

Reform Bill Passed to Curb Patent Litigation Abuse

Analysis

- Practicing entities are patent holders who make, use, or sell a product they patented, whereas non-practicing entities (NPEs), sometimes referred to as patent trolls, collect patents and strategically litigate to collect licensing fees
- Since 2001, median damages awarded to NPEs have been about double the damages awarded to practicing entities; to many in Congress and across industries, this trend is indicative of a flawed patent litigation system
- In December 2013, the House passed the Innovation Act with a vote of 325 to 91, under large bipartisan support
- Designed to curb patent litigation abuses, the Act would enforce more specificity in lawsuits and make losing plaintiffs offset legal costs for successful defendants

Median Damages Awarded to NPEs and Practicing Entities Since 1995
(in millions)

