

Digital innovation downturn as patent trolls invade Europe

IP2Innovate demands urgent action from the European Commission

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The EU is facing a new explosion of patent infringement lawsuits from so-called patent trolls that are abusing Europe's legal system(s) for financial gain. The large majority of such cases are filed in Germany and France. In Germany they now make up a staggering 20 percent of all patent lawsuits.

- On 21 February 2017, Marathon filed against Honeywell and Somfy in Germany.
- On 13 February 2017, Marathon filed against Telecom, Vodafone, Telefonica, Google, ZTE and Xiaomi Technology in Germany.
- On 15 November 2016, Intellectual Ventures filed against SFR in France.

IP2Innovate asked the European Commission to take concrete steps to prevent further abuses by patent trolls of the EU legal system. The abusive practices of patent trolls, also known as patent assertion entities, cause great uncertainty for business, add unnecessary costs, scare investors, stifle innovation, slow development and the introduction of new products, and even force businesses to shut down.

But European Commissioner for the Digital Single Market, Andrus Ansip disagrees that new action is needed. IP2Innovate is now urging the European Commission to investigate the scale of the problem to better appreciate the risks to business and innovation and take steps to protect European innovators. 80 per cent of lawsuits filed outside the US by patent assertion entities happen in Europe. The majority have been filed in Germany in the past two years.

IP2Innovate is a new and rapidly growing coalition of small and large companies that create innovative products and services in Europe and collectively hold thousands of European patents. IP2Innovate members have directly experienced patent assertion entities that are adept at exploiting the rigidities of Europe's patent systems on automatic permanent injunctions, inadequate fee-shifting and poor quality patents.

Patrick Oliver, Executive Director of IP2Innovate said, "The risk will only increase with the implementation of the Unified Patent Court which will make Europe an even more attractive venue for patent abuses. The European Commission must get tough with US patent trolls."

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Notes to editors

[Watch the video](#) on patent trolls (patent assertion entities), how they operate and how they damage innovation. PAEs don't produce products or services. Instead they buy up patents and use high costs of litigation and threats of automatic injunction to force settlement payments by companies that cannot afford to defend themselves or cannot risk having business shut down for infringement by a minor feature. **Read background articles on PAEs**

[Read IP2Innovate's letter](#) of February 22nd to Vice President Ansip and his [response](#)

[Read IP2Innovate's position paper](#)

To keep pace with digital innovation, Europe needs a robust, balanced and flexible patent legal system that recognises PAE abuses and has the ability to respond fairly in the common interests of European society, industry and consumers. Europe needs a legal system that provides fair remedies for infringement that are proportional to the contribution of the patented invention.

Read about the growing number of lawsuits in Europe <http://www.darts-ip.com/the-rise-of-non-practicing-entity-npe-cases-outside-the-united-states/> and check out our [matrix of known cases](#). The numbers do not include the additional cases that settled before a court hearing or that have not yet reached that stage. The total number of PAE patent infringement cases is actually much higher.

- <http://www.marathonpg.com/news/press-releases/detail/1147/marathon-patent-groups-wholly-owned-subsi-dary-magnus-ip>
- <http://www.marathonpg.com/news/press-releases/detail/1145/marathon-patent-groups-wholly-owned-subsi-dary-munitech-ip>
- <http://www.intellectualventures.com/news/legal-updates/intellectual-ventures-files-patent-infringement-complaint-against-sfr>

The Unified Patent and the Unified Patent Court will introduce many advantages over today's national and European patents, including unitary patent coverage, cost savings, efficiencies in enforcement actions and technically trained judges, amongst others. However, with its EU wide enforcement opportunities, including EU wide injunctions covering a market larger than the US, it will also offer PAEs fertile ground if the threat is not recognised and safeguards are not introduced. [NPE patent litigation in Germany: recent trends and strategies](#) says the availability of **preliminary injunctions** and expected **costs of litigation** are key factors for litigation venue and the uncertainty triggered by Brexit on the future of Europe's new unitary patent system has reinforced **Germany as patent litigation 'hotspot'**.