

Impact of Litigation Financing Disclosures on Patent Litigation

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Abstract

This paper investigates the impact of mandatory litigation financing disclosures on litigation outcomes, particularly in patent litigation. Despite the increasing importance of litigation funding, transparency regarding funders' involvement remains limited. Using a differences-in-differences model, the study examines the effects of recent disclosure mandates implemented in federal courts. The findings unveil a notable reduction in the volume of cases instigated by Non-Practicing Entities (NPEs) following the mandate, alongside indications of strategic forum shopping aimed at circumventing disclosure requirements. Furthermore, the study finds reductions in settlement time for cases filed by likely financially constrained plaintiffs after the introduction of mandatory funding disclosures. In summary, this paper illuminates the complex relationship between disclosure regulations and NPE activities, highlighting the potential unintended consequences arising from seemingly well-intentioned reforms within the legal system.

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Chapter 1

Introduction

Should litigants be mandated to disclose information about their funding arrangements? If so, to what extent should such disclosure be required? The realm of litigation funding, akin to the financial market for firms, has become a focal point of debate regarding the necessity and specifics of disclosure regulation (Keller and Stroud, 2023). Despite litigation funders' growing stake in cases,¹ courts frequently lack visibility into litigation funders' involvement in cases, as the funding agreements between funders and clients are typically kept private and confidential. (United States Government Accountability Office, 2022; Gershman, 2018; Zigelman, Duffy, Zigelman, and Duffy, 2023). When confronted with demands for disclosure, plaintiffs commonly either abstain from revealing funding details entirely or intentionally shroud defendants in ambiguity (Spangler, Feman, and Est, 2020; Russell, 2022). This strategic obfuscation stems from concerns that exposing the specifics of litigation funding could prompt adversarial defense tactics from opposing parties. Such tactics are designed to exploit plaintiffs' vulnerabilities, deplete their financial resources, disrupt their legal strategies, and potentially sway case outcomes (Moore, 2007; Chien, 2013; Cicchini, 2018; Sipe, 2019; Karpan, 2023).²

As with financial markets, there is no universal consensus on the nature of mandatory

¹Litigation financing is one of the newest developments in modern litigation, estimated as a \$13.5 billion investment market in 2022 (Siegel, 2023).

²See, for example, *Pipkin v. Acumen*, No. 1:18-cv-00113-HCN-PMW, 2019 U.S. Dist. LEXIS 206233 (D. Utah, Nov.26, 2019), *V5 Techs. v. Switch, Ltd.*, No. 2:17-cv-02349-KJD-NJK, 2019 U.S. Dist. LEXIS 224482 (D. Nev., Dec. 20, 2019).

funding disclosures in the legal landscape, leading to significant variations in requirements across different jurisdictions.³ Some state and federal courts have mandated funding disclosure, encompassing information about the existence of the funding, funders' identities, and their level of control over litigation strategies.⁴ In this paper, I examine whether mandatory funding disclosure affects litigation outcomes, such as case volume and time to settlement. While such regulation intends to expose the real parties of interest behind funded plaintiffs and deter them from bringing frivolous lawsuits, it's also important to examine potential externalities to jurisdictions without disclosure mandates, as well as the impacts on other types of plaintiffs.

Mandatory funding disclosure significantly influences plaintiffs' filing behavior by augmenting their anticipated litigation costs. The revelation of the funder's existence empowers defendants to expand their requests for documents and witnesses during the evidence collection phase. Additional evidence collection may grant defendants access to the correspondence and funding contracts between plaintiffs and funders. This added information empowers defendants to counter a plaintiff's David v. Goliath narrative, evaluate the patent's value, and hold funders accountable for unsuccessful lawsuits (Keller and Stroud, 2023; Callagy, Sokolsky, and Edt, 2023; Taylor, 2023). A funder's excessive control over litigation may invalidate plaintiffs' right to bring a lawsuit or delay settlement to maximize funders' financial interests (Ramirez, Ohlhausen, and Mcsweeny, 2016; Steinitz, 2019; Antill and Grenadier, 2023).⁵ Based on plaintiffs' revealed preference, they rarely, if ever, voluntarily disclose their funding information. I hypothesize that disclosure costs could reshape the extensive margin of lawsuits. Plaintiffs and their funders might face diminished incentives to file cases in jurisdictions mandating disclosures, potentially prompting strategic filing behaviors in courts with more relaxed requirements.

³See, Meeting of the Advisory Committee on Civil Rules Agenda Book 209, 210 Philadelphia, P.A. (Apr. 10, 2018), D.N.J. L. Civ. R. 83.1., Order Regarding Third-Party Litigation Funding Arrangements (D. Del. Apr. 18, 2022) (does not apply to all judges).

⁴Outside the judicial system, the Consumer Financial Protection Bureau is contemplating disclosure rules, and the Securities and Exchange Commission has introduced new requirements mandating private equity firms to report on litigation financing.

⁵For example, Uniloc, a patent assertion entity, forfeited the right to sue Apple, Motorola, and Blackboard for patent infringement due to its financing arrangement with Fortress Investment. This arrangement revealed that Uniloc was not the patent owner during the alleged period of infringement (Stroud, 2019).

Patent litigation provides a rich setting to explore the consequences of litigation funding mandates. In 2022, patent litigation accounted for 21% of all capital commitments from litigation funders (Glick, 2021; Keller and Stroud, 2023). Roughly a third of the patent cases are likely funded,⁶ either by experienced patent brokers or third parties such as hedge funds and private equity funds.⁷ Experienced funders claim to assist plaintiffs in selecting the most promising patents to enforce at a favorable venue, identifying the most egregious offenders, and providing funding to overcome initial hurdles (Hylton, 2011).⁸

Mandatory funding disclosure requirements can have different impacts on financially unconstrained versus constrained plaintiffs. On the one hand, Non-Practicing Entities (NPEs)⁹ Litigation funders often acquire broad patents and utilize NPEs as conduits for lawsuits. For instance, IP Edge, a patent monetization company supported by a French investment fund, establishes a new shell company for each lawsuit, designating an individual, previously unaffiliated, as the sole managing member. This member, often with no online presence or prior patent management experience, operates from a virtual office in the lawsuit’s filing district (Keller and Stroud, 2023).¹⁰ NPEs frequently disavow any parent organization and rely on private contracting to sidestep disclosures, shielding their funders from repercussions in case of lawsuit failures, such as paying defendants’ legal fees.¹¹ Litigation funding and experience from NPE filers together can bolster NPE plaintiffs, deterring the defendants from taking costly actions to delay settlement (Antill and Grenadier, 2023).

On the other hand, the policy may also have unintended consequences by forcing un-

⁶This percentage is estimated based on secured interest filed in patent assignment records. Recording patent assignments with the United States Patent and Trademark Office (USPTO) is voluntary and likely captures a lower bound of funding.

⁷Contingency fee arrangements are rare in patent litigation. An earlier American Intellectual Property Law Association survey suggests that 2.4% of the cases were billed on a contingent basis. Corporate law firms are often notoriously illiquid and leveraged, thus unable to assume all of the risk associated with a large lawsuit. Law firms sufficiently sophisticated to handle major business litigation rarely will, or even can, accept contingency-fee cases (Shepherd and Stone, 2014).

