

NOTE

A Patently Public Concern: Using Public Nuisance Law to Fix the False Patent Marking Statute After the Leahy-Smith America Invents Act

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ABSTRACT

The year 2010 was marked by an explosion of lawsuits from enterprising patent attorneys seeking to take advantage of the now-superseded false patent marking statute, which proscribed marking one's product with a patent number when no patent existed. The statute's qui tam provision allowed anybody to sue on behalf of the federal government to recoup the statutory fine, and the United States Court of Appeals for the Federal Circuit empowered such plaintiffs by increasing incentives to sue. To restore order, Congress passed the Leahy-Smith America Invents Act ("AIA") in September 2011, which replaced the qui tam provision with a compensatory cause of action. The AIA abates exploitation of the false marking statute, but allows recovery only for a narrow class of individuals who directly compete with false marking violators. Moreover, it ignores the public harm inherent in false marking—false marking effectively removes products from the public's possession, and therefore represents an interference with the public right of access to that which should be in the public domain.

To strike an appropriate balance between the need to redress the injury to this public right and the need to curb false marking litigation, this Note proposes that the AIA be amended to explicitly proscribe false marking as a pub-

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lic nuisance and to codify the special injury rule set forth in the Restatement (Second) of Torts, which would limit the cause of action only to those plaintiffs suffering an injury different from that suffered by the rest of the public. Additionally, the statute should be amended to allow plaintiffs who are unable to prove compensatory damages to recover statutory damages so as to maintain the proper balance between incentivizing false marking enforcement and curbing excessive litigation.

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INTRODUCTION

Patent attorney Raymond Stauffer was shopping at Brooks Brothers clothing store in a New Jersey mall when he noticed that the bow ties on display were embroidered with the following phrase: “The Original Adjustolox Tie Regd & Patd U.S. Pat. Off. 279346—2083106—2123620.”¹ This message indicated to Stauffer that “the Adjustolox”—a metal sliding device that allows the wearer to easily adjust the length of a bow tie—was protected by three patents.² However, Stauffer later discovered that each of the patents for this device had expired in the 1950s,³ and Brooks Brothers had been falsely indicating that its bow ties were patented for more than fifty years.

Armed with this knowledge, Stauffer brought suit against Brooks Brothers under the now-superseded federal false patent marking statute (“FPMS”), which imposed criminal liability on those who falsely marked an article with a patent number when no such patent existed.⁴ Stauffer sought \$500 for every bow tie that Brooks Brothers had falsely marked⁵ and took advantage of the FPMS’s *qui tam* provision, which allowed him to sue on behalf of the federal government.⁶ Stauffer’s only alleged injury was that he “found himself questioning his own professional competence, inasmuch as he was sure that Brooks Brothers . . . could not have committed such a brazen [false marking] violation.”⁷

Although in other contexts a court would consider this injury to be insufficient to meet the constitutional requirements for standing, the United States Court of Appeals for the Federal Circuit held otherwise and determined that the FPMS’s *qui tam* provision allowed Stauffer to “stand in the government’s stead.”⁸ Following Stauffer’s victory at the Federal Circuit, he stated to reporters that “[e]very

¹ Complaint and Jury Demand at 7–9, *Stauffer v. Brooks Bros., Inc.*, 615 F. Supp. 2d 248 (S.D.N.Y. 2009) (No. 08-CV-10369 (SHS)).

² *Stauffer*, 615 F. Supp. 2d at 251 n.3, *rev’d*, 619 F.3d 1321 (Fed. Cir. 2010), *superseded by statute*, Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b)(1)–(2), 125 Stat. 284, 329 (2011) (to be codified at 35 U.S.C. § 292(a)–(b)).

³ *Id.* at 251.

⁴ 35 U.S.C. § 292(a) (2006), *amended by* AIA § 16(b)(1), 125 Stat. at 329.

⁵ Complaint and Jury Demand, *supra* note 1, at 39–40.

⁶ 35 U.S.C. § 292(b), *amended by* AIA § 16(b)(2), 125 Stat. at 329.

⁷ *Stauffer*, 615 F. Supp. 2d at 255 n.7 (omission in original) (internal quotation marks omitted).

