

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1374**  
**97TH GENERAL ASSEMBLY**

4473H.02C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

To amend chapter 416, RSMo, by adding thereto five new sections relating to bad faith assertions of patent infringement.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 416, RSMo, is amended by adding thereto five new sections, to be known as sections 416.650, 416.652, 416.654, 416.656, and 416.658, to read as follows:

**416.650. For purposes of sections 416.650 to 416.658, the following terms shall mean:**

(1) "Demand letter", a letter, email, or other communication asserting or claiming that a target has engaged in patent infringement, but shall not include a petition filed in a court of appropriate jurisdiction;

(2) "Target", a person:

(a) Who has received a demand letter; or

(b) Whose customers have received a demand letter asserting that the person's product, service, or technology has infringed a patent.

**416.652. 1. No person shall make a bad faith assertion of patent infringement in a demand letter.**

**2. A court may consider the following factors as evidence that a person has made a bad faith assertion of patent infringement in a demand letter:**

(1) The demand letter does not contain the following information:

(a) The patent number;

(b) The name and address of the patent owner or owners and assignee or assignees, if any; and

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in bold-face type in the above bill is proposed language.

9           (c) Factual allegations concerning the specific areas in which the target's products,  
10 services, or technology infringe the patent or are covered by the claims in the patent;

11           (2) Prior to sending the demand letter, the person fails to conduct an analysis  
12 comparing the claims in the patent to the target's products, services, or technology, or such  
13 an analysis was done but does not identify specific areas in which the products, services,  
14 or technology are covered by the claims in the patent;

15           (3) The demand letter lacks the information described in subdivision (1) of this  
16 subsection, the target requests the information, and the person fails to provide the  
17 information within a reasonable period of time;

18           (4) The demand letter demands payment of a license fee or response within an  
19 unreasonably short period of time;

20           (5) The person offers to license the patent for an amount that is not based on a  
21 reasonable estimate of the value of the license;

22           (6) The claim or assertion of patent infringement is meritless, and the person knew,  
23 or should have known, that the claim or assertion is meritless;

24           (7) The claim or assertion of patent infringement is deceptive or vague;

25           (8) The person, company, or any of its subsidiaries or affiliates has previously  
26 presented a demand letter claiming or asserting patent infringement of the same patent  
27 under substantially the same circumstances, and a court has entered a final judgment that  
28 the demand letter presented a bad faith assertion of patent infringement;

29           (9) The person attempted to enforce the claim of patent infringement in litigation,  
30 and a court found the claim to be brought in bad faith; and

31           (10) Any other factor the court finds relevant.

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

34           (1) The demand letter contains the information described in subdivision (1) of  
35 subsection 2 of this section;

36           (2) If the demand letter lacks the information described in subdivision (1) of  
37 subsection 2 of this section and the target requests the information, the person provides the  
38 information within a reasonable period of time;

39           (3) The person engages in a good faith effort to establish that the target has  
40 infringed the patent and to negotiate an appropriate remedy;

41           (4) The person makes a substantial investment in the use of the patent or in the  
42 production or sale of a product or item covered by the patent;

43           (5) The person is:

44 (a) The inventor or joint inventor holding the patent or in the case of a patent filed  
45 by and awarded to an assignee of the original inventor or joint inventor, is the original  
46 assignee; or

47 (b) An institution of higher education or a technology transfer organization owned  
48 or affiliated with an institution of higher education;

49 (6) The person has:

50 (a) Demonstrated good faith business practices in previous efforts to enforce the  
51 patent, or a substantially similar patent; or

52 (b) Successfully enforced the patent or a substantially similar patent through  
53 litigation; and

54 (7) Any other factor the court finds relevant.

416.654. 1. If one or more persons or entities believe they have been a target of a  
2 bad faith assertion of patent infringement in a demand letter, those persons or entities shall  
3 have a private right to a cause of action as follows:

4 (1) An action based on a violation or violations of section 416.652 to enjoin such  
5 violation or violations;

6 (2) An action based on a violation or violations of section 416.652 to recover actual  
7 monetary loss from such a violation or violations, or, to receive ten thousand dollars in  
8 damages for each such violation, whichever is greater; and

9 (3) Upon any successful action under this section to recover their attorney's fees.

10 2. If the court finds that the defendant willfully or knowingly violated section  
11 415.652, the court may in its discretion increase the monetary award to an amount equal  
12 to not more than three times the amount authorized under subdivision (2) of subsection 1  
13 of this section.

416.656. 1. The attorney general's authority under this chapter to investigate,  
2 restrain, and prosecute civil actions under the Missouri antitrust law shall apply to  
3 investigating and prosecuting actions under sections 416.650 to 416.658.

4 2. In an action brought by the attorney general under this chapter the court may  
5 award or impose any relief available to a person under sections 416.650 to 416.658.

6 3. Monetary awards or settlements recovered by the attorney general, aside from  
7 awards to a target, may be credited to the antitrust revolving fund and be similarly  
8 available for the payment of all costs and expenses incurred by the attorney general in  
9 investigation, prosecution, or enforcement of the provisions of sections 416.650 to 416.658.

416.658. Sections 416.650 to 416.658 shall not be construed to limit the rights or  
2 remedies available to any person or the state under any other law with regard to conduct

3 **involving assertions of patent infringement provided that it shall not be an unfair or**  
4 **deceptive trade practice for any person who owns or has the right to license or enforce a**  
5 **patent to notify another of that ownership or right of license or enforcement, to notify**  
6 **another that the patent is available for license or sale, to notify another of the infringement**  
7 **of that patent under the provisions of Title 35 of the United States Code, or to seek**  
8 **compensation on account of a past or present infringement, or for a license, when it is**  
9 **reasonable to believe that the person from whom compensation is sought may owe such**  
10 **compensation.**

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