

By Senator Brandes

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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 to  
27           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

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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 or  
57 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:

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- 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 of
- 67 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 to  
 86 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:

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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 to~~  
105 ~~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 or~~  
115 ~~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~~

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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 may~~  
133 ~~consider the following factors as evidence that a person has not~~  
134 ~~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~~~~

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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 to  
177 read:

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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; and~~

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

189           Section 6. Section 501.996, Florida Statutes, is amended to  
190 read:

191           501.996 Enforcement by Attorney General; injunction; civil  
192 penalty.~~Notwithstanding any other provisions of this chapter,~~  
193 if the Attorney General has reasonable cause to believe that a  
194 person is in violation of s. 501.993, he or she may bring an  
195 action to enjoin the person from engaging in the violation,  
196 continuing the violation, or committing any act in furtherance  
197 of the violation. The Attorney General may also seek other  
198 appropriate civil relief, including, but not limited to:

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

201           (2) Court costs, reasonable attorney fees, and reasonable  
202 costs of investigation; and

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

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207 ~~practice under part II of this chapter.~~

208 Section 7. Section 501.997, Florida Statutes, is repealed.

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