

AMENDED IN SENATE JUNE 3, 2015

AMENDED IN SENATE MAY 5, 2015

SENATE BILL

No. 681

Introduced by Senator Hill

February 27, 2015

An act to add Title 19 (commencing with Section 3273.5) to Part 4 of Division 3 of the Civil Code, relating to civil law.

LEGISLATIVE COUNSEL'S DIGEST

SB 681, as amended, Hill. Civil law: patents.

Existing federal law provides for the issuance and enforcement of patents, makes a person who actively induces infringement of a patent liable as an infringer, and establishes rights and remedies for infringement of patents.

This bill would make it unlawful to engage in a pattern or practice of sending written communications, stating that the recipient, as defined, is or may be infringing, or has or may have infringed, on a United States patent if the sender of the communication makes a specified false statement or representation in bad faith, fraudulently seeks compensation for specified conduct, or fraudulently conceals or omits specified information in the communication.

The bill would provide that a person who sends a communication in violation of these provisions may be enjoined and is liable for a civil penalty of up to \$2,500 for each violation. The bill would also specify that its provisions are only enforceable by the Attorney ~~General~~ *or by General*, an attorney acting on behalf of the ~~state~~ *state, or a district attorney, county counsel, city attorney, or city prosecutor in this state*. The bill would specify that ~~it does~~ *its provisions do* not impair or impede any other rights, causes of action, claims, or defenses available under

other law and that the remedies provided for under its provisions are cumulative with any other remedies available under other law.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Title 19 (commencing with Section 3273.5) is
2 added to Part 4 of Division 3 of the Civil Code, to read:

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TITLE 19. PATENT DEMANDS

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6 3273.5. For the purposes of this title, the following definitions
7 shall apply:

8 (a) “Final determination” means, with respect to the invalidity
9 or unenforceability of a patent, that the invalidity or
10 unenforceability has been determined by a court of the United
11 States or the United States Patent and Trademark Office in a final
12 decision that is unappealable or for which any opportunity for
13 appeal is no longer available.

14 (b) “Recipient” means a person who purchases, rents, leases,
15 or otherwise obtains a product or service in the commercial market
16 that is not for resale in the commercial market and that is, or later
17 becomes, the subject of a patent infringement allegation.

18 3273.6. It is unlawful for a person, in connection with the
19 assertion of a United States patent, to engage in a pattern or practice
20 of sending written communications that state or represent that the
21 recipient is or may be infringing, or has or may have infringed,
22 the patent and is liable or owes compensation to another, if any of
23 the following conditions are met:

24 (a) The sender of the communication makes, in bad faith, any
25 of the following statements or representations, knowing those
26 statements or representations are false:

27 (1) That the sender has the right to license or enforce the patent
28 at the time the communications are sent, if the sender is not a
29 person with that right.

30 (2) That a civil action asserting a claim of infringement of the
31 patent has been filed against either the recipient or against other
32 persons.

1 (3) That legal action for infringement of the patent will be taken
2 against the recipient.

3 (4) That the sender is the exclusive licensee of the patent
4 asserted in the communications.

5 (5) That persons other than the recipient purchased a license for
6 the patent asserted in the communications.

7 (6) That persons other than the recipient purchased a license,
8 and the sender does not disclose that the license is unrelated to the
9 alleged infringement or the patent asserted in the communications.

10 (7) That an investigation of the recipient's alleged infringement
11 has occurred.

12 (8) That the sender, or an affiliate of the sender, previously filed
13 a civil action asserting a claim of infringement of the patent based
14 on the activity that is the subject of the written communication
15 when the sender knew that the activity was held, in a final
16 determination, not to infringe the patent.

17 (b) The sender of the communication fraudulently seeks
18 compensation for any of the following:

19 (1) A patent claim that has been determined to be unenforceable
20 or invalid against the recipient in a final determination.

21 (2) Activity undertaken by the recipient after expiration of the
22 patent asserted in the communication.

23 (3) Activity of the recipient that the sender knew was authorized,
24 with respect to the patent claim that ~~are~~ is the subject of the
25 communication, by a person with the right to license the patent.

26 (c) The sender of the communication fraudulently conceals or
27 omits any of the following information from the communication,
28 when that information is readily available to the sender at the time
29 the communication is sent:

30 (1) The identity of the person asserting a right to license the
31 patent to, or enforce the patent against, the recipient, including the
32 identity of any parent entity and the ultimate parent entity of the
33 person, unless that person is a public company and the name of
34 the public company is identified.

35 (2) Identification of at least one patent issued by the United
36 States Patent and Trademark Office alleged to have been infringed.

37 (3) Identification, to the extent reasonable under the
38 circumstances, of at least one product, service, or other activity of
39 the recipient that is alleged to infringe the identified patent.

1 (4) A description, to the extent reasonable under the
2 circumstances, of how the product, service, or other activity of the
3 recipient infringes an identified patent and patent claim.

4 (5) A name and contact information for a person the recipient
5 may contact about the assertions or claims relating to the patent
6 contained in the communications.

7 3273.7. (a) A person who sends a communication in violation
8 of Section 3273.6 may be enjoined in a court of competent
9 jurisdiction and is liable for a civil penalty not to exceed two
10 thousand five hundred dollars (\$2,500) for each violation. The
11 penalty collected in an action by the Attorney General or an
12 attorney acting on behalf of the state shall be paid to the General
13 Fund.

14 (b) ~~The~~ *Subject to subdivision (c), the Attorney General or*
15 *General, an attorney acting on behalf of the state, or a district*
16 *attorney, county counsel, city attorney, or city prosecutor in this*
17 *state shall have the sole authority to enforce this title: title with*
18 *respect to the unlawful acts expressly enumerated in Section*
19 *3273.6. Nothing in this title shall be construed to create a private*
20 *right of action: action with respect to the unlawful acts expressly*
21 *enumerated in Section 3273.6.*

22 (c) ~~Nothing~~ *Except as provided in subdivision (b) with respect*
23 *to the unlawful acts expressly enumerated in Section 3273.6,*
24 *nothing* in this title shall be construed to impair or impede any
25 other rights, causes of action, claims, or defenses available under
26 other law. The remedies provided in this title are cumulative with
27 any other remedies available under other law.