

**U.S. Senate Committee on the Judiciary  
Subcommittee on Intellectual Property**

**HEARING**

**THE RESTORE PATENT RIGHTS ACT:  
RESTORING AMERICA'S STATUS AS THE GLOBAL IP LEADER**

December 18, 2024, Washington, DC

Written testimony submitted by:

Jorge L. Contreras  
James T. Jensen Endowed Professor for Transactional Law  
Director of the Program on Intellectual Property and Technology Law  
University of Utah S.J. Quinney College of Law  
Salt Lake City, Utah

**PERMANENT INJUNCTIVE RELIEF IN U.S. PATENT CASES**

Chairman Coons, Ranking Member Tillis, and distinguished Members of the Subcommittee: I thank you for the opportunity to testify today. My name is Jorge Contreras and I am the James T. Jensen Endowed Professor for Transactional Law and Director of the Program on Intellectual Property and Technology Law at the University of Utah. In addition to my JD degree, I hold an undergraduate degree in electrical and computer engineering. For nearly two decades I practiced transactional IP law at a major international firm and now, as an academic, write extensively on IP law and patent remedies in particular, including two books and numerous articles relating to injunctive relief in patent cases (see Selected Writings, below). I also serve as the Chair Elect of the Remedies Section of the Association of American Law Schools (AALS) and am an elected member of the American Law Institute. As such, I am very familiar with the topic of today's hearings.

I offer the below comments to clear up some misconceptions, inaccuracies and exaggerations that have characterized the rhetoric surrounding injunctive relief in patent cases and the

Supreme Court's 2006 decision in *eBay v. MercExchange*.<sup>1</sup> In particular, I will address the following:

- Permanent injunctions are still issued in roughly 75% of patent infringement cases;
- U.S. courts have authorized unenjoined infringement of patents only 32 times in 15 years;
- Enhanced damages continue to be available to deter willful patent infringement;
- There is no evidence that *eBay* has depressed patent damages awards;
- There is no Constitutional right to a patent injunction;
- For-profit patent assertion entities (PAEs) will benefit the most from the RESTORE Patent Rights Act;
- It is reasonable for firms to resist unverified PAE licensing demands; and
- Other countries view *eBay* as an inspiration when formulating rules regarding the need for proportionality in the issuance of patent injunctions.

### **Permanent Injunctions are Still Issued in Roughly 75% of Patent Infringement Cases**

Much of the recent commentary concerning injunctive relief in patent cases gives the impression that, following *eBay*, permanent injunctions are no longer available to patent holders. Yet as every published study conducted since the *eBay* decision has clearly demonstrated, permanent injunctions continue to be issued by district courts in approximately **75% of patent cases**.<sup>2</sup>

---

<sup>1</sup> While I was a partner at WilmerHale, the firm represented *MercExchange* (unsuccessfully) at the Supreme Court. I was not personally involved in the case.

<sup>2</sup> See Jorge L. Contreras & Jessica Maupin, *Unenjoined Infringement and Compulsory Licensing*, 38 BERKELEY TECH. L.J. 661, 690 (2023) (72% grant rate from *eBay* to mid-2021); Christopher B. Seaman, *Permanent Injunctions in Patent Litigation After eBay: An Empirical Study*, 101 IOWA L. REV. 1949, 1982–83 (2016) (72.5% grant rate from *eBay* to 2013); THOMAS F. COTTER, *COMPARATIVE PATENT REMEDIES: A LEGAL AND ECONOMIC ANALYSIS* 103 (2013) (75% grant rate from 2007 to 2011); Colleen V. Chien & Mark A. Lemley, *Patent Holdup, the ITC, and the Public Interest*, 98 CORNELL L. REV. 1, 9–10 (2012) (75% grant rate from *eBay* to 2011); Colleen V. Chien, *Patently Protectionist? An Empirical Analysis of Patent Cases at the International Trade Commission*, 50 WM. & MARY L. REV. 63, 98–99 (2008) (79% grant rate in year following *eBay*).