⁸A typical patent litigation process is illustrated in Appendix B.

⁹Non-Practicing Entities derive the majority of their total revenue from patent licensing activities. have dominated nearly half of the patent litigation market and initiated almost as many lawsuits as operating companies (Ray, 2022).

¹⁰Defendants from four cases, all filed by the same plaintiff Nimitz—CNET Media Inc, BuzzFeed Inc, Bloomberg LP, and Imagine Learning LLC—assert in an investigation on the validity of these cases that IP Edge has covertly “directed the filing of thousands of cases by hundreds of entities in federal courts,” without ever revealing itself as the litigation puppeteer (Frankel and Frankel, 2022).

¹¹In the IP Edge case, the named owner of the shell company accepted all the liability of the patent infringement cases based on the funding arrangement (Brachmann, 2023).

funded plaintiffs to disclose their financial constraints. When funding is unavailable, mandatory disclosure of these details can weaken certain plaintiffs by exposing their lack of financial means to sustain a lawsuit through trial (Martin, 2004; Rodak, 2006; McDonough, 2007; Hylton, 2011). Defendants are often motivated to avoid prolonged litigation, given the substantial costs associated with actions like collecting documents requested by plaintiffs' counsel and retaining expensive defense experts – expenses that can escalate into millions of dollars, especially for large corporate defendants. (Martin, 2004).¹² The reduction in information asymmetries regarding plaintiffs' financial constraints could prompt defendants to initiate settlement negotiations sooner or pressure plaintiffs into settling.

To test my hypotheses, I leverage a recent disclosure mandate. In April 2021, Chief Judge Colm Connolly of the District of Delaware issued two significant standing orders requiring the disclosure of detailed ownership structure and all parties of interest, including the identity of any third-party funders in cases before the Court.¹³ The orders also mandate disclosure of whether the approval of funders is necessary for legal strategy decisions and settlement approval. I employ a difference-in-differences (DD) model, which controls for shifts in filing activity over time by comparing the post-regulation changes in case volume between courts with and without disclosure mandates. Cross-sectional tests are used to control for shifts in NPE activity over time by comparing the aforementioned DD estimate between cases from and not from NPEs. The findings indicate that the disclosure mandate results in a 57% decrease in expected NPE case volume compared to the control group. Additionally, there is some evidence suggesting that these declines are associated with increased filings in other plaintiff-friendly courts. To address concerns about confounding events, my results remain robust to a staggered design, also incorporating a similar disclosure mandate in the District of New Jersey.

To examine the impact of funding disclosures on settlement outcomes, I focus on cases filed in the District of Delaware. While case settlement is related to a broad spectrum of characteristics, I utilize cases not assigned to Judge Connolly in the District of Delaware as

¹²In patent courts, the presumption is that plaintiffs' claims are valid, leading defendants to incur higher costs to prove the opposite.

¹³The District of Delaware has been consistently one of the top patent courts, receiving roughly 1/5 of all patent cases in recent years. Judge Connolly handles 25% of the patent cases in this district court.

my control group. The randomized judge assignment within the District ensures consistency in the composition and quality of cases between the treated and control groups. The effect of the funding disclosure requirement appears to be heterogeneous across different plaintiff types. Firstly, NPEs may lose bargaining power if a revealed funding source has a poor reputation, potentially leading to quicker settlements. However, the observed decrease in NPE case volume in the District of Delaware suggests these plaintiffs may engage in forum shopping if they believe case outcomes will deteriorate after disclosure regulation. Secondly, unfunded cases may lose bargaining power as their financial weaknesses are exposed through mandatory disclosures. In contrast, cases filed by large operating firms are unlikely to be significantly affected by the funding disclosure mandate. In summary, the funding disclosure requirement does not appear to impact settlement outcomes for cases filed by NPEs or large operating firms. Rather, the effect is more pronounced for financially constrained plaintiffs in Judge Connolly's courts, who settle approximately 40% sooner compared to the control group.

This study makes several contributions to the literature. To the best of my knowledge, it is the first empirical research examining the effects of litigation funding disclosures. Prior theoretical work has focused on the impact of litigation financing, and my results complement previous models by relaxing assumptions about defendants knowing the existence of funders and their degrees of control (Daughety and Reinganum, 2014; Antill and Grenadier, 2023). While insights from capital markets suggest that mandatory disclosure generally improves governance and reduces information asymmetries, this paper demonstrates that the role of financing information in the litigation context can weaken the bolstering effect that litigation financing has on plaintiffs' bargaining power.

Second, it introduces a novel policy perspective to the burgeoning innovation literature on patents and NPEs (Cohen, Gurun, and Kominers, 2019; Glaeser and Lang, 2023). Extant work documents how NPE growth increases litigation costs dampens innovation, and motivates conservative capital structures. My study examines mandatory funding disclosure as a potential monitoring tool influencing NPE activities, while also shedding light on NPEs' possible strategic forum shopping response to circumvent such regulations.

Finally, the study reveals important tradeoffs when policymakers attempt to level the

playing field through disclosure mandates. While previous research studied law reforms to curb excessive enforcement, I find disclosure rules aimed at mitigating predatory behavior may undermine small firms' ability to vindicate patent rights. Unlike prior securities litigation studies exploring disclosure from the defendants' perspective to minimize exposure, my analysis shows how ostensibly defendant-protecting policies can enable well-funded patent holders to exploit underfunded challengers' vulnerabilities. This finding highlights how well-intentioned reforms can have unintended consequences by shifting bargaining power between asymmetric parties.

Chapter 2

Related Literature

Formal theories have been primarily focused on the effect of litigation financing by relaxing plaintiffs' cost constraints, assuming its existence and terms are known to both parties. For instance, [Daughety and Reinganum \(2014\)](#) argue that third-party litigation funding can mitigate asymmetric information problems, thereby reducing bargaining failures and increasing settlement rates. In contrast, [Spier and Prescott \(2019\)](#) allow two risk-averse parties to have different subjective beliefs, finding that bargaining failures are more common and settlements are less likely with third-party litigation funding. Recent theoretical developments extend into a continuous-time model to capture funding's impact on time to resolution. [Antill and Grenadier \(2023\)](#) find that litigation financing can deter defendants from taking costly actions and lead to quicker case resolution. However, these models often operate under additional assumptions that may be hard to verify in reality in the absence of disclosure mandates. One assumption is that funders acquire only the right to the stream of settlement, *not* decision rights in the litigation ([Daughety and Reinganum, 2014](#); [Landeo and Nikitin, 2018](#); [Spier and Prescott, 2019](#); [Antill and Grenadier, 2023](#)). [Spier and Prescott \(2019\)](#) further suggest one direction for future research is to consider important policy questions such as, "Should litigants be required to disclose their financial arrangements to courts?"

