

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 10, 2005

Network-1 Security Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware 1-14896 11-3027591

(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

445 Park Avenue, Suite 1028, New York, New York 10022

(Address of principal executive offices)

Registrant's telephone number, including area code: (212) 829-5700

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 14, 2005, the Company issued a press release announcing its

results of operations for its third quarter ended September 30, 2005. A copy of the press release is furnished herewith as Exhibit 99.1.

The information contained in this Item 2.02, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Furthermore, the information contained in this Item 2.02 or Exhibit 99.1 shall not be deemed to be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

ITEM 4.02 NON-RELIANCE ON PREVIOUSLY ISSUED FINANCIAL STATEMENTS OR A RELATED AUDIT REPORT OR COMPLETED INTERIM REVIEW

On November 10, 2005, management concluded that the Company's financial statements for the year ended December 31, 2004, for the three and six months periods ended June 30, 2004, and the nine months ended September 30, 2004 should be restated due to not recording a deemed dividend with respect to an exchange transaction in April 2004. Additionally, on that date management also concluded that the financial statements for the year ended December 31, 2003 should be restated due to not presenting the gain on sale of the Company's software assets and revenue and expenses associated with the software business as discontinued operations.

In April 2004, the Company entered into an exchange agreement with the holders of all of the Company's outstanding shares of Series E convertible preferred stock ("Series E") and Series D convertible preferred stock ("Series D") to exchange 2,483,508 shares of Series E for 6,208,770 shares of common stock and 231,054 shares of Series D for 489,348 shares of common stock (the "Exchange Transaction"). The holders of the Series E and Series D received 1.25 times the number of shares of common stock that each preferred stockholder would have otherwise received upon conversion.

The staff of the Division of Corporate Finance of the Securities and Exchange Commission in reviewing the Company's 10-KSB for the year ended December 31, 2004 commented on the Company's accounting of the 2004 Exchange Transaction which included discussions concerning whether or not the Preferred Stock (Series E and Series D) contained a "beneficial conversion feature" which should be accounted for under Emerging Issues Task Force Issue No. (EITF) 00-27 as a deemed dividend and included in the net loss attributable to common stockholders and the per share amounts.

The Company has concluded that it should have recognized a deemed dividend as a result of the beneficial conversion feature in accordance with EITF 00-27. The change in the accounting treatment for the Exchange Transaction results in an increase to the net loss attributable to common stockholders of \$273,000. The loss per share is increased by \$(0.01) per share and \$(0.03) per share for the three and six months ended June 30, 2004, \$(0.02) per share

2

for the nine months ended September 30, 2004 and \$(0.02) per share for the year ended December 31, 2004.

In addition, following discussions with the staff of the Securities and Exchange Commission pertaining to comments relating to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004, the Company's management also concluded that the gain on sale of assets associated with the Company's software products in May 2003 and expenses and revenues related to the software business should be reclassified to discontinued operations in accordance with Statement of Financial Accounting Standards (SFAS) No. 144. This reclassification has no effect on the net loss, net loss attributable to common stockholders or net loss per common share-basic and diluted.

The Company's management and audit committee has discussed the restatement matters disclosed herein with the Company's independent registered public accounting firm.

As a result of management's determination, the previously issued financial statements for the years ended December 31, 2004 and 2003, the three and six months ended June 30, 2004 and the nine months ended September 30, 2004

should no longer be relied upon.

ITEM 9.01 FINANCIAL STATEMENTS ARE EXHIBITS

| Exhibit Number | Description |
|-------------------|--|
| 99.1 | Press Release, dated November 14, 2005 |

3

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NETWORK-1 SECURITY SOLUTIONS, INC.

Dated: November 15, 2005 By: /s/ Corey M. Horowitz

Name: Corey M. Horowitz
Title: Chairman & Chief Executive Officer

FOR IMMEDIATE RELEASE

COREY M. HOROWITZ, CHAIRMAN
NETWORK-1 SECURITY SOLUTIONS, INC.
212-829-5770

NETWORK-1 REPORTS THIRD QUARTER RESULTS AND ANNOUNCES RESTATEMENT OF FINANCIALS

NEW YORK, November 14, 2005--Network-1 Security Solutions, Inc. (OTC: NSSL.OB) today announced financial results for the third quarter ended September 30, 2005.

Network-1 reported a net loss of (\$320,000) or \$(.02) per share for the third quarter ended September 30, 2005 as compared to a net loss of (\$280,000) or \$(.02) per share for the third quarter ended September 30, 2004. Network-1 had no revenues during the quarter ended September 30, 2005.

The Company had no revenues for the nine months ended September 30, 2004. Network-1 reported a net loss for the nine months of 2005 of \$(1,286,000) or \$(0.07) per share, compared with a net loss of \$(1,134,000), or \$(0.08) per share for the nine months of 2004, which included a deemed dividend of \$273,000 relating to a preferred stock conversion transaction.

At September 30, 2005, the Company had approximately \$1,257,000 in cash and cash equivalents which management believes will be sufficient to fund its operations until September 2006, although there is no assurance that Network-1 will have sufficient capital through such date.

The Company also announced that it will restate certain information in its financial statements for the year ended December 31, 2004, the three and six month period ended June 30, 2004, the nine month period ended September 30, 2004 and the year ended December 31, 2003. The restatements relate to the inclusion of a deemed dividend with respect to the conversion of preferred stock in April 2004 and the reclassification as discontinued operations of the gain on sale of the Company's software assets in May 2003 and revenue and expenses associated with the software business. The restatements to include the deemed dividend results in an increase in net loss attributable to common stockholders of \$273,000 or \$(.02) per share for the year ended December 31, 2004, \$(0.1) per share and \$(.03) per share for the three and six month periods ended June 30, 2004 and \$ (.02) per share for the nine month period ended September 30, 2004. The reclassification of the sale of the software assets and revenues and expenses associated with the software business to discontinued operations will have no effect on the net loss, net loss attributable to common stockholders or net loss per share - basic and diluted.

