

Reuters

U.S. Senate gets bill clamping down on 'patent trolls'

BY DIANE BARTZ

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Nov 18 (Reuters) - Two leading U.S. senators introduced a bill on Monday aimed at making it harder for "patent trolls" to file frivolous infringement lawsuits.

Patent assertion entities (PAEs), called patent trolls by critics, are companies that typically do not invent or make products but buy patents to obtain licensing fees or file infringement lawsuits. Lawsuits have been triggered by the use of such common technologies as a coffeehouse offering wireless internet access to customers or a hotel using online ordering.

Democratic Senator Patrick Leahy of Vermont, chair of the Judiciary Committee, and Senator Mike Lee, a Republican from Utah, introduced a bill that would require patent holders to disclose ownership and allow manufacturers to step into lawsuits to protect customers accused of using an infringing device, the two lawmakers said in a statement. "Unfortunately some bad actors are misusing the (patent) system to sue unsuspecting consumers or extort monetary settlements by making misleading demands," said Leahy, a Vermont Democrat.

The American Hotel and Lodging Association was quick to praise the bill.

"The hotel industry is seeing a disturbing rise in the number of frivolous lawsuits filed by predatory entities known as 'patent trolls,' often against small 'mom and pop'-sized businesses without the resources to fight costly legal battles," said Katherine Lugar, president and chief executive of the association.

A spokesman for one patent licensing firm, Intellectual Ventures, said they were aware of the Leahy bill.

"In general, we're supportive of the general intent of the bill and the devil is in the details," said Kyle Mahoney, a spokesman for Intellectual Ventures.

Some patent experts, like Adam Mossoff who teaches at George Mason University School of Law, have urged Congress to be cautious in changing patent law because of the danger of hurting companies whose patents are truly infringed.

The Leahy and Lee bill has some similarities to a measure introduced last month by Representative Bob Goodlatte, chairman of the House Judiciary Committee and a Republican from Virginia.

That bill requires companies to provide specific details on what patent is infringed when they file a lawsuit, and also to specify how it is used. It also requires judges hearing patent cases to award fees to the winner in an infringement lawsuit, unless the judge decides that the loser's position was "substantially justified" or some other circumstances exist.

The White House urged Congress in June to take steps to curb abusive patent lawsuits. Other proposals are circulating on Capitol Hill, and the Federal Trade Commission is doing a study of PAEs.

Cisco Systems Inc, Apple Inc, Google Inc and other technology powerhouses largely support the effort to rein in PAEs. (Editing by Eric Walsh)