



# Ohio Legislative Service Commission

## Bill Analysis

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### H.B. 194

131st General Assembly  
(As Introduced)

**Reps.** Roegner, Brown, Becker, Vitale, Terhar, Hood, Kraus, Romanchuk, Blessing

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### BILL SUMMARY

- Prohibits any person, in connection with the assertion of a United States patent, from engaging in the widespread sending of bad faith, objectively baseless communications stating that the recipients or persons affiliated with them are infringing the patent and bear liability or owe compensation.
- Specifies that a written communication is objectively baseless if the assertions contained in the communication lack a reasonable basis in fact or law due to any of specified circumstances.
- Provides examples of communications made in bad faith.
- Specifies the types of communications that would not constitute an unlawful practice for a person who owns or has the right to license or enforce a patent.
- Prescribes the factors that a court may consider as evidence that a person has not made a bad faith assertion of a patent infringement.
- Permits the Attorney General to investigate whether a person has engaged in sending bad faith, objectively baseless assertions of patent infringement.
- Authorizes the Attorney General to bring a civil action seeking an injunction to restrain or prevent a person from taking actions and making allegations constituting bad faith, objectively baseless assertions of patent infringement.

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## CONTENT AND OPERATION

### Prohibition against bad faith patent infringement claims

The bill prohibits any person, in connection with the assertion of a United States patent, from engaging in the widespread sending of bad faith, objectively baseless written or electronic communications to intended recipients stating that those recipients or persons affiliated with them are infringing or have infringed the patent and bear liability or owe compensation for that infringement.<sup>1</sup> An "**intended recipient**" is a person who purchases, rents, leases, or otherwise obtains a product, service, or technology in the commercial market and that is, or later becomes, the subject of a patent infringement allegation.<sup>2</sup>

#### Objectively baseless communication

Under the bill, a written communication is objectively baseless if the assertions contained in the communication lack a reasonable basis in fact or law due to any of the following:<sup>3</sup>

- The person asserting the patent is not a person, or does not represent a person, with the current right to license the patent to, or to enforce the patent against, the intended recipients or persons affiliated with them.
- The communication seeks compensation for a patent that has been held to be invalid or unenforceable in a final, unappealable or unappealed, judicial or administrative decision.
- The communication seeks compensation on account of activities undertaken after the patent has expired.

#### Bad faith communications

The bill lists the following examples of communications made in bad faith:<sup>4</sup>

- A communication with content likely to materially mislead a reasonable recipient because the content fails to include facts reasonably necessary to inform the intended recipient of all of the following: (1) the identity of the

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<sup>1</sup> R.C. 2307.66(A).

<sup>2</sup> R.C. 2307.66(F)(1).

<sup>3</sup> R.C. 2307.66(B).

<sup>4</sup> R.C. 2307.66(C).

person asserting a right to license the patent to, or enforce the patent against, the recipient or affiliated persons, (2) the patent or patents issued by the United States Patent and Trademark Office alleged to have been infringed, and (3) an identification of at least one product, service, or technology of the intended recipient that is alleged to infringe the identified patent or patents.

- A communication that falsely states that litigation has been filed against the intended recipient or falsely threatens that administrative or judicial relief will be sought if compensation is not paid or the infringement issue is not otherwise resolved.

## **Exceptions**

Nothing in the bill is to be construed to deem it an unlawful practice for any person who owns or has the right to license or enforce a patent to do any of the following:<sup>5</sup>

- Advise another person of that ownership or right of license enforcement;
- Communicate to another person that the patent is available for license or sale;
- Notify another person of the infringement of the patent;
- Seek compensation on account of a past or present infringement or for a license to the patent.

## **Evidence that there is no bad faith assertion of patent infringement**

The bill permits a court to consider the following factors as evidence that a person has not made a bad faith assertion of patent infringement:<sup>6</sup>

(1) The person's written communication contains the required information.

(2) The person makes or has made a substantial investment in the use of patents in the production or sale of a product, service, or technology covered by the patent.

(3) The person is the inventor or joint inventor of the patent or, in the case of a patent filed by and awarded to an assignee of the original inventor or joint inventor, is

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<sup>5</sup> R.C. 2307.66(D).

<sup>6</sup> R.C. 2307.66(E).

the original assignee; an institution of higher education; or a technology transfer organization owned or affiliated with an institution of higher education.<sup>7</sup>

(4) The person has either demonstrated good faith business practices in previous efforts to enforce the patent or a substantially similar patent or successfully enforced the patent or a substantially similar patent through a patent infringement action.

(5) Any other factor that the court finds relevant.

### **Attorney General's investigation and civil action**

The Attorney General (AG) may investigate allegations that a person has engaged in the sending of bad faith, objectively baseless written or electronic assertions of patent infringement. The AG may investigate based on the AG's own inquiries or as a result of complaints. For this purpose, the AG may administer oaths, subpoena witnesses, adduce evidence, and require the production of relevant matter. If the relevant matter is located outside of Ohio, the AG may designate representatives, including officials of the state in which the matter is located, to inspect the matter on the AG's behalf.<sup>8</sup>

The AG may institute a civil action seeking a preliminary or permanent injunction to restrain or prevent a person from taking actions and making bad faith assertions of patent infringement if the AG believes that the action would be in the public interest. The court may issue an order granting the injunction, whether individually or in concert with another corporation, association, partnership, or other person or legal entity. The injunction order must be binding on the person against whom it is directed and all officers, agents, servants, employees, attorneys, and those persons in active concert or participation with the person against whom it is directed who receive actual notice of the order whether by personal service or otherwise.<sup>9</sup>

The bill provides that the above provisions do not limit or affect other rights, duties, privileges, and powers conferred by law upon the courts and the Attorney General.<sup>10</sup>

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<sup>7</sup> As used in this provision, "institution of higher education" has the same meaning as in the law governing the right of publicity in an individual's persona. R.C. 2741.01, which is not in the bill.

<sup>8</sup> R.C. 2307.67(A).

<sup>9</sup> R.C. 2307.67(B).

<sup>10</sup> R.C. 2307.67(C).

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## HISTORY

ACTION

DATE

Introduced

05-11-15

H0194-I-131.docx/emr

