

## Chapter 307

(Senate Bill 585)

AN ACT concerning

### Commercial Law – Patent Infringement – Assertions Made in Bad Faith

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

BY adding to

Article – Commercial Law

Section 11-1601 through ~~11-1604~~ 11-1605 to be under the new subtitle  
“Subtitle 16. Bad Faith Assertions of Patent Infringement”

Annotated Code of Maryland  
(2013 Replacement Volume)

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

#### Article – Commercial Law

#### SUBTITLE 16. BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT.

11-1601.

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

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

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

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

(E) “TARGET” MEANS A PERSON:

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

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

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

#### **11-1602.**

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

#### **11-1603.**

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

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

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

1. THE ALLEGED PATENT NUMBER;
2. THE NAME AND ADDRESS OF THE PATENT OWNER OR ASSIGNEE, IF ANY; OR

**3. FACTS RELATING TO THE SPECIFIC AREAS IN WHICH THE TARGET'S PRODUCT, SERVICE, OR TECHNOLOGY INFRINGES THE PATENT OR IS COVERED BY THE CLAIMS IN THE PATENT;**

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

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

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

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

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

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

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

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

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

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

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

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

**(II) THE PERSON HAS:**

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

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

**(III) THE PERSON HAS:**

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

**2. SUCCESSFULLY ENFORCED A PATENT THROUGH LITIGATION;**

**(IV) THE PERSON HAS MADE A SUBSTANTIAL INVESTMENT IN THE USE OF THE PATENT OR IN THE PRODUCTION OR SALE OF A PRODUCT COVERED BY THE PATENT;**

**(V) THE PERSON IS:**

**1. AN INVENTOR OF THE PATENT OR AN ORIGINAL ASSIGNEE; OR**

**2. A REPRESENTATIVE OF AN INSTITUTION OF HIGHER EDUCATION OR A TECHNOLOGY TRANSFER ORGANIZATION AFFILIATED WITH AN INSTITUTION OF HIGHER EDUCATION; AND**

**(VI) ANY OTHER FACTOR THE COURT DETERMINES TO BE RELEVANT.**

**~~11-1603.~~ 11-1604.**

**THE ATTORNEY GENERAL AND THE DIVISION SHALL HAVE THE SAME AUTHORITY UNDER THIS SUBTITLE TO ADOPT REGULATIONS, CONDUCT INVESTIGATIONS, AND BRING CIVIL AND CRIMINAL ACTIONS AS PROVIDED IN TITLE 13 OF THIS ARTICLE.**

~~11-1604.~~ 11-1605.

**(A) IN ADDITION TO ANY ACTION BY THE DIVISION OR ATTORNEY GENERAL AUTHORIZED BY TITLE 13 OF THIS ARTICLE, A TARGET MAY BRING AN ACTION IN AN APPROPRIATE COURT TO RECOVER FOR INJURY OR LOSS SUSTAINED AS A RESULT OF A VIOLATION OF THIS SUBTITLE.**

**(B) IF A TARGET PREVAILS IN AN ACTION BROUGHT UNDER THIS SUBTITLE AND IS AWARDED DAMAGES, THE COURT ALSO MAY AWARD:**

**(1) COURT COSTS AND FEES, INCLUDING REASONABLE ATTORNEY'S FEES;**

**(2) EXEMPLARY DAMAGES IN AN AMOUNT NOT TO EXCEED THE GREATER OF:**

**(I) \$50,000; OR**

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

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

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

**Approved by the Governor, May 5, 2014.**