

CS/CS/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
4 construction; amending s. 501.992, F.S.; revising
5 definitions; amending s. 501.993, F.S.; prohibiting a
6 person from sending a demand letter to a target which
7 makes a bad faith assertion of patent infringement;
8 specifying what constitutes such a demand letter;
9 repealing s. 501.994, F.S., relating to the
10 requirement that a plaintiff post a specified bond in
11 certain circumstances; amending s. 501.995, F.S.;
12 authorizing the award of actual damages; revising
13 provisions authorizing the award of punitive damages;
14 providing an effective date.

15
16 Be It Enacted by the Legislature of the State of Florida:

17
18 Section 1. Section 501.991, Florida Statutes, is amended
19 to read:

20 501.991 Legislative intent; construction.-

21 (1) The Legislature recognizes that it is preempted from
22 passing any law that conflicts with federal patent law. However,
23 the Legislature recognizes that the state is dedicated to
24 building an entrepreneurial and business-friendly economy where
25 businesses and consumers alike are protected from abuse and
26 fraud. This includes protection from abusive and bad faith

27 demands and litigation.

28 (2) Patents encourage research, development, and
29 innovation. Patent holders have a legitimate right to enforce
30 their patents. The Legislature does not wish to interfere with
31 good faith patent litigation or the good faith enforcement of
32 patents. However, the Legislature recognizes a growing issue:
33 the frivolous filing of bad faith patent claims that have led to
34 technical, complex, and especially expensive litigation.

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

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

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

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

52 (c) Prohibit a person who owns, or has a right to license

53 or enforce, a patent from:

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

56 2. Offering the patent to other parties for license or
 57 sale;

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

60 4. Seeking compensation for past or present infringement
 61 of, or license to, the patent.

62 Section 2. Subsections (1) and (3) of section 501.992,
 63 Florida Statutes, are amended to read:

64 501.992 Definitions.—As used in this part, the term:

65 (1) "Demand letter" means a ~~letter, e-mail, or other~~
 66 written communication, including e-mail, asserting or claiming
 67 that a person has engaged in patent infringement.

68 (3) "Target" means a person residing in, incorporated in,
 69 or organized under the laws of this state who purchases, rents,
 70 leases, or otherwise obtains a product or service in the
 71 commercial market which is not for resale in the commercial
 72 market ~~and who:~~

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

75 ~~(b) Has been threatened in writing with litigation or~~
 76 ~~against whom a lawsuit has been filed alleging patent~~
 77 ~~infringement.~~

78 Section 3. Section 501.993, Florida Statutes, is amended

79 to read:

80 501.993 Bad faith assertions of patent infringement.—A
81 person may not send a demand letter to a target which makes ~~make~~
82 a bad faith assertion of patent infringement. A demand letter
83 makes a bad faith assertion of patent infringement if it:

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

89 ~~(a) The demand letter does not contain the following~~
90 ~~information:~~

91 1. ~~The patent number;~~

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

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

97 ~~(b) Before sending the demand letter, the person failed~~
98 ~~to conduct an analysis comparing the claims in the patent to the~~
99 ~~target's products, services, or technology, or the analysis did~~
100 ~~not identify specific areas in which the target's products,~~
101 ~~services, and technology were covered by the claims of the~~
102 ~~patent.~~

103 ~~(c) The demand letter lacked the information listed under~~
104 ~~paragraph (a), the target requested the information, and the~~

105 ~~person failed to provide the information within a reasonable~~
106 ~~period.~~

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

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

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

115 ~~(g) The claim or assertion of patent infringement is~~
116 ~~deceptive.~~

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

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

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

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

125 ~~(2) Meets one or more of the following criteria A court~~
126 ~~may consider the following factors as evidence that a person has~~
127 ~~not made a bad faith assertion of patent infringement:~~

128 ~~(a) The demand letter falsely asserts that the sender has~~
129 ~~filed a lawsuit in connection with the claim contained the~~
130 ~~information listed under paragraph (1)(a).~~

131 (b) The demand letter asserts a claim that is objectively
132 baseless due to any of the following:

133 1. The sender, or a person whom the sender represents,
134 lacks a current right to license the patent to, or enforce the
135 patent against, the target.

136 2. The patent is invalid or unenforceable pursuant to a
137 final judgment or an administrative order.

138 3. The infringing activity alleged in the demand letter
139 occurred after the expiration of the patent ~~did not contain the~~
140 ~~information listed under paragraph (1) (a), the target requested~~
141 ~~the information, and the person provided the information within~~
142 ~~a reasonable period.~~

143 (c) The demand letter is likely to materially mislead a
144 reasonable person because it does not contain sufficient
145 information to inform the target of all of the following:

146 1. The identity of the person asserting the claim,
147 including the name and address of such person.

148 2. The patent alleged to have been infringed, including
149 the patent number of such patent.

150 3. At least one product, service, or technology of the
151 target alleged to infringe the patent, or at least one activity
152 of the target which is alleged to infringe the patent ~~The person~~
153 ~~engaged in a good faith effort to establish that the target has~~
154 ~~infringed the patent and negotiated an appropriate remedy.~~

155 ~~(d) The person made a substantial investment in the use of~~
156 ~~the patented invention or discovery or in a product or sale of a~~

157 ~~product or item covered by the patent.~~

158 ~~(e) The person is the inventor or joint inventor of the~~
 159 ~~patented invention or discovery, or in the case of a patent~~
 160 ~~filed by and awarded to an assignee of the original inventor or~~
 161 ~~joint inventors, is the original assignee.~~

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

163 ~~1. Demonstrated good faith business practices in previous~~
 164 ~~efforts to enforce the patent, or a substantially similar~~
 165 ~~patent; or~~

166 ~~2. Successfully enforced the patent, or a substantially~~
 167 ~~similar patent, through litigation.~~

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

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

170 Section 5. Section 501.995, Florida Statutes, is amended
 171 to read:

172 501.995 Private right of action.—A person aggrieved by a
 173 violation of this part may bring an action in a court of
 174 competent jurisdiction. A court may award the following remedies
 175 to a prevailing plaintiff in an action brought pursuant to this
 176 section:

- 177 (1) Equitable relief;
- 178 (2) Actual damages;
- 179 (3) Costs and fees, including reasonable attorney fees;

180 and

- 181 (4) Punitive damages in an amount not to exceed \$75,000.

182 However, such punitive damages may only be awarded if the court

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183 determines that the person asserting the patent infringement
184 claim has repeatedly violated this part ~~equal to \$50,000 or~~
185 ~~three times the total damages, costs, and fees, whichever is~~
186 ~~greater.~~

187 Section 6. This act shall take effect upon becoming a law.