urge you to read this joint proxy statement/prospectus carefully, including its annexes, and to consider how the Merger affects you.

If you are a stockholder of IPC, you may provide your proxy instructions in one of two different ways. First, you can mail your signed proxy card in the enclosed return envelope. You may also provide your proxy instructions via the Internet by following the instructions on your proxy card or voting instruction form. Please provide your proxy instructions only once, unless you are revoking a previously delivered proxy instruction, and as soon as possible so that your shares can be voted at the special meeting of IPC stockholders. Even if you plan to attend the IPC special meeting in person, IPC requests that you sign and return the enclosed proxy to ensure that your shares will be represented at the IPC special meeting if you are unable to attend.

If you are a member of Prism, you can mail your signed proxy card in the enclosed return envelope. Please provide your proxy instructions only once, unless you are revoking a previously delivered proxy instruction and as soon as possible so that your units can be voted at the special meeting of Prism members. Even if you plan to attend the Prism special meeting in person, Prism requests that you sign and return the enclosed proxy to ensure that your units will be represented at the Prism special meeting if you are unable to attend.

Q: May I vote in person at the special meeting of stockholders of IPC?

If your shares of IPC common stock are registered directly in your name with the IPC transfer agent, you are considered to be the stockholder of record with respect to those shares, and the proxy materials and proxy card are being sent directly to you by IPC. If you are an IPC stockholder of record, you may attend the special meeting of IPC stockholders and vote your shares in person. Even if you plan to attend the IPC special meeting in person, IPC requests that you sign and return the enclosed proxy to ensure that your shares will be represented at the IPC special meeting if you are unable to attend. If your shares of IPC common stock are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in “street name,” and the proxy materials are being forwarded to you by your broker or other nominee together with a voting instruction card. As the beneficial owner, you are also invited to attend the special meeting of IPC stockholders. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the IPC special meeting unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting.

Q: What happens if I do not return a proxy card or otherwise provide proxy instructions, as applicable?

If you are an IPC stockholder and you fail to deliver a proxy, the resulting non-attendance will have the same effect **A:** as a vote “AGAINST” the approval of IPC Proposal No. 1, but will have no effect on the outcome of the vote for IPC Proposal No. 2.

If your bank, broker or nominee holds your IPC shares in its name and you do not instruct it how to vote, it will not have discretion to vote on any of the proposals at the special meeting. Brokers, banks or other nominees who hold shares in street name for their customers have the authority to vote on “routine” proposals when they have not received instructions from the beneficial owners of such shares. However, brokers, banks or other nominees do not have the authority to vote shares they hold for their customers on non-routine proposals when they have not received instructions from the beneficial owners of such shares. Each of Proposals No. 1 and 2 are non-routine proposals. As a result, absent instructions from the beneficial owner of such shares, brokers, banks and other nominees will not vote those shares. This is referred to as a “broker non-vote.” Broker non-votes are counted for purposes of determining whether there is a quorum. Broker non-votes will have the same effect as a vote “AGAINST” the approval of IPC Proposal No. 1. Broker non-votes will not have any effect on the outcome of the vote on the IPC Proposal No. 2 if it is submitted for approval when no quorum is present at the special meeting.

If you are a Prism member and you fail to deliver a proxy, the resulting non-attendance will have the same effect as a vote “AGAINST” the approval of Prism Proposal No. 1, but will have no effect on the outcome of the vote of Prism Proposal No. 2.

Q: When and where is the special meeting of IPC stockholders?

The special meeting of IPC stockholders will be held at [], at [], local time, on []. Subject to space availability, all IPC stockholders as of the record date, or their duly appointed proxies, may attend the meeting. A: Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [], local time.

Q: When and where is the special meeting of Prism members?

The special meeting of Prism members will be held at [], at [], local time, on []. Subject to space availability, all Prism members or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [], local time.

Q: If my IPC shares are held in “street name” by my broker, will my broker vote my shares for me?

If you hold your shares in street name, you must provide your broker, bank or other nominee with instructions in order to vote those shares. To do so, you should follow the voting instructions provided to you by your bank, broker or other nominee. If your bank, broker or nominee holds your shares in its name and you do not instruct it how to vote, it will not have discretion to vote on Proposals No. 1 and 2 at the special meeting.

Q: May I change my vote after I have submitted a proxy or provided proxy instructions?

IPC stockholders of record may change their vote at any time before their proxy is voted at the IPC special meeting in one of three ways. First, a stockholder of record of IPC can send a written notice to IPC’s Secretary stating that it would like to revoke its proxy. Second, a stockholder of record of IPC can submit new proxy instructions either on a new proxy card or via the Internet. Third, a stockholder of record of IPC can attend the IPC special meeting and vote in person. Attendance alone will not revoke a proxy. If an IPC stockholder of record or a stockholder who owns IPC shares in “street name” has instructed a broker to vote its shares of IPC common stock, the stockholder must follow directions received from its broker to change those instructions.

Prism members of record may change their vote at any time before their proxy is voted at the Prism special meeting in one of three ways. First, a member of record of Prism can send a written notice to Prism’s President, stating that it would like to revoke its proxy. Second, a member of record of Prism can submit new proxy instructions on a new proxy card. Third, a member of record of Prism can attend the Prism special meeting and vote in person. Attendance alone will not revoke a proxy.

Q: Who is paying for this proxy solicitation?

IPC will pay for the costs of printing and filing of this joint proxy statement/prospectus and the proxy cards. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries who are record holders of IPC common stock for the forwarding of solicitation materials to the beneficial owners of IPC common stock. IPC will reimburse these brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses they incur in connection with the forwarding of solicitation materials.

Q: Who can help answer my questions?

If you are an IPC stockholder and would like additional copies, without charge, of this joint proxy
A: statement/prospectus or if you have questions about the Merger, including the procedures for voting your shares,
you should contact:

D.F. King & Co., Inc.
48 Wall Street

New York, NY 10005

Toll-free: 866-387-7715

Banks and brokers: 212-493-3910
E-mail: ptomaszewski@dfking.com

OR

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Internet Patents Corporation
101 Parkshore Drive, Suite #100
Folsom, California 95630
Tel: (916) 932-2860
Attn: General Counsel
eric@ipcwebmail.com

If you are a Prism member, and would like additional copies, without charge, of this joint proxy statement/prospectus or if you have questions about the Merger, you should contact:

Prism Technologies, LLC
2323 S. 171st Street, Suite 106
Omaha, NE 68130
Telephone: (402) 934-2020
Attn: Gregory J. Duman
greg.duman@prsmip.com

Prospectus Summary

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. To better understand the Merger, the proposals being considered at the IPC special meeting and the Prism member meeting, you should read this entire joint proxy statement/prospectus carefully, including the Merger Agreement attached as Annex A and the opinion of Sanli Pastore & Hill, Inc. attached as Annex B to which you are referred herein. For more information, please see the section entitled “Where You Can Find More Information” in this joint proxy statement/prospectus.

The Companies

Internet Patents Corporation

101 Parkshore Drive, Suite #100
Folsom, California 95630
(916) 932-2860

Internet Patents Corporation (“IPC”) was originally incorporated in California in February 1995, was re-incorporated in Delaware in October 1996, and is headquartered outside of Sacramento, California.

From its inception through December 21, 2011, IPC operated an online insurance marketplace that electronically matched consumers and providers of automobile, property, health, term life, and small business insurance. IPC discontinued this business in connection with the sale of substantially all of its assets in a transaction that closed in December 2011 (the “Disposition”). In connection with the Disposition, IPC changed its name from InsWeb Corporation to Internet Patents Corporation. IPC’s business consists solely of plans to license and otherwise enforce its portfolio of seven e-commerce patents (the “Patent Licensing Business”).

At its incorporation in 1995, IPC was among the earliest companies operating exclusively online, and IPC employed a significant staff of software and systems engineers to develop technology leveraging the power of the Internet. Although IPC’s principal business focus at that time was online insurance lead generation, the problems that IPC’s technology experts faced were common to many e-commerce companies. IPC’s innovative solutions to these problems are now covered by patents that it believes apply to many e-commerce activities, including:

personalized product recommendations to web site visitors;

retargeting or remarketing to web site visitors;

online registration and application processes and forms;

maintaining consistent look and feel of web pages in multiple languages; and

generating quick or even real time product rate requests.

IPC's patent portfolio consists of seven issued patents, all of which are considered utility patents. All of the issued patents are wholly-owned by IPC, except for U.S. Patent No. 7,389,246 in which IPC transferred a one-half ownership interest to an unrelated company on a royalty-free basis. All of the patents issued to IPC describe technologies that were invented by employees of IPC and assigned to IPC. In addition, IPC continues to pursue continuation patent applications related to some of the issued patents. IPC does not engage in research and development activities, and therefore does not expect to develop further patentable inventions; however, IPC may acquire additional patents from third parties for strategic purposes.

Prism Technologies, LLC
2323 S. 171st Street, Suite 106
Omaha, NE 68130
Telephone: (402) 934-2020

Prism Technologies, LLC ("Prism") is a Nebraska limited liability company headquartered in Omaha, Nebraska. Prism was formed in 2003 as a successor to Prism Resources, Inc. Prism is the majority owner of two primary operating subsidiaries: Secure Axxess, LLC, a Texas limited liability company, and Millenium Biologix, LLC, a Nebraska limited liability company.

Prism's business model is focused on intellectual property licensing and technology research and development. As of December 10, 2014, Prism and its subsidiaries owned a patent portfolio consisting of nine patent families incorporating 51 issued patents and five pending patent applications in the computer and network security, semiconductors and medical technology space. Of the 51 patents, substantially all were acquired from third parties, many of whom have a continuing right to receive a portion of the proceeds from licensing activities. Prism's executives and advisors have substantial experience licensing patents.

Strategic Concepts Acquisition Corp.

Strategic Concepts Acquisition Corp. (the "Merger Sub") is a wholly-owned subsidiary of IPC and was formed solely for the purposes of carrying out the Merger.

The Merger (see page 34)

If the Merger is completed, Merger Sub will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC.

Immediately after the Merger, Prism members will own approximately 39.3% of the fully-diluted common stock of IPC, with IPC stockholders and optionholders holding approximately 60.7% of the fully-diluted common stock of IPC.

For a more complete description of the Merger Agreement, please see the section entitled "The Merger Agreement" in this joint proxy statement/prospectus.

The closing of the Merger will occur no later than the third business day after the last of the conditions to the Merger has been satisfied or waived, or at another time as IPC and Prism agree. IPC and Prism anticipate that the consummation of the Merger will occur after the IPC special meeting. However, because the Merger is subject to a number of conditions, neither IPC nor Prism can predict exactly when the closing will occur or if it will occur at all.

Reasons for the Merger (see page 37)

IPC and Prism believe that the Merger will create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for IPC stockholders and Prism members in the long-term than IPC or Prism could create as a stand-alone business.

The IPC board of directors made its determination to approve the Merger and the Merger Agreement after considering the factors described in this joint proxy statement/prospectus and after consulting with IPC's senior management and IPC's financial advisor. The positive factors considered by the IPC board of directors included, but were not limited to, the following:

the range of strategic alternatives to the Merger, including the option of continuing to operate IPC on a stand-alone basis;

the opportunity for IPC stockholders to participate in the potential future value of the combined company;

the significant experience of Prism management in the patent monetization business, and their track record of producing revenues and profits;

the relationships and connections that Prism has with inventors and other patent holders, and the experience that Prism management has in analyzing potential patent portfolios for acquisition;

the diversification and potential reduction in risk resulting from an expanded patent portfolio;

the terms and conditions of the Merger Agreement;

the fairness opinion of Sanli, Pastore and Hill (“SP&H”);

the maintenance of IPC’s public company status to provide liquidity for stockholders;

the potential for accelerating the utilization of IPC’s net operating loss carryforwards; and

the likelihood that the Merger will be completed on a timely basis.

The IPC board of directors also considered a number of potentially negative factors in its deliberations concerning the Merger, including:

the general challenges associated with successfully integrating two companies;

the risk that one or more of Prism’s patents will be declared invalid;

the risk that Prism will not achieve the results contained in projections provided to IPC during discussions of the Merger;

the potential loss of key employees critical to the ongoing success of the combined company’s business;

the interests of IPC directors and executive officers in the Merger, including the matters described under the section entitled “The Merger — Interests of the IPC Directors and Executive Officers in the Merger” beginning on page 49;

the risk that conditions to the completion of the Merger will not be satisfied and that the Merger may not be completed in a timely manner or at all;

the risk that the Merger will limit or prevent IPC from pursuing other strategic alternatives, including a cash distribution to stockholders;

the ability of Prism’s current officers and managers to significantly influence the combined company’s business following the completion of the Merger; and

the other risks described above under the section entitled “Risk Factors” beginning on page 18.

The Prism board of managers, acting with the advice and assistance of the executive officers of Prism, evaluated the proposed Merger, including the terms and conditions of the Merger Agreement. In the course of reaching its determination that the Merger is in the best interests of Prism and its members, the Prism board of managers, with the advice and assistance of Prism’s executive officers, considered the following material factors that it believed supported its determination:

the Merger will allow Prism members to monetize their investment in Prism, providing the Prism members with the ability to obtain liquidity in the form of cash and registered shares of IPC common stock, subject to the restrictions set forth in the Merger Agreement;

the inclusion of IPC common stock in the Merger consideration allows Prism members to receive both cash consideration and the opportunity to participate in the future results of IPC;

the possible strategic alternatives to the Merger, including continuing as a standalone company, an initial public offering, private equity financing, or a sale or merger with other parties, each of which was determined to be less favorable to Prism and the Prism members than the Merger given the potential risks, rewards, and uncertainties associated with those alternatives;

the expectation that Prism management will remain in place following the consummation of the Merger and will manage the pending enforcement actions and future enforcement actions with access to significantly more capital than prior to the Merger; and

the likelihood that the Merger would be completed, based on, among other things:

- o the absence of significant required regulatory approvals;
- o the Prism members' desire for liquidity; and
- o the reputation and financial capacity of IPC.

In the course of its deliberations, with the advice and assistance of the executive officers of Prism, the Prism board of managers also considered a variety of risks and other countervailing factors related to entering into the Merger Agreement, including, without limitation, the following:

the fact that Prism will no longer be an independent company and the concern that Prism's management will not have autonomy in its decision-making;

the potential negative consequences that could result from public visibility into Prism's financial statements;

the fact that the number of shares of IPC common stock offered as consideration is fixed and therefore the total Merger consideration at the time of closing may have a greater or lesser value than at the time the Merger Agreement was signed;

the risk that the Merger might not be completed in a timely manner or at all, including the risk that the shareholders of IPC or the members of Prism do not approve the Merger or the Merger Agreement;

the risks and costs to Prism if the Merger does not close, including the diversion of management and employee attention;

the risk that, while the Merger is expected to be completed, there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied, and as a result, it is possible that the Merger may not be completed even if it is approved by the Prism members; and

the fact that the Prism board of managers did not receive a fairness opinion regarding the fairness of the Merger consideration to Prism members from a financial point of view, or with respect to projections, estimates, and other forward-looking statements about the future earnings or other measures of the future performance of the combined company should the Merger close.

In addition, the Prism board of managers was aware of and considered the interests that certain members of the Prism board of managers and executive officers have in the Merger that are different from, or in addition to, the interests of Prism members generally, as described in "The Merger—Interests of the Prism Managers and Executive Officers in the

Merger” beginning on page 50.

Opinion of the IPC Financial Advisor (see page 39)

Sanli Pastore & Hill, Inc. (“SP&H”), the financial advisor of IPC, delivered to the board of directors of IPC a written opinion dated November 9, 2014, addressed to the board of directors of IPC, to the effect that, as of the date of the opinion and based on and subject to various assumptions, qualifications and limitations described in the opinion, the Merger consideration was fair, from a financial point of view, to holders of IPC common stock. The full text of this written opinion to the IPC board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as *Annex B* to this joint proxy statement/prospectus and is incorporated by reference in its entirety into this joint proxy statement/prospectus. Holders of IPC common stock are encouraged to read the opinion carefully in its entirety. **The SP&H opinion was provided to the board of directors of IPC in connection with its evaluation of the consideration to be paid in the Merger. It does not address any other aspect of the proposed merger or any alternative to the Merger and does not constitute a recommendation as to how any stockholders of IPC should vote or act in connection with the Merger or otherwise.**

Overview of the Merger Agreement

Merger Consideration (see page 52)

Each member of Prism immediately prior to the effective time of the Merger will receive its pro-rata share of (i) \$16,500,000 in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), (ii) 3,500,000 shares of IPC common stock, and (iii) the right to future earnout payments, payable following the occurrence of a future “Earnout Event”, if any. An “Earnout Event” is defined as receipt by Prism of any amount more than \$16.5 million, minus the cash balance of Prism as of closing (the “Sharing Threshold”), in “Prism patent proceeds” from lawsuits filed by Prism on or prior to the closing date of the Merger. Prism patent proceeds include total cash recoveries from litigation or settlement, royalties, license fees and proceeds from patent sales actually received by Prism in connection with its business; minus costs, expenses and fees associated with the production of such revenue (including sales commissions, attorney contingency fees, expert fees and deferred purchase amounts paid to third parties); minus Prism cash operating expenses other than amortization and other non-cash expenses for the applicable measurement period.

Upon the occurrence of an Earnout Event, an earnout payment in cash equal to 70% of the amount of Prism patent proceeds exceeding the Sharing Threshold shall be paid to the former Prism members, provided, however, that the aggregate amount of such earnout payments, including certain permitted pre-closing distributions, shall not exceed \$55 million. As of the date of this joint proxy statement/prospectus, such permitted pre-closing distributions equal approximately \$5.5 million, resulting in a maximum potential earnout payment of approximately \$49.5 million.

The Merger Agreement does not include a price-based termination right, and there will be no adjustment to the total number of shares of IPC common stock that Prism members will be entitled to receive for changes in the market price of IPC common stock or changes in the number of outstanding shares of IPC common stock. Accordingly, the market value of the shares of IPC common stock issued pursuant to the Merger, and the percentage of outstanding IPC common stock to be held by Prism members immediately following the consummation of the Merger, will depend on the market value of the shares of IPC common stock and the number of shares of IPC common stock outstanding at the time the Merger closes, and could vary significantly from the market value on the date of this joint proxy statement/prospectus.

Conditions to the Completion of the Merger (see page 60)

As a condition to closing, IPC stockholders must approve the issuance of 3,500,000 shares of IPC common stock that will be paid to Prism members in the Merger. Additionally, Prism members holding at least sixty-seven percent (67%) of then outstanding units held by Prism members must approve the Merger and the Merger Agreement. In addition to obtaining such stockholder and member approvals, each of the other closing conditions set forth in the Merger Agreement must be satisfied or waived prior to closing.

No Negotiation (see page 63)

Prism agreed that it will not, and will not authorize or permit any representative of Prism to: (a) solicit or encourage the initiation or submission of any expression of interest, inquiry, proposal or offer from any person (other than IPC) relating to a possible “acquisition transaction,” as defined in the Merger Agreement; (b) participate in any discussions or negotiations or enter into any agreement, understanding or arrangement with, or provide any non-public information to, any person (other than IPC or its representatives) relating to or in connection with a possible acquisition transaction; or (c) entertain or accept any proposal or offer from any person (other than IPC) relating to a possible acquisition transaction.

Termination of the Merger Agreement (see page 67)

Either IPC or Prism can terminate the Merger Agreement under certain circumstances, which would prevent the Merger from being consummated.

Support Agreements (see page 69)

Certain Prism members are each party to a support agreement with IPC pursuant to which, among other things, each of these members agreed not to transfer its ownership interest in Prism and to vote all of its membership units of Prism in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof. The parties to the support agreements with IPC are: Richard L. Gregg (on behalf of Prism Resources, Inc.), a Prism manager and executive officer; Gregory J. Duman, a Prism manager and executive officer; Gerald C. Korth, a Prism executive officer; Andre J. Bahou, a Prism executive officer; and William Fisher (on behalf of FFI, LLC), a Prism manager.

The members of Prism that are party to a support agreement with IPC owned an aggregate of 6,157,419 membership units of Prism, representing approximately 51% of the outstanding membership units of Prism, as of the date of this joint proxy statement/prospectus.

Lock-up Agreements (see page 69)

As a condition to the closing of the Merger, certain Prism security holders have entered into lock-up agreements, pursuant to which such parties will agree not to, except in limited circumstances, sell or transfer, shares of IPC common stock, including, as applicable, shares received in the Merger from the effective date of the Merger until 180 days from the closing date of the Merger.

As of the date of this joint proxy statement/prospectus, Prism members who have executed lock-up agreements owned in the aggregate approximately 51% of the outstanding membership units of Prism.

Management Following the Merger (see page 92)

Effective as of the closing of the Merger, IPC's board of directors and officers and Prism's officers are expected to remain unchanged except that Gregory J. Duman, a manager, executive officer and security holder of Prism is expected to be appointed to IPC's board of directors immediately following the consummation of the Merger.

Interests of Certain Directors, Managers, and Officers of IPC and Prism (see pages 49 and 50)

IPC's stockholders should be aware that certain of the directors and executive officers of IPC have arrangements that provide them with interests in the Merger that are different from, or in addition to, those of the stockholders of IPC. Specifically, each of IPC's current executive officers and directors will be an executive officer and a director, respectively, of the combined company.

As of December 10, 2014, the directors and executive officers of IPC, together with their affiliates, beneficially owned approximately 37% of the outstanding shares of IPC common stock entitled to vote. The affirmative vote of the holders of a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting is required for approval of all IPC proposals.

In considering the recommendations of the Prism board of managers, you should be aware that some of Prism's managers and executive officers have interests in the Merger that are different from, or in addition to, the interests of

Prism members generally. Specifically, Gregory J. Duman, Richard L. Gregg, Andre J. Bahou, and Gerald Korth, who are currently Prism managers or executive officers, will enter into employment agreements and non-competition agreements with IPC, which provide them continued employment with Prism, salary increases, and an aggregate of up to 450,000 IPC stock options, which vest over the term of their three year employment agreement. In addition, Gregory J. Duman is expected to be appointed to IPC's board of directors immediately following consummation of the Merger. Further, Prism managers or executive officers Andre J. Bahou, Gregory Bailey, Richard Danzig and Gerald Korth will exchange their minority interests in a Prism subsidiary into units of Prism. See page 50 for more detail concerning the terms of the employment agreements and non-competition agreements and the minority interest exchange. Finally, pursuant to the Merger Agreement, for six years following the effective time of the Merger, Prism must maintain the directors' and officers' liability insurance policies held by Prism prior to the closing of the Merger.

As of December 10, 2014, all of the members of the Prism board of managers and Prism's executive officers, together with their affiliates, owned, directly or indirectly, approximately 59% of the outstanding Prism units. Approval of the Merger and the Merger Agreement requires the approval of Prism members holding at least sixty-seven percent (67%) of then outstanding units held by Prism members. Certain Prism executive officers and managers, and their affiliates who owned approximately 51% of the outstanding membership units of Prism, have also entered into support agreements with IPC in connection with the Merger. The support agreements are discussed in greater detail in the section entitled "Agreements Related to the Merger—Support Agreements" in this joint proxy statement/prospectus.

The IPC board of directors and Prism board of managers were aware of these respective interests and considered them, among other matters, prior to making their respective determinations to recommend the approval of the Merger to IPC stockholders and Prism members, respectively. For a more complete discussion of the interests of the directors, managers and officers of IPC and Prism, see "The Merger—Interests of the IPC Directors and Executive Officers in the Merger" beginning on page 49 and "The Merger—Interests of the Prism Managers and Executive Officers in the Merger" beginning on page 50.

Material U.S. Federal Income Tax Consequences of the Merger for Prism Security holders (see page 53)

The Merger will be a taxable transaction to the Prism members for U.S. federal income tax purposes. Prism is taxed as a partnership for federal income tax purposes immediately prior to the sale and will be a single member LLC immediately after the sale. Prism security holders should reference Revenue Ruling 99-6 for general guidance on the taxation of this transaction. In general, a Prism member, who exchanges its Prism membership units for cash and IPC common stock pursuant to the Merger, will recognize a gain or loss in an amount equal to the difference between: (i) such Prism member's amount realized, calculated as the sum of (A) the amount of any cash received, (B) the fair market value of any IPC common stock received, and (C) such Prism member's share, for U.S. federal income tax purposes, of Prism's liabilities immediately prior to the Merger and (ii) such Prism member's adjusted tax basis in the Prism membership units exchanged therefor. A Prism member's amount realized will include any earnout payments received. If a Prism member recognizes gain as a result of the Merger, such Prism member may incur a tax liability without a corresponding receipt of cash sufficient to pay such liability. Tax matters are very complicated, and the tax consequences of the Merger to a particular Prism member will depend on such member's particular circumstances. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of the Merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws. For more information, please see the section entitled "The Merger—Material U.S. Federal Income Tax Consequences of the Merger for Prism Security holders" beginning on page 53.

Risk Factors (see page 18)

Both IPC and Prism are subject to various risks associated with their businesses and their industries. In addition, the Merger, including the possibility that the Merger may not be completed, poses a number of risks to each company and its respective security holders, including the following risks:

IPC may not realize the potential value and benefits created by the Merger;

Future results of the combined company may differ materially from the unaudited pro forma financial statements and the forecasts prepared by IPC and Prism presented in this joint proxy statement/prospectus;

Because the lack of a public market for Prism shares makes it difficult to evaluate the fairness of the Merger, the Prism security holders may receive consideration in the Merger that is less than the fair market value of the Prism membership units;

If Prism's liabilities are greater than expected, or if there are unknown Prism obligations, IPC's business could be materially and adversely affected;

Litigation may be instituted against IPC, members of the IPC board of directors, Prism, and members of the Prism board of managers challenging the Merger and adverse judgments in these lawsuits may prevent the Merger from becoming effective within the expected timeframe or at all;

The issuance of IPC's securities to Prism security holders in connection with the Merger will substantially dilute the voting power of current IPC stockholders in the combined company;

The announcement and pendency of the Merger could have an adverse effect on the business prospects for IPC and/or Prism and on IPC's stock price and/or business, financial condition or results of operations;

Failure to complete the Merger or delays in completing the Merger could negatively impact IPC's business, financial condition, or results of operations or IPC's stock price;

If IPC fails to successfully integrate Prism into its internal control over financial reporting or if the current internal control of Prism over financial reporting is found to be ineffective, the integrity of IPC's and/or Prism's financial reporting could be compromised which could result in a material adverse effect on IPC's reported financial results;

The share consideration is not adjustable based on the market price of IPC common stock so the Merger consideration at the closing may have a greater or lesser value than at the time the Merger Agreement was signed;

Some of the directors and executive officers of IPC and the executive officers and managers of Prism have interests in the Merger that are different from, or in addition to, those of the other IPC stockholders and Prism members, respectively; and

The Merger will be a taxable transaction to the Prism members for U.S. federal income tax purposes.

These risks and other risks are discussed in greater detail under the section entitled “Risk Factors” in this joint proxy statement/prospectus. IPC and Prism both encourage you to read and consider all of these risks carefully.

Regulatory Approvals (see page 53)

In the United States, IPC must comply with applicable federal and state securities laws and the rules and regulations of the NASDAQ Capital Market in connection with the Merger, the issuance of shares of IPC common stock and the filing of this joint proxy statement/prospectus with the SEC. As of the date hereof, the registration statement of which this joint proxy statement/prospectus is a part has not become effective.

Anticipated Accounting Treatment (see page 57)

The Merger will be accounted for as a “purchase,” as that term is used under generally accepted accounting principles, for accounting and financial reporting purposes. Under purchase accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of Prism as of the effective time of the Merger will be recorded at their respective fair values and added to those of IPC. Any excess of purchase price over the fair values is recorded as goodwill. Consolidated financial statements of IPC issued after the Merger would reflect these fair values and would not be restated retroactively to reflect the historical consolidated financial position or results of operations of Prism.

No Appraisal Rights or Dissenters’ Rights (see page 58)

Under the Nebraska Uniform Limited Liability Company Act (the “NULLCA”), holders of Prism membership units will not have rights to an appraisal of the fair value of their units in connection with the Merger.

Comparison of Stockholder Rights (see page 115)

IPC is incorporated under the General Corporation Law of the State of Delaware (the “DGCL”), and Prism is formed under the laws of the State of Nebraska. Accordingly, the rights of the security holders of each company are currently governed by the DGCL and NULLCA, respectively. If the Merger is completed, Prism members will become stockholders of IPC, and their rights will be governed by the DGCL and the restated certificate of incorporation, as amended (the “Certificate of Incorporation”), and amended and restated bylaws, as amended (the “Bylaws”), of IPC. The rights of IPC stockholders contained in the Certificate of Incorporation and Bylaws of IPC differ from the rights of Prism members under the articles of organization and operating agreement of Prism, as more fully described under the section entitled “Comparison of Rights of Holders of IPC Common Stock and Prism Units” in this joint proxy statement/prospectus.

Comparative Historical and Unaudited Pro Forma Per Share Data

The information below reflects the historical net income (loss) and book value per share of IPC common stock and the historical net income (loss) and book value per unit of Prism membership units in comparison with the unaudited pro forma net income (loss) and book value per share after giving effect to the proposed Merger of IPC with Prism on a purchase basis.

You should read the tables below in conjunction with the audited and unaudited consolidated financial statements of IPC included in this joint proxy statement/prospectus and the audited and unaudited financial statements of Prism included in this joint proxy statement/prospectus and the related notes and the unaudited pro forma condensed financial information and notes related to such financial statements included elsewhere in this joint proxy statement/prospectus.

IPC

	Year Ended December 31, 2013	Nine Months Ended September 30, 2014
Historical Per Common Share Data:		
Basic and diluted net loss per share	\$ (0.34)	\$ (0.21)
Book value per share	\$ 3.93	\$ 3.73
Cash dividends paid per share	\$ —	\$ —

PRISM

	Year Ended December 31, 2013	Nine Months Ended September 30, 2014
Historical Per Unit Data:		
Basic and diluted net income (loss) per unit	\$ 0.49	\$ (0.22)
Book value per unit	\$ 0.07	\$ (0.13)
Cash dividends paid per unit	\$ 0.38	\$ —

IPC AND PRISM UNAUDITED PRO FORMA COMBINED

	Year Ended December 31, 2013	Nine Months Ended September 30, 2014
Unaudited Pro Forma Per Common Share Data:		
Basic and diluted net income (loss) per share	\$ 1.49	\$ (1.39)
Book value per share	\$ N/A	\$ 3.53
Cash dividends paid per share	\$ 0.06	\$ —

Book value per share is defined as: Net assets divided by outstanding shares as of the respective dates. For December 31, 2013, the book value per share for IPC and Prism pro forma combined was not available since the December 31, 2013 balance sheet is not required for pro forma disclosure.

Cash dividends per share is defined as: Dividends distributed divided by outstanding shares as of the respective dates.

MARKET PRICE AND DIVIDEND INFORMATION

IPC common stock is listed on The NASDAQ Capital Market under the symbol “PTNT”. The following table presents, for the periods indicated, the range of high and low per share sales prices for IPC common stock as reported on The NASDAQ Capital Market for each of the periods set forth below. Prism is a private company and its securities are not publicly traded.

IPC Common Stock

	High	Low
Year Ended December 31, 2012		
First Quarter	\$8.62	\$3.26
Second Quarter	\$4.04	\$3.18
Third Quarter	\$3.75	\$3.42
Fourth Quarter	\$4.10	\$3.36
Year Ended December 31, 2013		
First Quarter	\$4.00	\$3.66
Second Quarter	\$3.75	\$3.45
Third Quarter	\$3.72	\$3.15
Fourth Quarter	\$3.50	\$3.03
Year Ended December 31, 2014		
First Quarter	\$3.35	\$2.96
Second Quarter	\$3.40	\$3.00
Third Quarter	\$3.15	\$2.96
Fourth Quarter (through the record date)	\$[]	\$[]

The closing price of IPC common stock on December 10, 2014, as reported on The NASDAQ Capital Market, was \$2.69 per share.

Because the market price of IPC common stock is subject to fluctuation, the market value of the shares of IPC common stock that Prism members will be entitled to receive in the Merger may increase or decrease.

As of [], the record date for the IPC special meeting, IPC had approximately [] holders of record of its common stock. As of [], 2014, Prism had [] holders of record of its membership units. For detailed information regarding the beneficial ownership of certain stockholders of IPC upon consummation of the Merger, see the section entitled “Principal Stockholders of Combined Company” in this joint proxy statement/prospectus.

The following table presents the last reported sale price of a share of IPC common stock, as reported on The NASDAQ Capital Market, and the equivalent value of a Prism unit, in each case, on November 11, 2014, the last full trading day prior to the public announcement of the Merger, and on [], 2015, the last practicable day prior to the printing of this joint proxy statement/prospectus for which it was practicable to include this information.

Date	IPC common stock	Prism unit equivalent per share value assuming no earnout payment⁽¹⁾	Prism unit equivalent per share value assuming maximum earnout payment⁽²⁾
November 11, 2014	\$ 3.07	\$ 1.76	\$ 4.98
[], 2015	\$ []	\$ []	\$ []

(1) Represents the per Prism unit Merger consideration, assuming no adjustment to the cash consideration of \$16.5 million and no earnout payments, based upon the closing price of IPC common stock on the applicable date.

(2) Represents the per Prism unit Merger consideration, assuming no adjustment to the cash consideration of \$16.5 million and receipt of the maximum amount of earnout payments (\$49.5 million), based upon the closing price of IPC common stock on the applicable date.

Dividends

Historically, IPC has not paid any cash dividends on its capital stock. In conjunction with the Disposition on December 21, 2011, IPC declared a special distribution of \$5 per share which was paid to stockholders on March 9, 2012. Other than such distribution, IPC has never paid or declared any cash dividends on its common stock. Any determination to pay dividends subsequent to the Merger will be at the discretion of IPC's board of directors and will depend upon a number of factors, including IPC's results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors that IPC's board of directors deems relevant.

Prism Dividend Policy

Pursuant to the Prism and Secure Axxess operating agreements, all distributions to Prism and Secure Axxess members are made from net cash flow at such times and in such amounts as determined by their respective board of managers.

In the years ended December 31, 2012 and 2013, Prism made distributions to its members of \$0.06 per unit and \$0.38 per unit, respectively. Prism did not make any distributions to its members in the nine months ended September 30, 2014.

In the year ended December 31, 2013, Secure Axxess made a distribution of \$1.06 per unit to its members. Secure Axxess did not make any distributions in 2012 or in the nine months ended September 30, 2014.

RISK FACTORS

The combined company will be faced with a market environment that cannot be predicted and that involves significant risks, many of which will be beyond its control. In addition to the other information contained in this joint proxy statement/prospectus, you should carefully consider the material risks described below before deciding how to vote your shares of stock. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. Please see the section entitled “Where You Can Find More Information” in this joint proxy statement/prospectus.

Risks Related to the Merger

IPC may not realize the potential value and benefits created by the Merger.

IPC’s ability to realize the expected potential value and benefits created by the Merger requires successful integration of IPC’s existing business with Prism’s business. The integration process may be complex, costly, and time-consuming. The difficulties of integrating the operations of Prism’s business could include, among others:

- failure to implement IPC’s business plan for the combined business, including plans for maximizing the combined company’s intellectual property portfolio;
- unanticipated issues in integrating the business of both companies, including the operations, technology and personnel;
- loss of key employees with knowledge of IPC’s or Prism’s historical business and operations;
- issues with maintaining controls, procedures and policies during the transition and integration process;
- unanticipated changes in applicable laws and regulations; and
- other unanticipated issues, expenses, or liabilities that could impact, among other things, IPC’s ability to realize any expected benefits on a timely basis, or at all.

If IPC and Prism are not able to integrate their operations successfully and timely, the expected benefits of the Merger may not be realized.

Future results of the combined company may differ materially from the unaudited pro forma financial statements and the forecasts prepared by IPC and Prism presented in this joint proxy statement/prospectus.

The future results of the combined company may be materially different from those shown in the unaudited pro forma combined financial statements and forecasts presented in this joint proxy statement/prospectus. The pro forma unaudited combined financial statements show only a combination of the historical results of IPC and Prism, which may not be indicative of the results of the combined company. In addition, the forecasts contained in this joint proxy statement/prospectus were created using assumptions and estimates that may prove to be inaccurate due to the inherently unpredictable nature of the patent licensing model. If the actual results differ from the historical results of Prism and/or IPC, or if the assumptions used in preparing the forecasts prove to be inaccurate, the combined company's revenues, expenses and cash flows may be materially and adversely affected.

In addition, IPC expects to incur significant costs associated with the completion of the Merger and combining the operations of the two companies. The exact magnitude of these costs are not yet known, but are estimated to be approximately \$1 million.

Because the lack of a public market for Prism shares makes it difficult to evaluate the fairness of the Merger, the Prism security holders may receive consideration in the Merger that is less than the fair market value of the Prism membership units.

The outstanding membership units of Prism are privately held and not traded in any public market. The lack of a public market makes it extremely difficult to determine the fair market value of Prism. Because the percentage of IPC common stock to be issued to Prism security holders was determined based on negotiations between the parties, it is possible that the value of the IPC common stock to be received by Prism security holders will be less than the fair market value of Prism, or IPC may pay more than the aggregate fair market value for Prism.

If Prism's liabilities are greater than expected, or if there are unknown Prism obligations, IPC's business could be materially and adversely affected.

As a result of the Merger, Prism will become a wholly owned subsidiary of IPC and Prism's liabilities, including contingent liabilities, will be consolidated with IPC's. There may be unforeseen or unexpected liabilities related to the Merger or issues relating to IPC's ability to comply with other applicable laws, rules and regulations. Among other things, if Prism's liabilities are greater than expected, or if there are obligations of Prism of which IPC is not aware at the time of completion of the Merger, IPC's business could be materially and adversely affected.

IPC has limited indemnification rights in connection with matters affecting Prism. Prism may also have other unknown liabilities which IPC will be responsible for after the Merger. If IPC is responsible for liabilities not covered by indemnification rights or substantially in excess of amounts covered through any indemnification rights, IPC could suffer severe consequences that would substantially reduce its revenues, earnings and cash flows.

Litigation may be instituted against IPC, members of the IPC board of directors, Prism, and members of the Prism board of managers challenging the Merger and adverse judgments in these lawsuits may prevent the Merger from becoming effective within the expected timeframe or at all.

IPC, members of the IPC board of directors, Prism, and members of the Prism board of managers may be named as defendants in class action lawsuits to be brought by IPC stockholders or Prism members challenging the Merger. If the plaintiffs in these potential cases are successful, they may prevent the parties from completing the Merger in the expected timeframe, if at all. Even if the plaintiffs in these potential actions are not successful, the costs of defending against such claims could adversely affect the financial condition of IPC or Prism.

