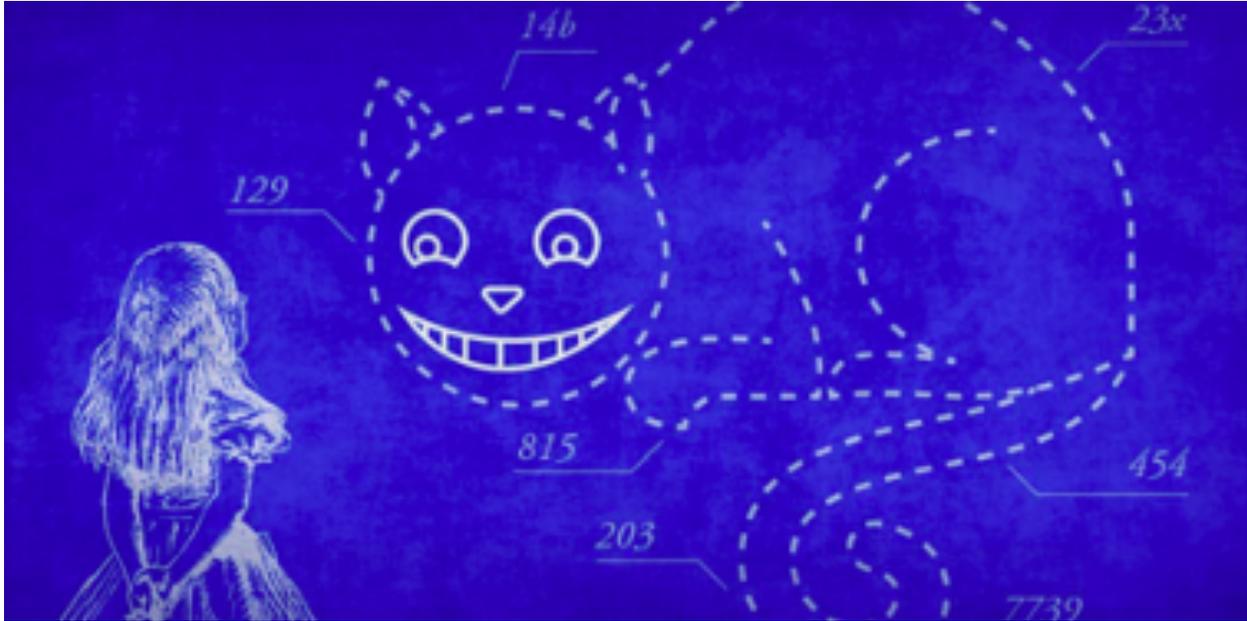


Taking A Stand Against Patent Trolls



Patent trolls don't build or invent anything—they just threaten and sue those who do. Armed with overly broad and often dubious patents, they pressure businesses to settle rather than face the high cost and uncertainty of litigation. Trolls often demand less than a lawsuit would cost, making settlement the cheaper, but damaging, option. The result: developers and businesses lose time and money. Innovation suffers.

Trolls exploit vague software patents to target everyone from major tech firms to startups, app developers, Main Street businesses, and even end users. One troll, My Health, targeted telehealth companies based on a patent issued decades after telehealth technology was already in use. Another troll, DietGoal, sued makers of restaurant apps simply for using picture menus.

One troll, Personal Audio, even claimed to own the concept of podcasting—and went after creators and publishers alike. EFF fought back and got the patent thrown out. EFF is fighting for a patent system that rewards innovation, not legal threats—through action in Congress, the courts, and the Patent Office.

Hundreds of Lawsuits, No Wins: The Shipping & Transit Story

Shipping & Transit (formerly known as ArrivalStar) was one of the most aggressive patent litigants in U.S. history—filing more than 500 lawsuits based on patents so weak, they were later valued at just one dollar. The company claimed it had “invented” the process of tracking packages and sending status updates. Its targets ranged from large shipping firms to tiny online retailers, who were told they'd infringed simply by emailing tracking links.

The company's tactics were simple: demand quick settlements that cost less than hiring a lawyer. If a target pushed back, they dropped the case to avoid judicial scrutiny. Judges described this as “exploitative litigation.” But for years, the system let it continue.

That changed when courts began ordering Shipping & Transit to pay defendants' legal fees. This shift was made possible by a Supreme Court ruling in a case called *Octane Fitness*, a case where EFF urged the Court to adopt a tougher standard against abusive patent lawsuits. The new standard finally made it easier to penalize abusive patent lawsuits.

EFF helped build the tools that brought Shipping & Transit down. But the patent system still enables this kind of abuse. Today's trolls are harder to spot, and use more sophisticated tactics.

Shell Companies, Real Harm

Some patent trolls don't even put their own names on their lawsuits. One of the most prolific filers in recent years, IP Edge, set up dozens of shell companies to hide its role in hundreds of patent suits. Each held vague software patents and targeted businesses with litigation. These shells were controlled behind the scenes by IP Edge and its lawyers. In one case, the patent originated with Nokia, passed through a French government-backed investment fund before landing in a U.S. shell company—showing how outside investors now fuel U.S. patent trolling.

When a federal judge in Delaware began investigating who was really behind these cases, IP Edge tried to block the inquiry. EFF joined the fight, urging the appeals court to let the investigation proceed—and won. Our message was simple: the public deserves to know who's really behind patent lawsuits in our courts.

The investigation moved forward, and what it uncovered was a blueprint for abuse. But one judge's scrutiny isn't enough. EFF is fighting for stronger transparency rules and real reform. Without them, trolls will keep using secrecy and shell games to profit from bad patents.

Defending Alice, Defending Innovation

A landmark Supreme Court ruling in 2014 delivered the biggest blow yet to patent abuse. In *Alice v. CLS Bank*, the Court held that abstract ideas don't become patentable just because they're implemented on a generic computer. This ruling has helped stop thousands of vague, overbroad software patents—especially those used by trolls.

EFF filed a key brief in the Alice case, urging the Court to adopt a standard that could shut down abusive litigation. The Court agreed. Today, Alice is one of the strongest tools for fighting back against bad patents.

But the battle isn't over. Trolls and their allies are working to dismantle Alice. Industry groups like the Intellectual Property Owners Association are pushing changes that would make virtually any idea patentable again—even basic ideas implemented using code.

EFF is fighting to defend Alice—in Congress, in court, and at the Patent Office. Without Alice, developers, startups, and small businesses will face a wave of threats from patents that never should have existed.

The Electronic Frontier Foundation is the leading nonprofit defending digital privacy, free speech, and innovation. <https://eff.org>