

## Joe Matal in Bloomberg Law: Banks, Retailers Fear New Business Method Suits After Review Program Ends

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**PRACTICES** Patent Office Trials, Intellectual Property

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Haynes Boone Partner Joe Matal talked with *Bloomberg Law* about why banks, retailers, and restaurants are concerned they could face more infringement lawsuits related to how they conduct business after the covered business method (CBM) review program expires.

Here is an excerpt:

Congress created the program, called covered business method (CBM) review, in the 2011 America Invents Act for challenging patents on business methods. ... The patent office's authority to take requests to review CBM patents sunsets Wednesday.

Banking, retail, and restaurant groups worry about looming litigation if Congress doesn't move to extend the review program, which alleged infringers could use to attack patents. Owners of business method patents may be waiting to bring infringement lawsuits until the program expires.

Companies that are sued for infringement can also argue in district court that a patent covers an abstract idea not eligible for protection. But judges in some courts ... have been reluctant to decide patent eligibility early in a case.

Lawsuits in those courts may proceed through expensive stages, including discovery and claim construction hearings, known as Markman hearings, before courts rule.

"If you've been sued in one of the districts that is resistant to allowing eligibility to be addressed on a 12(b)(6) motion, you're going to miss having the option of going back to the agency for review, rather than spending a million dollars on discovery and a Markman hearing," said Haynes Boone Partner Joseph Matal, referring to the federal rule for a motion to dismiss for failure to state a claim.

### **'Open Secret'**

CBM reviews were a response to patents issued following the Federal Circuit's 1998 decision in *State Street v. Signature Financial*, which broadened what was eligible for patent protection, according to people involved in the legislative process.

Following the U.S. Supreme Court's decision over a decade later in *Bilski v. Kappos*, which invalidated a business method patent as abstract, it became clear that many of those patents shouldn't have been issued, so lawmakers decided to "create a simple mechanism for cleaning this up," Matal said.

Matal, who helped draft the AIA while working for the U.S. Senate Judiciary Committee, and [David McCombs](#), another partner at Haynes Boone, said in a [post on the Fed Circuit Blog](#) the CBM program is a cautionary tale about the Supreme Court's delay in enforcing patent eligibility standards.

“It’s unfortunate that we had a decade and a half hiatus when eligibility law was not enforced,” Matal said. “It doesn’t benefit the system in any way to have a large number of invalid patents issued.”

To read the full article, click [here](#).