However, plaintiffs may make disclosure decisions to preserve information asymmetries with potentially aggressive defendants. A growing literature in accounting investigates the relationship between firms' usage of disclosure strategies to affect rivals in product market competition. For example, constrained firms have incentives to avoid public disclosure of

information that would help resolve competitors' uncertainty about the costs and benefits of predation (Bernard, 2016). Oligopolistic firms with substitutive strategies adopt revenue-based CEO pay after increased executive pay disclosures to commit to aggression (Bloomfield, 2021). Firms respond to regulation by increasing investment with substitutive competitors and decreasing it with complementary ones (Noh, 2022). Moreover, financially constrained firms, which face higher predation risk, have been found to have a weaker association between profitability and proprietary costs of disclosure (Dedman and Lennox, 2009). This suggests that less profitable and financially constrained firms are more vulnerable to predation in the product market.

The literature on patent litigation and enforcement has demonstrated that the legal environment plays a crucial role in shaping the patent system. Previous research has highlighted the frequency and economic costs associated with patent litigations, primarily due to the ambiguity and difficulty in enforcing patent boundaries (Glaeser and Lang, 2023; Lemley and Shapiro, 2005). Additionally, environments conducive to frivolous lawsuits have been shown to exacerbate the harmful effects of patent litigations (Cohen et al., 2019; Appel, Farre-Mensa, and Simintzi, 2019; Duan, 2020). Furthermore, while enforcement can foster innovation in certain instances, excessive enforcement by the courts can impede follow-on innovation (Williams, 2013; Galasso and Schankerman, 2015; Mezzanotti, 2021). Ray (2022) demonstrates a notable correlation between third-party funding and the surge in patent litigation. Extensive studies have revealed the substantial costs imposed on defendant firms due to Non-Practicing Entities, estimating the direct legal expenses resulting from NPEs to be approximately \$29 billion annually for US firms (Bessen and Meurer, 2008; Cohen et al., 2019). Additionally, NPE patent infringement claims escalate the cost of innovation for small businesses, compelling them to exit prematurely through discounted acquisitions (Galasso and Schankerman, 2010; Dayani, 2021). The risk associated with NPEs has been found to impact corporate investment in research and development, thereby influencing innovation dynamics, capital structure, and M&A activities (Cohen et al., 2019; Appel et al., 2019; Duan, 2020).

Chapter 3

Setting and Hypothesis Development

Funding companies operate like venture capitalists, scouring and vetting lawsuits for their return potential. Generally, plaintiffs who prevail in their cases repay the funder the amount loaned and a return on their investment (Davies and Shalev, 2022).¹ Legal experts remain divided on the overall impact of the burgeoning litigation financing industry (Yeazell, 2001; Steinitz, 2012; Richey, 2013). Supporters argue that providing alternative funding sources helps balance inequities in the system by enabling plaintiffs to pursue valid claims against well-resourced corporations. Critics point out that increased availability of outside money may distort litigation outcomes due to funders' monetary incentives. According to the chief investment officer of one of the largest litigation financing companies, litigation financing makes it harder and more expensive to settle cases (Gershman, 2018).

There is no uniform federal guidance on the disclosure of litigation financing. Chief Judge Connolly in the District of Delaware has recently mandated the disclosure of litigation funding details. In April 2022, he issued two standing orders. The first requires parties to identify funders, specify whether funder approval is necessary for litigation or settlement decisions, and provide a brief description of the financial interest of the funders. This disclosure should be filed within the later 45 days from the order for existing cases or within 30 days for a new filing after being assigned to his court. This order also allows parties to seek additional discovery or disclosure if the litigation funder has a sufficient interest, demonstrating the

¹Return structures can vary. Funders typically receive both the amount invested plus the greater of 2-5x the investment or 25-45% of the settlement or verdict.

authority to make material litigation or settlement decisions. The second order necessitates the disclosure of “the name of every owner, member, and partner of the party, proceeding up the chain of ownership until the name of every individual and corporation with a direct or indirect interest in the party has been identified.” Judge Connolly is not the only district court judge imposing such requirements on plaintiffs. In 2021, the U.S. District Court for the District of New Jersey adopted a local rule requiring disclosure of a funder’s financial interest to assess the scope of litigation authority.²

Funding disclosures make plaintiffs’ private information about their funders’ identities and funders’ potential influence on settlement decisions public to defendants, judges, and juries. According to [Antill and Grenadier \(2023\)](#), litigation financing empowers plaintiffs to invest in more strategies that yield better litigation payoffs. Funding information can update defendants’ expectations about the funding level and funders’ involvement in key legal strategies, leading to changes in legal strategies and bargaining power for both parties. When funding disclosure reveals a lack of funding on the plaintiffs’ side to sustain a prolonged litigation process, plaintiffs may become less credible threats to the defendants ([McDonough, 2007](#)). Conversely, funding information can also reveal that plaintiffs are more well-funded than the defendants had expected. In these cases, mandatory funding disclosure introduces additional challenges for certain plaintiffs who aim to misrepresent their cases as those of individual inventors against large tech companies, in an attempt to sway jurors by appealing to their empathy ([Moore, 2007](#); [Chien, 2013](#); [Cicchini, 2018](#); [Sipe, 2019](#)). Additionally, funding disclosure empowers defendants to argue that damage estimations are inflated, as the compensation accounts for not only the true value of the claim but also a share for the funder. Therefore, mandating funding disclosure can deter these plaintiffs from filing in courts with such disclosure requirements.

Plaintiffs may also seek venues without funding disclosure mandates. Time-to-trial and patent owner success can offer insights into why plaintiffs prefer certain districts. For example, from 2018 to 2022, the average time to trial in the Western and Eastern Districts of Texas was 24 months, compared to 33 months in Delaware. Despite the longer time-to-trial,

²Detailed descriptions of the regulation can be found in Appendix B, Table B.1. Examples of the disclosures are available in Appendix B. A few other district court judges have also amended disclosure requirements related to ownership structures, with a lesser focus, either on public firms or direct interests.

for non-ANDA (Abbreviated New Drug Application) cases, the Northern District of Illinois has roughly five times more patent-owner winning outcomes than the Western and Eastern Districts of Texas (Frenkel and Sanabria, 2022; Keller and Stroud, 2023).³

Mandatory funding disclosure can have more pronounced effects on which venues NPEs choose to file their cases. For instance, in response to Judge Connolly’s order, some NPE aggregators, controlling more than one affiliated NPE, have refrained from filing new cases in his court (Muffo, 2023; Gershman, 2023).⁴ Due to the voluntary and incomplete nature of public records, the existence of NPEs adds another layer of secrecy to the funders behind the lawsuits and deters defendants from conducting in-depth research in the early stages of litigation.⁵ For example, Amazon’s counsel did not know who was backing a recent lawsuit against them when the judge found the plaintiffs’ ownership structure suspicious.⁶ With mere speculation, defendants are often not permitted to access direct evidence demonstrating funders’ involvement in litigation decisions and potentially challenging plaintiffs’ right to bring a lawsuit.⁷ This leads to my first set of hypotheses:

H1a: Mandatory litigation financing disclosure decreases case volume in courts mandating disclosure and increases case volume in other plaintiff-friendly courts.

H1b: Mandatory litigation financing disclosure deters case filings from NPEs more.

