

February 21, 2014

The Honorable Lance Kinzer, Chairperson
House Committee on Judiciary
Statehouse, Room 165-W
Topeka, Kansas 66612

Dear Representative Kinzer:

SUBJECT: Fiscal Note for HB 2663 by House Committee on Judiciary

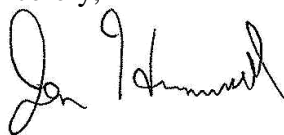
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2663 is respectfully submitted to your committee.

HB 2663 would prohibit any person from making a bad faith assertion of patent infringement. The bill identifies factors a court could consider in determining whether a person has made such an assertion. The Attorney General would have the authority to adopt rules and regulations, conduct civil investigations, bring civil actions, and enter into consent judgments. In addition, the bill would create a private right of action against any person alleged to have violated the provisions.

The Office of the Attorney General reports that expenditures associated with investigating and litigating violations of HB 2663 would be negligible. The bill authorizes the Attorney General to recover these expenses through investigative fees levied against violators of the act. Successful litigation would result in civil penalties, investigative fees, and restitution, but it is difficult to estimate the amount of revenue since it would be derived from future prosecutions and consent judgments. Any amounts collected from these sources of revenue would benefit the State General Fund.

The Office of Judicial Administration states that passage of HB 2663 could increase the number of cases filed in district courts and the appeals relating to bad faith assertions of patent infringements. However, it is not possible to predict how complex or time consuming the cases would be. Therefore, a precise fiscal effect cannot be determined. Any fiscal effect associated with HB 2663 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,



Jon Hummell,
Interim Director of the Budget

cc: Mary Rinehart, Judiciary
Willie Prescott, Attorney General's Office