Accordingly, injunctions in patent cases are not “lost” or “off the table”. Rather, they remain available in most cases to most patent holders.<sup>3</sup>

### **Courts Have Only Authorized Continued Infringement After Denying an Injunction 32 Times from 2006 to 2021**

Despite claims that *eBay* has instigated widespread “predatory infringement” by firms that no longer fear injunctions, the reality is that courts have authorized the unenjoined infringement of valid patents only a handful of times. In a study that I co-authored in 2023, we reviewed every district court case decided between 2006 and 2021 in which a finding of patent infringement was made and a permanent injunction was denied.<sup>4</sup> Of 272 such cases, a permanent injunction was denied in only 77 (28%). Of these 77 cases, 45 were dismissed or settled prior to a judicial ruling on compensation. Accordingly, during the that we studied, courts authorized an infringer to continue infringing a valid patent *only 32 times* in 15 years: approximately *twice per year*. This is hardly an avalanche of infringement that will derail the U.S. innovation economy, as critics have claimed.

### **Enhanced Damages Continue to Be Available to Deter Willful Infringement**

Critics have alleged that *eBay*’s heightened standard for obtaining a permanent injunction has led predatory firms to infringe patents with impunity, adopting an “infringe now, pay later” attitude. This theory, however, ignores the very real likelihood that willful infringement will result in an infringer being liable for enhanced damages up to three times the amount that would otherwise be assessed.<sup>5</sup> One recent study finds that between 2016 and 2020, willfulness was found in approximately 65% of patent infringement cases, and damages were enhanced as a

---

<sup>3</sup> As discussed below, it is primarily patent assertion entities (PAEs) that have found the greatest difficulty obtaining permanent injunctions after *eBay*.

<sup>4</sup> Contreras & Maupin, *supra* note 2, at 689.

<sup>5</sup> 35 U.S.C. § 284 (“the court may increase the damages up to three times the amount found or assessed”); *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016).

result in approximately 60% of those cases.<sup>6</sup> According to a different study, the average multiplier for enhanced patent damages between 2018 and 2022 was 2.0 for patents held by NPEs and 2.4 for patents held by practicing entities.<sup>7</sup> The very real likelihood of such a damages multiplier is a significant deterrent to patent infringement.

Furthermore, I am aware of no evidence that willfulness findings or enhanced damages were affected (and certainly not reduced) by the *eBay* decision. Rather, two important post-*eBay* cases, *In re. Seagate* (Fed. Cir. 2007)<sup>8</sup> and *Halo v. Pulse* (U.S. 2016)<sup>9</sup> successively altered the landscape for patent enhanced damages, with *Seagate* reducing the number of willfulness and enhancement decisions and *Halo* then increasing them.<sup>10</sup> PWC found in its 2018 patent litigation study that judicial willfulness findings increased from 36% pre-*Halo* to 54% post-*Halo*.<sup>11</sup> Not one empirical study of willful infringement or enhanced damages of which I am aware mentions *eBay* as even a *possible* cause of any effect on these findings. Today, under the *Halo* framework, willfulness findings are very real threats for patent infringers, and there is no evidence that the 18-year old *eBay* precedent now has, or ever had, an impact on this area of the law.

### **There is no Evidence that *eBay* has Depressed Patent Damages Awards**

Critics have claimed that patent damages awards have fallen in the years following *eBay*, indicative of an overall devaluation of patents resulting from the decision. However, this reduction is seen only if default judgments (traditionally unopposed, low damages awards) are

---

<sup>6</sup> Karen E. Sandrik, *An Empirical Study: Willful Infringement & Enhanced Damages in Patent Law After Halo*, 28 MICH. TECH. L. REV. 61, 93-94 (2021).

<sup>7</sup> Marcum LLP, 2024 Marcum Patent Litigation Study 16 (2024).

