

# NAR Issue Summary

## Business / Patent Reform

### What is the fundamental issue?

In 2011, Congress passed legislative reforms to patent law in response to growing concerns that the patent system was unable to deal with challenges presented by the ever growing number of patent applications being submitted and increasing complexity of the technology for which a patent is being requested. In addition, the growing number of cases of licensing demands being made by holders of obscure software patents as well as number of patent lawsuits being filed pointed to the need for reform. Many in the tech industry believe that 2011's reforms did not adequately address the issue of "patent trolls" and that additional legislation is necessary to reduce the costs of litigation caused by "non-practicing patent entities."

### I am a real estate professional. What does this mean for my business?

The real estate industry is more and more dependent on the use of information technology and software products to market properties and manage their businesses. An increase in patent-infringement claims can drag unsuspecting Realtors into expensive and time-consuming litigation putting all Realtors at risk. The recent CIVIX lawsuit is a good example. CIVIX owns a very broad patent on any online service that provides "systems and methods for remotely accessing a select group of items from a database." As a result of this patent infringement lawsuit a number of MLSs have been required to pay licensing fees to this patent holder. Patent reform could help to more narrowly tailor patents and reduced the scope of future infringement lawsuits.

### NAR Policy:

NAR supports greater transparency in the patent application process including (1) a mechanism to allow practitioners with the expertise and knowledge to review and comment on the appropriateness of a patent application prior to the issuance of the patent and (2) create a streamlined and more effective process for challenging a patent outside of the judicial system.

### Legislative/Regulatory Status/Outlook

President Obama signed the America Invents Act into law on September 16, 2011. The intent of the bill is to speed up the patent process so that innovators and entrepreneurs can bring their products to market as quickly as possible. The US Patent and Trademark Office (USPTO) is now required to draft regulations needed to implement the patent reform law. These regulations will take effect over the next 12 months. On August 1, 2012 the Saving High-Tech Innovators from Egregious Legal Disputes (SHEILD) Act of 2012 (H.R. 6245) was introduced. It is unlikely to be passed in this Congress but will serve to tee up discussion for the 113th Congress.

### Current Legislation/Regulation (bill number or regulation)

[H.R. 1249](#)

[S. 23](#)

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[H.R. 6245](#)

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