

## **Filippo Mezzanotti, “Roadblock to Innovation: The Role of Patent Litigation in Corporate R&D”, Management Science, 2 February 2021**

The author examines how patent enforcement affects corporate research and development (R&D), exploiting the legal changes induced by the Supreme Court decision *eBay v. MercExchange*. This ruling increased courts' flexibility in remedying patent cases and effectively lowered the potential costs of patent litigation for defendants. For identification, the author compares innovative activity across firms differentially exposed to patent litigation before the ruling. Across several measures, the author finds that the decision led to a general increase in innovation. This result confirms that the changes in enforcement induced by the ruling reduced some of the distortions caused by patent litigation. Exploring the channels, the author shows that patent litigation negatively affects investment because it lowers the returns from R&D and exacerbates its financing constraints.