

Regular Session, 2014

SENATE BILL NO. 255

BY SENATOR MARTINY

COMMERCIAL REGULATIONS. Provides relative to Unfair Trade Practices and Consumer Protection Law. (gov sig)

1 AN ACT

2 To enact R.S. 51:1428, provides relative to Unfair Trade Practices and Consumer Protection
3 Law; to provide relative to patent infringement; to provide for definitions; to provide
4 for unfair and deceptive trade practices; to provide for damages; to provide for
5 procedures, terms, and conditions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 51:1428 is hereby enacted to read as follows:

8 **§1428. Unfair or deceptive trade practice or act; bad faith assertions of patent**
9 **infringement**

10 **A. As used in this Section, the following words and phrases shall have**
11 **the following meanings:**

12 **(1) "Demand letter" means a letter, email, or other communication that**
13 **does either of the following:**

14 **(a) Asserts, alleges, or claims that the target has engaged in patent**
15 **infringement.**

16 **(b) Requests or demands the target to obtain a license to a patent or to**
17 **otherwise pay compensation in order to avoid litigation.**

1 **(2) "Target" means any of the following:**

2 **(a) A person who has received a demand letter or against whom an**
3 **assertion or allegation of patent infringement has been made.**

4 **(b) A person who has been threatened with litigation for alleged patent**
5 **infringement.**

6 **(c) A person whose customers have received a demand letter asserting**
7 **that the person's product, service, or technology, or the use thereof, has**
8 **infringed a patent.**

9 **B.(1) No person shall make a bad faith assertion of patent infringement.**

10 **(2) A court may consider any of the following factors as evidence that a**
11 **person has made a bad faith assertion of patent infringement:**

12 **(a) The demand letter received by the target does not contain all of the**
13 **following information:**

14 **(i) The patent number or the patent application number, if no patent**
15 **number has been issued.**

16 **(ii) The name and address of the patent owner or owners and assignee**
17 **or assignees, if any.**

18 **(iii) The factual allegations concerning the specific areas in which the**
19 **accused products, services, or technology, or the target's manufacture, use, sale,**
20 **or offer for sale thereof, infringe the patent or are covered by the claims in the**
21 **patent.**

22 **(b) The person sends a demand letter to a target without first making a**
23 **reasonable effort to conduct an analysis comparing the claims in the patent to**
24 **the accused products, services, or technology, or to identify specific areas in**
25 **which the products, services, or technology are covered by the claims in the**
26 **patent.**

27 **(c) When the demand letter lacks the information described in**
28 **Subparagraph (2)(a) of this Subsection and the target requests information**
29 **from the person, the person fails to provide the requested information within**

1 **a reasonable period of time.**

2 **(d) The demand letter requires payment of a license fee or response**
3 **within an unreasonably short period of time.**

4 **(e) The claim or assertion of patent infringement is without merit, and**
5 **the person knew or should have known, that the claim or assertion is without**
6 **merit.**

7 **(f) The person or its subsidiaries or affiliates have previously filed or**
8 **threatened to file one or more lawsuits based on the same or similar claim of**
9 **patent infringement and those lawsuits or threats lacked the information**
10 **described in Subparagraph (2)(a) of this Subsection.**

11 **(g) The demand letter or assertion of patent infringement contains any**
12 **material misrepresentation of fact.**

13 **(h) Any other factor the court finds relevant.**

14 **(3) A court may consider any of the following factors as evidence that an**
15 **assertion of patent infringement was not made in bad faith:**

16 **(a) The demand letter received by a target contains the information**
17 **described in Subparagraph (2)(a) of this Subsection.**

18 **(b) When the demand letter lacks the information described in**
19 **Subparagraph (2)(a) of this Subsection and the target requests the information,**
20 **the person provides the information within a reasonable period of time.**

21 **(c) The person engages in a good faith effort to establish that the target**
22 **has infringed or may be infringing the patent and to negotiate an appropriate**
23 **remedy.**

24 **(d) The person makes a substantial investment in the use of the patent**
25 **or in the production or sale of a product, service, or technology covered by the**
26 **patent.**

27 **(e) The person is either of the following:**

28 **(i) The inventor or joint inventor of the patent or, in the case of a patent**
29 **filed by and awarded to an assignee of the original inventor or joint inventor,**

1 **the original assignee.**

2 **(ii) An institution of higher education or a technology transfer**
3 **organization owned by or affiliated with an institution of higher education.**

4 **(f) The person has demonstrated good faith business practices in**
5 **previous efforts to enforce the patent, or a substantially similar patent or has**
6 **successfully enforced the patent, or a substantially similar patent, through**
7 **litigation.**

