

SENATE BILL 65

I4

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(PRE-FILED)

By: **Senator Reilly**

Requested: October 17, 2016

Introduced and read first time: January 11, 2017

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Copyright Infringement – Assertions Made in Bad Faith**

3 FOR the purpose of prohibiting a person from making certain assertions of copyright
4 infringement in bad faith; authorizing a court to consider certain factors as evidence
5 of whether a person has made an assertion of copyright infringement in bad faith or
6 in good faith; altering the authority of the Attorney General and the Division of
7 Consumer Protection of the Office of the Attorney General to take certain actions;
8 altering the scope of individuals authorized to bring a civil action in a certain court
9 to recover for certain injuries or losses sustained as a result of a violation of this Act;
10 altering the circumstances in which a court may award certain damages and
11 remedies under certain circumstances; altering certain definitions; and generally
12 relating to bad faith assertions of copyright infringement.

13 BY repealing and reenacting, with amendments,
14 Article – Commercial Law
15 Section 11–1601 and 11–1603
16 Annotated Code of Maryland
17 (2013 Replacement Volume and 2016 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Commercial Law
20 Section 11–1604 and 11–1605
21 Annotated Code of Maryland
22 (2013 Replacement Volume and 2016 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
24 That the Laws of Maryland read as follows:

25 **Article – Commercial Law**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 11-1601.

2 (a) In this subtitle the following words have the meanings indicated.

3 (b) “Claim” means the scope of [the]:

4 (1) **THE** patent owner’s exclusive rights to the use and control of the patent
5 owner’s invention; **OR**

6 (2) **THE COPYRIGHT OWNER’S EXCLUSIVE RIGHTS TO REPRODUCE,**
7 **DISPLAY, PERFORM, OR OTHERWISE USE THE COPYRIGHT OWNER’S WORK.**

8 (c) “Demand letter” means a letter, an electronic mail, or any other written
9 communication asserting that a person has engaged in patent **OR COPYRIGHT**
10 infringement.

11 (d) “Division” means the Division of Consumer Protection of the Office of the
12 Attorney General.

13 (e) “Target” means a person:

14 (1) Who has received a demand letter or against whom an assertion of
15 patent **OR COPYRIGHT** infringement has been made;

16 (2) Who has been threatened with litigation or against whom a lawsuit has
17 been filed alleging patent **OR COPYRIGHT** infringement; or

18 (3) Who has at least one customer who has received a demand letter
19 asserting that the person’s product, service, [or] technology, **OR WORK** has infringed a
20 patent **OR COPYRIGHT**.

21 11-1603.

22 (a) A person may not make an assertion of patent **OR COPYRIGHT** infringement
23 against another in bad faith.

24 (b) (1) A court may consider the following factors as evidence that a person has
25 made an assertion of patent **OR COPYRIGHT** infringement in bad faith:

26 (i) The demand letter sent by the person does not contain:

27 1. The alleged patent number **OR A COPY OF THE**
28 **CERTIFICATE OF COPYRIGHT REGISTRATION;**

29 2. The name and address of the patent **OR COPYRIGHT**
30 owner or assignee, if any; or

3. Facts relating to the specific areas in which the target's product, service, [or] technology, **OR WORK** infringes the patent **OR COPYRIGHT** or is covered by the claims in the patent **OR COPYRIGHT**;

(ii) The target requested the information described in item (i) of this paragraph, and the person failed to provide the information within a reasonable period of time;

(iii) Before sending the demand letter, the person did not conduct an analysis comparing the claims in the patent **OR COPYRIGHT** to the target's product, service, [or] technology, **OR WORK**, or the analysis was conducted but does not identify specific areas in which the product, service, [or] technology, **OR WORK** is covered by the claims in the patent **OR COPYRIGHT**;

(iv) The demand letter demanded a response or payment of a licensing fee within an unreasonably short period of time;

(v) The person offered to license the patent **OR COPYRIGHT** for an amount that is not based on a reasonable estimate of the value of the license;

(vi) The assertion of patent **OR COPYRIGHT** infringement is without merit, and the person knew, or should have known, that the assertion is without merit;

(vii) The assertion of patent **OR COPYRIGHT** infringement is deceptive;

(viii) 1. The person, or a subsidiary or an affiliate of the person, previously has filed or threatened to file one or more lawsuits based on the same or a similar assertion of patent **OR COPYRIGHT** infringement; and

2. A. The threats or lawsuits did not provide the information described in item (i) of this paragraph; and

B. A court found the person's assertion to be without merit; and

(ix) Any other factor the court determines to be relevant.

(2) The court may consider the following factors as evidence that a person has made an assertion of patent **OR COPYRIGHT** infringement in good faith:

(i) If the demand letter sent by the person does not contain the information described in paragraph (1)(i) of this subsection, the person provides the information to the target within a reasonable period of time;

(ii) The person has:

1. Engaged in a good faith effort to establish that the target has infringed the patent **OR COPYRIGHT**; and

2. Attempted to negotiate an appropriate remedy;

(iii) The person has:

1. Demonstrated good faith business practices in previous efforts to enforce a patent **OR COPYRIGHT**; or

2. Successfully enforced a patent **OR COPYRIGHT** through litigation;

(iv) The person has made a substantial investment in the use of the patent **OR COPYRIGHT**, or in the production or sale of a product **OR WORK** covered by the patent **OR COPYRIGHT**;

(v) The person is:

1. An inventor of the patent or an original assignee; [or]

2. AN AUTHOR OF THE ORIGINAL WORK PROTECTED BY THE COPYRIGHT OR AN ORIGINAL ASSIGNEE; OR

[2.] 3. A representative of an institution of higher education or a technology transfer organization affiliated with an institution of higher education; and

(vi) Any other factor the court determines to be relevant.

11–1604.

The Attorney General and the Division shall have the same authority under this subtitle to adopt regulations, conduct investigations, and bring civil and criminal actions as provided in Title 13 of this article.

11–1605.

(a) In addition to any action by the Division or Attorney General authorized by Title 13 of this article, a target may bring an action in an appropriate court to recover for injury or loss sustained as a result of a violation of this subtitle.

(b) If a target prevails in an action brought under this subtitle and is awarded damages, the court also may award:

- (1) Court costs and fees, including reasonable attorney's fees;
- (2) Exemplary damages in an amount not to exceed the greater of:
 - (i) \$50,000; or
 - (ii) Three times the total of damages, costs, and fees; and
- (3) Any equitable relief that the court considers appropriate.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
October 1, 2017.