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Federal Circuit Patent Bulletin: *IRIS Corp. v. Japan Airlines Corp.*

October 21, 2014

"When the government requires private parties to perform quasi-governmental functions, . . . there can be no question that those actions are undertaken 'for the benefit of the government' [for purposes of 28 U.S.C. § 1498(a)."

On October 21, 2014, in *IRIS Corp. v. Japan Airlines Corp.*, the U.S. Court of Appeals for the Federal Circuit affirmed the district court's dismissal of IRIS' suit alleging that Japan Airlines (JAL) infringed U.S. Patent No. 6,111,506, which related to methods for making a secure identification document containing an embedded computer chip that stores biographical or biometric data. The Federal Circuit stated:

[Under 28 U.S.C. § 1498(a), w]henever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States . . . the owner's remedy shall be by action against the United States in the United States Court of Federal Claims . . . . The statute further clarifies that an accused activity is "for the United States" if two requirements are met: (1) it is conducted "for the Government," and (2) it is conducted "with the authorization or consent of the Government." The government's authorization or consent may be either express or implied.

In this case, the government has clearly provided its authorization or consent because—as the parties and the United States agree—JAL cannot comply with its legal obligations without engaging in the allegedly infringing activities. But, standing alone, a governmental

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grant of authorization or consent does not mean that the alleged use or manufacture is done "for the United States" under § 1498(a). To qualify, the alleged use or manufacture must also be done "for the benefit of the government." [T]he government benefits here because JAL's examination of passports improves the detection of fraudulent passports and reduces demands on government resources. This, in turn, directly enhances border security and improves the government's ability to monitor the flow of people into and out of the country. When the government requires private parties to perform quasi-governmental functions, such as this one, there can be no question that those actions are undertaken "for the benefit of the government."

We also note that the United States has unequivocally stated its position that suit under § 1498(a) is appropriate here. Although the government's statement is not dispositive, it reinforces our conclusion that the United States has waived sovereign immunity in this case and, therefore, that IRIS's exclusive remedy is suit for recovery against the United States under § 1498(a). Accordingly, because JAL's allegedly infringing acts are carried out "for the United States" under 28 U.S.C. § 1498(a), we affirm the district court's decision to dismiss IRIS's suit.