

**SB2887**



**99TH GENERAL ASSEMBLY**

**State of Illinois**

**2015 and 2016**

**SB2887**

Introduced 2/18/2016, by Sen. Ira I. Silverstein

**SYNOPSIS AS INTRODUCED:**

815 ILCS 505/2SSS

Amends the Consumer Fraud and Deceptive Business Practices Act in relation to patent infringement claims. Provides that it is unlawful to make bad faith patent claims rather than to issue unfair or deceptive patent infringement demand letters. Defines terms. Provides that a target of a bad faith patent claim may obtain equitable relief, damages, costs, attorney's fees, and punitive damages. Provides that a target may seek to require the person making the patent infringement claim to post a bond. Sets forth criteria for determining whether a claim is a bad faith claim. Authorizes the Attorney General to bring an action to enjoin violations.

LRB099 19263 JLS 43655 b

**A BILL FOR**

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Consumer Fraud and Deceptive Business  
5 Practices Act is amended by changing Section 2SSS as follows:

6 (815 ILCS 505/2SSS)

7 Sec. 2SSS. Bad faith ~~Unfair or deceptive~~ patent  
8 infringement demand letters.

9 (a) As used in this Section:

10 "Demand letter" means a letter, an e-mail, or other written  
11 communication asserting that a target has engaged in patent  
12 infringement.

13 "Person" means a natural person, corporation, trust,  
14 partnership, incorporated or unincorporated association, or  
15 any other legal entity.

16 "Target" means a person:

17 (1) who has received a demand letter;

18 (2) against whom a lawsuit has been filed alleging  
19 patent infringement; or

20 (3) whose customers have received a demand letter  
21 asserting that the person's product, service, or  
22 technology has infringed a patent.

23 (b) A person may not make a bad faith assertion of patent

1 infringement against another person.

2 (c) A target may bring a civil action in circuit court  
3 against a person who has made a bad faith assertion of patent  
4 infringement against the target.

5 (d) In determining whether a person made a bad faith  
6 assertion of patent infringement, the court may consider the  
7 following factors as evidence that the person made a bad faith  
8 assertion of patent infringement:

9 (1) The demand letter does not contain:

10 (A) the patent number;

11 (B) the name and address of the patent owner or  
12 owners and assignee or assignees, if any; or

13 (C) factual allegations concerning the specific  
14 areas in which the target's products, services, or  
15 technology infringed the patent or are covered by the  
16 claims in the patent;

17 (2) the demand letter does not contain the information  
18 described in item (1), the target requested the  
19 information, and the person did not provide the information  
20 within a reasonable period of time;

21 (3) prior to sending the demand letter, the person  
22 failed to conduct an analysis comparing the claims in the  
23 patent to the target's products, services, or technology or  
24 an analysis was done but does not identify specific areas  
25 in which the products, services, or technology are covered  
26 by the claims in the patent;

1           (4) the demand letter includes a demand for payment of  
2           a license fee or a response within an unreasonably short  
3           period of time;

4           (5) the person offered to license the patent for an  
5           amount that is not based on a reasonable estimate of the  
6           value of the license;

7           (6) the person knew or should have known that the  
8           assertion of patent infringement is meritless;

9           (7) the assertion of patent infringement is deceptive;  
10          and

11          (8) the person or a subsidiary or affiliate of the  
12          person previously filed or threatened to file a lawsuit  
13          based on the same or similar claim of patent infringement  
14          and:

15               (A) those threats or lawsuits lacked the  
16               information described in item (1); or

17               (B) the person attempted to enforce the claim of  
18               patent infringement in litigation and a court found the  
19               claim to be meritless.

20          (e) The court may consider the following factors as  
21          evidence that the person did not make a bad faith assertion of  
22          patent infringement:

23               (1) the demand letter contains the information  
24               described in item (1) of subsection (d);

25               (2) the demand letter does not contain the information  
26               described in item (1) of subsection (d), the target

1 requested the information, and the person provided the  
2 information within a reasonable period of time;

3 (3) the person engaged in a good faith effort to  
4 establish that the target infringed the patent and to  
5 negotiate an appropriate remedy;

6 (4) the person made a substantial investment in the use  
7 of the patent or in the production or sale of a product or  
8 item covered by the patent;

9 (5) the person is:

10 (A) the inventor or joint inventor of the patent  
11 or, in the case of a patent filed by and awarded to an  
12 assignee of the original inventor or joint inventor, is  
13 the original assignee; or

14 (B) an institution of higher education or a  
15 technology transfer organization whose primary purpose  
16 is to facilitate the commercialization of technologies  
17 developed by an institution of higher education that is  
18 owned by or affiliated with an institution of higher  
19 education; and

20 (6) the person demonstrated good faith business  
21 practices in previous efforts to enforce the patent or a  
22 substantially similar patent or successfully enforced the  
23 patent or a substantially similar patent through  
24 litigation.

