

As Introduced

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H. B. No. 573

Representative Roegner

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Scherer, Adams, J., Romanchuk, McClain**

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A BILL

To enact sections 2307.66, 2307.67, 2307.68, and 1
2307.69 of the Revised Code to prohibit a person 2
from making a bad faith assertion of patent 3
infringement, to permit a person aggrieved by a 4
bad faith assertion of patent infringement to 5
bring a tort action, and to authorize the Attorney 6
General to investigate and to institute a civil 7
action if the Attorney General believes a person 8
has made a bad faith assertion of patent 9
infringement. 10

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 2307.66, 2307.67, 2307.68, and 11
2307.69 of the Revised Code be enacted to read as follows: 12

Sec. 2307.66. As used in sections 2307.66 to 2307.69 of the 13
Revised Code: 14

(A) "Demand letter" means a letter, email, or other 15
communication asserting or claiming that the target has engaged in 16
patent infringement. 17

(B) "Institution of higher education" has the same meaning as 18

in section 2741.01 of the Revised Code. 19

(C) "Target" means any of the following: 20

(1) A person who has received a demand letter or against whom 21
an assertion or allegation of patent infringement has been made; 22

(2) A person who has been threatened with a tort action or 23
against whom tort action has been filed alleging patent 24
infringement; 25

(3) A person whose customers have received a demand letter 26
asserting that the person's product, service, or technology has 27
infringed a patent. 28

Sec. 2307.67. (A) No person shall make a bad faith assertion 29
of patent infringement. 30

(B) A court may consider the following factors as evidence 31
that a person has made a bad faith assertion of patent 32
infringement: 33

(1) A demand letter does not contain all of the following 34
information: 35

(a) The patent number; 36

(b) The name and address of the patent owner or owners and 37
assignee and assignees, if any; 38

(c) Factual allegations concerning the specific areas in 39
which the target's products, services, and technology infringe the 40
patent or are covered by the claims in the patent. 41

(2) Prior to sending a demand letter, the person fails to 42
conduct an analysis comparing the claims in the patent to the 43
target's products, services, and technology or the analysis was 44
conducted but does not identify the specific areas in which the 45
products, services, and technology are covered by the claims in 46
the patent. 47

(3) A demand letter does not contain all of the information described in division (B)(1) of this section, the target requests the information, and the person fails to provide the information within a reasonable period of time. 48
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(4) A demand letter demands payment of a license fee or response within an unreasonably short period of time. 52
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(5) The person offers to license the patent for an amount that is not based on a reasonable estimate of the value of the license. 54
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(6) The claim or assertion of patent infringement is meritless and the person knew, or should have known, that the claim or assertion is meritless. 57
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(7) The claim or assertion of patent infringement is deceptive. 60
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(8) The person or the person's subsidiaries or affiliates have previously filed or threatened to file one or more tort actions based on the same or similar claims of patent infringement and either of the following applies to the tort actions and threats to file tort actions: 62
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(a) The tort action or threat to file a tort action lacked the information described in division (B)(1) of this section; 67
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(b) The person attempted to enforce the claim of patent infringement in a tort action and the court found the claim to be meritless. 69
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(9) Any other factor that the court finds relevant. 72

(C) A court may consider the following factors as evidence that a person has not made a bad faith assertion of patent infringement: 73
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(1) A demand letter contains the information described in division (B)(1) of this section. 76
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(2) If a demand letter does not contain the information 78
described in division (B)(1) of this section and the target 79
requests the information, the person provides the information 80
within a reasonable period of time. 81

(3) The person engages in a good faith effort to establish 82
that the target has infringed the patent and to negotiate an 83
appropriate remedy. 84

(4) The person makes or has made a substantial investment in 85
the use of the patent or in the production or sale of a product or 86
item covered by the patent. 87

(5) The person is any of the following: 88

(a) The inventor or joint inventor of the patent or, in the 89
case of a patent filed by and awarded to an assignee of the 90
original inventor or joint inventor, is the original assignee; 91

(b) An institution of higher education or a technology 92
transfer organization owned or affiliated with an institution of 93
higher education. 94

