

## Index

Abuse of Superior Bargaining Position (ASBP) ASBP guidelines. See Abuse of Superior guidelines, 173-174 aggregation, of patents under antitrust law, 25 Cournot complements problem, 20-21 intellectual property and, 2 mass aggregators, 4 PAEs as, 2 by patent trolls, 18-21 by PEs, 18-21 technological costs of, 20 transaction cost reduction through, 20 Allison, Lemley & Walker (ALW) taxonomy, 55 Antimonopoly Act (Japan), 164-166 ASBP guidelines, 173-174 competition requirements under, 166-167 excessive pricing and, 173-174 exemptions under, 164-166 private monopolization restrictions, 167-168 refusal of license under, 167-171 unfair trade practices under, 167-168 Anti-Monopoly Law (AML) (China), 154, 159-160 antitrust law. See also patent litigation aggregation of patents under, 25 in Asian region, 77-78 in Europe, 77-78 FRAND royalties under, 81-82 hybrid PAEs and, 73-74 IP law and, 130 in Korea, 132-133 patent privateering and, 80 in U.S., 77-78 Anti-Unfair Competition Law (China), 157-159 Apple v. Samsung, 142–144

Asia. See also China; Japan; Korea; Taiwan antitrust law in, 78-82 hybrid PAEs in, 78-83 bartering, PEs and, 12 bottom-feeder patent trolls, 11, 21-22, 25, 85 demand letters by, 86 MPJH Technology, 87-88, 93-94 under patent law, 87-88 cash-targeting strategies, 39-40 Chien, Colleen, 107, 182 China AML in, 154, 159-160 hybrid PAE claims in, 78-82 FRAND royalty commitments, 78-79 MOFCOM and, 78-79, 150-152 Nokia in, 150-152 PAEs in, 150-154, 160-161 under AML, 159-160 under Anti-Unfair Competition Law, 157-159 formal adoption of, 152-153 government regulation of, 150-152 improper conduct of, 155-160 as insignificant legal problem, 154-155 international cases, 150 legal regulation of, 153-160 MOFCOM and, 150-152 negative functions of, 153-154 Patent Law of, 154-157 patent trolls in, 152-153 Clayton Act (U.S.), 75–76

Bargaining Position guidelines



200 Index

Commonwealth Scientific and Industrial
Research Organisation (CSIRO), 52
competition law, in Japan, 164–166
Constitution, U.S.
under First Amendment, 92, 94–95
Supremacy Clause, 92
contract law, FRAND royalty commitments
and, 80–81
Cournot complements problem, 20–21
cross-licensing, of patents, 13
CSIRO. See Commonwealth Scientific and
Industrial Research Organisation

damage awards
assessment of, for PEs, 14–16
for patent litigation
in Europe, 123
in U.S., 114
demand letters, 33
by bottom-feeder patent trolls, 86
under Korean IPR guidelines, 146
under patent law, 86
at federal level, 90–91
at state level, 88–90
under TROL Act, 91, 99–101

England. See United Kingdom Europe. See also Germany; United Kingdom antitrust law in, 77-78 hybrid PAE claims in, 77-78 NPEs in, 106-107 patent litigation and, 108-109 PAEs in, 104, 107-114 lack of activity for, 115-124 patent litigation in, 105-106 costs of, 123 damage awards for, 123 fee-shifting in, 123 by NPE type, 108-109 for software-based patents, 115-116 unitary patent system in, 117, 124 European Patent Convention, 115-116 ex post licensing, for NPEs, 29

"fair, reasonable and non-discriminatory"
(FRAND) royalties
under antitrust law, 81–82
contract law and, 80–81
in hybrid PAE claims, 79
in China, 78–79
in Korea, 141–142

PAEs and, 193-195 hybrid, 78-79 in Korea, 141-142 SEPs and, 50, 54 property law and, 80-81 SEPs and, 50, 54 for SSOs, 50, 54, 194 Farris v. Glen Alden Corporation, 82 Federal Trade Commission (FTC), 90-91 fee-shifting, in patent litigation, 123 First Amendment, immunity doctrine under, 92, 94–95 forum shopping, for NPE litigation, 36-38 FRAND royalties. See "fair, reasonable and non-discriminatory" royalties FTC. See Federal Trade Commission

Germany NPEs in, 107-110 patent litigation in, 105-106, 119-122 case settlement rates, 114 by case type, 112 case value of, 114 costs of, 116-117 damage awards for, 117-118 injunctions in, 118 invalidation of patents and, 118 IPCs and, 110 non-monetary remedies and, 118 PAEs and, 110-112 U.S. standards for, 114 win rates for, 110, 114 GSK/Dong-A Reverse Payment case, 136-139

