

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE ENROLLED ACT No. 1102

AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 24-11 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

ARTICLE 11. BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT

Chapter 1. Application

Sec. 1. This article does not apply to a demand letter or assertion of patent infringement that includes a claim for relief arising under:

- (1) 35 U.S.C. 271(e)(2); or
- (2) 42 U.S.C. 262.

Sec. 2. This article does not apply to any of the following:

- (1) An approved postsecondary educational institution (as defined in IC 21-7-13-6(a)).
- (2) A technology transfer organization owned by or affiliated with an approved postsecondary educational institution (as defined in IC 21-7-13-6(a)).
- (3) A licensee holding a patent from:
 - (A) an approved postsecondary educational institution (as defined in IC 21-7-13-6(a)); or
 - (B) a technology transfer organization owned by or

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affiliated with an approved postsecondary educational institution (as defined in IC 21-7-13-6(a));
if the patent has been licensed by the approved postsecondary educational institution (as defined in IC 21-7-13-6(a)) or technology transfer organization.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. (a) "Demand letter" means a letter, electronic mail, or any other written, including electronic, communication asserting that a target has engaged in patent infringement.

(b) The term does not include a complaint alleging patent infringement, or other documents related to an action for patent infringement, filed:

- (1)** in a United States District Court; or
- (2)** with the International Trade Commission.

Sec. 3. "End user" means a person who purchases, rents, leases, or otherwise obtains a product or service in the commercial market that is not for resale in the commercial market and that is, or later becomes, the subject of a patent infringement allegation.

Sec. 4. "Person" means an individual, a corporation, a limited liability company, a partnership, or other legal entity.

Sec. 5. "Target" means any of the following:

- (1)** An end user who has received a demand letter or against whom an assertion of patent infringement has been made.
- (2)** An end user who has been threatened with litigation for patent infringement or against whom a lawsuit has been filed alleging patent infringement.
- (3)** An end user whose customer has received a demand letter asserting that the person's product, service, or technology has infringed a patent.

Chapter 3. Assertions of Patent Infringements in Bad Faith Prohibited

Sec. 1. A person may not assert a claim of patent infringement in bad faith.

Sec. 2. (a) A court may consider the following factors as evidence that a person has made an assertion of patent infringement in bad faith:

- (1)** The person distributed a demand letter that does not contain all the following information:
 - (A)** The patent number of the patent that the person claims is being infringed.



- (B) The name and address of:**
- (i) a patent owner;**
 - (ii) if applicable, any assignee of the patent; and**
 - (iii) if applicable, a patent owner's or assignee's agent who is retained by the patent owner or assignee to enforce the patent.**
- (C) Factual allegations identifying specific areas in which the target's products, services, and technology infringe the patent or are covered by the claims in the patent.**
- (2) The person fails to:**
- (A) conduct an analysis comparing the claims in the patent to the target's products, services, and technology; or**
 - (B) identify, if the person conducts an analysis described in clause (A), specific areas in which the target's products, services, and technology are covered by the claims in the patent.**
- (3) If the demand letter does not contain the information described in subdivision (1), the person that distributed the demand letter fails to provide the information within a reasonable amount of time after the target requests the information.**
- (4) The person demands:**
- (A) payment of a license fee; or**
 - (B) a response from the target;**
- within an unreasonably short period of time.**
- (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.**
- (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.**
- (7) The claim or assertion of patent infringement is deceptive.**
- (8) The person or the person's subsidiaries or affiliates have previously filed or threatened to file a lawsuit based on the same or similar claim of patent infringement and the:**
- (A) filing or threats to file lacked the information described in subdivision (1); or**
 - (B) person attempted to enforce the claim of patent infringement in litigation and a court found the claim to be meritless.**
- (9) Any other factor the court finds relevant.**
- (b) A person may not use the failure of a target to request any**



information described in subsection (a)(1) that is not contained in the demand letter as a defense to an action under this chapter.

Sec. 3. A court may consider the following factors as evidence that a person has not made a bad faith assertion of patent infringement:

- (1) The demand letter contains the information described in section 2(a)(1) of this chapter.
- (2) If the:
 - (A) demand letter lacks the information described in section 2(a)(1) of this chapter; and
 - (B) target requests the information;
 the person provides the information to the target within a reasonable period of time.
- (3) The person engages in a good faith effort to:
 - (A) establish that the target has infringed the patent; and
 - (B) negotiate an appropriate remedy.
- (4) The person makes a substantial investment in the:
 - (A) use of the patent; or
 - (B) production or sale of a product or item covered by the patent.
- (5) The person is:
 - (A) the inventor or joint inventor of the patent; or
 - (B) if the patent was filed by and awarded to an assignee of the original inventor or joint inventor, the original assignee.
- (6) The person has:
 - (A) demonstrated good faith business practices in previous efforts to enforce the patent or a substantially similar patent; or
 - (B) successfully enforced the patent, or a substantially similar patent, through litigation.
- (7) Any other factor the court finds relevant.

Chapter 4. Bond

Sec. 1. (a) Subject to subsection (c), upon motion by a target and a finding by the court that a target has established a reasonable likelihood that a person has made a bad faith assertion of patent infringement in violation of this chapter, the court shall require the person to post a bond in an amount equal to a good faith estimate of the target's costs to litigate the claim and amounts reasonably likely to be recovered under IC 24-11-5, conditioned upon payment of any amounts finally determined to be due to the target.

(b) A hearing shall be held upon the request of either party.



(c) A bond ordered under this section may not exceed two hundred fifty thousand dollars (\$250,000).

(d) The court may waive the bond requirement if the court finds the person has available assets equal to the amount of the proposed bond or for other good cause shown.

Chapter 5. Remedies and Damages

Sec. 1. (a) A target, or a person aggrieved by a violation of:

- (1) this chapter; or**
- (2) rules adopted under this chapter;**

may bring an action in a court with jurisdiction.

(b) A person shall, not later than thirty (30) days after filing a complaint with a court in an action under subsection (a), mail or deliver a copy of the complaint to the office of the attorney general.

(c) A court may award reasonable attorney's fees, litigation expenses, and costs to a person who prevails in an action under subsection (a).

(d) A court may, in addition to fees, expenses, and costs under subsection (c), award any or all of the following to a complainant who prevails in an action under subsection (a):

- (1) Declaratory or equitable relief.**
- (2) The greater of:**
 - (A) actual damages; or**
 - (B) liquidated damages for each complainant who prevails in the sum of five thousand dollars (\$5,000) for each demand letter that the complainant received.**
- (3) Punitive damages in the amount of the greater of:**
 - (A) fifty thousand dollars (\$50,000); or**
 - (B) three (3) times the amount of actual damages.**

Sec. 2. The private right of action, remedies, and penalties established under this chapter are in addition to any other enforcement proceedings, private right of action, remedies, and penalties available under any other state or federal law, rule, or regulation relating to assertions of patent infringement.



Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