The issuance of IPC's securities to Prism security holders in connection with the Merger will substantially dilute the voting power of current IPC stockholders in the combined company.

Pursuant to the terms of the Merger Agreement, IPC will issue 3.5 million shares of its common stock to Prism security holders. In addition, IPC will grant options to purchase 500,000 shares of its common stock to certain Prism security holders in connection with the individual's employment as an officer or service as a director of the combined company. After such issuances, the security holders of Prism are expected to own approximately 34.7% of the outstanding common stock of IPC (or 39.3% of the outstanding common stock of IPC calculated on a fully diluted basis). Accordingly, the issuance of shares of IPC common stock to Prism security holders in connection with the Merger will significantly reduce the relative voting power of each share of IPC common stock held by current IPC stockholders.

The announcement and pendency of the Merger could have an adverse effect on the business prospects for IPC and/or Prism and on IPC's stock price and/or business, financial condition or results of operations.

The announcement and pendency of the Merger could disrupt IPC's and/or Prism's prospective and current businesses. For example, IPC's and Prism's management have substantial responsibilities in completing the Merger and integration of the companies. As a result, their attention may be diverted from the day-to-day business operations of their respective companies, including from other opportunities that might be beneficial to IPC or Prism. Should this occur, the financial condition, results of operations, or business prospects of IPC, Prism, and/or the combined company may be harmed.

Failure to complete the Merger or delays in completing the Merger could negatively impact IPC's business, financial condition, or results of operations or IPC's stock price.

The completion of the Merger is subject to a number of conditions and there can be no assurance that the conditions to the completion of the Merger will be satisfied at all or satisfied in a timely manner. In addition, both IPC and Prism have the right to terminate the agreement under certain circumstances. If the Merger is delayed or not completed, IPC's financial condition, results of operations and stock price may be adversely affected by the following:

the current trading price of IPC common stock may reflect a market assumption that the Merger will occur, meaning that a failure to complete the Merger or delays in completing the Merger could result in a decline in the price of IPC common stock;

certain executive officers and/or directors of IPC or Prism may seek other employment opportunities, and the departure of any of IPC's or Prism's executive officers or directors and the possibility that IPC would be unable to recruit and hire experienced executives could negatively impact IPC's future business; and

IPC is expected to incur substantial transaction costs in connection with the Merger whether or not the Merger is completed.

If IPC fails to successfully integrate Prism into its internal control over financial reporting or if the current internal control of Prism over financial reporting is found to be ineffective, the integrity of IPC's and/or Prism's financial reporting could be compromised which could result in a material adverse effect on IPC's reported financial results.

As a private company, Prism has not been subject to the requirements of the Securities Exchange Act of 1934, as amended, with respect to internal control over financial reporting, and for a period of time after the consummation of the Merger, IPC management's evaluation of the effectiveness of its internal control over financial reporting will be permitted to exclude the operations of Prism. The integration of Prism into IPC's internal control over financial reporting will require significant time and resources from IPC's management and other personnel and will increase IPC's compliance costs. If IPC fails to successfully integrate these operations, its internal control over financial reporting may not be effective. Failure to achieve and maintain an effective internal control environment could have a material adverse effect on IPC's ability to accurately report its financial results and the market's perception of IPC's business and its stock price. In addition, if Prism's internal control over financial reporting is found to be ineffective, the integrity of Prism's past financial statements could be adversely impacted.

The share consideration is not adjustable based on the market price of IPC common stock so the Merger consideration at the closing may have a greater or lesser value than at the time the Merger Agreement was signed.

As part of the total consideration for all outstanding Prism membership units, the Merger Agreement sets forth a maximum share consideration of 3.5 million IPC common shares. Any changes in the market price of IPC common

stock before the completion of the Merger will not affect the number of IPC common shares Prism security holders will be entitled to receive pursuant to the Merger Agreement. Therefore, if before the completion of the Merger, the market price of IPC common stock declines from the market price on the date of the Merger Agreement, then Prism security holders could receive Merger consideration with substantially lower value. Similarly, if before the completion of the Merger the market price of IPC common stock increases from the market price on the date of the Merger Agreement, then Prism security holders could receive Merger consideration with substantially more value than the parties had negotiated for in the Merger Agreement. The Merger Agreement does not include a price-based termination right. Because the share consideration does not adjust as a result of changes in the value of IPC common stock, for each one percentage point that the market value of IPC common stock rises or declines, there is a corresponding one percentage point rise or decline, respectively, in the value of the total share consideration issued to Prism security holders.

Some of the directors and executive officers of IPC and the executive officers and managers of Prism have interests in the Merger that are different from, or in addition to, those of the other IPC stockholders and Prism members, respectively .

IPC's stockholders should be aware that certain of the directors and executive officers of IPC have arrangements that provide them with interests in the Merger that are different from, or in addition to, those of the stockholders of IPC. Specifically, each of IPC's current executive officers and directors will be an executive officer and a director, respectively, of the combined company. In addition, Prism members should be aware that Prism managers or executive officers, Gregory J. Duman, Richard L. Gregg, Andre J. Bahou, and Gerald Korth will enter into employment agreements and non-competition agreements with IPC, which provide them continued employment with Prism, salary increases, and an aggregate of 450,000 IPC stock options, which vest over the term of their three year employment agreement. Gregory J. Duman is also expected to be appointed to the IPC board of directors immediately following consummation of the Merger. Prism managers or executive officers Andre J. Bahou, Gregory Bailey, Richard Danzig and Gerald Korth will also exchange their minority interests in a Prism subsidiary into units of Prism.

The Merger will be a taxable transaction to the Prism members for U.S. federal income tax purposes.

The Merger will be a taxable transaction to the Prism members for U.S. federal income tax purposes. Prism is taxed as a partnership for federal income tax purposes immediately prior to the sale and will be a single member LLC immediately after the sale. Prism security holders should reference Revenue Ruling 99-6 for general guidance on the taxation of this transaction. In general, a Prism member, who exchanges its Prism membership units for cash and IPC common stock pursuant to the Merger, will recognize a gain or loss in an amount equal to the difference between: (i) such Prism member's amount realized, calculated as the sum of (A) the amount of any cash received, (B) the fair market value of any IPC common stock received, and (C) such Prism member's share, for U.S. federal income tax purposes, of Prism's liabilities immediately prior to the Merger and (ii) such Prism member's adjusted tax basis in the Prism membership units exchanged therefor. A Prism member's amount realized will include any earnout payments received. If a Prism member recognizes gain as a result of the Merger, such Prism member may incur a tax liability without a corresponding receipt of cash sufficient to pay such liability.

Tax matters are very complicated, and the tax consequences of the Merger to a particular Prism member will depend on such member's particular circumstances. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of the Merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws. For more information, please see the section entitled "The Merger—Material U.S. Federal Income Tax Consequences of the Merger for Prism Security holders" beginning on page 53.

Risks Related to IPC's Common Stock

IPC's future stock price may fluctuate widely.

The trading price of IPC's common stock has been volatile and may be significantly affected by factors including actual or anticipated operating results, announcements regarding licensing or litigation developments, disputes concerning the validity of one or more of IPC's patents, and IPC's limited trading volume. These fluctuations may harm IPC's stock price. Any negative change in the public's perception of the prospects of the Patent Licensing Business could also depress IPC's stock price regardless of its results.

IPC's common stock may be delisted from The NASDAQ Capital Market if it fails to satisfy the continued listing standards of that market.

If IPC is unable to satisfy the continued listing standards of The NASDAQ Capital Market, its common stock may be delisted from that market. In order to continue to be listed on The NASDAQ Capital Market, IPC must meet all of the following requirements as set forth in NASDAQ Listing Rule 5550(a):

- minimum bid price of at least \$1.00 per share for 30 consecutive trading days;
- at least 300 total stockholders (including both beneficial holders and holders of record, but excluding any holder who is directly or indirectly an executive officer, director, or the beneficial holder of more than 10% of the total shares outstanding);
- at least 500,000 publicly held shares with a market value of at least \$1 million (excluding any shares held directly or indirectly by officers, directors or any person who is the beneficial owner of more than 10% of the total IPC shares outstanding); and
- at least two registered and active market makers, one of which may be a market maker entering a stabilizing bid.

IPC must also meet at least one of the three standards in NASDAQ Listing Rule 5550(b) as follows:

- stockholders' equity of at least \$2.5 million;
- market value of listed securities of at least \$35 million; or
- net income from continuing operations of \$500,000 in the most recently completed fiscal year or in two of the three most recently completed fiscal years.

If IPC does not satisfy those standards and is unsuccessful in taking corrective action to comply with the listing requirements, it may be delisted from The NASDAQ Capital Market. If IPC's common stock were to be delisted from The NASDAQ Capital Market, trading of IPC common stock most likely would be conducted in the over-the-counter market on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. Such trading could substantially reduce the market liquidity of IPC common stock. As a result, an investor would find it more difficult to dispose of, or obtain accurate quotations for the price of IPC common stock.

IPC's adoption of a shareholder rights plan may reduce the attractiveness of its stock to investors because it limits the ability of persons or entities from acquiring a significant percentage of IPC's outstanding stock.

On November 30, 2012, IPC stockholders approved an amendment to IPC's Certificate of Incorporation creating a stockholder rights plan designed to preserve the value of certain tax assets associated with net operating loss carryforwards under Section 382 of the Internal Revenue Code of 1986 (as amended, and together with any applicable regulations promulgated thereunder, the "Code"). Stockholders also approved a Section 382 Rights Agreement adopted by IPC's board of directors in November 2011. The stockholder rights plan and rights agreement are intended to act as deterrents to any person or group, together with its affiliates and associates, being or becoming the beneficial owner of 4.9% or more of IPC's common stock. The inability of some stockholders to acquire a significant position could substantially reduce the market liquidity of IPC's common stock, making it more difficult for a stockholder to dispose of, or obtain accurate quotations for the price of, IPC common stock.

Delaware law and IPC's charter documents contain provisions that could discourage or prevent a potential takeover, even if such a transaction would be beneficial to IPC stockholders.

Provisions of Delaware law and IPC's Certificate of Incorporation and Bylaws could make it more difficult for an entity to acquire IPC by means of a tender offer, a proxy contest, or otherwise, and the removal of incumbent directors and officers.

The U.S. federal income tax treatment of owning IPC common stock received in the Merger will be different than the treatment of owning Prism membership units.

For U.S. federal income tax purposes, Prism is classified as a partnership, which is not a taxable entity and, thus, is not subject to tax on its income. Instead, each Prism member is required to take into account such member's distributive share of items of income, gain, loss and deduction of Prism in computing its U.S. federal income tax liability. A distribution of cash by Prism to a Prism member generally is not taxable unless the amount of such distribution exceeds such member's adjusted tax basis in its Prism membership units. In contrast, for U.S. federal income tax purposes, IPC is classified as a corporation, is a taxable entity and, thus, is subject to tax on its taxable income. However, IPC's stockholders are not subject to tax on such income. A distribution of cash by IPC to a stockholder is generally taxable to such stockholder to the extent distributed out of IPC's current or accumulated earnings and profits. Cash distributions in excess of IPC's current and accumulated earnings and profits are treated as a return of capital. A return of capital will reduce an IPC stockholder's adjusted tax basis in its common stock. To the extent such cash distributions exceed such IPC stockholder's adjusted tax basis, they generally will be taxable as capital gain from the sale or exchange of such shares.

Tax matters are very complicated, and the tax consequences of owning IPC common stock to a particular Prism member will depend on such member's particular circumstances. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of owning IPC common stock to you, including the applicability and effect of federal, state, local and foreign income and other tax laws. For more information, please see the section entitled "The Merger—Material U.S. Federal Tax Consequences to U.S. Holders of Owning and Disposing of IPC Common Stock" beginning on page 56.

Risks Related to the Combined Company if the Merger Is Completed

Revenues of the combined company will be unpredictable.

IPC received no revenues in 2013 or 2012. Prism received \$39.5 million in revenues in 2013 and \$9.4 million in revenues in 2012. IPC expects that revenues from the patent licensing and enforcement business of the combined company, if any, will be unpredictable because of the significant uncertainty associated with patent licensing and patent enforcement litigation. Historical financial and operating information, therefore, is of limited value in evaluating the future prospects of the combined company. The combined company will continue to incur salary, legal and other expenses of operating its business and its results of operations and financial condition will be materially adversely affected if it fails to effectively manage the overhead costs associated with patent licensing and enforcing patented technologies, it becomes involved in expensive litigation or settlement proceedings which may or may not have successful outcomes, or if the patent licensing business does not perform to the combined company's expectations.

If the validity of any of the combined company's patents is challenged, the combined company's business may be harmed.

The success of the patent licensing business of the combined company will depend on its ability to generate royalty fees from licensing technology. It is possible, however, that one or more of the combined company's patents might be declared invalid if challenged by an entity against whom it seeks to enforce patent rights. These challenges to the validity of the combined company's patents may be made by defendants in the course of litigation or by requesting a re-examination before the U.S. Patent and Trademark Office (the "USPTO"). For example, one of IPC's patents and three of Prism's patents are currently the subject of reexamination proceedings before the USPTO. A final determination of invalidity of any patent would mean that the combined company would be unable to pursue and generate further licensing revenues for that patent. Even if the combined company's patents are upheld as valid, it may incur significant legal and expert fees and costs in the litigation and/or re-examination process, which may take several years to conclude and delay its ability to generate revenues. In addition, proceedings before the USPTO challenging the validity of previously issued patents are becoming more common and defendants may also use the pendency of any such action to delay or otherwise impair any pending litigation to enforce the combined company's patents. The combined company's existing or potential customers may await the final outcome of any proceedings before agreeing to new licenses or to paying royalties.

Even if the combined company's patents are determined to be valid, third parties may choose to alter their business operations rather than pay the combined company an on-going royalty.

IPC believes that the combined company's patents represent unique technologies that a wide range of third parties have or will find valuable to their operations. Nevertheless, the combined company expects that it will need to utilize patent enforcement litigation to recover damages for past infringement of its patent rights and to incentivize the defendant to accept a license and pay the combined company royalties for future use of the technology. Defendants may, however, choose to modify their operations to work around the claims covered by the combined company's patents. In that case, such defendants would not pay the combined company royalties for future use and the combined company's business, financial condition, results of operations and future prospects may be harmed.

As the markets to be served by the combined company and its licensees frequently undergo transitions in which products rapidly incorporate new features and performance standards on an industry-wide basis, the combined company's ability to prevent such work arounds by a defendant and to remain competitive in the future will depend on its ability to identify and ensure compliance with evolving industry standards.

Recent court decisions may make it harder for patent holders to win an infringement lawsuit or to recover significant damages.

Federal circuit and district courts have now begun to interpret and apply recent U.S. Supreme Court patent decisions in a way which may increase invalidity risk, narrow claims scope, and make enforcement litigation less financially attractive. For example, previously accepted methodologies for calculating reasonable royalty damages in infringement litigation are being re-examined and modified, or rejected altogether by courts. Collectively, the recent court decisions make it difficult to predict litigation outcomes or estimate potential damages. The combined company's business may be harmed by the additional uncertainty.

New legislation, regulations or rules related to obtaining patents or enforcing patents could significantly increase the combined company's operating costs and limit its revenue growth.

If new legislation, regulations or rules are implemented either by Congress, the USPTO, or the courts that impact the patent application process, the patent enforcement process or the rights of patent holders, these changes could negatively affect the combined company's expenses and revenue growth. For example, new rules regarding the burden of proof in patent enforcement actions could significantly increase the cost of patent enforcement litigation, and new standards or limitations on liability for patent infringement could negatively impact the combined company's revenue derived from such actions.

The success of the combined company depends in part upon its ability to retain qualified legal counsel to represent it in licensing efforts and patent enforcement litigation.

The success of the combined company's patent licensing business depends upon its ability to retain qualified legal counsel to represent the combined company in patent enforcement matters. As such patent enforcement actions increase, it may become more difficult to find qualified legal counsel to handle all of the combined company's cases because larger law firms may have a conflict of interest that prevents their representation of the combined company and smaller law firms may not have the resources to handle multiple lawsuits. In addition, contingency fee arrangements, although common in patent enforcement litigation, require the law firm to be willing to devote substantial time to the case based on an expectation of a successful outcome.

The combined company will be dependent on certain key personnel, and the loss of these key personnel could have a material adverse effect on the combined company's business, financial condition and results of operations.

The success of the combined company's operations largely depends on the skills, experience and efforts of key Prism personnel. IPC expects to enter into three-year employment agreements and non-competition agreements with current key Prism employees, but these agreements cannot guarantee their continued employment with the combined company. For a variety of reasons, a key employee could terminate his employment with the combined company, which would jeopardize the combined company's ability to execute its strategic plan and materially harm its business.

The combined company may be unable to obtain additional capital to fund its operations and finance its growth on acceptable terms or at all, which could cause the combined company to delay or abandon its development and expansion plans.

The combined company may need significant additional capital to implement or expand its business plan or to exercise its legal rights in significant patent infringement cases. There can be no assurance that such capital will be available to the combined company when needed or at all. If the combined company is unable to obtain capital when needed, it may be forced to delay or abandon its enforcement, operational or expansion plans. Any such delays or abandonment could have a material adverse effect on the combined company's business and financial condition.

As patent enforcement litigation becomes more prevalent, it may become more difficult for the combined company to voluntarily license its patents to other entities.

IPC believes that the more prevalent patent enforcement actions become, the more difficult it will be for the combined company to license its patents to other entities on a voluntary basis. As a result, the combined company may need to increase the number of its patent enforcement actions to cause infringing companies to license its patents or pay damages for past infringement. This may result in increased expenses, delay the recovery of damages and harm the combined company's business.

Trial judges and juries often find it difficult to understand complex patent enforcement litigation, and as a result, the combined company may need to appeal adverse decisions by lower courts in order to successfully enforce its patents.

It is difficult to predict the outcome of patent enforcement litigation at the trial level. It is often difficult for juries and trial judges to understand complex, patented technologies, and as a result, there is a higher rate of successful appeals in patent enforcement litigation than more standard business litigation. Such appeals are expensive and time consuming and result in increased costs and delayed revenue. Although the combined company may diligently pursue enforcement litigation, it cannot predict with significant reliability the decisions made by juries and trial courts.

The acquisition of patent portfolios by the combined company may not be successful.

As of the date of this joint proxy statement/prospectus, a substantial portion of Prism's patents were acquired from third parties. The combined company is expected to continue to build its patent portfolio by acquisitions from third parties. Any acquisition may require the combined company to pay cash upfront, share a portion of future licensing proceeds, or both. Such acquisitions are subject to numerous risks, including the following:

- the combined company's inability to enter into a definitive agreement with respect to any potential acquisition, or if the combined company is able to enter into such agreement, its inability to consummate the potential acquisition;
- difficulty integrating the operations, technology and personnel of the acquired entity;
- our inability to achieve the anticipated financial and other benefits of the specific acquisition;
- diversion of the combined company management's attention from other business concerns; and
- failure of the combined company's due diligence process to identify significant issues, including issues with respect to patented technologies and patent portfolios, and other legal and financial contingencies.

Analyzing the validity and enforceability of patents is a complex and uncertain process and there can be no assurance that a patent that is acquired will produce positive returns on the investment.

Patent enforcement is time-consuming and requires significant management and financial resources.

Prism has in the past expended a significant amount of financial and management resources to pursue patent licensing and enforcement and the combined company is also expected to spend a significant amount of financial and management resources on licensing and enforcement matters. IPC believes that any licensing and enforcement matters that the combined company may in the future determine to pursue could continue for years and continue to consume significant financial and management resources. The counterparties to the combined company's licensing and enforcement activities may be large, well-financed companies with substantially greater resources than the combined company. IPC cannot assure you that any of the combined company's licensing and enforcement efforts will result in a favorable outcome. In addition, even if the combined company obtains favorable interim rulings or verdicts in particular litigation matters, such rulings may not be predictive of the ultimate resolution of the dispute. Also, IPC cannot assure you that the combined company will not be exposed to claims or sanctions which may be costly or impossible to defend. Unfavorable or adverse outcomes may result in losses, exhaustion of financial resources or other adverse effects which could adversely impact the combined company's ability to generate revenues from its patent licensing and enforcement business.

Federal courts are becoming more crowded, and as a result, patent enforcement litigation is taking longer.

If the combined company is required to litigate to enforce its patented technologies, its patent enforcement actions will be almost exclusively prosecuted in federal court. Federal trial courts that hear patent enforcement actions also hear criminal cases, which will take priority over the combined company's patent enforcement actions. As a result, it is difficult to predict the length of time it will take to complete an enforcement action. Moreover, IPC believes there is a trend in increasing numbers of civil lawsuits and criminal proceedings before federal judges, and as a result, IPC believes that the risk of delays in patent enforcement actions may have an adverse effect on the combined company's business in the future unless this trend changes.

The combined company is expected to depend upon relationships with others to provide technology-based opportunities that can develop into profitable royalty-bearing licenses, and if it is unable to maintain and generate new relationships, then they may not be able to sustain existing levels of revenue or increase revenue.

The combined company will continue to apply for patents on technologies it develops, but it is expected to depend increasingly upon the identification and acquisition of new patents and inventions through relationships with inventors, universities, research institutions, technology companies and others. If the combined company is unable to demonstrate success in licensing acquired patents, it will be difficult to maintain those relationships and to continue to grow new relationships and it may not be able to sustain revenue and growth.

Adverse changes in general economic conditions could adversely affect the combined company's operating results.

The severe economic downturn in the United States in 2007- 2008 resulted in a record level of corporate insolvencies. IPC is unable to estimate the probability that companies that the combined company asserts its patents against will have sufficient resources to fully compensate it for their past infringement or future use of the combined company's patented technologies. The inability to recover full value from a significant number of entities would harm the combined company's future revenues. In addition, uncertainty about future patent licensing and litigation recoveries will make it more difficult to accurately assess the potential impairment of patent-related intangible assets.

The combined company may, in certain circumstances, rely on representations, warranties and opinions made by third-parties that, if determined to be false or inaccurate, may expose it to certain material liabilities.

The combined company may rely upon representations and warranties made by third-parties from whom it acquired patents or the exclusive rights to license and enforce patents. The combined company may also rely upon the opinions of purported experts. In certain instances, the combined company may not have the opportunity to independently investigate and verify the facts upon which such representations, warranties, and opinions are made. By relying on these representations, warranties and opinions, the combined company may be exposed to liabilities in connection with the licensing and enforcement of certain patents and patent rights which could have a material adverse effect on the combined company's operating results and financial condition.

In connection with patent enforcement actions to be conducted by the combined company, a court may rule that it has violated certain statutory, regulatory, federal, local or governing rules or standards, which may expose it to certain material liabilities.

In connection with any patent enforcement actions to be conducted by the combined company, it is possible that a defendant may request and/or a court may rule that the combined company has violated statutory authority, regulatory authority, federal rules, local court rules, or governing standards relating to the substantive or procedural aspects of such enforcement actions. In such event, a court may issue monetary sanctions against the combined company or award attorney's fees and/or expenses to a defendant, which could be material, and if the combined company is required to pay such monetary sanctions, attorneys' fees and/or expenses, such payment could materially harm its operating results and financial position.

IPC's use of its net operating loss carryforwards may be limited as a result of an ownership change or otherwise.

Federal and state tax laws impose substantial restrictions on the utilization of net operating loss carryforwards in the event of an “ownership change,” as defined in Section 382 of the Code, and in certain other circumstances. Although IPC’s stockholder rights plan (discussed above) is designed to protect against the occurrence of an ownership change under Code Section 382, there is no assurance that such an ownership change could not occur or that the utilization of IPC’s net operating loss carryforwards could not be otherwise restricted by legislative, judicial or regulatory developments.

Risks Related to the Industry

Changes in patent law could adversely impact the combined company’s business.

Patent laws may continue to change, and may alter the historically consistent protections afforded to owners of patent rights. Such changes may not be favorable for the combined company and may make it more difficult for the combined company to obtain adequate patent protection to enforce its patents against infringing parties. Increased focus on the growing number of patent-related lawsuits may result in legislative changes which increase the combined company’s costs and related risks of asserting patent enforcement actions. For instance, the United States House of Representatives passed a bill that would require non-practicing entities that bring patent infringement lawsuits to pay legal costs of the defendants, if the lawsuits are unsuccessful and certain standards are not met.

The combined company's patented technologies face uncertain market value.

The combined company holds or may acquire patents and technologies that are in the early stages of adoption in the commercial and consumer markets. Demand for some of these technologies is untested and is subject to fluctuation based upon the rate at which the combined company's licensees will adopt such patents and technologies in their products and services.

Competition for the acquisition of high quality patent assets is intense and, as a result, the combined company may not be able to grow its portfolio of technologies and patents.

The combined company is expected to encounter competition in the area of patent acquisition and enforcement as the number of companies entering this market is increasing. This includes competitors seeking to acquire the same or similar patents and technologies that the combined company may seek to acquire. As new technological advances occur, many of the combined company's patented technologies may become obsolete before they are completely monetized. If the combined company is unable to replace obsolete technologies with more technologically advanced patented technologies, then this obsolescence could have a negative effect on the combined company's ability to generate future revenues.

The combined company may also compete with venture capital firms and various industry leaders for patent licensing opportunities. Many of these competitors may have more financial and human resources than the combined company. The combined company's market share in one or more technology industries may be reduced as more companies enter the market for similar technology opportunities, which could adversely impact the combined company's future revenue generation.

Delays in getting patents issued by the USPTO could result in delays in recognizing revenues.

The combined company will continue to pursue several patent applications currently pending before the USPTO and it intends to continue to apply for additional patents. In addition, the combined company is expected to acquire patent applications from third parties. Patent applications have been increasing each year and IPC believes it is resulting in longer delays in obtaining approval of pending patent applications. The application delays could cause delays in recognizing revenue from these patents and could cause the combined company to miss opportunities to license patents before other competing technologies are developed or introduced into the market.

Any reductions in the funding of the USPTO could have an adverse impact on the cost of processing pending patent applications and the value of those pending patent applications.

The assets of the combined company will consist of patent portfolios, including pending patent applications before the USPTO. The value of the combined company's patent portfolios will be dependent upon the issuance of patents in a timely manner, and any reductions in the funding of the USPTO could negatively impact the value of these assets. Further, reductions in funding from Congress could result in higher patent application filing and maintenance fees charged by the USPTO, causing an unexpected increase in the combined company's expenses.

CAUTIONARY INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements, including financial estimates and statements as to the expected timing, completion and effects of the proposed merger between Merger Sub and Prism, as well as oral statements made or to be made by IPC and Prism, include information constituting “forward-looking statements” within the meaning of, and subject to the safe harbor created by, the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as IPC cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “pro forma,” “estimates,” or “anticipates” or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, forward-looking statements include any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing. Forward looking statements may also include statements about the benefits of the Merger, including future financial and operating results, any statements of the plans, strategies and objectives of management with respect to the approval and closing of the Merger or the combined company, IPC’s ability to solicit a sufficient number of proxies to approve the Merger and the issuance of IPC common shares pursuant to the Merger Agreement and other matters related to the consummation of the Merger.

For a discussion of certain of the factors that may cause IPC, Prism or the combined company’s actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied in such forward-looking statements, and for a discussion of certain of the risks associated with the ability of IPC and Prism to complete the Merger and the effect of the Merger on the business of IPC, Prism and the combined company, see “Risk Factors” beginning on page 18.

Additional factors that could impact IPC’s ability to achieve the results described in any forward-looking statements may be included, if appropriate in IPC’s subsequent Annual Report on Form 10-K, to be filed with the SEC.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, the results of IPC, Prism or the combined company could differ materially from the forward-looking statements. All forward-looking statements in this joint proxy statement/prospectus are current only as of the date on which the statements were made. IPC and Prism do not undertake any obligation, and each of them expressly disclaims any obligation, to update, alter, or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise, to reflect events or circumstances after the date on which any statement is made or to reflect the

occurrence of unanticipated events. Persons reading this joint proxy statement/prospectus are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

THE SPECIAL MEETING OF IPC STOCKHOLDERS

Date, Time and Place

The special meeting of IPC stockholders will be held on [], at [] commencing at [] local time. IPC is sending this joint proxy statement/prospectus to its stockholders in connection with the solicitation of proxies by the IPC board of directors for use at the IPC special meeting and any adjournments or postponements of the special meeting. This joint proxy statement/prospectus is first being furnished to stockholders of IPC on or about [], 201[].

Purposes of the IPC Special Meeting

The purposes of the IPC special meeting are:

1. To consider and vote upon a proposal to approve the Merger and the issuance of IPC common stock pursuant to the Merger Agreement dated as of November 11, 2014, by and among IPC, Merger Sub, Prism and Gregory J. Duman as the Securityholders' Agent, a copy of which is attached as *Annex A* to this joint proxy statement/prospectus.
2. To consider and vote upon an adjournment of the IPC special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1.
3. To transact such other business as may properly come before the IPC special meeting or any adjournment or postponement thereof.

Recommendation of the IPC Board of Directors

The IPC board of directors has determined and believes that the Merger and the issuance of shares of IPC common stock pursuant to the Merger Agreement is in the best interests of IPC and its stockholders and has approved the Merger Agreement and such issuance. The IPC board of directors recommends that IPC stockholders vote "FOR" IPC Proposal No. 1 to approve the Merger and the issuance of shares of IPC common stock pursuant to the Merger Agreement.

The IPC board of directors has determined and believes that adjourning the IPC special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1 is advisable to, and in the best interests of, IPC and its stockholders and has approved and adopted the proposal. The IPC board of directors recommends that IPC stockholders vote “FOR” IPC Proposal No. 2 to adjourn the IPC special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1.

Record Date and Voting Power

Only holders of record of IPC common stock at the close of business on the record date, [], are entitled to notice of, and to vote at, the IPC special meeting. There were approximately [] holders of record of IPC common stock at the close of business on the record date. At the close of business on the record date, [] shares of IPC common stock were issued and outstanding. Each share of IPC common stock entitles the holder thereof to one vote on each matter submitted for stockholder approval. See the section entitled “Principal Stockholders of IPC” in this joint proxy statement/prospectus for information regarding persons known to the management of IPC to be the beneficial owners of more than 5% of the outstanding shares of IPC common stock.

Voting and Revocation of Proxies

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the board of directors of IPC for use at the IPC special meeting.

If you are a stockholder of record of IPC as of the record date referred to above, you may vote in person at the IPC special meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the IPC special meeting, IPC urges you to vote by proxy to ensure your vote is counted. You may still attend the IPC special meeting and vote in person if you have already voted by proxy. As a stockholder of record:

to vote in person, come to the IPC special meeting and IPC will give you a ballot when you arrive.

to vote using the proxy card, simply mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided. If you return your signed proxy card to IPC before the IPC special meeting, IPC will vote your shares as you direct.

to vote on the Internet, go to the website on the proxy card or voting instruction form to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by [], Pacific Time to be counted.

If your IPC shares are held by your broker as your nominee, that is, in “street name,” the enclosed voting instruction card is sent by the institution that holds your shares. Please follow the instructions included on that proxy card regarding how to instruct your broker to vote your IPC shares. If you do not give instructions to your broker, your broker can vote your IPC shares with respect to “routine” items but not with respect to “non-routine” items. Routine items are proposals considered routine under the rules of The NASDAQ Capital Market on which your broker may vote shares held in “street name” in the absence of your voting instructions. On non-routine items for which you do not give your broker instructions, the IPC shares will be treated as broker non-votes. It is anticipated that IPC Proposal No. 1 and 2 will be non-routine items.

All properly executed proxies that are not revoked will be voted at the IPC special meeting and at any adjournments or postponements of the IPC special meeting in accordance with the instructions contained in the proxy. If a holder of IPC common stock executes and returns a proxy and does not specify otherwise, the shares represented by that proxy will be voted “FOR” IPC Proposal No. 1 to approve the Merger and the issuance of shares of IPC common stock pursuant to the Merger Agreement; “FOR” IPC Proposal No. 2 to adjourn the IPC special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1 in accordance with the recommendation of the IPC board of directors.

IPC stockholders of record may change their vote at any time before their proxy is voted at the IPC special meeting in one of three ways. First, a stockholder of record of IPC can send a written notice to IPC’s Secretary, stating that the stockholder would like to revoke its proxy. Second, a stockholder of record of IPC can submit new proxy instructions either on a new proxy card or via the Internet. Third, a stockholder of record of IPC can attend the IPC special meeting and vote in person. Attendance alone will not revoke a proxy. If an IPC stockholder of record or a stockholder who owns IPC shares in “street name” has instructed a broker to vote its shares of IPC common stock, the stockholder must

follow directions received from its broker to change those instructions.

Required Vote

The presence, in person or represented by proxy, at the IPC special meeting of the holders of a majority of the shares of IPC common stock entitled to vote at the IPC special meeting is necessary to constitute a quorum at the meeting. Votes for or against, abstentions and “broker non-votes” will be counted towards a quorum. Approval of all IPC proposals requires the affirmative vote of the holders of a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting.

Votes will be counted by the inspector of election appointed for the meeting, who will separately count “FOR” and “AGAINST” votes, abstentions and broker non-votes. Abstentions and broker non-votes will be counted towards the vote total for IPC Proposal No. 1 and will have the same effect as “AGAINST” votes for IPC Proposal No. 1. For IPC Proposal No. 2, if a quorum is present at the special meeting, IPC Proposal No. 2 will be approved if the number of shares voted in favor of that proposal is greater than the number of shares voted against that proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote on IPC Proposal No. 2 if it is submitted for stockholder approval when a quorum is present at the meeting. If a quorum is not present at the special meeting, IPC Proposal No. 2 will be approved by the affirmative vote of the holders of a majority of the voting power of IPC common stock present in person or by proxy at the special meeting and no other business will be transacted thereat. Abstentions would have the same effect as a vote “AGAINST” this proposal and broker non-votes would have no effect on the outcome of the vote on this proposal if it is submitted for approval when no quorum is present at the special meeting.

As of December 10, 2014, the directors and executive officers of IPC, together with their affiliates, beneficially owned approximately 37% of the outstanding shares of IPC common stock entitled to vote at the IPC special meeting. As of December 10, 2014, IPC is not aware of any affiliate of Prism owning any shares of IPC common stock entitled to vote at the IPC special meeting.

Solicitation of Proxies

IPC will pay the costs of soliciting its shareholders' proxies, as well as all other costs incurred by it in connection with the solicitation of proxies from its shareholders on behalf of its board of directors. In addition to solicitation by mail, directors, officers, employees and agents of IPC may solicit proxies from shareholders of IPC in person or by telephone, facsimile or other electronic methods without compensation other than reimbursement for their actual expenses. Internet Patents has engaged D.F. King & Co., Inc. as its proxy solicitation firm. Such firm will be paid its customary fee of \$6,500 and out-of-pocket expenses.

Other Matters

As of the date of this joint proxy statement/prospectus, the IPC board of directors does not know of any business to be presented at the IPC special meeting other than as set forth in the notice accompanying this joint proxy statement/prospectus. If any other matters should properly come before the IPC special meeting, it is intended that the shares represented by proxies will be voted with respect to such matters in accordance with the judgment of the persons voting the proxies.

Assistance

If you need assistance in completing your proxy card or have questions regarding the IPC special meeting, please contact:

D.F. King & Co., Inc.
48 Wall Street

New York, NY 10005

Toll-free: 866-387-7715

Banks and brokers: 212-493-3910

Email: ptomaszewski@dfking.com

OR

Internet Patents Corporation
101 Parkshore Drive, Suite #100
Folsom, California 95630
Tel: (916) 932-2860
Attn: General Counsel
eric@ipcwebmail.com

THE SPECIAL MEETING OF PRISM MEMBERS

General

This joint proxy statement/prospectus is being provided to Prism members as part of a solicitation of proxies by the Prism board of managers for use at the Prism special meeting and any adjournments or postponements of the special meeting. This joint proxy statement/prospectus provides Prism members with important information they need to know to determine whether to approve the Merger and the Merger Agreement.

Date, Time, Place and Purpose of the Special Meeting

The special meeting is scheduled to be held at [], on [], [], 2015, at [] a.m., local time. The special meeting is being held for the following purposes:

1. To consider and vote upon a proposal to approve the Merger and the Merger Agreement.
2. To consider and vote upon an adjournment of the Prism special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Prism Proposal No. 1.
3. To transact any other business that may properly come before the Prism special meeting, or any adjournment or postponement thereof.

Recommendation of the Prism Board of Managers

After careful consideration of the Merger and the terms of the Merger Agreement, the Prism board of managers has determined that the Merger is fair, advisable and in the best interests of Prism and the Prism members. Accordingly, the Prism board of managers unanimously recommends that the Prism members vote “FOR” Prism Proposal No. 1 to approve the Merger and the Merger Agreement. For a discussion of the material factors considered by the Prism board of managers in reaching its conclusions, see “The Merger—Prism Reasons for the Merger” beginning on page 38.

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The Prism board of managers has determined and believes that adjourning the Prism special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Prism Proposal No. 1 is advisable to, and in the best interests of, Prism and its members and has approved and adopted the proposal. The Prism board of managers recommends that Prism stockholders vote “FOR” Prism Proposal No. 2 to adjourn the Prism special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Prism Proposal No. 1.

Holders of Prism units on the date of the special meeting are entitled to vote to approve the terms of the Merger and the Merger Agreement in person or by proxy. The presence, in person or represented by proxy, at the Prism special meeting of the holders of a majority Prism units entitled to vote at the Prism special meeting is necessary to constitute a quorum at the meeting. Votes for or against, and abstentions will be counted towards a quorum.

The Operating Agreement requires that the Merger be approved by Prism members holding at least sixty-seven percent (67%) of then outstanding units held by Prism members. Approval of all other Prism proposals requires the affirmative vote of the holders of a majority of the Prism units having voting power present in person or represented by proxy at the meeting.

Votes will be counted by the inspector of elections appointed at the meeting who will separately count “FOR” and “AGAINST” votes and any abstentions. Abstentions will be counted towards the vote total for Prism Proposal No. 1 and will have the same effect as “AGAINST” votes for Prism Proposal No. 1.

For Prism Proposal No. 2, if a quorum is present at the special meeting, Prism Proposal No. 2 will be approved if the number of shares voted in favor of that proposal is greater than the number of shares voted against that proposal. Abstentions will have no effect on the outcome of the vote on Prism Proposal No. 2 if it is submitted for member approval when a quorum is present at the meeting. If a quorum is not present at the special meeting, Prism Proposal No. 2 will be approved by the affirmative vote of the holders of a majority of the voting power of Prism units present in person or by proxy at the special meeting and no other business will be transacted thereat. Abstentions would have the same effect as a vote “AGAINST” this proposal.

