

**120th CONGRESS**

**1st Session**

**H.R. 1**

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To restore free-market creative destruction in the digital economy by eliminating government-created monopolistic privileges, ending corporate welfare, and preventing the artificial perpetuation of dominant positions through acquisition, and for other purposes.

**IN THE HOUSE OF REPRESENTATIVES**

January 3, 2027

Mr. \_\_\_\_\_ (for himself, Mrs. \_\_\_\_\_, and Mr. \_\_\_\_\_) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committees on Energy and Commerce, Ways and Means, and Oversight and Accountability, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

# A BILL

To restore free-market creative destruction in the digital economy by eliminating government-created monopolistic privileges, ending corporate welfare, and preventing the artificial perpetuation of dominant positions through acquisition, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## **SECTION 1. SHORT TITLE.**

This Act may be cited as the “Digital Creative Destruction Restoration Act of 2027”.

## **SECTION 2. FINDINGS.**

Congress finds that

- 1 Government-granted patent and copyright privileges in software, business methods, and application programming interfaces have become the primary legal moat protecting dominant digital platforms;
- 2 Serial acquisitions of nascent competitors have replaced market competition with administered consolidation;
- 3 Billions of dollars in annual corporate welfare distort capital allocation and entrench incumbents; and
- 4 The restoration of vigorous, unfettered competition requires only the removal of these government-created privileges.
- 5 The elimination of government-granted intellectual monopolies, particularly for software and APIs (Title I), does not eliminate the incentive for innovation; rather, it redirects the financial reward from a legal, static, and finite rent

(patent/copyright) to a competitive, dynamic, and continuous market advantage secured by **First-Mover Advantage and Execution Speed**, which reward the rapid development and deployment of disruptive technology, **Proprietary Data and Network Effects**, which establish competitive "moats" through large, unique datasets and user communities that cannot be copied by merely replicating code, **Complementary Assets**, such as specialized infrastructure, manufacturing, and brand loyalty, which grant an uncopyable systemic advantage, and **Innovation as a Service**, which ties revenue to continuous improvement and expertise, rather than a one-time product sale.

# **TITLE I: SUNSET OF SOFTWARE AND BUSINESS-METHOD INTELLECTUAL PROPERTY MONOPOLIES**

## **SEC. 101. SUNSET OF PATENTS.**

- (a) **No new patents on software or business methods.** No patent issued after December 31, 2027, shall be granted or enforced on any invention that is primarily implemented in software, constitutes a business method, or claims a data-processing method performed by a general-purpose computer.
- (b) **Expiration of existing patents.** All patents within the scope of subsection (a) that are in force on December 31, 2029, shall expire on January 1, 2030.
- (c) **Amendment to title 35.** Section 101 of title 35, United States Code, is amended by adding at the end the following:

“No patent may be granted on any process, machine, manufacture, or composition of matter whose novel aspect consists solely of instructions executable by a general-purpose computer.”

## **SEC. 102. COPYRIGHT NON-PROTECTION OF APIS AND PROTOCOLS.**

Section 102(b) of title 17, United States Code, is amended

- (1) by striking “In no case” and inserting “(1) In no case”; and
- (2) by adding at the end the following:

“(2) Neither application programming interfaces (APIs), communication protocols, nor data formats shall be considered copyrightable subject matter, regardless of whether they are expressed in source code, documentation, or implementation.”

## **TITLE II: AUTOMATIC MERGER PROHIBITION**

### **SEC. 201. ACQUISITION CAP.**

Chapter 1 of title 15, United States Code, is amended by adding at the end the following new section:

“19a. Automatic prohibition of certain acquisitions

“(a) It shall be unlawful for any person with greater than 30 percent national share in any relevant product or service market (as defined by the most recent Horizontal Merger Guidelines) to acquire, directly or indirectly, any interest in any other person engaged in commerce if the acquisition would increase the acquirers share in any such market.

“(b) Violations of this section shall be treated as violations of section 7 of the Clayton Act and punishable under section 15 of such Act.

“(c) This section shall not be subject to any efficiencies defense or judicial or administrative discretion.”

### **SEC. 202. GRANDFATHERING AND DIVESTITURE TRIGGER.**

Any person exceeding the 30-percent threshold on the date of enactment may not consummate any acquisition valued at more than 500,000,000 USD (adjusted annually for inflation) without first divesting assets sufficient to fall below the threshold.

## **TITLE III: TERMINATION OF ALL CORPORATE SUBSIDIES AND TAX EXPENDITURES**

### **SEC. 301. PERMANENT BAN ON CORPORATE WELFARE.**

- (a) **In general.** No State, territory, or possession of the United States, nor any political subdivision thereof, may offer or provide any tax abatement, grant, loan, bond financing, land conveyance, infrastructure subsidy, or discounted utility rate to any private for-profit entity as an inducement for location or expansion after December 31, 2027.
- (b) **Nullification.** Any such agreement entered into after that date shall be null and void ab initio.

### **SEC. 302. REPEAL OF TARGETED FEDERAL TAX EXPENDITURES.**

Effective for taxable years beginning after December 31, 2027, sections 41 (research credit), 48D (advanced manufacturing), 45X (clean energy), and all other provisions of the Internal Revenue Code providing tax benefits available only to firms above 1 billion USD in gross receipts are hereby repealed.

### **SEC. 303. SEVERABILITY.**

If any provision of this Act is held invalid, the remainder shall not be affected.

### **SEC. 304. PRIVATE RIGHT OF ACTION.**

Any person may bring a civil action in federal district court to enjoin violations of this Act and to recover treble damages, costs, and reasonable attorneys fees.

### **SEC. 305. EFFECTIVE DATE.**

Except as otherwise provided, this Act shall take effect on the date of enactment.