Holmes v. Lerner, 81-82

Hovenkamp, Areeda, 75
hybrid PAEs, 6
antitrust law and, 73–74
in Asian region, 78–83
in China, claims for, 78–82
FRAND royalty commitments, 78–79
MOFCOM, 78–79
under Clayton Act, 75–76
in Europe, 77–78
FRAND royalties, 78–79
incentives of, 73–77
in Korea, 79
NPEs and, 73
RRC strategy and, 75
SSOs and, 81



in Taiwan, claims for, 78–82	Japan
in U.S., 77–78, 82–83	Antimonopoly Act, 164–166
	ASBP guidelines, 173–174
immunity doctrine, for regulation of patent	competition requirements under, 166–167
assertions, 86, 92–96	excessive pricing and, 173-174
Federal Circuit Court development of,	exemptions to, 164–166
92–94, 99	private monopolization restrictions,
under First Amendment, 92, 94–95	167–168
as matter of preemption, 92	refusal of license under, 167–171
MPJH and, 93–94	unfair trade practices under, 167–168
re-assessment of, 94–97	Civil Procedure Code in, 162
under Supremacy Clause, 92	competition law in, 164-166
information technology (IT) industry	PAEs in, 162
patent trolls and, 9, 24	competition requirements for, 166–167
PEs and, 16–18	excessive pricing restrictions, 173–174
injunctions	under Intellectual Property Basic Act, 163
in German patent litigation cases, 118	legal foundations for, 162–163
against patent trolls, 24	mergers restrictions for, 174
for PEs, 15	under Patent Act, 164–166
in U.S. patent litigation cases, 118	refusal of license provisions, 167–171
Innovatio IP Ventures, 51, 87–88	patent law in, 164–166
innovation	UCPA, 163
	false announcement provisions, 171–173
NPE patent litigation as influence on, 31–32,	
42–43 DAEs and =	Imation v. One Blue, 172–173
PAEs and, 5	Japan Fair Trade Commission (JFTC), 167–171
intellectual property (IP)	IP guidelines, 170–171
antitrust law and, 130	Pachinko case, 168–169
JFTC guidelines, 170–171	Roppo v. Hinode, 169
in Korea, guidelines for, 131–147	VETC C. V E T. l. C
deceptive demand letters, 146	KFTC. See Korea Free Trade Commission
FRAND royalty terms, 141–142	Korea
imposition of unreasonable royalties,	Apple v. Samsung in, 142–144
140–141 KITTO 1: 6	hybrid PAE claims in, 79
KFTC amending of, 139	IPR in, guidelines for, 131–147
PAEs under, 131–133, 140–147	deceptive demand letters, 146
third-party patents and, 141–142	FRAND royalty terms, 141–142
PAES as aggregation of, 2	imposition of unreasonable royalties,
privateering, 184–185	140–141
Intellectual Property and Enterprise Court	KFTC amending of, 139
(IPEC), 105–106	PAEs under, 131–133, 140–147
Intellectual Property Basic Act (Japan),	third-party patents and, 141–142
163	MRFTA and, 133–139
International Patents Classifications (IPCs), 110	abuse of market dominant position,
invalidation of patents, 118	134–136
inventors, NPEs patent litigation and, 44-46	Article 59, 136
IP. See intellectual property	GSK/Dong-A Reverse Payment case,
IPCs. See International Patents Classifications	136–139
IPEC. See Intellectual Property and Enterprise	unfair collaborative acts under, 134
Court	PAEs in, 131, 148
IT industry. See information technology	under antitrust law, 132–133
industry	formation of consortiums among, 145