Prism Members, Managers and Executive Officers

As more fully described under “Agreements Related to the Merger— Support Agreements” beginning on page 69, as of the date of this joint proxy statement/prospectus, members holding 51% of Prism’s outstanding units have signed a support agreement which requires them to, among other things, vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof.

As of December 10, 2014, all of the members of the Prism board of managers and Prism’s executive officers, together with their affiliates, owned, directly or indirectly, 7,107,528 units, which represented approximately 59% of the outstanding Prism units. Prism currently expects that all managers and executive officers will vote to approve the Merger and the Merger Agreement.

Abstentions

For the proposal to approve the Merger and the Merger Agreement, you may vote FOR or AGAINST or ABSTAIN. **If you abstain from voting, it will have the same effect as a vote “AGAINST” the approval of the Merger and the Merger Agreement.**

Other Business

The Prism board of managers is not currently aware of any business to be acted upon at the special meeting other than the proposal to approve the Merger and the Merger Agreement described in this joint proxy statement/prospectus.

Assistance

If you have more questions about the Merger or need additional copies of this joint proxy statement/prospectus, you should contact Prism at:

Prism Technologies, LLC
2323 S. 171st Street, Suite 106
Omaha, NE 68130
Telephone: (402) 934-2020
Attn: Gregory J. Duman
greg.duman@prsmip.com

THE MERGER

This section and the section entitled “The Merger Agreement” in this joint proxy statement/prospectus describe the material aspects of the Merger, including the Merger Agreement. While IPC and Prism believe that this description covers the material terms of the Merger and the Merger Agreement, it may not contain all of the information that is important to you. You should read carefully this entire joint proxy statement/prospectus for a more complete understanding of the Merger and the Merger Agreement, including the Merger Agreement attached as Annex A, the opinion of Sanli Pastore & Hill, Inc. attached as Annex B, and the other documents to which you are referred herein. See the section entitled “Where You Can Find More Information” in this joint proxy statement/prospectus.

Background of the Merger

Historical Background for IPC

Since December 2011, IPC has operated a patent licensing business focused on its portfolio of seven e-commerce patents. Each of the patents describes technology that was developed by IPC during the operation of its insurance lead generation business. In 2012, IPC filed patent infringement lawsuits against six companies, two of which are alleged to have infringed the Event Log patent (U.S. Patent No. 6,898,587) (“Event Log”) and four of which are alleged to infringe the Dynamic Tabs for a Graphical User Interface patent (U.S. Patent No. 7,707,505) (“Dynamic Tabs”). The Event Log litigation was stayed pending a reexamination of the patent by the USPTO. The Dynamic Tabs litigation was dismissed by the district court on the basis that the patent was invalid for lack of patent eligible subject matter, and IPC appealed the dismissal to the Federal Circuit.

IPC has generated no revenues from the patent licensing business but continues to incur expenses during these challenges to its patents. Although IPC’s board of directors continues to believe that its patent portfolio has value, it periodically evaluates the patent licensing business and IPC’s strategic alternatives.

In April 2014, Gregory J. Duman, President and Chief Financial Officer of Prism Technologies, LLC contacted IPC to inquire about IPC’s interest in a potential strategic transaction. IPC had no previous communications with Mr. Duman or Prism. On May 19, 2014, Mr. Hussein A. Enan, IPC’s Chief Executive Officer, Mr. L. Eric Loewe, IPC’s General Counsel and Secretary, and Mr. Steven J. Yasuda, IPC’s Chief Financial Officer and Chief Accounting Officer, met with Mr. Duman to learn more about Prism and the potential transaction. A few days after the meeting, IPC and Prism entered into a non-disclosure agreement and exchanged information over the next two weeks, including information about Prism’s patent portfolio, Prism’s financial results, and projected operating results of a combined company.

At a meeting of the IPC board of directors held telephonically on May 30, 2014, Mr. Enan and IPC's executive officers discussed the potential merger opportunity with the IPC board of directors, which unanimously authorized management to negotiate with Prism.

On June 9, 2014, Prism provided IPC's executive officers with access to an electronic data room and IPC initiated its diligence process.

On June 8, 2014, Mr. Enan, Mr. Loewe, and Mr. Dennis Chookaszian, an IPC director, met with Mr. Duman, other Prism officers and several Prism managers in Omaha, Nebraska. The parties provided additional information regarding their respective patent licensing businesses and discussed the potential benefits of a merger. The Prism representatives also outlined proposed financial terms of a merger, consisting of four million shares of IPC common stock, \$15 million in cash and IPC preferred stock that would pay Prism's current equity owners eighty percent of future net revenues of the combined company, after payment of third party expenses, up to a maximum of \$55 million.

Following the June 8, 2014 meeting, IPC's executive officers held several calls with Prism representatives concerning the structure of a proposed transaction. The parties determined that the issuance of preferred stock would adversely impact the ownership change percentage under IRS rules and regulations, thereby endangering the availability of the NOLs to offset future taxable income of the combined company. As a result, the parties concluded that a contractual earnout provision may be a preferable substitute.

On June 18, 2014, the IPC board of directors held a telephonic meeting to discuss the potential merger with Prism. Mr. Enan described the financial terms presented by Prism at the meeting in Omaha. The IPC board of directors discussed the financial terms and the assumptions underlying pro forma projections provided by Prism. It also discussed: Prism's experience in enforcing patents, potential for accelerating the utilization of IPC's net operating loss carryforwards ("NOLs"), and the extent to which a transaction with Prism would limit future strategic alternatives available to IPC. The IPC board of directors reviewed the information and concluded that a merger appeared to offer potentially significant upside for IPC. Accordingly, the IPC board of directors authorized management to engage accounting, tax and financial advisors.

At a meeting of the IPC board of directors held telephonically on June 26, 2014, Mr. Enan and IPC's other executive officers updated the IPC board of directors on the potential merger, including information from its advisors about the impact of a share issuance on IPC's NOLs and IPC management's analysis of the potential financial impact of a merger. IPC's board of directors approved a counter proposal, which IPC management communicated to Prism the following day. Under the terms of the counter proposal, Prism's equity holders would receive: three million shares of IPC common stock, \$15 million in cash, and 65% of the future net revenues, to a maximum of \$55 million, provided that IPC received the first \$15 million in net revenues after Prism's cash operating expenses and amounts due to third party expenses. IPC's counter proposal also included employment agreements with key Prism employees, at their current salaries, and stock options for an aggregate of 375,000 shares. Finally, IPC offered to expand its board of directors to include one Prism representative.

During the June 26, 2014 IPC board meeting, IPC's executive officers also described introductory discussions initiated by a third party concerning a potential strategic transaction or cooperative business relationship. The third party also operates a patent licensing business. IPC management and IPC's board of directors believed that the merger with Prism was a superior opportunity for IPC and its stockholders.

On July 1, 2014, Mr. Duman e-mailed Mr. Enan and IPC's executive officers to present a counter offer in which Prism's equity holders would receive 3.5 million shares, \$16.5 million in cash, and a 50% share on the first \$16.5 million in net revenues, and a 70% share thereafter, both calculated after payment of third party expenses and Prism's cash operating expenses. Prism agreed to a cap on earnout payments of \$55 million and requested that the earnout apply to both open and future lawsuits. Prism also proposed a small increase in salaries and the grant of options for an aggregate of one million shares under the employment agreements with key Prism employees. Prism also proposed that it be entitled to appoint two representatives to IPC's board of directors.

On July 6, 2014, IPC engaged Sanli, Pastore & Hill as its financial advisor for the transaction. Shortly thereafter, Prism granted access to the transaction data room to representatives of Sanli, Pastore & Hill.

On July 9, 2014, IPC's executive officers held a conference call with Mr. Duman and other representatives of Prism to discuss the form of the merger transaction and the consequences of Prism settling pending litigation prior to closing.

Following a telephonic meeting of the IPC board of directors on July 23, 2014, IPC presented a counter proposal by which Prism's equity holders would receive: 3.5 million shares, \$16.5 million in cash, and a 70% share of net revenues, provided that IPC receive the first \$16.5 million of net revenues and that the earnout be calculated after payments to third parties and Prism's cash operating expenses. IPC also proposed a cap of \$55 million in earnout payments to Prism, and that the earnout would only apply to open lawsuits. IPC's proposal also included an aggregate salary increase of \$150,000 and option grants for an aggregate of 500,000 shares under the employment agreements with key Prism employees. Finally, IPC reiterated its offer of a single Prism representative on the IPC board of directors.

On August 15, 2014, IPC and Prism entered into an exclusivity agreement. Pursuant to this agreement, Prism agreed not to solicit, initiate or take any action to facilitate or encourage the submission of any proposal or offer from any person or entity other than IPC relating to any possible transaction. In the event either IPC or Prism decided to abandon the negotiations, such party would be required to reimburse the transaction expenses of the other party.

On August 28, 2014, IPC sent Prism an initial draft of a merger agreement reflecting the terms last proposed by IPC. From that date through November 8, 2014, the parties exchanged drafts of the merger agreement, and IPC conducted due diligence and met with its legal, accounting and financial advisors. In addition, Sanli, Pastore & Hill held several conference calls with Prism's officers and advisors to discuss the financial and operating information provided by Prism during due diligence.

On November 9 and November 10, 2014, IPC's board of directors met to consider the proposed merger with Prism. The following presentations were made at this meeting:

IPC's executive officers summarized the negotiations with Prism, the patent licensing business of IPC and the combined company, and the proposed terms of the merger;

A representative of Sidley Austin LLP, IPC's legal advisor, discussed the fiduciary duties of directors and answered questions about the proposed merger;

Representatives of Sanli, Pastore & Hill, IPC's financial advisor, described their firm's analysis of the transaction and their conclusion that the proposed merger was fair to IPC stockholders from a financial point of view;

IPC's accounting and tax consultants, answered questions concerning the potential corporate accounting treatment of the transaction and potential future accounting and tax matters of the combined company; and

Mr. Duman and other members of Prism management attended a portion of the meeting and discussed the proposed licensing and patent enforcement business of the combined company with the IPC board of directors.

IPC's board of directors discussed the potential benefits and risks associated with the transaction. IPC's board of directors believed that the proposed merger would create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for the IPC stockholders in the long-term than IPC could create as a stand-alone business. Following these discussions, IPC's board of directors unanimously voted to approve the proposed merger agreement and the Merger.

On November 20, 2014, the third party that previously initiated discussions concerning a strategic transaction or cooperative relationship (see June 26, 2014) sent a written unsolicited offer to acquire IPC in a negotiated transaction. On November 21, 2014, IPC's Board of Directors held a telephonic meeting to review the offer and determined that the Merger with Prism was a superior opportunity for IPC and its stockholders.

In December 2014, after the approval of the transaction by IPC's board of directors, IPC repurchased an aggregate of 1,178,264 shares of its common stock from several stockholders for an aggregate purchase price of \$3,534,792. Sanli Pastore & Hill has confirmed to IPC's board of directors that such stock repurchases do not alter its opinion that the merger is fair from a financial point of view.

Historical Background for Prism

Beginning in early 2013, Prism's board of managers began evaluating the availability of capital to finance future operations and growth. In addition, Prism's board of managers began evaluating whether Prism's structure as a limited liability company impacted its operations and strategic alternatives. In particular, Prism's board of managers discussed whether an initial public offering or merger with a public company would benefit Prism and its members. Accordingly, in September 2013, Prism engaged Maxim Group LLC ("Maxim") and Crown Predator Holdings, LLC to assist management with potential financing or merger transactions.

From October 2013 to January 2014, Maxim contacted at least five companies and the parties engaged in high level discussions about potential financing or merger transactions. IPC was not contacted during this process. The results of these discussions were communicated to members of the Prism board of managers.

In February 2014, Prism's board of managers determined that the potential transactions with the parties identified in this process were not favorable to Prism and decided to terminate the process.

From February 2014 through June 2014, Prism's board of managers continued to discuss the strategic alternatives available to Prism and authorized management to continue to solicit indications of interest from third parties.

Beginning in April 2014, Mr. Gregory J. Duman, President of Prism, contacted IPC to inquire about IPC's interest in a potential relationship. The discussions between Prism and IPC are detailed in the section "—Historical Background for IPC" above.

Over the course of the next several months, Mr. Duman provided Prism's board of managers with updates on the negotiations with IPC.

At a meeting on November 7, 2014, Prism's board of managers evaluated the potential benefits and risk relating to the Merger. Prism's board of managers believed that the Merger would provide Prism with access to significantly more capital for future growth than as a standalone company. Following discussion on the matter, Prism's board of managers unanimously voted to approve the Merger.

Reasons for the Merger

IPC and Prism believe that the Merger will create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for IPC stockholders and Prism members in the long-term than IPC or Prism could create as a stand-alone business.

IPC Reasons for the Merger

The IPC board of directors believe that the Merger will create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for the IPC stockholders in the long-term than IPC could create as a stand-alone business. The IPC board of directors made its determination to approve the Merger and the Merger Agreement after considering the factors described in this joint proxy statement/prospectus and after consulting with IPC's senior management and IPC's financial advisor. The positive factors considered by the IPC board of directors included, but were not limited to, the following:

the range of strategic alternatives to the Merger, including the option of continuing to operate IPC on a stand-alone basis;

the opportunity for IPC stockholders to participate in the potential future value of the combined company;

the significant experience of Prism management in the patent monetization business, and their track record of producing revenues and profits;

the relationships and connections that Prism has with inventors and other patent holders, and the experience that Prism management has in analyzing potential patent portfolios for acquisition;

the diversification and potential reduction in risk resulting from an expanded patent portfolio;

the terms and conditions of the Merger Agreement;

the fairness opinion of SP&H;

the maintenance of IPC's public company status to provide liquidity for stockholders;

the potential for accelerating the utilization of IPC's net operating loss carryforwards; and

the likelihood that the Merger will be completed on a timely basis.

The IPC board of directors also considered a number of potentially negative factors in its deliberations concerning the Merger, including:

the general challenges associated with successfully integrating two companies;

the risk that one or more of Prism's patents will be declared invalid;

the risk that Prism will not achieve the results contained in projections provided to IPC during discussions of the Merger;

the potential loss of key employees critical to the ongoing success of the combined company's business;

the interests of IPC directors and executive officers in the Merger, including the matters described under the section entitled "The Merger — Interests of the IPC Directors and Executive Officers in the Merger" beginning on page 49;

the risk that conditions to the completion of the Merger will not be satisfied and that the Merger may not be completed in a timely manner or at all;

the risk that the Merger will limit or prevent IPC from pursuing other strategic alternatives, including a cash distribution to stockholders;

the ability of Prism's current officers and managers to significantly influence the combined company's business following the completion of the Merger; and

the other risks described above under the section entitled "Risk Factors" beginning on page 18.

This discussion of the information and factors considered by the IPC board of directors is not intended to be exhaustive but is intended to summarize all material factors considered by the IPC board of directors in connection with its approval and recommendation of the Merger and the other related transactions described in this joint proxy statement/prospectus. In view of the wide variety of factors considered, IPC's board of directors has not found it practicable to quantify or otherwise assign relative weights to the specific factors considered. However, IPC's board of directors concluded that the potential benefits of the Merger outweighed the potential negative factors and that, overall, the Merger had greater potential benefits for the IPC stockholders than other strategic alternatives, including continuing to operate IPC as a stand-alone publicly traded company and approving a cash distribution to IPC's stockholders. Therefore, after taking into account all of the factors set forth above, IPC's board of directors determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and fair to, and in the best interests of, IPC and its stockholders and that IPC should enter into the Merger Agreement and take all actions necessary to complete the Merger.

Prism Reasons for the Merger

The Prism board of managers, acting with the advice and assistance of the executive officers of Prism, evaluated the proposed Merger, including the terms and conditions of the Merger Agreement. At a meeting of the Prism board of managers on November 7, 2014, the Prism board of managers unanimously (a) approved the Merger and (b) directed

that the executive officers take such action as required by the Merger Agreement to complete the Merger, including obtaining member consent to the Merger. In the course of reaching its determination that the Merger is in the best interests of Prism and its members, the Prism board of managers, with the advice and assistance of Prism's executive officers considered the following material factors that it believed supported its determination:

the Merger will allow Prism members to monetize their investment in Prism, providing the Prism members with the ability to obtain liquidity in the form of cash and registered shares of IPC common stock, subject to the restrictions set forth in the Merger Agreement;

the inclusion of IPC common stock in the Merger consideration allows Prism members to receive both cash consideration and the opportunity to participate in the future results of IPC;

the possible strategic alternatives to the Merger, including continuing as a standalone company, an initial public offering, private equity financing, or a sale or merger with other parties, each of which was determined to be less favorable to Prism and the Prism members than the Merger given the potential risks, rewards, and uncertainties associated with those alternatives;

the expectation that Prism management will remain in place following the consummation of the Merger and will manage the pending enforcement actions and future enforcement actions with access to significantly more capital than prior to the Merger; and

the likelihood that the Merger would be completed, based on, among other things:
o the absence of significant required regulatory approvals;
o the Prism members' desire for liquidity; and
o the reputation and financial capacity of IPC.

In the course of its deliberations, with the advice and assistance of the executive officers of Prism, the Prism board of managers also considered a variety of risks and other countervailing factors related to entering into the Merger Agreement, including, without limitation, the following:

the fact that Prism will no longer be an independent company and the concern that Prism's management will not have autonomy in its decision-making;

the potential negative consequences that could result from public visibility into Prism's financial statements;

the fact that the number of shares of IPC common stock offered as consideration is fixed and therefore the total Merger consideration at the time of closing may have a greater or lesser value than at the time the Merger Agreement was signed;

the risk that the Merger might not be completed in a timely manner or at all, including the risk that the shareholders of IPC or the members of Prism do not approve the Merger or the Merger Agreement;

the risks and costs to Prism if the Merger does not close, including the diversion of management and employee attention; and

the risk that, while the Merger is expected to be completed, there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied, and as a result, it is possible that the Merger may not be completed even if it is approved by the Prism members.

In addition, the Prism board of managers was aware of and considered the interests that certain members of the Prism board of managers and executive officers have in the Merger that are different from, or in addition to, the interests of Prism members generally, as described in “—Interests of the Prism Managers and Executive Officers in the Merger” beginning on page 50.

The foregoing discussion of the information and factors considered by the Prism board of managers is not intended to be exhaustive, but includes material factors considered by the Prism board of managers. In view of the wide variety of factors they considered, the Prism board of managers did not find it practicable, and did not attempt, to quantify, rank, or otherwise assign relative weights to the foregoing factors in reaching its determination and recommendation. In addition, the Prism board of managers did not receive a fairness opinion regarding the fairness of the Merger consideration to Prism members from a financial point of view, or with respect to projections, estimates, and other forward-looking statements about the future earnings or other measures of the future performance of IPC should the Merger close. Individual members of the Prism board of managers may have given different weights to different factors and may have viewed some factors more positively or negatively than others. Based upon the totality of the information considered, the Prism board of managers has determined that the Merger is fair, advisable, and in the best interests of Prism and the Prism members and recommends that the members of Prism approve the Merger and the Merger Agreement.

Opinion of the IPC Financial Advisor

The board of directors of IPC retained SP&H as a financial advisor to assess the fairness, from a financial point of view, of the consideration received by the stockholders of IPC common stock from the Merger. On November 9, 2014, SP&H presented an oral and written opinion of its conclusions to the IPC board of directors. Based upon the analyses, assumptions and limiting conditions, and in light of the information obtained and the diligence procedures performed, SP&H set forth its opinion that the Merger is fair to the IPC stockholders from a financial point of view.

The entire written fairness opinion delivered by SP&H to the IPC board of directors on November 9, 2014 includes the assumptions made, analyses and procedures performed, limiting conditions associated with the analysis and conclusion reached, and is attached as Annex B. The following is a brief summary of SP&H's analyses and conclusions and is presented as an overview for the stockholders of IPC. The brief summary below and the fairness opinion attached as Annex B should be reviewed by the IPC stockholders in their assessment of the Merger. SP&H's opinion was delivered to the IPC board of directors to assist in their review of the Merger. SP&H does not make any recommendations to the board of directors or the stockholders of IPC regarding the adoption or approval of the Merger.

SP&H opined as to whether the Merger is fair from a financial point of view to the stockholders of IPC common stock. SP&H engaged in extensive diligence in reaching the opinion. A summary of SP&H's diligence procedures is as follows:

Review of IPC's publicly available information, including annual and quarterly financial filings (Forms 10-K and 10-Q) for each of the last five years (ending December 31, 2009-2013) and through June 30, 2014;

Review of internal financial statements and other financial and operating documents for IPC;

Review of internal financial statements and other financial and operating documents for Prism;

Review of pro forma financial projections, forecasts and financial models prepared by Prism management;

Performance of scenario, sensitivity and stress test analyses on pro forma financial projections, forecasts and financial models prepared by Prism management;

Review and analysis of data regarding the patents owned by Prism;

Review and analysis of certain Prism patent sale agreements and other contracts;

Interviews and meetings with Prism management regarding historical financial performance and operations, expected future performance and operations, and anticipated synergies and strategic benefits from the Merger;

Interviews and meetings with IPC management regarding historical financial performance and operations, expected future performance and operations, and anticipated synergies and strategic benefits from the Merger;

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Interviews with internal and outside legal counsel and financial advisors for IPC and Prism;

Review and analysis of IPC historical trading activity, volume, share price, and performance;

Review and analysis of guideline publicly traded companies, including a comparison to IPC;

Review of prior transactions made by IPC, including financial terms and other considerations, if available;

Review and analysis of market, industry and economic conditions as of the date of the Merger;

Valuation analyses of IPC and Prism pre- and post-Merger;

Review of a draft of the Agreement and Plan of Merger dated November 6, 2014 and the employment agreements contemplated by the Agreement and Plan of Merger;

Review of the signed Agreement and Plan of Merger dated November 11, 2014 and the exhibits to the Agreement and Plan of Merger subsequent to SP&H issuing its fairness opinion; and

Performance and conducting of other analyses, studies, inquiries and reviews as deemed necessary and appropriate to form SP&H's opinion, based on review of data available and conversations with IPC and Prism management.

SP&H is an independent business valuation, expert witness and financial opinions firm that is regularly retained to perform valuation opinions, expert testimony regarding valuation and financial analysis, and issue fairness and solvency opinions. IPC selected SP&H to act as its financial advisor in connection with the Merger based on SP&H's reputation and relevant experience.

SP&H was retained by IPC as its financial advisor under a letter agreement dated July 6, 2014. Pursuant to the terms of this engagement letter, IPC has agreed to pay SP&H on a time billing basis (time spent multiplied by hourly billing rate). IPC has also agreed to reimburse SP&H for its reasonable expenses and to indemnify SP&H and its related parties against certain liabilities, including under the federal securities laws, arising out of its engagement. SP&H will not earn fees contingent on the close of the Merger, or any other compensation contingent upon the Merger. SP&H has no conflicting financial or other interests, actual or potential, with any of the parties to the Merger. SP&H has no material relationships with any of the parties to the Merger. The opinion of SP&H is based solely on the facts and circumstances of the Merger, subject to the limiting conditions, uninfluenced by other considerations of any kind.

In rendering its opinion, SP&H has relied upon and assumed, without independent verification, the accuracy and completeness of all financial and other information that was available from both public and private sources, including all the financial and other information provided by IPC and Prism. SP&H has relied upon IPC, Prism and their representatives that the information provided to SP&H is not incomplete or misleading. SP&H disclaims any liability resulting from inaccurate or misleading information provided by IPC or Prism.

SP&H does not express an opinion or any other form of assurance on the reasonableness of the underlying assumptions or information. Additionally, SP&H was not requested and did not opine on any other aspects of the Merger, on whether IPC and its stockholders should approve the Merger, or on the benefits of the Merger compared to any other alternative actions, transactions or investments available to IPC.

SP&H's analysis is as of November 9, 2014 and the financial, economic and other conditions that existed as of that date. The analysis does not include consideration of any information that may have become available subsequent to this date. SP&H assumes that the Merger will be completed per the expected stated schedule expressed in the Merger Agreement and that the Merger will be in accordance with the terms set forth in the Merger Agreement. SP&H has also assumed that the Merger will be approved by governmental and regulatory agencies without material effect on IPC or the terms of the Merger.

SP&H has not assisted IPC or Prism in negotiating the terms of the Merger and has not acted as or assumed the responsibilities of an investment bank or broker/dealer. SP&H is not acting as a fiduciary for either party in the Merger, nor is SP&H providing tax, legal, or regulatory advice. The opinion expressed by SP&H was provided to IPC for information and assistance to the board of directors of IPC concerning the Merger.

The following is a brief summary of SP&H's analysis. In forming the opinion of whether the Merger is fair from a financial point of view, SP&H performed the following analyses:

Discounted future earnings analyses of proceeds from Prism patent enforcement litigation;

Scenario, sensitivity and stress tests on the discounted future earnings from proceeds from Prism patent enforcement litigation;

Valuation analysis of Prism pre- and post-Merger;

Valuation analysis of IPC pre- and post-Merger; and

Analysis of additional economic benefits and considerations received by IPC from the Merger.

Merger Summary

Per the Merger Agreement, IPC, Merger Sub, Prism and Gregory J. Duman as Securityholders' Agent, entered into an agreement whereupon Merger Sub shall be merged with and into Prism, and the separate existence of Merger Sub shall cease. Prism will continue as the surviving company in the Merger and a wholly owned subsidiary of IPC.

Each member of Prism immediately prior to the effective time of the Merger will receive its pro-rata share of (i) \$16,500,000 in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), (ii) 3,500,000 shares of IPC common stock, and (iii) the right to future earnout payments, payable following the occurrence of a future Earnout Event, if any. An "Earnout Event" is defined as receipt by Prism of any amount more than \$16.5 million, minus the cash balance of Prism as of closing (the "Sharing Threshold"), in "Prism patent proceeds" from lawsuits filed by Prism on or prior to the closing date of the Merger. Prism patent proceeds include total cash recoveries from litigation or settlement, royalties, license fees and proceeds from patent sales actually received by Prism in connection with its business; minus costs, expenses and fees associated with the production of such revenue (including sales commissions, attorney contingency fees, expert fees and deferred purchase amounts paid to third parties); minus Prism cash operating expenses other than amortization and other non-cash expenses for the applicable measurement period.

Upon the occurrence of an Earnout Event, an earnout payment in cash equal to 70% of the amount of Prism patent proceeds exceeding the Sharing Threshold shall be paid to the former Prism members; provided, however, that the aggregate amount of such earnout payments, including certain permitted pre-closing distributions, shall not exceed \$55 million. As of the date of this joint proxy statement/prospectus, such permitted pre-closing distributions equal approximately \$5.5 million, resulting in a maximum potential earnout payment of approximately \$49.5 million.

IPC's obligations to make the earnout payments terminate upon the earlier to occur of: (i) the receipt by Prism of all Prism patent proceeds to which it is entitled, if any, arising from settlement or final resolution of all lawsuits filed by Prism on or prior to the closing date of the Merger, and payment by IPC of all earnout payments arising on or prior to the date of such termination, or (ii) receipt by IPC of a written acknowledgement by the Securityholders' Agent that no additional earnout payments are payable.

The Merger Agreement does not include a price-based termination right, and there will be no adjustment to the total number of shares of IPC common stock that Prism members will be entitled to receive for changes in the market price of IPC common stock or changes in the number of outstanding shares of IPC common stock. Accordingly, the market value of the shares of IPC common stock issued pursuant to the Merger, and the percentage of outstanding IPC common stock to be held by Prism members immediately following the consummation of the Merger, will depend on the market value of the shares of IPC common stock and the number of shares of IPC common stock outstanding at the time the Merger closes, and could vary significantly from the market value on the date of this joint proxy statement/prospectus.

Additionally, four Prism executives will enter into employment agreements with IPC relating to their continued service with Prism. The employment agreements are for three-year terms and will be comprised of an annual base salary and employee stock options. A total of 500,000 stock options, of which 250,000 are service-based and 250,000 are performance-based, will be available to be granted by IPC to the Prism executives. The strike price for the options will be the fair market value on the date of the grant and each option will have a term of five years.

Analysis of Consideration Paid

Per the Merger Agreement, the cash portion of consideration to be paid at closing to Prism security holders is \$16,500,000 (less certain Prism indebtedness and expenses). Based on information provided to SP&H, the cash payment of \$16,500,000 to be paid to Prism security holders at closing less patent related debt assumed by IPC of approximately \$3,530,000 as of September 30, 2014 and Prism transaction costs totaling approximately \$50,000, result in an estimated cash consideration of \$12,920,000 to be paid upon closing.

The Merger Agreement also included 3,500,000 shares of newly issued IPC common stock as part of the consideration. Since IPC stock traded infrequently, SP&H calculated the stock portion of the consideration to be paid by examining the average trading price of IPC stock over the prior 30 days (\$3.02 per share) resulting in a stock consideration of \$10,570,000. Also, since IPC stock was valued at less than book value and was thinly traded, SP&H examined the book value per share of IPC as an alternate indication of the stock component consideration amount. The book value per share was \$3.82 as of SP&H's analysis, resulting in an alternate stock consideration of \$13,370,000.

The transaction also included an expected grant of 500,000 stock options to Prism management. SP&H utilized the Black-Scholes model to calculate this portion of the consideration paid. Based on the terms of the employment agreements and on SP&H's analysis of IPC and guideline public companies (described in more detail below), SP&H determined that the stock options portion of the consideration paid totaled \$871,635.

In summary, the consideration that will be paid at closing ranges from \$24,360,000 (based upon the 30 day average share price) to \$27,160,000 (based upon the book value per share). Total consideration paid in the Merger, including the Prism debt assumed, ranges from \$27,890,000 to \$30,690,000.

Analysis of Consideration Received

Prism's revenues were primarily generated from proceeds from patent enforcement litigation, and as such, revenues, expenses and profits could be stochastic, depending on the timing and resolution of legal actions. As of the date of SP&H's analysis, Prism had several pending lawsuits at various stages of the legal process. Prism also had plans to file additional future litigation for infringement of its patents. Given the nature of Prism's operations, future cash flows from current ongoing litigation matters could be analyzed and discretely projected, while the amount and timing of cash flows from future litigation matters are more uncertain. This unique nature of Prism's operations contributed to the structure of the earnout provision of the Merger Agreement, whereupon IPC and Prism agreed to split profits from current pending litigation matters (30% to IPC, 70% to the former Prism members). The earnout begins after IPC receives the first \$16,500,000 of Prism patent proceeds and continues until a maximum earnout of \$55,000,000 for the former Prism members is reached.

Given the nature of the business operations of Prism and the structure of the Merger Agreement, particularly the earnout portion, SP&H utilized a discounted future cash flow analysis to determine the consideration received by IPC from the Merger. Since IPC post-Merger will receive the first \$16,500,000 of Prism patent proceeds and then 30% of future proceeds from pending lawsuits until the earnout maximum is met, SP&H forecasted revenues, expenses and profits for the current and expected future lawsuits to determine annual cash flows, accounting for the repayment of the Prism debt in 2016 assumed in the Merger. The present value of the portion of future cash flows that IPC stockholders would realize was then calculated utilizing discount rates developed by SP&H.

SP&H received pro forma projections from Prism for future revenues, expenses and profits based on certain assumptions for litigation outcomes. The nature of Prism's operations, however, necessitated that SP&H perform scenario, sensitivity and stress test analyses on the projected cash flows. SP&H incorporated various assumptions for litigation success rates and probabilities of settlement to assess the impact on individual patent litigation forecasts and the resulting economic benefits to the IPC stockholders. Annual proceeds were utilized to calculate any applicable earnout payments to former Prism members and the consideration realized by IPC. SP&H developed 10 scenarios (one utilizing the Prism pro forma projections and nine sensitivity scenarios) to assess the economic benefits of consideration received. These scenarios were tested using different discount rates developed by SP&H to incorporate the risk associated with Prism's litigation matters and realizing expected Prism patent proceeds.

Based on SP&H's analysis, utilizing Prism's pro forma projections, the consideration to be received by IPC stockholders from the Merger would approximate \$74,860,000, with a present value range from \$54,970,000 to \$58,770,000. By comparison, a potential downside sensitivity analysis resulted in consideration of approximately \$47,040,000, with a present value range of \$34,880,000 to \$37,200,000 to the IPC stockholders from the Merger.

SP&H also performed an internal rate of return (“IRR”) analysis for the benefits that would be realized by the stockholders of IPC per the Merger Agreement, given the ranges of consideration paid at closing and received post-closing. Under each scenario, SP&H calculated the IRR that the IPC stockholders would realize from the consideration received post-closing compared to the consideration paid at closing. Based on SP&H’s analysis, the resulting IRR to be realized by IPC stockholders from the Merger utilizing the Prism pro forma approximates 36%. By comparison, a potential downside sensitivity analysis resulted in IRR of 11.4% to 20.2%.

As of the date of SP&H’s analysis, IPC had not generated operating revenues or profits since 2011. There were no expectations of near term revenues or cash flows from IPC operations or legal actions, and IPC was expected to continue to utilize cash to fund operations. The negative earnings of IPC prior to the Merger as well as the expected consideration received and IRR to be realized from the Merger described above support SP&H’s opinion that the Merger is fair, from a financial point of view.

Valuation of Prism

SP&H analyzed certain financial metrics and data of Prism prior to the Merger. As mentioned earlier, the value of Prism is tied to the outcomes of current and future litigation. Additionally, per the Merger Agreement, the value of consideration received by IPC from the Merger is dependent on a share of proceeds from Prism’s current pending lawsuits, as well as future litigation. As described above, the consideration IPC will receive is comprised of the first \$16,500,000 of Prism patent proceeds plus 30% of additional Prism patent proceeds until the earnout maximum of \$55,000,000 is reached.

Given the nature of Prism’s operations and the consideration to be received by IPC from the Merger, the valuation of Prism pre- and post-Merger is inherently imbedded in the discounted cash flow and IRR analysis described above.

Valuation of IPC

The nature of IPC’s operations, as well as those of Prism and other companies within the industry, requires an analysis of the appropriate valuation multiples to utilize in the valuation analysis of IPC. Since revenues and earnings are driven by outcomes from litigation, annual fluctuations and variations in revenues and earnings can be frequent and significant. As such, revenue- and earnings-based multiples vary widely, often are negative or are not meaningful. As an alternative, SP&H analyzed several balance sheet metrics and multiples in the valuation analysis of IPC pre- and post-Merger.

SP&H analyzed certain financial metrics and data of IPC prior to the Merger. The table below presents a brief summary of this analysis.

IPC: Pre-Merger (as of June 30, 2014)

Total Shares Outstanding	7,752,000
Price per Common Share	\$3.02
Market Capitalization	\$23,411,040
Cash Balance	\$29,462,000
Cash / Share	3.80
Price to Cash Multiple	0.795
MVIC to Cash Multiple	0.811
Total Assets	\$30,459,000
Total Assets / Share	3.93
Price to Total Assets Multiple	0.769
MVIC to Total Assets Multiple	0.785
Book Value	\$29,605,000
Book Value / Share	3.82
Price to Book Value	0.791
Tangible Book Value	\$29,605,000
Tangible Book Value / Share	3.82
Price to Tangible Book Value	0.791

Prior to the Merger, IPC was trading at a discount to cash, total assets, book value and tangible book value.

Although no public companies are directly comparable given the nature of the industry and the differences of the individual patents owned by the various companies within this industry, SP&H compared certain financial metrics and data of IPC prior to the Merger to that of selected guideline public companies within its industry. A list of the selected guideline public companies is presented below.

Acacia Research Corporation
 Marathon Patent Group, Inc.
 Vringo, Inc.
 Spherix Incorporated
 Pendrell Corporation
 Finjan Holdings, Inc.
 Unwired Planet, Inc.
 InterDigital, Inc.
 Patent Properties, Inc.
 Tessera Technologies Inc.

SP&H calculated valuation multiples for each of the companies listed above, including market value of invested capital (MVIC)-to-cash, MVIC-to-total assets, price-to-book value and price-to-tangible book value. A summary of these multiples is presented below.

	Lower Quartile	Mid	Upper Quartile
MVIC / Cash	2.3	3.3	4.0
MVIC / Total Assets	1.2	1.6	2.7
Price / Book Value	1.4	2.6	3.2
Price / Tangible Book Value	3.2	3.8	4.4

Using these valuation multiples, SP&H analyzed a range of the potential post-Merger price per share for IPC common stock. SP&H incorporated the reduction in IPC's cash from the Merger, as well as the dilution resulting from the issuance of 3,500,000 new shares of common stock in the post-Merger IPC analysis. Based on the data above, the resulting range for price per share of IPC post-Merger was as follows.

	Lower Quartile	Mid	Upper Quartile
Low	\$ 1.80	\$2.56	\$ 4.32
Average	\$ 2.80	\$3.91	\$ 4.99

Median	\$ 2.65	\$4.10	\$ 4.98
High	\$ 4.11	\$4.88	\$ 5.88

SP&H's valuation analysis of IPC pre-Merger and the range of values for IPC post-Merger contributed to SP&H's opinion that the Merger is fair from a financial point of view.

Additional Benefits

SP&H also analyzed additional benefits realized by the IPC stockholders from the Merger. As of the date of SP&H's analysis, IPC had approximately \$145,500,000 of net operating loss carry-forwards ("NOL") that could be used to offset taxable income, if any, from future proceeds. IPC did not expect to generate any revenues or earnings in the near term pre-Merger, and as such, the NOL asset was not expected to be utilized in the near term. Under the terms of the Merger, the post-Merger IPC entity is expected to be able to utilize its NOL asset to offset federal and state taxable income related to Prism patent proceeds in future years, although the NOL generally is not expected to reduce 10% of the federal alternative minimum taxable income of the post-Merger IPC (see Certain Forecasts – Prospective Income Taxes of the Combined Company" beginning on page 49). IPC stockholders would benefit if the Merger accelerates the utilization of the NOL asset and increases the trading price of IPC stock.

Additionally, per the employment agreements with Prism executives, the post-Merger IPC entity would benefit from the experience, reputation and industry networks and connections of the Prism management team. Both Prism and IPC management expect the post-Merger IPC entity to benefit from Prism's management of current and planned litigation, as well as development, acquisition and monetization of additional patents in future years.

