

LEGAL UPDATES

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Prior Use Rights: A New Look to an Old Tool Provided by the America Invents Act

The America Invents Act (AIA) has significantly revamped U.S. patent law. Under the old law, a company could find that someone went out and patented one of its important processes, rendering the company an infringer of the patent. The AIA provides a mechanism businesses can use to assure themselves of the ability to continue to use current processes even if another is able to obtain a patent that covers those processes. By establishing “prior user rights,” business owners can continue practicing their old business processes even in the face of a properly issued patent.

Previously, a business that uses a trade secret or other know-how in its business took the risk that someone could patent that know-how and sue the business for patent infringement. Thanks to the AIA, patents issued on or after September 16, 2012, will be subject to “prior user rights.” The key to protecting your business is to having sufficient proofs to establish you were a “prior user” as defined by the act. In short, you need to have records going back far enough in time, and complete enough in scope, to conclusively establish that you were first in time to practice the now-claimed process.

In Section 5 of the AIA, prior user rights are found under the title “Defense to Infringement Based on Prior Commercial Use.” The provisions require that the asserted prior use was in good faith and that the use has been going on for more than one year before the patentee filed its patent application or disclosed the patented technology to the public. The person asserting a prior use in the now patented technology must establish its prior use by clear and convincing evidence. For this defense to apply to the first batch of patents issuing after the effective date, you will need documentation to establish your use began before September 16, 2011 — one year before the effective date of this section of the

AIA. Fair warning — destruction of current documents might compromise the ability to assert prior user rights against future patents covering your current processes.

From a practical stand point, the new law also may make proving the prior use difficult without the right kind of documentation. Documentation will be critical to meet the defense's burden of "clear and convincing evidence." Care is needed when asserting the defense because when a defendant is "found to infringe the patent and ... subsequently fails to demonstrate a reasonable basis for asserting the defense" a court must "find the case exceptional for the purpose of awarding attorney fees."

The measures to document business activity in order to prepare for a prior use defense have much in common with practices for the identification and protection of trade secrets and other business know-how. In auditing for proofs to establish prior use, companies can also benefit from ensuring they are up to date on their trade secret protections as well. We can help you establish this newly available form of business insurance against patent infringement and possibly establish ownership rights of your business know-how.

What This Means to You

Congress has given you a new opportunity to protect your business that needs serious consideration. The time has come to prepare to use prior user rights to protect your business from interruption, disruption or worse — patent litigation with no clear defense. Inadequate records retention policies may also prevent your ability to access the prior use defense.

Contact Info

For additional information about these or any other intellectual property issues, please contact your Husch Blackwell attorney.

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