Senate Committee on the Judiciary

Subcommittee on Intellectual Property

Hearing on "Pride in Patent Ownership: The Value of Knowing Who Owns a Patent"

Written Testimony of Allon Stabinsky

Senior Vice President

Chief Deputy General Counsel, Legal Department

Intel Corporation

October 19, 2021

Chairman Leahy, Ranking Member Tillis and distinguished members of the Intellectual Property Subcommittee, thank you for the opportunity to address the important topic of transparency in patent ownership. Right now, the American public has no way of knowing who the true owner of a patent is. This lack of transparency gives an advantage to bad actors and opportunists who weaponize patents, and it leaves American small businesses, start-ups, and keystone manufacturers vulnerable to attack. The current imbalances in the patent system needlessly undermine American innovators and expose the United States to economic and national security risks. "The Pride in Patent Ownership Act" is an important step to restore balance to our patent system.

Intel routinely places in the top ten annually of worldwide spenders in research & development and in the number of patents granted by the U.S. Patent and Trademark Office (PTO). We're incredibly proud of our innovation leadership and that Intel Corporation is clearly listed as the owner of these patents. This transparency is a key part of the bargain inventors make with the public. In order to secure the right to exclude others from making, selling or using inventions for 20 years, the inventions must be disclosed to the public. We believe that public disclosure must also make it clear who has an ownership interest in these patents.

Intel is the only leading-edge U.S. semiconductor company that both develops and manufactures its own technology. From hardware and software products to networking, telecommunications, cloud computing, artificial intelligence, and autonomous driving, Intel's semiconductors are at the heart of today's digital economy.

We have many semiconductor factories in the United States, and we're currently expanding our manufacturing footprint. These investments will enable us to continue pushing the U.S. semiconductor industry forward, manufacturing chips for other U.S. companies, and supporting key U.S. government initiatives. We directly employ more than 52,000 people in the U.S. and our broader economic impact supports over 721,000 jobs across the country, contributing over $102 billion to the U.S. GDP in 2019.

Greater transparency in patent ownership will result in numerous benefits to the public and our innovation economy. Today, I want to focus on one of those benefits: combatting the rise of investor-funded litigation and the mass aggregation and weaponization of patents by investment entities, often foreign entities, against American companies.

The integrated circuit was invented in the U.S. over 60 years ago and for decades America led a vibrant worldwide industry of dozens of semiconductor manufacturers. However, as the complexity and cost of semiconductor manufacturing skyrocketed, many companies exited the industry and today there are only three leading-edge manufacturers left in the world. Intel is proud to be the sole leading-edge semiconductor producer left in the United States. The companies that exited the industry or ceased manufacturing possessed vast arsenals of tens of thousands of patents that they no longer need to protect their own businesses. These patents are scattering to the wind, going into the hands of well-funded professional litigants around the world who target successful domestic industries with the objective of securing outsized financial returns. It is a perverse result that the patents which were

intended to promote innovation are being used to stifle American innovation and investment. The scale of this phenomenon is staggering, and it has evolved from being a nuisance to a menace to U.S. economic and national security. Yet, the flow of patents between owners is essentially a black box due to the current lack of transparency in who actually owns a patent. These "secret" patent monopolies serve no legitimate purpose and are a real public policy problem.

Abusive patent litigation is not limited to the semiconductor industry, and it impacts companies small and large in virtually every industry. While the U.S. legal system is intended to dispense justice, hedge funds and other players in the rapidly growing industry of litigation funding, have used loopholes in our legal system to hijack our courts as a tool for securing a large return on investment ("ROI") at the expense of legitimate American businesses and innovators. For these hedge funds and other financial backers of litigation funding, lawsuits aren't a byproduct of their business; the lawsuits are the business.

Hedge funds and other deep-pocketed entities are increasingly funding third-party patent litigation in the hopes of seeing eye-popping returns on their "litigation investments". They are buying massive numbers of low-quality, overly-broad patents from failed or bankrupt companies, acquiring distressed assets for pennies on the dollar. They don't use these patents to actually make or sell anything; rather, they only use them to extract payments from companies large and small that create new inventions, manufacture products, and add real value to the nation's economy and national security.

