

Scenario A:

A PAE acquires patents from a seller operating company. As part of the sale, buyer and seller agree on a pricing arrangement that aligns the PAE's incentives to assert the patents after the sale with those of the seller. The *seller* primarily seeks to facilitate its own exercise of market power by

Scenario B:

Two (or more) *operating company competitors* jointly create a PAE whose interests align with the owners. The owners and the PAE benefit if the patents are asserted to exclude rivals of the operating company owners or raise the costs of their rivals.

