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CS/CS/HB 1181

2016 Legislature

1  
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

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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

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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

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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~~

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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).~~

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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~~

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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.