

# RFID Patent Issues

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## State of RFID Applications

- Types of RFID cases
- Core (system) cases up 51%
- Component cases up 27%
- Application cases difficult to count



# Initiatives for RFID Applications

- Addition of Patent Examining Staff
- Docket Reorganization
- Internal Coordination among Technology Centers
- Training
- Coordination with USG Interested Agencies



# RFID International Project

- Trilateral Initiatives-US, Europe, Japan
- Expansion with Korea and China
- Comparative Studies in Emerging Technologies
- Proposal for RFID Applications
- Search and Examination Guidelines
- Outcomes: Quality and Consistency



## New EC Policy Proposal

[http://ec.europa.eu/information\\_society/policy/rfid/doc/rfid\\_en.pdf](http://ec.europa.eu/information_society/policy/rfid/doc/rfid_en.pdf)

# Thank You!

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# Strategies For Dealing With Legal Issues Pertaining To RFID Technology

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## Technology Related Trends

Each New Wave Of Technology Brings Its Own Set Of Problems

- Manufacturing Improvements In LCD Technology Resulted In Dramatic Price Reductions And Increased Consumer Demand
- Also Resulted In Widespread Enforcement Of Flat Screen Technology Patents
- Similar Patterns Are Emerging In Regard To RFID Technology



# RFID Related Patent Litigations

## Patents On Passive Tag Technology

- Most Are Expired

## New Patents Pertain To Active Tags And To Data Mining

- Basis Of New Litigations

## Might Also See Patent Litigation Arising Because Of Standards

- RFID Is Necessarily Very Standardized
- Some Companies Push For Their Patented Technology To Become The Standard



## Emerging Litigation Trends

### Lawsuits Previously Filed Among Manufacturers

- Alien v. Intermecc

### Recent Suits Have Been Filed By Patent Trolls

- RFID World v. Wal Mart, Target, etc.

### Defendants Have Also Changed

- Patent Holders Are Pursuing Retailers Rather Than Manufacturers



## Possible Reasons Behind Trends

### Patent Trolls Do Not Feel The Pain Of A Patent Litigation

- Law Firms Typically Accept The Case On Contingency
- Patent Trolls Typically Are Not An On-Going Concern
  - litigations demand corporate resources
  - very distracting to a company's operation
- Corporations Can Typically Cross-License To End The Suit
  - trolls typically do not have a reason to cross-license



## Other Possible Reasons Behind Trends

### Patent Holders Now Sue RFID End Users

- Suing One Retailer Causes Concern Among All Retailers
  - might result in other retailers purchasing RFID products from patent holder to avoid being sued later
- Retailers Are Quicker To Accept A License
  - easier and less expensive than protracted litigation
  - typically do not have a patent portfolio to cross-license



# Precautions For Reducing Potential Liability

Attempt To Secure Appropriate Indemnity From A Vendor

- Make Sure Indemnity Clause Addresses Patent Infringement
- Such Clauses Must Be Reviewed Carefully As They Vary Widely



## Precautions For Reducing Potential Liability (cnt'd)

### Purchase A Patent Infringement Insurance Policy

- Coverage Can Range From Just Legal Costs To Full Indemnification For All Damages
- Work With Insurance Company Or Broker To Determine Best Coverage



## Precautions For Reducing Potential Liability (cnt'd)

### Consider Obtaining A License From A Patent Pool

- Allows Any Party (manufacturer, retailer, etc.) To Obtain A License
- Might Allow That Party To Avoid Being Sued For Infringement
- Must Be Very Carefully Analyzed By A Patent Lawyer



## Consult A Qualified Patent Attorney

Best Course Is To Consult A Qualified Patent Attorney

- Allows For A Proper Evaluation Of The RFID Technology Your Company Is Considering Purchasing Or Using
- Allows For A Proper Evaluation Of The Strengths Of The Patents In That Field
- Allows Your Company To Be Presented With All Appropriate Options
  - design around the patents
  - take a license



## Limitations On Advice From A Qualified Patent Attorney

Even Advice From A Qualified Patent Attorney Has Limitations

- Obtaining An Opinion Of Counsel Does Not Guarantee That Your Company Will Not Be Sued
- But May Help Lessen A Company's Exposure To A Request For Enhanced Damages



# Protecting Your IP Rights

Consult A Qualified Patent Attorney

- Best To File A Patent Application Before:
  - offering to sell the invention
  - publicly using the invention

Should Not Discuss Invention Without Protection

- Preferably File An Application Before Disclosure
- Should Enter Into A Non-Disclosure Agreement

Be Careful Of Participating In Standard Setting Activities

- Failure To Disclose Patent Application Could Cost Rights

# Patent Reforms Federal Legislation Amending US Patent Law

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## The Demand For Congressional Changes

- Spike in IT and Telecom Related patent litigation
- Perceptions of patent abuse – RIM litigation
- Recent Supreme Court patent rulings – NTP v RIM; eBay; ATT v Microsoft



## Legislative Status

- In 2006, Federal legislation introduced in both the House and the Senate
- A dozen+ legislative hearings in both bodies
- Bipartisan interest in updating US patent laws
- Same sponsors planning to work together on legislation in 2007



## House of Representatives

- HR 2795 – Likely model for legislation
- Representatives Lamar Smith (R-TX) and Howard Berman (D-CA)
- Change “First to Invent” to “First to File”
- Increase standard for “Novelty”
- Adds new investigational authority at USPTO for possible violations of candor
- Directs courts how address injunctions
- Changes Post-Grant opposition procedures



## US Senate

S. 3818 – Likely model in the Senate

Senators Orrin Hatch (R-UT) and Patrick Leahy (VT)

Slightly different version of House reforms

Adds limitations on court venues for patent disputes



## Major contributors to debate

- Coalition of IT companies seeking reforms
- Coalition of IT companies resisting reforms
- Coalition of Pharma/Bio companies opposing reforms
- Colleges and Universities
- Independent inventors
- Wither RFID?



## RFID Information Resources

Website: [www.rfidlawblog.com](http://www.rfidlawblog.com)

Upcoming RFID Journal Live! Preconference session on April 30, 2007 focusing on the following topics

- Privacy and Data Security
- The Impact of government RFID Mandates
- Pending State and Federal Legislation and Regulation
- Spectrum Allocation and International Standards

For more information access <http://www.rfidjournalevents.com/live/>