

SENATE No. 178

The Commonwealth of Massachusetts

PRESENTED BY:

Anthony W. Petrucci

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act protecting Massachusetts businesses from abusive patent infringement claims.

PETITION OF:

NAME:

Anthony W. Petrucci

DISTRICT/ADDRESS:

First Suffolk and Middlesex

SENATE No. 178

By Mr. Petruccelli, a petition (accompanied by bill, Senate, No. 178) of Anthony W. Petruccelli for legislation to protect Massachusetts businesses from abusive patent infringement claims. Consumer Protection and Professional Licensure.

The Commonwealth of Massachusetts

**In the One Hundred and Eighty-Ninth General Court
(2015-2016)**

An Act protecting Massachusetts businesses from abusive patent infringement claims.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 The General Laws are hereby amended by inserting after chapter 93K the following new
2 chapter:–

3 CHAPTER 93L

4 BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT

5 Section 1. As used in this chapter, the following words shall have the following meanings
6 unless the context clearly requires otherwise:–

7 “Assertion of patent infringement”, means (i) sending or delivering a demand letter to a
8 target; (ii) threatening a target with litigation asserting, alleging or claiming that the target has
9 engaged in patent infringement; (iii) sending or delivering a demand letter to the customers of a
10 target; or (iv) otherwise making claims or allegations, other than those made in litigation against

11 a target, that a target has engaged in patent infringement or that a target should obtain a license to
12 a patent in order to avoid litigation.

13 “Demand letter”, means a letter, e-mail, or other communication asserting, alleging or
14 claiming that the target has engaged in patent infringement or that a target should obtain a license
15 to a patent in order to avoid litigation, or any similar assertion.

16 “Person” shall include, where applicable, natural persons, corporations, trusts,
17 partnerships, incorporated or unincorporated associations, and any other legal entity.

18 “Target”, means a person residing in, conducting substantial business in, or having its
19 principal place of business in Massachusetts and with respect to whom an assertion of patent
20 infringement is made.

21 Section 2. A person shall not make, in bad faith, an assertion of patent infringement. In
22 determining whether a person has made an assertion of patent infringement in bad faith, a court
23 may consider the following:

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

25 (1) the patent number;

26 (2) the name and address of the patent owner or owners and assignee or assignees, if any;

27 and

28 (3) factual allegations concerning the specific areas in which the target’s products,
29 services, and technology infringe the patent or are covered by the claims in the patent.

30 (b) Prior to sending the demand letter, the person fails to conduct an analysis comparing
31 the claims in the patent to the target's products, services, and technology, or such an analysis was
32 done but does not identify specific areas in which the products, services, and technology are
33 covered by the claims in the patent.

34 (c) The demand letter lacks the information described in subsection (a), the target
35 requests the information, and the person fails to provide the information within a reasonable
36 period of time.

37 (d) The demand letter demands payment of a license fee or response within an
38 unreasonably short period of time.

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

41 (f) The claim or assertion of patent infringement is meritless, and the person knew, or
42 should have known, that the claim or assertion is meritless.

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

44 (h) The person or its subsidiaries or affiliates have previously filed or threatened to file
45 one or more lawsuits based on the same or similar claim of patent infringement and:

46 (1) those threats or lawsuits lacked the information described in subsection (a); or

47 (2) the person attempted to enforce the claim of patent infringement in litigation and a
48 court found the claim to be meritless.

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

50 (j) A court may consider the following factors as evidence that a person has not made an
51 assertion of patent infringement in bad faith:

52 (1) The demand letter contains the information described in subsection (1) of this
53 section.

54 (2) Where the demand letter lacks the information described in subsection (1) and the
55 target requests the information, the person provides the information within a reasonable period
56 of time.

57 (3) The person engages in a good faith effort to establish that the target has infringed the
58 patent and to negotiate an appropriate remedy.

59 (4) The person makes a substantial investment in the use of the patent or in the
60 production or sale of a product or item covered by the patent.

61 (5) The person is:

62 (a) the inventor or joint inventor of the patent or, in the case of a patent filed by and
63 awarded to an assignee of the original inventor or joint inventor, is the original assignee; or

64 (b) an institution of higher education or a technology transfer organization owned or
65 affiliated with an institution of higher education.

66 Section 3. A target of conduct involving assertions of patent infringement, or a person
67 aggrieved by a violation of this chapter may bring an action in Superior Court. A court may
68 award the following remedies to a plaintiff who prevails in an action brought pursuant to this
69 chapter:

- 70 (i) equitable relief;
- 71 (ii) damages;
- 72 (iii) costs and fees, including reasonable attorney's fees; and
- 73 (iv) exemplary damages in an amount equal to \$50,000.00 or three times the total of
- 74 damages, costs, and fees, whichever is greater.