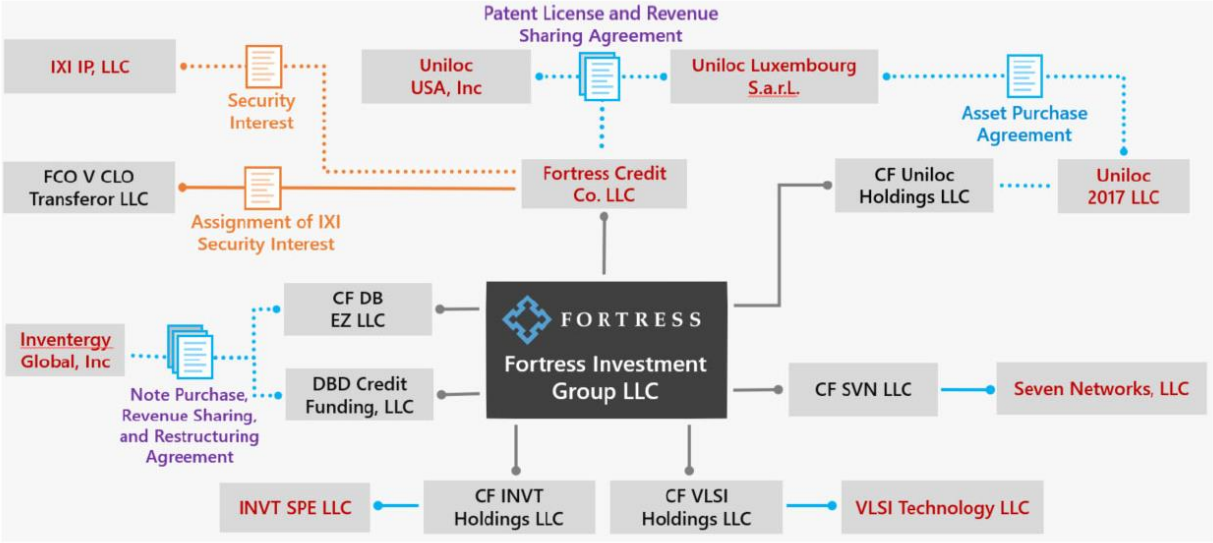
To make matters worse, these hedge funds and other funding entities behind these shell companies are wolves in sheep's clothing. They frequently see to it that cases are presented to judges and juries under the guise of the "small inventor", but the reality is it's the hedge fund managers who actually control the litigation since they control the purse strings.

For hundreds of years, this type of privateering behavior, known as Champerty, was expressly prohibited at Common Law, and several U.S. states still prohibit it on public policy grounds. The ethical risks are clear – it's hard to see how counsel can purport to represent the "best interests" of the litigant, when the real parties in interest are the hedge funds paying the bills. Further, these funds expect astronomical returns on investment, frequently over 20% ROI, which in practice rules out reasonable settlements and relies on taking larger risks in the hope of a proverbial "jackpot" in a jury trial. Transparency in patent ownership and interest will make clear to the juries who the real parties in interest are and help bring the hedge funds out of the shadows.

Firms such as Burford Capital, Curiam Capital, Fortress Investment Group, Longford Capital Management LP, Omni Bridgeway, Parabellum Capital, Starboard Value LP, GLS Capital, and others, including some that focus exclusively on litigation finance, now routinely provide financial backing for and/or orchestrate patent litigations.[1]

[1] *See, e.g.*, Chambers and Partners, *Litigation Funding in USA – Nationwide: Intellectual Property*, available at https://chambers.com/legal-rankings/litigation-funding-intellectual-property-usa-nationwide-58:3213:12788:1 (last visited Oct. 14, 2021); *Acacia Research*

One central player in this emerging investment strategy is Fortress Investment Group ("Fortress")—owned by the Japanese investment conglomerate Softbank—which engages in mass patent aggregation and litigation and reportedly has $53.9 billion under management.[2] Softbank also owns Arm Limited, which is a designer of microprocessor intellectual property and one of Intel's main competitors. Fortress has formed a team devoted to IP investment that has reportedly directed $900 million to 40 IP-related investments.[3] As with other assertion campaigns supported by investment and finance firms, the resulting lawsuits never involve Softbank or Fortress themselves as a plaintiff. Instead, Softbank and Fortress try to conceal their activities with a web of shell companies and secret agreements. Patents are asserted via complex corporate structures that obscure financial interests in the patents and litigations. For instance, the below diagram illustrates the complex web of agreements and entities involved in some of the Fortress-backed campaigns.[4]



