

# Red Hat Urges Supreme Court to Address Impediments to Innovation Posed By Patents on Software

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*Files Amicus Brief Giving Open Source Perspective in Alice Corp. v. CLS Bank Case and Supports the Exclusion on Patenting Abstract Ideas*

RALEIGH, N.C.--(BUSINESS WIRE)-- Red Hat, Inc. (NYSE: RHT), the world's leading provider of open source solutions, today announced it has filed an amicus brief with the United States Supreme Court. The brief, filed in the case of *Alice Corp. v. CLS Bank*, asks the Supreme Court to find that its existing cases prohibiting the patenting of abstract ideas apply to software patents. Such a decision would mean a major course correction in patent law and the invalidation of large numbers of software patents.

The case concerns the validity of a patent relating to financial intermediation (that is, escrow arrangements) using computers. At issue is whether the patent is invalid because it amounts to the type of abstract idea that is excluded from patent eligibility. Red Hat argues that software patents like the one in this case are unpatentable, because at one level they are similar to abstract business method patents, and at another level amount to unpatentable algorithms.

Prior to the mid-1990s, software was generally considered unpatentable, but appeals court cases changed this understanding. The result was an explosion of software patents. They now number in the hundreds of thousands, and they cover abstract technology in vague and difficult-to-interpret terms. Because software products may involve thousands of arguably patentable components, developers face the risk of having to defend weak-but-costly patent infringement lawsuits. A new class of business enterprise, sometimes called patent trolls, has developed to file lawsuits to exploit this system.

The scope of patentable subject matter is an issue of critical importance to the future development of all software, including open source. The Supreme Court's *CLS Bank* decision could clarify the law and lessen the risks that innovation will be hindered by patents. Oral argument is scheduled for March 31, 2014.

Red Hat has consistently supported patent reform to address problems posed to innovation, including for open source and other software developers. To read the full amicus brief, visit <http://red.ht/red-hat-urges-supreme-court-to-address-impediments-to-innovation>.

## Supporting Quote

*Rob Tiller, vice president and assistant general counsel, Red Hat*

"Red Hat is committed to the free and open source software community, and this leads us naturally to seek reform in the law relating to software patents that would promote creativity and innovation. Software patents can have a perverse effect on software technology - they can hinder innovation rather than encouraging it. The *CLS Bank* case presents a great opportunity for the Supreme Court to address this problem."

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Red Hat is the world's leading provider of open source software solutions, using a community-powered approach to reliable and high-performing cloud, Linux, middleware, storage and virtualization technologies. Red Hat also offers award-winning support, training, and consulting services. As the connective hub in a global network of enterprises, partners, and open source communities, Red Hat helps create relevant, innovative technologies that liberate resources for growth and prepare customers for the future of IT. Learn more at <http://www.redhat.com>.

## Forward-Looking Statements

Certain statements contained in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: risks related to delays or reductions in information technology spending; the effects of industry consolidation; the ability of the Company to compete effectively; the integration of acquisitions and the ability to market successfully acquired technologies and products; uncertainty and adverse

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