

SENATE BILL NO. 255

BY SENATOR MARTINY

1 AN ACT

2 To enact R.S. 51:1428, relative to Unfair Trade Practices and Consumer Protection Law; to
3 provide relative to patent infringement; to provide for definitions; to provide for
4 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 the**
11 **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 end-user has engaged in patent**
15 **infringement.**

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

18 **(2) "End-user" means a consumer, whether an individual, business, or**
19 **financial institution, who purchases, rents, leases, or otherwise obtains a**
20 **product, service, or technology in the commercial market that is not for resale**
21 **and is, or later becomes, the subject of a patent infringement assertion.**

22 **B.(1) No person shall make a bad faith assertion of patent infringement**
23 **against an end-user.**

24 **(2) A court may consider any of the following factors as evidence that a**
25 **person has made a bad faith assertion of patent infringement against an end-**
26 **user:**

1 (a) The demand letter received by the end-user does not contain all of the
2 following information:

3 (i) The patent number or the patent application number, if no patent
4 number has been issued.

5 (ii) The name and address of the patent owner or owners and assignee
6 or assignees, if any.

7 (iii) The factual allegations concerning the specific areas in which the
8 products, services, or technology obtained by the end-user, or their use thereof,
9 infringe the patent or are covered by the claims in the patent.

10 (b) The person sends a demand letter to an end-user without first making
11 a reasonable effort to conduct an analysis comparing the claims in the patent
12 to the products, services, or technology obtained by the end-user, or to identify
13 specific areas in which the products, services, or technology are covered by the
14 claims in the patent.

15 (c) When the demand letter lacks the information described in
16 Subparagraph (2)(a) of this Subsection and the end-user requests information
17 from the person, the person fails to provide the requested information within
18 a reasonable period of time.

19 (d) The demand letter requires payment of a license fee or response from
20 an end-user within an unreasonably short period of time.

21 (e) The claim or assertion of patent infringement against an end-user is
22 without merit, and the person knew or should have known that the claim or
23 assertion is without merit.

24 (f) The person or its subsidiaries or affiliates have previously filed or
25 threatened to file one or more lawsuits against an end-user based on the same
26 or similar claim of patent infringement, and those lawsuits or threats lacked the
27 information described in Subparagraph (2)(a) of this Subsection.

28 (g) The demand letter or assertion of patent infringement contains any
29 material misrepresentation of fact.

30 (3) A court may consider any of the following factors as evidence that an

1 assertion of patent infringement against an end-user was not made in bad faith:

2 (a) The demand letter received by an end-user contains the information
3 described in Subparagraph (2)(a) of this Subsection.

4 (b) When the demand letter lacks the information described in
5 Subparagraph (2)(a) of this Subsection and the end-user requests the
6 information, the person provides the information within a reasonable period of
7 time.

8 (c) The person engages in a good faith effort to establish that the end-
9 user has infringed or may be infringing the patent.

10 (d) The person or affiliate makes a substantial investment in the use of
11 the patent or in the production or sale of a product, service, or technology
12 covered by the patent.

13 (e) The person is either of the following:

14 (i) The inventor or joint inventor of the patent or, in the case of a patent
15 filed by and awarded to an assignee of the original inventor or joint inventor,
16 the original assignee.

17 (ii) An institution of higher education or a technology transfer
18 organization owned by or affiliated with an institution of higher education.

19 (f) The person has demonstrated good faith business practices in
20 previous efforts to enforce the patent, or a substantially similar patent or has
21 successfully enforced the patent, or a substantially similar patent, through
22 litigation.

23 (g) Any other factor the court finds relevant.

24 C.(1) The attorney general has the sole authority to investigate and
25 pursue any violation of this Section as an unfair or deceptive trade practice or
26 act pursuant to R.S. 51:1401 et seq.

27 (2) Any person who is found liable under the provisions of this Section
28 shall be liable to the attorney general for all costs, expenses, and fees related to
29 investigations and proceedings associated with the violation, including attorney
30 fees. An action to recover costs, expenses, fees, and attorney fees shall be

1 ancillary to, and shall be filed and heard in the same court as a civil action filed
2 under the provisions of this Section.

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

5 E. Any person outside the state asserting patent infringement by an end-
6 user in the state shall be deemed to be transacting business within the state
7 within the meaning of R.S.13:3201 and shall thereby be subject to the
8 jurisdiction of the courts of this state.

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

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____