For remaining Delaware cases subject to funding disclosures⁸, mandatory disclosure may

³In the pre-period of my main specification, the top five courts for plaintiffs to file cases are: Western District of Texas, District of Delaware, Eastern District of Texas, Central District of California, Northern District of Illinois. I included all top courts outside Delaware in the spillover group, except the Central District of California which has been viewed as defendant-friendly (Global Affairs Canada, 2022; Arnold and Armond, 2023). Results are also robust when including the Central District of California.

⁴For example, IP Edge, which had control shell companies filing an average of 50 cases per month in federal courts across the country since mid-2020, has not initiated any new litigation there since November 2022.

⁵Based on an FTC study on NPE activities, the agency had varying levels of success in tracing the ultimate controlling entities of an NPE through an extensive search from a variety of public sources, including patent assignment records, pleadings filed by their related entities, and corporate records with a state department of the state (Ramirez et al., 2016). In some cases, the FTC could not discern any parent company.

⁶Amazon’s counsel later discovered IP-edge’s involvement after digging into the patent assignment files. See, Nimitz Technologies LLC v. Bloomberg L.P., No. 1:22-cv-00413-CFC, 2022 WL 6130800 (D. Del. Nov. 30, 2022), Memorandum Order.

⁷For instance, the relationship between Uniloc and its litigation funder Fortress IP was revealed in one inter-parties review against a patent widely asserted by Uniloc. The Patent Trial and Appeal Board (PTAB) noted that, after independently reviewing the assignment records of the patent at issue, in 2014, Fortress IP was granted a security interest in this and a whole tranche of undisclosed patents, and was the patent owner (Stroud, 2019).

⁸Forum shopping has become more challenging after the Supreme Court issued TC Heartland in May

still impact the settlement bargaining dynamics between plaintiffs and defendants. Assessing the ex-ante impact of disclosure on settlement timing is complicated due to the complexity embedded in the heterogeneity of plaintiff types. Assuming plaintiffs – most likely the financially constrained ones – have less bargaining power after revealing funding information, time to settlements can decrease for several reasons. It is often harder for plaintiffs to use a longer settlement window to negotiate a higher offer. Some plaintiffs’ claims become less credible threats to the defendants due to the plaintiffs’ lack of funding to sustain a case to trial, coercing these cases into quicker settlements. Plaintiffs may also fear that defendants will link funding information to other evidence questioning the plaintiffs’ eligibility to bring the lawsuits or leverage negative bias associated with funding as the case proceeds to trial. In contrast, settlement time will increase if defendants worry about being perceived as easy targets to attract lawsuits from other funders if they settle too quickly (Antill and Grenadier, 2023; Cohen and Hagist, 2020). NPEs may also strategically forum shop, leading to Delaware cases being self-selected into the ones with stronger merits that might take a longer time to settle. Lastly, large operating firms are less likely to be affected when their financial information is already publicly available.

H2: Mandatory litigation financing disclosure changes the time to settlement depending on the type of the plaintiff.

2017, establishing that venue in a patent infringement lawsuit against a domestic corporation is only proper in a district where the firm is incorporated or headquartered.

Chapter 4

Research Design

4.1 Data and Empirical Overview

I obtained patent litigation data from Lex Machina. Lex Machina provides detailed patent litigation characteristics, including venue, filing and termination dates, the patent(s) involved in litigation, and the resolution of the cases. I classify the type of plaintiffs in three steps. First, Unified Patents categorizes plaintiffs into operating entities and non-practicing entities.¹ Non-practicing entities are companies that derive the majority of their total revenue from patent licensing activities. Operating entities include operating companies, universities, government agencies, NGOs, etc. Second, I identify a subset of large operating companies within the sample of operating entities. This identification combines categorization from Unified Patents, the [Kogan, Papanikolaou, Seru, and Stoffman \(2017\)](#) dataset, and CRSP following a similar procedure in [\(Kim, Shi, and Verdi, 2023\)](#). The remaining unmatched plaintiffs are more likely to be the financially constrained ones.

My preliminary analysis starts with a sample of 10,048 cases from 2021 Q1 to 2023 Q3. In my sample, most patent litigation cases are terminated through settlements. Patent cases are often supported by experienced funders, leading to more favorable outcomes for the plaintiffs. In [Table A.2](#), 78% of the cases have been terminated. Out of all cases, 64% were

¹To date, interest groups and scholars use different definitions for which types of patent owners are considered patent trolls. The Stanford NPE Litigation Database will be incorporated later as more recent data becomes available through their classification. Unified Patent's classification was directed by the same group of researchers and is similar in periods available for comparison.

settled, 2% of the cases were dismissed, and 0.3% of cases went to trial. Furthermore, 58% of the cases are filed by NPEs. 30% of all cases are likely funded. While the settlement outcome is not always observable, analyzing publicly available summary judgments, rulings, and other court records suggests that plaintiffs win more often than defendants (4% versus 1%). On average, cases are terminated within a year, while the time to trial is significantly longer.

To test the effect of mandatory litigation funding disclosure on case volume and settlement duration, I first focus on the disclosure mandate enacted by Judge Connolly in the District Court of Delaware. After excluding cases already subject to disclosures in the District of New Jersey, my sample of filed cases contains 9,720 observations. To study the impact on case volume, I aggregated the data to the court-quarter-plaintiff_type level, resulting in 1,029 observations. To study the impact on settlement duration, I further removed ongoing cases and cases terminated not through settlement. The final settlement sample includes 6,206 cases (See Table A.1).² Due to the complexity of my setting, several potential identification strategies can be used to obtain the treatment effect, as discussed in detail in the following sections. Variable definitions and sources are in Table A.8.

4.2 Case Volume

To test the effect of mandatory litigation funding disclosures on case volume, I will use the regression specified below:

$$\begin{aligned}
 \text{Log}(\#Filings_{it}) &= \beta_1(Post_{it}) + \beta_2(Treat_{it}) + \beta_3(Treat_{it} * Post_{it}) \\
 &+ \beta_4(Spillover_{it}) + \beta_5(Spillover_{it} * Post_{it}) \\
 &+ \lambda_t + \delta_i + \varepsilon
 \end{aligned}
 \tag{4.1}$$

The variable $\#Filings_{it}$ is the quarterly case volume filed to a specific court, and $Treat_{it}$ is an indicator variable indicating whether a case is in the District of Delaware. Assuming

²Due to the recency of the regulation, there haven't been enough cases dismissed or gone to trial as of 2023 Quarter 3. Summary stats for the regression sample are largely the same.

that mandatory funding disclosure could limit expected payouts for plaintiffs, I predict a reduction in the number of cases in the treated court. However, such a decrease might be associated with an endogenous movement of case filings to other plaintiff-friendly courts. $Spillover_{it}$ is an indicator variable for cases in plaintiff-friendly courts, including the Western District of Texas, Eastern District of Texas, and Northern District of Illinois. The control sample consists of cases filed in other remaining U.S. courts, which are not in the treatment or spillover groups. Court and quarter-fixed effects control for time-invariant firm characteristics and contemporaneous macroeconomic changes. The combination of $Treat_{it}$ ($Spillover_{it}$) and $Post_{it}$ will identify the treatment (or spillover) effect on complying units for each litigation disclosure mandate. I also estimate a similar equation that replaces the simple “post” indicator variable with indicator variables for each year surrounding the event year to allow the estimated effects to vary over time and for an assessment of the pre-event trend. I use Poisson regression given that the number of cases is a count variable (Cohn, Liu, and Wardlaw, 2022).

