

Mixed reaction as US House passes patent reform

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The US House of Representatives overwhelmingly passed legislation Thursday aimed at curbing patent lawsuits, responding to industry complaints about a flood of frivolous litigation.

The measure, based in part on a White House proposal earlier this year, would target so-called "patent trolls"—entities that make no products but seek to hijack ideas and collect royalties or license fees through litigation.

The bill—passed by a vote of 325 to 91—seeks to limit a [flood](#) of litigation on patents that some say is hurting innovation, especially in the [tech sector](#).

The technology world hailed the action, though the bill still must clear the Senate and has drawn a lukewarm response from the White House and some Democrats.

Ed Black, at the Computer & Communication Industry Association, said the bill would be positive for the US economy and for businesses currently hit by large legal bills.

"These reforms target patent lawyers bringing frivolous lawsuits to court—not [patent holders](#) bringing innovative products to market," Black said in a statement.

"This abuse of our legal system... can bankrupt small businesses and

keep larger tech companies' engineers in court rather than the office and drains \$29 billion a year from our economy."

Consumer Electronics Association president and CEO Gary Shapiro said the measure "will greatly reduce the epidemic of patent lawsuit abuse afflicting the US economy and provide particular relief for small businesses, the primary victims of patent trolls, who lack the resources to fight back in court."

The White House earlier this week gave the bill a qualified endorsement, saying it "supports the effort to discourage abusive court filings," but hopes the bill is amended to allow more "judicial discretion in balancing competing interests."

A White House statement said it wanted "to include additional provisions that the administration recommended to help protect innovators, including transparency of demand letters and pre-litigation patent ownership."

Demand letters are sent to businesses or individuals alleging patent infringement and threatening a lawsuit. Critics of the system say these letters are frequently vague, misleading and fail to show the true patent owners.

House Democratic leader Nancy Pelosi said the bill "does not go far enough to address pre-trial demand letters that can confuse and cost entrepreneurs and it includes a controversial fee-shifting provision that could tilt the legal system against innovators."

Representative Dana Rohrabacher, a California Democrat, criticized the bill as favoring large corporations over independent inventors, whom he said have been vilified as patent trolls.

"These so-called villainous trolls are patent holders, or companies who represent patent holders," he said. "They are engaged in defending their rights against the infringement of those patents that they own."

Senator John Cornyn welcomed the House action and said he looked forward to debate in the Senate, pointing out his own bill calling for more transparency on patents and shifting costs to those who lose a lawsuit.

"Republicans and Democrats both recognize the depth of the problem," he said in a statement. "We must work to pass a bill that will bring fairness to our patent system by deterring so-called patent trolls looking for a quick payout."

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