<sup>8</sup> *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc), cert. denied, 552 U.S. 1230 (2008).

<sup>9</sup> *Halo Electronics, Inc. v. Pulse Electronics, Inc.* 579 U.S. 93 (2016).

<sup>10</sup> See Sandrik, *supra* note 6, at 93-94. See also Christopher B. Seaman, *Willful Patent Infringement and Enhanced Damages After In Re Seagate: An Empirical Study*, 97 IOWA L. REV. 417 (2012).

<sup>11</sup> PWC, 2018 Patent Litigation Study 17 (May 2018).

included.<sup>12</sup> Excluding default judgments, median patent damages awards significantly increased after *eBay*.<sup>13</sup> Moreover, even if a decline in patent damages levels did emerge in recent years, causally linking such a decline to the *eBay* decision, without clear evidence, would be a matter of pure speculation, particularly given the number of major changes to U.S. patent law, both statutory and judicial, that have occurred in the eighteen years since *eBay* was decided.

### **There is No Constitutional “Right” to a Patent Injunction**

Article I, Section 8, Clause 8 of the U.S. Constitution grants Congress the power “to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” As such, the power to establish a patent system is one of many enumerated powers granted to Congress under the Constitution, alongside the power to coin money, establish post offices, maintain a navy and the like.<sup>14</sup> The Constitutionally guaranteed “rights of the people”, such as the free exercise of religion, free speech, and security against unreasonable searches and seizures, are enumerated in the Bill of Rights, ratified in 1791, and subsequent constitutional amendments. Notably, the Bill of Rights does not recognize an inventor’s right to *receive* patent protection for any particular invention, and certainly not to enforce patents by means of injunctive relief.<sup>15</sup> The Constitution gives Congress the power to create patents but does not give them the stature of individual rights. Thus, when the RESTORE Patent Rights Act refers to the use of injunctions to “secure[] the

---

<sup>12</sup> Marcum, *supra* note 7, at 8.

<sup>13</sup> *Id.* See also PWC, *supra* note 11, at 5 (“Median damages have been trending upward for the last 20 years when summary and default judgments are excluded.”)

<sup>14</sup> The Supreme Court confirmed this understanding in 2018, clarifying that patents are “public franchises” granted by the USPTO under the authority of Congress. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 584 U.S. 325, 325-26 (2018).

<sup>15</sup> There is some evidence that James Madison, writing in the *Federalist Papers* (No. 43, 1788), believed that patent protection *should* be recognized as a common law right. See Makan Delrahim, *The “New Madison” Approach to Antitrust and Intellectual Property Law – Remarks as Prepared for Delivery at the University of Pennsylvania Law School* 1-2 (Mar. 15, 2018). However, this view did not prevail and no such right was recognized in the Bill of Rights. Moreover, Madison’s views on the patent system are more nuanced than suggested by his single statement in *Federalist No. 43*. See Jorge L. Contreras, “*Not*” *Madison*, 2021 CPI ANTITRUST CHRON. (Jul. 2021).

constitutionally protected patent right”,<sup>16</sup> it inaccurately portrays patents as individual rights protected by the Constitution, rather than grants made by Congress pursuant to its Constitutional authority. The difference is significant, and, unfortunately, has muddied the public discourse concerning injunctive relief in patent cases.

### **For-Profit PAEs Will Be the Biggest Beneficiaries of the RESTORE Patent Rights Act**

The RESTORE Patent Rights Act claims that it will help “undercapitalized entities, individuals and institutions of higher education” that are victimized by the “predatory acts of infringement” of “large multinational companies”.<sup>17</sup> Yet the romantic image of a modern-day Morse or Edison beset by corporate behemoths is largely a myth that is belied by the realities of corporate and institutional R&D, not to mention modern patent litigation.<sup>18</sup> As reported by Bloomberg, in 2022 all ten of the top ten filers of patent litigation in the United States were non-practicing entities whose “main source of revenue is through suing larger companies for patent infringement”<sup>19</sup> (patent assertion entities or PAEs). The top litigation filer, PAE Cedar Lane Technologies, was single-handedly responsible for 179 separate suits. The targets of PAE litigation are typically large “brand name” companies. In 2022, these included Alphabet (Google), Samsung, Amazon, Apple, Lenovo, Microsoft, Walmart, AT&T, Cisco and Verizon. In the first quarter of 2024 alone PAEs sued 420 new defendants for patent infringement, representing more than 60% of all infringement filings.<sup>20</sup>