One challenge in identifying spillovers is a confounding event in the Western District of Texas in July 2022, which limited judge shopping and made that court less appealing for plaintiffs. To address this concern and mitigate other potential selection biases, I compare the relative magnitudes of case volume changes between venues and inspect time-varying spillover effects. I also use staggered differences-in-differences effects to disentangle effects from this confounding event.

4.3 Settlement Duration

Next, I examine the effect of funding disclosures on settlement duration. I leverage the random assignment of judges within the District of Delaware to argue that funders cannot predict ex-ante whether a case will later be assigned to Judge Connolly and be subject to the funding disclosure mandate. This specification maintains constant trends in case characteristics for both treated and control samples due to the random judge assignments within the District of Delaware. However, it is worth noting that funders may strategically select better cases for the District of Delaware factoring funding disclosure costs. I will

identify the treatment effect in the following equation to test the impact of mandatory litigation funding disclosures on case settlement duration in equation 4.2.

$$\begin{aligned} \text{Log}(\text{TimetoSettle}_{it}) &= \beta_1(\text{Post}_{it}) + \beta_2(\text{Treat}_{it}) + \beta_3(\text{Treat}_{it} * \text{Post}_{it}) \\ &+ \lambda_t + \varepsilon \end{aligned} \tag{4.2}$$

Here, TimetoSettle_{it} measures the days between a case's filing date and settlement date, and Treat_{it} is an indicator variable indicating whether a case is assigned to Judge Connolly in the District of Delaware. As discussed in Section 3, I anticipate mandatory funding disclosure to lead to a decrease in settlement duration. In the future, I plan to include a vector of controls for plaintiff case volume, patent portfolio size, and ownership types for both plaintiff and defendant.³

³For cases involving a public plaintiff or defendant, I can also add firm characteristic controls such as Size, Log (BM), ROA, Leverage, and PPE.

Chapter 5

Results

To formally examine the spillover effects of the local disclosure mandate on the extensive margin of case filings, I estimate the Poisson regression in equation 4.1.¹ I start with a baseline difference-in-differences model with court and year-quarter fixed effects. Figure A-1 presents coefficient plots corresponding to dynamic effects around the disclosure mandate. I omitted the first quarter before the mandate was first implemented as the benchmark quarter because including all event-year indicators would result in perfect collinearity. The coefficient estimates for the treatment effect on Delaware case volume in the pre-event period are relatively flat and statistically insignificant, consistent with pre-existing trends not driving the estimated average effects. The effects begin to show up in the second quarter of 2022 when the disclosure mandate is enacted and continue to fall in the following quarters. In Table A.3 Columns (2) and (3), I show that the declining effect is stronger for NPEs and not significant for non-NPEs, such as larger operating firms, financially constrained firms, or individuals. The reduction in case volume from NPEs also corresponds with an increase in case volume in the courts of the Eastern District of Texas and the Northern District of Illinois.

I also examine the impact of the local disclosure mandate on the intensive margin of litigation financing and case resolution, estimating equation 4.2. I start the examination within the District of Delaware. The randomization of case assignments across judges in this district helps alleviate concerns about selection into treatment for high-quality cases. In

¹Results are also robust to OLS regression with log transformation.

Table A.4, Column 1 provides the coefficient on treatment effects on log days to settlement. $Post(JudgeConnolly) \times Treat(JudgeConnolly)$ indicates that mandatory funding disclosure does not affect settlement negotiations for NPE and CRSP firms, but shortens the settlement negotiation window for likely financially constrained firms (non-CRSP firms) by 40%. This is consistent with the disclosure mandate that unintentionally weakens financially constrained plaintiffs' bargaining power in settlement negotiations.

Chapter 6

Robustness

I exploit the staggered adoption of disclosure mandates by selected U.S. district courts, which provided multiple plausibly exogenous shocks to plaintiffs' funding disclosures. In addition to the Delaware setting tested above, on June 21, 2021, the District of New Jersey amended Local Civil Rules 7.1 to require disclosure of third-party litigation funding within 30 days of filing, as well as within 45 days for all pending cases in this court. I employ a stacked cohort difference-in-differences design. For each mandate, I create mandate-specific "clean 2x2" datasets, including the outcome variable and controls for the treated cohort and all other observations that are "clean" controls within the treatment window (e.g., not-yet-treated or never-treated units). For each clean 2x2 dataset, I generate a dataset-specific identifying variable. For the District of New Jersey Shock, the control sample includes the District of Delaware (not-yet-treated sample) and all other non-spillover jurisdictions (never-treated sample). For the District of Delaware shock, control samples will be cases in all other non-spillover jurisdictions (never-treated sample), excluding cases filed in New Jersey (early-treated sample). These mandate-specific datasets are stacked together, and a TWFE DD regression is estimated on the stacked dataset, with dataset-specific time-fixed effects.

Table [A.5](#) shows a similar decrease in case volume from NPE plaintiffs as the main specification and no significant changes in case volume from non-CRSP firms. However, we also observe an increase in CRSP firms filing, which suggests that large operating firms may perceive funding disclosure as a beneficial way to distinguish themselves from NPE plaintiffs. In Table [A.6](#), I do not observe significant changes in time to settlement for cases in

disclosure-treated courts. This effect may have been masked by court-specific characteristics. In contrast to the District Court of Delaware, the District of New Jersey receives a lower volume of patent cases and has fewer judges specialized in patent litigation. The lower volume of patent cases and fewer specialized judges in the District of New Jersey may mean the average expected payout for cases brought by NPEs in this court is lower. As a result, NPEs may have less incentive to forum shop and seek alternative venues after the disclosure mandate than to bear the costs associated with the disclosure requirements. Additionally, defendants located in New Jersey are also likely to be smaller firms than the ones in Delaware, and thus less likely to pressure unconstrained firms into settlement. As shown in Table A.7, NPE plaintiffs, rather than non-CRSP firms, appear to be subject to shorter settlement negotiations following the disclosure mandate. This is consistent with the disclosure costs being higher for NPEs than for financially constrained firms in the District of New Jersey.

Chapter 7

Conclusion

This study examines the impact of mandatory litigation financing disclosure policies on case volumes and resolution times. Difference-in-differences models demonstrate a significant decrease in case volume in courts requiring disclosures, associated with increases in other plaintiff-friendly courts, relative to control courts. This reflects changes in funders' extensive margin, as they shift litigation activity toward less transparent forums in response to disclosure. This effect is also stronger for NPEs, consistent with NPEs strategically shopping for a favorable forum to avoid disclosure mandates. I further show that cases filed by financially constrained plaintiffs in Delaware courts experienced shorter settlement negotiations compared to control groups, suggesting that the disclosure policy may have an externality that limits the ability of financially constrained plaintiffs to fully exercise their patent rights in courts.

Overall, the findings imply that transparency around third-party funding arrangements can influence the plaintiffs' filing decisions and the time and resources spent on litigation. However, court-level disclosure policies may come with unintended consequences and the risk of creating potentially unbalanced impacts across jurisdictions and different types of litigants. Further research should continue to explore how to optimize disclosure design to balance transparency, litigation efficiency, and fairness considerations.