Announces Strategic Partnership with Starboard Value, Nov. 18, 2019, available at https://acaciaresearch.com/prviewer/release_only/id/4152669 (last visited Oct. 14, 2021); Angela Morris, *Patent litigation finance moves into the mainstream, but splits opinion as it does so*, IAM-Media, Sept. 27, 2021, available at https://www.iam-media.com/finance/patent-litigation-finance-moves-the-mainstream-splits-opinion-it-does-so (last visited Oct. 14, 2021).

[2] Fortress Investment Group LLC, History, available at https://www.fortress.com/about#history (last visited Oct. 14, 2021).

[3] Richard Lloyd, *Fortress's latest patent fund could top $900 million*, IAM-Media, Apr. 9, 2021, available at https://www.iam-media.com/finance/fortresss-latest-patent-fund-could-top-900-million (last visited Oct. 14, 2021).

[4] First Amended Complaint (Public Version) ¶ 124, *Intel Corp. v. Fortress Investment Group LLC*, No. 3:19-cv-07651-EMC (N.D. Cal. Mar. 8, 2021), Dkt. 192.

The patents utilized include forgotten older patents that had never been used in a commercial product, had never been used in any way by the original patentee, and had never been licensed to an operating company.

Fortress's campaigns have included, among others, assertions made by:

- **Seven Networks, LLC ("Seven Networks"):** Formerly an investor in Seven Networks Inc., Fortress gained control of the company in 2015 after it unsuccessfully attempted to monetize its patent portfolio.[5] Fortress converted the company to an LLC in July 2015.[6] Seven Networks has since filed 10 patent infringement cases against companies like Apple Inc., Google LLC, LG Electronics Inc., Motorola Mobility LLC, Samsung Electronics America Inc., and ZTE (USA) Inc.

- **Uniloc**: Fortress affiliates entered into funding agreements with prolific patent litigants Uniloc USA and Uniloc Luxembourg, S.a.r.l. starting in 2014.[7] Fortress formed Uniloc 2017 LLC in February 2017 to take possession of patents previously held by the Uniloc entities Fortress had financed.[8] Since its formation, Uniloc 2017 LLC has pursued more than 200 patent litigations against companies like Apple Inc., AT&T Service, Inc., Google LLC, HTC America Inc., LG Electronics USA Inc., Microsoft Corporation, Motorola Mobility, LLC, Netflix, Inc., Roku, Inc., Samsung Electronics America Inc., Verizon Communications Inc., and ZTE Inc.

- **INVT SPE LLC ("INVT")**: Fortress or its affiliates entered into funding agreements with Inventergy Global, Inc. (holder of patents acquired from Huawei, Panasonic and Nokia) beginning in 2014.[9] INVT was formed in April 2017 and assigned portions of Inventergy Global, Inc.'s portfolio the same day.[10] INVT went on to file patent infringement suits against Apple Inc., HTC Corporation, and ZTE Corporation in federal district court and before the U.S. International Trade Commission.

- **VLSI Technology LLC ("VLSI")**: Fortress formed VLSI in June 2016.[11] VLSI then began acquiring patents from Dutch company NXP BV and its U.S. affiliate, NXP USA, Inc.[12] It has gone on to sue Intel in five patent infringement suits in U.S. federal district court and in lawsuits in China.

---

[5] Second Amended Complaint (Public Version) ¶¶ 95-96, *Intel Corp. v. Fortress Investment Group LLC*, No. 3:19-cv-07651-EMC (N.D. Cal. Mar. 8, 2021), Dkt. 236.
[6] *Id.*
[7] Id. at ¶¶ 55-58.
[8] Id. at ¶¶ 59-60.
[9] *Id.* at ¶¶ 80-89.
[10] *Id.* at ¶ 90.
[11] *Id.* at ¶ 75.
[12] *See, e.g., id.* at ¶¶ 78, 254, 258-261, 289, 313.

