

SENATE SUBSTITUTE

FOR

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 706

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:

1 Section A. Chapter 416, RSMo, is amended by adding thereto  
2 five new sections, to be known as sections 416.650, 416.652,  
3 416.654, 416.656, and 416.658, to read as follows:

4 416.650. For purposes of sections 416.650 to 416.658, the  
5 following terms shall mean:

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

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

14 416.652. 1. No person shall make a bad faith assertion of  
15 patent infringement in a demand letter.

16 2. A court may consider the following factors as evidence  
17 that a person has made a bad faith assertion of patent

1 infringement in a demand letter:

2 (1) The demand letter does not contain the following  
3 information:

4 (a) The patent number;

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

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

10 (2) The demand letter lacks the information described in  
11 subdivision (1) of this subsection, the target requests the  
12 information, and the person fails to provide the information  
13 within a reasonable period of time;

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

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

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

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

28 (10) Any other factor the court finds relevant.

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

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

6           (2) If the demand letter lacks the information described in  
7 subdivision (1) of subsection 2 of this section and the target  
8 requests the information, the person provides the information  
9 within a reasonable period of time;

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

13           (4) The person makes a substantial investment in the use of  
14 the patent or in the production or sale of a product or item  
15 covered by the patent;

16           (5) The person is:

17           (a) The inventor or joint inventor holding the patent or in  
18 the case of a patent filed by and awarded to an assignee of the  
19 original inventor or joint inventor, is the original assignee; or

20           (b) An institution of higher education or a technology  
21 transfer organization owned or affiliated with an institution of  
22 higher education;

23           (6) The person has:

24           (a) Demonstrated good faith business practices in previous  
25 efforts to enforce the patent, or a substantially similar patent;  
26 or

27           (b) Successfully enforced the patent or a substantially  
28 similar patent through litigation; and

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

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

6           (1) An action based on a violation or violations of section  
7 416.652 to enjoin such violation or violations;

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

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

14           416.656. 1. The attorney general's authority under this  
15 chapter to investigate, restrain, and prosecute civil actions  
16 under the Missouri antitrust law shall apply to investigating and  
17 prosecuting actions under sections 416.650 to 416.658.

18           2. In an action brought by the attorney general under this  
19 chapter the court may award or impose any relief available to a  
20 person under sections 416.650 to 416.658.

21           3. Monetary awards or settlements recovered by the attorney  
22 general, aside from awards to a target, may be credited to the  
23 antitrust revolving fund and be similarly available for the  
24 payment of all costs and expenses incurred by the attorney  
25 general in investigation, prosecution, or enforcement of the  
26 provisions of sections 416.650 to 416.658.

27           416.658. 1. Sections 416.650 to 416.658 shall not be  
28 construed to limit the rights or remedies available to any person

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

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