Korea (cont.)	unfair collaborative acts under, 134
FRAND royalty terms, 141–142	MOSAID, 76–77
imposition of unreasonable royalties,	MPJH Technology, 87–88, 93–94
140–141	MRFTA. See Monopoly Regulation and Fair
under IPR guidelines, 131–133, 140–147	Trade Act
patent litigation, 131	mutually assured destruction (MAD), of patent
patent privateering and, 146–147	hrms
third-party patents and, 141–142	defined, 73
patent litigation systems in, 147	PAEs and, 3
Qualcomm case in, 144–145	
SEPs in, 141–142	N-Data, 51
Korea Free Trade Commission (KFTC),	Nokia
131–133. See also Monopoly Regulation	in China, 150–152
and Fair Trade Act	as hybrid PAE, 77–82
IPR guidelines amended by, 139	Nokia v. TFTC, 178–185
	characterization of legal issues in, 181–182
lawsuits, PAEs and, 1, 5	decision appeals, 180–181
legal activity. See antitrust law; injunctions;	privateering PAEs and, 184–185
lawsuits	problems with decision, 186–187
licensing, of patents	TFTC decision, 179–180
cross-licensing, 13	non-monetary remedies, in patent litigation,
ex post, for NPEs, 29	118
in Japan, refusal of license provisions,	non-practicing entities (NPEs). See also patent
167–171	assertion entities
PAEs and, 2, 186	classification system for, 55
strategies for, 29	ALW taxonomy, 55
"lottery ticket trolls," 4. See also patent	defined, 106–107
assertion entities	demand letters, 33
MAD G II	in Europe, 106–107
MAD. See mutually assured destruction	patent litigation by type, 108–109
mass aggregators, 4	ex post licensing for, 29
McMillan, Robert, 76	hybrid PAEs and, 73
mergers	licensing strategies, 29
in Japan, for PAEs, 174	PAEs compared to, 130–131
patent privateering and, 75–76	under patent law and regulation, 87–88
antitrust law and, 80	patent litigation and, 27–28
defined, 72	aggregate trends, 32–34
functions of, 72	cash-targeting strategies in, 39-40
Microsoft, as hybrid PAE, 77–82	costs to targeted firms, 43-44
Ministry of Commerce of the People's	cross-country evidence for, 33–34
Republic of China (MOFCOM),	in Europe, 108–109
78–79, 150–152	forum shopping for, 36–38
Monopoly Regulation and Fair Trade Act	innovation reduction as result of, 31–32,
(MRFTA) (Korea), 133–139	42-43
abuse of market dominant position, 134–136	large sample evidence for, 31–41
exclusionary abuse, 134–135	patent quality as factor in, 32, 34–41
exploitative abuse, 135	PE litigation compared to, 39–41
unfair trade practices as, 135–136	plaintiff classification and, 32–33
Article 59, 136	survey evidence for, 29–31
GSK/Dong-A Reverse Payment case,	transfers to inventors and, 44–46
120-120	pro-competitive aspects of, 2



publicly-traded, 45 SEPs and	in Korea, 79 NPEs and, 73
limitations of, 63–64	RRC strategy and, 75
litigation outcomes, 61–62, 68, 71	SSOs and, 81
long-term implications of, 64–65	in Taiwan, 78–82
methodology for, 52–55	in U.S., 77–78, 82–83
plaintiff characteristics, 58–61,	increased activity for, 1
69–70	Innovatio, 51
study design for, 52–55, 63–64	intellectual property and, aggregation of, 2
types of, 106	in Japan, 162
non-standard setting organizations (non-SSOs),	competition requirements for, 166–167
81	excessive pricing and, 173-174
NPEs. See non-practicing entities	excessive pricing restrictions, 173–174 under Intellectual Property Basic Act, 163
PACS. See picture archival and	legal foundations for, 162-163
communications systems	mergers restrictions for, 174
PAEs. See patent assertion entities	under Patent Act, 164–166
PATENT Act. See Protecting American Talent	refusal of license provisions, 167–171
and Entrepreneurship Act	in Korea, 131, 148
Patent Act (Japan), 164–166	under antitrust law, 132–133
patent assertion entities (PAEs). See also non-	formation of consortiums and, 145
practicing entities	FRAND royalty terms, 141–142
anti-competitive aspects of, 3, 74–75	imposition of unreasonable royalties,
in China, 150–154, 160–161	140–141
under AML, 159–160	under IPR guidelines, 131–133, 140–147
	KFTC and, 131–132
under Anti-Unfair Competition Law,	MRFTA and, 133
157–159	_
formal adoption of, 152–153	patent litigation, 131
government regulation of, 150–152	patent privateering and, 146–147
improper conduct of, 155–160	third-party patents and, 141–142
as insignificant legal problem, 154–155	lawsuits and, 1, 5
international cases for, 150	licensing of patents, 2, 186
legal regulation of, 153–160	litigation strategies, 186
MOFCOM and, 150–152	MAD and, 3
negative functions of, 153–154	Microsoft, 77–78
CSIRO, 52	N-Data, 51
defined, 107, 182–184	Nokia, 77–78
in Europe, 104, 107–124	NPEs compared to, 130–131
lack of activity for, 115–124	patent litigation and, 27. See also Nokia v.
FRAND royalties, 193–195	TFTC
for hybrid PAEs, 78–79	predatory pricing models and, 2
in Korea, 141–142	price-fixing and, 189
SEPs and, 50, 54	privateering, 184–185
hybrid, 6	qualitative approach to, 188–193
antitrust law and, 73-74	disaggregators in, 189–190
in Asian region, 78–83	economic rationality in, 191–193
in China, 78–82	government agencies and, 190–191
under Clayton Act, 75–76	industry stakeholders in, 190–191
in Europe, 77–78	SEPs in, 192–193
FRAND royalties, 78–79	quantitative approach, 187–188
incentives of, 73–77	Rembrandt, 52