Conclusion

SP&H concluded that the consideration paid by IPC stockholders at closing ranged from \$24,360,000 to \$27,160,000, and total consideration paid, including assumed debt, ranged from \$27,890,000 to \$30,690,000. SP&H further concluded that the consideration received by IPC stockholders from the Merger ranged from \$54,970,000 to \$58,770,000 using Prism pro forma projections and \$34,880,000 to \$37,200,000 in an alternate downside scenario. The IRR for the IPC stockholders is approximately 36% using the Prism pro forma and 11.4% to 20.2% using the alternate downside scenario. Additionally, SP&H concluded that the price per share of IPC post-Merger had the potential to be higher than the price per share of IPC pre-Merger. Based the analyses, assumptions and limiting conditions described, and in light of the information obtained and the diligence procedures performed, it is SP&H's opinion that the Merger is fair to the IPC stockholders from a financial point of view.

Limiting Conditions

SP&H's analysis is as of November 9, 2014 and the financial, economic and other condition that existed as of that date. The analysis does not include consideration of any information that may have become available subsequent to this date. This analysis and fairness opinion has been approved by an internal Fairness Review Committee of SP&H.

The opinion expressed by SP&H was provided for the information and assistance to the board of directors of IPC concerning the Merger. SP&H's analysis was used in conjunction with other factors and matters by the board of directors of IPC in its assessment of the Merger.

The pro forma projections provided by Prism and the various scenarios developed by SP&H are not indicative of actual future results. Given the nature of Prism's and IPC's operations, future outcomes from legal actions may be significantly different than the projected levels considered in SP&H's analysis. SP&H disclaims responsibility if future results from operations are materially different than the forecasts and projections considered.

The development of a fairness opinion involves the use of numerous analyses, processes, procedures, considerations, approaches and methods to reach a conclusion. To arrive at the opinion, a multifaceted approach is employed that incorporates the financial, market, industry, economic, valuation, and economic benefit analyses. The summary above is not intended to be a full description of the analyses employed and conclusions reached by SP&H. Review and reliance on only the summary above leads to an incomplete view of the complex processes and analyses utilized by SP&H. SP&H reached its opinion after considering the entirety of its analysis, all known information as of the date of the analysis, and after relying on the experience and judgment of its professionals.

The full text of the written opinion of SP&H, dated November 9, 2014, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as *Annex B* and is incorporated herein by reference. Holders of IPC common stock are urged to read the opinion in its entirety. SP&H provided its opinion for the sole benefit and use of IPC's board of directors in its consideration of the transaction. The SP&H opinion does not constitute an opinion as to the merits of the Merger and is not a recommendation to any stockholder as to how such stockholder should vote with respect to the Merger, or any other matter. The consideration was determined through negotiations between IPC and Prism and not pursuant to the recommendations of SP&H. The summary of the opinion below is qualified in its entirety by reference to the full text of the opinion.

Certain Forecasts

In the course of negotiating the Merger Agreement, IPC and Prism exchanged certain non-public information as part of the customary "due diligence" process. The information exchanged consisted of information about current licensing and patent enforcement activities, future business plans and projections about revenues, gross operating margins and net income for calendar years 2015 through 2017. IPC and Prism used this non-public information and their experience in the licensing and patent enforcement business to develop projections about the results of the combined company following the completion of the Merger. The summary forecasts set forth below are being provided by IPC and Prism for the purpose of giving security holders and investors an understanding of the non-public information provided in the diligence process. Such information may not be appropriate for other purposes. The summary forecasts set forth below were derived from the most recent information provided by Prism to IPC prior to execution of the Merger Agreement.

While the financial projections for the combined company created by IPC and Prism are being included in this joint proxy statement/prospectus, IPC and Prism do not publicly disclose internal management forecasts of the type provided herein, and the projections were not prepared with a view toward public disclosure, complying with the published guidelines of the SEC regarding projections and the use of non-GAAP measures, in accordance with GAAP principles, international financial reporting standards, or complying with the published guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of “prospective financial information.” No one has made or makes any representation to any stockholder, member or anyone else regarding, nor assumes any responsibility for the validity, accuracy or completeness of, the information used to develop the projections. Readers are cautioned not to place undue reliance on the projections. Neither IPC nor Prism has updated and, except as otherwise required by law, does not intend to update or otherwise revise the projections, even in the short term, to reflect circumstances existing after the date when made or to reflect the occurrence of future events, including the Merger. Further, the projections do not take into account the effect of any failure of the Merger to occur and should not be viewed as accurate or continuing in that context.

The financial projections are unaudited. Neither Ernst & Young, LLP nor Lutz & Company, P.C. has examined, compiled or performed any procedures with respect to the accompanying prospective financial information and, accordingly, Ernst & Young LLP and Lutz & Company, P.C. do not express an opinion or any other form of assurance with respect thereto. The reports of the auditors of IPC and Prism included in this joint proxy statement/prospectus relate to IPC’s and Prism’s historical financial information. They do not extend to the prospective financial information and should not be read to do so.

Although presented with numerical specificity, each component of the projections of cash flow and income taxes, including without limitation revenues, was prepared in the context of numerous variables, estimates and assumptions that are inherently uncertain and may be beyond the control of IPC and Prism, and which may prove not to have been, or to no longer be, accurate. Although considered reasonable by the management of IPC and Prism as of the date of their preparation, the projections of cash flow are subject to many risks and uncertainties. Important factors that may affect actual results and cause actual results to differ materially from these projections are described or referenced under “Risk Factors” and “Cautionary Information Concerning Forward-Looking Statements” of this joint proxy statement/prospectus.

Patent Licensing and Enforcement by the Combined Company

Following the completion of the Merger, Prism will be a wholly-owned subsidiary of IPC and will conduct the combined company’s patent licensing and enforcement activities. As of December 10, 2014, Prism generated an aggregate of \$87 million in patent license revenues since 2003, including \$27.5 million received in 2014 from one defendant in settlement of patent enforcement litigation involving the Gregg patents. The following chart provides information about the status of current patent enforcement actions by IPC and Prism as of December 10, 2014. All dates are subject to change based upon the relevant court’s schedule, certain rulings on motions and other pre-trial events. Neither IPC nor Prism undertakes any obligation to update the information herein.

Patents	Parties	Civil Action Number, Court, and Judge	Key Upcoming Dates
	<i>Prism Technologies, LLC v. AT&T, Sprint, T-Mobile, U.S. Cellular, & Cellco Partnership dba Verizon Wireless</i>		Trial Dates Sprint 4-20-15 T-Mobile 6-15-15 US Cellular 7-13-15 Verizon 9-28-15
Gregg Patents	<i>Secure Access, LLC v. U.S. Bank, et al.</i>	8:12-cv-00122-126-LES-TDT (USDC Nebraska, J. Strom)	District Court Case stayed pending CBM.
	<i>EMC Corp. and RSA Security, LLC v. Secure Access, LLC</i>	6:13-cv-00717-KNM (USDC Eastern District Texas, J. Mitchell)	PTAB Hearing 5-20-15
	<i>PNC Bank, National Association v. Secure Access, LLC</i>	IPR2014-00475 (PTAB, Panel)	Decision Expected by 8-20-15
Glazer Patents	<i>Bank of the West, et al v. Secure Access, LLC</i>	CBM2014-00100 (PTAB, Panel)	Petition Filed, Action Not Yet Instituted
	<i>T. Rowe Price Investment Services, Inc. v. Secure Access, LLC</i>	CBM2015-00009 (PTAB, Panel)	Petition Filed, Action Not Yet Instituted
	<i>Secure Access, LLC v. Nintendo of America, Inc., et al.</i>	2:14-cv-01013-RSM (USDC Western District Washington, J. Ricardo Martinez)	Markman Hearing 3-20-15 Trial Date 10-5-15
Weber Patents	<i>Baxter Healthcare Corp. v. Millenium Biologix, LLC</i>	IPR2013-00582 (PTAB, Panel)	PTAB Decision Expected Around 2-14-15
Pugh Patents	<i>Baxter Healthcare Corp. v. Millenium Biologix, LLC</i>	IPR2013-00590 (PTAB, Panel)	
Event Log	<i>IPC v. eBags and Tellapart</i>	4:12-cv-03385- SBA	Stayed pending ex parte reexamination
Dynamic Tabs	<i>IPC v. The General Automobile Insurance Services, Inc.; IPC v. Active Network; IPC v. Tree.com; IPC v. Quinstreet</i>	USDC Northern District of California 3:2012-cv-05036; 3:2012-cv-05035; 3:2012-cv-06505; 3:2012-cv-06506 USDC Northern District of California	Dismissal appealed; Decision of Federal Circuit Court of Appeal is pending

*Financial Forecast of the Combined Company for Fiscal Years 2015 through 2017***INTERNET PATENTS CORPORATION****Net Income/Cash Flow Forecast**

	Total
Gross Patent Proceeds	\$236,944,108
Cost of Patent Proceeds	\$(106,296,024)
Gross profit	\$130,648,084
Operating expenses	\$(15,872,838)
Depreciation and amortization	\$(50,078,629)
Total operating expenses	\$(65,951,467)
Operating income before taxes	\$64,696,618
Interest & other expense, net	\$(185,000)
Net income before taxes	\$64,511,618
Income taxes	\$(2,065,355)
Net income	\$62,446,263
Revenue share to former Prism members	\$49,500,000
Net cash flow	\$57,604,892

Gross Patent Proceeds consist of court awarded damages, settlement amounts, license fees, royalties and proceeds from sales of patents. In estimating revenues, Prism and IPC used assumptions about ongoing and future licensing and patent enforcement activities, including assumptions about infringing products or services, royalty rates and settlement discounts. Although considered reasonable by the management of IPC and Prism, all of the assumptions are subject to significant uncertainty.

Cost of Patent Proceeds relates primarily to attorney contingency fees and revenue share payments to third parties, both of which are typically based on a negotiated percentage of revenues.

Operating expenses consist of general and administrative expense, including salaries, benefits, and rent.

Depreciation and amortization expense primarily relates to the amortization of patents on a straight line basis over the remaining term.

Revenue share to former Prism members consists of earnout payments as described more fully in “The Merger Agreement—Merger Consideration.”

Prospective Income Taxes of the Combined Company

As of September 30, 2014, IPC had NOLs of approximately \$145.5 million and \$29.8 million for federal income tax and state income tax purposes, respectively, that could be used to offset taxable income resulting from the operations of the combined company. The NOLs generally do not reduce 10% of the amount of federal alternative minimum taxable income of the combined company, thereby leaving the company subject to some alternative minimum tax. IPC did not expect to generate any revenues or earnings in the near term pre-Merger, and as such, the NOL asset was not expected to be utilized in the near term. Under the terms of the Merger, the post-Merger IPC entity is expected to be able to utilize the NOL to reduce federal and state taxable income related to Prism patent proceeds in future years, subject to liability for federal alternative minimum tax. IPC stockholders would benefit if the Merger accelerates the utilization of the NOL asset and increases the trading price of IPC stock.

Interests of the IPC Directors and Executive Officers in the Merger

IPC’s stockholders should be aware that certain of the directors and executive officers of IPC have arrangements that provide them with interests in the Merger that are different from, or in addition to, those of the stockholders of IPC.

Interests of IPC’s directors and executive officers in connection with the Merger relate to:

the continuing service of each of Hussein A. Enan, L. Eric Loewe and Steven J. Yasuda as executive officers of the combined company; and

the continuing service of each of Hussein A. Enan, Dennis H. Chookaszian, James M. Corroon, and Thomas W. Orr as directors of the combined company.

In addition, Mr. Loewe will continue to be a participant in the IPC Executive Retention and Severance Plan following the completion of the Merger. Under the Executive Retention and Severance Plan, Mr. Loewe is entitled to receive cash severance payments and health and medical benefits in the event his employment is terminated in connection with a change in control. IPC is not obligated to make any cash payments to Mr. Loewe if his employment is terminated by IPC for cause or by Mr. Loewe without good reason. No severance or benefits are provided to Mr. Loewe if his employment is terminated due to his death or disability.

Interests of the Prism Managers and Executive Officers in the Merger

In considering the recommendations of the Prism board of managers, you should be aware that some of Prism's managers and executive officers have interests in the Merger that are different from, or in addition to, the interests of Prism members generally. Specifically, Gregory J. Duman, Richard L. Gregg, Andre J. Bahou, and Gerald Korth, who are currently Prism managers or executive officers (together, the "Prism Employees"), will enter into employment agreements and non-competition agreements with IPC, which provide them continued employment with Prism, salary increases, and an aggregate of up to 450,000 IPC stock options, which vest over the term of their three year employment agreement. The exercise price of all options will be the closing price of IPC common stock on the date of grant as reported on The NASDAQ Capital Market. Prism managers and executive officers Andre J. Bahou, Gregory Bailey, Richard Danzig and Gerald Korth will also exchange their minority interests in a Prism subsidiary into units of Prism. In addition, Gregory J. Duman is expected to be appointed to IPC's board of directors immediately following the consummation of the Merger. Finally, pursuant to the Merger Agreement, for six years following the effective time of the Merger, Prism must continue to maintain the directors' and officers' liability insurance policies held by Prism prior to the closing of the Merger. The Prism board of managers was aware of these interests and considered them, among other matters, prior to making its determination to recommend the approval of the Merger and the Merger Agreement to the Prism members.

Employment Agreements

The Merger Agreement requires that, as of the closing of the Merger, the Prism Employees execute certain employment agreements with IPC relating to their continued service with Prism. Each Prism Employee's employment agreement is identical with the exception of the amount of consideration received pursuant to the chart set forth below and each Prism Employee is eligible for base salary increases on an annual basis. The term of such employment agreements will be for three years beginning on the effective date of the Merger. Each Prism Employee will receive the salary set forth in the chart below along with IPC stock options which vest over the three year term of employment or immediately if after the Merger there is a change of control of IPC or Prism. The Prism Employees currently do not receive employee stock options from Prism. Each Prism Employee will also participate in such compensation plans as determined by IPC's Compensation Committee from time to time and will be entitled to participate in any employee benefits programs IPC or Prism has in effect from time to time during each Prism Employee's employment. If any Prism Employee is terminated without cause, IPC will be obligated to pay such Prism Employee the remaining balance of the salary payable for the remaining term.

Below is a table showing the initial salary of each Prism Employee under their respective employment agreements and the number of employee options to be initially issued to each Prism Employee. The options will have an exercise price equal to the fair market value of IPC stock at the time the option is issued and will be further subject to the terms and conditions of IPC's 2008 Stock Option Plan. The chart also shows the current salaries of the respective Prism Employees and the resulting increase in annual salary resulting from the Merger.

Prism Employee	Prism Annual Salary Pre-Merger	Prism Annual Salary After Merger	Increase	Allocation of Options under IPC Stock Option Plan after Merger
Gregory J. Duman	\$160,000	\$200,000	\$40,000	112,500
Richard L. Gregg	\$160,000	\$200,000	\$40,000	112,500
Andre J. Bahou	\$225,000	\$245,000	\$20,000	112,500
Gerald Korth	\$160,000	\$200,000	\$40,000	112,500
TOTALS	\$705,000	\$845,000	\$140,000	450,000

In addition, Alan Carlson, Vice President and Chief Operating Officer of Secure Access, LLC, a wholly owned subsidiary of Prism, is also expected to receive 50,000 options under IPC's 2008 Stock Option Plan.

Non-Competition Agreements

In connection with the execution of the Merger Agreement, at the time of the Merger, each of the above Prism Employees are required to sign a non-competition and non-solicitation agreement with IPC that will become effective at the effective time of the Merger. Pursuant to the terms of the non-competition agreement, the Prism Employees will be restricted from disclosing certain confidential information of Prism after the closing and will be prohibited from engaging in certain business competitive to Prism after the Merger.

Exchange of Minority Interests for Prism Units

As a condition to closing, Prism is required to acquire all of the outstanding minority interests of its subsidiaries, including the interests held by members of Prism's board of managers and officers. Prism intends to acquire these interests by exchanging two Secure Access units for one Prism unit. The following table describes the Prism interests that the Prism managers or executive officers are expected to acquire in the exchange:

Name	Relationship	Prism units to be issued in exchange for Secure Access units	Prism units to be issued if Secure Access options are exercised and exchanged	Total Prism units
Andre J. Bahou	Vice President and Chief Legal Officer of Prism	37,500	262,500	300,000
Gregory Bailey	Manager of Prism	55,000	35,834	90,834
Richard Danzig	Manager of Prism	53,305	34,986	88,291
Gerald Korth	Vice President and Chief Operating Officer of Secure Access	—	450,000	450,000

IPC Plan Benefits in Connection with the Merger***2008 Stock Option Plan***

The following summary of the 2008 Stock Option Plan is qualified in its entirety by the specific language of the 2008 Stock Option Plan, as set forth in IPC's Proxy Statement on Schedule 14A as filed with the SEC on February 15, 2008.

The purpose of the 2008 Stock Option Plan is to advance the interests of IPC and its stockholders by providing an incentive to attract, retain and reward employees, directors and consultants of IPC and its parent and subsidiary corporations and by motivating such persons to contribute to IPC's growth and profitability. The 2008 Stock Option Plan provides for the grant to employees of incentive stock options within the meaning of Section 422 of the Code, and the grant to employees, directors and consultants of nonstatutory stock options.

When the 2008 Stock Option Plan was approved in 2008, a maximum of 1,500,000 of the authorized but unissued or reacquired shares of IPC common stock were available for issuance under the 2008 Stock Option Plan. The 2008 Stock Option Plan is administered by IPC's board of directors or a duly appointed committee of IPC's board of directors, which, in the case of options intended to qualify for the performance-based compensation exemption under Section 162(m) of the Code, must be comprised solely of two or more "outside directors" within the meaning of Section 162(m). IPC's board of directors may amend, modify, extend, cancel or renew any option, waive any restrictions or conditions applicable to any option, and accelerate, continue, extend or defer the exercisability or vesting of any option. IPC's board of directors will interpret the 2008 Stock Option Plan and options granted thereunder, and all determinations of IPC's board of directors will be final and binding on all persons having an interest in the 2008 Stock Option Plan or any option.

The following table sets forth the numbers of shares for which options are expected to be granted under the 2008 Stock Option Plan in connection with the Merger. Apart from these options, future grants to all other persons under the 2008 Stock Option Plan will be made at the discretion of the board of directors and, accordingly, are not yet determinable.

Name and position	Numbers of shares for which options are expected to be granted in connection with the Merger
Gregory J. Duman, President and Chief Financial Officer of Prism	112,500
Richard L. Gregg, Chief Technology Officer of Prism	112,500
Andre. J. Bahou, Vice President and Chief Legal Officer of Prism	112,500
Gerald Korth, President of Secure Axxess and Vice President of Prism	112,500
Alan Carlson, Vice President and Chief Operating Officer of Secure Axxess	50,000
Total	500,000

One-half of the options granted to each of the foregoing individuals shall vest as follows: (i) 33.33% will vest upon the first anniversary of the first date of employment, and (ii) 1/24 of the remaining 66.67% will vest at the end of each of the 24 months following such anniversary, so long as the individual remains employed pursuant to the terms of his

or her employment agreement.

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The remaining one-half of the options granted to each of the foregoing individuals shall vest as follows: (i) 33.33% will vest upon the first anniversary of the first date of employment based on achievements measured against financial targets for such period; (ii) 33.33% will vest upon the second anniversary of the first date of employment based on achievements measured against financial targets for the second year of employment; and (iii) 33.34% will vest upon the third anniversary of the first date of employment based on achievements measured against financial targets for the third year of employment (in each case, so long as the individual remains employed pursuant to the terms of his or her employment agreement). IPC's Compensation Committee will meet prior to the completion of the Merger to analyze the proposed business plans of Prism and will develop the yearly performance targets described above.

Notwithstanding the foregoing, all unvested options granted to each of the foregoing individuals will immediately vest upon: (A) termination of such person's employment without good cause; or (B) the occurrence of a change of control as defined in such person's employment agreement.

Limitations of Liability and Indemnification

IPC directors are entitled to indemnification under the Certificate of Incorporation and Bylaws of IPC. IPC's Certificate of Incorporation and Bylaws provide for the indemnification of officers and directors to the fullest extent permitted by Delaware law. In connection with the Merger and the expected appointment of Gregory J. Duman to IPC's board of directors, IPC expects to enter into indemnification agreements with each of its directors and officers. IPC believes that the Certificate of Incorporation and bylaw provisions and the indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

Form of the Merger

The Merger Agreement provides that at the effective time, Merger Sub will be merged with and into Prism. Upon the consummation of the Merger, Prism will continue as the surviving corporation and will be a wholly owned subsidiary of IPC.

Merger Consideration

Each member of Prism immediately prior to the effective time of the Merger will receive its pro-rata share of (i) \$16,500,000 in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), (ii) 3,500,000 shares of IPC common stock, and (iii) the right to future earnout payments, payable following the occurrence of a future Earnout Event, if any. An "Earnout Event" is defined as receipt by Prism of any amount more

than \$16.5 million, minus the cash balance of Prism as of closing (the “Sharing Threshold”), in “Prism patent proceeds” from lawsuits filed by Prism on or prior to the closing date of the Merger. Prism patent proceeds include total cash recoveries from litigation or settlement, royalties, license fees and proceeds from patent sales actually received by Prism in connection with its business; minus costs, expenses and fees associated with the production of such revenue (including sales commissions, attorney contingency fees, expert fees and deferred purchase amounts paid to third parties); minus Prism cash operating expenses other than amortization and other non-cash expenses for the applicable measurement period.

Upon the occurrence of an Earnout Event, an earnout payment in cash equal to 70% of the amount of Prism patent proceeds exceeding the Sharing Threshold shall be paid to the former Prism members; provided, however, that the aggregate amount of such earnout payments, including certain permitted pre-closing distributions, shall not exceed \$55 million. As of the date of this joint proxy statement/prospectus, such permitted pre-closing distributions equal approximately \$5.5 million, resulting in a maximum potential earnout payment of approximately \$49.5 million.

IPC’s obligations to make the earnout payments terminate upon the earlier to occur of: (i) the receipt by Prism of all Prism patent proceeds to which it is entitled, if any, arising from settlement or final resolution of all lawsuits filed by Prism on or prior to the closing date of the Merger, and payment by the IPC of all earnout payments arising on or prior to the date of such termination, or (ii) receipt by IPC of a written acknowledgement by the Securityholders’ Agent that no additional earnout payments are payable.

The Merger Agreement does not include a price-based termination right, and there will be no adjustment to the total number of shares of IPC common stock that Prism members will be entitled to receive for changes in the market price of IPC common stock or changes in the number of outstanding shares of IPC common stock. Accordingly, the market value of the shares of IPC common stock issued pursuant to the Merger, and the percentage of outstanding IPC common stock to be held by Prism members immediately following the consummation of the Merger, will depend on the market value of the shares of IPC common stock and the number of shares of IPC common stock outstanding at the time the Merger closes, and could vary significantly from the market value on the date of this joint proxy statement/prospectus.

Effective Time of the Merger

The Merger Agreement requires the parties to consummate the Merger after all of the conditions to the consummation of the Merger contained in the Merger Agreement are satisfied or waived, including the approval of the Merger and the Merger Agreement by the Prism members and the approval by the IPC stockholders of the issuance of IPC common stock pursuant to the Merger Agreement. The Merger will become effective as of the time that the certificate of merger is filed with and accepted by the Secretary of State of the State of Delaware and the articles of merger are filed with and accepted by the Secretary of State of the State of Nebraska, or at such later date or time as may be agreed by Prism and IPC in writing and specified in the certificate of merger in accordance with the DGCL and the NULLCA. Neither IPC nor Prism can predict the exact timing of the consummation of the Merger.

Regulatory Approvals

IPC must comply with applicable U.S. federal and state securities laws and the rules and regulations of The NASDAQ Capital Market in connection with the issuance of shares of IPC common stock and the filing of this joint proxy statement/prospectus with the SEC.

Material U.S. Federal Income Tax Consequences of the Merger for Prism Securityholders

The following is a discussion of the material U.S. federal income tax consequences of the Merger applicable to U.S. Holders (as defined below) who exchange their Prism membership units for IPC common stock and cash in the Merger, but does not purport to be a complete analysis of all potential tax effects. Prism is taxed as a partnership for federal income tax purposes immediately prior to the sale and will be a single member LLC immediately after the sale. Prism security holders should reference Revenue Ruling 99-6 for general guidance on the taxation of this transaction. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local, or foreign tax laws are not discussed. This discussion is based on the Code, U.S. Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue

Service (the “IRS”) in effect as of the date of the Merger. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a holder of Prism membership units.

This discussion is limited to U.S. Holders who hold their Prism membership units as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to the particular circumstances of a Prism member. In addition, it does not address consequences relevant to holders of Prism membership units that are subject to particular rules, including, without limitation:

- persons subject to the alternative minimum tax;
- persons whose functional currency is not the U.S. dollar;
- persons holding Prism membership units as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- persons who are not U.S. Holders;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers, or traders in securities;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell Prism membership units under the constructive sale provisions of the Code;
- persons who hold or receive Prism membership units pursuant to the exercise of any employee option or otherwise as compensation; and
- tax-qualified retirement plans.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of Prism membership units that, for U.S. federal income tax purposes, is or is treated as:

an individual who is a citizen or resident of the U.S.;

a corporation created or organized under the laws of the U.S., any state thereof, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income tax regardless of its source; or

a trust if either a court within the U.S. is able to exercise primary supervision over the administration of such trust and one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of such trust, or the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds Prism membership units, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding Prism membership units and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences of the Merger to them.

In addition, the following discussion does not address the tax consequences of the Merger under state, local and foreign tax laws. Furthermore, the following discussion does not address any tax consequences of transactions effectuated before, after or at the same time as the Merger, whether or not they are in connection with the Merger, including, without limitation, transactions in which Prism membership units are acquired.

The Merger will be a taxable transaction to the Prism members for U.S. federal income tax purposes. In general, a Prism member, who exchanges its Prism membership units for cash and IPC common stock pursuant to the Merger, will recognize a gain or loss in an amount equal to the difference between: (i) such Prism member’s amount realized, calculated as the sum of (A) the amount of any cash received, (B) the fair market value of any IPC common stock received, and (C) such Prism member’s share, for U.S. federal income tax purposes, of Prism’s liabilities immediately prior to the Merger and (ii) such Prism member’s adjusted tax basis in the Prism membership units exchanged therefor. A Prism member’s amount realized will include any earnout payments received. If a Prism member recognizes gain as a result of the Merger, such Prism member may incur a tax liability without a corresponding receipt of cash sufficient to pay such liability.

Tax Consequences of the Merger to U.S. Prism Securityholders

Tax Characterization of the Merger. The receipt of cash and IPC common stock in exchange for Prism membership units pursuant to the Merger will be a taxable transaction to U.S. Holders for U.S. federal income tax purposes. In general, the Merger will be treated as a taxable sale of a U.S. Holder’s Prism membership units in exchange for such

cash and stock.

Amount and Character of Gain or Loss Recognized. For U.S. federal income tax purposes, a U.S. Holder, who exchanges its Prism membership units for cash and IPC common stock pursuant to the Merger, generally will recognize a capital gain or loss in an amount equal to the difference between: (i) such U.S. Holder's amount realized, calculated as the sum of (A) the amount of any cash received, (B) the fair market value of any IPC common stock received, and (C) such U.S. Holder's share, for U.S. federal income tax purposes, of Prism's liabilities immediately prior to the Merger and (ii) such U.S. Holder's adjusted tax basis in the Prism membership units exchanged therefor. A Prism member's amount realized will include any earnout payments received. However, gain or loss will be computed separately and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to any "unrealized receivables" or "inventory items" of Prism. The term "unrealized receivables" includes potential recapture items, including depreciation recapture. Any such ordinary income may exceed net taxable gain realized upon the exchange of Prism membership units pursuant to the Merger, and may be recognized even if there is a net taxable loss realized on the exchange of Prism membership units. Thus, a U.S. Holder may recognize both ordinary income and a capital loss as a result of its exchange of Prism membership units pursuant to the Merger. Since a portion of the Merger consideration received by Prism members is IPC common stock, a U.S. Holder may incur a tax liability without a corresponding receipt of cash sufficient to pay such liability.

Capital gain recognized by a U.S. Holder generally will be long-term capital gain subject to tax at preferential rates if such U.S. Holder is an individual who has held his or her Prism membership units for more than one year on the date of the Merger. Capital losses may be used to offset only capital gains except, in the case of individuals, up to \$3,000 of ordinary income.

Installment Method. Because portions of the cash may be earned through the earnout, and will be received, if at all, in a taxable year after the taxable year that includes the effective time of the Merger, any gain recognized by such U.S. Holder generally will be reportable under the “installment method” of accounting unless a U.S. Holder affirmatively elects out of, or is otherwise ineligible for, such method. Under the installment method, a U.S. Holder will defer the recovery of a portion of its tax basis in its Prism membership units and the recognition of a portion of any gain recognized in the Merger until such times as such U.S. Holder actually receives any earnout payment. Complex rules apply to determine the manner of such deferral. The application of these rules could result in a U.S. Holder recovering a disproportionately small amount of its tax basis in its Prism membership units in the year of the Merger and a disproportionately large amount of its tax basis in its Prism membership units in later taxable years, thus accelerating the recognition of gain by such U.S. Holder. To the extent the installment method results in the recognition of too much gain in earlier years, a U.S. Holder generally would be entitled to a capital loss after the final earnout payment, if any, is paid. In general, non-corporate taxpayers would not be able to carry back any such capital loss to offset gain recognized under the installment method in earlier years. An alternate method of basis recovery may be available where a U.S. Holder is able to demonstrate, prior to the due date of its tax return for the taxable year in which the first payment is received under the installment method, that application of the normal installment method rules will substantially and inappropriately defer recovery of such U.S. Holder’s basis in its Prism membership units. U.S. Holders should consult their own tax advisors about the availability and technical requirements of this alternate method.

The installment method does not apply to losses and may not apply with respect to certain categories of income or gain, including to the extent attributable to any inventory of Prism or to depreciation recapture.

Interest on Deferred Taxes. Pursuant to Section 453A of the Code, additional annual interest charges may be imposed on the portion of a Prism member’s tax liability that is deferred by the installment method in connection with sales of any property (including the Prism membership units) with a sales price greater than \$150,000, to the extent that the aggregate face amount of installment receivables that arise from all such sales greater than \$150,000 by the holder (including sales of Prism membership units) during the year and that remain outstanding as of the close of the year exceeds \$5 million. **The treatment of the earnout payments under Section 453A of the Code is highly uncertain. Prism members that could be subject to interest on deferred taxes are urged to consult their own tax advisors with regard to its application.**

Imputed Interest. Notwithstanding the foregoing, a portion of any earnout payment will be treated as interest income taxable at ordinary income rates when received, and will reduce the amount of gain (or increase the amount of loss) otherwise recognizable. The portion of any payment from the earnout payments that will be treated as interest income is determined by discounting the actual amount of the payment, using the appropriate applicable federal rate, from the

date the payment becomes fixed to the date of the closing. The discounted amount is then subtracted from the actual amount of the payment, and the remainder is the portion of the payment treated as interest income.

A U.S. Holder May Elect Out of the Installment Method. A U.S. Holder that elects out of the installment method, or that is ineligible to use the installment method, generally will recognize gain or loss in the U.S. Holder's taxable year during which the Merger occurs. For this purpose, such gain or loss generally will equal the difference between the (i) amount realized by the U.S. Holder, calculated as the sum of (A) the amount of any cash received at the time of the Merger, (B) the fair market value of any IPC common stock received at the time of the Merger, (C) such U.S. Holder's share, for U.S. federal income tax purposes, of Prism's liabilities immediately prior to the Merger, and (D) the fair market value of the U.S. Holder's right to receive its share of the earnout and (ii) such U.S. Holder's adjusted tax basis in the Prism membership units exchanged therefor. Adjustments to income, gain or loss generally will be required in subsequent taxable years (i) to the extent of any imputed interest (as described below) and (ii) to the extent the total amount a U.S. Holder actually receives differs from the sum of any such imputed interest and such U.S. Holder's initially reported amount realized.

Tax Basis and Holding Period for IPC Common Stock Received in the Merger. A U.S. Holder's tax basis in any IPC common stock received in the Merger will equal the fair market value of such shares when received. A U.S. Holder's holding period in such stock will begin on the day after the date of the Merger.

Prism Items of Income, Gain, Loss and Deduction for the Taxable Period Ending on the Date of the Merger.

U.S. Holders of Prism membership units will be allocated their share of Prism's items of income, gain, loss and deduction for the taxable period of Prism ending on the date of the Merger. These allocations will be made in accordance with the terms of the Prism limited liability company operating agreement. A U.S. Holder will be subject to U.S. federal income taxes on any such allocated income and gain even though such U.S. Holder may not receive additional cash distributions from Prism equal to, or sufficient to cover, any tax liability arising from such allocated income and gain. Any such income and gain allocated to a U.S. Holder will increase the U.S. Holder's tax basis in the Prism membership units held and, therefore, will reduce the gain (or increase the loss) recognized by such U.S. Holder resulting from the Merger. Any losses or deductions allocated to a U.S. Holder will decrease the U.S. Holder's tax basis in the Prism membership units held and, therefore, will increase the gain (or reduce the loss) recognized by such U.S. Holder resulting from the Merger.

Material U.S. Federal Tax Consequences to U.S. Holders of Owning and Disposing of IPC Common Stock

Distributions on IPC Common Stock. For U.S. federal income tax purposes, distributions of cash by IPC to a U.S. Holder with respect to shares of IPC common stock received in the Merger generally will be included in a U.S. Holder's income as ordinary dividend income to the extent of IPC's current and accumulated "earnings and profits" (as determined under U.S. federal income tax principles). Distributions of cash in excess of IPC's current and accumulated earnings and profits will be treated first as a return of capital, reducing a U.S. Holder's adjusted tax basis in its IPC shares, and, to the extent the distribution exceeds such U.S. Holder's adjusted tax basis, then as capital gain from the sale or exchange of such IPC shares. Dividends received by a corporate U.S. Holder may be eligible for a dividends received deduction, subject to applicable limitations. Dividends received by an individual U.S. Holder are generally subject to tax at preferential rates.

Sale, Exchange, Certain Redemptions or Other Taxable Dispositions of IPC Common Stock. Upon the sale, exchange, certain redemptions or other taxable dispositions of IPC common stock, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon such taxable disposition and (ii) the U.S. Holder's adjusted tax basis in such IPC shares. Such capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in such IPC shares is more than one year at the time of the taxable disposition. As noted above, long-term capital gains of individuals currently are subject to U.S. federal income tax at preferential rates and the deductibility of capital losses is subject to limitations.

Medicare Tax on Unearned Income

A U.S. holder that is an individual is subject to a 3.8% tax on the lesser of (i) his or her “net investment income” for the relevant taxable year or (ii) the excess of his or her modified gross income for the taxable year over a certain threshold (between \$125,000 and \$250,000 depending on the individual’s U.S. federal income tax filing status). A similar regime applies to estates and trusts. Net investment income generally would include any capital gain recognized or interest earned in connection with the Merger or dividends received with respect to IPC common stock or capital gain recognized from the sale or other taxable disposition of such IPC common stock.

Information Reporting and Backup Withholding

Information returns may be required to be filed with the IRS in connection with the Merger and in connection with distributions made with respect to, or dispositions of, IPC common stock received in the Merger. A U.S. Holder may be subject to U.S. backup withholding, currently imposed at a rate of 28%, on payments made pursuant to the Merger or on distributions made with respect to, or on payments made pursuant to dispositions of, IPC common stock received in the Merger if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certification procedures, or to otherwise establish an exemption from U.S. backup withholding.

The amount of any U.S. backup withholding generally will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

THE PRECEDING DISCUSSION DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL OF THE MERGER'S POTENTIAL TAX EFFECTS. ANY FEDERAL TAX INFORMATION CONTAINED HEREIN IS NOT INTENDED TO CONSTITUTE TAX ADVICE WITH RESPECT TO ANY MEMBER'S PARTICULAR CIRCUMSTANCES. DETERMINING THE ACTUAL TAX CONSEQUENCES OF THE MERGER TO A U.S. HOLDER MAY BE COMPLEX AND WILL DEPEND, IN PART, ON THE U.S. HOLDER'S SPECIFIC SITUATION. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

NASDAQ Stock Market Listing

IPC common stock currently is listed on The NASDAQ Capital Market under the symbol "PTNT". IPC has agreed to obtain approval for listing on The NASDAQ Capital Market of the shares of IPC common stock that Prism members will be entitled to receive pursuant to the Merger. In addition, under the Merger Agreement, each party's obligation to complete the Merger is subject to the satisfaction or waiver by each of the parties, at or prior to the Merger, of various conditions, including that IPC must have caused the shares of IPC common stock to be issued in the Merger to be approved for listing on The NASDAQ Capital Market as of the closing of the Merger.

Anticipated Accounting Treatment

The Merger will be accounted for as a “purchase,” as that term is used under generally accepted accounting principles, for accounting and financial reporting purposes. Under purchase accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of Prism as of the effective time of the Merger will be recorded at their respective fair values and added to those of IPC. Any excess of purchase price over the fair values is recorded as goodwill. Consolidated financial statements of IPC issued after the Merger would reflect these fair values and would not be restated retroactively to reflect the historical consolidated financial position or results of operations of Prism.

Restrictions on Resale of IPC common stock

The shares of IPC common stock to be issued in connection with the Merger will be registered under the Securities Act of 1933, as amended (the “Securities Act”), and will be freely transferable, except for shares issued to any stockholder who may be deemed to be an “affiliate” of IPC for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates of IPC include individuals or entities that control, are controlled by, or are under common control with, IPC and may include the executive officers, directors and significant stockholders of IPC.

In addition, as a condition to the closing of the Merger, certain Prism security holders will enter into lock-up agreements, pursuant to which such parties will agree not to, except in limited circumstances, sell or transfer, shares of IPC common stock, including, as applicable, shares received in the Merger from the effective date of the Merger until 180 days from the closing date of the Merger.

No Appraisal Rights or Dissenters' Rights

Nebraska Law

Appraisal rights are statutory rights that enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the transaction. Under Nebraska law, holders of Prism membership units will not have rights to an appraisal of the fair value of their units in connection with the Merger.

THE MERGER AGREEMENT

The following is a summary of the material terms of the Merger Agreement. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus. The Merger Agreement has been attached to this joint proxy statement/prospectus to provide you with information regarding its terms. It is not intended to provide any other factual information about IPC, Prism, or Merger Sub. The following description does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement. You should refer to the full text of the Merger Agreement for details of the Merger and the terms and conditions of the Merger Agreement.

