
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 a public purpose company by
11 the director of commerce and consumer affairs to exercise the
12 right 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- Public purpose company designation; use of the**
17 **right to exclude; reporting.** (a) Any limited liability company
18 organized under this chapter may opt to be designated a public
19 purpose company by the director. Designation as a public
20 purpose company is irrevocable. A limited liability company
21 designated a public purpose company by the director shall use
22 the right to exclude conferred by any and all patents in which

1 it has an interest through assignment or license for the
2 following 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 a public purpose company
16 shall file with the director an annual statement of the purposes
17 for which the company used the right to exclude.

18 (c) Each company that uses the right to exclude authorized
19 under subsection (a) shall be designated a public purpose
20 company. The director shall include a list of all public
21 purpose companies in the state in the department's annual
22 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 July 1, 2050.

Report Title:

Limited Liability Company; Patents

Description:

Creates an optional "public purpose company" designation for LLCs. Requires an LLC with a public purpose company designation to exercise its right to exclude conferred by any patent it has an interest in for a public purpose. Establishes reporting requirements. Effective 7/1/2050. (SD1)