By the same token, it is widely known that the largest impact of the *eBay* decision has been on PAEs. Because PAEs do not manufacture or sell products, but only monetize patents, their sole goal in asserting patents is to extract revenue from alleged infringers. As such, it is difficult for PAEs to demonstrate under the first and second *eBay* factors that they would be irreparably

---

<sup>16</sup> RESTORE Patent Rights Act, § 2, ¶ 4 (draft accessed online at [https://www.coons.senate.gov/imo/media/doc/restore\\_act\\_bill\\_text.pdf](https://www.coons.senate.gov/imo/media/doc/restore_act_bill_text.pdf), Dec. 6, 2024).

<sup>17</sup> *Id.* § 2, ¶ 7.

<sup>18</sup> See Mark A. Lemley, *The Myth of the Sole Inventor*, 110 MICHIGAN LAW REVIEW 709 (2012).

<sup>19</sup> Bloomberg Law, 2023 Litigation Statistics Series: Patent Litigation 14 (2023).

<sup>20</sup> RPX, Q1 in Review at 2 (Apr. 2024).

harmed absent the issuance of an injunction and that they could not adequately be compensated by money damages.<sup>21</sup> For these reasons, the rates at which PAEs have been awarded permanent injunctions following *eBay* have been in the 10% to 20% range.<sup>22</sup> Needless to say, the creation of a presumption of irreparable harm under the RESTORE Patent Rights Act would make it significantly easier for PAEs to obtain injunctive relief – the reason that PAEs and their counsel are among the strongest supporters of this legislation.

### **It is Reasonable for Firms to Resist Unverified PAE Licensing Demands**

Many critics of *eBay* claim that firms that do not readily enter into patent licensing agreements with PAEs are acting in a predatory or unethical manner. Some have gone so far as to decry this refusal as contrary to the rule of law. These critiques hinge on the fact that without the strong threat of injunctive relief, PAEs have less bargaining leverage with which to extract royalties from operating companies. Yet far from being unethical, it is entirely reasonable for a firm to resist a PAE licensing demand that involves patents of questionable validity where, as is often the case, patents are not mapped to the allegedly infringing products.<sup>23</sup> Many PAE assertion campaigns target dozens or hundreds of different companies and products, resulting in demands that are largely generic and nonspecific. Moreover, every year a significant number of patents are found invalid, either at the PTAB or in court.<sup>24</sup> Thus, when an American operating company is approached by a PAE, there are good odds that some or all of the asserted patents are invalid.

---

<sup>21</sup> See *The Injunction Function: Is IP Law Promoting Markets for Innovators and Creators?*, 32 FED. CIR. BAR J. 335, 339 (2019) (remarks by Laura Sheridan: “[NPEs] want to maximize licensing fees. And the only reason the NPE seeks an injunction is to leverage that threat to shut down a product to extract more than the patent is actually worth.”) Some critics have suggested that courts have categorically denied permanent injunctive relief to NPEs on the basis of Justice Kennedy’s concurring opinion in *eBay*. I find little evidence supporting this claim.

<sup>22</sup> See COTTER, *supra* note 2, at 103 (NPEs have a substantially lower success rate in obtaining permanent injunctions than operating entities); Seaman, *supra* note 2, at 1987–88 (in the eight years after *eBay* was decided, permanent injunctions were issued in only 16% of cases in which the patentee was an NPE).