During the third quarter, Network-1 initiated patent litigation against D-Link Corporation and D-Link Systems, Incorporated ("D-Link") in the United States District Court for the Eastern District of Texas, Tyler Division, for infringement of the Remote Power Patent. Network-1 seeks an award of damages in the form of monetary damages based upon reasonable royalties as well as a trebling of damages for D-Link's continued willful infringement of the Remote Power Patent. Network-1 further requests that the Court permanently enjoin D-Link from importation and sale of D-Link's PoE products into the United States.

The Company's Remote Power Patent relates to, among other things, several key technologies underlying the IEEE 802.3af Power Over Ethernet (PoE) standard that was approved on June 13, 2003 by the Institute of Electrical and Electronic Engineers (IEEE) (the Standard). The Standard governs the delivery of power over Ethernet cables in order to power network connected devices including, among others, VoIP phones, wireless LAN access points and IP network cameras.

The Company has commenced a program offering licensing opportunities to those companies Network-1 believes would benefit from access to the technologies covered by the Remote Power Patent. To date, the Company has contacted approximately 85 companies in the business of manufacturing or selling products that comply with the Standard, including wireless switches, wireless access points, RFID card readers, VOIP telephones, enterprise LAN switches and network cameras, all of whom the Company believes would benefit from obtaining a license to the Remote Power Patent. To date the Company has not entered into any license agreements with respect to the Remote Power Patent.

ABOUT NETWORK-1 SECURITY SOLUTIONS, INC.

Network-1 Security Solutions, Inc. is engaged in the acquisition, development, licensing and protection of its intellectual property and proprietary technologies. The Company owns six patents covering various telecommunications and data networking technologies. As part of its business strategy it is offering licenses to the Remote Power Patent to third parties who Network-1 believes could benefit from the technologies covered by this patent.

THIS RELEASE CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ADDRESS FUTURE EVENTS AND CONDITIONS CONCERNING THE COMPANY'S BUSINESS PLANS. SUCH STATEMENTS ARE SUBJECT TO A NUMBER OF RISK FACTORS AND UNCERTAINTIES AS SET FORTH IN THE COMPANY'S REPORT ON FORM 10-QSB FOR THE QUARTER ENDED SEPTEMBER 30, 2005, SUCH AS THE ABILITY OF NETWORK-1 TO OBTAIN LICENSE AGREEMENTS FROM THIRD PARTIES FOR ITS PATENT PORTFOLIO, UNCERTAINTY OF PATENT LITIGATION, THE COMPANY'S ABILITY TO ACHIEVE REVENUES AND PROFITS FROM ITS PATENT PORTFOLIO, FUTURE ECONOMIC CONDITIONS, TECHNOLOGY CHANGES AND LEGISLATIVE AND REGULATORY DEVELOPMENTS. EXCEPT AS OTHERWISE REQUIRED TO BE DISCLOSED IN PERIODIC REPORTS, THE COMPANY EXPRESSLY DISCLAIMS ANY FUTURE OBLIGATION OR UNDERTAKING TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN.

The condensed statements of operations and consolidated balance sheet are attached.

NETWORK-1 SECURITY SOLUTIONS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE><CAPTION>

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS ENDED SEPTEMBER 30, | | |
|--|-------------------------------------|--------------|------------------------------------|----------------|-----------------------|
| | 2005 | 2004 | 2005 | 2004 | |
| | | | (as restated) | | |
| <S> | <C> | <C> | <C> | <C> | |
| Operating expenses: | | | | | |
| General and administrative | | \$ 329,000 | \$ 280,000 | \$ 809,000 | \$ 862,000 |
| Patent Costs | | | 500,000 | | |
| | | | | | |
| LOSS BEFORE INTEREST INCOME | | | (329,000) | (280,000) | (1,309,000) (862,000) |
| Interest income - net | | 9,000 | 29,000 | 1,000 | |
| | | | | | |
| Net Loss | | (320,000) | (280,000) | (1,280,000) | (861,000) |
| | | | | | |
| Deemed dividend on additional warrant antidilution adjustment | | | (6,000) | | |
| | | | | | |
| Deemed dividend on Preferred Stock conversion | | | | | (273,000) |
| | | | | | |
| Net loss attributable to common stockholders | | \$ (320,000) | \$ (280,000) | \$ (1,286,000) | \$ (1,134,000) |

| | | | | | | | | |
|--|----|--------|----|--------|----|--------|----|--------|
| Loss per common share: basic and diluted | \$ | (0.02) | \$ | (0.02) | \$ | (0.07) | \$ | (0.08) |
|--|----|--------|----|--------|----|--------|----|--------|

| | | | | |
|--|------------|------------|------------|------------|
| Weighted average shares: basic and diluted | 17,697,572 | 15,012,572 | 17,671,198 | 14,108,917 |
|--|------------|------------|------------|------------|

</TABLE>

CONDENSED BALANCE SHEET AS OF 09/30/05

| | |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 1,257,000 |
|---------------------------|--------------|

| | |
|----------------------|--------------|
| Total current assets | \$ 1,287,000 |
|----------------------|--------------|

| | |
|--------------|--------------|
| Total assets | \$ 1,380,000 |
|--------------|--------------|

| | |
|---------------------------|------------|
| Total current liabilities | \$ 599,000 |
|---------------------------|------------|

| | |
|----------------------------|------------|
| Total stockholders' equity | \$ 781,000 |
|----------------------------|------------|