- **DivX LLC**: In 2018, a Fortress affiliate acquired patents formerly held by the video codecs company DivX Inc.[13] The new patent holder, DivX LLC, subsequently filed eight patent infringement actions against companies like, Hulu, LLC, Netflix, Inc., Realtek Semiconductor Corp., Samsung Electronics Co., Ltd., and TCL Technology Group.

- **VoiceAge EVS LLC:** Also in 2018, Fortress investment funds and VoiceAge Corporation—a contributor to voice and audio standard codecs—entered into an agreement by which VoiceAge Corporation assigned a patent portfolio to newly formed company (and Fortress affiliate) VoiceAge EVS, LLC.[14] VoiceAge EVS, LLC has gone on to file five patent infringement lawsuits against Apple Inc., HMD Global Oy, Huizhou TCL Mobile Communication, Lenovo Holding Co., Inc., and Xiaomi Corp.

- **Labrador Diagnostics LLC ("Labrador"):** Using patents formerly owned by the disgraced company Theranos, Labrador filed suit against diagnostics companies BioFire Diagnostics, LLC and bioMerieux S.A. in March 2020,[15] but it abandoned the lawsuit in the face of criticism when it came to light they were targeting a diagnostic platform used to develop COVID-19 tests.[16]

Connections between patent assertion entities such as these and Fortress (or other investment firms like Ireland's Magnetar Capital, which is perversely using American patents in the International Trade Commission to try and block Intel products from entering the United States[17]) are sometimes publicly announced. More often, however, the connections can only be gleaned from researching the signatories to or addresses noted in corporate formation documents and patent assignment records, or they come to light during the discovery process in a litigation. Sometimes, sources of financial support

---

[13] *NeuLion Closes Transaction With An Affiliate of Fortress Investment Group,* Globe Newswire, Feb. 12, 2018, available at https://www.globenewswire.com/news-release/2018/02/12/1339475/0/en/NeuLion-Closes-Transaction-With-An-Affiliate-of-Fortress-Investment-Group.html (last visited Oct. 14, 2021).

[14] *VoiceAge Corporation Announces Strategic Transaction with Affiliates of Fortress Investment Group to License VoiceAge's EVS Patent Portfolio,* PR Newswire, Dec. 10. 2018, available at https://www.prnewswire.com/news-releases/voiceage-corporation-announces-strategic-transaction-with-affiliates-of-fortress-investment-group-to-license-voiceages-evs-patent-portfolio-300762874.html (last visited Oct. 14, 2021).

[15] *Labrador Diagnostics LLC v. BioFire Diagnostics, LLC et al.*, 1:20-cv-00348-CFC (D. Del.), D.I. 1; Aaron Holmes, *A company that bought Theranos' patents is using them to sue a health startup working on coronavirus tests*, Business Insider, Mar. 17, 2020, available at https://www.businessinsider.com/theranos-patents-fortress-labrador-diagnostics-lawsuit-biofire-coronavirus-tests-2020-3 (last visited Oct. 14, 2021).

[16] *Labrador Diagnostics LLC v. BioFire Diagnostics, LLC et al.*, 1:20-cv-00348-CFC (D. Del.), D.I. 7.

[17] Richard Loyd, *Irish NPE doubles down on US litigation campaign and continues to add patents*, IAM-Media, Feb. 17, 2020, available at https://www.iam-media.com/litigation/irish-npe-doubles-down-us-litigation-campaign-it-continues-add-assets (last visited Oct. 14, 2021).

for a patent assertion are never unearthed, leaving the defendant (and ultimately the fact finder) in the dark as to who is behind the assertion.

