
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 and declares that:
- 2 (1) Intellectual property is an essential source of
- 3 competitive advantage in the global economy;
- 4 (2) Inventors and other creators of intellectual property
- 5 represent 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 do not have the
- 10 collective representation, institutional strength, or
- 11 financial resources necessary to exercise and enforce
- 12 their intellectual 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 fundamental right conferred by 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) The exclusive right to an invention is granted to
9 inventors by the United States Constitution in the
10 public interest "to promote the progress of science
11 and useful arts."

12 The purpose of this Act is to require limited liability
13 companies which opt to be designated an ingenuity company by the
14 director of commerce and consumer affairs to exercise the right
15 to exclude, conferred by a patent, for public purposes.

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

19 "§428- _____ Ingenuity company designation; use of the right
20 to exclude; reporting. (a) Any limited liability company
21 organized under this chapter may opt to be designated an
22 ingenuity company by the director. Designation as an ingenuity



1 company is irrevocable. A limited liability company designated
2 an ingenuity company by the director shall use the right to
3 exclude, conferred by any and all patents in which it has an
4 interest in this right through assignment, license, lien,
5 security agreement, or obligation, for the following purposes:

6 (1) Creating and retaining good jobs within the State as
7 well as throughout the United States;

8 (2) Upholding fair labor standards nationally and
9 internationally; provided that for purposes of this
10 section, "fair labor standards" prohibit child labor,
11 forced or compulsory labor, discrimination in
12 employment, restrictions on freedom of association,
13 and denial of the right to collective bargaining; and

14 (3) Enhancing environmental protection nationally and
15 internationally.

16 (b) In addition to any other reporting requirements under
17 this chapter, each limited liability company designated an
18 ingenuity company shall file with the director an annual
19 statement of the purposes for which the company used the right
20 to exclude pursuant to subsection (a).

21 (c) The director shall include a list of all ingenuity
22 companies in the State in the department's 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 July 1, 2030.



Report Title:

Limited Liability Companies; Ingenuity Designation

Description:

Allows a limited liability company to be designated as an "ingenuity company" by the Director of Commerce and Consumer Affairs. Requires an ingenuity company to use the right to exclude, conferred by a patent in which the company has an interest, to create job opportunities, uphold fair labor standards, and enhance environmental protections. Effective July 1, 2030. (HB235 HD2)

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