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The Tillis Tax is a Gift to Big Tech

By GEORGE LANDRITH

Congress is advancing a bill that would make it far harder for American inventors to protect their ideas from corporate infringement — and Big Tech couldn't be happier.

A handful of Republican lawmakers are pushing a backdoor assault on patent enforcement. Their proposal would impose a punitive 40.8% tax on the financial lifeline that helps small inventors take on corporate giants and defend their property rights.

Real conservatives don't weaponize the tax code to crush small businesses — they protect the innovators who power progress, drive our economy, and keep America competitive. This bill should be stopped in its tracks.

Dubbed the "Tillis Tax" after its sponsor, Senator Thom Tillis (R-NC), the Tackling Predatory Litigation Funding Act targets third-party litigation funding — a private, voluntary tool that allows small businesses to pursue infringement claims against much larger opponents. This kind of funding helps ensure lawsuits are decided on their merits, not by which side can afford to bring them or drag them out longer.

That's precisely why Big Tech supports the Tillis Tax.

Corporations like Apple, Google, and Amazon have used a predatory strategy often called "efficient infringement." They knowingly copy patented technologies — from devices that measure blood oxygen levels, to AI computing breakthroughs, to data-storage systems — betting that smaller inventors can't afford the long and costly legal battles required to hold them accountable.

The calculation is simple: why pay to license an invention when you can use it without permission, tie any lawsuit up in court for years, and

often settle for less than the cost of a proper license?

This kind of calculated infringement is designed to make enforcement so expensive that most inventors are forced to surrender. Large corporations can fund teams of lawyers and endless appeals. Startup founders cannot.

Third-party litigation funding is one of the few tools that level the playing field. If the inventor wins, the outside investor gets a negotiated share of the recovery; if the case is lost, the investor takes the loss. It's a straightforward, market-driven solution — no hidden strings, no taxpayer money.

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Under the Tillis Tax, this critical lifeline would all but disappear. No investor would risk funding a years-long legal battle if more than 40% of any eventual return would be confiscated by the government. That's not sound tax policy — it's a strategic win for Big Tech, cutting off the only realistic path many inventors have to enforce their rights.

This should be a wake-up call to anyone who values the rule of law and secure property rights. Intellectual property is protected under Article I, Section 8 of the Constitution. The Founders understood that safeguarding inventions is essential to encouraging discovery, risk-taking, and entrepreneurial growth.

That principle is more critical than ever. Today, IP-intensive industries support roughly 63 million U.S.

jobs and 41% of U.S. economic output. For the 99% of U.S. companies that qualify as small businesses, enforceable IP rights are essential — not just for protecting ideas, but for attracting investment, advancing R&D, and scaling manufacturing. The Tillis Tax would undercut all of that by making those rights prohibitively expensive to defend.

Free-market advocates should also take note. Third-party litigation funding allows capital to flow toward strong cases — much like contingency fees allow individuals to pursue valid claims. It gives smaller players a fair shot at justice. Under the Tillis Tax, that access all but disappears.

And the beneficiaries are clear. These are the same companies that hoard personal data, manipulate search results, and bankroll divisive political causes. Now they want Congress to weaken one of the last meaningful checks on their behavior: the threat of losing in court when they take what isn't theirs.

The danger isn't limited to Silicon Valley. Weakening patent enforcement here also emboldens foreign competitors like China, whose firms already steal hundreds of billions of dollars in U.S. IP every year. If American innovators can't afford to fight back, the message to Beijing will be obvious: steal more, risk less.

Republicans in Congress should reject the misguided Tillis Tax and reaffirm their commitment to property rights, free markets, and the rule of law. America's economic future depends on protecting those who dare to innovate — not on making it easier for corporate monopolies to take what they want.

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