

The House Committee on Banks and Banking offers the following substitute to HB 809:

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 a civil cause of action; to provide
6 for enforcement; to provide for damages; to provide for related matters; to repeal conflicting
7 laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 SECTION 1.

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

12 "ARTICLE 27A

13 10-1-770.

14 As used in this article, the term:

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

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

18 (3) 'Target' means a person:

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

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

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

25 10-1-771.

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

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

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

30 (A) The patent number;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 60 (2) Where the demand letter lacks the information described in paragraph (1) of
61 subsection (b) of this Code section and the target requests the information, the author of
62 the demand letter provides the information within a reasonable period of time;
- 63 (3) The author of the demand letter engages in a good faith effort to establish that the
64 target has infringed the patent and to negotiate an appropriate remedy;
- 65 (4) The author of the demand letter makes a substantial investment in the use of the
66 patent or in the production or sale of a product or item covered by the patent;
- 67 (5) The author of the demand letter is:
- 68 (A) The inventor or joint inventor of the patent or, in the case of a patent filed by and
69 awarded to an assignee of the original inventor or joint inventor, is the original
70 assignee; or
- 71 (B) An institution of higher education or a technology transfer organization owned or
72 affiliated with an institution of higher education;
- 73 (6) The author of the demand letter has:
- 74 (A) Demonstrated good faith business practices in previous efforts to enforce the
75 patent, or a substantially similar patent; or
- 76 (B) Successfully enforced the patent, or a substantially similar patent, through
77 litigation; or
- 78 (7) Any other factor the court finds relevant.

79 10-1-772.

80 If proceedings are initiated in a court of competent jurisdiction by the author of a demand
81 letter or the author's agent, principal, client, or employee, a target may move that a bad
82 faith assertion of patent infringement has been made in violation of this article and request
83 that a protective order be issued as described in this Code section. Upon such motion and
84 a finding by the court that a target has established a reasonable likelihood that an author of
85 a demand letter has made a bad faith assertion of patent infringement, the court shall
86 require the author of the demand letter to post a bond in an amount equal to a good faith
87 estimate of the target's expenses of litigation, including an estimate of reasonable attorney's
88 fees, conditioned upon payment of any amounts finally determined to be due to the target.
89 A hearing shall be held if either party so requests. A bond ordered pursuant to this Code
90 section shall not exceed \$250,000.00. The court may waive the bond requirement if it finds
91 the author of the demand letter has available assets equal to the amount of the proposed
92 bond or for other good cause shown.

93 10-1-773.

94 (a) A violation of this article shall constitute an unfair and deceptive act or practice in the
95 conduct of consumer transactions under Part 2 of Article 15 of this chapter, the 'Fair
96 Business Practices Act,' and the enforcement against any such violation shall be by public
97 enforcement by the administrator and shall be enforceable through private action.

98 (b) Whenever it may appear to the administrator that any person is using or has used any
99 method, act, or practice declared by this article to be unlawful and that proceedings would
100 be in the public interest, the administrator may bring action in a court of competent
101 jurisdiction. Upon a showing by the administrator that a person has violated this article,
102 the court may enter or grant any or all of the relief provided for in Code Section 10-1-397.

103 (c) Any person who suffers injury or damages as a result of a violation of this article may
104 bring an action individually against the person or persons engaged in such violation under
105 the rules of civil procedure to seek equitable injunctive relief and to recover his or her
106 general and exemplary damages sustained as a consequence thereof in any court having
107 jurisdiction over the defendant. Such relief may include:

108 (1) Restitution to any person or persons adversely affected by a defendant's actions in
109 violation of this article;

110 (2) Punitive damages in an amount equal to \$50,000.00 or three times the combined total
111 of damages, costs, and fees, whichever is greater;

112 (3) Expenses of litigation, including reasonable attorney's fees; and

113 (4) Other relief as the court deems just and equitable.

114 (d) Except as otherwise provided, this article is cumulative with other laws and is not
115 exclusive."

116 **SECTION 2.**

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