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2015

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 an exemption; providing an  
22          effective date.

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

25  
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  
 30 to 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  
59 to 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  
74 asserting that the person's product, service, or technology has  
75 infringed upon a patent.

76 Section 4. Section 501.993, Florida Statutes, is created  
77 to 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,  
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  
103 or 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

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  
137 invention or discovery, or in the case of a patent filed by and  
138 awarded to an assignee of the original inventor or joint  
139 inventors, is the 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  
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  
151 to 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

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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  
169 to 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:

- 175 (1) Equitable relief;  
176 (2) Damages;  
177 (3) Costs and fees, including reasonable attorney fees;

178 and

- 179 (4) Punitive damages in an amount equal to \$50,000 or  
180 three times the total damages, costs, and fees, whichever is  
181 greater.

182 Section 7. Section 501.996, Florida Statutes, is created

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183 to read:

184 501.996 Enforcement.—A violation of this part is an unfair  
 185 or deceptive trade practice in any action brought by the  
 186 department pursuant to s. 501.207.

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

189 501.997 Exemption.—A demand letter or assertion of patent  
 190 infringement that includes a claim for relief arising under 35  
 191 U.S.C. s. 271(e) (2) or 42 U.S.C. s. 262 is not subject to this  
 192 part.

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