Improved transparency regarding the deep pockets that support patent assertion entities is important because having substantial (and speculative) funds behind a patent assertion changes the dynamics of these litigations. *First*, an increase of investment in litigation by financial backers has led to aggressive and abusive litigation tactics that undermine the functioning of the court system. Shell companies created solely to litigate have fewer reputational constraints than other litigants and they often cut corners in litigation. For example, one court observed that Uniloc entities opposing a motion to transfer a case from Texas to California had made a series of "troubling" "contradictory representations" to it about the Uniloc entities' lack of connections to California.[18] And by creating novel corporate structures, these companies are also able to limit the system's ability to hold them accountable. For example, one judge commented about various transfers of patents and ownership agreements between assorted Uniloc entities: "The Court suspects that Uniloc's manipulations in allocating rights to the patents-in-suit to various Uniloc (possibly) shell entities is perhaps designed to insulate Uniloc Luxembourg from any award of sanctions in the event Uniloc loses this litigation (or some substantial part thereof)."[19]

Second, the damages claimed and/or demands made to settle a case are significantly inflated, because the aim is not to compensate a patent holder for use of an invention but instead to secure a high return on investment. Damages awards are generally intended to determine a "reasonable royalty" for a patent based on a hypothetical negotiation between a willing licensor and a willing licensee that occurs just *before* the first infringement and thus assess the incremental benefit of the patent compared to the next best alternative. But the application of this approach in court tends to focus instead on factors that occur *after* infringement. Another reason for this overcompensation is that, during a trial with a tight time limit, the jury will be focused on a single aspect of a complex product rather than the significance of that one aspect in the context of the whole product. Thus, a relatively minor feature takes on disproportionate significance in the mind of the jury and its damages award is accordingly disproportionately high.

Patent assertion entity investors are aware of and seek to exploit these weaknesses in our legal system. For example, an article by a Fortress executive observes that courts can grant "oversized awards" in the technology sector that "stem from the sheer complexity of interoperable components and systems sold as part of functional units, if not integrated devices."[20] This strategy has been

---

[18] *Uniloc USA, Inc. v. Apple Inc.*, No. 2:17-CV-00258-JRG, 2017 WL 11553227, at *7-*8 (E.D. Tex. Dec. 22, 2017).

[19] *Uniloc USA, Inc. v. Apple Inc.*, 3:18-cv-360-WHA, Dkt. No. 205 at 10 (N.D. Cal.) (redacted version of sealed Jan. 17, 2019 order).

[20] Eran Zur and John A. Squires, *Why Investment-friendly Patents Spell Trouble for Trolls*, Sept. 24, 2015, available at https://knowledge.wharton.upenn.edu/article/why-investment-friendly-patents-spell-trouble-for-trolls/ (last visited Oct. 14, 2021).

reflected in the damages that Fortress-backed entities have sought in litigation. As an example, pursuant to a court-ordered procedure, Uniloc entities disclosed in litigation with Apple in 2018 that they would seek damages of between approximately $757 million and $1.5 billion for U.S. Patent No. 8,239,852 (the "'852 patent"), which purports to cover a method of providing software updates where a device identifier is used to determine eligibility for an update.[21] That demand is in stark contrast to contemporaneous valuations of the '852 patent along with many others. In 2017, an auditor's report valued the entire Uniloc Luxembourg portfolio—including the '852 patent—at $6.25 million.[22] Under a 2018 purchase agreement with Fortress, the '852 patent and the rest of Uniloc Luxembourg's patents were transferred to Fortress-backed Uniloc 2017 LLC for a total price of approximately $33.6 million.[23] The VLSI campaign against Intel is another example of a Fortress-backed patent assertion entity obtaining patents that were not utilized by their original assignee or others, were purchased by VLSI for relatively low amounts and then asserted to be the basis for damages in excess of a billion dollars.[24] Of course, these patents did not suddenly leap in value in the hands of a Fortress affiliate. Instead, Fortress saw an opportunity to obtain a windfall.

Unfortunately, our courts are not well-equipped to limit the harms posed by sophisticated investor-backed patent assertion entities. *First*, as I described, U.S. courts frequently overinflate patent damages. Many courts have been permissive of unsupported and enormous damages claims, choosing to let a jury make a decision rather than properly exercising their gatekeeper role in preventing the jury from hearing unsupported and speculative damages theories and misapplying damages laws.

