

STATEMENT OF PURPOSE

RS22892

The purpose of this bill is to prevent bad faith assertions of patent infringement in the State of Idaho. Highly aggressive patent assertion entities, also known as Patent Trolls, frequently engage in belligerent tactics, communications and filing of lawsuits, and use the threat of patent infringement litigation in order to obtain windfall licensing payments. Even though the claims of infringement are vague and frivolous, businesses will often settle because it is extremely intimidating and expensive to defend against a patent infringement suit.

In 2011, American software and hardware companies alone incurred \$29 billion in direct costs because of Patent Trolls, a 400% increase since 2005.

Increasingly, Patent Trolls are sending threatening demand letters to businesses large and small, containing vague allegations of patent infringement and demanding payment from those businesses.

This bill outlines the factors a court may consider as evidence that a person or entity has made a bad faith assertion. The bill also gives the Idaho Attorney General and district courts authority to carry out the chapter under the Idaho Consumer Protection Act.

FISCAL NOTE

There is no fiscal impact to the State of Idaho.

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