<sup>23</sup> Mark A. Lemley, Kent Richardson & Erik Oliver, *The Patent Enforcement Iceberg*, 97 TEX. L. REV. 801, 810 (2017) (“a significant minority of assertions (246, or 41%) actually included a claim chart mapping at least one claim to the target’s products”).

<sup>24</sup> See U.S. Patent & Trademark Off., PTAB Trial Statistics FY23 End of Year Outcome Roundup IPR, PGR (2023).

Compounding this fact, many consider PAEs to assert patents of low quality.<sup>25</sup> In addition, the claims of many asserted patents – especially in the software industry -- are ambiguous and do not describe how a particular technology works, only its end function.<sup>26</sup> In all of these cases, it may only be through challenge and litigation that a patent asserted by a PAE can be assessed and valued definitively.

### **Other Countries View *eBay* as an Inspiration When Formulating Rules Regarding the Need for Proportionality in the Issuance of Patent Injunctions**

Critics of *eBay* claim that the case has made the U.S. an outlier in terms of international patent enforcement, especially compared to jurisdictions such as Germany that are reputed to issue injunctions almost automatically when a patent is infringed.<sup>27</sup> Yet the enthusiasm of foreign jurisdictions for automatic injunctions has been waning. As early as 2004, the European Union adopted a Directive on the Enforcement of Intellectual Property Rights which provides that “remedies necessary to ensure the enforcement of ... intellectual property rights” must, among other things, be “proportionate”.<sup>28</sup> Such proportionality considerations have now been adopted in the national laws of countries including Germany (as of 2021),<sup>29</sup> and numerous EU scholars and policy makers have acknowledged the guidance that *eBay* offers for implementing these principles.<sup>30</sup> As one commentator recently observed, “*eBay* is an obvious source of inspiration

---

<sup>25</sup> John R. Allison, Mark A. Lemley & David L. Schwartz, *How Often Do Non-Practicing Entities Win Patent Suits?*, 32 BERKELEY TECH. L.J. 235, 237-38 (2017).

<sup>26</sup> Mark A. Lemley, *Software Patents and the Return of Functional Claiming*, 2013 WIS. L. REV. 905 (2013).

<sup>27</sup> See Katrin Cremers et al., *Invalid but Infringed? An Analysis of the Bifurcated Patent Litigation System*, 131 J. ECON. BEHAVIOR & ORG. 218 (2016).

<sup>28</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, Art. 3.

<sup>29</sup> See Matthias Leistner & Viola Pless, *European Union, in INJUNCTIONS IN PATENT LAW: TRANS-ATLANTIC DIALOGUES ON FLEXIBILITY AND TAILORING* 26, 30-33 (Jorge L. Contreras & Martin Husovec eds., 2022); Peter Georg Picht & Jorge L. Contreras, *Proportionality Defenses in FRAND Cases: A Comparative Assessment of the Revised German Patent Injunction Rules and U.S. Case Law*, 72 GRUR INTL. 435 (2023).

<sup>30</sup> See, e.g., Rafał Sikorski, *Realizing the potential of proportionality in patent enforcement: A case for amending IPRED*, EUR. INTELL. PROP. REV. (2025 forthcoming); Peter Georg Picht & Jorge L. Contreras, *Proportionality*



for those who advocate a European proportionality test.”<sup>31</sup> Moreover, even in jurisdictions where statutory rules do not expressly require the consideration of proportionality when issuing patent injunctions, courts have adopted tailoring measures to mitigate the negative impact of such injunctions.<sup>32</sup> Thus, the concepts of balance and proportionality in patent injunctions, which are exemplified by the *eBay* framework, are taking root around the world. It is ironic, then, that the U.S. would now consider weakening the foundations of this principle at home.

### Conclusion

For the reasons stated above, the courts should be permitted to continue to apply the *eBay* four-factor analysis when considering the issuance of permanent injunctive relief in patent cases. This analytical framework has served American businesses and the economy well over nearly two decades and has done so in an effective, clear and exemplary manner. Ceding these benefits to patent asserters, many of which are foreign corporations and PAEs, would likely cause more harm than good to the American economy.

