

Bad Faith Assertions of Patent Infringement; Sub. for SB 38

Sub. for SB 38 adds provisions regarding bad faith assertions of patent infringement to the Kansas Consumer Protection Act.

The bill makes it an unconscionable act or practice under the Act to make a bad faith assertion of patent infringement by sending an electronic or written communication stating the intended recipient or affiliated person is infringing or has infringed on a patent if:

- The communication does not contain the following information and the information is not provided within a reasonable period of time upon request:
 - The name of the person asserting the patent license or enforcement right;
 - The patent number alleged to have been infringed; and
 - The factual allegations concerning the specific areas in which the intended recipient's or affiliated person's products, services, or technology infringe on or are covered by the patent;
- Prior to sending the communication, the person asserting patent infringement fails to compare, to the extent commercially reasonable and identifiable from public information, the scope of the patent to the products, services, or technology at issue, or the communication does not identify specific areas in which the products, services, or technology fall within the scope of the patent;
- The communication falsely states litigation has been filed against the intended recipient or affiliated person; or
- There is no reasonable basis for the assertion because the demand letter seeks compensation for a patent held to be invalid or unenforceable or an expired patent.

The bill specifies that nothing in its provisions shall be construed to be an unconscionable act or practice if a person:

- Has made a substantial investment in the use of the patent or in the production or sale of a related product or item;
- Has engaged in a good faith effort to establish the intended recipient or affiliated person has infringed the patent;
- Is the owner of the patent and sought compensation or other remedy in good faith for patent infringement;
- Is an inventor or joint inventor of the patent or is the original assignee of the patent by the original inventor;

- Has demonstrated good faith business practices in previous enforcement efforts for the patent or a substantially similar patent;
- Has successfully enforced the same or a substantially similar patent through litigation; or
- Is the owner of the patent and has made a good faith communication to any person that the patent is available for license or sale.

Any person engaging in the conduct prohibited by the bill is subject to the remedies and penalties under the Act and the investigatory and enforcement procedures and policies of the Attorney General's Office under the Act.

For the purposes of the Act, the person committing conduct prohibited by the bill shall be deemed the supplier and the affiliated person or intended recipient who is the victim shall be deemed the consumer, and proof of a consumer transaction is not required.

The bill specifies that county or district attorneys do not have authority to file a civil action under the bill.

The bill states it is not to apply to an assertion of patent infringement that includes a claim for relief arising under 35 USC § 271(e)(2) (certain drug and biological product patent infringement) or 42 USC § 262 (regulation of biological products).

The bill defines "person," "affiliated person," and "intended recipient."