patent assertion entities (PAEs). (cont.)	Apple v. Samsung, 142–144
rent seeking and, 5	damage awards for
risk asymmetry of, 3	in Europe, 123
Rockstar, 51	in U.S., 114
RRC theory and, 177, 183	in Europe, 105–106
SEPs and, 50–51	costs of, 123
assertion landscape, 56-58	damage awards for, 123
FRAND royalties, 50, 54	fee-shifting in, 123
methodology for, 52–55	by NPE type, 108–109
in qualitative approach, 192–193	for software-based patents, 115-116
standards analysis, 53	in Korea, 147
study design for, 52–55	non-monetary remedies in, 118
as tax on innovation, 5	for NPEs, 27–28
types of, 4	aggregate trends, 32-34
in U.S., 1	cash-targeting strategies for, 39-40
damage awards for, 114	costs to targeted firms, 43-44
patent law and regulation, in U.S.	cross-country evidence for, 33-34
bottom-feeder patent trolls under,	damages from, 14–16
87–88	forum shopping for, 36–38
constitutional limits of, 85, 91–96	innovation reduction as result of, 31–32,
under First Amendment, 92, 94–95	42-43
under Supremacy Clause, 92	large sample evidence for, 31–41
demand letter regulations, 86	outcomes, with SEPs, 61–62, 68, 71
at federal level, 90–91	patent quality and, 32, 34–41
at state level, 88–90	PE litigation compared to, 39–41
under TROL Act, 91, 99–101	plaintiff classification in, 32–33
federal protections	survey evidence for, 29–31
demand letter regulations, 90–91	transfers to inventors and, 44–46
state cooperation and, 97–101	PAEs and, 27
FTC and, 90–91	PEs and
future applications of, 96–101	costs of, 21
immunity doctrine for, 86, 92–96	damages awards, 14–16
Federal Circuit Court development of,	NPE litigation compared to, 39–41
*	Qualcomm case, 144–145
92–94, 99	
under First Amendment, 92, 94–95	reverse payment in, 137 for SEPs, litigation outcomes with NPEs,
as matter of preemption, 92	
MPJH and, 93–94	61–62, 68, 71 in LLK 105
re-assessment of, 94–97	in U.K., 105
under Supremacy Clause, 92	in U.S., 110
under PATENT Act, 91	patent privateering. See also hybrid PAEs
for software-based patents, 116	
under state statutes, 88–90	as consumer welfare reducing tool, 82
federal cooperation and, 97–101	defined, 72
under TROL Act, 91, 99–101	functions of, 72
uniformity of, benefits of, 98	in Korea, 146–147
Patent Law of China, 154–157	MOSAID, 76–77
patent litigation. See also Germany, patent	Rockstar, 51, 76
litigation in; patent law and regulation,	patent quality, 30
in U.S.; United Kingdom, patent	NPE litigation and, 32, 34–41
litigation in; United States, patent	USTPO and, 1–2
litigation in	patent systems



