

**Substitute for SENATE BILL No. 38**

By Committee on Judiciary

2-20

1 AN ACT concerning patent infringement; relating to bad faith assertions of  
2 patent infringement; Kansas consumer protection act.

3  
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. (a) As used in this section:

6 (1) "Person" means an individual, corporation, limited liability  
7 company, general partnership, limited partnership, firm, company,  
8 voluntary association and other association or business entity existing  
9 under or authorized by the state of Kansas, or the laws of any other state,  
10 territory or foreign country.

11 (2) "Affiliated person" means a person affiliated with the intended  
12 recipient of a written or electronic communication.

13 (3) "Intended recipient" means a person who purchases, rents, leases  
14 or otherwise obtains a product or service in the commercial market that is  
15 not for resale in the commercial market and that is, or later becomes, the  
16 subject of a patent infringement allegation.

17 (b) It is an unconscionable act or practice for any person to make a  
18 bad faith assertion of patent infringement whereby the person sends or  
19 causes to be sent any electronic or written communication that states that  
20 the intended recipient or affiliated person is infringing or has infringed on  
21 a patent if:

22 (1) The communication asserting or claiming patent infringement  
23 does not contain the following information and, upon the request of the  
24 intended recipient or affiliated person, the person fails to provide that  
25 information within a reasonable period of time:

26 (A) The name of the person asserting or claiming a right to license  
27 the patent to or enforce the patent against the intended recipient or  
28 affiliated person;

29 (B) the number of the patent issued by the United States patent and  
30 trademark office that is alleged or claimed to have been infringed; and

31 (C) the factual allegations concerning the specific areas in which the  
32 intended recipient or affiliated person's products, services or technology  
33 infringed the patent or are covered by the claims in the patent;

34 (2) prior to sending the communication, the person asserting or  
35 claiming patent infringement fails to conduct a reasonable analysis  
36 comparing the scope of the patent to the intended recipient or affiliated

1 person's products, services or technology or such an analysis was done but  
2 the communication does not identify specific areas in which the intended  
3 recipient or affiliated person's products, services or technology are  
4 included within the scope of the patent;

5 (3) the communication falsely states that litigation has been filed  
6 against the intended recipient or affiliated person;

7 (4) the assertions or claims contained in the communication lack a  
8 reasonable basis because the demand letter seeks compensation:

9 (A) For a patent that has been held to be invalid or unenforceable in a  
10 final judicial or administrative decision; or

11 (B) regarding actions alleged to have been undertaken after the patent  
12 has expired; or

13 (5) the communication is deceptive in that it willfully uses  
14 exaggeration, falsehood, innuendo or ambiguity as to a material fact or  
15 willfully fails to state a material fact or willfully conceals or omits a  
16 material fact relating to the patent or alleged infringement thereof.

17 (c) Nothing in this section shall be construed to be an unconscionable  
18 act or practice where any person:

19 (1) Has made a substantial investment in the use of the patent or in  
20 the production or sale of a product or item covered by the patent;

21 (2) has engaged in a good faith effort to establish that the intended  
22 recipient or affiliated person has infringed the patent;

23 (3) has, as the owner of the patent and in good faith, sought  
24 compensation or other remedy from the intended recipient or affiliated  
25 person by reason of infringement of its patent;

26 (4) is an inventor or joint inventor of the patent or, in the case of a  
27 patent filed by and awarded to an assignee of the original inventor or joint  
28 inventor, is the original assignee;

29 (5) has demonstrated good faith business practices in previous efforts  
30 to enforce the patent or a substantially similar patent;

31 (6) has successfully enforced the patent or a substantially similar  
32 patent through litigation; or

33 (7) has, as the owner of a patent and in good faith, communicated to  
34 any person that its patent is available for license or sale.

35 (d) (1) The conduct prohibited by this section constitutes an  
36 unconscionable act or practice in violation of K.S.A. 50-627, and  
37 amendments thereto, and any person who engages in such conduct shall be  
38 subject to the remedies and penalties provided by the Kansas consumer  
39 protection act and the investigatory and enforcement procedures and  
40 policies of the attorney general's office adopted pursuant to the Kansas  
41 consumer protection act.

42 (2) For the purposes of the remedies and penalties provided by the  
43 Kansas consumer protection act:

1 (A) The person committing the conduct prohibited by this section  
2 shall be deemed the supplier, and the intended recipient or affiliated person  
3 who is the victim of such conduct shall be deemed the consumer; and

4 (B) proof of a consumer transaction shall not be required.

5 (3) Notwithstanding any provision of the Kansas consumer protection  
6 act to the contrary, a county or district attorney shall not have authority to  
7 file any civil action alleging a violation of the Kansas consumer protection  
8 act pursuant to this section.

9 (e) Nothing in this section shall apply to an assertion of patent  
10 infringement that includes a claim for relief arising under 35 U.S.C. §  
11 271(e)(2) or 42 U.S.C. § 262.

12 (f) This section shall be part of and supplemental to the Kansas  
13 consumer protection act.

14 Sec. 2. This act shall take effect and be in force from and after its  
15 publication in the statute book.