

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5059**

Chapter 108, Laws of 2015

64th Legislature  
2015 Regular Session

PATENTS--INFRINGEMENT ASSERTIONS--BAD FAITH

EFFECTIVE DATE: 7/24/2015

Passed by the Senate February 24, 2015  
Yeas 41 Nays 6

BRAD OWEN

**President of the Senate**

Passed by the House April 13, 2015  
Yeas 94 Nays 3

FRANK CHOPP

**Speaker of the House of Representatives**

Approved April 25, 2015 10:45 AM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5059** as passed by Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

**Secretary**

FILED

April 25, 2015

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5059**

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Passed Legislature - 2015 Regular Session

**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** Senate Law & Justice (originally sponsored by Senators Frockt, Fain, Pedersen, and Chase; by request of Attorney General)

READ FIRST TIME 02/06/15.

1       AN ACT Relating to bad faith assertions of patent infringement;  
2 and adding a new chapter to Title 19 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4       NEW SECTION.   **Sec. 1.** The legislature finds that abusive patent  
5 litigation, and especially the assertion of bad faith infringement  
6 claims, can harm Washington's economy. A person or business that  
7 receives a demand asserting such claims faces the threat of expensive  
8 and protracted litigation and may determine that it has no choice but  
9 to settle and to pay a licensing fee, even if the claim is meritless.  
10 This is especially so for small and medium-sized entities and  
11 nonprofits lacking adequate resources to investigate and defend  
12 themselves against the infringement claims. Not only do bad faith  
13 patent infringement claims impose a significant burden on individual  
14 Washington businesses and other entities, they also undermine  
15 Washington's efforts to attract and nurture information technology  
16 and knowledge-based businesses. Resources expended to avoid the  
17 threat of bad faith litigation are no longer available to invest,  
18 develop and produce new products, expand, or hire new workers,  
19 thereby harming Washington's economy. Through this legislation, the  
20 legislature seeks to protect Washington's economy from abusive and

1 bad faith assertions of patent infringement, while not interfering  
2 with federal law or legitimate patent enforcement actions.

3 NEW SECTION. **Sec. 2.** The definitions in this section apply  
4 throughout this chapter unless the context clearly requires  
5 otherwise.

6 (1) "Assertion of patent infringement" means:

7 (a) Sending or delivering a demand to a target;

8 (b) Threatening a target with litigation asserting, alleging, or  
9 claiming that the target has engaged in patent infringement;

10 (c) Sending or delivering a demand to the customers of a target;  
11 or

12 (d) Otherwise making claims or allegations, other than those made  
13 in litigation against a target, that a target has engaged in patent  
14 infringement or that a target should obtain a license to a patent in  
15 order to avoid litigation.

16 (2) "Claim" means the scope of the patent owner's exclusive  
17 rights to the use and control of the patent owner's invention.

18 (3) "Demand" means a letter, an email, or any other communication  
19 asserting that a person has engaged in patent infringement.

20 (4) "Person" means any individual, corporation, partnership,  
21 limited liability company, government, governmental subdivision,  
22 institution of higher education, or any other legal or commercial  
23 entity.

24 (5) "Target" means a person:

25 (a) Who has received a demand or against whom an assertion of  
26 patent infringement has been made;

27 (b) Who has been threatened with litigation or against whom a  
28 lawsuit has been filed alleging patent infringement; or

29 (c) Who has at least one customer who has received a demand  
30 letter asserting that the person's product, service, or technology  
31 has infringed a patent.

32 NEW SECTION. **Sec. 3.** (1) A person may not make assertions of  
33 patent infringement in bad faith.

34 (2) A court may consider the following nonexclusive factors as  
35 evidence that a person has made an assertion of patent infringement  
36 in bad faith:

37 (a) The demand does not contain:

1 (i) The patent number or numbers issued by the United States  
2 patent office or foreign agency;

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

5 (iii) Factual allegations relating to the specific areas in which  
6 the target's product, service, or technology infringes the patent or  
7 is covered by the claims in the patent;

8 (b) The target requested the information described in (a) of this  
9 subsection, and the person failed to provide the information within a  
10 reasonable time;

