

HOUSE RESEARCH

Bill Summary

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Subject: Prohibiting bad faith assertions of patent infringement; prohibition on “patent trolling”

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Overview

This bill allows the attorney general to pursue a civil action in court against an individual or business who has made a bad faith claim against someone who is an end user of the potentially patented product for infringement on a patent either by letter or email. This practice is often called “patent trolling” and 27 states have passed some kind of legislation to prevent these bad faith claims.

The law defines acting in “bad faith,” which includes: trying to enforce a patent that is not theirs; trying to enforce an expired patent; or falsely claiming that the person has also filed a lawsuit against them. The law prohibits a private cause of action and prohibits allowing the law to be enforced in certain circumstances, including when the person making the patent infringement claim is a college or university, nonprofit, or private entity acting on the behalf of a university or nonprofit.

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1 Bad faith assertions of patent infringement.

Subd. 1. Definitions. Provides a definition to the term “end user” as a person who obtains a product, service, or technology which later becomes the subject of a patent infringement due to the person’s use of the product. This “end user” would be someone who purchased the product to use it and is not intending to resell the product.

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Subd. 2. Bad faith claim of patent infringement prohibited. Prohibits a person from sending a letter or email to someone who is an end user of the potentially patented product claiming that person has infringed on a patent when:

- the sender has falsely stated that they have filed a lawsuit;
- the sender is not the person who has the rights to license or enforce the patent;
- the patent has been invalidated or deemed unenforceable by a court in a final judgment;
- the patent has expired; or
- the communication in the email or letter is likely to mislead a reasonable person because it does not contain the identity of the person asserting the claim, information about the patent that they allege has been infringed, and the product or service the person bought that is alleged to have infringed on the patent.

Subd. 3. Enforcement by attorney general; injunction and civil penalty.

Allows the attorney general to bring a civil action against a person they believe has violated subdivision 2 of this section. The attorney general may demand that the person stop violating the statute and may also request a civil penalty be imposed against the person who violated the statute in an amount up to \$50,000 for each violation. The attorney general would also be allowed to request attorney's fees for the cost of bringing the action for an order providing restitution to the person who the letters and emails were sent for the legal or professional expenses they incurred related to the bad faith patent infringement asserted against them.

Subd. 4. Construction; application.

Provides that this law:

- shall not limit any rights or remedies available to the state or any person under other laws related to patent infringement;
- does not prohibit a person with a patent from notifying others of the person's infringement as provided by the federal patent law; or
- shall not be construed by a court to apply to a person who has a good faith claim to enforce a patent or has won previous lawsuits in an attempt to enforce a patent.

This section also provides a list of exemptions to subdivision 2. This means that a case by the attorney general **shall not** proceed against:

- the owner of a patent who has done substantial research, commercial development, or production related to the patent or substantially similar patent;
- any institution of higher education;
- a tax-exempt nonprofit;
- a technology transfer organization working for an institute of higher education or tax exempt nonprofit to help sell their products; or

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- any entity when the patent relates to a medical device or drug development consistent with federal law, for new drugs under the federal food and drug laws, or biological products used for medicinal purposes such as vaccines and cellular therapies.

Subd. 5. No private cause of action. Prohibits a person from suing under subdivision 2 for a bad faith patent infringement claim. This bill only allows that provision to be enforced by the attorney general.