patent trolls and, aggregation of patents by,	royalties and, 16
18–21	stacking of, 17–18
PEs and, aggregation of patents by, 18–21	predatory pricing models, PAEs and, 2
weakness of, 5	price-fixing, 189
patent trolls. See also non-practicing entities;	privateering. See patent privateering
patent assertion entities	privateering PAEs, 184–185
acquisition and aggregation of patents by,	property law, FRAND royalty commitments
18–21	and, 80–81
assertion tactics of, 21–22	Protecting American Talent and
bottom-feeder, 11, 21–22, 25, 85	Entrepreneurship (PATENT) Act
in China, 152–153	(U.S.), 91
costs of, 12–16	publicly-traded NPEs, 45
benefits in comparison to, 22–23	
as excessive, 10	Qualcomm case, in Korea, 144–145
myths about, 13–14	
PE costs compared to, 14–16	raising rivals cost (RRC) theory, 75, 177, 183
defined, 9	Rembrandt, 52
injunctions against, 24	rent seeking, PAEs and, 5
in IT industry, 9, 24	reverse payment, defined, 137
long-term assessment of, 23–25	risk asymmetry, of PAEs, 3
PEs and, 9–11	Rockstar, 51
aggregation of patents by, 18–21	patent privateering and, 76
assertion tactics of, 21–22	Roppo v. Hinode, 169
bartering and, 12	royalties
benefits in comparison to costs, 22-23	FRAND
costs of, 14–16	under antitrust law, 81–82
cross-licensing and, 13	contract law and, 80–81
injunctions for, 15	in hybrid PAE claims, 78–79
IT industry and, 16–18	in Korea, 141–142
litigation costs of, 21	property law and, 80–81
patent damages for, 14–16	SEPs and, 50, 54
royalties and, 16–18	for SSOs, 50, 54
types of, 11	under Korean IPR guidelines, 140–141
patented drugs, 138	PEs and, 16
PEs. See practicing entities	RRC theory. See raising rivals cost theory
picture archival and communications systems	
(PACS), 42–43	SEPs. See standards-essential patents
practicing entities (PEs), 9-11	Shapiro, Carl, 182
aggregation of patents by, 18-21	signaling theory, in predatory pricing models, 2
assertion tactics of, 21-22	software-based patents
bartering and, 12	defined, 116
costs of, 14-16	in Europe, 115–116
benefits in comparison to, 22-23	in U.S., 116
cross-licensing and, 13	standard setting organizations (SSOs)
injunctions for, 15	hybrid PAEs and, 81
IT industry and, 16	SEPs and, 50, 64–65
patent damages for, 14–16	FRAND loyalties for, 50, 54, 194
patent litigation and	standards-essential patents (SEPs)
costs of, 21	in Korea, 141–142
damages awards, 14–16	NPEs and
NPE litigation compared to, 39–41	limitations of studies on, 63–64



206 Index

standards-essential patents (SEPs) (cont.) Treaty on the Functioning of the European litigation outcomes, 61-62, 68, 71 Union (TFEU), 168 long-term implications of, 64-65 TROL Act. See Targeting Rogue and Opaque methodology for, 52-55 Letters Act plaintiff characteristics, 58-61, 69-70 study design for, 52-55, 63-64 UCPA. See Unfair Competition Prevention PAEs and, 50-51 assertion landscape, 56-58 U.K. See United Kingdom FRAND royalties, 50, 54 Unfair Competition Prevention Act (UCPA) limitations of, 63-64 (Japan), 163 litigation outcomes, 61-62, 68, 71 false announcement provisions, long-term implications of, 64-65 171-173 methodology for, 52-55 Imation v. One Blue, 172-173 plaintiff characteristics, 58-61, 69-70 unitary patent system, 117, in qualitative approach to, 192-193 standards analysis, 53 United Kingdom (U.K.) study design for, 52-55, 63-64 NPEs in, 107-110 patent litigation and, with NPEs, 61-62 patent litigation in, 105, 119-122 SSOs and, 50, 64-65 case settlement rates, 114 FRAND royalties for, 50, 54, 194 by case type, 112 costs of, 116-117, 123 Supremacy Clause, U.S. Constitution, 92 Supreme Court, U.S., 123 damage awards for, 117-118 IPCs and, 110 Taiwan IPEC and, 105-106 hybrid PAE claims in, 78-82 non-monetary remedies and, 118 Nokia v. TFTC, 178-185 PAEs and, 110-112 decision appeals, 180-181 U.S. standards for, 114 legal issues in, 181-182 win rates for, 110, 114 privateering PAEs and, 184-185 United States (U.S.). See also patent law and problems with decision, 186-187 regulation, in U.S. TFTC decision, 179–180 antitrust law in, 77-78 Taiwan Fair Trade Commission (TFTC), hybrid PAE claims in, 77-78, 82-83 PAEs in, 1 177-178, 195 Nokia v. TFTC decision, 179-180 damage awards for, 114, 117-118 appeals process, 180-181 patent litigation in, 110, 119-122 costs of, 116-117, 147 legal issues in, 181-182 Targeting Rogue and Opaque Letters (TROL) damage awards for, 114, 117-118 Act (U.S.), 91, 99-101 injunctions in, 118 TFEU. See Treaty on the Functioning of the invalidation of patents and, 118 European Union Supreme Court and, 123 TFTC. See Taiwan Fair Trade Commission software-based patents in, 116 third-party patents, 141-142 USTPO, patent quality and, 1-2