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Wisconsin Legislature Approves Bill with Potential Implications for Senders and Receivers of Patent Demand Letters

Within the last month, both houses of the Wisconsin legislature have passed a bill with potentially significant consequences for unwary patent owners sending patent demand letters and their recipients. The bill (see Senate Bill 498) requires that "patent notification" letters attempting to assert or enforce a right associated with a patent or patent application (commonly referred to as "patent demand" letters) include certain specific information. The bill also authorizes both public and private causes of action for violation of the bill, along with potentially significant fines and damages. This bill has yet to be signed by the governor for enactment.

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What Must Be Included

The bill requires certain information to be included in patent notification letters sent to people domiciled in Wisconsin, Wisconsin corporations, Wisconsin LLCs, or those engaged in "substantial and not isolated activity within the state." According to the bill, a patent notification letter must include each of the following:

1. the number of each asserted patent or patent application;
2. a physical or electronic copy of the asserted patent or patent application;
3. the name and address of the patent owner and all other entities that have a right to enforce the patent or patent application;
4. identification of each claim of each patent or patent application being asserted;
5. identification of each product, service, process or technology of the recipient that is alleged to be related to each asserted claim;
6. factual allegations and analysis setting forth "in detail" the theory regarding how each asserted claim relates to the recipient's product, service, process or technology; and
7. identification of all pending and completed court proceedings, U.S. Patent Office proceedings and any other administrative proceedings concerning each asserted patent or patent application.

In addition, the "patent notification may not contain false, misleading, or

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deceptive information."

If a patent notification letter does not include the information of items 1-7 identified above, the recipient of the patent notification may provide notice to the sender that the patent notification is incomplete, and the party sending the letter has 30 days from receiving notice of the deficiency to supply the missing information.

Enforcement, Fines and Damages

The bill provides for both public and private causes of action related to certain violations of the bill. In particular, the bill authorizes fines of up to $50,000 per violation in actions brought by the attorney general. In private causes of action, the bill provides for a temporary or permanent injunction restraining a violation, an "appropriate award of damages," payment of costs, payment of reasonable attorney fees, and punitive damages up to $50,000 per violation or up to three times the sum of actual damages, costs and attorney fees. It should be noted the violations that these remedial provisions apply to are letters that "contain false, misleading, or deceptive information" or the failure by the sender to remedy informational deficiencies within 30 days of the sender receiving notice of the deficiencies. The bill specifies that each violating patent notification is a separate violation.

Exemptions

The bill also includes several exemptions to the patent notification requirements. The requirements of the bill do not apply to certain entities including certain institutions of higher learning and health care or research institutions receiving federal funding and having annual expenditures of at least $10 million. The bill also does not apply to patent notifications associated with certain regulated technologies or specific notifications authorized under certain federal laws.

Conclusion

If the bill is signed by the governor and becomes law, it potentially would impact a wide variety of companies. For example, companies seeking to engage in patent enforcement actions including the use of pre-litigation correspondence related to patent infringement should be aware of this bill to ensure future compliance with the requirements. In addition, a company that receives a patent notification

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needs to be aware of the bill to take certain actions in order to be entitled to the remedies provided by the bill.

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