(6) The person has done either of the following: 95

(a) Demonstrated good faith business practices in previous 96
efforts to enforce the patent or a substantially similar patent; 97

(b) Successfully enforced the patent or a substantially 98
similar patent through a tort action. 99

(7) Any other factor that the court finds relevant. 100

(D) It is not a violation of division (A) of this section for 101
a person who owns or has the right to license or enforce a patent 102
to notify a person of that ownership or right of license or 103
enforcement, to notify a person that the patent is available for 104
license or sale, to notify a person of the infringement of that 105
patent pursuant to the provisions of Title 35 of the United States 106
Code, or to seek compensation from a person on account of a past 107

or present infringement of that patent, or for a license, when it 108
is reasonable to believe that the person from whom compensation is 109
sought may owe such compensation. 110

(E) Sections 2307.66 to 2307.69 of the Revised Code do not 111
apply to a demand letter or civil action that includes a claim for 112
relief under 35 U.S.C. 271(e)(2). 113

Sec. 2307.68. (A) A target or other person aggrieved by a bad 114
faith assertion of patent infringement in violation of division 115
(A) of section 2307.67 of the Revised Code may bring a tort action 116
in the court of common pleas of the county of the target's 117
residence or primary place of business. 118

(B) Upon motion by a target and a finding by the court that a 119
target has established a reasonable likelihood that a person has 120
made a bad faith assertion of patent infringement in violation of 121
section 2307.67 of the Revised Code, the court shall require the 122
person to post a bond in an amount equal to a good faith estimate 123
of the target's costs to litigate the tort action and amounts 124
reasonably likely to be recovered under section 2307.69 of the 125
Revised Code, conditioned upon payment of any amounts finally 126
determined to be due to the target. The court shall not order a 127
bond in excess of two hundred fifty thousand dollars. The court 128
shall hold a hearing on the bond if the person or target requests 129
a hearing. The court may waive the bond requirement if the court 130
finds that the person has available assets equal to the amount of 131
the proposed bond or for other good cause shown. 132

(C)(1) A court may award all of the following to a plaintiff 133
who prevails in an action brought under this section: 134

(a) Equitable relief; 135

(b) Compensatory damages; 136

(c) Costs and fees of litigation, including reasonable 137

attorney's fees; 138

(d) Exemplary damages in an amount equal to \$50,000 or three 139
times the total of damages, costs, and fees, whichever is greater. 140

(2) Section 2315.21 of the Revised Code applies to a tort 141
action brought under division (A) of this section if the target 142
makes a claim for both compensatory damages and for punitive or 143
exemplary damages. 144

(D) Division (A) of this section does not limit or affect a 145
target's right to bring a tort action related to patent 146
infringements under any other provision of state or federal law. 147

Sec. 2307.69. (A) If the attorney general, by the attorney 148
general's own inquiries or as a result of complaints, has 149
reasonable cause to believe that a person has made a bad faith 150
assertion of patent infringement the attorney general may 151
investigate. For this purpose, the attorney general may administer 152
oaths, subpoena witnesses, adduce evidence, and require the 153
production of relevant matter. If the relevant matter is located 154
outside the state, the attorney general may designate 155
representatives, including officials of the state in which the 156
matter is located, to inspect the matter on the attorney general's 157
behalf. 158

(B) The attorney general may institute a civil action in 159
accordance with section 109.16 of the Revised Code seeking 160
injunctive and other equitable relief in connection with a bad 161
faith assertion of patent infringement if the attorney general 162
believes that the action would be in the public interest. The 163
attorney general may bring an action to obtain a temporary 164
restraining order, preliminary injunction, or permanent injunction 165
to restrain and prevent a person from taking actions and making 166
assertions or allegations that constitute a bad faith assertion of 167
patent infringement. The court may issue a temporary restraining 168

<u>order, preliminary injunction, or permanent injunction to restrain</u>	169
<u>or prevent the person from taking actions and making assertions or</u>	170
<u>allegations that constitute a bad faith assertion of patent</u>	171
<u>infringement.</u>	172
<u>(C) This section does not limit or affect other rights,</u>	173
<u>duties, privileges, and powers conferred by law upon the courts</u>	174
<u>and the attorney general.</u>	175