Appendix A

Tables

Sample Selection

Table A.1. Sample Selection

Step	Observations
U.S. District Patent Cases Filed (2021 Q1-2023 Q3)	10048
Less District of New Jersey Cases (Already Treated)	-328
Filing Sample	9720
Less Ongoing Cases	-2129
Less Cases not Settled (i.e. dismissal, summary judgment, trial, etc.)	-1385
Settlement Sample	6206
Cases assigned to Judge Connolly (Treat)	272
Plaintiff-friendly Courts (Spillover)	2789
Other District of Delaware Cases (Control)	944
All Remaining District Courts (Control)	2201

Summary Statistics

Table A.2. Descriptive statistics of selected variables

Statistic	Min	Pctl(25)	Median	Pctl(75)	Max	Mean	St. Dev.
1[Case Ongoing]	0	0	0	0	1	0.219	0.414
1[Settlement]	0	0	1	1	1	0.638	0.480
1[Dismissal]	0	0	0	0	1	0.023	0.149
1[Plaintiff Win]	0	0	0	0	1	0.042	0.201
1[Defendant Win]	0	0	0	0	1	0.012	0.107
1[Trial]	0	0	0	0	1	0.003	0.052
Time to Termination	0	85	152	282	1,087	210.175	178.045
Time to Settle	0	84	142.5	264	1,037	199.057	169.945
Time to Trial	420	604.5	720	807	1,045	707.308	169.055
Time to Dismissal	0	150	273	364	1,087	283.991	188.438
Damages	351.12	20,209.5	185,809.4	3,645,614	272,581,946	16,935,328	52,743,739
1[NPE]	0	0	1	1	1	0.582	0.493

Case Volume

Figure A-1. Treatment Effect on Case Volume

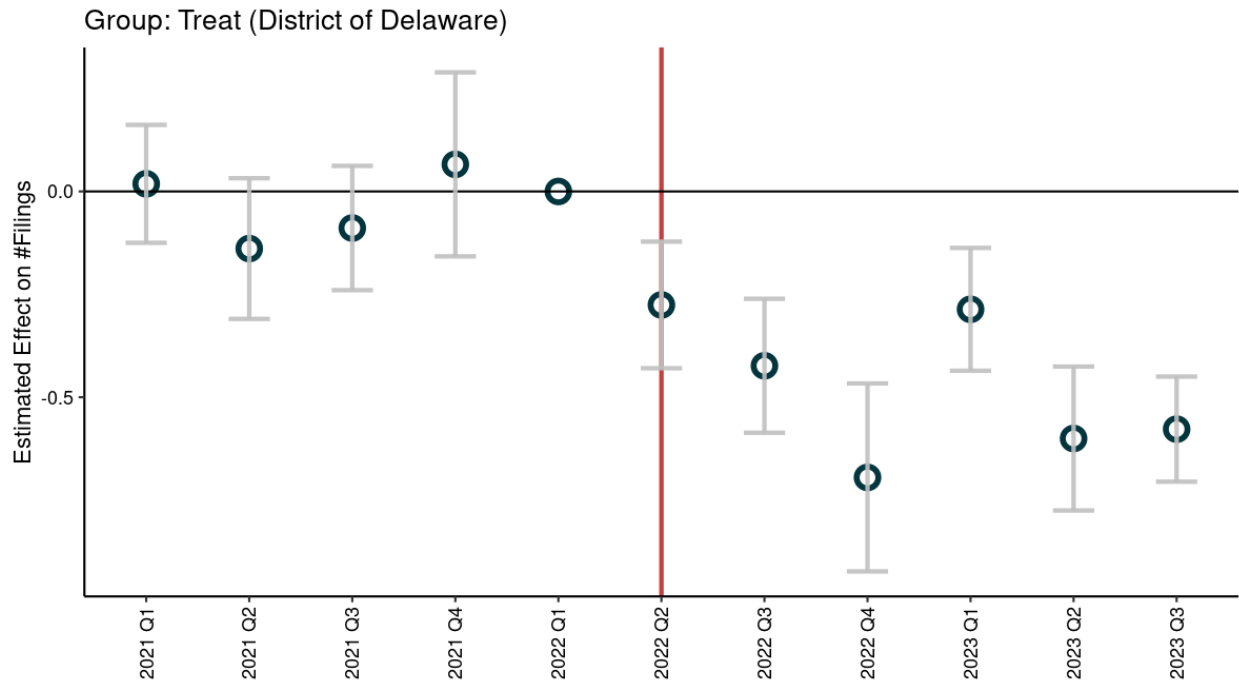


Table A.3. Treatment Effect on Case Volume

Dependent Variable:	#Filings		
Sample Model:	NPE (1)	CRSP Firms (2)	Non-CRSP Firms (3)
<i>Variables</i>			
Post (Judge Connolly) × Treat (District of Delaware)	-0.8370*** (-11.38)	0.1098 (1.391)	-0.0607 (-1.121)
Post (Judge Connolly) × Spillover (Western Texas)	-0.2893*** (-3.934)	-0.2268*** (-2.591)	-0.4608*** (-8.504)
Post (Judge Connolly) × Spillover (Eastern Texas)	0.1738** (2.364)	0.3249*** (3.707)	0.3167*** (5.844)
Post (Judge Connolly) × Spillover(Northern Illinois)	0.2657*** (3.614)	-0.0198 (-0.2513)	0.3930*** (7.253)
<i>Fixed-effects</i>			
fyearqtr	Yes	Yes	Yes
court	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	347	136	546
Squared Correlation	0.97309	0.95770	0.91326
Pseudo R ²	0.89728	0.64961	0.71279
BIC	1,984.9	615.56	2,669.3

Clustered (court) co-variance matrix, t-stats in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Case Settlement

Table A.4. Settlement Time by Plaintiff Type

Dependent Variable:	Time to Settle		
Sample	NPE	CRSP firms	Non-CRSP Firms
Model:	(1)	(2)	(3)
<i>Variables</i>			
Treat (Judge Connolly) × Post (Judge Connolly)	0.1476 (0.8464)	0.0965 (0.2943)	-0.5160*** (-3.823)
Treat (Judge Connolly)	-0.1662* (-1.808)	-0.3345 (-1.556)	0.2497** (2.556)
Post (Judge Connolly)	0.5326*** (36.06)	-1.095*** (-6.240)	0.6601*** (6.195)
<i>Fixed-effects</i>			
fyearqtr	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	900	92	224
Squared Correlation	0.05241	0.47808	0.18130
Pseudo R ²	0.05930	0.44473	0.18947
BIC	70,791.0	10,999.1	29,530.3

Clustered (fyearqtr) co-variance matrix, t-stats in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Robustness

