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ATTORNEY GENERAL MADIGAN: NEW LAW TO CRACK DOWN ON PATENT TROLLS, PROTECT ILLINOIS BUSINESSES FROM FRAUD

Bill Drafted by Attorney General Signed into Law by Gov. Quinn to Protect Businesses, Consumers from Frivolous Patent Infringement Claims

Chicago — Attorney General Lisa Madigan today applauded Gov. Pat Quinn for signing into law a bill to protect Illinois businesses from “patent trolls” that seek to acquire patents to profit from fraudulent infringement claims against legitimate companies.

Senate Bill 3405 was crafted by Attorney General Madigan’s office to address the growing number of patent trolls that send misleading demand letters to thousands of small businesses, retailers and manufacturers throughout Illinois, claiming the businesses must pay a “licensing payment” and falsely threatening litigation if the businesses do not pay.

In the letters, patent trolls typically fail to disclose basic information, including the actual owner of the alleged patent and the circumstances surrounding any alleged infringement. Identical letters have been sent to thousands of businesses. In some cases, patent trolls have targeted businesses for simply purchasing products in the commercial market such as office supplies or equipment.

“This law provides protections for the thousands of Illinois businesses that have been inundated with costly, fraudulent demands from patent trolls,” Madigan said. “The law balances restrictions to crack down on this abusive practice while ensuring legitimate patent holders have the right to pursue infringement claims.”

The new law, which was sponsored by Sen. Daniel Biss and Rep. Ann Williams, bans patent demand letters that:

- Contain false or deceptive information;
- Are sent by individuals who do not have the right to license or enforce a patent;
- Falsely threaten litigation if a fee is not paid; and
- Fail to identify the individual asserting the patent and explain the alleged infringement.

-30-

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