

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1321

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DATE	D-PG	OFFICIAL STATUS
03/04/2015	524	Introduction and first reading Referred to Commerce
03/23/2016		Comm report: To pass as amended and re-refer to Judiciary

A bill for an act

relating to commerce; prohibiting assertions of patent infringement in bad faith; authorizing a court to consider certain factors as evidence of whether an assertion of patent infringement in bad faith or good faith has been made; providing enforcement; defining certain terms; proposing coding for new law in Minnesota Statutes, chapter 325D.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [325D.72] BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT.

Subdivision 1. Definitions. (a) For purposes of this section, the terms defined in paragraphs (b) through (e) have the meanings given.

(b) "Demand" means oral, written, electronic, or other communication which asserts or alleges a target has infringed or contributed to infringement of a patent or the rights of a patentee under a patent or rights granted to an assignee or a licensee.

(c) "End user" means a consumer, whether an individual, business, or financial institution, who purchases, rents, leases, or otherwise obtains a product, service, or technology in the commercial market that is not for resale.

(d) "Person" means a natural person, corporation, trust, partnership, incorporated or unincorporated association, or other legal entity asserting patent infringement against a target.

(e) "Target" means an end user who is a Minnesota natural person, corporation, trust, partnership, incorporated or unincorporated association, or other legal entity:

(1) who has received a demand or against whom an assertion or allegation of patent infringement has been made;

(2) who has been threatened with litigation or against whom a lawsuit has been filed alleging patent infringement; or

2.1 (3) whose customers have received a demand asserting that the target's product,
2.2 service, or technology has infringed upon a patent.

2.3 Subd. 2. **Prohibition.** (a) A person shall not make a bad faith assertion of patent
2.4 infringement.

2.5 (b) A court may consider the following factors as evidence that a person has made a
2.6 bad faith assertion of patent infringement:

2.7 (1) the demand does not contain the following information:

2.8 (i) the patent number;

2.9 (ii) the name and address of the patent owner or owners and assignee or assignees, if
2.10 any; and

2.11 (iii) factual allegations concerning the specific areas in which the target's products,
2.12 services, and technology infringe the patent or are covered by the claims in the patent;

2.13 (2) prior to the demand, the person fails to conduct an analysis comparing the claims
2.14 in the patent to the target's products, services, and technology, or such an analysis was
2.15 done but does not identify specific areas in which the products, services, and technology
2.16 are covered by the claims in the patent;

2.17 (3) the demand lacks the information described in clause (1), the target requests the
2.18 information and the person fails to provide the information within a reasonable period of
2.19 time;

2.20 (4) the demand demands payment of a license fee or response within an unreasonably
2.21 short period of time;

2.22 (5) the person offers to license the patent for an amount that is not based on a
2.23 reasonable estimate of the value of the license;

2.24 (6) the claim or assertion of patent infringement is meritless;

2.25 (7) the claim or assertion of patent infringement is deceptive;

2.26 (8) the person or its subsidiaries or affiliates have previously filed or threatened to
2.27 file one or more lawsuits based on the same or similar claim of patent infringement and:

2.28 (i) those threats or lawsuits lacked the information described in clause (1); or

2.29 (ii) the person attempted to enforce the claim of patent infringement in litigation and
2.30 a court found the claim to be meritless; and

2.31 (9) any other factor the court finds relevant.

2.32 (c) a court may consider the following factors as evidence that a person has not made
2.33 a bad faith assertion of patent infringement:

2.34 (1) the demand contains the information described in paragraph (b), clause (1);

3.1 (2) where the demand lacks the information described in paragraph (b), clause (1),
3.2 and the target requests the information, the person provides the information within a
3.3 reasonable period of time;

3.4 (3) the person engages in a good faith effort to establish that the target has infringed
3.5 the patent and to negotiate an appropriate remedy;

3.6 (4) the person makes a substantial investment in the use of the patent or in the
3.7 production or sale of a product or item covered by the patent;

3.8 (5) the person has:

3.9 (i) demonstrated good faith business practices in previous efforts to enforce the
3.10 patent, or a substantially similar patent; or

3.11 (ii) successfully enforced the patent, or a substantially similar patent, through
3.12 litigation; and

3.13 (6) any other factor the court finds relevant.

3.14 Subd. 3. **Personal jurisdiction.** A person outside this state issuing a demand to a
3.15 target shall be deemed to be transacting business within this state within the meaning of
3.16 Minnesota law, and is subject to the jurisdiction of the courts of this state.

3.17 Subd. 4. **Enforcement; remedies; damages.** (a) The attorney general has the same
3.18 authority under this section to conduct civil investigations, bring civil actions, and enter
3.19 into assurances of discontinuance as provided under section 8.31. In an action brought
3.20 by the attorney general under this section, the court may award or impose any relief
3.21 available under Minnesota law.

3.22 (b) This section does not limit rights and remedies available to the state of Minnesota
3.23 or to any party under any other law and shall not alter or restrict the attorney general's
3.24 authority under Minnesota law with regard to conduct involving assertions of patent
3.25 infringement.

3.26 (c) This section does not apply to a written or electronic communication sent by:

3.27 (1) an owner of a patent who is using the patent in connection with substantial
3.28 research, commercial development, production, manufacturing, processing, or delivery
3.29 of products or materials;

3.30 (2) an institution of higher education; or

3.31 (3) a technology transfer organization whose primary purpose is to facilitate the
3.32 commercialization of technology developed by an institution of higher education.

3.33 (d) This section does not apply to a person who: (i) has demonstrated good faith
3.34 business practices in previous efforts to enforce the patent, or a substantially similar
3.35 patent; or (ii) has successfully enforced the patent, or a substantially similar patent,
3.36 through litigation.