Table A.5. Staggered Treatment Effect on Case Volume

Dependent Variable:	#Filings		
Sample	NPE	CRSP Firms	Non-CRSP Firms
Model:	(1)	(2)	(3)
<i>Variables</i>			
Treat × Post	-0.6367*** (-6.290)	0.1388* (1.656)	-0.0325 (-0.6747)
Post × Spillover (Western Texas)	-0.0361 (-0.6450)	-0.1629 (-1.645)	-0.1661*** (-3.870)
Post × Spillover (Eastern Texas)	0.3313*** (5.863)	0.2037** (2.310)	0.2817*** (6.556)
Post × Spillover(Northern Illinois)	0.0696 (1.249)	0.0363 (0.3991)	0.4790*** (11.12)
<i>Fixed-effects</i>			
fyearqtr-dataset	Yes	Yes	Yes
court-dataset	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	851	334	1,315
Squared Correlation	0.96185	0.93630	0.89762
Pseudo R ²	0.88902	0.62648	0.71015
BIC	5,076.8	1,579.4	6,558.6

Clustered (court) co-variance matrix, t-stats in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table A.6. Staggered Treatment Effect on Case Settlement

Dependent Variable: Sample Model:	Time to Settle		
	NPE (1)	CRSP firms (2)	Non-CRSP Firms (3)
<i>Variables</i>			
Treat × Post	-0.0721 (-0.3574)	-0.0222 (-0.3693)	-0.0601 (-0.4372)
Post × Spillover (Western Texas)	-0.1948*** (-3.294)	0.6835*** (6.743)	0.0740 (1.034)
Post × Spillover (Eastern Texas)	-0.0078 (-0.1409)	1.234*** (6.298)	0.2074*** (3.410)
Post × Spillover(Northern Illinois)	0.0950 (1.398)	-0.1397* (-1.842)	-0.1841*** (-3.048)
Treat	-0.1192*** (-3.164)	-0.3105*** (-18.64)	0.0939** (1.979)
Post	0.0065 (0.0635)	-0.5587*** (-2.693)	-0.0482 (-0.4163)
<i>Fixed-effects</i>			
fyearqtr-dataset	Yes	Yes	Yes
court-dataset	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	7,262	403	2,789
Squared Correlation	0.12078	0.35511	0.15155
Pseudo R ²	0.14265	0.33650	0.15308
BIC	840,767.7	58,942.9	449,841.6

Clustered (court) co-variance matrix, t-stats in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table A.7. Treatment Effect on Case Settlement - District of New Jersey

Dependent Variable: Sample Model:	Time to Settle		
	NPE (1)	CRSP firms (2)	Non-CRSP Firms (3)
<i>Variables</i>			
Treat × Post	-0.3803*** (-7.479)	-0.0314 (-0.3068)	0.0776 (1.096)
Post × Spillover (Western Texas)	-0.1964*** (-3.211)	0.6754*** (6.516)	0.0837 (1.098)
Post × Spillover (Eastern Texas)	-0.0098 (-0.1728)	1.234*** (6.189)	0.2163*** (3.338)
Post × Spillover(Northern Illinois)	0.0930 (1.334)	-0.1477** (-2.001)	-0.1749*** (-2.696)
Post	-0.0302 (-0.2234)	-0.3587 (-1.467)	-0.0644 (-0.5265)
<i>Fixed-effects</i>			
fyearqtr-dataset	Yes	Yes	Yes
court-dataset	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	6,362	311	2,565
Squared Correlation	0.11543	0.32661	0.15091
Pseudo R ²	0.13736	0.30738	0.15174
BIC	769,335.1	47,736.2	419,609.3

Clustered (court) co-variance matrix, t-stats in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Variables Definitions

Table A.8. Variables Definitions

Variables	Definition
Dependent Variables	
<i>#Fillings</i>	Number of total cases filed in the quarter to a specific court. Source: Lex Machina.
<i>Time to Settlement</i>	Number of days for a case to settle. Source: Lex Machina.
Other Variables	
Non-practicing Entity (NPE)	Company that derives the majority of its total revenue from patent licensing activities. Source: Unified Patent.

Appendix B

Overview: Litigation Financing

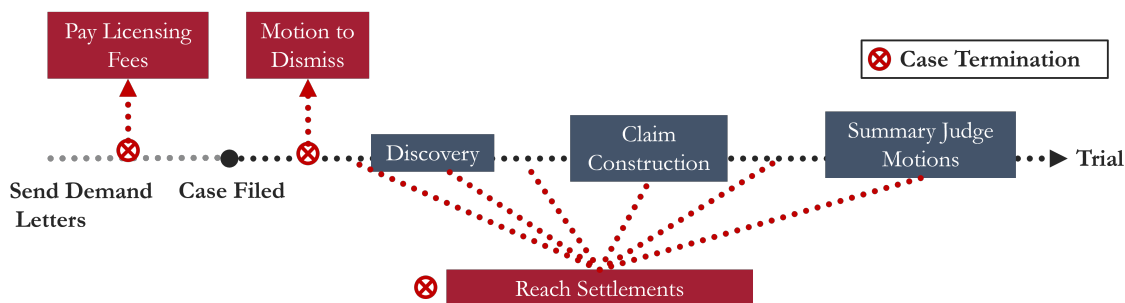
Litigation Process

A civil lawsuit may be filed in federal court or state court, depending on the type of claim. Commercial Third-party Litigation Financing claims such as intellectual property, antitrust, and fraud often involve large corporations and substantial damages. These types of claims fall under federal jurisdiction and are more likely to be litigated in federal court. For example, federal courts have exclusive jurisdiction over antitrust and copyright claims.

Consumer Third-party Litigation Financing claims such as personal injury and small claims are more likely to involve individual citizens and jurisdictional limits below the threshold for federal courts. State courts have jurisdiction over most contract and tort disputes between individual citizens residing in the same state.¹

In the case of patent litigation, the procedure is illustrated in below:

Figure B-1. Patent Litigation Stages



¹<https://www.uscourts.gov/about-federal-courts/court-role-and-structure/comparing-federal-state-courts>

Disclosure Regulation

Table B.1. Federal Courts

Affected Jurisdiction	Mandate	Requirement
District of Delaware (Judge Connolly's Courts)	Standing Order Regarding Third-Party Litigation Funding Arrangements (D. Del. Apr. 18, 2022)	The information to be disclosed includes the funder's name and information, a description of the financial interest taken, and whether third-party approval is necessary for litigation or settlement decisions. Further, the order allows for parties to seek additional discovery concerning the nature of the agreements for specified reasons as well as any other basis supported by good cause.
District of New Jersey	Civ. L.R. 7.1.1 (D.N.J. June 21, 2021)	Same as above
Northern District of California (Class Action Cases)	Standing Order for All Judges of the North District of California Contents of Joint Case Management Statement 19 (N.D. Cal. Nov. 1, 2018)	In any proposed class, collective, or representative action, the required disclosure includes any person or entity that is funding the prosecution of any claim or counterclaim.

Table B.2. State Courts

Affected Jurisdiction	Mandate	Requirement
West Virginia State Courts	W. Va. Code Ann. § 46A-6N-6 (2019)	any agreement under which any litigation financier, other than an attorney permitted to charge a contingent fee representing a party, has a right to receive compensation that is contingent on and sourced from any proceeds of the civil action, by settlement, judgment, or otherwise.
Wisconsin State Courts	Wis. Code § 804.01(2)(bg) (2018)	any agreement under which any person, other than an attorney permitted to charge a contingent fee representing a party, has a right to receive compensation that is contingent on and sourced from any proceeds of the civil action, by settlement, judgment, or otherwise.

