

SECOND REGULAR SESSION

SENATE BILL NO. 706

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CUNNINGHAM.

Read 1st time January 13, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

5306S.011

AN ACT

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

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

Section A. Chapter 416, RSMo, is amended by adding thereto four new sections, to be known as sections 416.700, 416.705, 416.710, and 416.715, to read as follows:

416.700. For purposes of sections 416.700 to 416.715, the following terms shall mean:

(1) "Demand letter", a letter, email, or other communication asserting or claiming that the target has engaged in patent infringement;

(2) "Target", a Missouri person:

(a) Who has received a demand letter or against whom an assertion or allegation of patent infringement has been made;

(b) Who has been threatened with litigation or against whom a lawsuit has been filed alleging patent infringement; or

(c) Whose customers have received a demand letter asserting that the person's product, service, or technology, has infringed a patent.

416.705. 1. A person shall not make a bad faith assertion of patent infringement.

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

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

(a) The patent number;

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

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

13 **(2) Prior to sending the demand letter, the person fails to**
14 **conduct an analysis comparing the claims in the patent to the target's**
15 **products, services, and technology, or such an analysis was done but**
16 **does not identify specific areas in which the products, services, and**
17 **technology are covered by the claims in the patent;**

18 **(3) The demand letter lacks the information described in**
19 **subdivision (1) of this subsection, the target requests the information,**
20 **and the person fails to provide the information within a reasonable**
21 **period of time;**

22 **(4) The demand letter demands payment of a license fee or**
23 **response within an unreasonably short period of time;**

24 **(5) The person offers to license the patent for an amount that is**
25 **not based on a reasonable estimate of the value of the license;**

26 **(6) The claim or assertion of patent infringement is meritless,**
27 **and the person knew, or should have known, that the claim or assertion**
28 **is meritless;**

29 **(7) The claim or assertion of patent infringement is deceptive;**

30 **(8) The person or its subsidiaries or affiliates have previously**
31 **filed or threatened to file one or more lawsuits based on the same or**
32 **similar claim of patent infringement and:**

33 **(a) Those threats or lawsuits lacked the information described**
34 **in subdivision (1) of this subsection; or**

35 **(b) The person attempted to enforce the claim of patent**
36 **infringement in litigation and a court found the claim to be meritless;**

37 **(9) Any other factor the court finds relevant.**

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

40 **(1) The demand letter contains the information described in**
41 **subdivision (1) of subsection 2 of this section;**

42 **(2) Where the demand letter lacks the information described in**
43 **subdivision (1) of subsection 2 of this section and the target requests**
44 **the information, the person provides the information within a**

45 reasonable period of time;

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

48 (4) The person makes a substantial investment in the use of the
49 patent or in the production or sale of a product or item covered by the
50 patent;

51 (5) The person is:

52 (a) The inventor or joint inventor of the patent or, in the case of
53 a patent filed by and awarded to an assignee of the original inventor
54 or joint inventor, is the original assignee; or

55 (b) An institution of higher education or a technology transfer
56 organization owned or affiliated with an institution of higher
57 education;

58 (6) The person has:

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

61 (b) Successfully enforced the patent, or a substantially similar
62 patent, through litigation;

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

416.710. Upon motion by a target and a finding by the court that
2 a target has established a reasonable likelihood that a person has made
3 a bad faith assertion of patent infringement in violation of sections
4 416.700 to 416.715, the court shall require the person to post a bond in
5 an amount equal to a good faith estimate of the target's costs to litigate
6 the claim and amounts reasonably likely to be recovered under
7 subsection 2 of section 416.715, conditioned upon payment of any
8 amounts finally determined to be due to the target. A hearing shall be
9 held if either party so requests. A bond ordered pursuant to this
10 section shall not exceed two hundred fifty thousand dollars. The court
11 may waive the bond requirement if it finds the person has available
12 assets equal to the amount of the proposed bond or for other good
13 cause shown.

416.715. 1. Bad faith assertions of patent infringement present
2 an unlawful restraint of trade or commerce.

3 2. A target of conduct involving assertions of patent
4 infringement, or a person aggrieved by a violation or the requirements
5 of sections 416.700 to 416.715 may bring an action in circuit court. A

6 court may award the following remedies to a plaintiff who prevails in
7 an action brought pursuant to this subsection:

8 (1) Equitable relief;

9 (2) Damages;

10 (3) Costs and fees, including reasonable attorney's fees; and

11 (4) Exemplary damages in an amount equal to fifty thousand
12 dollars or three times the total of damages, costs, and fees, whichever
13 is greater.

14 3. The attorney general's authority under this chapter to
15 investigate, restrain, and prosecute civil actions under the Missouri
16 antitrust law in sections 416.011 to 416.161 apply to investigating and
17 prosecuting actions under sections 416.700 to 416.715. In an action
18 brought by the attorney general under this chapter the court may
19 award or impose any relief available to a Missouri person under
20 sections 416.700 to 416.715. Monetary awards or settlements recovered
21 by the attorney general, aside from awards to a target, may be credited
22 to the antitrust revolving fund created under section 416.081 and be
23 similarly available for the payment of all costs and expenses incurred
24 by the attorney general in investigation, prosecution or enforcement of
25 the provisions of section 416.700 to 416.715.

26 4. Sections 416.700 to 416.715 shall not be construed to limit
27 rights and remedies available to any Missouri person or the state of
28 Missouri under any other law with regard to conduct involving
29 assertions of patent infringements.

Copy ✓