

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND AND FOURTEEN

S.P. 654 - L.D. 1660

An Act Regarding Bad Faith Assertions of Patent Infringement

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 14 MRSA c. 757 is enacted to read:

CHAPTER 757**ACTIONS FOR BAD FAITH ASSERTION OF PATENT INFRINGEMENT****§8701. Actions for bad faith assertion of patent infringement**

1. Definitions. As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

A. "Demand letter" means a letter, an e-mail or other written communication asserting that a target has engaged in patent infringement.

B. "Person" means a natural person, corporation, trust, partnership, incorporated or unincorporated association or any other legal entity.

C. "Target" means a person:

(1) Who has received a demand letter;

(2) Against whom a lawsuit has been filed alleging patent infringement; or

(3) Whose customers have received a demand letter asserting that the person's product, service or technology has infringed a patent.

2. Prohibition. A person may not make a bad faith assertion of patent infringement against another person.

3. Civil action. A target may bring a civil action in Superior Court against a person who has made a bad faith assertion of patent infringement against the target. In determining whether a person made a bad faith assertion of patent infringement:

A. The court may consider the following factors as evidence that the person made a bad faith assertion of patent infringement:

(1) The demand letter does not contain:

(a) The patent number;

(b) The name and address of the patent owner or owners and assignee or assignees, if any; or

(c) Factual allegations concerning the specific areas in which the target's products, services or technology infringed the patent or are covered by the claims in the patent;

(2) The demand letter does not contain the information described in subparagraph (1), the target requested the information and the person did not provide the information within a reasonable period of time;

(3) Prior to sending the demand letter, the person failed to conduct an analysis comparing the claims in the patent to the target's products, services or technology or an analysis was done but does not identify specific areas in which the products, services or technology are covered by the claims in the patent;

(4) The demand letter includes a demand for payment of a license fee or a response within an unreasonably short period of time;

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

(6) The person knew or should have known that the assertion of patent infringement is meritless;

(7) The assertion of patent infringement is deceptive; and

(8) The person or a subsidiary or affiliate of the person previously filed or threatened to file a lawsuit based on the same or similar claim of patent infringement and:

(a) Those threats or lawsuits lacked the information described in subparagraph (1); or

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

B. The court may consider the following factors as evidence that the person did not make a bad faith assertion of patent infringement:

(1) The demand letter contains the information described in paragraph A, subparagraph (1);

(2) The demand letter does not contain the information described in paragraph A, subparagraph (1), the target requested the information and the person provided the information within a reasonable period of time;

(3) The person engaged in a good faith effort to establish that the target infringed the patent and to negotiate an appropriate remedy;

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

(5) The person is:

(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, is the original assignee; or

(b) An institution of higher education or a technology transfer organization whose primary purpose is to facilitate the commercialization of technologies developed by an institution of higher education that is owned by or affiliated with an institution of higher education; and

(6) The person demonstrated good faith business practices in previous efforts to enforce the patent or a substantially similar patent or successfully enforced the patent or a substantially similar patent through litigation.

4. Remedies. The court may award the following remedies to a target who prevails in an action brought pursuant to this subsection:

A. Equitable relief;

B. Damages;

C. Costs and fees, including reasonable attorney's fees; and

D. Punitive damages in an amount equal to \$50,000 or 3 times the total damages, costs and fees, whichever is greater.

5. Action by Attorney General. The Attorney General may bring an action to enjoin a violation of this chapter. Any violation of this chapter is a violation of the Maine Unfair Trade Practices Act.

6. Bond. When a target reasonably believes a person made a bad faith assertion of patent infringement against the target, the target may file a motion with the court to require the person to post a bond. If the court finds the target has established a reasonable likelihood that the person made a bad faith assertion of patent infringement, the court shall require the person to post a bond in an amount equal to a good faith estimate of the target's costs to litigate the claim and amounts reasonably likely to be recovered under subsection 4. The court shall hold a hearing if requested by either party. A bond ordered pursuant to this subsection may not exceed \$250,000. The court may waive the bond requirement if it finds the person has available assets equal to the amount of the proposed bond or for other good cause shown.

7. Exemption. This section does not apply to a demand letter or assertion of patent infringement that includes a claim for relief arising under 35 United States Code, Section 271(e)(2) or 42 United States Code, Section 262.

§8702. Rules

The Attorney General shall adopt rules implementing this chapter. Evidence of a violation of a rule adopted by the Attorney General constitutes prima facie evidence of a

bad faith assertion of patent infringement in any action brought under this chapter. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.