

As Amended by House Committee

Session of 2015

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:~~

3 **(A) Fails to compare the scope of the patent to the intended**
4 **recipient or affiliated person's products, services or technology, to the**
5 **extent commercially reasonable and identifiable from public**
6 **information; or**

7 **(B) performs such comparison, but fails to identify in the**
8 **communication the** specific areas in which the intended recipient or
9 affiliated person's products, services or technology are ~~included~~ within the
10 scope of the patent;

11 (3) the communication falsely states that litigation has been filed
12 against the intended recipient or affiliated person; **or**

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

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

17 (B) regarding actions alleged to have been undertaken after the patent
18 has expired; ~~or~~

19 ~~(5) the communication is deceptive in that it willfully uses~~
20 ~~exaggeration, falsehood, innuendo or ambiguity as to a material fact or~~
21 ~~willfully fails to state a material fact or willfully conceals or omits a~~
22 ~~material fact relating to the patent or alleged infringement thereof.~~

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

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

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

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

32 (4) is an inventor or joint inventor of the patent or, in the case of a
33 patent filed by and awarded to an assignee of the original inventor or joint
34 inventor, is the original assignee;

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

37 (6) has successfully enforced the patent or a substantially similar
38 patent through litigation; or

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

41 (d) (1) The conduct prohibited by this section constitutes an
42 unconscionable act or practice in violation of K.S.A. 50-627, and
43 amendments thereto, and any person who engages in such conduct shall be

1 subject to the remedies and penalties provided by the Kansas consumer
2 protection act and the investigatory and enforcement procedures and
3 policies of the attorney general's office adopted pursuant to the Kansas
4 consumer protection act.

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

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

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

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

15 (e) Nothing in this section shall apply to an assertion of patent
16 infringement that includes a claim for relief arising under 35 U.S.C. §
17 271(e)(2) or 42 U.S.C. § 262.

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

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