Disclosure Examples

Figure B-2. Funding Disclosure’s Location in the Docket

Date Filed	#	Docket Text
05/02/2022	1	COMPLAINT FOR PATENT INFRINGEMENT filed with Jury Demand against Motorola Mobility LLC (Filing fee \$ 402, receipt number ADEDC-3864867.) - filed by Y.M.R Tech LTD, S.M.R Innovations LTD. (Attachments: # 1 Exhibit A, # 2 Exhibit B, # 3 Exhibit C, # 4 Exhibit D, # 5 Civil Cover Sheet)(twk) (Entered: 05/03/2022)
05/02/2022	2	Notice, Consent and Referral forms re: U.S. Magistrate Judge jurisdiction. (twk) (Entered: 05/03/2022)
05/02/2022	3	Report to the Commissioner of Patents and Trademarks for Patent/Trademark Number(s) US 9,699,223 B2; US 10,547,648 B2. (twk) (Entered: 05/03/2022)
05/02/2022	4	Disclosure Statement pursuant to Rule 7.1: No Parents or Affiliates Listed - filed by S.M.R Innovations LTD. (twk) (Entered: 05/03/2022)
05/02/2022	5	Disclosure Statement pursuant to Rule 7.1: No Parents or Affiliates Listed - filed by Y.M.R Tech LTD. (twk) (Entered: 05/03/2022)
05/02/2022	6	Summons Issued as to Motorola Mobility LLC on 5/3/2022. (twk) (Entered: 05/03/2022)
05/04/2022		Case Assigned to Judge Colm F. Connolly. Please include the initials of the Judge (CFC) after the case number on all documents filed. (rjb) (Entered: 05/04/2022)
05/04/2022	7	MOTION for Pro Hac Vice Appearance of Attorney Cortney S. Alexander - filed by S.M.R Innovations LTD, Y.M.R Tech LTD. (Weinblatt, Richard) (Entered: 05/04/2022)
05/05/2022		SO ORDERED, re 7 MOTION for Pro Hac Vice Appearance of Attorney Cortney S. Alexander, filed by Y.M.R Tech LTD, S.M.R Innovations LTD. Ordered by Judge Colm F. Connolly on 5/5/2022. (kmd) (Entered: 05/05/2022)
05/05/2022		Pro Hac Vice Attorney Cortney S. Alexander for S.M.R Innovations LTD and Y.M.R Tech LTD added for electronic noticing. Pursuant to Local Rule 83.5 (d), Delaware counsel shall be the registered users of CM/ECF and shall be required to file all papers. (mpb) (Entered: 05/05/2022)
05/09/2022	8	SUMMONS Returned Executed by Y.M.R Tech LTD, S.M.R Innovations LTD. Motorola Mobility LLC served on 5/4/2022, answer due 5/25/2022. (Weinblatt, Richard) (Entered: 05/09/2022)
05/23/2022	9	STIPULATION TO EXTEND TIME to move, answer, or otherwise respond to the Complaint to July 8, 2022 - filed by Motorola Mobility LLC. (Smith, Rodger) (Entered: 05/23/2022)
05/23/2022		SO ORDERED, re 9 STIPULATION TO EXTEND TIME to move, answer, or otherwise respond to the Complaint to July 8, 2022, filed by Motorola Mobility LLC. Reset Answer Deadlines: Motorola Mobility LLC answer due 7/8/2022. Ordered by Judge Colm F. Connolly on 5/23/2022. (kmd) (Entered: 05/23/2022)
06/01/2022	10	STATEMENT <i>Regarding Third-Party Funding</i> by S.M.R Innovations LTD, Y.M.R Tech LTD. (Weinblatt, Richard) (Entered: 06/01/2022)
06/01/2022	11	Amended Disclosure Statement pursuant to Rule 7.1: No Parents or Affiliates Listed filed by S.M.R Innovations LTD. (Weinblatt, Richard) (Entered: 06/01/2022)
06/01/2022	12	Amended Disclosure Statement pursuant to Rule 7.1: No Parents or Affiliates Listed filed by Y.M.R Tech LTD. (Weinblatt, Richard) (Entered: 06/01/2022)

Figure B-3. Guy A. Shaked Investments, LTD., et al. v. Ontel Products Corporation

Pursuant to Local Rule 7.1.1, counsel for Plaintiffs in the above-captioned matter, without waiver of any rights and over objection to the disclosure mandated by this rule, hereby states as follows:

1. Mossco Capital Inc., incorporated and registered in Canada with registered office at 33 Charles Street East, Suite 3604, Toronto, Ontario, Canada.
2. The funder’s approval is not necessary for litigation decisions or settlement decisions in the action and the funder has no authority to make litigation or settlement decisions.
3. The funder provides non-recourse funding for a contingent financial interest based upon the results of the litigation.

Figure B-4. Jawbone Innovations, LLC, v. Sony Electronics Inc.

PLAINTIFF'S RULE 7.1.1 DISCLOSURE STATEMENT

Pursuant to Civ. Rule 7.1.1, Plaintiff Jawbone Innovations, LLC (“Jawbone”) by and through its undersigned counsel, states as follows:

1. The identity of Jawbone’s third-party litigation funding is Longford Capital Fund III, LP (“Longford”) located at 35 West Wacker Drive, Suite 3700, Chicago, IL 60601.
2. Longford’s approval is not necessary for litigation decisions or settlement decisions in this action.
3. Longford has a contingent interest in the proceeds of this action.

Figure B-5. Ryan Button, et al. v. Dollar General Corporation, et al.

Pursuant to Local Civil Rule 7.1.1, Defendant Steve Sunderland states: No person or entity that is not a party is providing funding for some or all of the attorneys’ fees and expenses for the litigation on a non-recourse basis in exchange for (1) a contingent financial interest based upon the results of the litigation or (2) a non-monetary result that is not in the nature of a personal or bank loan, or insurance.

Figure B-6. S.M.R Innovations Ltd and Y.M.R Tech LTD v. Motorola Mobility LLC

STATEMENT REGARDING THIRD-PARTY FUNDING

Pursuant to the Court's Standing Order Regarding Third-Party Litigation Funding Arrangements, Plaintiffs state that they have made arrangements with Kent & Risley LLC, Plaintiffs' lead counsel in this litigation, for some or all of Plaintiffs' attorney fees and/or expenses to litigate this action on a non-recourse basis in exchange for a financial interest that is contingent upon the results of the litigation. Kent & Risley LLC was formed in Georgia, and its address is 5755 N Point Pkwy, Ste 57, Alpharetta, GA 30022. Kent & Risley LLC's approval is not necessary for litigation or settlement decisions in the action. Kent & Risley LLC is representing Plaintiffs in this litigation on a contingent basis.

Figure B-7. Swirlate IP LLC v. Quantela, Inc.

**QUANTELA, INC.'S STATEMENT CONCERNING
THIRD PARTY LITIGATION FUNDING ARRANGEMENTS**

Pursuant to the Court's Standing Order dated April 18, 2022, Defendant Quantela, Inc. states that it has not made any litigation funding arrangements with third parties.

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