

HOUSE No. 357

The Commonwealth of Massachusetts

PRESENTED BY:

Lori A. Ehrlich and Eric P. Lesser

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 to protect innovation and entrepreneurship in the Commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Lori A. Ehrlich</i>	<i>8th Essex</i>	<i>1/29/2021</i>
<i>Eric P. Lesser</i>	<i>First Hampden and Hampshire</i>	<i>1/29/2021</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>	<i>2/1/2021</i>
<i>David Allen Robertson</i>	<i>19th Middlesex</i>	<i>2/26/2021</i>

HOUSE No. 357

By Representative Ehrlich of Marblehead and Senator Lesser, a joint petition (accompanied by bill, House, No. 357) of Lori A. Ehrlich, Eric P. Lesser and others relative to assertions of patent infringement made in bad faith. Consumer Protection and Professional Licensure.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 229 OF 2019-2020.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to protect innovation and entrepreneurship in the Commonwealth.

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

1 SECTION 1. The general laws are hereby amended by inserting after chapter 93L the
2 following new chapter:-

3 CHAPTER 93M.

4 BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT.

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

7 “Assertion of patent infringement”, (i) the sending or delivering of a demand letter to a
8 target; (ii) the threatening of a target with litigation and asserting, alleging or claiming that the
9 target has engaged in patent infringement; (iii) the sending or delivering of a demand letter to the

10 customers of a target; or (iv) a claim or allegation, other than those made in litigation against a
11 target, that a target has engaged in patent infringement or that a target should obtain a license to a
12 patent in order to avoid litigation, or any similar assertion.

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

16 “Target”, a person residing in, conducting substantial business in or having its principal
17 place of business in Massachusetts against whom an assertion of patent infringement is made.

18 Section 2. (a) A person shall not make an assertion of patent infringement in bad faith. In
19 determining whether a person has made an assertion of patent infringement in bad faith, and in
20 addition to any other factor the court finds relevant, a court may consider whether: (i) the
21 demand letter failed to contain the following information: (A) the patent number; (B) the name
22 and address of the patent owner or owners and assignee or assignees, if any; and (C) factual
23 allegations concerning the specific areas in which the target’s products, services or technology
24 infringe the patent or are covered by the claims in the patent; (ii) the target requested information
25 described in clause (i) that was not included in the demand letter and the person failed to provide
26 the information within a reasonable period of time; (iii) the demand letter demanded payment of
27 a license fee or response within an unreasonably short period of time; (iv) the claim or assertion
28 of patent infringement was meritless and the person knew, or should have known, that the claim
29 or assertion was meritless; (v) the claim or assertion of patent infringement was deceptive; (vi)
30 the person or its subsidiaries or affiliates have previously filed or threatened to file 1 or more
31 lawsuits based on the same or similar claim of patent infringement and (A) those threats or

32 lawsuits lacked the information described in said clause (i); or (B) the person attempted to
33 enforce the claim of patent infringement in litigation and a court found the claim to be meritless;
34 and (vii) the patent has been held invalid or unenforceable in a final judgment or administrative
35 decision.

36 (b) A court may consider the following factors, and any other factors the court finds
37 relevant, as evidence that a person has not made an assertion of patent infringement in bad faith:
38 (i) the demand letter contained the information described in clause (i) of subsection (a); (ii) the
39 target requested such information described in said clause (i) of said subsection (a) that was not
40 included in the demand letter and the person provided the information within a reasonable period
41 of time; (iii) prior to sending the demand letter, the person conducted an analysis comparing
42 claims in the patent to the target's products, services or technology that identifies specific areas
43 in which the products, services or technology are covered by the claims in the patent; (iv) the
44 person engaged in a good faith effort to establish that the target has infringed the patent and to
45 negotiate an appropriate remedy; and (v) the person is the inventor or joint inventor of the patent
46 or, in the case of a patent filed by and awarded to an assignee of the the inventor or joint
47 inventor, the original assignee.

48 (c) This chapter shall not apply to: (i) an institution of higher education or a technology
49 transfer organization owned or affiliated with an institution of higher education; (ii) a non-profit
50 research institute or organization that manages inventions on behalf of an institute of higher
51 education or a non-profit research institute or organization as a primary function; (iii) a person
52 who is currently making significant investments in: (A) research and development in connection
53 with the patented technology, including technical or experimental work to create, test, qualify,
54 modify or validate technologies or processes for commercialization of goods or services; (B)

55 development, product marketing, manufacturing or sale of products or processes covered by the
56 patent; (C) the delivery or provision of goods or commercial services using the patented
57 technology; or (D) a combination of subclauses (A) to (C), inclusive; and (iv) a person whose
58 business is the licensing of patents as a wholly-owned subsidiary of a person described in clause
59 (iii).

60 Section 3. (a) A target or a person aggrieved by a violation of this chapter may bring an
61 action in superior court against a person who has made a bad-faith assertion of patent
62 infringement. The court may award to a plaintiff who prevails in an action brought pursuant to
63 this subsection 1 or more of the following remedies: (i) equitable relief; (ii) damages; (iii) costs
64 and fees, including reasonable attorneys' fees; and (iv) exemplary damages in an amount equal
65 to \$50,000 or 3 times the total of damages, costs and fees, whichever is greater.

66 (b) A person who by contract, agreement or otherwise, directly or indirectly, arranged for
67 the bad faith assertion of patent infringement and a person who otherwise caused or is legally
68 responsible for such bad faith assertion of patent infringement under the principles of the
69 common law shall be liable to a prevailing plaintiff for all damages, costs and fees. Such liability
70 shall be joint and several.

71 (c) A court may award to a defendant who prevails in an action brought pursuant to this
72 section costs and fees, including reasonable attorneys' fees, if the court finds the action was not
73 well-grounded in fact and warranted by existing law or was interposed for any improper purpose,
74 such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

75 (d) Nothing in this chapter shall limit any right or remedy otherwise available under law
76 to the commonwealth or to any person.

77 Section 4. The attorney general shall have the same authority under this chapter to make
78 rules, conduct civil investigations, bring civil actions and enter into assurances of discontinuance
79 as provided under chapter 93A. In an action brought by the attorney general pursuant to this
80 section, the court may award or impose any relief available under this chapter.