

# NAR Issue Summary

## Technologies / Patent Litigation Reform

### **NAR Committee:**

Federal Technology Policy Committee

### **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 the 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 real estate professionals into expensive and time-consuming litigation putting all REALTORS® at risk.

The CIVIX lawsuit is a good example. The 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 has recently learned that several large brokers have been sued for alleged infringement of a patent dealing with property valuation. New "trolls" pop up all the time and increasingly REALTORS® and MLSs are the subject of their demands to license bogus patents. The problem is only growing worse over time.

### **NAR Policy:**

NAR believes that curbing questionable patent litigation is a needed reform. However, improving patent system transparency and patent quality are equally important. While the Patent Trademark Office (PTO) has taken important steps to improve the system, more work is needed.



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Without needed reforms that assure that asserted patent rights are legitimate, the ability of businesses owned by REALTORS<sup>®</sup>, many of which are small businesses, to grow, innovate and better serve modern consumers will be put at risk.

### **Opposition Arguments:**

Opponents argue that proposed reform could sweep in legitimate business practices, reducing the value of patent assets and chill innovation.

### **Legislative/Regulatory Status/Outlook**

NAR has been lobbying on its own behalf and as part of the United for Patent Reform Coalition to support common sense patent litigation reforms.

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

None at this time.

### **Legislative Contact(s):**

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