This paper empirically investigates the statistical relation between levels of patent litigation and venture capital (“VC”) investment in the U.S. The paper finds that VC investment, a major funding source for entrepreneurial activity, initially increases with the number of litigated patents, but that there is a “tipping point” where further increases in the number of patents litigated are associated with decreased VC investment, which suggests an inverted U-shaped relation between patent litigation and VC investment. Strikingly, the paper finds evidence that litigation by frequent patent litigators, a proxy for PAE litigation, is directly associated with decreased VC investment with no positive effects initially.