

HOUSE BILL 430

I4

(4lr0381)

ENROLLED BILL

— *Economic Matters/Finance* —

Introduced by **Delegate Cardin**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law – Patent Infringement – Assertions Made in Bad Faith**

3 FOR the purpose of prohibiting a person from making certain assertions of patent
4 infringement in bad faith; authorizing a court to consider certain factors as
5 evidence of whether a person has made an assertion of patent infringement in
6 bad faith or in good faith; providing that the Attorney General and the Division
7 of Consumer Protection of the Office of the Attorney General have the same
8 authority to take certain actions as the Attorney General and the Division have
9 under the Maryland Consumer Protection Act; authorizing certain individuals
10 to bring a civil action in a certain court to recover for certain injuries or losses
11 sustained as a result of a violation of this Act; authorizing a court to award
12 certain damages and remedies under certain circumstances; *providing for the*
13 *application of this Act*; defining certain terms; and generally relating to bad
14 faith assertions of patent infringement.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 BY adding to
2 Article – Commercial Law
3 Section 11-1601 through ~~11-1604~~ 11-1605 to be under the new subtitle
4 “Subtitle 16. Bad Faith Assertions of Patent Infringement”
5 Annotated Code of Maryland
6 (2013 Replacement Volume)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article – Commercial Law**

10 **SUBTITLE 16. BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT.**

11 **11-1601.**

12 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
13 INDICATED.

14 (B) “CLAIM” MEANS THE SCOPE OF THE PATENT OWNER’S EXCLUSIVE
15 RIGHTS TO THE USE AND CONTROL OF THE PATENT OWNER’S INVENTION.

16 (C) “DEMAND LETTER” MEANS A LETTER, AN ELECTRONIC MAIL, OR
17 ANY OTHER WRITTEN COMMUNICATION ASSERTING THAT A PERSON HAS
18 ENGAGED IN PATENT INFRINGEMENT.

19 (D) “DIVISION” MEANS THE DIVISION OF CONSUMER PROTECTION OF
20 THE OFFICE OF THE ATTORNEY GENERAL.

21 (E) “TARGET” MEANS A PERSON:

22 (1) WHO HAS RECEIVED A DEMAND LETTER OR AGAINST WHOM
23 AN ASSERTION OF PATENT INFRINGEMENT HAS BEEN MADE;

24 (2) WHO HAS BEEN THREATENED WITH LITIGATION OR AGAINST
25 WHOM A LAWSUIT HAS BEEN FILED ALLEGING PATENT INFRINGEMENT; OR

26 (3) WHO HAS AT LEAST ONE CUSTOMER WHO HAS RECEIVED A
27 DEMAND LETTER ASSERTING THAT THE PERSON’S PRODUCT, SERVICE, OR
28 TECHNOLOGY HAS INFRINGED A PATENT.

29 **11-1602.**

1 **THIS SUBTITLE DOES NOT APPLY TO AN ASSERTION OF PATENT**
2 **INFRINGEMENT THAT INCLUDES A CLAIM FOR RELIEF ARISING UNDER 35 U.S.C.**
3 **§ 271(E)(2) OR 42 U.S.C. § 262.**

4 **11-1603.**

5 **(A) A PERSON MAY NOT MAKE AN ASSERTION OF PATENT**
6 **INFRINGEMENT AGAINST ANOTHER IN BAD FAITH.**

7 **(B) (1) A COURT MAY CONSIDER THE FOLLOWING FACTORS AS**
8 **EVIDENCE THAT A PERSON HAS MADE AN ASSERTION OF PATENT**
9 **INFRINGEMENT IN BAD FAITH:**

10 **(I) THE DEMAND LETTER SENT BY THE PERSON DOES NOT**
11 **CONTAIN:**

- 12 **1. THE ALLEGED PATENT NUMBER;**
13 **2. THE NAME AND ADDRESS OF THE PATENT OWNER**
14 **OR ASSIGNEE, IF ANY; OR**
15 **3. FACTS RELATING TO THE SPECIFIC AREAS IN**
16 **WHICH THE TARGET'S PRODUCT, SERVICE, OR TECHNOLOGY INFRINGES THE**
17 **PATENT OR IS COVERED BY THE CLAIMS IN THE PATENT;**