The Merger Agreement contains representations and warranties that IPC and Merger Sub, on the one hand, and Prism, on the other hand, have made to one another as of specific dates. These representations and warranties have been made for the benefit of the other parties to the Merger Agreement and may be intended not as statements of fact but rather as a way of allocating the risk to one of the parties if those statements prove to be incorrect. In addition, the assertions embodied in the representations and warranties of Prism are qualified by information in confidential disclosure schedules exchanged by the parties in connection with signing the Merger Agreement. While IPC and Prism do not believe that these disclosure schedules contain information required to be publicly disclosed under the applicable securities laws, other than information that has already been so disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached Merger Agreement. Accordingly, you should not rely on the representations and warranties as current characterizations of factual information about IPC or Prism, because they were made as of specific dates, may be intended merely as a risk allocation mechanism between IPC and Merger Sub, and Prism and are modified by the disclosure schedules.

General

Under the Merger Agreement, Strategic Concepts Acquisition Corp., or Merger Sub, a wholly owned subsidiary of IPC formed by IPC in connection with the Merger, will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC.

Merger Consideration

Each member of Prism immediately prior to the effective time of the Merger will receive its pro-rata share of (i) \$16,500,000 in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), (ii) 3,500,000 shares of IPC common stock, and (iii) the right to future earnout payments, payable following the occurrence of a future Earnout Event, if any. An "Earnout Event" is defined as receipt by Prism of any amount more

than \$16.5 million, minus the cash balance of Prism as of closing (the “Sharing Threshold”), in “Prism patent proceeds” from lawsuits filed by Prism on or prior to the closing date of the Merger. Prism patent proceeds include total cash recoveries from litigation or settlement, royalties, license fees and proceeds from patent sales actually received by Prism in connection with its business; minus costs, expenses and fees associated with the production of such revenue (including sales commissions, attorney contingency fees, expert fees and deferred purchase amounts paid to third parties); minus Prism cash operating expenses other than amortization and other non-cash expenses for the applicable measurement period.

Upon the occurrence of an Earnout Event, an earnout payment in cash equal to 70% of the amount of Prism patent proceeds exceeding the Sharing Threshold shall be paid to the former Prism members; provided, however, that the aggregate amount of such earnout payments shall not exceed \$55 million less certain permitted pre-closing distributions (which, as of the date of this joint proxy statement/prospectus, equal approximately \$5.5 million, resulting in a maximum potential earnout payment of approximately \$49.5 million). In addition, IPC shall be permitted to retain twenty percent of any earnout payment for the quarters ending March 31, June 30, and September 30 as a reserve against potentially unreported costs associated with the Earnout Event. IPC will include retained amounts in calculating earnout payments for the fiscal quarter ending December 31.

IPC’s obligations to make the earnout payments terminate upon the earlier to occur of: (i) the receipt by Prism of all Prism patent proceeds to which it is entitled, if any, arising from settlement or final resolution of all lawsuits filed by Prism on or prior to the closing date of the Merger, and payment by the IPC of all earnout payments arising on or prior to the date of such termination, or (ii) receipt by IPC of a written acknowledgement by the Securityholders’ Agent that no additional earnout payments are payable.

The Merger Agreement does not include a price-based termination right, and there will be no adjustment to the total number of shares of IPC common stock that Prism members will be entitled to receive for changes in the market price of IPC common stock or changes in the number of outstanding shares of IPC common stock. Accordingly, the market value of the shares of IPC common stock issued pursuant to the Merger, and the percentage of outstanding IPC common stock to be held by Prism members immediately following the consummation of the Merger, will depend on the market value of the shares of IPC common stock and the number of shares of IPC common stock outstanding at the time the Merger closes, and could vary significantly from the market value on the date of this joint proxy statement/prospectus.

Directors and Officers of IPC Following the Merger

Following the Merger, IPC's executive management team and board of directors will remain unchanged, except that Gregory J. Duman, who was a member of the Prism board of managers prior to the completion of the Merger, is expected to be appointed to IPC's board of directors immediately following the consummation of the Merger.

Amendment to the Articles of Organization and Amendment to the Operating Agreement of Prism

Following the Merger, Prism's articles of organization and operating agreement will be amended to reflect IPC as the sole member of Prism. IPC's Certificate of Incorporation and Bylaws will remain unchanged.

Conditions to the Completion of the Merger

The obligations of IPC and Prism to complete the Merger are subject to the satisfaction (or waiver by IPC or Prism, as applicable), at or prior to the Merger, of various conditions, which include the following:

the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, must have been declared effective by the SEC in accordance with the Securities Act and must not be subject to any stop order suspending the effectiveness of the Form S-4, or any proceeding for that purpose shall have been initiated or threatened by the SEC that has not been withdrawn;

there must not have been issued any temporary restraining order, preliminary or permanent injunction or other order preventing or otherwise impeding the consummation of the Merger by any court of competent jurisdiction or other governmental body, and no law, statute, rule, regulation, ruling or decree shall have been enacted or deemed

applicable to the Merger by any governmental body that makes the consummation of the Merger illegal;

the holders of at least 67% of then outstanding units held by Prism members must approve and adopt the Merger and the Merger Agreement;

the holders of a majority of the votes cast at a duly called meeting of the holders of IPC common stock at which a quorum is present must approve the issuance of IPC common stock in the Merger; and

the shares of IPC common stock to be issued in connection with the Merger shall have been approved for listing on The NASDAQ Capital Market.

In addition, each of IPC's and Prism's obligation to complete the Merger is further subject to the satisfaction or waiver by such party of the following additional conditions:

all representations and warranties of (i) IPC and Merger Sub, with respect to Prism's closing condition, and (ii) Prism, with respect to IPC's and Merger Sub's closing condition, in the Merger Agreement must be accurate in all material respects on the date of the Merger Agreement and on the closing date of the Merger as if made on and as of the closing date (other than any such representations and warranties which by their terms are made as of a specific earlier date, which shall have been accurate in all material respects as of such earlier date);

IPC and Merger Sub, with respect to Prism's closing condition, and Prism, with respect to IPC's and Merger Sub's closing condition, must have performed or complied with in all material respects all covenants and obligations required to be performed or complied with by it at or prior to the closing date; and

IPC and Merger Sub, with respect to Prism's closing condition, and Prism, with respect to IPC's and Merger Sub's closing condition, must have delivered certain certificates and other documents required under the Merger Agreement for the closing of the Merger.

In addition, the obligation of IPC and Merger Sub to complete the Merger is further subject to the satisfaction or waiver by IPC of the following conditions:

IPC must have received lock-up agreements duly executed by certain key members;

IPC must have received a noncompetition and non-solicitation agreement executed by the members required to execute such agreement;

All other filings with and consents of any government body required to be made or obtained in connection with the Merger and the other transactions contemplated by the Merger Agreement shall have been made or obtained and shall be in full force and effect;

There must not be any legal proceeding commenced or threatened:

o challenging the consummation of the Merger or any of the other transactions contemplated by the Merger Agreement or seeking the recovery of damages in connection with the Merger or the any of the other transactions contemplated by the Merger Agreement;

o seeking to prohibit or limit the exercise by IPC of any material right pertaining to its ownership of stock of merger sub or Prism;

o that may have the effect of preventing, delaying, making illegal or otherwise interfering with the Merger or any of the other transactions contemplated by the Merger Agreement; or

o seeking to compel Prism, IPC or any affiliate of IPC to dispose of or hold separate any material assets as a result of the Merger or any of the other transactions contemplated by the Merger Agreement;

There shall not have occurred any material adverse effect and no event or other effect shall have occurred or circumstance or other effect shall exist that, in combination with any other events, circumstances or other effects, would reasonably be expected to have or result in a material adverse effect on Prism;

Prism shall have provided IPC with evidence reasonably satisfactory to IPC as to the exercise or termination of all rights to purchase units and no outstanding subscription, option, call, convertible note, warrant or right to acquire any membership interest, unit or other interest in Prism shall exist;

None of certain identified individuals shall have ceased to be employed by Prism or shall have expressed an intention to terminate his or her employment with Prism following the effective time of the Merger or have declined to accept employment with IPC or any affiliate of IPC on the terms described in the offer letters tendered as of the date of the Merger Agreement;

Prism shall have caused all Prism options to be exercised and cancelled, and all convertible indebtedness repaid or converted and all such options and convertible indebtedness and any rights pursuant to such Prism options or convertible indebtedness shall have been extinguished and no proceedings in connection with the cancellation of such options or the conversion or repayment of such indebtedness shall have been initiated; and

Each subsidiary of Prism shall be 100% wholly owned by Prism and no outstanding subscription, option, call, convertible note, warrant or right to acquire any membership interest, unit or other interest in any subsidiary of Prism shall exist.

In addition, the obligation of Prism to complete the Merger is further subject to the satisfaction or waiver by Prism of the following conditions:

Since the date of the Merger Agreement there shall not have been a material adverse change in circumstances with respect to IPC's business or assets.

Representations and Warranties

The Merger Agreement contains customary representations and warranties of IPC and Prism for a transaction of this type relating to, among other things:

corporate organizational matters;

organizational documents and records;

capital structure;

financial statements and related information;

liabilities and indebtedness;

information supplied;

absence of changes;

title to assets;

bank accounts;

real property;

intellectual property;

contracts;

compliance with legal requirements;

tax matters;

employee matters and benefit plans;

insurance;

transactions with related parties;

legal proceedings and orders;

authority to enter into the Merger Agreement and binding nature of the Merger Agreement and inapplicability of anti-takeover statutes;

except as otherwise specifically identified in the Merger Agreement, the fact that the consummation of the Merger would not contravene or require the consent of any third party;

votes required for completion of the Merger and approval of the proposals that will come before the IPC special meeting and that will be the subject of the Prism member consent;

any brokerage or finder's fee or other fee or commission in connection with the Merger;

full disclosure; and

information supplied in the Form S-4.

Absent fraud, the representations and warranties of Prism contained in the Merger Agreement will survive the closing until the second anniversary of the closing date, except for the representations and warranties relating to organizational matters, capital structure, certain intellectual property matters, tax matters, authority and binding nature of the Merger Agreement, and the representations, warranties, certifications and other statements and information set forth in the merger consideration certificate, which will survive ninety days after the applicable statute of limitations.

The representations and warranties of IPC contained in the Merger Agreement will survive the closing until the second anniversary of the closing date.

No Negotiation

Prism agreed that it will not, and will not authorize or permit, any representative of Prism to: (a) solicit or encourage the initiation or submission of any expression of interest, inquiry, proposal or offer from any person (other than IPC) relating to a possible Acquisition Transaction (as defined below); (b) participate in any discussions or negotiations or enter into any agreement, understanding or arrangement with, or provide any non-public information to, any person (other than IPC or its representatives) relating to or in connection with a possible Acquisition Transaction; or (c) entertain or accept any proposal or offer from any person (other than IPC) relating to a possible Acquisition Transaction.

“Acquisition Transaction” is defined as any transaction or series of transactions involving:

- (a) the sale, license, sublicense or disposition of all or a material portion of Prism’s business or assets outside of the ordinary course of business;
- (b) the issuance, disposition or acquisition of: (i) any unit, membership interest or other equity security of Prism; or (ii) any security, instrument or obligation that is or may become convertible into or exchangeable for any unit, membership interest or other equity security of Prism; or
- (c) any merger, consolidation, business combination, reorganization or similar transaction involving Prism.

Prism shall promptly (and in any event within 24 hours of receipt thereof) notify IPC orally and in writing of any inquiry, indication of interest, proposal, offer or request for non-public information relating to a possible Acquisition

Transaction that is received by Prism during the pre-closing period, which notice shall include: (i) the identity of the person making or submitting such inquiry, indication of interest, proposal, offer or request, and the terms and conditions thereof; and (ii) an accurate and complete copy of all written materials provided in connection with such inquiry, indication of interest, proposal, offer or request.

Meetings of Stockholders and Members

IPC is obligated under the Merger Agreement to call, give notice of and hold a special meeting of its stockholders for the purposes of considering the issuance of shares of IPC common stock in the Merger.

As promptly as practicable (and in any event within 10 business days) after the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, being declared effective by the SEC, Prism is obligated under the Merger Agreement to use commercially reasonable efforts to obtain the adoption and approval of the Merger Agreement and the other transactions contemplated therein from the requisite number of members as provided in Prism's operating agreement.

Covenants; Conduct of Business Pending the Merger

Prism agreed that it will conduct its business in the ordinary course and in substantially the same manner as such business and operations were conducted prior to entering into the Merger Agreement. Prism also agreed to use reasonable efforts to preserve intact its current business organization, keep available the service of its current officers and employees and maintain its relations with all suppliers, vendors, customers, landlords, creditors, employees and merchants, maintain and enforce any owned intellectual property and provide IPC with information related to any filing, payment or action for Prism patents. Prism also agreed that, subject to certain limited exceptions, without the consent of IPC, it will not, during the period prior to closing of the Merger:

cancel any of its insurance policies identified in the disclosure schedules to the Merger Agreement;

declare, accrue, set aside or pay any dividend or make any other distribution in respect of any units or other securities (except for with respect to certain permitted pre-closing distributions); or repurchase, redeem or otherwise reacquire any units or other securities;

sell, issue or grant, or authorize the issuance of any additional unit of Prism or other security, option or right to acquire any unit of Prism (or cash based on the value of the units of Prism) or other security or instrument convertible into or exchangeable for any units of Prism (or cash based on the value of units of Prism) or other security;

amend or waive any of its rights under, or permit the acceleration of vesting under any compensation obligation;

amend or permit the adoption of any amendment to the Prism's organizational documents (other than the transactions contemplated by the Merger Agreement) or authorize or facilitate any recapitalization, reclassification of units or similar transaction with respect to the units of Prism;

form any subsidiary or acquire any equity interest or other interest in any other entity;

make any capital expenditure, except for capital expenditures that, when added to all other capital expenditures made on behalf of Prism during the period between the date of the Merger Agreement and the effective date of the Merger, do not exceed \$50,000;

enter into, amend or terminate any material contract;

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acquire, lease or licenses any right or other asset from any other person for an aggregate value in excess of \$50,000, sell, licenses, grant any right or otherwise dispose of or lease the following patents: United States Patent Numbers 6,516,416; 7,290,288; 8,127,345; 8,387,155; 7,203,838; and 7,631,191, or waive or relinquish any right outside of the ordinary course of business consistent with past practices;

enter into any collective bargaining agreement; establish, adopt, amend or terminate any Prism employee plan; pay, or make any commitment to pay, any bonus or make any profit-sharing payment, cash incentive payment or similar payment, other than commissions and/or employee bonuses not to exceed \$400,000 in the aggregate paid in the ordinary course of business and consistent with past practices; increase, or make any commitment to increase, the amount of the wages, salary, commissions, fringe benefits or other employee benefits or compensation (including equity-based compensation, whether payable in cash or otherwise) or remuneration payable to any of its managers, officers or employees; promote or change the title of any of its employees (retroactively or otherwise); fund, or make any commitment to fund, any compensation obligation (whether by grantor trust or otherwise); hire or make an offer to hire any new employee on a full-time, part-time, consulting or other basis or terminate any employee, other than for cause;

change any of its methods of accounting or accounting practices in any material respects (other than as required by applicable accounting or auditing standards);

prepare or file any tax return inconsistent with past practice or, on any such tax return, take any position, make any election, or adopt any method that is inconsistent with positions taken, elections made or methods used in preparing or filing similar tax returns in prior periods (including positions, elections or methods that would have the effect of deferring income to periods ending after the closing date of the Merger Agreement or accelerating deductions to periods ending on or before such closing date), enter into a tax allocation agreement, tax sharing agreement, or tax indemnity agreement, amend a Prism return, settle or otherwise compromise any claim, notice, audit report or assessment relating to taxes, enter into any closing agreement or similar agreement relating to taxes, otherwise settle any dispute relating to taxes, request any ruling or similar guidance with respect to taxes, or consent to an extension or waiver of the statutory limitation period applicable to a claim or assessment in respect of taxes;

commence or settle any legal proceeding other than patent infringement actions in the ordinary course of business;

accelerate the collection of any accounts receivable or delay the payment of any accounts payable if such action would have a material impact on Prism's financial statements;

write off as uncollectible, or establish any extraordinary reserve with respect to, any account receivable or other indebtedness in excess of \$25,000 with respect to a single matter, or in excess of \$50,000 in the aggregate, except as required by applicable accounting or auditing standards and consistent with past practices; and

make any pledge of any of Prism's assets or otherwise permit any of its assets to become subject to any encumbrance, except for pledges of immaterial assets made in the ordinary course of business and consistent with the Prism's past practices.

The disclosure schedules to the Merger Agreement permit Prism to take certain actions between the date of this Merger Agreement and the Merger that otherwise would be prohibited by the Merger Agreement. Prism may, for example, do the following:

redeem certain of its convertible debt securities, options and warrants in order to satisfy certain representations in the Merger Agreement;

issue additional units for (i) options and warrants, existing at the time of the Merger Agreement, that are exercised, (ii) convertible debt, existing at the time of the Merger Agreement, converted into units, and (iii) minority interest holders, existing at the time of the Merger Agreement, who choose to exchange their minority interests for units; and

exchange for units or redeem minority equity interests in its subsidiaries.

Other Agreements

Each of IPC and Prism has agreed that:

Following the effective time of the Merger, if any action is reasonably determined by IPC to be necessary or desirable to carry out the purposes of the Merger Agreement or to vest the surviving company or IPC with full right,

title and possession of and to all rights and property of merger sub and Prism, the officers and directors or the surviving company or IPC shall be fully authorized to take such action;

Each of IPC and Prism shall cooperate in the preparation and filing of this joint proxy statement/prospectus;

IPC shall use reasonable best efforts to have this joint proxy statement/prospectus declared effective under the Securities Act as promptly as reasonably practicable after such filing and to keep this joint proxy statement/prospectus effective as long as necessary to consummate the Merger;

Prism shall use reasonable best efforts to deliver a comfort letter of its independent auditors to IPC with respect to the financial information of Prism included in this joint proxy statement/prospectus;

IPC and Prism shall notify each other of any information discovered that should be included in an amendment to this joint proxy statement/prospectus and IPC shall promptly file an amendment to this joint proxy statement/prospectus;

IPC will deliver this joint proxy statement/prospectus to IPC shareholders after it is declared effective under the Securities Act;

At the closing of the Merger, Prism shall deliver to IPC a statement that no transaction contemplated by the Merger Agreement is subject to Section 1445 of the Code;

Prism will terminate or amend any agreements identified in the Merger Agreement to so be terminated or amended;

Prism will purchase an extended reporting period endorsement under Prism's existing managers' and officers' liability insurance coverage for Prism's managers and officers with coverage for six years following the effective time of the Merger; and

IPC and Prism shall use commercially reasonable efforts to take, or cause to be taken, all actions necessary to consummate the Merger and make effective the other transactions contemplated by the Merger Agreement, including all filings and notices required to be made or given in connection with the Merger and the other transactions contemplated by the Merger Agreement and to obtain consents required by the Merger Agreement.

Indemnification

Absent fraud, the representations and warranties of Prism contained in the Merger Agreement will survive the closing until the second anniversary of the closing date, except for the representations and warranties relating to organizational matters, capital structure, certain intellectual property matters, tax matters, authority and binding nature of the Merger Agreement, and the representations, warranties, certifications and other statements and information set forth in the merger consideration certificate (collectively, the "Specified Reps"), which will survive ninety days after the applicable statute of limitations.

The representations and warranties of IPC contained in the Merger Agreement will survive the closing until the second anniversary of the closing date. The Merger Agreement provides that from and after the closing IPC and its affiliates and representatives will be indemnified and held harmless by the members of Prism as of immediately prior to the effective time of the merger, severally and not jointly, from and against any monetary loss incurred by such indemnitee that results from the following items:

any inaccuracy in or breach of any of the representations or warranties of Prism contained in the Merger Agreement;

the breach of, or failure to perform, any covenant or agreement of Prism or the securityholders' agent contained in the Merger Agreement;

the breach of closing certificates, including calculations and information in the merger consideration certificate and in any earnout consideration certificate;

claims of ownership; and

claims by current and former officers, managers, employees and agents of Prism involving a right or entitlement to indemnification, reimbursement of expenses or any other relief or remedy with respect to any act or omission that arose, occurred or existed at or prior to closing.

Limitations on indemnification include the following:

no claim for indemnification with respect to breaches of general representations and warranties by any indemnified party may be asserted until aggregate damages exceeds \$250,000, at which point such indemnified party is entitled to be indemnified against and compensated and reimbursed for the entire amount of such damages and not merely the portion of such damages exceeding the \$250,000 threshold; and
except in the event of fraud or for breach of a Specified Rep, the maximum aggregate amount of indemnifiable monetary damages that may be recovered from the members of Prism as of immediately prior to the effective time of the merger will be \$20,000,000.

The right to offset any amounts to which IPC may be indemnified under the terms of the Merger Agreement against earnout amounts otherwise payable by IPC under the Merger Agreement is IPC's sole and exclusive remedy for breach of Prism's representations and warranties in the Merger Agreement, except in the event of fraud or for breach of a Specified Rep.

The Merger Agreement does not provide for an escrow fund or any holdback of the merger consideration for indemnification purposes or otherwise.

Termination

The Merger Agreement may be terminated at any time before the completion of the Merger, whether before or after the required approvals to complete the Merger have been obtained, as set forth below:

by mutual written consent of IPC and Prism;

by either IPC or Prism if, the Closing has not taken place on or before 5:00 p.m. (Pacific time) March 20, 2015; provided, however, that neither IPC nor Prism shall be permitted to terminate the Merger Agreement if the failure to consummate the Merger by such date (as the same may be extended) results from, or is caused by, a material breach by such party of any of its representations, warranties, covenants or agreements contained herein;

by IPC or Prism if a court of competent jurisdiction or governmental body shall have issued a final and nonappealable order, or shall have taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger; or there shall be any applicable legal requirement enacted, promulgated, issued or deemed applicable to the Merger by any governmental body that would make consummation of the Merger illegal;

by IPC if (i) any of the representations and warranties of Prism in the Merger Agreement shall be inaccurate as of the date of the Merger Agreement, or shall have become inaccurate as of a date subsequent to the date of the Merger Agreement, such that the certain conditions set forth in the Merger Agreement would not be satisfied, provided that such inaccuracy is not cured during the cure period set forth in the Merger Agreement; (ii) any of the covenants of Prism contained in the Merger Agreement shall have been breached such that certain conditions set forth in the Merger Agreement would not be satisfied, provided that such inaccuracy is not cured during the cure period set forth in the Merger Agreement; or (iii) any material adverse effect shall have occurred, or any event or other effect shall have occurred or circumstance or other effect shall exist that, in combination with any other events, circumstances or other effects, would reasonably be expected to have or result in a material adverse effect;

by Prism if (i) any of the representations and warranties of IPC in the Merger Agreement shall be inaccurate as of the date of the Merger Agreement, or shall have become inaccurate as of a date subsequent to the date of the Merger Agreement, such that the certain conditions set forth in the Merger Agreement would not be satisfied, provided that such inaccuracy is not cured during the cure period set forth in the Merger Agreement; or (ii) any of the covenants of IPC contained in the Merger Agreement shall have been breached such that certain conditions set forth in the Merger Agreement would not be satisfied, provided that such inaccuracy is not cured during the cure period set forth in the Merger Agreement;

by IPC if the Merger Agreement and the Merger are not approved by 67% of Prism members prior to March 20, 2014; or

by IPC or Prism if the stockholders of IPC do not approve the issuance of IPC common stock in the Merger at the IPC special meeting.

Amendment

The Merger Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered: (a) prior to the closing date of the Merger Agreement, on behalf of Prism, IPC, Merger Sub and the Securityholders' Agent; and (b) after the closing date of the Merger Agreement, on behalf of IPC and the Securityholders' Agent (acting exclusively for and on behalf of all of the members of Prism as of immediately prior to the effective time of the Merger).

AGREEMENTS RELATED TO THE MERGER

Support Agreements

In order to induce IPC to enter into the Merger Agreement, certain Prism members are parties to a support agreement with IPC and Prism pursuant to which, among other things, each of the members agreed to vote all of its units of Prism in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof, each of the other actions contemplated by the Merger Agreement and any action in furtherance of the Merger Agreement or the actions contemplated by the Merger Agreement and to vote against any action that could reasonably be expected to result in a breach of any representation, warranty, covenant or obligation of the Merger Agreement or actions involving certain corporation transactions and organization.

The parties to the support agreements are: Richard L. Gregg, on behalf of Prism Resources, Inc. (a Prism manager and executive officer), Gregory J. Duman (a Prism manager and executive officer), Gerald C. Korth (a Prism executive officer), Andre J. Bahou (a Prism executive officer) and William Fisher (a Prism manager), on behalf of FFI, LLC.

The members of Prism that are party to a support agreement owned an aggregate of 6,157,419 membership units of Prism, representing approximately 51% of the outstanding membership units of Prism as of the date of this joint proxy statement/prospectus. These members include only executive officers and managers of Prism and entities affiliated with those executive officers and managers. Following the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part and pursuant to the Merger Agreement, the parties to the support agreement will vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof.

Under these support agreements, subject to certain exceptions, such stockholders also have agreed not to sell or transfer Prism units and securities held by them, or any voting rights with respect thereto, until the earlier of the termination of the Merger Agreement or the date on which the Merger becomes effective. In addition, these Prism members also agreed to be bound by the terms of Merger Agreement and confidentiality provisions as set forth in the support agreements and waived any rights to appraisal or dissenters' rights.

Lock-up Agreements

As a condition to the closing of the Merger, certain of the Prism security holders, have entered into lock-up agreements, pursuant to which such parties have agreed not to, except in limited circumstances, offer for sale, sell, pledge or otherwise dispose of, or engage in swap or similar transactions with respect to, shares of IPC common stock,

including, as applicable, shares received in the Merger until 180 days from the closing of the Merger.

The parties to the lock-up agreements are Gregory J. Duman, Andre J. Bahou, Richard L. Gregg (on behalf of Prism Resources, Inc.), Gerald C. Korth and William Fisher (a Prism manager, on behalf of FFI, LLC). As of the date of this joint proxy statement/prospectus, the Prism security holders who have executed lock-up agreements beneficially owned in the aggregate approximately 51% of the outstanding membership units of Prism.

MATTERS BEING SUBMITTED TO A VOTE OF IPC STOCKHOLDERS

IPC Proposal No. 1: Approval of the Merger and the Issuance of Common Stock in the Merger

At the IPC special meeting, IPC stockholders will be asked to approve the Merger and the issuance of IPC common stock pursuant to the Merger Agreement. Immediately following the Merger, it is expected that Prism security holders will own approximately 39.3% of the fully-diluted common stock of IPC, with existing IPC stockholders and optionholders holding approximately 60.7% of the fully-diluted common stock of IPC.

The terms of, reasons for and other aspects of the Merger Agreement, the Merger and the issuance of IPC common stock pursuant to the Merger Agreement are described in detail in the other sections in this joint proxy statement/prospectus.

Required Vote

The affirmative vote of the holders of a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting is required for approval of IPC Proposal No. 1.

THE IPC BOARD OF DIRECTORS RECOMMENDS THAT THE IPC STOCKHOLDERS VOTE “FOR” IPC PROPOSAL NO. 1 TO APPROVE THE MERGER AND THE ISSUANCE OF IPC COMMON STOCK PURSUANT TO THE MERGER AGREEMENT.

IPC Proposal No. 2: Approval of Possible Adjournment of the IPC Special Meeting

If IPC fails to receive a sufficient number of votes to approve IPC Proposal No. 1, IPC may propose to adjourn the IPC special meeting for the purpose of soliciting additional proxies to approve IPC Proposal No. 1. IPC currently does not intend to propose adjournment at the IPC special meeting if there are sufficient votes to approve IPC Proposal No. 1. The affirmative vote of the holders of a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting is required to approve the adjournment of the IPC special meeting for the purpose of soliciting additional proxies to approve IPC Proposal No. 1.

THE IPC BOARD OF DIRECTORS RECOMMENDS THAT THE IPC STOCKHOLDERS VOTE “FOR” IPC PROPOSAL NO. 2 TO ADJOURN THE SPECIAL MEETING, IF NECESSARY, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES IN FAVOR OF IPC PROPOSAL NO. 1.

MATTERS BEING SUBMITTED TO A VOTE OF PRISM MEMBERS

Prism Proposal No. 1: Approval of the Merger and the Merger Agreement

At the Prism special meeting, Prism members will be asked to approve the Merger and the Merger Agreement. The terms of, reasons for and other aspects of the Merger and the Merger Agreement are described in detail in the other sections in this joint proxy statement/prospectus.

Required Vote

The approval of Prism members holding at least sixty-seven percent (67%) of then outstanding units held by Prism members is required for approval of Prism Proposal No. 1.

THE PRISM BOARD OF MANAGERS RECOMMENDS THAT PRISM MEMBERS VOTE “FOR” PRISM PROPOSAL NO. 1 TO APPROVE THE MERGER AND THE MERGER AGREEMENT.

Prism Proposal No. 2: Approval of Possible Adjournment of the Prism Special Meeting

If Prism fails to receive a sufficient number of votes to approve Prism Proposal No. 1, Prism may propose to adjourn the Prism special meeting for the purpose of soliciting additional proxies to approve Prism Proposal No. 1. Prism currently does not intend to propose adjournment at the Prism special meeting if there are sufficient votes to approve Prism Proposal No. 1. Approval of Prism Proposal No. 2 requires the affirmative vote of the holders of a majority of the Prism units having voting power present in person or represented by proxy at the meeting.

THE PRISM BOARD OF MANAGERS RECOMMENDS THAT PRISM MEMBERS VOTE “FOR” PRISM PROPOSAL NO. 2 TO ADJOURN THE SPECIAL MEETING, IF NECESSARY, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES IN FAVOR OF PRISM PROPOSAL NO. 1.

IPC BUSINESS

Overview

IPC was originally incorporated in California in February 1995 and re-incorporated in Delaware in October 1996, and is headquartered outside Sacramento, California.

From its inception through December 21, 2011, IPC operated an online insurance marketplace that electronically matched consumers and providers of automobile, property, health, term life, and small business insurance. IPC discontinued this business in connection with the sale of substantially all of its assets to Bankrate, Inc. in a transaction that closed on December 21, 2011. In connection with this sale of assets, IPC changed its name from InsWeb Corporation to Internet Patents Corporation. Since December 2011, IPC's business has consisted solely of plans to license and otherwise enforce its portfolio of seven e-commerce patents (the "Patent Licensing Business").

From its original incorporation, IPC was among the earliest companies operating exclusively online, and IPC employed a significant staff of software and systems engineers to develop technology leveraging the power of the Internet. Although IPC's principal business focus at that time was online insurance lead generation, the problems that IPC's technology experts faced were common to many e-commerce companies. IPC's innovative solutions to these problems are now covered by patents that it believes apply to many e-commerce activities, including:

personalized product recommendations to web site visitors;

retargeting or remarketing to web site visitors;

online registration and application processes and forms;

maintaining consistent look and feel of web pages in multiple languages; and

generating quick or even real-time product rate requests.

Under U.S. law, a patent owner is entitled to exclude others from making, selling or using the patented invention for the life of the patent, generally twenty years from its filing date, with some possible term extensions by statute. The patent holder may grant one or more licenses to the patented invention, typically allowing the licensee to make, use

and/or sell the patented invention in return for a royalty paid to the patent owner. A patent owner also may sue and recover damages from unlicensed parties for past patent infringement and sometimes future royalties. Although IPC intends to attempt to negotiate a reasonable royalty for licenses for its patented technologies, IPC may not be able to reach a negotiated settlement with the accused infringer. In that case IPC expects to vigorously litigate its infringement claims. To date, none of IPC's patents has generated direct revenues or been subject to a final adjudication of its validity.

Business Strategy

IPC's future revenues are expected to consist of the royalties from licensing the patents and damages for past infringement. IPC expects significant resistance from entities that it believes infringe one or more of its patents, especially until the validity of the patents can be established. Patent enforcement litigation can be expensive and often takes several years to reach the trial stage, and the appeals process could result in further delays in receiving royalties or damage awards. For these reasons, IPC cannot estimate what revenues, if any, it will receive from the Patent Licensing Business. In addition to general and administrative expenses, including salaries and benefits, rent and utilities, IPC will incur expenses associated with patent enforcement litigation and being a public company.

Competition

IPC believes that each patent owned by it represents a unique technology that many third parties will find useful or valuable to their operations. IPC therefore does not believe that it faces direct competition. In offering a license or in asserting a claim of infringement, however, IPC may cause the third parties to alter their business operations rather than pay IPC an on-going royalty.

Intellectual Property and Proprietary Technology

IPC's patent portfolio consists of seven issued patents, all of which are considered utility patents, and two patent applications. All of the issued patents are wholly-owned by IPC, except for U.S. Patent No 7,389,246 in which IPC transferred a one-half ownership interest to an unrelated company on a royalty free basis. All of the patents issued to IPC describe technologies that were invented by employees of IPC and assigned to IPC. In addition, IPC continues to pursue continuation patent applications related to some of the issued patents. IPC does not engage in research and development activities and therefore does not expect to develop further patentable inventions; however, IPC may acquire additional patents from third parties for strategic purposes.

Event Log (U.S. Patent No. 6,898,597) filed November 9, 1999; patent term expires in November 2019

This patent describes an event logging system that monitors for the occurrence of predefined web site usage events having some business significance, records the occurrence of those events, and also records the events' associated context information. The system includes a software event identification routine, executing within web server software or other web-related application software, that monitors for the occurrence of an event and gathers a desired set of related context information. A database interface, usable by one or more distinct web servers or applications, is used to insert the information into an event database. The event database can later be processed to add, modify, or delete event data, as well as prepare the data for integration into other databases or the preparation of reports.

System and method for optimizing and processing electronic pages in multiple languages (U.S. Patent No. 7,107,325) filed November 15, 1999; patent term expires in November 2019

This patent describes a web page processing system that processes a user's requests using predefined, flexible templates and corresponding logic. Main processing handles non-departmental specific functions, such as security and data decoding and encoding.

Data decoding and encoding includes converting data to a universal character coding representation. The system also includes software for determining the character set used by a user for converting universal character coded data into a particular language code. The system includes a secure private protocol for advantageously securing the system in addition to traditional router-based firewall technology. Links to departmental level functions through template files are provided for department-specific functions and processing of department-related information received by the system. In addition, web page customization is provided by specialized links to external web sites containing logos and other indicia to be included on returned web pages.

System and method for optimizing and processing electronic pages in multiple languages (U.S. Patent No. 8,595,355) filed September 12, 2006; patent term expires in November 2019

This patent was issued from a continuation application filed with respect to U.S. Patent No. 7,107,325. It adds certain claims to the parent patent regarding a web page processing system that processes a user's requests using predefined, flexible templates and corresponding logic.

Data decoding and encoding includes converting data to a universal character coding representation. The system also includes software for determining the character set used by a user for converting universal character coded data into a particular language code. The system includes a secure private protocol for advantageously securing the system in addition to traditional router based firewall technology. Links to departmental level functions through template files are provided for department specific functions and processing of department-related information received by the system. In addition, web page customization is provided by specialized links to external web sites containing logos and other indicia to be included on returned web pages.

Dynamic tabs for a graphical user interface (U.S. Patent No. 7,707,505) filed March 23, 2000; patent term expires March 2025

This patent describes a dynamic, intelligent user interface for an on-line, virtual application that uses user input to customize the subsequent display of application data and queries presented to the user/applicant. The invention includes a facility for intelligent editing, data state presentation, and error flagging and correction. In one embodiment of the invention, the intelligent user interface is implemented as part of a series of dynamically generated web pages (a form set) presented to a user of an e-commerce Internet web site. This presentation is in the form of a collection of tabbed panes of data, the selected pane being displayed on a web page, wherein each pane contains one or more pages of data and queries. This organization and presentation of the virtual application provides re-entrant editing; error trapping, flagging, and correction; and easy navigation from sub-pane to sub-pane (page to page) within each pane and from pane to pane using the tabs and conventional browser Back and Forward button functionality.

Insurance rating calculation software component architecture (U.S. Patent No. 7,389,246) filed February 15, 2000; patent term expires in March 2024

This patent describes a product rate calculation system that utilizes a software component architecture providing a flexible insurance rating calculation system that can easily be scaled, modified, expanded, and implemented in various computer system operating environments, while still providing quick, and even real-time responsiveness to product rate requests. The product rate calculation system includes a product application or component object that requests a product rate from a product rate calculation software component, and can supply some or all of the rating information needed for the calculation. One or more support software components and one or more protocol stacks facilitate component communication.

Insurance Agent Contact System (U.S. Patent No. 7,640,176) filed May 20, 1999; patent term expires in November 2022

This patent describes an online insurance information system that is comprised of an insurance quoting system, an agent contact system, agent systems, and customer systems. The agent contact system comprises a customer interfacing subsystem, a create contact engine, an agent interfacing subsystem, and a process contact engine. The customer interfacing subsystem is coupled to the quoting system and to a given one of the customer systems for receiving an online indication by a given customer of a desire to pursue a policy with a given agent. The given customer comprises a given contact. The create contact engine identifies the given agent system and saves in a database local to the agent contact system a personal insurance profile and contact information corresponding to the given customer. The agent interfacing subsystem coupled to the given agent system receives an online indication by the given agent of a desire to view, print, or modify the contact information. The process contact engine contacts the given agent system with information regarding the given contact, and accesses and modifies the contact information in accordance with online indications made by the agent.

System and Method for Flexible Insurance Rating Calculation (U.S. Patent No. 8,103,526) filed March 7, 2000; patent term expires in October 2022

This patent describes a product rate calculation system that operates as a rating server (e.g., a process executing on a server computer system, or a process executing on the same computer system as a client process but serving information to the client process) and provides a flexible insurance rating calculation system that can easily be modified and expanded, while still providing quick, and even real-time responsiveness to product rate requests. The product rate calculation system includes an interface to a product information database and a cache for storing product rate information for efficient reuse. The product rate information includes product rate expressions that are parsed and evaluated by an expression evaluation routine to determine a product rate. As part of the evaluation process, additional product rate information (such as look-up table data and numerical constants) as well as consumer information can be used.

Employees

As of December 10, 2014, IPC had three full-time employees, all of whom are executive officers of IPC. IPC has never had a work stoppage, and none of its employees are currently represented under collective bargaining agreements. IPC believes that its future success will depend in part on the continued service of its executive officers. IPC has no long-term employment agreements with any of its personnel, but L. Eric Loewe, IPC's General Counsel and Secretary, is covered under IPC's Executive Retention and Severance Plan.