8 **(g) Any other factor the court finds relevant.**

9 **C. Any violation of this Section shall be deemed an unfair or deceptive**
10 **trade practice or act pursuant to R.S. 51:1401 et seq., and the violator shall be**
11 **subject to any and all penalties, remedies, actions, and relief provided for in this**
12 **Chapter.**

13 **D. The remedies and rights provided under this Section are in addition**
14 **to and do not preclude any right or remedy otherwise authorized by law.**

15 **E. Any person who is found liable under the provisions of this Section**
16 **shall be liable for all costs, expenses, and fees related to investigations and**
17 **proceedings associated with the violation, including attorney fees. An action to**
18 **recover costs, expenses, fees, and attorney fees shall be ancillary to, and shall be**
19 **brought and heard in the same court, as a civil action brought under the**
20 **provisions of this Chapter.**

21 Section 2. This Act shall become effective upon signature by the governor or, if not
22 signed by the governor, upon expiration of the time for bills to become law without signature
23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
24 vetoed by the governor and subsequently approved by the legislature, this Act shall become
25 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Michelle Ducharme.

DIGEST

Martiny (SB 255)

Present law provides relative to the Unfair Trade Practices and Consumer Protection Law.

Proposed law defines the term "demand letter" as a letter, email, or other communication that does either of the following:

- (1) Asserts, alleges, or claims that the target has engaged in patent infringement.
- (2) Requests or demands the target to obtain a license to a patent or to otherwise pay compensation in order to avoid litigation.

Proposed law defines "target" as all of the following:

- (1) A person who has received a demand letter or against whom an assertion or allegation of patent infringement has been made.
- (2) A person who has been threatened with litigation for alleged patent infringement.
- (3) A person whose customers have received a demand letter asserting that the person's product, service, or technology, or the use thereof, has infringed a patent.

Proposed law provides that no person shall make a bad faith assertion of patent infringement.

Proposed law provides that a court may consider any of the following factors as evidence that a person has made a bad faith assertion of patent infringement:

- (1) The demand letter received by the target does not contain all of the following information:
 - (a) The patent number or the patent application number, if no patent number has been issued.
 - (b) The name and address of the patent owner or owners and assignee or assignees, if any.
 - (c) The factual allegations concerning the specific areas in which the accused products, services, or technology, or the target's manufacture, use, sale, or offer for sale thereof, infringe the patent or are covered by the claims in the patent.
- (2) The person sends a demand letter to a target without first making a reasonable effort to conduct an analysis comparing the claims in the patent to the accused products, services, or technology, or to identify specific areas in which the products, services, or technology are covered by the claims in the patent.
- (3) When the demand letter lacks certain information and the target requests information from the person, the person fails to provide the requested information within a reasonable period of time.
- (4) The demand letter requires payment of a license fee or response within an unreasonably short period of time.
- (5) The claim or assertion of patent infringement is without merit, and the person knew or should have known, that the claim or assertion is without merit.
- (6) The person or its subsidiaries or affiliates have previously filed or threatened to file one or more lawsuits based on the same or similar claim of patent infringement and those lawsuits or threats lacked certain information.
- (7) The demand letter or assertion of patent infringement contains any material misrepresentation of fact.

(8) Any other factor the court finds relevant.

Proposed law provides that a court may consider any of the following factors as evidence that an assertion of patent infringement was not made in bad faith:

- (1) The demand letter received by a target contains certain information.
- (2) When the demand letter lacks certain information and the target requests the information, the person provides the information within a reasonable period of time.
- (3) The person engages in a good faith effort to establish that the target has infringed or may be infringing the patent and to negotiate an appropriate remedy.
- (4) The person makes a substantial investment in the use of the patent or in the production or sale of a product, service, or technology covered by the patent.
- (5) The person is either of the following:
 - (a) The inventor or joint inventor of the patent or, in the case of a patent filed by and awarded to an assignee of the original inventor or joint inventor, the original assignee.
 - (b) An institution of higher education or a technology transfer organization owned by or affiliated with an institution of higher education.
- (6) The person has demonstrated good faith business practices in previous efforts to enforce the patent, or a substantially similar patent or has successfully enforced the patent, or a substantially similar patent, through litigation.
- (7) Any other factor the court finds relevant.

Proposed law provides any violation of proposed law shall be an unfair or deceptive trade practice or act and the violator shall be subject to any and all penalties, remedies, actions, and relief pursuant to the Unfair Trade Practices & Consumer Protection Law.

Proposed law provides that the remedies and rights provided in law are in addition to and do not preclude any right or remedy otherwise authorized by law.

Proposed law provides that any person who is found liable under the provisions of proposed law shall be liable for all costs, expenses and fees related to investigations and proceedings associated with the violation, including attorney fees.

Proposed law provides that an action to recover costs, expenses, fees, and attorney fees shall be ancillary to, and shall be brought and heard in the same court, as the civil action brought under the provisions of proposed law.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 51:1428)