11 (c) Before making a demand, the person did not conduct any  
12 analysis comparing the claims in the patent to the target's product,  
13 service, or technology;

14 (d) The person threatens legal action that cannot legally be  
15 taken;

16 (e) The assertion of patent infringement contains false,  
17 misleading, or deceptive information;

18 (f) The person, or a subsidiary or an affiliate of the person,  
19 has previously filed or threatened to file one or more lawsuits based  
20 on the same or substantially equivalent assertion of patent  
21 infringement, and a court found the person's assertion to be without  
22 merit or found the assertion contains false, misleading, or deceptive  
23 information; or

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

25 (3) Nothing in the demand letter or patent assertion may be used  
26 to move for declaratory judgment in underlying patent infringement  
27 litigation.

28 (4) A court may consider the following factors as evidence that a  
29 person has made an assertion of patent infringement in good faith:

30 (a) If the demand does not contain the information set forth in  
31 subsection (2)(a) of this section, the person provides the  
32 information to the target within a reasonable period of time after  
33 such information is requested by the target;

34 (b) The person has:

35 (i) Engaged in reasonable analysis to establish a reasonable,  
36 good faith basis for believing the target has infringed the patent;  
37 and

38 (ii) Attempted to negotiate an appropriate remedy in a reasonable  
39 manner;

40 (c) The person has:

1 (i) Demonstrated reasonable business practices in previous  
2 efforts to enforce the patent; or

3 (ii) Successfully enforced the patent, or a substantially similar  
4 patent, through litigation;

5 (d) The person has made a substantial investment in the use of  
6 the patent or in the production or sale of a product covered by the  
7 patent;

8 (e) The person is:

9 (i) An inventor of the patent or an original assignee;

10 (ii) An institution of higher education or a technology transfer  
11 organization affiliated with an institution of higher education; or

12 (iii) Any owner or licensee of a patent who is using the patent  
13 in connection with substantial research, development, production,  
14 manufacturing, processing, or delivery of products or materials; or

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

16 (5) Unless done in bad faith, nothing in this section may be  
17 construed to deem it an unfair or deceptive trade practice for any  
18 person who owns or has the right to license or enforce a patent to:

19 (a) Advise others of that ownership or right of license or  
20 enforcement;

21 (b) Communicate to others that the patent is available for  
22 license or sale; or

23 (c) Seek compensation on account of a past or present  
24 infringement, or license to the patent, when it is reasonable to  
25 believe that the person from whom compensation is sought may owe such  
26 compensation or may need or want such a license to practice the  
27 patent.

28 (6) The provisions of this act do not apply to a demand letter or  
29 civil action that includes a claim for relief arising under 35 U.S.C.  
30 Sec. 271(e)(2), 7 U.S.C. Sec. 136, 7 U.S.C. Sec. 2321, 21 U.S.C. Sec.  
31 301, 35 U.S.C. Sec. 161, 42 U.S.C. Sec. 262, or 35 U.S.C. Sec. 287.

32 NEW SECTION. **Sec. 4.** The attorney general may bring an action  
33 in the name of the state, or as parens patriae on behalf of persons  
34 residing in the state, to enforce this chapter. For actions brought  
35 by the attorney general to enforce the provisions of this section,  
36 the legislature finds that the practices covered by this section are  
37 matters vitally affecting the public interest for the purpose of  
38 applying the consumer protection act, chapter 19.86 RCW. For actions  
39 brought by the attorney general to enforce this chapter, a violation

1 of this chapter is not reasonable in relation to the development and  
2 preservation of business and is an unfair or deceptive act in trade  
3 or commerce and an unfair method of competition for purposes of  
4 applying the consumer protection act, chapter 19.86 RCW.

5 NEW SECTION. **Sec. 5.** If any provision of this act or its  
6 application to any person or circumstance is held invalid, the  
7 remainder of the act or the application of the provision to other  
8 persons or circumstances is not affected.

9 NEW SECTION. **Sec. 6.** This chapter may be known and cited as the  
10 "patent troll prevention act."

11 NEW SECTION. **Sec. 7.** Sections 1 through 4 and 6 of this act  
12 constitute a new chapter in Title 19 RCW.

Passed by the Senate February 24, 2015.  
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