Legal Proceedings

During 2012, IPC filed patent infringement lawsuits against six companies. Two of the companies are alleged to have infringed the Event Log patent; four companies are alleged to have infringed the Dynamic Tabs patent. Each of the lawsuits was filed in the U.S. District Court for the Northern District of California and trial dates for the lawsuits have not been set. The following table summarizes the status of current litigation:

On June 29, 2012, IPC filed suit against TellApart, Inc. and eBags, Inc. in the U.S. District Court for the Northern District of California alleging infringement of the Event Log patent. IPC sought monetary damages and injunctive relief. The USPTO granted the defendants' petition for ex parte re-examination of the Event Log patent on May 31, 2013. On August 28, 2013, the U.S. District Court granted defendants' motion to stay the litigation for the duration of the USPTO's re-examination. In the re-examination, the examiner rejected all of the claims of the Event Log patent, and on June 6, 2014, IPC appealed the rejection to the Patent Trials and Appeals Board.

On September 27, 2012, IPC filed suit against The General Automobile Insurance Services, Inc. (d/b/a The General, Permanent General Assurance Corporation and Permanent General Assurance Corporation of Ohio or "The General") and the Active Network, Inc. in the U.S. District Court for the Northern District of California alleging infringement of the Dynamic Tabs patent. On December 21, 2012, IPC filed suit against Tree. Com and Quinstreet, Inc. in the U.S. District Court for the Northern District of California also alleging infringement of the Dynamic Tabs patent. In each of the four cases, IPC sought monetary damages and injunctive relief. The four cases were reassigned to a single judge in 2013. On September 24, 2013, the court ruled that the Dynamic Tabs patent was invalid for lack of patent-eligible subject matter and granted a motion to dismiss filed by The General. The court later dismissed the cases against the other three defendants on the same basis. On October 23, 2013, IPC appealed the dismissal to the U.S. Court of Appeals for the Federal Circuit. Oral arguments in the appeal were heard on August 6, 2014.

PRISM BUSINESS

Prism is a Nebraska limited liability company headquartered in Omaha, Nebraska. Prism was formed in 2003 as a successor to Prism Resources, Inc. Prism is the majority owner of two primary operating subsidiaries: Secure Access, LLC, a Texas limited liability company, and Millenium Biologix, LLC, a Nebraska limited liability company.

Prism’s business model is focused on intellectual property licensing and technology research and development. As of December 10, 2014, Prism and its subsidiaries owned a patent portfolio consisting of nine patent families with an aggregate of 51 issued patents and five pending patent applications in the computer and network security, semiconductor and medical technology space. Of the 51 patents, substantially all were acquired from third parties, many of whom have a continuing right to receive a portion of the proceeds from licensing activities. Prism’s executives and advisors have substantial experience licensing patents.

Intellectual Property and Proprietary Technology

Prism’s patent portfolio includes the following technologies:

Patent Family	Technology	Potential Market Applications
		Wireless & Mobile Commerce
Gregg Patents	Device Authentication, Access to Protected Resources	Online Content Delivery Software Activation Corporate Systems Access
		Banking & Financing Services
		Electronic Commerce
Glazer Patents	Image Recognition, Web Site Authentication	Online Banking & Financial Services
Weber Patents	Multiple Screen Computer Display	Multi-Screen Computer / Gaming Devices
Pugh Patents	Synthetic Biomaterial Compound	Biotech
Wallace Patents	Encrypted Cookies	Electronic Commerce
Quizid Patents	Authentication Tokens	Electronic Commerce, Wireless & Mobile Commerce

Prism began enforcing its patents against third parties in 2005. To date, Prism has licensed its technology to over 30 companies, including Microsoft Corporation (NASDAQ: MSFT), Blackberry Limited (formerly known as Research In Motion Limited) (NASDAQ: BBRY), VeriSign, Inc. (NASDAQ: VRSN), Adobe Systems Incorporated (NASDAQ: ADBE), National Instruments Corporation (NASDAQ: NATI), Bank of America Corporation (NYSE: BAC), Harris Bancorp, Inc., Baxter International Inc. (NYSE: BAX) and AT&T Inc. (NYSE: T).

Employees

As of December 10, 2014, Prism had six employees, none of whom are parties to an employment agreement. Prism has never had a work stoppage, and none of its employees are currently represented under collective bargaining agreements.

Legal Proceedings

The following table summarizes the status of Prism litigation pending as of December 10, 2014. All dates are subject to change based upon a number of factors, including the relevant court's schedule, rulings on motions and other pre-trial events.

Patents	Parties	Civil Action Number, Court, and Judge	Key Upcoming Dates
	<i>Prism Technologies, LLC v. Sprint,</i>		Trial Dates Sprint 4-20-15
Gregg Patents	<i>T-Mobile, U.S. Cellular, & Cellco Partnership dba Verizon Wireless</i>	8:12-cv-00122-126-LES-TDT (USDC Nebraska, J. Strom)	T-Mobile 6-15-15 US Cellular 7-13-15 Verizon 9-28-15
Glazer Patents	<i>Secure Axxess, LLC v. U.S. Bank, et al.</i>	6:13-cv-00717-KNM (USDC Eastern District Texas, J. Mitchell)	District Court Case stayed pending CBM.
	<i>EMC Corp. and RSA Security, LLC v. Secure Axxess, LLC</i>	IPR2014-00475 (PTAB, Panel)	PTAB Hearing 5-20-15
	<i>PNC Bank, National Association v. Secure Axxess, LLC</i>	CBM2014-00100 (PTAB, Panel)	Decision Expected by 8-20-15
Glazer Patents	<i>Bank of the West, et al v. Secure Axxess, LLC</i>	CBM2015-00009 (PTAB, Panel)	Petition Filed, Action Not Yet Instituted
	<i>T. Rowe Price Investment Services, Inc. v. Secure Axxess, LLC</i>	CBM2015-00027 (PTAB, Panel)	Petition Filed, Action Not Yet Instituted
Weber Patents	<i>Secure Axxess, LLC v. Nintendo of America, Inc., et al.</i>	2:14-cv-01013-RSM (USDC Western District Washington, J. Ricardo Martinez)	Markman Hearing 3-20-15 Trial Date 10-5-15
	<i>Baxter Healthcare Corp. v. Millenium Biologix, LLC</i>	IPR2013-00582 (PTAB, Panel)	PTAB Decision Expected Around 2-14-15
Pugh Patents	<i>Baxter Healthcare Corp. v. Millenium Biologix, LLC</i>	IPR2013-00590 (PTAB, Panel)	

IPC MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read together with the consolidated financial statements of IPC and accompanying notes appearing elsewhere in this joint proxy statement/prospectus. This discussion of the IPC financial condition and results of operations contains certain statements that are not strictly historical and are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 and involve a high degree of risk and uncertainty. Actual results may differ materially from those projected in the forward-looking statements due to other risks and uncertainties that exist in IPC's business and business environment, including those set forth in the section entitled "Risk Factors—Risks Related to the Combined Company if the Merger is Completed" in this joint proxy statement/prospectus and the other risks and uncertainties described in the section entitled "Risk Factors" in this joint proxy statement/prospectus and elsewhere in this joint proxy statement/prospectus. All forward-looking statements included in this joint proxy statement/prospectus are based on information available to IPC as of the date hereof, and IPC assumes no obligation to update any such forward-looking statement.

Overview

From its inception through December 21, 2011 (the "Disposition Date"), IPC operated an online insurance marketplace that electronically matched consumers and providers of automobile, property, health, term life, and small business insurance. IPC discontinued this business in connection with the sale of substantially all of its assets related to the lead generation business to Bankrate, Inc. in a transaction that closed on December 21, 2011 (the "Disposition"). As a result of the Disposition, IPC no longer conducts the insurance lead generation business, and has agreed not to reenter that business for a period of ten years.

Since the Disposition Date, IPC's business consists solely of plans to license or otherwise enforce its portfolio of e-commerce and online insurance distribution patents ("Patent Licensing Business").

Under U.S. law, a patent owner is entitled to exclude others from making, selling or using the patented invention for the life of the patent, generally twenty years from its filing date, with some possible term extensions by statute. The patent holder may grant one or more licenses to the patented invention, typically allowing the licensee to make, use and/or sell the patented invention in return for a royalty paid to the patent owner. A patent owner also may sue and recover damages from unlicensed parties for past patent infringement and sometimes future royalties. Although IPC intends to attempt to negotiate a reasonable royalty for licenses to the patented technologies, IPC may not be able to reach a negotiated settlement with the accused infringer. In that case IPC expects to vigorously litigate its infringement claims. To date, none of IPC's patents has generated direct revenues or been subject to a final adjudication of its validity.

IPC's future revenues are expected to consist of the royalties from licensing the patents and damages for past infringement. IPC expects significant resistance from entities that it believes infringe one or more of its patents, at least until the validity of the patents can be established. Patent enforcement litigation will often be necessary but it can be expensive and often takes several years to reach the trial stage, and the appeals process could result in further delays in receiving royalties or damage awards. For these reasons, IPC cannot estimate what revenues, if any, it will receive in 2014. In addition to general and administrative expenses, including salaries and benefits, rent and utilities, IPC will incur expenses associated with patent enforcement litigation and being a public company. IPC cannot predict if it will generate revenues or be profitable in 2014.

During 2012, IPC filed patent infringement lawsuits against six companies. Two of the companies are alleged to infringe the Event Log patent; four companies are alleged to infringe the Dynamic Tabs patent. Each of the lawsuits was filed in the U.S. District Court for the Northern District of California and trial dates for the lawsuits have not been set.

Recent Events

On November 11, 2014, IPC, Strategic Concepts Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of IPC ("Merger Sub"), Prism, a Nebraska limited liability company, and Gregory J. Duman, as Securityholders' Agent entered into the Merger Agreement, pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Prism, with Prism becoming a wholly-owned subsidiary of IPC and the surviving corporation of the Merger.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger, in exchange for all of the outstanding equity of Prism outstanding immediately prior to the effective time of the Merger, IPC will pay \$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), and issue 3.5 million shares of IPC common stock to Prism security holders. Subject to certain conditions, IPC has also agreed to share future revenue related to Prism's patents with Prism's former security holders up to a maximum amount of approximately \$49.5 million.

Immediately following the closing of the transaction, Prism's former equity owners are expected to own approximately 34.7% of the outstanding common stock of IPC (or approximately 39.3% of the outstanding common stock of IPC calculated on a fully diluted basis).

On November 25, 2014, IPC entered into stock purchase agreements (the "Honig Purchase Agreements") with Mr. Barry Honig and certain of his affiliates, pursuant to which IPC agreed to repurchase an aggregate of 492,178 shares of IPC common stock at a price of \$3.00 per share, for a total purchase price of \$1,476,534. The purchase of such shares was completed on December 1, 2014. On November 30, 2014, IPC entered into a stock purchase agreement (the "Frost Purchase Agreement") with Frost Gamma Investments Trust, pursuant to which IPC agreed to repurchase 500,000 shares of IPC common stock at a price of \$3.00 per share, for a total purchase price of \$1,500,000. The purchase of such shares was completed on December 1, 2014. On November 30, 2014, IPC entered into a stock purchase agreement with an IPC stockholder and certain of his affiliates, pursuant to which IPC agreed to repurchase an aggregate of 186,086 shares of IPC common stock at a price of \$3.00 per share, for a total purchase price of \$558,258. The purchase of such shares was completed on December 1, 2014.

Results of Operations

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

The following table sets forth selected statement of operations data for the nine months ended September 30, 2014 and 2013:

(in thousands, except per share amounts)	Nine Months Ended September 30,	
	2014	2013
Revenues	\$-	\$-
Operating expenses:		

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General and administrative	1,620	2,211
Total operating expenses	1,620	2,211
Loss from operations	(1,620)	(2,211)
Other income, expense, net	23	18
Net loss before income taxes	(1,597)	(2,193)
Income tax provision	-	-
Net loss	(1,597)	(2,193)
Net loss per share:		
Basic and diluted	\$(0.21)	\$(0.28)
Shares used in computing per share amounts		
Basic and diluted	7,752	7,752

Revenues. To date, IPC has received no revenues from its Patent Licensing Business. Due to the events relating to the Event Log patent litigation and the Dynamic Tabs patent litigation, as well as the unpredictable nature of the Patent Licensing Business generally, IPC does not expect to receive revenues during the remainder of 2014. Following the completion of the Merger, IPC expects that the combined company will have revenues during 2015 primarily attributable to Prism's business, but is unable to estimate the amount due to the uncertainties associated with patent enforcement matters.

Operating Expenses

(in thousands, except percentages)	Nine months ended September 30,		Percentage change from prior period
	2014	2013	
General and administrative	\$1,620	\$2,211	(27%)

General and Administrative. General and administrative expenses consist primarily of payroll and related expenses, including employee benefits, facility costs, accounting and legal services and insurance for IPC's general management, administrative and accounting personnel, as well as other general corporate expenses. General and administrative expenses decreased to \$1,620,000 for the nine months ended September 30, 2014 from \$2,211,000 for the comparable period in 2013. The decrease is primarily due to the charge, described in Note 5 of the condensed consolidated financial statements for the nine months ended September 30, 2014, of \$606,000 in the quarter ended June 30, 2013 to record an accrual for lease obligations relating to IPC's former headquarters in Rancho Cordova, California. General and administrative expenses for the remainder of 2014 are expected to increase over the current quarter due primarily to the expenses associated with the Merger. Following the completion of the Merger, IPC expects that general and administrative expenses will increase to approximately \$5.5 million in 2015. The expected increase is due primarily to the addition of Prism's general and administrative expenses, including salaries, rent and consulting services.

Amortization Expense. IPC did not recognize amortization expense in the nine months ended September 30, 2013 and 2014. Following completion of the Merger, IPC expects that the combined company will have substantial amortization expense due to the useful life of some of its patents.

Other Income. Other income was \$23,000 for the nine months ended September 30, 2014 as compared to \$18,000 for the comparable periods in 2013. Other income for the nine months ended September 30, 2014 consists of interest earned on IPC's investment portfolio of cash, cash equivalents and short-term investments. IPC expects that other income for the remainder of 2014 will consist entirely of returns received from its investment portfolio, which will be negligible given the conservative nature of IPC's investment policy and the interest rates currently available in the United States. IPC expects that other income will consist entirely of returns received from its investment portfolio in the near future, which will be negligible given the current interest rate environment in the United States.

Income Taxes. IPC recognized no expense for and did not receive a benefit from income taxes for the nine months ended September 30, 2014 and 2013. Following the completion of the Merger, IPC expects that taxable income in 2015 generated by the combined company's operations, if any, will be reduced by state and federal net operating loss carryforwards.

Net Loss. As a result of substantial amortization expense due to the useful life of some of its patents, the combined company may not have GAAP net income for 2015 or 2016 even if it generates revenues from its patent licensing activities.

Fiscal 2013 Compared to Fiscal 2012

The following table sets forth selected statement of operations data with the respective percentage change from the prior year (dollars in thousands):

	2013	2012	% Change from the Prior Year 2013	
Revenues	\$-	\$-	N/A	
Operating expenses:				
General and administrative	2,688	2,959	-9	%
Total operating expenses	2,688	2,959	-9	%
Loss from operations	(2,688)	(2,959)	-9	%
Other income	25	172	-85	%
Net loss before income taxes	(2,663)	(2,787)	-4	%
Income tax benefit	-	(61)	N/A	
Net loss	(2,663)	(2,726)	-2	%
Comprehensive loss	\$(2,663)	\$(2,726)	-2	%

Revenues. IPC did not generate revenues in 2012 or 2013 from its patent licensing business.

General and Administrative. General and administrative expenses consist primarily of payroll and related expenses, including employee benefits, facility costs, accounting and legal services and insurance for IPC's general management, administrative and accounting personnel, as well as other general corporate expenses. General and administrative expenses decreased 9% to \$2.7 million in 2013 from \$3.0 million in 2012. The decrease was primarily due to a reduction in administrative headcount, reduced rent, accounting services, consulting services, insurance, board of director fees and business taxes. The decrease was offset by a \$606,000 one-time charge to record an accrual for lease obligations related to the sublease of IPC's former headquarters in Rancho Cordova, California and by increases in litigation and general legal expenses and share-based compensation expense for the options granted on July 1, 2013 to the non-employee directors.

Amortization Expense. IPC did not recognize amortization expense in 2012 or 2013.

Other Income. Other income was \$25,000 in 2013, compared to \$172,000, in 2012. In 2012, other income included a one-time payment of \$99,000 received by IPC following the settlement of commercial litigation and a supplemental payment from Bankrate of \$67,000 related to the collection of outstanding accounts receivable subsequent to the Disposition Date. In addition, \$25,000 and \$6,000 was recognized in 2013 and 2012, respectively, for interest earned on IPC's investment portfolio of cash, cash equivalents and short-term investments.

Income Taxes. IPC recognized federal and state income tax benefits of \$61,000 in 2012, due to the difference between the income tax expense recognized for the year ended December 31, 2011 and the actual tax liability incurred when the income tax returns were filed during the quarter ended September 30, 2012.

Off-Balance Sheet Arrangements

IPC had no off-balance sheet arrangements in the years ended December 31, 2012 and 2013 and the nine months ended September 30, 2014.

Critical Accounting Policies

IPC's discussion and analysis of its financial condition and results of operations are based on IPC's consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires IPC to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. IPC bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. IPC believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Revenue Recognition. IPC has not yet determined the methodology it will use for recognizing revenues from royalties for licensing its patents or from damages for past infringement, as no agreements or judgments related to these types of revenue streams had been entered into or paid, respectively, as of September 30, 2014.

Share-Based Compensation. IPC accounts for share-based compensation in accordance with ASC 718 “*Compensation – Stock Compensation*.” Under the provisions of ASC 718, share-based compensation cost is generally estimated at the grant date based on the award’s fair value as calculated by the Black-Scholes-Merton (BSM) option-pricing model. The BSM option-pricing model requires various highly judgmental assumptions including expected option life, volatility, and forfeiture rates. If any of the assumptions used in the BSM option-pricing model change significantly, share-based compensation expense may differ materially in the future from that recorded in the current period. Generally, compensation cost is recognized over the requisite service period. However, to the extent performance conditions affect the vesting of an award, compensation cost will be recognized only if the performance condition is satisfied. Compensation cost will not be recognized, and any previously recognized compensation cost will be reversed, if the performance condition is not satisfied.

Income Taxes. Under the asset and liability method prescribed under ASC 740, “*Income Taxes*”, IPC recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled.

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. At September 30, 2014 and September 30, 2013, IPC had unrecognized tax benefits of approximately \$0.3 million and \$0.3 million, respectively (\$0.1 million of which, if recognized, would affect IPC’s effective tax rate). At December 31, 2013 and December 31, 2012, IPC had unrecognized tax benefits of approximately \$0.3 million and \$0.3 million, respectively (\$0.1 million of which, if recognized, would affect IPC’s effective tax rate). IPC does not believe there will be any material changes in its unrecognized tax positions over the next twelve months.

For tax return purposes, IPC had net operating loss carry forwards at September 30, 2014 of approximately \$145.5 million and \$29.8 million for federal income tax and state income tax purposes, respectively. At December 31, 2013, IPC had net operating loss carry forwards of approximately \$142.9 million and \$64.4 million for federal income tax and state income tax purposes, respectively. Included in these amounts are unrealized federal and state net operating loss deductions resulting from stock option exercises of approximately \$10.3 million each at September 30, 2014 and approximately \$10.2 million each at December 31, 2013. The benefit of these unrealized stock option-related deductions has not been included in deferred tax assets and will be recognized as a credit to additional paid-in capital when realized. Federal and state net operating loss carry forwards begin expiring in 2019 and 2014, respectively.

The carrying value of IPC’s deferred tax assets, which was approximately \$48.3 million at September 30, 2014 and \$49.5 million at December 31, 2013, is dependent upon IPC’s ability to generate sufficient future taxable income. IPC has established a full valuation allowance against its net deferred tax assets to reflect the uncertainty of realizing the deferred tax benefits, given historical losses. A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. This assessment requires a review and consideration of all

available positive and negative evidence, including IPC's past and future performance, the market environment in which IPC operates, the utilization of tax attributes in the past, and the length of carryforward periods and evaluation of potential tax planning strategies. IPC expects to continue to maintain a full valuation allowance until an appropriate level of profitability is sustained or other developments occur that would enable IPC to conclude that it is more likely than not that a portion of IPC's deferred tax assets would be realizable.

Liquidity and Capital Resources

At September 30, 2014, IPC's principal source of liquidity was \$28.0 million in cash and cash equivalents and \$1.2 million in short-term investments. IPC adheres to an investment policy with minimal market or settlement risk with its current holdings. There are no restrictions or limitations regarding access to the \$28.0 million in cash and cash equivalents and \$1.2 million in short-term investments. Since inception, IPC has financed its operations primarily through the sale of preferred and common stock and cash flow from operations.

Summarized cash flow information is as follows (in thousands):

	Nine months ended September 30, 2014 2013	
Cash used in operating activities	\$(1,788)	\$(1,561)
Cash provided by (used in) investing activities	(796)	1,248

For the nine months ended September 30, 2014, net cash used in operating activities was \$1.8 million, primarily consisting of our net loss adjusted for share-based compensation, depreciation and amortization of property and equipment of \$1.6 million and cash used of \$0.3 million, primarily due to a decrease in accrued expenses and increase in prepaid expenses. This was partially offset by an increase in accounts payable of \$0.1 million.

For the nine months ended September 30, 2013, net cash used in operating activities was \$1.6 million, primarily consisting of our net loss adjusted for share-based compensation, depreciation and amortization of property and equipment, impairment of long-lived assets and accrual for lease obligations of \$2.2 million and cash used of \$0.3 million, primarily due to decreases in accrued expenses and an increase in prepaid expenses. This was partially offset by increases in the accrual of lease obligations, accounts payable and other liabilities of \$0.9 million.

For the nine months ended September 30, 2014, net cash used in investing activities was \$0.8 million representing \$2.5 million relating to the purchases of short-term investments, offset by redemptions of short-term investments of \$1.5 million and redemptions of restricted cash equivalents of \$0.2 million.

For the nine months ended September 30, 2013, net cash provided by investing activities was \$1.2 million representing \$1.5 million relating to the purchases of short-term investments and \$1.0 million relating to purchases of restricted cash equivalents, offset by redemptions of short-term investments of \$2.7 million and redemptions of restricted short-term investments of \$1.0 million.

Immediately following the completion of the Merger, IPC expects its cash and cash equivalents to decrease to approximately \$6.0 million, primarily due to the payment of approximately \$16.5 million in cash as part of the Merger consideration paid to Prism's former equity owners, the repurchase of IPC common stock on December 1, 2014 for an aggregate purchase price of approximately \$3.5 million, and the payment of operating and transaction expenses, including expenses related to the Merger. IPC believes that its cash and cash equivalents will be sufficient to fund the operations of the combined company for the foreseeable future. Although IPC does not anticipate the need for additional financing to meet the operating needs of the combined company, IPC cannot be certain that additional financing will be available when required, on favorable terms or at all. If IPC is not successful in raising additional capital as required, the business of the combined company could be materially harmed. If additional funds were raised through the issuance of equity securities, the percentage ownership of IPC's stockholders would be reduced.

Contractual Obligations

IPC has a non-cancelable 24 month lease through May 15, 2015 for approximately 800 square feet of office space in Folsom, California, which is currently IPC's corporate headquarters.

IPC has a non-cancelable 5-year full service lease through February 14, 2017 for approximately 16,000 square feet of office space in the Sacramento area which housed IPC's corporate headquarters until May 2013. IPC has two consecutive options to extend the term for five years each at the prevailing market rent. On April 16, 2013, IPC subleased this space for the remainder of IPC's term. The monthly sublease rent is less than IPC's rent obligation to the landlord. Throughout the term of the lease, there is a reduction in collateral required under this non-cancelable lease. Effective March 1, 2014, the letter of credit collateral requirement was reduced from \$1.0 million to \$0.8 million for IPC's obligations under this non-cancelable lease. The collateral requirement will be reduced to \$0.6 million, effective March 1, 2015 and \$0.4 million, effective March 1, 2016. As of March 31, 2014 and December 31, 2013, restricted cash equivalents consisted of \$0.8 million and \$1.0 million each, respectively.

Until expiration of the lease in September 2014, IPC also leased approximately 10,000 square feet of office space in San Francisco, California. This facility was fully subleased by two tenants. See Note 7 of the condensed consolidated financial statements for the nine months ended September 30, 2014 for further discussion of the subleases.

Future minimum lease commitments as of September 30, 2014 are summarized as follows (in thousands):

Years ending December 31	Future minimum lease commitments
2014	\$ 57
2015	216
2016	214
Thereafter	36
Total	\$ 523

IPC expects to operate the patent licensing business of the combined company from Prism's Omaha, Nebraska and Brentwood, Tennessee locations, and IPC's California location will continue to serve as the corporate headquarters of the combined company. IPC does not believe that additional office space will be necessary for the combined company.

PRISM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of Prism's financial condition and results of operations together with Prism's financial statements and the related notes included elsewhere in this joint proxy statement/prospectus. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Prism's actual results may differ materially from those results described in or implied by the forward-looking statements discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors—Risks Related to the Combined Company if the Merger is Completed" included elsewhere in this joint proxy statement/prospectus and the other risks and uncertainties described in the section entitled "Risk Factors" in this joint proxy statement/prospectus.

Overview

Prism is a Nebraska limited liability company and was formed in 2003. Prism is the majority owner of two primary operating subsidiaries, Secure Axxess, LLC ("Secure Axxess"), which is a Texas limited liability company, formed in 2010, and Millenium Biologix, LLC ("Millenium Biologix"), which is a Nebraska limited liability company, formed in 2013. Prism is engaged in the business of licensing and enforcing a portfolio of patents. As Prism carries out licensing and enforcement efforts with current patents, its goals include continuing to build its patent portfolio by (i) completing the issuance of patents based on pending patent applications, (ii) authoring and applying for new patents, (iii) acquiring other existing patents from other patent holders, and (iv) partnering with other patent holders to assist in licensing and enforcing their patents.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Prism Technologies, LLC, its 88% and 89% owned subsidiary, Secure Axxess, as of December 31, 2013 and 2012, respectively, and its 95% owned subsidiary, Millenium Biologix. The 12% and 11% interest in Secure Axxess as of December 31, 2013, and 2012, respectively, and the 5% interest in Millenium Biologix not owned by Prism are defined as noncontrolling interest in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation. Prism has a December 31 fiscal year end.

Revenue Recognition

Revenue is recognized when (i) persuasive evidence of an arrangement exists, (ii) all obligations have been substantially performed pursuant to the terms of the arrangement, (iii) amounts are fixed or determinable, and (iv) the collectability of amounts is reasonably assured.

In general, revenue arrangements provide for the payment of contractually determined fees in consideration for the grant of certain intellectual property rights for patented technologies owned or controlled by Prism. These rights may include some combination of the following: (i) the grant of a non-exclusive, retroactive and future license to manufacture and/or sell products covered by patented technologies owned or controlled by Prism, (ii) a covenant-not-to-sue, (iii) the release of the licensee from certain claims, and (iv) the dismissal of any pending litigation, if applicable. The intellectual property rights granted may be perpetual in nature, extending until the expiration of the related patents, or can be granted for a defined period of time, with the licensee possessing the right to renew the agreement at the end of each contractual term for additional consideration. Pursuant to the terms of these agreements, Prism has no further obligation with respect to the grant of the non-exclusive retroactive and future licenses, covenants-not-to-sue, releases, and other deliverables, including no express or implied obligation on Prism's part to maintain or upgrade the technology, or provide future support or services. Generally, the agreements provide for the grant of the licenses, covenants-not-to-sue, releases, and other significant deliverables upon execution of the agreement, or upon receipt of the minimum up-front payment for term agreement renewals. As such, the earnings process is complete and revenue is recognized upon the execution of the agreement, when collectability is reasonably assured, or upon receipt of the minimum up-front fee for term agreement renewals, and when all other revenue recognition criteria have been met.

Some or all of the future licensing agreements will provide for payments to Prism over an extended period of time. For a licensing agreement with fixed royalty payments, Prism will recognize revenue as amounts become due. For a licensing agreement with variable royalty payments, Prism will recognize royalty revenue at the time that the licensees' sales occur; however, because a licensee may report sales information to Prism on a delayed basis, the revenue recognition criterion may also be met on a delayed basis once the revenues are fixed and determinable.

Complex revenue arrangements may require significant judgments, assumptions and estimates about when substantial delivery of contract elements will occur, whether any significant ongoing obligations exist subsequent to contract execution, whether amounts due are collectable and the appropriate period in which the completion of the earning process occurs. If new information subsequently becomes known to which causes different judgments, assumptions or estimates regarding material contracts, the financial results may be materially affected.

Patents

Patent intangible assets are recorded at cost. Amortization of patents is provided on a straight-line basis over their remaining estimated useful lives, which is generally the remaining period of time from issuance or acquisition of the patent to its respective expiration date.

As of December 10, 2014, Prism owned 47 issued U.S. patents and four issued foreign patents, in addition to five pending U.S. patent applications. The issued U.S. and foreign patents expire at various times during the period from 2015 to 2022. Some of the issued patents, pending patent applications and patent exclusivity rights were acquired by

Prism's subsidiary companies, Secure Access and Millenium Biologix, from various owners and these subsidiary companies are required to make payments to those previous owners based on cash or certain other values generated from those patents.

In 2013, Secure Access entered into an agreement to purchase the rights to 32 patents from two affiliated companies for a total purchase price of \$5,000,000, of which \$1,000,000 was paid at closing and the remaining \$4,000,000 is payable in semi-annual payments of \$1,000,000 commencing in June 2015 through December 2016. The \$1,000,000 initial payment was financed through a 12% interest-only note payable to various parties (the "Note Payable Parties") and is due June 2015. In addition to the \$1,000,000 principal, Secure Access is required to make payments to the Note Payable Parties equal to 10% of net recoveries which it receives on the patents up to a total of \$500,000. The remaining \$4,000,000 was discounted by Secure Access utilizing an 8% imputed interest rate, based upon current market conditions, resulting in a note payable of \$3,280,000 at December 31, 2013.

Amortization expense related to the patents was \$109,894 and \$50,971 for the years ended December 31, 2013 and 2012, respectively. Amortization expense related to Prism's current patent portfolio is expected to be approximately \$1,591,000, \$1,268,000, \$737,000, \$277,000 and \$207,000 for the years ended December 31, 2014, 2015, 2016, 2017 and 2018, respectively.

Impairment of Long-Lived Assets

Prism identifies and records impairment losses on long-lived assets when events and changes in circumstances indicate that the carrying amount of an asset might not be recoverable, but not less than annually. Recoverability is measured by comparison of the anticipated future net undiscounted cash flows to the related assets' carrying value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the projected discounted future net cash flows arising from the asset.

Income Taxes

Prism is made up of limited liability companies which have elected to be treated as partnerships for federal income tax purposes. Accordingly, Prism is not liable for any federal or state income taxes. Profits and losses are passed through to the members and the members are liable for any income taxes thereon.

Prism follows the provisions of FASB Codification Topic 740-10 related to uncertain income tax provisions. As a result of Prism being taxed as a partnership, management believes there are no uncertain income tax positions taken which would require Prism to reflect a liability for unrecognized tax benefits on the accompanying consolidated balance sheets. Management believes it is no longer subject to income tax examinations for years prior to 2010.

Results of Operations

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

Revenue

Revenue decreased by \$38,646,781 to \$605,517 in the nine months ended September 30, 2014 compared to \$39,252,298 of revenue in the prior year period. The decrease in revenue in 2014 as compared to 2013 was due to larger settlement and license agreements in 2013, mainly from one infringement suit described below. In the nine months ended September 30, 2014, one party accounted for approximately 58% of Prism's revenue, and in the nine months ended September 30, 2013, three parties accounted for approximately 95% of Prism's revenue.

In December 2010, Prism filed a patent infringement suit in the United States District Court for the Eastern District of Texas, Tyler Division, with its Glazer Patents family against seventeen parties including Bank of America Corp, Arvest Banking Group, Bank of the Ozarks, Compass Bancshares, BMO Harris Bank, Zion's Bank, First National Bank of Texas, First National of Nebraska, Inc., Sterling Bancshares, Inc., ING Direct Bancorp and others (the "Glazer Patent Suit"). Settlements and related license agreements were entered into with all parties in the Glazer Patent Suit prior to trial. Oracle, Inc., who was not a party in the lawsuit, also licensed the same patents in 2013. Revenue totaling \$5,775,000 was recognized from 10 parties in the Glazer Patent Suit in 2012 and revenue totaling \$39,197,500 from seven parties in the Glazer Patent Suit was recognized in the nine months ended September 30, 2013. No revenue was recognized from this Glazer Patent Suit in 2014.

Professional Fees and Infringement Suit-Related Costs

Professional fees and infringement suit-related costs include: (i) legal fees and third-party costs associated with patent infringement suits, (ii) patent prosecution costs relating to open patent applications filed with the US Patent and Trademark Office, (iii) third-party technical consulting fees, and (iv) general legal expenses. Costs and expenses incurred in connection with Prism's patent licensing and enforcement activities include legal fees paid to external patent counsel, other patent-related legal expenses, licensing and enforcement related research, and consulting and other expenses paid to third parties. Prism retains the services of law firms that specialize in intellectual property licensing and enforcement and patent law in connection with licensing and enforcement activities. These law firms may be retained on (i) a contingent fee basis whereby such law firms are paid on a percentage of any negotiated fees, settlements or judgments awarded based on how and when the fees, settlements or judgments are obtained, (ii) an hourly fee basis or, (iii) a combination thereof.

Total professional fees and infringement suit related costs decreased by \$13,436,681 to \$997,725 for the nine months ended September 30, 2014 as compared to 2013. The decrease was primarily due to lower associated settlement and license fee revenues in 2014 as compared to 2013, from which contingent legal fees and suit related costs are paid.

Revenue Sharing Costs

In connection with the acquisition of certain patents and patent rights, Prism has granted to the former owners of the respective patents or patent rights, the right to receive revenue or profit splits based on future proceeds (as defined in the related agreements) received as a result of licensing, damages awarded from enforcement actions, or sale of the respective patents or patent portfolios. The economic terms of the agreements vary across the associated patents. Revenue sharing costs decreased by \$16,267,947 to \$34,005 for the nine months ended September 30, 2014 as compared to 2013. The decrease was primarily due to lower associated settlement and license fee revenues in 2014 as compared to 2013, from which revenue sharing provisions apply.

General and Administrative Expenses

General and administrative expenses (“G&A”) primarily include: (i) compensation and benefit expenses, (ii) travel expenses, (iii) occupancy expenses, and (iv) patent amortization expense. Compensation and benefits expenses represented 35% and 81% of total G& A expenses in the nine months ended September 30, 2014 and 2013, respectively. Patent amortization expense represented 56% and 5% of total G&A expenses in the nine months ended September 30, 2014 and 2013, respectively. G&A expenses increased \$567,736 to \$2,105,371 for the nine months ended September 30, 2014 as compared to the same period in 2013 primarily due to increased patent amortization expense of approximately \$1,080,000, partially offset by a reduction in 2014 of compensation expense of approximately \$480,000. The increased patent amortization expense in 2014 resulted primarily from the purchase of 32 patents at the end of 2013, as described above in “—Critical Accounting Policies and Estimates—Patents”, resulting in a full year of amortization on the acquired patents in 2014. The decrease in compensation expense in 2014 was primarily attributed to a decrease in incentive compensation as a result of losses in the nine months ended September 30, 2014 compared to profits in the nine months ended September 30, 2013.

Income (Loss) From Operations

Income from operations decreased by \$8,667,779 to a loss of \$2,623,726 in the nine months ended September 30, 2014 as compared to income of \$6,044,053 for the same period in 2013. The decrease resulted from a decrease in revenue during 2014 as compared to 2013.

Interest Expense

Interest expense increased by \$250,089 in the nine months ended September 30, 2014 as compared to the same period in 2013, primarily due to the incurrence of \$3,280,000 additional debt at the end of 2013 relating the purchase of 32 patents.

Income Attributable to Noncontrolling Interests in Subsidiaries

Income attributable to noncontrolling interests decreased by \$1,087,826 in the nine months ended September 30, 2014 as compared to the same period in 2013 due to losses in 2014 in Prism's minority interest subsidiary and profits in 2013 for the same subsidiary. As a condition to closing, Prism is required to acquire all outstanding minority interests in its subsidiaries.

Fiscal 2013 Compared to Fiscal 2012

Revenue

Revenue increased by \$30,129,850 to \$39,504,850 in the year ended December 31, 2013 compared to \$9,375,000 of revenue in the prior year. Revenues in both 2013 and 2012 resulted predominately from two patent enforcement suits relating to different patent portfolios as described below. The increase in revenue in 2013 as compared to 2012 was due to larger settlement and license agreements in 2013, mainly from the second infringement suit. In 2013, three parties accounted for approximately 95% of Prism's revenue and in 2012, three parties accounted for approximately 70% of Prism's revenue.

In June 2010, Prism initiated a patent enforcement suit in the United States District Court of Nebraska with the Gregg Patent family against 10 parties which included Symantec Corporation, McAfee, Inc., Trend Micro Incorporated, The Mathworks, Nuance, Sage Software, National Instruments, Adobe Systems Incorporated, Autodesk, and Quark (the "Gregg Patent Suit"). Settlements and related license agreements were reached with seven of the parties prior to trial while the remaining three parties were dismissed due to summary judgment of non-infringement. In 2012, revenues totaling \$3,600,000 were recognized from six of the parties in the Glazer Patent Suit. There were no revenues recognized from the Gregg Patent Suit in 2013.

In December 2010, Prism initiated the Glazer Patent Suit. Settlements and related license agreements were entered into with all parties in the Glazer Patent Suit prior to trial. Oracle, Inc., who was not a party in the lawsuit, also licensed the same patents in 2013. Revenue totaling \$5,775,000 from 10 parties in the Glazer Patent Suit was recognized in 2012 and revenue totaling \$39,454,766 from seven parties in the Glazer Patent Suit was recognized in 2013.

Professional Fees and Patent Enforcement Litigation-Related Costs

Professional fees and patent enforcement litigation-related costs include: (i) legal fees and third-party costs associated with patent infringement suits, (ii) patent prosecution costs relating to open patent applications filed with the US Patent and Trademark Office, (iii) third-party technical consulting fees, and (iv) general legal expenses. Costs and expenses incurred in connection with Prism's patent licensing and enforcement activities include legal fees paid to external patent counsel, other patent-related legal expenses, licensing and enforcement related research, and consulting and other expenses paid to third parties. Prism retains the services of law firms that specialize in intellectual property licensing and enforcement and patent law in connection with licensing and enforcement activities. These law firms may be retained on (i) a contingent fee basis whereby such law firms are paid on a percentage of any negotiated fees, settlements or judgments awarded based on how and when the fees, settlements or judgments are obtained, (ii) an hourly fee basis, or (iii) a combination thereof.

