

UNITED *for* PATENT REFORM

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Bad Patents Are Fueling Meritless Patent Troll Litigation – With Most Lawsuits Aimed at Small Businesses

Patent trolls continue to use the most vague, poor quality patents issued by the U.S. Patent and Trademark Office that almost certainly should never have been granted by PTO as the basis for nearly all of the lawsuits they file. The United for Patent Reform coalition applauded today's hearing by the House Judiciary Subcommittee on Courts, the Internet and Intellectual Property, which scrutinized the types of patents that fuels most troll lawsuits.

"Our patent system is supposed to foster innovation but because of these bad patents, it has become a minefield of lawsuits," said Beth Provenzano, vice president of for government relations and political affairs at the National Retail Federation and co-chair of the United for Patent Reform coalition. "Congress needs to keep the provisions found in Section 101 of the Patent Act and Supreme Court's Alice decision strong to help small businesses have at least some tools to defend themselves against these bad patents."

It would prove especially perilous to roll back the tools Congress and the Supreme Court has put in place, and which are working well today, in a year when extortionate patent trolls have targeted *smaller* American businesses at a higher proportion than at any time previously.

In 2016, the majority of companies sued by patent trolls were small businesses. Over the last ten years, most troll lawsuits were aimed at large companies. But as those companies have used their resources to seek better legal strategies, patent trolls have now turned their lawsuits to smaller American businesses with few resources with which to defend themselves, and as a result, over 60% of defendants in patent troll litigation are small companies.

"Patent trials can take three to five years and costs millions of dollars, even if the case has no merit, which will bankrupt most small businesses," Provenzano said. "That's why most defendants are forced to settle even the most meritless of cases. One of the few tools to take the worst patents, which in many cases should have never been granted, out of the hands of patent trolls is the Inter Partes Review (IPR) created by Congress. Congress and the PTO should make sure the IPR process remains strong so small businesses are protected from abuse of the very worst patents by trolls."

About United for Patent Reform

United for Patent Reform is a broad coalition of diverse American businesses—from national Realtor, construction, and technology businesses to Main Street retail shops, automobile manufacturers, hotels, grocers, convenience stores, and restaurants—pursuing comprehensive solutions to abusive patent litigation. For more information, visit www.UnitedforPatentReform.com and follow us on Twitter at [@U4PatentReform](https://twitter.com/U4PatentReform).