

HB 1181

2016

1 A bill to be entitled

2 An act relating to bad faith assertions of patent
3 infringement; amending s. 501.991, F.S.; providing for
4 construction; amending s. 501.992, F.S.; deleting and
5 revising definitions; amending s. 501.993, F.S.;
6 prohibiting a person from sending a demand letter to a
7 target which makes a bad faith assertion of patent
8 infringement; specifying what constitutes such a
9 demand letter; repealing s. 501.994, F.S., relating to
10 the requirement that a plaintiff post a specified bond
11 in certain circumstances; amending s. 501.995, F.S.;
12 specifying that the Patent Troll Prevention Act does
13 not create a private right of action; deleting
14 provisions authorizing the bringing of actions and
15 specified remedies; amending s. 501.996, F.S.;
16 providing for enforcement by the Attorney General;
17 specifying that the Attorney General may seek certain
18 civil relief; deleting a provision stating that a
19 violation is an unfair or deceptive trade practice
20 under ch. 501, F.S.; repealing s. 501.997, F.S.,
21 relating to an exemption for institutions of higher
22 learning; providing an effective date.

23
24 Be It Enacted by the Legislature of the State of Florida:

25
26 Section 1. Section 501.991, Florida Statutes, is amended

HB 1181

2016

27 | to read:

28 | 501.991 Legislative intent; construction.-

29 | (1) The Legislature recognizes that it is preempted from
30 | passing any law that conflicts with federal patent law. However,
31 | the Legislature recognizes that the state is dedicated to
32 | building an entrepreneurial and business-friendly economy where
33 | businesses and consumers alike are protected from abuse and
34 | fraud. This includes protection from abusive and bad faith
35 | demands and litigation.

36 | (2) Patents encourage research, development, and
37 | innovation. Patent holders have a legitimate right to enforce
38 | their patents. The Legislature does not wish to interfere with
39 | good faith patent litigation or the good faith enforcement of
40 | patents. However, the Legislature recognizes a growing issue:
41 | the frivolous filing of bad faith patent claims that have led to
42 | technical, complex, and especially expensive litigation.

43 | (3) The expense of patent litigation, which may cost
44 | millions of dollars, can be a significant burden on companies
45 | and small businesses. Not only do bad faith patent infringement
46 | claims impose undue burdens on individual businesses, they
47 | undermine the state's effort to attract and nurture
48 | technological innovations. Funds spent to help avoid the threat
49 | of bad faith litigation are no longer available for serving
50 | communities through investing in producing new products, helping
51 | businesses expand, or hiring new workers. The Legislature wishes
52 | to help businesses avoid these costs by encouraging good faith

53 assertions of patent infringement and the expeditious and
 54 efficient resolution of patent claims.

55 (4) This part may not be construed to:

56 (a) Limit the rights and remedies available to the state
 57 or a person under any other law;

58 (b) Alter or restrict the Attorney General's authority
 59 under any other law regarding claims of patent infringement; or

60 (c) Prohibit a person who owns, or has a right to license
 61 or enforce, a patent from:

62 1. Notifying other parties of such person's ownership of,
 63 or rights under, the patent;

64 2. Offering the patent to other parties for license or
 65 sale;

66 3. Notifying other parties of such parties' infringement
 67 of the patent as provided by 35 U.S.C. s. 287; or

68 4. Seeking compensation for past or present infringement
 69 of, or license to, the patent.

70 Section 2. Subsections (2) and (3) of section 501.992,
 71 Florida Statutes, are amended to read:

72 501.992 Definitions.—As used in this part, the term:

73 ~~(2) "Institution of higher education" means an educational~~
 74 ~~institution as defined in 20 U.S.C. s. 1001(a).~~

75 (2)(3) "Target" means a person residing in, incorporated
 76 in, or organized under the laws of this state who purchases,
 77 rents, leases, or otherwise obtains a product or service in the
 78 commercial market which is not for resale in the commercial

79 market ~~and who:~~

80 ~~(a) Has received a demand letter or against whom a written~~
 81 ~~assertion or allegation of patent infringement has been made; or~~

82 ~~(b) Has been threatened in writing with litigation or~~
 83 ~~against whom a lawsuit has been filed alleging patent~~
 84 ~~infringement.~~

85 Section 3. Section 501.993, Florida Statutes, is amended
 86 to read:

87 501.993 Bad faith assertions of patent infringement.—A
 88 person may not send a demand letter to a target which makes ~~make~~
 89 a bad faith assertion of patent infringement. A demand letter
 90 makes a bad faith assertion of patent infringement if it:

91 (1) Includes a claim that the target, or a person
 92 affiliated with the target, has infringed a patent and that the
 93 target is legally liable for such infringement; and ~~A court may~~
 94 ~~consider the following factors as evidence that a person has~~
 95 ~~made a bad faith assertion of patent infringement:~~

96 ~~(a) The demand letter does not contain the following~~
 97 ~~information:~~

98 1. ~~The patent number;~~

99 2. ~~The name and address of the patent owner and assignee,~~
 100 ~~if any; and~~

101 3. ~~Factual allegations concerning the specific areas in~~
 102 ~~which the target's products, services, or technology infringe or~~
 103 ~~are covered by the claims in the patent.~~

104 ~~(b) Before sending the demand letter, the person failed~~

HB 1181

2016

105 ~~to conduct an analysis comparing the claims in the patent to the~~
106 ~~target's products, services, or technology, or the analysis did~~
107 ~~not identify specific areas in which the target's products,~~
108 ~~services, and technology were covered by the claims of the~~
109 ~~patent.~~

