

## CHAPTER 2016-101

### Committee Substitute for Committee Substitute for House Bill No. 1181

An act relating to bad faith assertions of patent infringement; amending s. 501.991, F.S.; providing construction; amending s. 501.992, F.S.; revising definitions; amending s. 501.993, F.S.; prohibiting a person from sending a demand letter to a target which makes a bad faith assertion of patent infringement; specifying what constitutes such a demand letter; repealing s. 501.994, F.S., relating to the requirement that a plaintiff post a specified bond in certain circumstances; amending s. 501.995, F.S.; authorizing the award of actual damages; revising provisions authorizing the award of punitive damages; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 501.991, Florida Statutes, is amended to read:

501.991 Legislative intent; construction.—

(1) The Legislature recognizes that it is preempted from passing any law that conflicts with federal patent law. However, the Legislature recognizes that the state is dedicated to building an entrepreneurial and business-friendly economy where businesses and consumers alike are protected from abuse and fraud. This includes protection from abusive and bad faith demands and litigation.

(2) Patents encourage research, development, and innovation. Patent holders have a legitimate right to enforce their patents. The Legislature does not wish to interfere with good faith patent litigation or the good faith enforcement of patents. However, the Legislature recognizes a growing issue: the frivolous filing of bad faith patent claims that have led to technical, complex, and especially expensive litigation.

(3) The expense of patent litigation, which may cost millions of dollars, can be a significant burden on companies and small businesses. Not only do bad faith patent infringement claims impose undue burdens on individual businesses, they undermine the state's effort to attract and nurture technological innovations. Funds spent to help avoid the threat of bad faith litigation are no longer available for serving communities through investing in producing new products, helping businesses expand, or hiring new workers. The Legislature wishes to help businesses avoid these costs by encouraging good faith assertions of patent infringement and the expeditious and efficient resolution of patent claims.

(4) This part may not be construed to:

(a) Limit the rights and remedies available to the state or a person under any other law;

(b) Alter or restrict the Attorney General’s authority under any other law regarding claims of patent infringement; or

(c) Prohibit a person who owns, or has a right to license or enforce, a patent from:

1. Notifying other parties of such person’s ownership of, or rights under, the patent;

2. Offering the patent to other parties for license or sale;

3. Notifying other parties of such parties’ infringement of the patent as provided by 35 U.S.C. s. 287; or

4. Seeking compensation for past or present infringement of, or license to, the patent.

Section 2. Subsections (1) and (3) of section 501.992, Florida Statutes, are amended to read:

501.992 Definitions.—As used in this part, the term:

(1) “Demand letter” means a letter, ~~e-mail, or other~~ written communication, including e-mail, asserting or claiming that a person has engaged in patent infringement.

(3) “Target” means a person residing in, incorporated in, or organized under the laws of this state who purchases, rents, leases, or otherwise obtains a product or service in the commercial market which is not for resale in the commercial market ~~and who:~~

~~(a) Has received a demand letter or against whom a written assertion or allegation of patent infringement has been made; or~~

~~(b) Has been threatened in writing with litigation or against whom a lawsuit has been filed alleging patent infringement.~~

Section 3. Section 501.993, Florida Statutes, is amended to read:

501.993 Bad faith assertions of patent infringement.—A person may ~~send a demand letter to a target which makes~~ make a bad faith assertion of patent infringement. A demand letter makes a bad faith assertion of patent infringement if it:

(1) Includes a claim that the target, or a person affiliated with the target, has infringed a patent and that the target is legally liable for such infringement; and A court may consider the following factors as evidence that a person has made a bad faith assertion of patent infringement:

~~(a) The demand letter does not contain the following information:~~

- ~~1. The patent number;~~
- ~~2. The name and address of the patent owner and assignee, if any; and~~
- ~~3. Factual allegations concerning the specific areas in which the target’s products, services, or technology infringe or are covered by the claims in the patent.~~

~~(b) Before sending the demand letter, the person failed to conduct an analysis comparing the claims in the patent to the target’s products, services, or technology, or the analysis did not identify specific areas in which the target’s products, services, and technology were covered by the claims of the patent.~~

~~(c) The demand letter lacked the information listed under paragraph (a), the target requested the information, and the person failed to provide the information within a reasonable period.~~

~~(d) The demand letter requested payment of a license fee or response within an unreasonable period.~~

~~(e) The person offered to license the patent for an amount that is not based on a reasonable estimate of the value of the license.~~

~~(f) The claim or assertion of patent infringement is unenforceable, and the person knew, or should have known, that the claim or assertion was unenforceable.~~

~~(g) The claim or assertion of patent infringement is deceptive.~~

~~(h) The person, including its subsidiaries or affiliates, has previously filed or threatened to file one or more lawsuits based on the same or a similar claim of patent infringement and:~~

~~1. The threats or lawsuits lacked the information listed under paragraph (a); or~~

~~2. The person sued to enforce the claim of patent infringement and a court found the claim to be meritless.~~

~~(i) Any other factor the court finds relevant.~~

~~(2) Meets one or more of the following criteria A court may consider the following factors as evidence that a person has not made a bad faith assertion of patent infringement:~~

~~(a) The demand letter falsely asserts that the sender has filed a lawsuit in connection with the claim contained the information listed under paragraph (1)(a).~~

(b) The demand letter asserts a claim that is objectively baseless due to any of the following:

1. The sender, or a person whom the sender represents, lacks a current right to license the patent to, or enforce the patent against, the target.

2. The patent is invalid or unenforceable pursuant to a final judgment or an administrative order.

3. The infringing activity alleged in the demand letter occurred after the expiration of the patent did not contain the information listed under paragraph (1)(a), the target requested the information, and the person provided the information within a reasonable period.

(c) The demand letter is likely to materially mislead a reasonable person because it does not contain sufficient information to inform the target of all of the following:

1. The identity of the person asserting the claim, including the name and address of such person.

2. The patent alleged to have been infringed, including the patent number of such patent.

3. At least one product, service, or technology of the target alleged to infringe the patent, or at least one activity of the target which is alleged to infringe the patent The person engaged in a good faith effort to establish that the target has infringed the patent and negotiated an appropriate remedy.

(d) ~~The person made a substantial investment in the use of the patented invention or discovery or in a product or sale of a product or item covered by the patent.~~

(e) ~~The person is the inventor or joint inventor of the patented invention or discovery, or in the case of a patent filed by and awarded to an assignee of the original inventor or joint inventors, is the original assignee.~~

(f) ~~The person has:~~

~~1. Demonstrated good faith business practices in previous efforts to enforce the patent, or a substantially similar patent; or~~

~~2. Successfully enforced the patent, or a substantially similar patent, through litigation.~~

(g) ~~Any other factor the court finds relevant.~~

Section 4. Section 501.994, Florida Statutes, is repealed.

Section 5. Section 501.995, Florida Statutes, is amended to read:

501.995 Private right of action.—A person aggrieved by a violation of this part may bring an action in a court of competent jurisdiction. A court may award the following remedies to a prevailing plaintiff in an action brought pursuant to this section:

- (1) Equitable relief;
- (2) Actual damages;
- (3) Costs and fees, including reasonable attorney fees; and
- (4) Punitive damages in an amount not to exceed \$75,000. However, such punitive damages may only be awarded if the court determines that the person asserting the patent infringement claim has repeatedly violated this part ~~equal to \$50,000 or three times the total damages, costs, and fees, whichever is greater.~~

Section 6. This act shall take effect upon becoming a law.

Approved by the Governor March 24, 2016.

Filed in Office Secretary of State March 24, 2016.