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Patently Enabled July 2025 – Prior User Rights Under U.S. Patent Law

Key Takeaways

- A patent provides a right to exclude, unless an entity holds prior user rights.
- Prior user rights enable a third party to continue using an invention after another files a patent application.
- The defense is governed by 35 U.S.C. § 273 and requires commercial use before the patent's filing date.
- Prior user rights carry a heightened burden of clear and convincing evidence and do not establish invalidity.

A patent gives its holder the right to exclude other entities from practicing an invention, unless an entity holds prior user rights. Prior user rights enable a third party to continue using an invention after another has filed a patent application covering the same technology. As indicated by the name, the right only applies where the third party has been using the invention prior to the date of the patent application.

The American Invents Act codifies the prior commercial use defense in 35 U.S.C. § 273. Section 273 sets forth a number of conditions that must be satisfied to establish prior user rights. Specifically, the statute requires that, at least one year prior to either the effective filing date of the claimed invention or the date on which the claimed invention was disclosed to the public, a person, acting in good faith, commercially used the subject matter in the United States. That commercial use must be in connection with either an internal commercial use or an actual arm's length sale or other arm's length commercial transfer of a useful end result of such commercial use.
A common scenario illustrates how prior user rights can arise.

Company A consistently uses an invention in the United States as a trade secret. Several years later, Company A receives a cease and desist letter from Company B stating that Company B obtained a patent on the invention based on an application filed after Company A's use began. Company B directs Company A to cease use or face liability for patent damages. In reality, Company A is not liable to Company B because Company A has acquired prior user rights.

Section 273 also identifies several important limitations and exceptions. Prior user rights may be lost through abandonment. The statute further provides that prior user rights generally may not be licensed, assigned, or transferred to another person, although certain statutory exceptions apply. Because these provisions contain nuanced requirements and limitations, any party that believes it may qualify as a prior user should seek guidance from an experienced patent attorney to carefully review Section 273 and assess potential hurdles to asserting the defense.

While prior user rights can be a powerful defense, they should not be asserted casually. If the defense is raised without a reasonable basis, Section 273 provides that the court “shall” award attorneys' fees to the opposing party. As a result, careful factual and legal analysis is essential before invoking prior user rights in litigation.

There are also important litigation considerations to keep in mind. The defense of prior user rights carries the heightened burden of clear and convincing evidence. This means the party asserting the defense must present strong, well documented proof of qualifying commercial use that predates the relevant patent filing or disclosure. It should also be noted that a successful prior user defense does not necessarily establish that the asserted patent is invalid. Rather, it operates as a personal defense that permits continued use of the invention by the prior user.

Prior user rights reflect a balance between protecting patent holders and preserving the ability of businesses to continue long standing commercial activities. Understanding when those rights apply, and the evidentiary burden required to establish them, is essential for companies that rely on trade secrets or internal commercial processes alongside patent protection.

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