

SENATE No. 2673

The Commonwealth of Massachusetts

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

SENATE, February 10, 2022.

The committee on Consumer Protection and Professional Licensure, to whom was referred the petitions (accompanied by bill, Senate, No. 215) of Eric P. Lesser and Lori A. Ehrlich for legislation protect innovation and entrepreneurship in the Commonwealth; and (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, reports the accompanying bill (Senate, No. 2673).

For the committee,
Susan L. Moran

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**In the One Hundred and Ninety-Second General Court
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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 The General Laws are hereby amended by inserting after chapter 93L the following new
2 chapter:-

3 CHAPTER 93M.

4 BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT.

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

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:

21 (i) the demand letter failed to contain the following information: (A) the patent number;
22 (B) the name and address of the patent owner or owners and assignee or assignees, if any; and
23 (C) factual allegations concerning the specific areas in which the target’s products, services or
24 technology infringe the patent or are covered by the claims in the patent;

25 (ii) prior to sending the demand letter, the person failed to conduct an analysis comparing
26 the claims in the patent to the target’s products, services and technology, or such an analysis
27 failed to identify specific areas in which the products, services and technology are covered by the
28 claims in the patent;

29 (iii) the target requested information described in clause (i) that was not included in the
30 demand letter, and the person failed to provide the information within a reasonable period of
31 time;

32 (iv) the demand letter demanded payment of a license fee or response within an
33 unreasonably short period of time;

34 (v) the person offers to license the patent for an amount that is not based on a reasonable
35 estimate of the value of the license;

36 (vi) the claim or assertion of patent infringement was meritless and the person knew, or
37 should have known, that the claim or assertion was meritless;

38 (vii) the claim or assertion of patent infringement was deceptive;

39 (viii) the person or its subsidiaries or affiliates have previously filed or threatened to file
40 one or more lawsuits based on the same or similar claim of patent infringement and: (A) those
41 threats or lawsuits lacked the information described in clause (i) of this subsection; or (B) the
42 person attempted to enforce the claim of patent infringement in litigation and a court found the
43 claim to be meritless; and

44 (ix) the patent has been held invalid or unenforceable in a final judgment or
45 administrative decision.

46 (b) A court may consider the following factors and any other factors the court finds
47 relevant, as evidence that a person has not made an assertion of patent infringement in bad faith:

48 (i) the demand letter contained the information described in clause (i) of subsection (a);

49 (ii) the target requested such information described in said clause (i) of said subsection
50 (a) that was not included in the demand letter and the person provided the information within a
51 reasonable period of time;

52 (iii) the person engaged in a good faith effort to establish that the target has infringed the
53 patent and to negotiate an appropriate remedy; and

54 (iv) the person made a substantial investment in the use of the patent or in the production
55 or sale of a product or item covered by the patent.

56 Section 3. (a) A target or a person aggrieved by a violation of this chapter may bring an
57 action in superior court against a person who has made a bad-faith assertion of patent
58 infringement.

59 The court may award to a plaintiff who prevails in an action brought pursuant to this
60 chapter 1 or more of the following remedies: (i) equitable relief; (ii) damages; (iii) costs and fees,
61 including reasonable attorneys' fees; and (iv) exemplary damages in an amount equal to \$50,000
62 or 3 times the total of damages, costs, and fees, whichever is greater.

63 (b) In an action arising out of this section or section 4, any person who has delivered or
64 sent, or caused another to deliver or send, a demand letter to a target in Massachusetts has
65 purposely availed themselves of the privileges of conducting business in the commonwealth and
66 shall be subject to suit in the commonwealth, whether or not the person has transacted other
67 business in the commonwealth.

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

73 (c) A court may award to a defendant who prevails in an action brought pursuant to this
74 section costs and fees, including reasonable attorneys' fees, if the court finds the action was not

75 well-grounded in fact and warranted by existing law or was interposed for any improper purpose,
76 such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

77 (d) This chapter shall not be construed to limit any right or remedy otherwise available
78 under law to the commonwealth or to any person.