Total professional fees and patent enforcement litigation-related costs increased by \$9,860,768 to \$14,741,261 for the year ended December 31, 2013 as compared to 2012. The primary reason for the increase was due to higher associated settlement and license fee revenues in 2013 as compared to 2012, from which contingent legal fees are paid.

Revenue Sharing Costs

In connection with the acquisition of certain patents and patent rights, related agreements have been executed which grant to the former owners of the respective patents or patent rights the right to receive revenue or profit splits based on future proceeds (as defined in the respective agreements) received as a result of licensing, damages awarded from enforcement actions, or sale of the respective patents or patent portfolios. The economic terms of the agreements vary across the associated patents. Revenue sharing costs increased by \$14,439,532 to \$16,403,269 for the year ended December 31, 2013 as compared to 2012. The primary reason for the increase was due to higher associated settlement and license fee revenues in 2013 as compared to 2012, from which revenue sharing provisions apply.

General and Administrative Expenses

G&A expenses include primarily: (i) compensation and benefit expenses, (ii) travel expenses, (iii) occupancy expenses, and (iv) patent amortization expense. Compensation and benefits expenses represented 82% and 79% of total G&A expenses in 2013 and 2012, respectively. G&A expenses increased \$643,854 to \$1,931,174 for the year ended December 31, 2013 as compared to 2012 due mainly to increased compensation expenses of approximately \$550,000. The increased compensation expenses in 2013 resulted mainly from incentive compensation payments.

Income From Operations

Income from operations increased by \$5,185,696 to \$6,429,146 in 2013 from \$1,243,450 in 2012 as a result of the increase in revenue during 2013.

Interest Expense

Interest expense decreased by \$96,164 as a result of convertible notes payable decreasing by \$1,385,600 in 2013 compared to 2012. Convertible notes decreased in 2013 due to conversion of such notes into equity units during 2013.

Income Attributable to Noncontrolling Interests in Subsidiaries

Income attributable to noncontrolling interests increased by \$811,798 in 2013 as compared to 2012 due to higher revenues in 2013 associated with patents having revenue sharing arrangements with third-parties.

Off-Balance Sheet Arrangements

Prism had no off-balance sheet arrangements in the years ended December 31, 2012 and 2013 and the nine months ended September 30, 2014.

Liquidity and Capital Resources

At September 30, 2014, Prism's cash and cash equivalents balances totaled \$24,873 compared to \$1,062,779 at December 31, 2013. Prism also had restricted cash of \$1,386,662 as of September 30, 2014. The restricted cash is being held in a separate escrow account for the potential future benefit of certain non-controlling members of Prism's subsidiary, Secure Axxess. The restricted cash may be paid to these members based on the occurrence of certain events, including insolvency or bankruptcy of Secure Axxess. The restricted cash can be reduced and returned to Secure Axxess for general company use, in whole or in part, once certain investment criteria are met related to future dividends or distributions from profits that are made to the eligible members of Secure Axxess in the ordinary course of business.

For the nine months ended September 30, 2014, cash used in operating activities was \$1,473,179, primarily consisting of an operating loss for the period of \$2,623,726, partially offset by depreciation and amortization of \$1,185,679, working capital increases of \$172,349, and non-controlling interests in loss of subsidiaries of \$207,481.

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For the nine months ended September 30, 2013, cash provided by operating activities was \$7,508,525, primarily consisting of operating income of \$6,044,053, depreciation and amortization of \$75,479, working capital increases of \$490,319, unit-based compensation expense of \$18,329 and non-controlling interests in subsidiaries of \$880,345. Prism distributed \$4,453,398 to its members and \$867,304 to the non-controlling interests in Secure Axxess during 2013.

For the nine months ended September 30, 2014, cash from investing activities was \$158,764, primarily consisting of repayments of notes receivable from members of \$206,372, partially offset by increases in life settlement contracts of \$47,608.

For the nine months ended September 30, 2013, cash used in investing activities was \$237,629, primarily consisting of patent purchases of \$230,000, increases in life settlement contracts of \$50,386, partially offset by repayments of notes receivables from members of \$42,757.

For the nine months ended September 30, 2014, cash provided by financing activities was \$276,509, primarily consisting of proceeds from the issuance of notes payable to members of \$100,000, proceeds from the issuance of membership units for \$268,640, partially offset by redemption of membership units, payments of financing issuance costs, and payments of distributions collectively totaling \$92,131.

For the nine months ended September 30, 2013, cash used in financing activities was \$5,305,585, primarily consisting of payments of distributions to members totaling \$5,320,702, payments due on notes payable of \$318,000, payments for redemptions of membership units for \$100,000, payments for financing issuance costs of \$91,758, partially offset by proceeds received from the issuance of membership units for \$142,075 and proceeds received from the issuance of notes payable for \$375,000.

Management believes that the balance of cash and cash equivalents of \$24,873 at September 30, 2014, its ability to raise short-term financing, and proceeds from revenue generated from licensing activities are sufficient to continue to fund Prism's current operations through December 31, 2015. However, Prism's operations are subject to various risks and there is no assurance that changes in the operations of Prism will not require the company to raise additional cash sooner than planned in order to continue uninterrupted operations. In that event, Prism would seek to raise additional capital from the sale of Prism's securities, from borrowing or from other sources.

Contractual Obligations

Prism currently has a non-cancelable lease for approximately 2,500 square feet of combined office space in Omaha, Nebraska and cancelable leases in Plano, Texas and Brentwood, Tennessee for an additional 1,100 square feet. Prism leases offices in Omaha, Nebraska, Plano, Texas and Brentwood, Tennessee under operating leases with third parties that require minimum monthly payments until the respective lease ends. Rent expense is recognized on a straight-line basis over the term of the lease. The future minimum lease payments under the leases as of September 30, 2014 are as follows:

Twelve-month period ending September 30,

2015	\$51,896
2016	\$52,390
Thereafter	\$48,528
Total	\$152,814

Rent expense under these leases was \$38,585, \$65,855 and \$62,525 for the nine months ended September 30, 2014, and the years ended December 31, 2013 and 2012, respectively.

MANAGEMENT FOLLOWING THE MERGER

Executive Officers and Directors

Executive Officers of IPC

The following table lists the names and ages as of December 10, 2014 and positions of the individuals who are expected to serve as executive officers of IPC following completion of the Merger:

Name	Age	Position(s)
Hussein A. Enan	69	Chairman of the Board and Chief Executive Officer
L. Eric Loewe	57	Senior Vice President, General Counsel and Secretary
Steven J. Yasuda	47	Chief Financial Officer and Chief Accounting Officer
Gregory J. Duman	59	President of Prism

Hussein A. Enan co-founded IPC in February 1995 and has served as its Chairman of the IPC board of directors since its inception. Mr. Enan served as IPC’s Chief Executive Officer from February 1995 to June 2002 and was reinstated to that position in August 2004. From October 2011 through June 2012, Mr. Enan also served as IPC’s interim Chief Financial Officer. Mr. Enan also served as IPC’s President from May 1999 to June 2000. From March 1992 to November 1994, Mr. Enan was a general partner at E.W. Blanch, a reinsurance intermediary that merged with his own wholly owned company, Enan & Company, a reinsurance intermediary, in March 1992. Mr. Enan founded Enan & Company in February 1979. The fact that Mr. Enan is a founder of IPC, brings historic knowledge and continuity to the IPC board of directors, and his position as its largest stockholder led the IPC board of directors to conclude that he should serve as a director.

L. Eric Loewe joined IPC in October 1998 as Corporate Counsel, Legal and Regulatory, responsible for all regulatory compliance issues, and has served as Senior Vice President and General Counsel since September 2000 and as Secretary since July 2001. Mr. Loewe held various positions with the National Association of Independent Insurers (the “NAII”) from January 1980 to September 1998. As Senior Counsel for the NAII, Mr. Loewe was responsible for legislation and regulations affecting its 570 member companies. Mr. Loewe is a member of the Illinois and California bars.

Steven J. Yasuda joined IPC in December 1999 as Manager, Budget and Reporting and has been the Corporate Controller since September 2001. On September 2004, he was promoted to Vice President, Corporate Controller. On April 16, 2007, Mr. Yasuda took on the additional role of Chief Accounting Officer and in June 2012 was appointed

as IPC's Chief Financial Officer. Mr. Yasuda is responsible for all accounting and finance related functions of IPC. From 1997 to 1999, Mr. Yasuda worked in the operations accounting department of Electronic Arts. Mr. Yasuda has been licensed as a CPA since August 1994, but has an inactive status, as permitted by the California Board of Accountancy.

Gregory J. Duman has been the President, Chief Financial Officer and a director of Prism since its inception in August 2003. Prior to joining Prism, Mr. Duman was Chief Financial Officer and Executive Vice President of Transgenomic, Inc., a publicly traded company in the bio-tech industry from 2001 to 2004. Mr. Duman also served on the board of directors of Transgenomic 2000 to 2009. From 2000 to 2001, Mr. Duman was Chief Financial Officer and Executive Vice President of Artios, Inc., a privately held provider of electronic transaction exchange between businesses. From 1983 to 2000, Mr. Duman was with Applied Communications/ Transaction Systems Architects, Inc. ("TSA"), a publicly traded software company, and served in a variety of capacities including Controller, Chief Financial Officer, and Executive Vice President. Mr. Duman was also a member of TSA's board of directors and served as Chairman of the board in 2001. Prior to joining TSA, Mr. Duman spent four years in public accounting as a CPA with Arthur Andersen & Co. Mr. Duman earned a Bachelor of Science in Business Administration with a major in Accounting from the University of Nebraska at Omaha in 1979. Mr. Duman is expected to be appointed to IPC's board of directors immediately following the consummation of the Merger.

None of IPC's executive officers have been involved in a legal proceeding described in Item 401 of Regulation S-K within the last ten years.

Directors of IPC

The IPC board of directors is currently composed of four directors. Following the Merger, all of the current directors of IPC will remain on the board of directors of IPC. In addition, immediately following the consummation of the Merger, Gregory J. Duman, who was a member of the Prism board of managers prior to the completion of the Merger, is expected to be appointed to the class of IPC's board of directors whose term expires at the 2017 annual meeting of stockholders. The following table lists the names and ages as of the date hereof of the individuals who are expected to serve as directors of IPC following the Merger:

Name	Age	Position(s)
<i>Class I director whose term expires at the 2015 Annual Meeting of Stockholders:</i>		
Hussein A. Enan	69	Chairman of the Board
<i>Class II directors whose term expires at the 2016 Annual Meeting of Stockholders:</i>		
James M. Corroon ⁽¹⁾⁽²⁾⁽³⁾	75	Vice Chairman of the Board
Thomas W. Orr ⁽¹⁾⁽²⁾⁽³⁾	80	Director
<i>Class III directors whose term expires at the 2017 Annual Meeting of Stockholders:</i>		
Dennis H. Chookaszian ⁽¹⁾⁽²⁾⁽³⁾	71	Director
Gregory J. Duman	59	Director

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Governance Committee.

The board of directors has determined that, other than Mr. Enan and Mr. Duman, each of the members of the board of directors is an independent director for purposes of the NASDAQ Marketplace Rules. None of IPC's directors have been involved in a legal proceeding described in Item 401 of Regulation S-K within the last ten years.

James M. Corroon has been a director of IPC since August 1996 and has served as Vice Chairman of the IPC board of directors since May 1999. Since September 2004, Mr. Corroon has served as Vice Chairman of Fort Point Insurance Services, Inc., an insurance brokerage firm. From July 1999 to December 2000, he was a full-time employee of IPC and a member of the senior management team. Mr. Corroon has been a director of Willis Corroon of California, an insurance services firm, since January 1996. From October 1966 to December 1995, Mr. Corroon held various management positions with Willis Corroon and its predecessor entity, Corroon & Black Corporation. The IPC board of directors concluded that Mr. Corroon provides the board of directors with a valuable perspective gained from

his long-term service as an executive officer and as a director.

Thomas W. Orr has been a director of IPC since January 2003. Mr. Orr was a partner in the accounting firm of Bregante and Company from January 1992 to June 2002. From 1987 to 1991, Mr. Orr was Chief Financial Officer of Scripps League Newspaper, Inc. Prior to 1987, Mr. Orr worked for the accounting firm of Arthur Young & Company (predecessor to Ernst & Young, LLP) from 1958 until he retired as an audit partner in 1986. He is a director of AeroCentury Corporation, an aircraft operating lessor and finance company. Mr. Orr's extensive experience in accounting and financial reporting led the Board to conclude that he should serve as a director.

Dennis H. Chookaszian has been a director of IPC since April 2003. From November 1999 until he retired in February 2001, Mr. Chookaszian was Chairman and Chief Executive Officer of mPower Advisors, L.L.C., a financial advice provider focused on the online management of 401(k) plans. From September 1992 to February 1999, Mr. Chookaszian served as Chairman and Chief Executive Officer of the CNA insurance company, and prior to that held the positions of President and Chief Operating Officer (1990-1992) and Chief Financial Officer (1975-1990), respectively, of that company. Mr. Chookaszian serves on the boards of the Chicago Mercantile Exchange, Career Education Corporation, a postsecondary education provider, and AllScripts Healthcare Solutions, Inc., a provider of information and services to the healthcare industry. Mr. Chookaszian served as chairman of the Financial Accounting Standards Advisory Council from January 2007 to December 2011. Mr. Chookaszian's experience as a director of other public companies, combined with his knowledge of financial reporting, led the IPC board of directors to conclude that he should serve as a director.

Composition of the IPC Board of Directors

The board of directors of IPC is currently comprised of four directors divided into three staggered classes, each class serving three-year terms. The staggered structure of the board of directors will remain in place following completion of the Merger. At the most recent annual meeting of stockholders of IPC held in 2014, Class III directors were elected. As a result, the term of the Class III directors of IPC will expire upon the election and qualification of successor directors at the annual meeting of stockholders in 2017, with the terms of the Class I directors and Class II directors expiring upon the election and qualification of successor directors at the annual meetings of stockholders to be held in 2015 and 2016, respectively.

The director classes for IPC are currently as follows:

Class I director: Hussein A. Enan
Class II directors: James M. Corroon and Thomas W. Orr; and
Class III director: Dennis H. Chookaszian.

Following the Merger, all of the current directors of IPC will remain on the board of directors of IPC. In addition, Gregory J. Duman, who was a member of the Prism board of managers prior to the completion of the Merger, is expected to be appointed to IPC's board of directors as a Class III director immediately following the consummation of the Merger. Accordingly, it is anticipated that the IPC directors will serve in the three staggered director classes of the IPC board of directors as follows:

Class I directors (expiring in 2015): Hussein A. Enan;
Class II directors (expiring in 2016): James M. Corroon and Thomas W. Orr; and
Class III directors (expiring in 2017): Dennis H. Chookaszian and Gregory J. Duman.

There are no family relationships among any of the current IPC directors and executive officers, and there are no family relationships among any of the proposed combined company directors and executive officers.

The division of the board of directors into three classes with staggered three-year terms may delay or prevent a change of management or a change of control of IPC.

Director Independence

The IPC board of directors has determined that each of its current directors, except for Mr. Enan, is independent for purposes of the NASDAQ Marketplace Rules. The IPC board of directors has also determined that each current member of the Compensation Committee and Nominating and Governance Committee is independent for purposes of the NASDAQ Marketplace Rules, and that each current member of the Audit Committee is independent for purposes of the NASDAQ Marketplace Rules as they apply to audit committee members. IPC does not believe that Mr. Duman will meet the independence standards due to his employment by the combined company.

Committees of the Board of Directors

The IPC board of directors currently has, and after completion of the Merger IPC will continue to have, an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

Audit Committee

The functions of the Audit Committee include overseeing the quality of IPC's financial reports and other financial information, retention of the independent registered public accounting firm, reviewing and approving the planned scope, proposed fee arrangements and results of IPC's annual audit, reviewing IPC's critical accounting policies and the adequacy of IPC's accounting and financial controls, and reviewing the independence of IPC's independent registered public accounting firm.

IPC's Audit Committee currently consists of Mr. Orr, who serves as its chairman, Mr. Corroon and Mr. Chookaszian. The board of directors has determined that Mr. Orr is an "audit committee financial expert" as defined in the SEC rules. The Audit Committee membership will remain the same following the completion of the Merger.

IPC believes that, after completion of the Merger, the functioning of the Audit Committee will continue to comply with the applicable requirements of the rules and regulations of The NASDAQ Stock Market and SEC, including rules relating to director independence.

Compensation Committee

IPC's Compensation Committee reviews and determines the salary and bonus criteria of and stock option grants to all executive officers.

IPC's Compensation Committee currently consists of Mr. Chookaszian, who serves as its chairman, Mr. Corroon and Mr. Orr. The board of directors has determined that all members of the Compensation Committee are independent for purposes of the NASDAQ Marketplace Rules. The Compensation Committee membership will remain the same following the completion of the Merger.

IPC believes that, after the completion of the Merger, the composition of the Compensation Committee will continue to comply with, any applicable requirements of the rules and regulations of The NASDAQ Stock Market and SEC, including rules related to the independence of directors.

Nominating and Governance Committee

The current members of the Nominating and Governance Committee are Messrs. Corroon, Chookaszian and Orr. The board of directors has determined that all members of the Nominating and Governance Committee are independent for purposes of the NASDAQ Marketplace Rules. Mr. Corroon currently is chairman of the committee.

The functions of the Nominating and Governance Committee include selecting, evaluating and recommending to the board of directors qualified candidates for election or appointment to the board of directors, and recommending corporate governance principles, codes of conduct and compliance mechanisms applicable to IPC.

The composition of the Nominating and Governance Committee will remain the same after completion of the Merger. In addition, the Nominating and Corporate Governance Committee is expected to retain these duties and responsibilities following completion of the Merger and the functioning of such Nominating and Governance Committee will continue to comply with, any applicable requirements of the rules and regulations of The NASDAQ Stock Market and SEC, including rules relating to the independence of directors.

Director Nominations

IPC's Nominating and Governance Committee is responsible for the selection, and recommendation to the board of directors, of nominees for election as director. When considering the nomination of directors for election at an annual meeting, the Nominating and Governance Committee reviews the needs of the board of directors for various skills, background, experience and expected contributions and the qualification standards established from time to time by the Nominating and Governance Committee, and considers nominations in light of those needs. When reviewing potential nominees, including incumbents, the Nominating and Governance Committee also considers the candidate's relevant background, experience and skills and expected contributions to the board of directors. The Nominating and Governance Committee evaluates its selection criteria and evaluation process periodically, and may in the future include additional qualifications, such as the diversity of backgrounds of candidates. The Nominating and Governance Committee also seeks appropriate input from the Chief Executive Officer from time to time in assessing the needs of the board of directors for relevant background, experience and skills of its members.

The Nominating and Governance Committee's goal is to assemble a board of directors that brings to IPC a diversity of experience at policy-making levels in business and technology, and in areas that are relevant to IPC's activities. Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the IPC stockholders. They must have an inquisitive and objective outlook and mature judgment. They must also have experience in positions with a high degree of responsibility and be leaders in the companies or institutions with which they are and have been affiliated. Director candidates must have sufficient time available in the judgment of the Nominating and Governance Committee to perform all Board and committee responsibilities that will be expected of them. Members of the board of directors are expected to rigorously prepare for, attend and participate in all meetings of the board of directors and applicable committees. Other than the foregoing, there are no specific minimum criteria for director nominees, although the Nominating and Governance Committee believes that it is preferable that at least one member of the board of directors should meet the criteria for an "audit committee financial expert" as defined by SEC rules. Under applicable NASDAQ listing requirements, at least a majority of the members of the board of directors must meet the definition of "independent director" set forth in such requirements. The Nominating and Governance Committee also believes it appropriate for one or more key members of IPC's management, including the Chief Executive Officer, to serve on the board of directors.

The Nominating and Governance Committee will consider candidates for director proposed by directors or management, and will evaluate any such candidates against the criteria and pursuant to the policies and procedures set forth above. If the Nominating and Governance Committee believes that the board of directors requires additional candidates for nomination, the Nominating and Governance Committee may engage, as appropriate, a third party search firm to assist in identifying qualified candidates. All incumbent directors and nominees will be required to submit a completed directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Governance Committee.

The Nominating and Governance Committee will also consider candidates for director recommended by a stockholder, provided that any such recommendation is sent in writing to General Counsel, Internet Patents Corporation, 101 Parkshore Dr., Folsom CA 95630 at least 120 days prior to the anniversary of the date definitive proxy materials were mailed to stockholders in connection with the prior year's annual meeting of stockholders and contains the following information:

the candidate's name, age, contact information and present principal occupation or employment; and a description of the candidate's qualifications, skills, background and business experience during at least the last five years, including his or her principal occupation and employment and the name and principal business of any company or other organization where the candidate has been employed or has served as a director.

The Nominating and Governance Committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

In addition, IPC stockholders may make direct nominations of directors for election at an annual meeting, provided the advance notice requirements set forth in IPC's Bylaws have been met. Under IPC's Bylaws, written notice of any such nomination, including certain information and representations specified in the Bylaws, must be delivered to IPC's principal executive offices, addressed to the General Counsel, at least 120 days prior to the anniversary of the date definitive proxy materials were mailed to stockholders in connection with the prior year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been advanced by more than 30 days from the date contemplated at the time of the previous year's proxy statement, such notice must be received not later than the close of business on the tenth day following the day on which the public announcement of the date of such meeting is first made.

IPC Executive and Director Compensation

The Compensation Committee is authorized by IPC's board of directors to review and approve annual performance objectives and goals relevant to compensation for the Chief Executive Officer and evaluate the performance of the Chief Executive Officer in light of these goals and objectives. In setting such objectives, the Compensation Committee is directed to consider IPC's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to IPC's Chief Executive Officer in past years. The Compensation Committee is also directed to periodically review and advise the board of directors concerning both regional and industry wide compensation practices and trends in order to assess the adequacy and competitiveness of IPC's compensation programs for the CEO, other executive officers and directors relative to comparable companies in IPC's industry. Neither management nor the Compensation Committee engaged the services of a compensation consultant during the years ended December 31, 2013 and December 31, 2012.

Summary Compensation Information

The following table presents certain summary information concerning compensation paid or accrued by IPC for services rendered in all capacities during the years ended December 31, 2013 and December 31, 2012 for the Chief Executive Officer, the Senior Vice President, General Counsel and Secretary and the Chief Financial Officer and Chief Accounting Officer (the "Named Executive Officers").

Mr. Loewe, IPC's General Counsel and Secretary, is a participant in the IPC Executive Retention and Severance Plan approved by the IPC board of directors on June 14, 2004 and revised on December 22, 2008. Participants in the Executive Retention and Severance Plan are entitled to receive cash severance payments and health and medical benefits in the event their employment is terminated by IPC without cause or by the participant for good reason. Upon a qualifying termination of employment, executive officer participants are eligible to receive 12 months of salary continuation, reduced by any compensation received from a subsequent employer. The Executive Retention and Severance Plan also provides that a participant will be reimbursed for excise taxes incurred under Section 4999 of the Internal Revenue Code in connection with a change in control. IPC is not obligated to make any cash payments to these executives if their employment is terminated by IPC for cause or by the executive not for good reason. No severance or benefits are provided for any of the executive officers in the event of death or disability.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Option Awards(1)	All other Compensation(2)	Total
Hussein A. Enan	2013	\$300,000	\$—	\$ —	\$ 6,602	\$306,602

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<i>Chairman of the Board, Chief Executive Officer and former interim Chief Financial Officer(3)</i>	2012	\$300,000	\$100,000	\$	—	\$ 8,001	\$408,001
L. Eric Loewe	2013	\$218,360	\$—	\$	—	\$ 2,597	\$220,957
<i>Senior Vice President, Secretary and General Counsel</i>	2012	\$218,360	\$50,000	\$	—	\$ 3,974	\$272,334
Steven J. Yasuda	2013	\$127,315	\$—	\$	—	\$ 921	\$128,236
<i>Chief Financial Officer and Chief Accounting Officer</i>	2012	\$198,045	\$10,000	\$	—	\$ 258,571	\$466,616

(1)As there were no options granted during 2013 and 2012, IPC had no stock-based compensation in 2013 and 2012.

Represents employer contributions to IPC's 401(k) plan and group term life benefits. For Mr. Yasuda, also includes (2)a retention bonus of \$255,000 awarded on June 30, 2012 in connection with the termination of his participation in the Executive Retention and Severance Plan.

(3)Mr. Enan served as interim Chief Financial Officer from October 7, 2011 through June 10, 2012.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of securities underlying outstanding option plan awards for each of the named executive officers at the fiscal year-end as of December 31, 2013.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

Name	Option Awards Number of Securities		Option Exercise Price (\$)	Option Expiration Date
	Underlying Options (#)	Number of Underlying Options (#) Unexercisable Exercisable(1)		
Hussein A. Enan	16,006	—	\$ 7.00	12/15/2015
	28,570	—	\$ 7.70	12/15/2015
L. Eric Loewe	1,900	—	\$ 5.25	3/30/2015
Steven J. Yasuda	—	—	\$ —	—

(1) All listed options are fully vested.

Director Compensation

The following table presents the compensation paid to each non-employee member of the board of directors during the year ended December 31, 2013:

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash	Option Awards(1)	All other Compensation	Total
------	--------------------------------------	---------------------	---------------------------	-------

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Dennis H. Chookaszian	\$20,000	\$ 8,060	\$	—	\$28,060
James M. Corroon	\$20,000	\$ 8,060	\$	—	\$28,060
Thomas W. Orr	\$30,000	\$ 8,060	\$	—	\$38,060

Valuation based on the dollar amount of option grants recognized for reporting the aggregate grant date fair value of the award computed in accordance with ASC 718 with respect to fiscal year 2013. The assumptions used by IPC with respect to the valuation of option grants are set forth in “Internet Patents Corporation Consolidated Financial (1) Statements—Notes to Financial Statements—Note 3—Share-Based Payments” in the IPC Annual Report on Form 10-K for the year ended December 31, 2013. As of December 31, 2013, each of the non-employee directors had the following number of option awards outstanding: Mr. Chookaszian, 10,000; Mr. Corroon, 37,584; and Mr. Orr, 10,000.

Additional Information Regarding Director Compensation

Each non-employee director receives an annual cash retainer of \$20,000 relating to the period from January 1 to December 31. Mr. Orr, as Chair of the Audit Committee, receives an additional cash retainer of \$2,500 for each regularly scheduled Audit Committee meeting attended. In addition, the IPC 2008 Stock Option Plan grants each non-employee director an annual option grant to purchase 5,000 shares, with the date of grant being on or about July 1 of each year that they serve. These options are fully vested. Directors are also reimbursed for their reasonable expenses incurred in connection with attending board of directors or committee meetings.

Equity Compensation Plan Information

IPC currently maintains one equity compensation plan, the IPC 2008 Stock Option Plan, which provides for the issuance of IPC common stock to employees, officers, directors, independent contractors and consultants of IPC and its subsidiaries. The IPC 2008 Stock Option Plan has been approved by the stockholders. The following table sets forth information regarding outstanding options and shares reserved for future issuance under the foregoing plan as of December 31, 2013:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	94,000	\$ 6.25	1,371,000
Equity compensation plans not approved by security holders	---	\$ ---	---

RELATED PARTY TRANSACTIONS OF DIRECTORS AND EXECUTIVE OFFICERS OF THE COMBINED COMPANY

Indemnification Agreements

IPC's Certificate of Incorporation and Bylaws provide for the indemnification of officers and directors to the fullest extent permitted by Delaware law. In connection with the Merger and the expected appointment of Gregory J. Duman to IPC's board of directors, IPC expects to enter into indemnification agreements with each of its directors and officers.

Change of Control and Severance Benefits Agreements

Under IPC's Executive Retention and Severance Plan, if L. Eric Loewe, IPC's General Counsel and Secretary, is terminated, under certain circumstances, he would be entitled to the payment of certain severance payments amounting to \$218,360 as of the date of this joint proxy statement/prospectus.

See "The Merger—Interests of the IPC Directors and Executive Officers in the Merger—Change of Control and Executive Retention and Severance Plan" for a description of the terms of these arrangements.

INTERNET PATENTS CORPORATION AND PRISM TECHNOLOGIES, LLC

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are based on the historical financial statements of IPC and Prism after giving effect to the Merger which is expected to occur in the first quarter of 2015, the cash to be used to acquire Prism, the contingent consideration to be paid as part of the acquisition, and the common stock to be issued in conjunction with the acquisition. The historical financial data has been adjusted to give pro forma effect to events that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results. Examples of adjustments to the historical financial statements include: adjusting amortization expense to reflect purchase price allocations, adjusting interest expense to reflect the imputed interest associated with certain contingent consideration, the related income tax effects of these adjustments, as well as the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. Together, IPC and Prism are referred to as the “Combined Company.”

The unaudited pro forma condensed combined balance sheet as of September 30, 2014 is presented as if the Merger was completed on September 30, 2014. The unaudited pro forma condensed combined statement of operations of IPC and Prism for the nine months ended September 30, 2014 is presented as if the Merger occurred on January 1, 2014. The unaudited pro forma condensed combined statement of operations of IPC and Prism for the year ended December 31, 2013 is presented as if the Merger occurred on January 1, 2013.

Following the completion of the Merger, Prism will survive as a wholly owned subsidiary of IPC. The preliminary allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based upon estimates made as of September 30, 2014. The final purchase price allocation will be based on the valuation of Prism’s assets as of the closing date of the Merger which is expected to occur in the first quarter of 2015. The estimates and assumptions are subject to material change upon the finalization of the valuation of Prism’s assets and liabilities and the contingent consideration. Upon completion of the purchase price allocation, IPC expects to make additional adjustments that could materially differ from the information provided herein. The final determination of the allocation of the purchase price will be based on the actual intangible assets, tangible assets and contingent consideration of Prism that existed as of the completion of the Merger.

The unaudited pro forma condensed combined financial statements are not intended to represent or be indicative of the results of operations or financial position of the Combined Company that would have been reported had the acquisition and contingent consideration been completed as of the dates presented, and should not be taken as representative of the future combined results of operations or financial position of the Combined Company. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies and cost savings that the Combined Company may achieve or any incremental costs that may be incurred with respect to the combined companies.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical combined financial statements and accompanying notes of IPC included in its annual reports on Form 10-K and quarterly reports on Form 10-Q, and Prism's audited and reviewed historical information as incorporated into this joint proxy statement/prospectus.

INTERNET PATENTS CORPORATION AND SUBSIDIARY**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****As of September 30, 2014***(in thousands)*

	Historical		Pro Forma	
	IPC	Prism	Adjustments	Pro
			("NOTES")	Forma
				Combined
Assets				
Current assets:				
Cash and cash equivalents	\$27,529	\$25	\$ (12,990)	(A) \$14,564
Short-term investments	1,245	-	-	1,245
Restricted cash equivalents	800	1,387	-	2,187
Accounts receivable, net	-	29	-	29
Prepaid expenses and other current assets	220	111	-	331
Total current assets	29,794	1,552	(12,990)	18,356
Property and equipment, net	-	3	-	3
Intangible assets, net	-	3,505	48,741	(B) 52,246
Other assets	29	523	-	552
Goodwill	-	-	919	(C) 919
Total assets	\$29,823	\$5,583	\$ 36,670	\$72,076
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$263	318	-	581
Accrued expenses	217	675	-	892
Convertible notes payable	-	1,605	(1,605)	(E) -
Notes payable	-	2,209	(1,368)	(F) 841
Contingent consideration to selling stakeholders	-	-	7,976	(G) 7,976
Total current liabilities	480	4,807	5,003	10,290
Accrued lease obligation, noncurrent	300	-	-	300
Income tax liability	101	-	-	101

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Notes payable, noncurrent	-	2,400	(141)(F)	2,259
Contingent consideration to selling stakeholders, noncurrent	-	-	19,404	(G)	19,404
Other liabilities, non-current	45	-	-		45
Total liabilities	926	7,207	24,266		32,399
Commitments and contingencies					
Stockholders' equity:					
Common stock	11	-	4	(H)	15
Paid-in capital	221,772	-	10,776	(H)	232,548
Members capital		6,370	(6,370)(I)	-
Treasury stock	(6,788)	-			(6,788)
Unrealized gain on available-for-sale securities	(1)	-	-		(1)
Accumulated deficit	(186,097)	(7,867)	7,867	(I)	(186,097)
Noncontrolling interest in subsidiary	-	(127)	127	(I)	-
Total stockholders' equity	28,897	(1,624)	12,404		39,677
Total liabilities and stockholders' equity	\$29,823	\$5,583	\$ 36,670		\$72,076

INTERNET PATENTS CORPORATION AND SUBSIDIARY**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****For the Nine Months Ended September 30, 2014***(in thousands, except per share amounts)*

	Historical		Pro forma Adjustments Notes	Pro forma Combined
	IPC	PRISM		
Revenues	\$-	\$ 606	\$ -	\$ 606
Operating expenses:				
Professional fees and infringement-related costs	-	998	-	998
Revenue sharing costs	-	34	-	34
General and administrative	1,619	920	(276)	(D) 2,263
Depreciation and amortization	1	1,185	12,189	(J) 13,375
Total operating expenses	1,620	3,137	11,913	16,670
Loss from operations	(1,620)	(2,531)	(11,913)	(16,064)
Other income (expense)				
Other income, (expense) net	23	4	-	27
Interest expense	-	(304)	(453)	(K) (757)
Loss before provision for income taxes	(1,597)	(2,831)	(12,366)	(16,794)
Loss attributable to noncontrolling interest in subsidiary	-	207	(207)	(L) -
Income tax expense (benefit)	-	-	-	(M) -
Net loss	\$(1,597)	\$(2,624)	\$(12,573)	\$(16,794)
Net loss per share				
Basic	\$(0.21)	\$-	\$ -	\$(1.49)
Diluted	\$(0.21)	\$-	\$ -	\$(1.49)
Shares used in computing net loss per common share:				
Basic	7,752	-	3,500	(N) 11,252
Diluted	7,752	-	3,500	(N) 11,252

INTERNET PATENTS CORPORATION AND SUBSIDIARY**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****For the Year Ended December 31, 2013***(in thousands, except per share amounts)*

	Historical		Pro forma Adjustments Notes	Pro forma Combined
	IPC	PRISM		
Revenues	\$-	\$ 39,505	\$ -	\$ 39,505
Operating expenses:				
Professional fees and infringement-related costs	-	14,742	-	14,742
Revenue sharing costs	-	16,403	-	16,403
General and administrative	2,664	1,820	-	4,484
Depreciation and amortization	24	111	18,392 (J)	18,527
Total operating expenses	2,688	33,076	18,392	54,156
Income (loss) from operations	(2,688)	6,429	(18,392)	(14,651)
Other income (expense)				
Other income, (expense) net	25	5	-	30
Interest expense	-	(58)	(918)(K)	(976)
				-
Income (loss) before provision for income taxes	(2,663)	6,376	(19,310)	(15,597)
Income attributable to noncontrolling interest in subsidiary	-	(866)	866 (L)	-
Income tax expense (benefit)	-	-	51 (M)	51
Net income (loss)	\$(2,663)	\$5,510	\$ (18,495)	\$(15,648)
Net loss per share				
Basic	\$(0.34)	\$-	\$ -	\$(1.39)
Diluted	\$(0.34)	\$-	\$ -	\$(1.39)
Shares used in computing net loss per common share:				
Basic	7,752	-	3,500 (N)	11,252
Diluted	7,752	-	3,500 (N)	11,252

INTERNET PATENTS CORPORATION AND SUBSIDIARY

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRO FORMA PRESENTATION

The unaudited pro forma condensed combined financial statements are based on the historical financial statements of Internet Patents Corporation (“IPC”) and Prism Technology LLC (“Prism”) after giving effect to the Merger which is expected to occur in the first quarter of 2015, the cash to be used to acquire Prism, the contingent consideration to be paid as part of the acquisition, and the common stock to be issued in conjunction with the acquisition. The historical financial data has been adjusted to give pro forma effect to events that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results. Examples of adjustments to the historical financial statements include: adjusting amortization expense to reflect purchase price allocations, adjusting interest expense to reflect the imputed interest associated with certain contingent consideration, the related income tax effects of these adjustments, as well as the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. Together, IPC and Prism are referred to as the “Combined Company.”

IPC accounts for acquisitions in accordance with *Accounting Standards Codification ASC 805 “Business Combinations.”* In accordance with business combination accounting, IPC will allocate the purchase price of acquired companies to the tangible and intangible assets acquired, liabilities assumed as well as in-process research and development based on their estimated fair values. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill. IPC’s management has made significant assumptions and estimates in determining the preliminary purchase price and the preliminary allocation of the estimated purchase price in the unaudited pro forma condensed combined financial statements relating to the Merger. The final determination of such assumptions and estimates cannot be made until IPC completes the purchase allocations for the Merger and could differ materially from those estimates or assumptions provided herein.

The unaudited pro forma condensed combined financial statements are not intended to represent or be indicative of the combined results of operations or financial position of the Combined Company that would have been reported had the acquisition been completed as of the dates presented, and should not be taken as representative of the future combined results of operations or financial position of the Combined Company. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies and cost savings that the Combined Company may achieve or any incremental costs that may be incurred with respect to the combined companies.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical combined financial statements and accompanying notes of IPC and Prism's audited and unaudited historical information, in each case included elsewhere in this join proxy statement/prospectus.

The unaudited pro forma condensed combined balance sheet as of September 30, 2014 is presented as if the Merger were completed on September 30, 2014. The unaudited pro forma condensed combined statement of operations of IPC and Prism for the nine months ended September 30, 2014 is presented as if the Merger occurred on January 1, 2014. The unaudited pro forma condensed combined statement of operations of IPC and Prism for the year ended December 31, 2013 is presented as if the Merger and contingent consideration to be paid were accounted for on January 1, 2013.

Basis of Preliminary Purchase Price and Allocation

The preliminary allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based upon estimates made as of September 30, 2014. The final purchase price allocation will be based on the valuation of Prism's assets as of the closing date of the Merger which is expected to occur in the first quarter of 2015. The estimates and assumptions associated with the purchase accounting for Prism is subject to change upon the finalization of the valuation of Prism's assets and liabilities and the related contingent consideration associated with the acquisition. Upon completion of the purchase price allocation, IPC may make additional adjustments that could differ materially from the information provided herein. The final determination of the allocation of the purchase price will be based on the actual tangible assets, intangible assets, and contingent consideration of Prism that exists as of the completion of the Merger.

