

SENATE SUMMARY OF HOUSE AMENDMENTS

**SB 255 By Senator Martiny**

**KEYWORD AND SUMMARY AS RETURNED TO THE SENATE**

COMMERCIAL REGULATIONS. Provides for patent infringement under the Unfair Trade Practices and Consumer Protection Law. (gov sig)

**SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL**

1. Removes provision that in order to be in good faith a person asserting a patent infringement by establishing the end-user has infringed or may be infringing on a patent, the person also engage to negotiate an appropriate remedy.
2. Adds that another factor of evidence of a good faith assertion is for an affiliate of a person to make a substantial investment in the use of the patent or in the production or sale of a product, service, or technology covered by the patent.

**DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE**

DIGEST

Martiny (SB 255)

Present law provides relative to the Unfair Trade Practices and Consumer Protection Law.

Proposed law defines the term "demand letter" as a letter, email, or other communication that does either of the following:

- (1) Asserts, alleges, or claims that the end-user has engaged in patent infringement.
- (2) Requests or demands the end-user to obtain a license to a patent or to otherwise pay compensation in order to avoid litigation.

Proposed law defines "end-user" as a consumer, whether an individual, business, or financial institution, who purchases, rents, leases, or otherwise obtains a product, service, or technology in the commercial market that is not for resale and is, or later becomes, the subject of a patent infringement assertion.

Proposed law provides that no person shall make a bad faith assertion of patent infringement against an end-user.

Proposed law provides that a court may consider any of the following factors as evidence that a person has made a bad faith assertion of patent infringement against an end-user:

- (1) The demand letter received by the end-user does not contain all of the following information:
  - (a) The patent number or the patent application number, if no patent number has been issued.
  - (b) The name and address of the patent owner or owners and assignee or assignees, if any.
  - (c) The factual allegations concerning the specific areas in which the accused products, services, or technology obtained by the end-user, or their use thereof, infringe the patent or are covered by the claims in the patent.
- (2) The person sends a demand letter to an end-user without first making a reasonable effort to conduct an analysis comparing the claims in the patent to the products, services, or technology obtained by the end-user, or to identify specific areas in which the products, services, or technology are covered by the claims in the patent.
- (3) When the demand letter lacks certain information and the end-user requests information from the person, the person fails to provide the requested information within a reasonable period of time.

- (4) The demand letter requires payment of a license fee or response from an end-user within an unreasonably short period of time.
- (5) The claim or assertion of patent infringement against an end-user is without merit, and the person knew or should have known that the claim or assertion is without merit.
- (6) The person or its subsidiaries or affiliates have previously filed or threatened to file one or more lawsuits based on the same or similar claim of patent infringement and those lawsuits or threats lacked certain information.
- (7) The demand letter or assertion of patent infringement contains any material misrepresentation of fact.

Proposed law provides that a court may consider any of the following factors as evidence that an assertion of patent infringement against an end-user was not made in bad faith:

- (1) The demand letter received by an end-user contains certain information.
- (2) When the demand letter lacks certain information and the end-user requests the information, the person provides the information within a reasonable period of time.
- (3) The person engages in a good faith effort to establish that the end-user has infringed or may be infringing the patent.
- (4) The person or affiliate makes a substantial investment in the use of the patent or in the production or sale of a product, service, or technology covered by the patent.
- (5) The person is either of the following:
  - (a) The inventor or joint inventor of the patent or, in the case of a patent filed by and awarded to an assignee of the original inventor or joint inventor, the original assignee.
  - (b) An institution of higher education or a technology transfer organization owned by or affiliated with an institution of higher education.
- (6) The person has demonstrated good faith business practices in previous efforts to enforce the patent, or a substantially similar patent or has successfully enforced the patent, or a substantially similar patent, through litigation.
- (7) Any other factor the court finds relevant.

Proposed law provides that the attorney general has the sole authority to investigate and pursue any violation of proposed law as an unfair or deceptive trade practice or act.

Proposed law provides that any person who is found liable shall be liable to the attorney general for all costs, expenses, and fees related to investigations and proceedings associated with the violation, including attorney fees. An action to recover costs, expenses, fees, and attorney fees shall be ancillary to, and shall be filed and heard in the same court as a civil action filed under the provisions of proposed law.

Proposed law provides that the remedies and rights provided in law are in addition to and do not preclude any right or remedy otherwise authorized by law.

Proposed law provides that any person outside the state asserting patent infringement by an end-user in the state shall be deemed to be transacting business within the state and shall thereby be subject to the jurisdiction of the courts of this state.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 51:1428)

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