18 **(II) THE TARGET REQUESTED THE INFORMATION**
19 **DESCRIBED IN ITEM (I) OF THIS PARAGRAPH, AND THE PERSON FAILED TO**
20 **PROVIDE THE INFORMATION WITHIN A REASONABLE PERIOD OF TIME;**

21 **(III) BEFORE SENDING THE DEMAND LETTER, THE PERSON**
22 **DID NOT CONDUCT AN ANALYSIS COMPARING THE CLAIMS IN THE PATENT TO**
23 **THE TARGET'S PRODUCT, SERVICE, OR TECHNOLOGY, OR THE ANALYSIS WAS**
24 **CONDUCTED BUT DOES NOT IDENTIFY SPECIFIC AREAS IN WHICH THE**
25 **PRODUCT, SERVICE, OR TECHNOLOGY IS COVERED BY THE CLAIMS IN THE**
26 **PATENT;**

27 **(IV) THE DEMAND LETTER DEMANDED A RESPONSE OR**
28 **PAYMENT OF A LICENSING FEE WITHIN AN UNREASONABLY SHORT PERIOD OF**
29 **TIME;**

30 **(V) THE PERSON OFFERED TO LICENSE THE PATENT FOR**
31 **AN AMOUNT THAT IS NOT BASED ON A REASONABLE ESTIMATE OF THE VALUE OF**
32 **THE LICENSE;**

1 **(VI) THE ASSERTION OF PATENT INFRINGEMENT IS**
2 **WITHOUT MERIT, AND THE PERSON KNEW, OR SHOULD HAVE KNOWN, THAT THE**
3 **ASSERTION IS WITHOUT MERIT;**

4 **(VII) THE ASSERTION OF PATENT INFRINGEMENT IS**
5 **DECEPTIVE;**

6 **(VIII) 1. THE PERSON, OR A SUBSIDIARY OR AN AFFILIATE**
7 **OF THE PERSON, PREVIOUSLY HAS FILED OR THREATENED TO FILE ONE OR**
8 **MORE LAWSUITS BASED ON THE SAME OR A SIMILAR ASSERTION OF PATENT**
9 **INFRINGEMENT; AND**

10 **2. A. THE THREATS OR LAWSUITS DID NOT**
11 **PROVIDE THE INFORMATION DESCRIBED IN ITEM (I) OF THIS PARAGRAPH; AND**

12 **B. A COURT FOUND THE PERSON'S ASSERTION TO BE**
13 **WITHOUT MERIT; AND**

14 **(IX) ANY OTHER FACTOR THE COURT DETERMINES TO BE**
15 **RELEVANT.**

16 **(2) THE COURT MAY CONSIDER THE FOLLOWING FACTORS AS**
17 **EVIDENCE THAT A PERSON HAS MADE AN ASSERTION OF PATENT**
18 **INFRINGEMENT IN GOOD FAITH:**

19 **(I) IF THE DEMAND LETTER SENT BY THE PERSON DOES**
20 **NOT CONTAIN THE INFORMATION DESCRIBED IN PARAGRAPH (1)(I) OF THIS**
21 **SUBSECTION, THE PERSON PROVIDES THE INFORMATION TO THE TARGET**
22 **WITHIN A REASONABLE PERIOD OF TIME;**

23 **(II) THE PERSON HAS:**

24 **1. ENGAGED IN A GOOD FAITH EFFORT TO**
25 **ESTABLISH THAT THE TARGET HAS INFRINGED THE PATENT; AND**

26 **2. ATTEMPTED TO NEGOTIATE AN APPROPRIATE**
27 **REMEDY;**

28 **(III) THE PERSON HAS:**

29 **1. DEMONSTRATED GOOD FAITH BUSINESS**
30 **PRACTICES IN PREVIOUS EFFORTS TO ENFORCE A PATENT; OR**

1 (II) THREE TIMES THE TOTAL OF DAMAGES, COSTS, AND
2 FEES; AND

3 (3) ANY EQUITABLE RELIEF THAT THE COURT CONSIDERS
4 APPROPRIATE.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.