2. THE MERGER

IPC expects to complete the Merger pursuant to the Merger Agreement and related agreements (“Merger Agreement”) signed on November 11, 2014 in the first quarter of 2015. In the Merger, IPC will acquire all of the outstanding equity interests of Prism for a combination of cash, equity and earnout payments to Prism’s former equity owners as follows:

\$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), 3.5 million shares of IPC common stock will be issued at closing, and Contingent consideration in the form of earnout payments of up to \$55 million as further described below.

The contingent consideration is payable following the occurrence of a future “Earnout Event”, if any. An “Earnout Event” is defined as receipt by Prism of any amount more than \$16.5 million, minus the cash balance of Prism as of closing (the “Sharing Threshold”), in “Prism patent proceeds” from lawsuits filed by Prism on or prior to the closing date of the Merger. Prism patent proceeds include total cash recoveries from litigation or settlement, royalties, license fees and proceeds from patent sales actually received by Prism in connection with its business; minus costs, expenses and fees associated with the production of such revenue (including sales commissions, attorney contingency fees, expert fees and deferred purchase amounts paid to third parties); minus Prism cash operating expenses other than amortization and other non-cash expenses for the applicable measurement period.

Upon the occurrence of an Earnout Event, an earnout payment in cash equal to 70% of the amount of Prism patent proceeds exceeding the Sharing Threshold shall be paid to the former Prism members; provided, however, that the aggregate amount of such earnout payments shall not exceed \$55 million less certain permitted pre-closing distributions (which, as of the date of this joint proxy statement/prospectus, equal approximately \$5.5 million, resulting in a maximum potential earnout payment of approximately \$49.5 million). In addition, IPC shall be permitted to retain twenty percent of any earnout payment for the quarters ending March 31, June 30, and September 30 as a reserve against potentially unreported costs associated with the Earnout Event. IPC will include retained amounts in calculating earnout payments for the fiscal quarter ending December 31. Interest shall accrue on all outstanding Earnout Payments that are delinquent beyond 30 days at a rate of 5% per annum. Please see section “The Merger Agreement–Merger Consideration” for a complete description of the Earnout.

For purposes of the purchase price allocation, the Merger purchase price is expected to be comprised of the following:

(in thousands)

Consideration to be paid on the Closing Date

Payment of cash	\$ 12,990 (1)
Value of IPC common stock	10,780 (2)

Future consideration to be paid

Earnout, as defined above, of up to \$55 million	28,238 (3)
Discount on future consideration	(858)(4)
	\$51,150

(1) For valuation purposes, represents cash payment of \$16.5 million to be paid to Prism security holders at closing less patent related debt assumed by IPC, which was approximately \$3.5 million as of September 30, 2014.

(2) Represents value (as of September 30, 2014) of 3.5 million shares of IPC stock which will be issued to Prism security holders at closing.

(3) Represents the probability weighted amount projected to be paid to the Prism security holders based on Prism patent proceeds. This amount includes imputed interest. See further explanation associated with the earnout above.

(4) Represents the imputed interest on the future consideration for which there is no interest expense.

Preliminary Purchase Price Allocation

Under business combination accounting, the total preliminary purchase price will be allocated to Prism's net tangible and identifiable intangible assets based on their estimated fair values as of the completion of the Merger as set forth below with residual amounts allocated to goodwill. The preliminary allocation, as of September 30, 2014, of the purchase price was based upon a preliminary valuation and IPC's estimates and assumptions are subject to material change which could alter the current allocations.

*(in
thousands)*

Cash and restricted cash	\$ 1,412	
Accounts receivable	29	
Prepaid expense	111	
Property plant and equipment, net	3	
Intangible assets, patents	51,195	
Intangible asset, non-compete	1,051	
Goodwill	919	
Other assets	523	
Accounts payable and other liabilities	(993)
Notes payable	(3,100)
Total preliminary purchase price	\$ 51,150	

Cash, restricted cash, property plant and equipment, other assets, and intangible assets (net): IPC valued cash and restricted cash, property plant and equipment, other assets, and net tangible liabilities at their respective carrying amounts, as IPC believes that these amounts approximate their current fair values or the fair values.

Identifiable intangible assets: IPC expects identifiable intangible assets acquired to include primarily Prism's patents and non-compete agreements with four Prism employees as described in the Merger Agreement or other agreements related thereto.

The fair value of intangible assets was based on a preliminary third-party valuation completed using either the cost or income approach in conjunction with discussions with Prism's management and certain forecasts prepared by IPC. The income approach was utilized for the valuation of intellectual property and employee non-compete agreements. When the income approach was used, the rate utilized to discount net cash flows to their present values was approximately 27%. The discount rates were determined using a weighted-average cost of capital which incorporated the implied cost of equity and debt of IPC based on the forecasted cash flows after consideration of IPC's rate of return on debt capital and equity, the weighted average return on invested capital and the internal rate of return specific to this transaction.

Estimated useful lives for the intangible assets were based on the remaining life of the underlying patents. Intangible assets are being amortized using the straight-line method, considering the pattern in which the economic benefits of the intangible assets are consumed.

IPC believes that future changes to the Prism purchase price allocation likely will result from changes in the valuation of intangible assets. IPC also believes that additional purchase price adjustments may affect the purchase price allocation. However, IPC is unable to quantify the effect of these adjustments until it finalizes the purchase price allocation for the acquisition of Prism's assets.

The table below illustrates the effect of a 10% increase or decrease in identifiable intangible assets on the pro forma financial statements:

	Effect of a 10% Increase in	Effect of a 10% Decrease in
Estimated		

<i>(in thousands)</i>	Pro-Forma Values	Identifiable Intangible Assets	Identifiable Intangible Assets
Identifiable intangible assets	\$ 52,246	\$ 57,471	(1) \$ 47,021
Annual amortization of intangible assets expense	\$ 18,503	\$ 20,353	\$ 16,653

A 10% increase in identifiable intangible assets would create a bargain purchase gain and would require IPC to (1) record the difference between the fair value of the acquired net assets and the purchase price as a gain in its income statement.

3. PRO FORMA ADJUSTMENTS RELATING TO THE MERGER

The following pro forma adjustments (in thousands) are included in the unaudited pro forma condensed combined balance sheet and statements of operations:

(A) Represents cash to be paid to Prism security holders at the acquisition date.

(B) Represents the fair value adjustment of Prism's intangible assets as a result of purchase accounting.

Patents	\$ 51,195
Non-compete agreements	1,051

(C) Represents the allocation of goodwill.

IPC incurred approximately \$264 in one-time acquisition-related expenses. These expenses consisted of \$155 in (D) legal expenses, \$78 in professional fees and \$31 in accounting fees. Prism incurred approximately \$12 in acquisition-related expenses. These charges consisted of legal and accounting expenses.

(E) Convertible notes payable are required to be repaid or converted prior to the acquisition.

(F) Adjustment reflects the revaluing of the notes payable to fair value as part of the acquisition.

(G) Represents the discounted value of the contingent consideration to be paid to the Prism security holders as part of the Earnout.

(H) Represents value associated with issuance of 3.5 million shares of IPC's common stock.

(I) Prism's equity, accumulated deficit, and noncontrolling interest are eliminated in the acquisition.

(J) Represents the estimated additional amortization expense associated with the preliminary purchase price allocation for the period.

(K) Represents the additional imputed interest for the period associated with the earnout for which there is no interest expense and additional interest that would have been incurred based on the acquisition balance sheet.

(L) Noncontrolling interest will be eliminated in the acquisition.

(M) Due to IPC's valuation allowance, IPC expects to receive no income tax benefits from the related losses. For the nine months ended September 30, 2014, IPC does not anticipate any income tax benefit or expense.

(N) Represents 3.5 million shares of IPC's common stock to be issued on the Merger closing date.

DESCRIPTION OF IPC CAPITAL STOCK

The following description of IPC capital stock is not complete and may not contain all the information you should consider before investing in IPC capital stock. This description is in summarized form, and is qualified in its entirety by reference to, IPC's Certificate of Incorporation, which has been publicly filed with the SEC. See "Where You Can Find More Information."

IPC authorized capital stock consists of:

25,000,000 shares of common stock, \$0.001 par value; and
5,000,000 shares of preferred stock, \$0.001 par value; 150,000 of which are designated as Series A Junior Participating Preferred Stock.

Common Stock

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders and there are no cumulative rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably any dividends that may be declared from time to time by the board of directors out of funds legally available for that purpose. In the event of a liquidation, dissolution or winding up of IPC, holders of common stock are entitled to share ratably in the assets remaining after payment of liabilities and the liquidation preferences of any outstanding preferred stock. Holders of IPC common stock have no preemptive, conversion or redemption rights. Each outstanding share of common stock is, and all shares of common stock to be outstanding upon the closing of this offering will be, fully paid and non-assessable.

Transfer Agent

The transfer agent and registrar for IPC common stock is American Stock Transfer & Trust Company, LLC. Its address is 6201 15th Avenue, Brooklyn, NY 11219.

Dividend

Historically, IPC has never paid cash dividends on its common stock, except for a special cash distribution of \$5 per share paid in March 2012 in conjunction with the Disposition. If the Merger is consummated, IPC currently expects to retain earnings, if any, to finance the growth and development of its business, and does not anticipate paying any cash dividends on its stock in the foreseeable future.

Preferred Stock

IPC currently has no shares of preferred stock outstanding. The IPC board of directors has the authority, without further action by the stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon the preferred stock, 150,000 of which are designated as Series A Junior Participating Preferred Stock. Any or all of these rights may be greater than the rights of the common stock. Preferred stock could thus be issued quickly with terms calculated to delay or prevent a change in control of IPC or make removal of management more difficult. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of IPC's common stock. At present, IPC has no plans to issue any shares of preferred stock. Any preferred stock issued will be fully paid and nonassessable upon issuance.

Series A Junior Participating Preferred Stock

Pursuant to the Section 382 Rights Agreement by and between IPC and American Transfer & Trust Company, LLC, as rights agent, dated as of November 23, 2011 (the "Rights Agreement"), 150,000 shares of IPC preferred stock have been designated as Series A Junior Participating Preferred Stock (the "Series A Preferred"), none of which are outstanding. In connection with its adoption of the Rights Agreement, the IPC board of directors declared a dividend of one right (a "Right") for each outstanding share of common stock to stockholders of record at the close of business on December 5, 2011. Each Right entitles its holder, under certain circumstances described in the Rights Agreement, to purchase from IPC one one-thousandth of a share of Series A Preferred at a purchase price of \$38 per Right.

The rights, preferences and privileges of the Series A Preferred are set forth in the Certificate of Designation of Series A Junior Participating Preferred Stock and entitled the holder thereof:

to receive a preferential quarterly dividend equal to the greater of (i) \$1.00 and (ii) 1,000 times the aggregate per share amount of all cash dividends, plus 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends and other distributions (other than in shares of IPC common stock), declared on IPC common stock during such quarter, adjusted to give effect to any dividend on IPC common stock payable in shares of IPC common stock or any subdivision, combination or reclassification of IPC common stock (a "Dilution Event");

to 1,000 votes on all matters submitted to a vote of the stockholders of IPC, voting together as a single class with the holders of IPC common stock and the holders of any other class of capital stock having general voting rights, adjusted to give effect to any Dilution Event; and

to receive upon any liquidation of IPC a preferential liquidation payment equal to the greater of (i) \$1,000 and (ii) 1,000 times the aggregate per share amount to be distributed to the holders of IPC common stock, adjusted to give effect to any Dilution Event, plus an amount equal to accrued and unpaid dividends and distributions on such share of Series A Preferred, whether or not declared, to the date of such payment.

Until the Rights become exercisable, they will not trade independently, but only with the associated shares of IPC's common stock.

In general, IPC may redeem the Rights in whole, but not in part, at a price of \$0.001 per Right (subject to adjustment) at any time until ten days following the date of certain stock acquisitions. Immediately upon the action of IPC's board of directors authorizing any redemption, the Rights will terminate, and the only right of the holders of Rights will be to receive the redemption price.

Subject to certain conditions, IPC may exchange the Rights, in whole or in part, at an exchange ratio of one share of IPC's common stock, or one one-thousandth of a share of IPC's preferred stock (or of a share of a class or series of IPC's preferred stock having equivalent rights, preferences and privileges), per Right (subject to adjustment).

Unless earlier redeemed or exchanged by IPC, the Rights will expire upon the earliest of: (i) the close of business on November 23, 2021; (ii) the close of business on the effective date of the repeal of Section 382 of the Code or any successor statute if IPC's board of directors determines that the Rights Agreement is no longer necessary or desirable for the preservation of certain tax benefits; (iii) the close of business on the first day of a taxable year of IPC to which IPC's board of directors determines that certain tax benefits may not be carried forward; and (iv) the close of business on the date on which IPC's board of directors determines that the Rights Agreement is no longer in the best interests of IPC and its stockholders.

Anti-Takeover Effects of Provisions of IPC Charter Documents and Stockholder Rights Plan

IPC Charter Documents

The IPC Certificate of Incorporation provides for the IPC board of directors to be divided into three classes serving staggered terms of three years. The provision for a classified board could prevent a party who acquires control of a majority of the outstanding voting stock from obtaining control of the board of directors until the second annual stockholders meeting following the date the acquirer obtains the controlling stock interest. The classified board provision could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of IPC and could increase the likelihood that incumbent directors will retain their positions. The IPC Bylaws provide that directors may be removed with cause by the affirmative vote of the holders of a majority of the voting power of all outstanding stock.

The IPC Certificate of Incorporation requires that certain amendments of the IPC Certificate of Incorporation and amendments by the stockholders of IPC Bylaws require the approval of at least 66 2/3% of the voting power of all outstanding stock, voting together as a single class. These provisions could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of IPC and could delay changes in management.

The IPC Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of IPC stockholders, including proposed nominations of persons for election to the board of directors. At an annual meeting, stockholders may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors. Stockholders may also consider a proposal or nomination by a person who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given to the Corporate Secretary of IPC timely written notice, in proper form, of his or her intention to bring that business before the meeting. The Bylaws do not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting of the stockholders. However, the IPC Bylaws may have the effect of precluding the conduct of business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of IPC.

The IPC Bylaws provide that only the IPC board of directors may call a special meeting of stockholders. Because IPC stockholders do not have the right to call a special meeting, a stockholder could not force stockholder consideration of a proposal over the opposition of the board of directors by calling a special meeting of stockholders prior to such time as a majority of the board of directors believed the matter should be considered or until the next annual meeting provided that the requestor met the notice requirements. The restriction on the ability of stockholders to call a special meeting means that a proposal to replace the board also could be delayed until the next annual meeting.

NOL Amendment and Stockholder Rights Plan

On November 30, 2012, IPC stockholders approved an amendment to IPC's Certificate of Incorporation designed to preserve the value of certain tax assets associated with NOLs under Section 382 of the Internal Revenue Code of 1986 (the "NOL Amendment"). The NOL Amendment generally restricts any direct or indirect transfer (such as transfers of IPC stock that result from the transfer of interests in other entities that own IPC stock) if the effect would be to:

increase the direct or indirect ownership of IPC stock by any person from less than 4.9% to 4.9% or more; or increase the percentage of IPC common stock owned directly or indirectly by a person owning or deemed to own 4.9% or more of IPC common stock.

IPC's board of directors has the discretion to approve a transfer of stock that would otherwise violate the NOL Amendment. The NOL Amendment expires on the earliest of (1) the repeal of Section 382 of the Code or any successor statute if IPC's board of directors determines that the NOL Amendment is no longer necessary or desirable for the preservation of IPC NOLs, (2) the close of business on the first day of a taxable year of IPC as to which the IPC board of directors determines that no NOLs may be carried forward, (3) such date as IPC's board of directors otherwise determines that the NOL Amendment is no longer necessary for the preservation of IPC's NOLs, and (4) November 23, 2021. Subject to certain conditions, the IPC board of directors may also accelerate or extend the expiration date of the NOL Amendment in the event of a change in the law.

The NOL Amendment could be deemed to have an anti-takeover effect because, among other things, it restricts the ability of a person, entity or group to accumulate more than 4.9% of IPC common stock and the ability of persons, entities or groups now owning more than 4.9% of IPC common stock from acquiring additional shares of IPC common stock without the approval of IPC's board of directors. As a result, IPC's board of directors may be able to prevent any future takeover attempt.

Concurrently with the approval of the NOL Amendment, IPC stockholders also approved the Section 382 Rights Agreement adopted by IPC's board of directors in November 2011, which is described in "—Preferred Stock—Series A Junior Preferred Stock". The Section 382 Rights Agreement has a potential anti-takeover effect because the Rights will cause a substantial dilution to any person or group that attempts to acquire IPC without the approval of the IPC board of directors. Therefore, the overall effect of the NOL Amendment and the Rights Agreement may be to render more difficult, or discourage, a merger, tender offer, proxy contest or assumption of control by a substantial holder of IPC securities.

Anti-Takeover Effects of Delaware Law

IPC is subject to the provisions of Section 203 of the DGCL (“Section 203”). Under Section 203, IPC would generally be prohibited from engaging in any business combination with any interested stockholder for a period of three years following the time that this stockholder became an interested stockholder unless:

prior to this time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers, and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Under Section 203, a “business combination” includes:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder, subject to limited exceptions;

any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as an entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

COMPARISON OF RIGHTS OF HOLDERS OF IPC COMMON STOCK AND PRISM UNITS

IPC is incorporated under the laws of the State of Delaware and, accordingly, the rights of the holders of common stock of IPC are governed by the DGCL, IPC's Certificate of Incorporation and IPC's Bylaws. Prism is organized under the laws of the State of Nebraska, and accordingly, the rights of the members of Prism are currently governed by the NULLCA and Prism's operating agreement. If the Merger is completed, Prism members will become holders of common stock of IPC, and their rights will be governed by the DGCL, the amended and restated Certificate of Incorporation of IPC and the Bylaws of IPC.

The table below summarizes the material differences between the current rights of Prism members under the Prism articles of organization and operating agreement and the current rights of holders of IPC common stock under the IPC Certificate of Incorporation and Bylaws.

While this summary includes the material differences between the rights of the IPC common stockholders and Prism members, this summary may not contain all of the information that is important to you. These summaries are not intended to be a complete discussion of the respective rights of IPC common stockholders and Prism members and are qualified in their entirety by reference to the DGCL and the NULLCA and the various documents of IPC and Prism that are referred to in the summaries. You should carefully read this entire joint proxy statement/prospectus and the other documents referred to in this joint proxy statement/prospectus for a more complete understanding of the differences between being a common stockholder of IPC or member of Prism. IPC has filed copies of its current Certificate of Incorporation and Bylaws with the SEC and will send copies of the documents referred to in this joint proxy statement/prospectus to you, without charge, upon your request. See the section entitled "Where You Can Find More Information" in this joint proxy statement/prospectus.

Current Rights of IPC Common Stockholders and Prism Members

Provision	Rights of IPC Common Stockholders	Rights of Prism Members
Capitalization	The Certificate of Incorporation of IPC authorizes the issuance of up to 25,000,000 shares of common stock, par value \$0.001 per share, and 5,000,000 shares of preferred stock, par value \$0.001 per share, of which 6,573,688 shares of common stock and no shares of preferred stock are issued and	Under the terms of Prism's operating agreement, the board of managers determines how many units to issue and the capital or consideration to be exchanged for the units. As of December 10, 2014 there were 12,069,152 Prism units issued and outstanding. Upon the conversion of certain options, warrants, convertible promissory notes, and minority interests in Prism's subsidiaries to Prism units prior to completion of the Merger, up to 15,411,342 units will be issues and outstanding at the time of closing. The total units outstanding may be less if the holders of such options,

outstanding as of December 10,
2014.

warrants, convertible promissory notes, and minority interests do not elect to convert, accept cash in lieu of conversion, or, with respect to certain option holders, elect to accept fewer shares in lieu of paying the exercise price related to their options.

<p>Number of Directors or Managers</p>	<p>IPC's Bylaws provide that the number of directors shall be fixed from time to time by resolution of the board of directors. Pursuant to a resolution by the IPC board of directors, the size of IPC's board of directors is currently set at four. Following the closing, IPC expects to increase the number of directors to add one of the Prism security holders to its board of directors.</p>	<p>Prism's articles of organization and operating agreement provide for management by a board of managers. Prism's operating agreement provides for the board of managers to initially consist of four persons, which number may be increased or decreased from time to time by the board of managers or by the members. The size of Prism's board of directors is currently set at seven.</p>
	<p>Under the DGCL, unless directors are elected by written consent in lieu of an annual meeting, an annual meeting of the stockholders of IPC shall be held for the election of directors.</p>	
<p>Election of Directors or Managers</p>	<p>Under IPC's Bylaws, each director shall be elected by a plurality of the votes cast at any meeting for the election of directors at which a quorum is present.</p>	<p>Under Prism's operating agreement, unless the board of managers is elected by written consent in lieu of an annual meeting, an annual meeting is held for the election of the members of Prism's board of managers. Each such manager is elected by majority vote cast at any meeting for the election of the board of managers at which a quorum is present.</p>
	<p>Under IPC's Bylaws, nominations of persons for election to the board of directors of IPC may be made at a meeting of stockholders by the board of directors, any nominating committee or person appointed by the board of directors or by any stockholder of the corporation entitled to vote for the election of directors upon compliance with proper notice procedures.</p>	<p>Prism's operating agreement provides that any manager may resign at any time.</p>
<p>Stockholder or Member Nominations and Proposals</p>	<p>IPC's Bylaws also provide that any director may resign at any time upon written notice to the secretary.</p>	
	<p>The Bylaws of IPC provide that in order for a stockholder to make a director nomination or propose business at an annual meeting of stockholders, the stockholder must give timely written notice to IPC, which must be received not less than 120 calendar days before the one year anniversary of the date on which IPC first mailed its proxy statement to stockholders in connection with the previous year's annual meeting (with certain adjustments if no annual meeting was held the previous year or the date of the annual meeting is changed by more than 30 days from the first</p>	<p>Prism's operating agreement is silent regarding member nomination of candidates for election to the board of managers and member proposals.</p>

anniversary of the preceding year's annual meeting).

**Classified
Board of
Directors or
Managers**

The Certificate of Incorporation of IPC provides that the directors comprising the board of directors shall be divided into three staggered classes, with each class serving three-year terms.

The articles of organization of Prism do not provide for the division of the board of managers into staggered classes.

Removal of Directors or Managers	Under the Bylaws of IPC, a director may be removed with or without cause by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of capital stock entitled to vote at an election of directors and voting together as a single class.	Under Prism's operating agreement, managers may be removed, with or without cause, by the holders of a majority of the units then entitled to vote at an election of managers. Any vacancy caused by such removal must be filled by action of the members.
Special Meeting of the Stockholders or Members	The Bylaws of IPC provide that a special meeting of the stockholders may be called by the president, chairman of the board of directors, or the board of directors.	Prism's operating agreement provides that special meetings of members may be called by the president and shall be called by the president or secretary at the written request of a majority of the board of managers.
Cumulative Voting	The IPC Certificate of Incorporation and Bylaws do not provide cumulative voting rights in the election of its directors.	Prism's articles of organization and operating agreement do not provide for cumulative voting rights in the election of its managers.
Vacancies	The Certificate of Incorporation and Bylaws of IPC provide that any vacancy or newly created directorships on the board of directors will be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum, or by a sole remaining director.	Prism's operating agreement provides that a vacancy on the board of managers may be filled by the remaining member(s) of the board of managers except when the vacancy results from a removal by the members, in which case, the members must fill the vacancy.
Voting Rights	Under the IPC Bylaws, the holders of voting stock are entitled to vote on each matter properly submitted to the stockholders at a meeting of the stockholders and shall be entitled to cast one vote in person or by proxy for each share of voting stock held by them.	Prism's operating agreement provides that each Prism member shall have the right to one vote for each Prism unit held by such member on each matter submitted to a vote by the members.
Stockholder or Member Action by Written Consent	The Certificate of Incorporation of IPC provides that no action shall be taken by the stockholders except at an annual or special meeting of the stockholders and that no action shall be taken by the stockholders by written consent.	Prism's operating agreement provides that members may vote or otherwise take action by written consent signed by the members holding at least the number of units that would be required to approve such action if submitted to a vote at a meeting of the members.
Notice of Stockholder or Member Meeting	Under the Bylaws of IPC, written notice of each stockholder meeting must specify the place, if any, date and hour of the meeting and, in the case of a special meeting, the purposes for which the meeting is called. Notice shall be given not less than 10 nor more than 60 calendar days before the date of the meeting to	Prism's operating agreement provides that written notice of the place, date, hour and purpose of a meeting of the members be given not less than 10 days and not more than 60 days before the date of the meeting to each member entitled to vote

each stockholder entitled to vote at such meeting. at the meeting.

Conversion Rights and Protective Provisions

The Certificate of Incorporation of IPC does not provide for preemptive, conversion or other protective rights.

Holders of Prism units have no rights to convert their membership interests into any other securities. Prism's articles of organization and operating agreement do not provide for preemptive or other protective rights. Prism's operating agreement also prohibits any transfers without the consent of Prism's board of managers.

Stockholder or Member Inspection Rights

Under the DGCL, a stockholder of a corporation has the right, for any proper purpose and upon written demand under oath stating the purpose for such demand, to inspect and make copies and extracts from the corporation's stock ledger, a list of its stockholders, and its other books and records. A proper purpose is any purpose reasonably related to such person's interest as a stockholder.

Prism's operating agreement allows inspection of Prism's books and records by any member at reasonable times for any purpose reasonably related to such member's interest in Prism.

Stockholder or Member Rights Plan

On November 30, 2012, IPC stockholders approved an amendment to IPC's Certificate of Incorporation creating a stockholder rights plan designed to preserve the value of certain tax assets associated with net operating loss carryforwards under Section 382 of the Internal Revenue Code of 1986. IPC stockholders also approved a Section 382 Rights Agreement adopted by IPC's board of directors in November 2011. The stockholder rights plan and rights agreement are intended to act as deterrents to any person or group, together with its affiliates and associates, being or becoming the beneficial owner of 4.9% or more of IPC's common stock. The inability of some stockholders to acquire a significant position could substantially reduce the market liquidity of IPC common stock, making it more difficult for a stockholder to dispose of, or obtain accurate quotations for the price of, IPC common stock.

No stockholder rights plan applies to holders of Prism units.

Required Vote for Authorization of a Merger or Consolidation

Under the DGCL, the consummation of a merger or consolidation requires the approval of the board of directors of the corporation that desires to merge or consolidate and requires that the agreement and plan of merger be adopted by the affirmative vote of a majority of the stock of the corporation entitled to vote thereon at an annual or special meeting for the purpose of acting on the agreement. However, no such approval and vote are required if such corporation is the surviving corporation and:

Prism's operating agreement provides that any merger must be approved by members holding at least 67% of the then outstanding units held by Prism members.

such corporation's certificate of incorporation is not amended;
 the stockholders of the surviving corporation whose shares were outstanding immediately before the effective date of the merger will hold the same number of shares, with identical designations, preferences, limitations, and rights, immediately after; and
 either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or the treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger do not exceed 20% of the shares of common stock of such corporation outstanding immediately prior to the effective date of the merger.

Under the DGCL, a sale of all or substantially all of such corporation's assets requires the approval of such corporation's board of directors and the affirmative vote of a majority of the outstanding stock of the corporation entitled to vote thereon.

Required Vote for Other Matters

IPC's Bylaws provide that all elections and questions presented to the stockholders at a meeting at which a quorum is present, other than the election of directors, shall, unless otherwise provided by law, the Bylaws or the Certificate of Incorporation, or the rules and regulations of any stock exchange applicable to IPC, or pursuant to any regulation applicable to IPC or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of capital stock of IPC that are present in person or by proxy and entitled to vote thereon.

Prism's operating agreement provides that all elections and questions presented to members be approved by the members at a meeting at which a quorum is present. The approval at any such meeting must be by the affirmative vote of the holders of a majority of Prism units that are present in person or by proxy and entitled to vote thereon unless a different vote is required by the operating agreement.

Prism's operating agreement also provides that any amendment to the operating agreement or any dissolution be approved by members holding at least 67% of the then outstanding units held by Prism members.

Indemnification

The Certificate of Incorporation and Bylaws of IPC provide that IPC shall indemnify its directors and officers to the fullest extent permitted by the DGCL or any other applicable law. Under its Bylaws, IPC

Prism's operating agreement requires it to indemnify its members, managers and officers against losses, damages, and claims by third parties arising out of actions taken

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will not be required to indemnify any director or officer in connection with any proceeding initiated by such person unless the proceeding was authorized by the IPC board of directors. by such member as long as such acts were taken in good faith, were not grossly negligent, and do not constitute willful misconduct.

Advancement of Expenses

The Bylaws of IPC provide that IPC will advance expenses to any director or officer prior to the final disposition of the proceeding, provided, however, that such advancements shall be made only upon receipt of an undertaking by such director or officer to repay all amounts advanced if it should be ultimately determined that such director or officer is not entitled to indemnification under the Bylaws of IPC or otherwise.

Limitation of Personal Liability of Directors, Managers or Members

The Certificate of Incorporation of IPC provides that no director will be personally liable to IPC or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty, (ii) for any act or omission not in good faith or which involves intentional misconduct or a knowing violation of law, (iii) for any act related to the unlawful stock repurchase or payment of a dividend under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit.

Declaration and Payment of Dividends or Distributions

The DGCL provides that directors of IPC may declare and pay dividends upon the shares of its capital stock either out of its surplus, or, if there is no surplus, out of its net profits for the fiscal year such dividends are declared or the preceding fiscal year.

Prism's operating agreement also requires Prism to pay any expenses (including attorneys' fees) of its members, managers and officers as long as such expenses do not result from actions taken in bad faith, gross negligence, or intentional misconduct.

Prism's operating agreement provides that it shall pay the expenses incurred by a member, director, officer or manager in defending any proceeding in advance of its final disposition upon receipt by Prism of an undertaking by or on behalf of such member, director, officer or manager to repay such amount; provided, such member, director, officer or manager is not entitled to indemnification under Prism's operating agreement.

Prism's operating agreement provides that no member, manager or officer shall be personally liable for the debts, obligations or liabilities of Prism unless the debt or obligation arises from an act or omission which is taken in bad faith, gross negligence by such person, or is the result of the willful misconduct of such person.

Prism's operating agreement provides that distributions shall be made when and as designated by the board of managers and any distributions should be made in proportion to units held.

The Bylaws of IPC provide that the board of directors may declare and pay dividends upon the shares of capital stock.

**Amendments
to Charter
Documents**

The Certificate of Incorporation of IPC may be amended in any manner permitted by law. IPC's Certificate of Incorporation also provides that Article 5 (number and classification of directors), Article 6 (director powers, stockholder actions and special meetings), Article 7 (adoption, amendment or repeal of bylaws), Article 8 (required vote for certain amendments to the Certificate of Incorporation) and Article 9 (indemnification and liability of directors) require the affirmative vote of the holders of 66 2/3% of the voting power of the outstanding shares of voting stock, voting together as a single class.

Under the NULLCA, the certificate of organization may be amended or restated from time. Such amendment or restatement must be consistent with the terms of Prism's operating agreement, which governs substantially all matters relating to Prism and its members.

**Amendments
to Bylaws or
Operating
Agreement**

The Certificate of Incorporation and Bylaws of IPC provide that the board of directors is expressly authorized to adopt, amend or repeal the Bylaws; provided, however, that any adoption, amendment or repeal of bylaws by the board of directors shall require the approval of a majority of the total number of authorized directors. The Bylaws of IPC further provide that the stockholders shall have the power to adopt, amend or repeal the Bylaws; provided, however, that any adoption, amendment or repeal of the Bylaws by the stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding shares of voting stock, in addition to any vote of the holders of any class or series of stock required by law or the Certificate of Incorporation.

Prism's operating agreement provides that the operating agreement may be amended, modified or waived from time to time by members holding at least sixty-seven percent (67%) of the outstanding units.

PRINCIPAL STOCKHOLDERS OF IPC

The following table sets forth, as of December 10, 2014, certain information with respect to the beneficial ownership of IPC's common stock by (i) each stockholder known by IPC to be the beneficial owner of more than 5% of IPC's common stock, (ii) each director of IPC, (iii) the executive officers of IPC, and (iv) all current directors and executive officers of IPC as a group.

The percentage of ownership is based on 6,573,688 shares of common stock outstanding on December 10, 2014, adjusted as required by the rules promulgated by the SEC to determine beneficial ownership. Common stock subject to options currently exercisable, or exercisable within 60 days after December 10, 2014, are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options, but are not deemed outstanding for computing the percentage ownership of any other person.

Other than the Merger, IPC does not know of any arrangements, including any pledge by any person of securities of IPC, the operation of which may at a subsequent date result in a change of control of IPC.

Name of Beneficial Owner(1)	Number of Shares Beneficially Owned	Percent of Common Stock Outstanding(2)	
Hussein A. Enan(3)	1,949,148	29.5	%
Dennis H. Chookaszian(4)	314,288	4.8	%
L. Eric Loewe(5)	116,335	1.8	%
Thomas W. Orr(6)	106,036	1.6	%
James M. Corroon(7)	46,105	*	%
Steven J. Yasuda	33,732	*	%
Current directors and executive officers as a group (6 persons)(8)	2,565,644	38.4	%

*Less than one percent

(1) The persons named in the table above have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. The address of all officers and directors is c/o Internet Patents Corporation, 101 Parkshore Dr., Suite 100, Folsom, CA 95630.

(2)

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Percent of Common Stock Outstanding is calculated utilizing 6,573,688 shares outstanding, which is the sum of the number of IPC's outstanding shares as of December 10, 2014, and the number of options held by the named beneficial owner that are then exercisable or will become exercisable within 60 days thereafter.

- Includes 1,904,572 shares held by the Enan Family Trust, a revocable trust. Mr. Enan and Mr. Enan's spouse are (3) co-trustees of the Enan Family trust. Also includes 44,576 shares subject to options exercisable within 60 days following December 10, 2014.
- (4) Includes 416 shares held by Mr. Chookaszian's spouse, which he disclaims beneficial ownership of. Also includes 10,000 shares subject to options exercisable within 60 days following December 10, 2014.
- (5) Includes 1,900 shares subject to options exercisable within 60 days following December 10, 2014.
- (6) Includes 10,000 shares subject to options exercisable within 60 days following December 10, 2014.
- (7) Includes 37,584 shares subject to options exercisable within 60 days following December 10, 2014.
- (8) Includes 104,060 shares subject to options exercisable within 60 days following December 10, 2014.

PRINCIPAL MEMBERS OF PRISM

The following table sets forth, as of December 10, 2014, certain information with respect to the beneficial ownership of Prism membership units by (i) each member known by Prism to be the beneficial owner of more than 5% of Prism membership units, (ii) each manager of Prism, (iii) the executive officers of Prism, and (iv) all current managers and executive officers of Prism as a group.

The percentage of ownership is based on 12,069,152 membership units outstanding on December 10, 2014, adjusted as required by the rules promulgated by the SEC to determine beneficial ownership. Other than the Merger, Prism does not know of any arrangements, including any pledge by any person of securities of Prism, the operation of which may at a subsequent date result in a change of control of Prism. Upon consummation of the Merger, Prism will be a wholly owned subsidiary of IPC.

Name of Beneficial Owner(1)	Number of Units Beneficially Owned	Percent of Units Outstanding(2)	
Richard L. Gregg(3)	3,585,752	29.7	%
William E. Fisher(4)	1,200,000	9.7	%
Gregory J. Duman	1,091,667	9.0	%
Gerald Korth(5)	950,000	7.6	%
David Stokes(6)	683,333	5.6	%
Andre J. Bahou(7)	544,000	4.6	%
Gregory Bailey(8)	487,795	3.9	%
Richard Danzig(9)	485,221	3.9	%
Current managers and executive officers as a group (7 persons)	9,057,768	74.1	%

*Less than one percent

(1) The persons named in the table above have sole voting and investment power with respect to all Prism units shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. The address of all executive officers and managers is c/o Prism Technologies, LLC, 2323 S. 171st Street, Suite 106, Omaha, NE 68130.

(2) Percent of Units Outstanding is calculated utilizing 12,069,152 units outstanding, which is the sum of the number of Prism's outstanding units as of December 10, 2014, and the number of options and other derivative securities held by the named beneficial owner that are then exercisable or will become exercisable within 60 days thereafter.

- (3) Includes 3,585,752 units held by Prism Resources, Inc. Richard L. Gregg is the majority owner of Prism Resources, Inc.
- (4) Includes options for 100,000 units of Prism. Also includes 950,000 units and options exercisable for 150,000 units held by FFI, LLC. William E. Fisher is the majority owner of FFI, LLC.
- (5) Includes options exercisable for units of Secure Axxess, which may be exchanged for 450,000 units of Prism.
- (6) Includes options for 100,000 units of Prism.
- (7) Includes options exercisable for 200,000 units and debt convertible into 44,000 units of Prism. Also includes units and options in Secure Axxess which may be exchanged into 300,000 units of Prism.
- (8) Includes options for 135,417 and debt convertible into 156,281 units of Prism. Also includes units and options in Secure Axxess which may be exchanged for 90,834 units of Prism.
- (9) Includes options for 135,417 units of Prism. Also includes units and options in Secure Axxess which may be exchanged for 88,291 units of Prism.

PRINCIPAL STOCKHOLDERS OF COMBINED COMPANY

The following table sets forth certain information with respect to the beneficial ownership of the combined company upon consummation of the Merger, assuming the closing of the Merger occurs on December 10, 2014, by (i) each stockholder known by IPC to be the beneficial owner of more than 5% of the combined company's common stock, (ii) each director of the combined company, (iii) each executive officer of the combined company, and (iv) all current directors and executive officers of the combined company as a group.

Unless otherwise indicated in the footnotes to this table Prism and IPC believe that each of the persons named in this table have sole voting and investment power with respect to the shares indicated as beneficially owned.

The percent of common stock of the combined company is based on 10,177,748 shares of common stock of the combined company outstanding assuming consummation of the Merger as of December 10, 2014, adjusted as required by the rules promulgated by the SEC to determine beneficial ownership. Common stock subject to options currently exercisable, or exercisable within 60 days after December 10, 2014, are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options, but are not deemed outstanding for computing the percentage ownership of any other person.

Name of Beneficial Owner(1)	Number of Shares Beneficially Owned	Percent of Common Stock Outstanding(2)	
Hussein A. Enan(3)	1,949,148	19.1	%
Prism Resources, Inc(4)	1,039,852	10.2	%
Dennis H. Chookaszian(5)	314,288	3.1	%
Gregory J. Duman	316,579	3.1	%
L. Eric Loewe(6)	116,335	1.1	%
Thomas W. Orr(7)	106,036	1.0	%
James M. Corroon(8)	46,105	*	