25 (f) The court may award the following remedies to a target  
26 who prevails in an action brought pursuant to this Section:

- 1           (1) equitable relief;  
2           (2) damages;  
3           (3) costs and fees, including reasonable attorney's  
4           fees; and  
5           (4) punitive damages in an amount equal to \$50,000 or 3  
6           times the total damages, costs, and fees, whichever is  
7           greater.

8           (g) The Attorney General may bring an action to enjoin a  
9           violation of this Section. A violation of this Section  
10           constitutes an unlawful practice within the meaning of this  
11           Act.

12           (h) When a target reasonably believes a person made a bad  
13           faith assertion of patent infringement against the target, the  
14           target may file a motion with the circuit court to require the  
15           person to post a bond. If the circuit court finds the target  
16           has established a reasonable likelihood that the person made a  
17           bad faith assertion of patent infringement, the circuit court  
18           shall require the person to post a bond in an amount equal to a  
19           good faith estimate of the target's costs to litigate the claim  
20           and amounts reasonably likely to be recovered under subsection  
21           (f). The circuit court shall hold a hearing if requested by  
22           either party. A bond ordered pursuant to this subsection may  
23           not exceed \$250,000. The circuit court may waive the bond  
24           requirement if it finds the person has available assets equal  
25           to the amount of the proposed bond or for other good cause  
26           shown.

1        (i) This Section does not apply to a demand letter or  
2 assertion of patent infringement that includes a claim for  
3 relief arising under 35 United States Code, Section 271(e)(2)  
4 or 42 United States Code, Section 262.

5        ~~"Affiliated person" means a person affiliated with the~~  
6 ~~intended recipient of a written or electronic communication.~~

7        ~~"Intended recipient" means a person who purchases, rents,~~  
8 ~~leases, or otherwise obtains a product or service in the~~  
9 ~~commercial market that is not for resale in the commercial~~  
10 ~~market and that is, or later becomes, the subject of a patent~~  
11 ~~infringement allegation.~~

12        ~~(b) It is an unlawful practice under this Act for a person,~~  
13 ~~in connection with the assertion of a United States patent, to~~  
14 ~~send or cause any person to send any written, including~~  
15 ~~electronic, communication that states that the intended~~  
16 ~~recipient or any affiliated person is infringing or has~~  
17 ~~infringed a patent and bears liability or owes compensation to~~  
18 ~~another person, if:~~

19            ~~(1) the communication falsely threatens that~~  
20 ~~administrative or judicial relief will be sought if~~  
21 ~~compensation is not paid or the infringement issue is not~~  
22 ~~otherwise resolved;~~

23            ~~(2) the communication falsely states that litigation~~  
24 ~~has been filed against the intended recipient or any~~  
25 ~~affiliated person;~~

26            ~~(3) the assertions contained in the communication lack~~

1 ~~a reasonable basis in fact or law because:~~

2 ~~(A) the person asserting the patent is not a~~  
3 ~~person, or does not represent a person, with the~~  
4 ~~current right to license the patent to or enforce the~~  
5 ~~patent against the intended recipient or any~~  
6 ~~affiliated person;~~

7 ~~(B) the communication seeks compensation for a~~  
8 ~~patent that has been held to be invalid or~~  
9 ~~unenforceable in a final, unappealable or unappealed,~~  
10 ~~judicial or administrative decision; or~~

11 ~~(C) the communication seeks compensation on~~  
12 ~~account of activities undertaken after the patent has~~  
13 ~~expired; or~~

14 ~~(4) the content of the communication fails to include~~  
15 ~~information necessary to inform an intended recipient or~~  
16 ~~any affiliated person about the patent assertion by failing~~  
17 ~~to include the following:~~

18 ~~(A) the identity of the person asserting a right to~~  
19 ~~license the patent to or enforce the patent against the~~  
20 ~~intended recipient or any affiliated person;~~

21 ~~(B) the patent issued by the United States Patent~~  
22 ~~and Trademark Office alleged to have been infringed;~~  
23 ~~and~~

24 ~~(C) the factual allegations concerning the~~  
25 ~~specific areas in which the intended recipient's or~~  
26 ~~affiliated person's products, services, or technology~~



1           ~~infringed the patent or are covered by the claims in~~  
2           ~~the patent.~~

3           ~~(c) Nothing in this Section shall be construed to deem it~~  
4           ~~an unlawful practice for any person who owns or has the right~~  
5           ~~to license or enforce a patent to:~~

6           ~~(1) advise others of that ownership or right of license~~  
7           ~~or enforcement;~~

8           ~~(2) communicate to others that the patent is available~~  
9           ~~for license or sale;~~

10          ~~(3) notify another of the infringement of the patent;~~  
11          ~~or~~

12          ~~(4) seek compensation on account of past or present~~  
13          ~~infringement or for a license to the patent.~~

14          (Source: P.A. 98-1119, eff. 1-1-15; 99-78, eff. 7-20-15.)