---

*Defenses in FRAND Cases: A Comparative Assessment of the Revised German Patent Injunction Rules and U.S. Case Law*, 72 GRUR INTL. 435 (2023).

<sup>31</sup> LÉON DIJMAN, THE PROPORTIONALITY TEST IN EUROPEAN PATENT LAW 140 (2023).

<sup>32</sup> See Jorge L. Contreras & Martin Husovec, *Issuing and Tailoring Patent Injunctions – A Cross-Jurisdictional Comparison and Synthesis*, in INJUNCTIONS IN PATENT LAW, *supra* note 29, at 313.

### Biographical Information

Jorge L. Contreras is the James T. Jensen Endowed Professor for Transactional Law and Director of the Program on Intellectual Property and Technology Law at the University of Utah S.J. Quinney College of Law. He has served as a visiting fellow at the London School of Economics and Political Science and the Tilburg Law and Economics Center at Tilburg University and is currently serving as a visiting professor at the University of Minnesota School of Law. Before entering academia, Professor Contreras was a partner at the international law firm Wilmer Cutler Pickering Hale and Dorr LLP, where he practiced transactional IP law in Boston, London and Washington DC. His academic research focuses, among other things, on intellectual property, antitrust law, technical standards and science policy. He is the author or editor of fourteen books and has published more than 150 scholarly articles and chapters. He is the recipient of numerous awards and honors, including the University of Utah's Distinguished Research Award, an elected member of the American Law Institute and Chair Elect of the Section on Remedies of the Association of American Law Schools (AALS). Professor Contreras has previously testified before committees of the U.S. Senate and House of Representatives, the Federal Trade Commission, the European Commission and courts in North and South America, Europe and Asia, and is regularly quoted by news outlets such as the *New York Times*, *Wall Street Journal*, *Economist*, *Bloomberg*, *Law360*, and *CNN*. He is an honors graduate of Harvard Law School (JD) and Rice University (BSEE, BA), and clerked for Chief Justice Thomas R. Phillips of the Texas Supreme Court.

### Selected Writing on Patent Injunctions

#### Books

- INJUNCTIONS IN PATENT LAW: TRANS-ATLANTIC DIALOGUES ON FLEXIBILITY AND TAILORING (Jorge L. Contreras & Martin Husovec, eds., Cambridge Univ. Press, 2022)
- PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS (C. Bradford Biddle, Jorge L. Contreras, Brian J. Love, Norman V. Siebrasse, eds., Cambridge Univ. Press, 2019)

#### Articles and Chapters

- *Preliminary Injunctive Relief in Patent Cases: Repairing Irreparable Harm*, 31 TEX. INTELL. PROP. L.J. 63 (2023) (with John C. Jarosz & Robert L. Vigil)
- *Unenjoined Infringement and Compulsory Licensing*, 38 BERKELEY TECH. L.J. 661 (2023) (with Jessica Maupin)
- *Proportionality Defenses in FRAND Cases: A Comparative Assessment of the Revised German Patent Injunction Rules and U.S. Case Law*, 72 GRUR INTL. 435 (2023) (with Peter Georg Picht)
- *Issuing and Tailoring Patent Injunctions – A Cross-Jurisdictional Comparison and Synthesis*, in INJUNCTIONS IN PATENT LAW: TRANS-ATLANTIC DIALOGUES ON FLEXIBILITY AND TAILORING 313 (Jorge L. Contreras & Martin Husovec eds., 2022) (with Martin Husovec)
- *Injunctive Relief*, in PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS 115 (C. Bradford Biddle et al. eds., 2019) (with multiple authors)
- *Injunctive Relief in U.S. Patent Cases*, in PATENT LAW INJUNCTIONS Ch. 1 (Rafał Sikorski ed., 2018)