



The American Antitrust Institute

FOR IMMEDIATE RELEASE
February 6, 2014

CONTACTS:
Bert Foer
202-276-6002
bfoer@antitrustinstitute.org

Sandeep Vaheesan
202-204-4524
svaheesan@antitrustinstitute.org

The American Antitrust Institute Urges Speedy Action Against Abusive Patent Trolls

The American Antitrust Institute (AAI) today urged the Department of Justice (DOJ), Federal Trade Commission (FTC), and Senate to take prompt action against abusive patent trolls. The antitrust agencies should heed FTC Commissioner Julie Brill's recent call to "act expeditiously to take whatever enforcement actions are warranted to stop inappropriate abuse."

In a letter from AAI President Bert Foer and Special Counsel Sandeep Vaheesan, the DOJ is asked to reopen its investigations into large patent transfers from smartphone platform owners to Rockstar and Mosaid – two prominent trolls – in recent years. After acquiring portfolios with thousands of patents and patent applications, Rockstar and Mosaid appear to have undertaken an aggressive patent enforcement campaign on behalf of Apple, Blackberry, Microsoft, and Nokia against Google and its Android partners.

"If the DOJ's findings confirm public reports of anticompetitive conduct, it should bring cases against the two trolls and their operating company allies," said Foer. "In the near term, higher licensing costs to technology manufacturers are frequently passed through to final consumers – a silent tax on the public."

As an illustration of the money at stake in the smartphone "patent wars," Microsoft is estimated to have collected nearly *\$2 billion* in patent royalties indirectly from Android users in 2013. The harms to long-term innovation, though more difficult to quantify, may also be staggering as some new products are either delayed or never brought to market due to a danger of crippling patent infringement suits.

In addition to reopening the DOJ investigation, the AAI calls on the DOJ and FTC to push standard setting organizations to adopt patent policies that the AAI proposed in a May 2013 petition to both agencies. These policies would diminish the ability of patent trolls and others to enforce patents essential to technical standards – such as 4G and Blu-Ray – in an anticompetitive manner.

2919 ELLICOTT ST, NW • WASHINGTON, DC 20008
PHONE: 202-276-6002 • FAX: 202-966-8711 • bfoer@antitrustinstitute.org
www.antitrustinstitute.org

Citing Senate Bill 1720, the Patent Transparency and Improvements Act co-sponsored by Senators Klobuchar, Leahy, Lee, and Whitehouse, Foer said the FTC would be expressly empowered to bring enforcement actions against trolls that send out false or misleading demand letters. “More transparent patent enforcement would encourage defensive measures by users and manufacturers of high-tech products and discourage offensive misuses of patents by trolls,” said Foer.

About the American Antitrust Institute

The American Antitrust Institute is an independent Washington-based non-profit education, research, and advocacy organization. Our mission is to increase the role of competition, assure that competition works in the interests of consumers, and challenge abuses of concentrated economic power in the American and world economy. Our list of contributors is available upon request to aai@antitrustinstitute.org.