

House Bill 809

By: Representatives Williamson of the 115th, Duncan of the 26th, Nix of the 69th, Caldwell of the 131st, Fludd of the 64th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 1 of Title 10 of the Official Code of Georgia Annotated, relating to selling
2 and other trade practices, so as to prohibit bad faith assertions of patent infringement; to
3 provide for definitions; to provide for factors for determining whether a bad faith assertion
4 of patent infringement has been made; to require the posting of a bond when a bad faith
5 claim of patent infringement has been made; to provide for enforcement; to provide for
6 damages; to provide for related matters; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Chapter 1 of Title 10 of the Official Code of Georgia Annotated, relating to selling and other
10 trade practices, is amended by adding a new article to read as follows:

11 "ARTICLE 27A

12 10-1-770.

13 As used in this article, the term:

14 (1) 'Claims in the patent' means the extent of protection conferred by a patent.

15 (2) 'Demand letter' means a letter, e-mail, or other written communication asserting or
16 claiming that the target has engaged in patent infringement.

17 (3) 'Target' means a person:

18 (A) Who has received a demand letter or against whom an assertion or allegation of
19 patent infringement has been made;

20 (B) Who has been threatened with litigation or against whom a lawsuit has been filed
21 alleging patent infringement; or

22 (C) Whose customers have received a demand letter asserting that use of such person's
23 product, service, or technology infringes a patent.

24 10-1-771.

25 (a) A person shall not make a bad faith assertion of patent infringement.

26 (b) A court may consider the following factors as evidence that a person has made a bad
27 faith assertion of patent infringement:

28 (1) The demand letter does not contain the following information:

29 (A) The patent number;

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

32 (C) Factual allegations concerning the specific areas in which the target's products,
33 services, and technology infringe the patent or are covered by the claims in the patent;

34 (2) Prior to sending the demand letter, the person fails to conduct an analysis comparing
35 the claims in the patent to the target's products, services, and technology, or such an
36 analysis was done but does not identify specific areas in which the products, services, and
37 technology are covered by the claims in the patent;

38 (3) The demand letter lacks the information described in paragraph (1) of this subsection,
39 the target requests such information, and the author of the demand letter fails to provide
40 such information within a reasonable period of time;

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

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

45 (6) The claim or assertion of patent infringement is meritless, and the person knew, or
46 should have known, that the claim or assertion is meritless;

47 (7) The claim or assertion of patent infringement is deceptive;

48 (8) The person or its subsidiaries or affiliates have previously filed or threatened to file
49 one or more lawsuits based on the same or similar claim of patent infringement and:

50 (A) Those threats or lawsuits lacked the information described in paragraph (1) of this
51 subsection; or

52 (B) The person attempted to enforce the claim of patent infringement in litigation, and
53 a court found the claim to be meritless; or

54 (9) Any other factor the court finds relevant.

55 (c) A court may consider the following factors as evidence that a person has not made a
56 bad faith assertion of patent infringement:

57 (1) The demand letter contains the information described in paragraph (1) of
58 subsection (b) of this Code section;

59 (2) Where the demand letter lacks the information described in paragraph (1) of
 60 subsection (b) of this Code section and the target requests the information, the author of
 61 the demand letter provides the information within a reasonable period of time;

62 (3) The author of the demand letter engages in a good faith effort to establish that the
 63 target has infringed the patent and to negotiate an appropriate remedy;

64 (4) The author of the demand letter makes a substantial investment in the use of the
 65 patent or in the production or sale of a product or item covered by the patent;

66 (5) The author of the demand letter is:

67 (A) The inventor or joint inventor of the patent or, in the case of a patent filed by and
 68 awarded to an assignee of the original inventor or joint inventor, is the original
 69 assignee; or

70 (B) An institution of higher education or a technology transfer organization owned or
 71 affiliated with an institution of higher education;

72 (6) The author of the demand letter has:

73 (A) Demonstrated good faith business practices in previous efforts to enforce the
 74 patent, or a substantially similar patent; or

75 (B) Successfully enforced the patent, or a substantially similar patent, through
 76 litigation; or

77 (7) Any other factor the court finds relevant.

78 10-1-772.

79 Upon motion by a target and a finding by the court that a target has established a
 80 reasonable likelihood that an author of a demand letter has made a bad faith assertion of
 81 patent infringement in violation of this article, the court shall require the author of the
 82 demand letter to post a bond in an amount equal to a good faith estimate of the target's
 83 costs to litigate the claim and amounts reasonably likely to be recovered under Code
 84 Section 10-1-773, conditioned upon payment of any amounts finally determined to be due
 85 to the target. A hearing shall be held if either party so requests. A bond ordered pursuant
 86 to this Code section shall not exceed \$250,000.00. The court may waive the bond
 87 requirement if it finds the author of the demand letter has available assets equal to the
 88 amount of the proposed bond or for other good cause shown.

89 10-1-773.

90 (a) The provisions of this article may be enforced by the Governor's Office of Consumer
 91 Affairs in the same manner as provided by Part 2 of Article 15 of Chapter 1 of Title 10, the
 92 'Fair Business Practices Act of 1975.'

- 93 (b) Upon a showing in any superior court of competent jurisdiction that a person has
94 violated this article, the court may enter or grant any or all of the following relief:
- 95 (1) Restitution to any person or persons adversely affected by a defendant's actions in
96 violation of this article;
- 97 (2) Costs and fees, including reasonable attorney's fees;
- 98 (3) Exemplary damages in an amount equal to \$50,000.00 or three times the equitable
99 total of damages, costs, and fees, whichever is greater; and
- 100 (4) Other relief as the court deems just and equitable."

101 **SECTION 2.**

102 All laws and parts of laws in conflict with this Act are repealed.