Second, courts have limited the ability of defendants to obtain discovery about financial backers of patent assertion entities and put that information before juries. In fact, investors backing patent assertions affirmatively seek to conceal their roles from juries. For instance, during VLSI's trials against Intel Corporation, VLSI successfully moved the court to exclude all mention of Fortress before the jury.[25] Accordingly, juries often lack crucial context about why damages demands are so high insofar as they reflect a need for an investment return rather than an accurate view of the reasonable royalty for rights to the patented invention. Further, courts often hamper defendants in providing juries with context about the investment interests in patent assertion entities so that those patent assertion entities can mislead juries into believing that a trial is a David versus Goliath battle aimed at vindicating innovation, rather than an investment strategy by a well-financed investment firm standing behind the ostensible plaintiff.

This growing trend in patent litigation taxes innovation and, ultimately, American companies and others that do business in the United States.

---

[21] Second Amended Complaint (Public Version) ¶¶ 187-188, 207-208, *Intel Corp. v. Fortress Investment Group LLC*, No. 3:19-cv-07651-EMC (N.D. Cal. Mar. 8, 2021), Dkt. 236.
[22] *Id*. ¶¶ 64-67.
[23] *Id*. ¶¶ 64-65.
[24] *See, e.g., VLSI Technology LLC v. Intel Corp.*, 6:21-cv-0057-ADA (W.D. Tex.).
[25] *See, e.g., id.*, Dkt. 602 at 16-17.

First, the costs and risks of defending a single patent litigation can be significant and they only go up when patent assertion entities abuse the system. Significantly, the burdens in patent litigation are asymmetric between defendants that design, produce, and sell products and patent assertion entities that are just in the business of litigating. Defendants can incur significant expenses and use of employee time in discovery, including making employees available for depositions and trial and substantial costs for the collection and review of documents from across the company. These costs, as well as damages awards or settlement amounts paid, require re-direction of resources that would otherwise have been spent on business operations or additional research and development, thereby affecting a company's ability to compete and thrive, and to continue advancing technology at the pace it otherwise could. By contrast, patent assertion entities generally do not have reciprocally onerous discovery obligations because they have few employees and limited operations. And in contrast to how operating-company defendants put funds to use, any damages awards or settlement payments that end up in the hands of patent assertion entities and the investment and finance firms that back them are not invested directly in research, development, or innovation.

Second, the prevalence of investment-backed patent assertions often leads to multiple assertions targeting the same products, and damages awards and settlement demands that at some point become cost prohibitive and would prevent a company from making a profit. For example, if a company sells a product for $10, but multiple patent holders demand a $6 per-unit royalty, then after licensing just 2 patents, the company will have to pay $12 per product—more than the selling price of the product. Even one royalty of $6 could leave the seller without enough to cover the cost of making the product. That means that the company would lose money selling the products. When a company is forced to pay patent assertion entities amounts that exceed the profits it makes per product, it is not able to manufacture its products, pay its engineers and employees, conduct research and development, maintain factories or construct new factories, provide value to shareholders, or continue innovating and developing new products. This is a particular problem with complex products that have hundreds or thousands of features that may be targeted by dozens of patent assertions.

Third, investment firm-backed patent assertions negatively affect American companies and others that do business in the United States. Investment firms are pursuing patent assertions in the United States because the damages awards associated with patent infringement are larger here than in any other country in the world and are continuing to climb. Total damages awarded in patent cases for 2020 were a reported $4.67 billion, up from $1.5 billion in 2019.[26] Investors take note of the opportunities in U.S. courts. For example, a 2021 summary from Burford Capital of trends in patent litigation observes that "[f]or Asia-based companies, the US has become an ever-more attractive venue for IP enforcement strategies. This recent trend is undoubtedly linked to the rise in eight- and nine-figure damages awards in the US: In the last 12 months, the US has seen several IP damages awards

[26] Rory O'Neill, *Patent lawsuit and damages on the rise in the US*, World Intellectual Property Review, Mar. 15, 2021, available at https://www.worldipreview.com/news/patent-lawsuits-and-damages-on-the-rise-in-us-21137 (reporting data from Lex Machina's annual Patent Litigation Report) (last visited Oct. 14, 2021).

over $100 million."[27] And the companies susceptible to patent infringement lawsuits in the United States are companies that make and/or sell their products in this country. The more sales you make in this country or the more products you manufacture here, the larger the potential damages base is for a patent assertion entity to pursue in a lawsuit.

