SHIELD Act would protect American tech start-ups from predatory lawsuits []

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**WASHINGTON, DC** – Today, Congressman Peter DeFazio (D-OR) introduced HR 6245, the bipartisan Saving High-tech Innovators from Egregious Legal Disputes (SHIELD) Act to protect American tech companies from frivolous patent lawsuits that cost jobs and resources. The SHIELD Act will put the financial burden on so-called "patent trolls" that buy patents solely to sue the American tech startups that created the products. The SHIELD Act is cosponsored by Congressman Jason Chaffetz (R-UT).

The SHIELD Act is supported by a broad coalition of software and computer hardware companies, consumer groups, and venture capitalists.

"Patent trolls don't create new technology and they don't create American jobs," said DeFazio. "They pad their pockets by buying patents on products they didn't create and then suing the innovators who did the hard work and created the product. These egregious lawsuits hurt American innovation and small technology start ups, and they cost jobs. My legislation would force patent trolls to take financial responsibility for their frivolous lawsuits."

This bipartisan legislation comes after DeFazio heard from small technology firms in his district struggling as a result of costly patent troll litigation.

"The SHIELD Act ensures that American tech companies can continue to create jobs, rather than waste resources on fending off frivolous lawsuits. A single lawsuit, which may easily cost over \$1 million if it goes to trial, can spell the end of a tech startup and the jobs that it could have created. The tech industry is one of the few bright spots in our economy. It spurs the

economy and creates thousands of high-quality jobs. This bill combats the problem of patent trolls by moving to a 'losers pays' system for software and hardware patent litigation," said Chaffetz.

Patent trolls often buy broad patents that allow them to file flimsy lawsuits against multiple companies for infringement. Despite very thin evidence to back their lawsuits, companies are often forced to settle because going to court can easily cost over \$1 million in legal costs even if the company prevails. Patent trolls most often target software and computer hardware companies. According to a recent Boston University study, patent troll suits cost American technology companies over \$29 billion in 2011 alone.

The SHIELD act will force patent trolls to take financial responsibility for their lawsuits by allowing defendants to recoup money spent to successfully defend themselves against junk lawsuits.

The SHIELD Act does not affect innovators with legitimate patent infringement claims.

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