

Bloomberg Law

Critics Call Him a Patent Troll. He Prefers Modern-Day Edison

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October 23, 2023

- Inventor dubbed troll, bully has more than a hundred patents
- Patent reform stalled as inventors disagree over rules

Leigh M. Rothschild says he's among the most prolific inventors of his generation. Critics and opponents see him somewhat differently; they call him a patent troll.

Rothschild secured his first patent by age 20. Now he's 71 and listed as the sole inventor of more than [130 patents](#), including some related to quadraphonic stereos, barcodes, and now-ubiquitous QR codes. He readily admits his entire business model is built around monetizing his intellectual property through litigation and licensing, not selling products based on his inventions.

Rothschild knows what his critics think of him, and he pushed back when Bloomberg Law asked him about the moniker. He said a patent troll takes "crappy patents" and files meritless lawsuits across the country—but that's not him.

"If you want to put me in the company of other inventors who've gone to court" to assert valid patents with supporting evidence, "like the Wright brothers, Alexander Graham Bell, or Thomas Edison—if that's what a patent troll is, I'm certainly a troll," Rothschild said in an interview.

Rothschild and his affiliated non-practicing entities, including Symbology Innovations LLC, Rothschild Broadcast Distribution Systems LLC, Quantum Technology Innovations LLC and Social Positioning Input Systems LLC, have filed more than 80 lawsuits asserting patent infringement in federal courts across the country since 2021, according to a Bloomberg Law analysis of court records. None of Rothschild's lawsuits have reached a jury, almost always settling out of court before trial.

[Pat Muffo](#), a shareholder at Polsinelli PC who has represented clients on both sides of patent disputes, is familiar with Rothschild's tactics. Muffo said not all non-practicing entities are patent trolls, but those that file nuisance suits—actions filed simply to obtain settlements worth less than the cost of litigation—abuse the court system.

"There are non-practicing entities that file a handful of cases or sometimes just one case," Muffo said. "I don't consider them to be in the same bucket as entities like Leigh who file thousands of patent infringement lawsuits which settle very quickly."

Happy to Fight, or Not

The patent portfolio of Rothschild's network of companies includes a wide range of inventions, from cardiac monitors to virtual reality exercise machines; video streaming platforms to car door locks, according to the inventor.

Sometimes companies voluntarily license or buy Rothschild's patents, like Instacart's acquisition of a [patent](#) in 2020 to improve user experience on their app, according to USPTO records.

The inventor said he's negotiated more than 1,000 licenses to Fortune 100 companies, including General Motors Co., Home Depot Inc., and Bank of America Corp. He declined to give Bloomberg Law specifics on the licensed technology, citing confidentiality agreements.

Rothschild's companies don't make products. The inventor deploys a team of lawyers and India-based researchers to search out possible infringers and pursue licensing opportunities worldwide. He also employs patent attorneys in London and Florida to flesh out his patent applications.

Rothschild said he has roughly 200 partially completed applications backlogged with his team and dozens of applications pending at the US Patent and Trademark Office. Patent Asset Management, one of his holding companies, is also a consultant and frequent co-litigant with Intellectual Ventures, a private equity firm similarly notorious for its volume of patent cases.

Pressed to explain why his cases never reach a jury, Rothschild said most US lawsuits settle out of court, and his are no exception. If an opponent comes forward with evidence proving non-infringement, "we're happy to drop out when we're wrong," Rothschild said. "We're also happy to go toe to toe when we think we're right."

Rothschild Connected Devices Innovations alleged in 2017 that Garmin International Inc. infringed two patents dealing with systems to create a personalized consumer product by selling wearable activity trackers, according to a [complaint](#) filed in the US District Court for the Eastern District of Texas.

Rothschild's company dismissed the case less than two months later after finding out Garmin allegedly wasn't served in the case, according to court records.

Garmin pursued sanctions against the Rothschild entity, arguing RCDI frequently pushes for immediate settlement offers that are less than litigation costs. In this case, RCDI offered to drop the infringement allegations in exchange for \$75,000, according to court records. .

Magistrate Judge Roy S. Payne denied Garmin's request for sanctions in a [December 2017 order](#), ruling that RCDI didn't "defile the temple of justice."

The "Bully"

Patent trolls consistently offer settlements immediately after filing lawsuits, according to Muffo. He said some defendants will take the deal to make the lawsuit go away but that can put a "target" on a company's back.

"The best way to fight back isn't to continue to give the bully your lunch money," Muffo said. "It's to stand up to the bully and show them that it's going to be a lot of work."

Defendants can also fight back by filing their own lawsuits for declaratory judgment, which can be an aggressive but effective countermove, said [David G. Henry](#), managing partner of Munck Wilson Mandala's Waco, Texas office.

