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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 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 the grant of a  
4 patent is the right to exclude others from making,  
5 using, offering for sale, or selling the invention in  
6 the United States or importing the invention into the  
7 United 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 through assignment, license, lien, security agreement,  
5 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) Strengthening labor rights nationally and  
9 internationally; provided that for purposes of this  
10 section, "labor rights" means the four basic rights  
11 set forth in Article 23 of the Universal Declaration  
12 of Human Rights, as adopted and proclaimed by the  
13 General Assembly of the United Nations on December 10,  
14 1948; and

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

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



1        (c) The director shall include a list of all ingenuity  
2        companies in the State in the department's annual report."

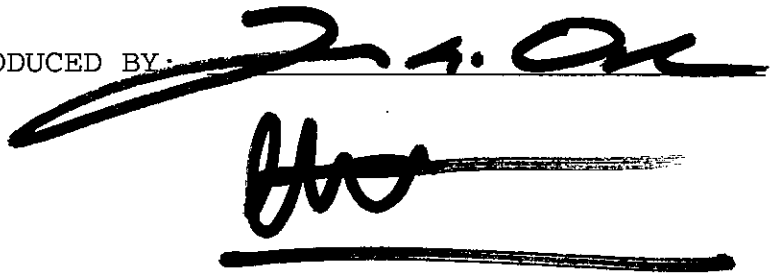
3        SECTION 3. This Act does not affect rights and duties that  
4        matured, penalties that were incurred, and proceedings that were  
5        begun, before its effective date.

6        SECTION 4. New statutory material is underscored.

7        SECTION 5. This Act shall take effect on July 1, 2011.

8

INTRODUCED BY:



JAN 21 2011



**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, strengthen labor, and enhance environmental protections.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