110 ~~(c) The demand letter lacked the information listed under~~
111 ~~paragraph (a), the target requested the information, and the~~
112 ~~person failed to provide the information within a reasonable~~
113 ~~period.~~

114 ~~(d) The demand letter requested payment of a license fee~~
115 ~~or response within an unreasonable period.~~

116 ~~(e) The person offered to license the patent for an amount~~
117 ~~that is not based on a reasonable estimate of the value of the~~
118 ~~license.~~

119 ~~(f) The claim or assertion of patent infringement is~~
120 ~~unenforceable, and the person knew, or should have known, that~~
121 ~~the claim or assertion was unenforceable.~~

122 ~~(g) The claim or assertion of patent infringement is~~
123 ~~deceptive.~~

124 ~~(h) The person, including its subsidiaries or affiliates,~~
125 ~~has previously filed or threatened to file one or more lawsuits~~
126 ~~based on the same or a similar claim of patent infringement and:~~

127 ~~1. The threats or lawsuits lacked the information listed~~
128 ~~under paragraph (a); or~~

129 ~~2. The person sued to enforce the claim of patent~~
130 ~~infringement and a court found the claim to be meritless.~~

131 ~~(i) Any other factor the court finds relevant.~~

132 (2) Meets one or more of the following criteria ~~A court~~

133 ~~may consider the following factors as evidence that a person has~~

134 ~~not made a bad faith assertion of patent infringement:~~

135 (a) The demand letter falsely asserts that the sender has

136 filed a lawsuit in connection with the claim ~~contained the~~

137 ~~information listed under paragraph (1)(a).~~

138 (b) The demand letter asserts a claim that is objectively

139 baseless due to any of the following:

140 1. The sender, or a person whom the sender represents,

141 lacks a current right to license the patent to, or enforce the

142 patent against, the target.

143 2. The patent is invalid or unenforceable pursuant to a

144 final judgment or an administrative order.

145 3. The infringing activity alleged in the demand letter

146 occurred after the expiration of the patent ~~The demand letter~~

147 ~~did not contain the information listed under paragraph (1)(a),~~

148 ~~the target requested the information, and the person provided~~

149 ~~the information within a reasonable period.~~

150 (c) The demand letter is likely to materially mislead a

151 reasonable person because it does not contain sufficient

152 information to inform the target of all of the following:

153 1. The identity of the person asserting the claim.

154 2. The patent alleged to have been infringed.

155 3. At least one product, service, or technology of the

156 target alleged to infringe the patent, or at least one activity

157 of the end user which is alleged to infringe the patent The
 158 ~~person engaged in a good faith effort to establish that the~~
 159 ~~target has infringed the patent and negotiated an appropriate~~
 160 ~~remedy.~~

161 ~~(d) The person made a substantial investment in the use of~~
 162 ~~the patented invention or discovery or in a product or sale of a~~
 163 ~~product or item covered by the patent.~~

164 ~~(e) The person is the inventor or joint inventor of the~~
 165 ~~patented invention or discovery, or in the case of a patent~~
 166 ~~filed by and awarded to an assignee of the original inventor or~~
 167 ~~joint inventors, is the original assignee.~~

168 ~~(f) The person has:~~

169 ~~1. Demonstrated good faith business practices in previous~~
 170 ~~efforts to enforce the patent, or a substantially similar~~
 171 ~~patent; or~~

172 ~~2. Successfully enforced the patent, or a substantially~~
 173 ~~similar patent, through litigation.~~

174 ~~(g) Any other factor the court finds relevant.~~

175 Section 4. Section 501.994, Florida Statutes, is repealed.

176 Section 5. Section 501.995, Florida Statutes, is amended
 177 to read:

178 501.995 No private right of action.~~This part does not~~
 179 create a private right of action. ~~A person aggrieved by a~~
 180 ~~violation of this part may bring an action in a court of~~
 181 ~~competent jurisdiction. A court may award the following remedies~~
 182 ~~to a prevailing plaintiff in an action brought pursuant to this~~

183 section:

184 ~~(1) Equitable relief;~~

185 ~~(2) Damages;~~

186 ~~(3) Costs and fees, including reasonable attorney fees;~~

187 and

188 ~~(4) Punitive damages in an amount equal to \$50,000 or~~
 189 ~~three times the total damages, costs, and fees, whichever is~~
 190 ~~greater.~~

191 Section 6. Section 501.996, Florida Statutes, is amended
 192 to read:

193 501.996 Enforcement by Attorney General; injunction; civil
 194 penalty.—Notwithstanding any other provisions of this chapter,
 195 if the Attorney General has reasonable cause to believe that a
 196 person is in violation of s. 501.993, he or she may bring an
 197 action to enjoin the person from engaging in the violation,
 198 continuing the violation, or committing any act in furtherance
 199 of the violation. The Attorney General may also seek other
 200 appropriate civil relief, including, but not limited to:

201 (1) The imposition of a civil penalty of up to \$50,000 for
 202 each violation of s. 501.993;

203 (2) Court costs, reasonable attorney fees, and reasonable
 204 costs of investigation; and

205 (3) Restitution to a target for damages, court costs,
 206 attorney fees, and other reasonable expenses related to
 207 defending against the bad faith assertion of patent infringement
 208 ~~A violation of this part is an unfair or deceptive trade~~

HB 1181

2016

209 | ~~practice under part II of this chapter.~~

210 | Section 7. Section 501.997, Florida Statutes, is repealed.

211 | Section 8. This act shall take effect July 1, 2016.