

340 reasonable diligence. For the purposes of this chapter, a continuing disclosure or use constitutes a
341 single claim.

342 Section 7. (a) Except as provided in subsection (b), this chapter shall supersede any
343 conflicting laws of the commonwealth that provide civil remedies for misappropriation.

344 (b) This chapter shall not affect: (i) contractual remedies; provided, however, that, to the
345 extent such remedies are based on an interest in the economic advantage of information claimed
346 to be confidential, such confidentiality shall be determined according to the definition of trade
347 secret in section 1 and the terms and circumstances of the underlying contract shall be considered
348 in such determination; (ii) remedies based on submissions to governmental units; (iii) other civil
349 remedies to the extent that they are not based upon misappropriation; or (iv) criminal remedies,
350 whether or not based upon misappropriation.

351 Section 8. This chapter shall be applied and construed to effectuate its general purpose of
352 making uniform the law with respect to the subject of this chapter among states enacting it.

353 CHAPTER 93M

354 BAD FAITH ASSERTIONS OF PATENT INFRINGEMENT

355 Section 1. As used in this chapter, the following words shall have the following
356 meanings, unless the context clearly requires otherwise:-

357 “Assertion of patent infringement”, (i) the sending or delivering of a demand letter to a
358 target; (ii) the threatening of a target with litigation and asserting, alleging or claiming that the
359 target has engaged in patent infringement; (iii) the sending or delivering of a demand letter to the
360 customers of a target; or (iv) a claim or allegation, other than those made in litigation against a

361 target, that a target has engaged in patent infringement or that a target should obtain a license to a
362 patent in order to avoid litigation.

363 “Demand letter”, a letter, e-mail or other communication asserting, alleging or claiming
364 that the target has engaged in patent infringement or that a target should obtain a license to a
365 patent in order to avoid litigation, or any similar assertion.

366 “Target”, a person residing in, conducting substantial business in or having its principal
367 place of business in Massachusetts against whom an assertion of patent infringement is made.

368 Section 2. (a) A person shall not make an assertion of patent infringement in bad faith. In
369 determining whether a person has made an assertion of patent infringement in bad faith, and in
370 addition to any other factor the court finds relevant, a court may consider whether:

371 (i) the demand letter failed to contain the following information: (A) the patent
372 number; (B) the name and address of the patent owner or owners and assignee or assignees, if
373 any; and (C) factual allegations concerning the specific areas in which the target’s products,
374 services and technology infringe the patent or are covered by the claims in the patent;

375 (ii) prior to sending the demand letter, the person failed to conduct an analysis
376 comparing the claims in the patent to the target’s products, services and technology, or whether
377 such an analysis failed to identify specific areas in which the products, services and technology
378 are covered by the claims in the patent;

379 (iii) the target requested information described in clause (i) that was not included
380 in the demand letter and the person failed to provide the information within a reasonable period
381 of time;

382 (iv) the demand letter demanded payment of a license fee or response within an
383 unreasonably short period of time;

384 (v) the person offered to license the patent for an amount that is not based on a
385 reasonable estimate of the value of the license;

386 (vi) the claim or assertion of patent infringement was meritless and the person
387 knew, or should have known, that the claim or assertion was meritless;

388 (vii) the claim or assertion of patent infringement was deceptive;

389 (viii) the person or its subsidiaries or affiliates have previously filed or threatened
390 to file one or more lawsuits based on the same or similar claim of patent infringement and: (A)
391 those threats or lawsuits lacked the information described in clause (i); or (B) the person
392 attempted to enforce the claim of patent infringement in litigation and a court found the claim to
393 be meritless; and

394 (ix) the patent has been held invalid or unenforceable in a final judgment or
395 administrative decision.

396 (b) A court may consider the following factors as evidence that a person has not made an
397 assertion of patent infringement in bad faith: (i) the demand letter contained the information
398 described in clause (i) of subsection (a); (ii) the target requested such information described in
399 clause (i) of subsection (a) that was not included in the demand letter and the person provided the
400 information within a reasonable period of time; (iii) the person engaged in a good faith effort to
401 establish that the target has infringed the patent and to negotiate an appropriate remedy; (iv) the
402 person made a substantial investment in the use of the patent or in the production or sale of a

403 product or item covered by the patent; (v) the person is: (A) the inventor or joint inventor of the
404 patent or, in the case of a patent filed by and awarded to an assignee of the original inventor or
405 joint inventor, is the original assignee; (B) an institution of higher education or a technology
406 transfer organization owned or affiliated with an institution of higher education; or (C) a non-
407 profit research institute or organization which has as one of its primary functions the
408 management of inventions on behalf of an institute of higher education or a non-profit research
409 institute or organization; (vi) the person makes significant investments in: (A) research and
410 development in connection with the patented technology, where development means technical or
411 experimental work to create, test, qualify, modify or validate technologies or processes for
412 commercialization of goods or services; (B) manufacturing; or (C) the delivery or provision of
413 goods or commercial services using the patented technology; and (vii) the person's business is
414 the licensing of patents as a wholly-owned subsidiary of a person described in clause (vi).

415 Section 3. (a) A target or a person aggrieved by a violation of this chapter or by a
416 violation of rules adopted under this chapter may bring an action in superior court against a
417 person who has made a bad-faith assertion of patent infringement. The court may award to a
418 plaintiff who prevails in an action brought pursuant to this subsection one or more of the
419 following remedies: (i) equitable relief; (ii) damages; (iii) costs and fees, including reasonable
420 attorneys' fees; and (iv) exemplary damages in an amount equal to \$50,000 or three times the
421 total of damages, costs, and fees, whichever is greater; provided, however, that exemplary
422 damages shall not be awarded against a person described in subclause (B) or (C) of clause (v) of
423 section 2 or clause (vi) of subsection (b) of said section 2 .

424 (b) Any person who by contract, agreement, or otherwise, directly or indirectly, arranged
425 for the bad faith assertion of patent infringement and any person who otherwise caused or is

426 legally responsible for such bad faith assertion of patent infringement under the principles of the
427 common law shall be liable to a prevailing plaintiff for all damages, costs and fees. Such
428 liability shall be joint and several.

429 (c) A court may award to a defendant who prevails in an action brought pursuant to this
430 section costs and fees, including reasonable attorneys' fees, if the court finds the action was not
431 well-grounded in fact and warranted by existing law or was interposed for any improper purpose,
432 such as to harass or to cause unnecessary delay or needless increase in the cost of litigation

433 (d) This chapter shall not be construed to limit rights and remedies otherwise available
434 under law to the commonwealth or to any person.

435 Section 4. The attorney general shall have the same authority under this chapter to make
436 rules, conduct civil investigations, bring civil actions and enter into assurances of discontinuance
437 as provided under chapter 93A. In an action brought by the attorney general pursuant to this
438 section, the court may award or impose any relief available under this chapter.

439 SECTION 12. Chapter 149 of the General Laws, as appearing in the 2016 Official
440 Edition, is hereby amended by inserting after section 24K the following section:-

441 Section 24L. (a) As used in this section, the following words shall have the following
442 meanings, unless the context clearly requires otherwise:

443 “Business entity”, a person or group of persons performing or engaging in an activity,
444 enterprise, profession or occupation for gain, benefit, advantage or livelihood, whether for profit
445 or not for profit, including, but not limited to, corporations, limited liability companies, limited
446 partnerships or limited liability partnerships.