

HOUSE BILL 1357

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7lr1141

By: **Delegate Waldstreicher**

Introduced and read first time: February 10, 2017

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Public Senior Higher Education Institutions – Policies Related to Inventions**
3 **and Patents**

4 FOR the purpose of prohibiting a public senior higher education institution from qualifying
5 to receive student financial assistance or research funding from the State unless the
6 institution adopts certain policies relating to inventions and patents; specifying that
7 the policy must encompass certain requirements; prohibiting an institution from
8 assigning or exclusively licensing a patent to a certain entity; providing that the
9 assignment of a patent shall be considered void and unenforceable under certain
10 circumstances; defining certain terms; making a stylistic change; and generally
11 relating to public senior higher education institution policies related to inventions
12 and patents.

13 BY repealing and reenacting, with amendments,
14 Article – Education
15 Section 15–107
16 Annotated Code of Maryland
17 (2014 Replacement Volume and 2016 Supplement)

18 Preamble

19 WHEREAS, The inventions developed by public senior higher education institutions
20 represent the trust of the public as demonstrated in the form of donations, grants, public
21 funding, and tuition payments; and

22 WHEREAS, Public senior higher education institutions should ensure that their
23 patent assets are managed in a manner that serves both the institutions' educational and
24 public interest missions; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Research activity at public senior higher education institutions should
2 fuel the creation of new products, services, and jobs and should never become a tax on the
3 innovation and investment of other individuals or entities; now, therefore,

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

6 **Article – Education**

7 15–107.

8 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
9 **INDICATED.**

10 **(2) “PATENT” INCLUDES AN ISSUED PATENT OR PATENT**
11 **APPLICATION FROM ANY JURISDICTION.**

12 **(3) “PATENT ASSERTION” MEANS:**

13 **(I) ASSERTING BY WRITTEN OR ORAL DEMAND A CLAIM OF**
14 **INFRINGEMENT OF A PATENT FOR THE PRIMARY PURPOSE OF DERIVING ROYALTIES**
15 **OR OTHER MONETARY COMPENSATION UNDER THE PATENT; OR**

16 **(II) THE COMMENCEMENT OR SUBSEQUENT PURSUIT OF A**
17 **CLAIM, ACTION, OR PROCEEDING IN A JUDICIAL, ADMINISTRATIVE, OR OTHER**
18 **GOVERNMENTAL BODY BASED ON A CLAIM OF INFRINGEMENT OF PATENT.**

19 **(4) “PATENT ASSERTION ENTITY” MEANS AN ENTITY WHOSE PRIMARY**
20 **BUSINESS MODEL IS BASED ON PATENT ASSERTION OR OTHERWISE USING PATENTS**
21 **TO OBTAIN LICENSING FEES FROM OTHER ENTITIES.**

22 **(B) Public senior higher [educational] EDUCATION institutions and their**
23 **governing boards are encouraged to promote the economic development of the State and to**
24 **increase the financial resources of the institutions through arrangements with the private**
25 **sector, including collaborative research and development, commercial application of**
26 **institution–owned intellectual property, and the provisions of technical assistance.**

27 **(C) (1) A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY NOT**
28 **QUALIFY TO RECEIVE STUDENT FINANCIAL ASSISTANCE OR RESEARCH FUNDING**
29 **FROM THE STATE UNLESS THE GOVERNING BOARD OF THE INSTITUTION ADOPTS A**
30 **POLICY RELATING TO INVENTIONS, PATENTS, PATENT ASSERTION, AND**
31 **TECHNOLOGY TRANSFER THAT DEMONSTRATES THAT THE INSTITUTION IS**
32 **COMMITTED TO ENSURING THAT PATENT ASSETS ARE MANAGED IN A MANNER THAT**
33 **SERVES THE PUBLIC INTEREST.**

1 **(2) THE POLICY ADOPTED BY THE GOVERNING BOARD OF THE**
2 **INSTITUTION SHALL REQUIRE THAT THE INSTITUTION:**

3 **(I) BEFORE FILING FOR A PATENT THAT COVERS AN**
4 **INVENTION, DETERMINE WHETHER A PATENT IS THE MOST EFFECTIVE WAY TO**
5 **BRING A NEW INVENTION TO A BROAD USER BASE;**

6 **(II) RESEARCH THE PAST PRACTICES OF POTENTIAL PATENT**
7 **BUYERS OR LICENSEES;**

8 **(III) PRIORITIZE TECHNOLOGY TRANSFER THAT DEVELOPS ITS**
9 **INVENTIONS AND SCALES THE POTENTIAL USER BASE OF THE INVENTION;**

10 **(IV) ENDEAVOR TO NURTURE START-UP ENTITIES THAT WILL**
11 **CREATE NEW JOBS, PRODUCTS, AND SERVICES;**

12 **(V) ENDEAVOR TO ASSIGN AND LICENSE PATENTS ONLY TO**
13 **ENTITIES THAT REQUIRE THE LICENSE FOR ACTIVE COMMERCIALIZATION EFFORTS**
14 **OR FURTHER RESEARCH AND DEVELOPMENT;**

15 **(VI) FOSTER AGREEMENTS AND RELATIONSHIPS THAT INCLUDE**
16 **THE SHARING OF KNOWLEDGE AND PRACTICAL EXPERIENCE TO MAXIMIZE THE**
17 **VALUE OF THE ASSIGNMENT OR LICENSING OF THE CORRESPONDING PATENTS; AND**

18 **(VII) PRIORITIZE THE PUBLIC INTEREST IN ALL PATENT**
19 **ASSERTIONS AND PATENT TRANSACTIONS.**

20 **(3) A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY NOT**
21 **ASSIGN OR EXCLUSIVELY LICENSE A PATENT TO A PATENT ASSERTION ENTITY.**

22 **(4) THE ASSIGNMENT OF A PATENT BY A PUBLIC SENIOR HIGHER**
23 **EDUCATION INSTITUTION TO A PATENT ASSERTION ENTITY SHALL BE CONSIDERED**
24 **VOID AND UNENFORCEABLE.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2017.