

By the Committee on Judiciary; and Senator Brandes

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1 A bill to be entitled
2 An act relating to patent infringement; creating part
3 VII of ch. 501, F.S., entitled the "Patent Troll
4 Prevention Act"; creating s. 501.991, F.S.; providing
5 legislative intent; creating s. 501.992, F.S.;
6 defining terms; creating s. 501.993, F.S.; prohibiting
7 bad faith assertions of patent infringement from being
8 made; providing factors that a court may consider when
9 determining whether an allegation was or was not made
10 in bad faith; creating s. 501.994, F.S.; authorizing a
11 court to require a patent infringement plaintiff to
12 post a bond under certain circumstances; limiting the
13 bond amount; authorizing the court to waive the bond
14 requirement in certain circumstances; creating s.
15 501.995, F.S.; authorizing private rights of action
16 for violations of this part; authorizing the court to
17 award certain relief to prevailing plaintiffs;
18 creating s. 501.996, F.S.; requiring a bad faith
19 assertion of patent infringement to be treated as an
20 unfair or deceptive trade practice; creating s.
21 501.997, F.S.; providing exemptions; providing an
22 effective date.

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

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26 Section 1. Part VII of chapter 501, Florida Statutes,
27 consisting of ss. 501.991-501.997, Florida Statutes, is created
28 and is entitled the "Patent Troll Prevention Act."

29 Section 2. Section 501.991, Florida Statutes, is created to

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30 read:

31 501.991 Legislative intent.-

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

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

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

58 Section 3. Section 501.992, Florida Statutes, is created to

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59 read:

60 501.992 Definitions.—As used in this part, the term:

61 (1) "Demand letter" means a letter, e-mail, or other
62 communication asserting or claiming that a person has engaged in
63 patent infringement.

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

66 (3) "Target" means a person, including the person's
67 customers, distributors, or agents, residing in, incorporated
68 in, or organized under the laws of this state which:

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

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

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

76 Section 4. Section 501.993, Florida Statutes, is created to
77 read:

78 501.993 Bad faith assertions of patent infringement.—A
79 person may not make a bad faith assertion of patent
80 infringement.

81 (1) A court may consider the following factors as evidence
82 that a person has made a bad faith assertion of patent
83 infringement:

84 (a) The demand letter does not contain the following
85 information:

86 1. The patent number;

87 2. The name and address of the patent owner and assignee,

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88 if any; and

89 3. Factual allegations concerning the specific areas in
90 which the target's products, services, or technology infringe or
91 are covered by the claims in the patent.

92 (b) Before sending the demand letter, the person failed to
93 conduct an analysis comparing the claims in the patent to the
94 target's products, services, or technology, or the analysis did
95 not identify specific areas in which the target's products,
96 services, and technology were covered by the claims of the
97 patent.

98 (c) The demand letter lacked the information listed under
99 paragraph (a), the target requested the information, and the
100 person failed to provide the information within a reasonable
101 period of time.

102 (d) The demand letter requested payment of a license fee or
103 response within an unreasonable period of time.

104 (e) The person offered to license the patent for an amount
105 that is not based on a reasonable estimate of the value of the
106 license.

107 (f) The claim or assertion of patent infringement is
108 unenforceable, and the person knew, or should have known, that
109 the claim or assertion was unenforceable.

110 (g) The claim or assertion of patent infringement is
111 deceptive.

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

115 1. The threats or lawsuits lacked the information listed
116 under paragraph (a); or

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117 2. The person sued to enforce the claim of patent
118 infringement and a court found the claim to be meritless.

119 (i) Any other factor the court finds relevant.

120 (2) A court may consider the following factors as evidence
121 that a person has not made a bad faith assertion of patent
122 infringement:

123 (a) The demand letter contained the information listed
124 under paragraph (1)(a).

125 (b) The demand letter did not contain the information
126 listed under paragraph (1)(a), the target requested the
127 information, and the person provided the information within a
128 reasonable period of time.

129 (c) The person engaged in a good faith effort to establish
130 that the target has infringed the patent and negotiated an
131 appropriate remedy.

132 (d) The person made a substantial investment in the use of
133 the patented invention or discovery or in a product or sale of a
134 product or item covered by the patent.

135 (e) The person is:

136 1. The inventor or joint inventor of the patented invention
137 or discovery, or in the case of a patent filed by and awarded to
138 an assignee of the original inventor or joint inventors, is the
139 original assignee; or

140 2. An institution of higher education or a technology
141 transfer organization owned by or affiliated with an institution
142 of higher education.

143 (f) The person has:

144 1. Demonstrated good faith business practices in previous
145 efforts to enforce the patent, or a substantially similar

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146 patent; or

147 2. Successfully enforced the patent, or a substantially
148 similar patent, through litigation.

149 (g) Any other factor the court finds relevant.

150 Section 5. Section 501.994, Florida Statutes, is created to
151 read:

152 501.994 Bond.—If a person initiates a proceeding against a
153 target in a court of competent jurisdiction, the target may move
154 that the proceeding involves a bad faith assertion of patent
155 infringement in violation of this part and request that the
156 court issue a protective order. After the motion, and if the
157 court finds that the target has established a reasonable
158 likelihood that the plaintiff has made a bad faith assertion of
159 patent infringement, the court must require the plaintiff to
160 post a bond in an amount equal to the lesser of \$250,000 or a
161 good faith estimate of the target's expense of litigation,
162 including an estimate of reasonable attorney fees, conditioned
163 on payment of any amount finally determined to be due to the
164 target. The court shall hold a hearing at either party's
165 request. A court may waive the bond requirement for good cause
166 shown or if it finds the plaintiff has available assets equal to
167 the amount of the proposed bond.

168 Section 6. Section 501.995, Florida Statutes, is created to
169 read:

170 501.995 Private right of action.—A person aggrieved by a
171 violation of this part may bring an action in a court of
172 competent jurisdiction. A court may award the following remedies
173 to a prevailing plaintiff in an action brought pursuant to this
174 section:

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- 175 (1) Equitable relief;
176 (2) Damages;
177 (3) Costs and fees, including reasonable attorney fees; and
178 (4) Punitive damages in an amount equal to \$50,000 or three
179 times the total damages, costs, and fees, whichever is greater.

180 Section 7. Section 501.996, Florida Statutes, is created to
181 read:

182 501.996 Enforcement.—A violation of this part is an unfair
183 or deceptive trade practice in any action brought by an
184 enforcing authority pursuant to s. 501.207. For the purposes of
185 this section, the term "enforcing authority" has the same
186 meaning as provided in s. 501.203.

187 Section 8. Section 501.997, Florida Statutes, is created to
188 read:

189 501.997 Exemptions.—This part does not apply to
190 institutions of higher education, to a technology transfer
191 organization owned by or affiliated with an institution of
192 higher education, or to a demand letter or an assertion of
193 patent infringement that includes a claim for relief arising
194 under 35 U.S.C. s. 271(e) (2) or 42 U.S.C. s. 262.

195 Section 9. This act shall take effect upon becoming a law.