

SECOND REGULAR SESSION
[P E R F E C T E D]
SENATE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 706
97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CUNNINGHAM.

Offered April 8, 2014.

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TERRY L. SPIELER, Secretary.

5306S.05P

AN ACT

To amend chapter 416, RSMo, by adding thereto five new sections relating to bad faith assertions of patent infringement.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 416, RSMo, is amended by adding thereto five new sections, to be known as sections 416.650, 416.652, 416.654, 416.656, and 416.658, to read as follows:

416.650. For purposes of sections 416.650 to 416.658, the following terms shall mean:

(1) "Demand letter", a letter, email, or other communication asserting or claiming that a target has engaged in patent infringement, but shall not include a petition filed in a court of appropriate jurisdiction;

(2) "Target", an end user who purchases, rents, leases, or otherwise obtains a product or service in the commercial market that is not for resale and that is, or later becomes, the subject of a patent infringement allegation.

416.652. 1. No person shall make a bad faith assertion of patent infringement in a demand letter.

2. A court may consider the following factors as evidence that a person has made a bad faith assertion of patent infringement in a demand letter:

6 (1) The demand letter does not contain the following
7 information:

8 (a) The patent number;

9 (b) The name and address of the patent owner or owners and
10 assignee or assignees, if any; and

11 (c) Factual allegations concerning the specific areas in which the
12 target's products, services, or technology infringe the patent or are
13 covered by the claims in the patent;

14 (2) The demand letter lacks the information described in
15 subdivision (1) of this subsection, the target requests the information,
16 and the person fails to provide the information within a reasonable
17 period of time;

18 (3) The demand letter demands payment of a license fee or
19 response within an unreasonably short period of time;

20 (4) The person offers to license the patent for an amount that is
21 not based on a reasonable estimate of the value of the license;

22 (5) The person, company, or any of its subsidiaries or affiliates
23 has previously presented a demand letter claiming or asserting patent
24 infringement of the same patent under substantially the same
25 circumstances, and a court has entered a final judgment that the
26 demand letter presented a bad faith assertion of patent infringement;

27 (6) The person attempted to enforce the claim of patent
28 infringement in litigation, and a court found the claim to be brought in
29 bad faith; and

30 (7) Any other factor the court finds relevant.

31 3. A court may consider the following factors as evidence that a
32 person has not made a bad faith assertion of patent infringement:

33 (1) The demand letter contains the information described in
34 subdivision (1) of subsection 2 of this section;

35 (2) If the demand letter lacks the information described in
36 subdivision (1) of subsection 2 of this section and the target requests
37 the information, the person provides the information within a
38 reasonable period of time;

39 (3) The person engages in a good faith effort to establish that the
40 target has infringed the patent and to negotiate an appropriate remedy;

41 (4) The person makes a substantial investment in the use of the
42 patent or in the production or sale of a product or item covered by the

43 **patent;**

44 **(5) The person is:**

45 **(a) The inventor or joint inventor holding the patent or in the**
46 **case of a patent filed by and awarded to an assignee of the original**
47 **inventor or joint inventor, is the original assignee; or**

48 **(b) An institution of higher education or a technology transfer**
49 **organization owned or affiliated with an institution of higher**
50 **education;**

51 **(6) The person has:**

52 **(a) Demonstrated good faith business practices in previous**
53 **efforts to enforce the patent, or a substantially similar patent; or**

54 **(b) Successfully enforced the patent or a substantially similar**
55 **patent through litigation; and**

56 **(7) Any other factor the court finds relevant.**

416.654. If one or more persons or entities believe they have been
2 **a target of a bad faith assertion of patent infringement in a demand**
3 **letter, those persons or entities shall have a private right to a cause of**
4 **action as follows:**

5 **(1) An action based on a violation or violations of section 416.652**
6 **to enjoin such violation or violations;**

7 **(2) An action based on a violation or violations of section 416.652**
8 **to recover actual monetary loss from such a violation or violations, or,**
9 **to receive ten thousand dollars in damages for each such violation,**
10 **whichever is greater; and**

11 **(3) Upon any successful action under this section to recover their**
12 **attorney's fees.**

416.656. 1. The attorney general's authority under this chapter
2 **to investigate, restrain, and prosecute civil actions under the Missouri**
3 **antitrust law shall apply to investigating and prosecuting actions under**
4 **sections 416.650 to 416.658.**

5 **2. In an action brought by the attorney general under this**
6 **chapter the court may award or impose any relief available to a person**
7 **under sections 416.650 to 416.658.**

8 **3. Monetary awards or settlements recovered by the attorney**
9 **general, aside from awards to a target, may be credited to the antitrust**
10 **revolving fund and be similarly available for the payment of all costs**
11 **and expenses incurred by the attorney general in investigation,**

12 prosecution, or enforcement of the provisions of sections 416.650 to
13 416.658.

416.658. 1. Sections 416.650 to 416.658 shall not be construed to
2 limit the rights or remedies available to any person or the state under
3 any other law with regard to conduct involving assertions of patent
4 infringement provided that it shall not be an unfair or deceptive trade
5 practice for any person who owns or has the right to license or enforce
6 a patent to notify another of that ownership or right of license or
7 enforcement, to notify another that the patent is available for license
8 or sale, to notify another of the infringement of that patent under the
9 provisions of Title 35 of the United States Code, or to seek
10 compensation on account of a past or present infringement, or for a
11 license, when it is reasonable to believe that the person from whom
12 compensation is sought may owe such compensation.

13 2. The provisions of sections 416.650 to 416.658 shall not apply to
14 a demand letter or assertion of patent infringement that includes a
15 claim for relief arising under 35 U.S.C. Section 271(e)(2) or 42 U.S.C.
16 Section 262.

Bill ✓

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