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Public Transportation Industry Sues to Halt Frivolous Patent Claims

The American Public Transportation Association (APTA) yesterday filed a lawsuit in federal court seeking to halt frivolous patent infringement claims against public transit systems throughout the country by two foreign companies.

Over the last three years, Arrivalstar S.A., located in Luxembourg, and its affiliate, Melvino Technologies Limited, an offshore firm in British Virgin Islands, have filed claims stating that they own or are the exclusive licensee of patents relating to arrival and status messaging systems for the transportation industry. Arrivalstar has made these claims, yet it appears they have never done research or developed technology or products related to the patents. (View [APTA lawsuit on frivolous patent claims](#))

APTA, which is being represented by the Public Patent Foundation, is asking the United States District Court, Southern District of New York, to declare that its public transportation system members cannot be sued for patent infringement by ArrivalStar. The lawsuit states that ArrivalStar's patents are invalid and unenforceable and that the claims cover ineligible subject matter. In addition, the lawsuit asserts that the 11th amendment prohibits state and regional entities from being subject to such suits.

In its lawsuit, APTA states that ArrivalStar's goal in filing each suit was not to seek a remedy for a legitimate claim but rather to settle for an amount below the cost to each defendant to defend itself in court. At least 11 transit systems have been subject to these harassment claims and decided to settle them rather than undertake expensive and time-consuming litigation, which would cost tens of millions of dollars.

“Our public transit systems have been improving the customer experience by providing real-time schedule and travel information to riders,” said James LaRusch, APTA Chief Counsel. “These systems, which are operating under severe financial constraints, are being saddled with these outrageous harassment claims that are a waste of time and money. This must be stopped.”

Also yesterday, U.S. Rep. Dan Lipinski (IL-3), of the House Transportation & Infrastructure Committee, sent a [letter to Federal Trade Commission Chairwoman Edith Ramirez](#), urging the agency to follow through with its proposal to launch an investigation into the practices of “patent assertion entities” suing governmental agencies, transit systems included, over questionable claims of patent infringement.

“This type of litigation undercuts the purpose of the patent system and exploits the fact that public agencies are at a financial disadvantage,” said Rep. Lipinski, co-chair of the new Public Transportation

Caucus. “These lawsuits only hurt taxpayers in my district and elsewhere who rely on a vital public service, especially when many transit agencies already are struggling in these tight financial times.”

The increase in patent infringement claims against public transit systems parallels claims on software and electronic processes in other industries. On June 4, the Obama Administration cracked down on these claims by issuing several executive orders and proposing Congressional action “to protect innovators from frivolous legislation.”

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The American Public Transportation Association (APTA) is a nonprofit international association of 1,500 public and private sector organizations, engaged in the areas of bus, paratransit, light rail, commuter rail, subways, waterborne services, and intercity and high-speed passenger rail. This includes: transit systems; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA is the only association in North America that represents all modes of public transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. More than 90 percent of the people using public transportation in the United States and Canada ride APTA member systems.

The Public Patent Foundation at Benjamin N. Cardozo School of Law (“PUBPAT”) is a not-for-profit legal services organization whose mission is to protect freedom in the patent system. For more information, go to www.pubpat.org