Accordingly, the companies that are disproportionately affected by investment firms hiding behind patent assertion shells and pursuing patent litigation as an investment strategy are the very companies that make and sell their products in the United States. It is these companies that contend with having to direct substantial resources to defend against patent litigation, to pay settlements to avoid the full cost of defense or risk that a jury might award considerable damages to the patent holder. And it is therefore these companies whose operations, research and development, and ability to compete with their global counterparts are negatively affected by this emerging trend in U.S. patent litigation.

The lack of transparency also poses an obvious risk to national and economic security. It's not hard to see how a foreign competitor – acting through a sovereign wealth fund or a private sector entity like a foreign hedge fund – could make targeted investments in litigation funding, undermining critical U.S. industries like semiconductor manufacturing. In fact, this is already happening - foreign actors, including foreign governments, are increasingly taking advantage of the flaws in the system to target critical U.S. industries.[28]

No matter the case outcome, it's literally all upside for them. By suing U.S. companies in critical industries, they force them to spend vast resources defending themselves in court that would otherwise be invested in R&D, workforce development, manufacturing, community investment and commercial development.

Companies like Intel can't afford to lose, because the risk to our business is real, but the calculus is different for the foreign actors. If they lose every lawsuit, they've already won since the U.S. competitor has had to waste money and human capital. But if they win even a handful of lawsuits, they stand to gain potentially billions of dollars. And since the parties funding these suits don't use the patents to design or manufacture anything of value, the downside risk is minimal. It's akin to asymmetrical warfare, and I can assure you that our strategic competitors don't have to face this in their home markets.

Through other processes, the United States (and many other countries) already require disclosure of foreign ownership interests in assets which might implicate national security. This bill supports those efforts by helping to close a knowledge gap. This is especially important since intellectual property is

---

[27] Emily Hostage & Quentin Pak, *Trends in IP & patent litigation*, Burford Capital, Feb. 19, 2021, available at https://www.burfordcapital.com/insights/insights-container/burford-quarterly-2021-patent-trends (last visited Oct. 14, 2021).

[28] Dan Levine & Miyoung Kim, *Insight: Nation-states enter contentious patent-buying business*, March 20, 2013, available at https://www.reuters.com/article/us-patents-nations-insight-idUSBRE92J07B20130320

increasingly the most valuable asset in the modern economy – according to some sources, intangible assets, including intellectual property, now represents over 90 percent of the valuation of S&P 500 companies and this number is only going up. Intellectual property underpins America's technological leadership and this has implications for civilian markets as well as the defense and national security sectors. This bill brings needed sunlight to these assets.

Unfortunately, our patent system is imperfect and some of the smartest minds on Wall Street and in foreign countries know how to exploit its weaknesses and they are doing it on a massive scale. These investment entities do not have the best interests of the U.S. economy in mind, and their exploitation of our patent system is reminiscent of the rapacious exploitation of our financial system that led to the global financial crisis in 2008. Investment-driven patent litigation has moved from being a nuisance to a menace, and we need to take action now before it irreparably harms the companies central to U.S. economic innovation and national security, resulting in another crisis.

While "The Pride in Patent Ownership Act" won't solve all these problems, it will at the very least go a long way towards helping us identify the scope of the problem, and it's a necessary first step in reigning in these abuses of our legal system that hamper our economic growth and harm our national security. It's hard to see how anyone can justify that it's in America's interest to allow professional litigants to hold secret limited monopolies.

Greater transparency in patent ownership will provide substantial benefits with minimal costs and burdens to inventors. Completing a patent assignment document is estimated by the USPTO to take ½ hour and cost $145 on average.[29] This is small in comparison to an average cost of filing a patent application that ranges between $8000-$10,000 depending on complexity and field, and lifetime costs assuming all annuities are paid from roughly $20,000 to $30,000.[30]

Thank you again for allowing me to testify before your Committee today and I look forward to answering any questions the Committee may have.

[29] Federal Register, Recording Assignments, available at https://www.federalregister.gov/documents/2018/01/29/2018-01608/recording-assignments (last visited Oct. 14, 2021).
[30] 2019 Report of the Economic Survey, AIPLA, available at https://www.aipla.org/detail/journal-issue/2019-report-of-the-economic-survey (last visited Sept. 29, 2021).