

# SENATE BILL 585

I4, I3

4r2271  
CF 4r2418

---

By: ~~Senator Middleton~~ Senators Middleton, Brinkley, Feldman, Glassman,  
Kelley, Kittleman, Klausmeier, Mathias, and Pugh

Introduced and read first time: January 30, 2014

Assigned to: Finance

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 4, 2014

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Commercial Law – Patent Infringement – Assertions Made in Bad Faith**

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

15 BY adding to

16 Article – Commercial Law

17 Section 11-1601 through ~~11-1604~~ 11-1605 to be under the new subtitle

18 “Subtitle 16. Bad Faith Assertions of Patent Infringement”

19 Annotated Code of Maryland

20 (2013 Replacement Volume)

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

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



## 1 Article – Commercial Law

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

## 3 11-1601.

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

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

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

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

13 (E) “TARGET” MEANS A PERSON:

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

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

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

## 21 11-1602.

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

25 11-1603.

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

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

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

- 6                           **1. THE ALLEGED PATENT NUMBER;**
- 7                           **2. THE NAME AND ADDRESS OF THE PATENT OWNER**  
8 **OR ASSIGNEE, IF ANY; OR**
- 9                           **3. FACTS RELATING TO THE SPECIFIC AREAS IN**  
10 **WHICH THE TARGET'S PRODUCT, SERVICE, OR TECHNOLOGY INFRINGES THE**  
11 **PATENT OR IS COVERED BY THE CLAIMS IN THE PATENT;**

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

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

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

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

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

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

32                   **(VIII) 1. THE PERSON, OR A SUBSIDIARY OR AN AFFILIATE**  
33 **OF THE PERSON, PREVIOUSLY HAS FILED OR THREATENED TO FILE ONE OR**

1 MORE LAWSUITS BASED ON THE SAME OR A SIMILAR ASSERTION OF PATENT  
2 INFRINGEMENT; AND

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

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

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

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

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

16                   (II)  THE PERSON HAS:

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

19                   2.    ATTEMPTED TO NEGOTIATE AN APPROPRIATE  
20 REMEDY;

21                   (III) THE PERSON HAS:

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

24                   2.    SUCCESSFULLY ENFORCED A PATENT THROUGH  
25 LITIGATION;

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

29                   (V)   THE PERSON IS:

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

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

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

8 ~~11-1603.~~ 11-1604.

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

13 ~~11-1604.~~ 11-1605.

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

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

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

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

24                           (I) \$50,000; OR

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

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

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