Valve Corp. filed a [preemptive lawsuit](#) against Rothschild in July 2023 in the US District Court for the Western District of Washington, alleging Patent Asset Management was threatening to sue the video game developer. The threats came after Valve entered a 2016 deal to license 20 Rothschild patents, according to the complaint.

Valve argued Rothschild and his related entities violated their contract and the state's Patent Troll Prevention Act, which makes it unlawful to make bad-faith patent infringement allegations. The complaint attacked Rothschild Broadcast Distribution Systems for participating "solely in the business of patent licensing through the threat of litigation, a pattern of behavior indicative of entities commonly referred to as 'patent trolls.'"

Even with Valve's legal strike, they couldn't block another one of Rothschild's affiliates. Symbology Innovations LLC in September sued Valve and Gearbox Software LLC in the US District Court for the

Eastern District of Texas alleging infringement of Rothschild patents dealing with barcode and QR code technology.

Nuisance to the System?

The litany of cases brought on by Rothschild and similar players has rekindled talk of patent system changes, but the most recent substantive action by Congress dates back to the Obama administration.

The America Invents Act of 2011 sought to raise the bar for patent owners seeking to file frivolous lawsuits by creating a parallel, lower-cost system where companies sued for infringement could challenge patents' validity. The 2023 Patent Eligibility Restoration Act now seeks to narrow the universe of patentable inventions, but the Senate bill hasn't moved since it was proposed in June.

[Ashley N. Moore](#), Dallas Office Managing Partner of Michelman & Robinson, said potential changes to the patent system include eligibility requirements and maximum challenges against a patent. Fee shifting—when the winning party automatically receives attorneys' fees—could be another path to narrow patent litigation, she said. While such a shift may deter some nuisance lawsuits, she said, it could also hurt small businesses or nonpracticing entities that are not “patent trolls,” but also can't afford to wage long legal battles.

[Some states](#) have passed laws attempting to deter nuisance lawsuits, including Washington, Vermont, and North Carolina. But there are drawbacks, including invitations to license a patent falling under anti-competitive behavior, said Alfonso Garcia Chan, a principal at McKool Smith.

A jurisdiction's reputation with patent cases also influences how frequently cases are filed, said Henry, the Texas-based attorney who is also a professor at Baylor University School of Law. Patent plaintiffs often file in courts they believe are more plaintiff friendly, but Henry said it's an “urban myth” that Texas is a haven for patent trolls.

Judge Alan D. Albright of the US District Court for the Western District of Texas—the [nation's top venue](#) for patent infringement lawsuits—works to have an “evenhanded court” and be fair to both sides, Henry said. But he added that politics and court orders give [the perception](#) that the district is a troll's paradise.

Those perceptions coupled with “troll” tactics can shape the patent system by yielding unneeded changes and political overreactions, Henry said. “Some of the things that are going on now in what I would characterize as patent troll behavior reminds me of the behavior that led to tort reform in a lot of states,” he said.

Inventor or Litigator?

Rothschild's detractors have included a panel of judges at the US Court of Appeals for the Federal Circuit, which in a 2017 opinion chided a Rothschild entity for abusing the court system and ordered it to pay its opponent's \$43,330 in attorneys' fees.

Rothschild Connected Devices Innovations LLC had accused ADS Security LP's home alarm system of infringing US Patent No. 8,788,090, which the The Electronic Frontier Foundation named “stupid patent of the month” in August 2015 for sparking more than 50 dubious infringement actions.

ADS countersued Rothschild for its legal bills when he dropped the case. On appeal, Rothschild's lawsuit was called “frivolous on its face,” and his claim to have invented the Internet of Things, was “risible rather than simply unreasonable,” Circuit Judge Haldane Robert Mayer wrote in a concurring opinion. “This suit never should have been filed.”

Rothschild said his side “did everything okay,” in the ADS case. The District court in their order agreed that this case was dismissed by us appropriately. The Federal Circuit had a different opinion,” he said. When asked about EFF’s jibe, Rothschild said he deserved more credit for his success.

“That ‘stupid patent of the month’ has been licensed to major companies,” he quipped, while declining to name which companies citing confidentiality agreements. He said focusing on the few cases he’s lost, “is not in any ways representative of our record of success in going after companies that infringe our IP. I can well live with that. I am proud of our record of success and our efforts to protect inventor rights.”

Rothschild insists litigation was never his primary focus. When he founded BarPoint.com in 1992, he was a pioneer in connecting QR symbols and barcodes to the internet. He says inventing is his true love, “not licensing or litigating.”

But it all comes down to money.

“I’d love nothing better” than to see products hit the market based exclusively on one of his patents “as opposed to just licensing it,” Rothschild said. “But just licensing them is a monetary success story.”