

## *The Giants Among Us*

**Tom Ewing**

JD, MS, MA, Licentiate in Industrial Management & Economics (expected 2012)

**Robin Feldman**

Professor of Law & Director of LAB Project, UC Hastings Law  
feldmanr@uchastings.edu

The patent world is undergoing a change of seismic proportions. A small number of entities have been quietly amassing vast treasuries of patents. These are not the typical patent trolls that we have come to expect. Rather, these entities have investors such as Apple, Google, Microsoft, Sony, the World Bank, and non-profit institutions. The largest and most secretive of these has accumulated a staggering 30,000-60,000 patents.

Investing thousands of hours of research and using publicly available sources, we have pieced together a detailed picture of these giants and their activities. We consider first the potential positive effects, including facilitating appropriate rewards for forgotten inventors, creating a market to connect innovators with those who can manufacture their inventions, and most important, operating as a form of insurance – something akin to an Anti-Troll defense fund.

We turn next to the potential harmful economic effects, including operating as a tax on current production and facilitating horizontal collusion as well as single firm anticompetitive gamesmanship that can raise a rival's costs. Most important, we note that mass aggregation may not be an activity that society wants to encourage, given that the successful aggregator is likely to be the one that frightens the greatest number of companies in the most terrifying way.

We argue that mass aggregators have created a new market for monetization of patents. It is vast, rapidly growing, and largely unregulated. We conclude with some normative recommendations, including that proper monitoring and regulation will require a shift in the definition of markets as well as a different view of corporations and their agents.