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# A BILL FOR AN ACT

RELATING TO LIMITED LIABILITY COMPANIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

- 1           SECTION 1. The legislature finds that:
- 2           (1) Intellectual property is an essential source of
- 3           competitive advantage in a global economy;
- 4           (2) Inventors and other creators of intellectual property
- 5           are an important engine of sustainable economic
- 6           growth;
- 7           (3) Whether working independently or employed by
- 8           corporations, the vast majority of inventors and other
- 9           creators of intellectual property have neither the
- 10          collective representation, institutional strength, nor
- 11          the financial resources necessary to exercise and
- 12          enforce their property rights;
- 13          (4) Hawaii needs to attract inventors and build its
- 14          reputation as a center of innovation to diversify and
- 15          strengthen its economy;
- 16          (5) Protecting labor and environmental standards in Hawaii
- 17          depends, in part, upon strengthening labor and



1 environmental standards both nationally and  
2 internationally;

3 (6) The right conferred by the grant of a patent is the  
4 right to exclude others from making, using, offering  
5 for sale, or selling the invention in the United  
6 States or importing the invention into the United  
7 States; and

8 (7) This right to exclude can serve a public interest.

9 The purpose of this Act is to require limited liability  
10 companies that opt to be designated an ingenuity company by the  
11 director of commerce and consumer affairs to exercise the right  
12 to exclude conferred by any patent for public purposes.

13 SECTION 2. Chapter 428, Hawaii Revised Statutes, is  
14 amended by adding a new section to be appropriately designated  
15 and to read as follows:

16 "§428- Ingenuity company designation; use of the right  
17 to exclude; reporting. (a) Any limited liability company  
18 organized under this chapter may opt to be designated an  
19 ingenuity company by the director. Designation as an ingenuity  
20 company is irrevocable. A limited liability company designated  
21 an ingenuity company by the director shall use the right to  
22 exclude conferred by any and all patents in which it has an



1 interest through assignment or license for the following  
2 purposes:

3 (1) Creating and retaining good jobs within the state as  
4 well as throughout the United States;

5 (2) Strengthening labor rights nationally and  
6 internationally; provided that for purposes of this  
7 paragraph, "labor rights" means the four basic rights  
8 set forth in Article 23 of the Universal Declaration  
9 of Human Rights, as adopted and proclaimed by the  
10 General Assembly of the United Nations on December 10,  
11 1948; and

12 (3) Enhancing environmental protection nationally and  
13 internationally.

14 (b) In addition to any other reporting requirement, each  
15 limited liability company designated an ingenuity company shall  
16 file with the director an annual statement of the purposes for  
17 which the company used the right to exclude as required under  
18 subsection (a).

19 (c) Each company which uses the right to exclude  
20 authorized under subsection (a) shall be designated an ingenuity  
21 company. The director shall include a list of all ingenuity  
22 companies in the state in its annual report."



1 SECTION 3. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun, before its effective date.

4 SECTION 4. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on January 1, 2010.

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INTRODUCED BY:



JAN 27 2009



**Report Title:**

Limited Liability Company; Patents

**Description:**

Creates an optional "ingenuity company" designation for LLCs. Requires an LLC with an ingenuity company designation to exercise its right to exclude conferred by any patent it has an interest in for a public purpose. Establishes reporting requirements.