⁸ *Stauffer v. Brooks Bros., Inc.*, 619 F.3d 1321, 1326 (Fed. Cir. 2010), *superseded by statute*, AIA § 16(b)(1)–(2), 125 Stat. at 329.

plaintiff who brings one of these cases is a private attorney general who is doing a service to the United States, and I'm doing the same."⁹

Stauffer's lawsuit was not an isolated one; it was part of a remarkable, albeit short-lived, phenomenon. In 2010, false marking litigation made headlines as the "Latest Boom in Lawsuits,"¹⁰ and plaintiffs, seeking to get rich quick, were suing "for fun and profit."¹¹ More than 750 false marking actions were brought in 2010 alone,¹² which accounted for more than twenty percent of all patent actions filed that year¹³—a significant increase from the mere twenty-two false marking suits filed between 2000 and 2008.¹⁴ These suits implicated a wide breadth of technology, from Frisbees¹⁵ and mascara¹⁶ to automated telephone technology used by banks.¹⁷ In fact, many well-known companies were defendants in false marking suits. Citigroup, Facebook, Johnson & Johnson, and Pfizer were among the many companies that were alleged to have marked their products with incorrect or expired patent numbers,¹⁸ and if found guilty, these companies would have been subject to millions of dollars in fines under the statute.¹⁹ Pfizer, for example, faced at least three lawsuits for allegedly marking millions of pharmaceutical bottles and packaging with expired patent

⁹ Dionne Searcey, *New Breed of Patent Claim Bedevils Product Makers*, WALL ST. J., Sept. 1, 2010, at A1 (internal quotation marks omitted).

¹⁰ Ashby Jones, *False Marking Mania: The Latest Boom in Lawsuits*, WALL ST. J. L. BLOG (Apr. 5, 2010, 6:31 PM), <http://blogs.wsj.com/law/2010/04/05/false-marking-mania-the-latest-boom-in-lawsuits/>; see also *Watch Out for the Patent Marking Trolls*, MAYER BROWN (Mar. 1 2010), <http://www.mayerbrown.com/publications/article.asp?id=8634&nid=6> (describing 2010 as "the year of the false patent marking suit" (internal quotation marks omitted)).

¹¹ Trevor K. Copeland & Laura A. Lydigsen, *Qui-Tam-Osaurus, the Statutory Dinosaur: Evolution or Extinction for the Qui Tam Patent False Marking Statute?*, ENGAGE: J. FEDERALIST SOC'Y PRAC. GROUPS, Nov. 2009, at 86, 86.

¹² Univ. of Hous. Law Ctr., *U.S. Patent Litigation Statistics*, PATSTATS.ORG, <http://patstats.org/Patstats3.html> (last updated Jan. 3, 2012).

¹³ See *id.*

¹⁴ Justin E. Gray, *False Marking Case Information*, GRAY ON CLAIMS, <http://www.grayonclaims.com/false-marking-case-information/> (last updated Dec. 20, 2011).

¹⁵ *United States ex rel. FLFMC, LLC v. Wham-O, Inc.*, No. 10-CV-0435, 2010 WL 3156162, at *3 (W.D. Pa. Aug. 3, 2010), *vacated as moot sub nom. FLFMC, LLC v. Wham-O, Inc.*, 444 F. App'x 447 (Fed. Cir. 2011) (per curiam).

¹⁶ Complaint paras. 10–14, *Luka v. Revlon, Inc.*, No. 1:10-cv-02509 (N.D. Ill. Apr. 22, 2010).

¹⁷ Complaint for False Patent Marking para. 15, *Main Hastings LLC v. JPMorgan Chase & Co.*, No. 2:11-cv-00022 (E.D. Tex. Jan. 20, 2011).

¹⁸ Gray, *supra* note 14.

¹⁹ One district court recently fined a company \$1.8 million for falsely advertising that its tuna was processed according to a patent. See *King Tuna, Inc. v. Anova Food, Inc.*, No. CV07-07451 ODW (AJWx), 2011 WL 839378, at *7 (C.D. Cal. Feb. 24, 2011).

numbers.²⁰ Together, these suits implicated sixteen of Pfizer's products and twenty-two patents,²¹ some of which expired as long ago as 1975.²² Each one of the three plaintiffs in these cases sought \$500 for every bottle of medication that was ever falsely marked.²³

Many of these suits involved plaintiffs who did not own patents and who pursued false marking claims for personal wealth.²⁴ One plaintiff described itself as a company existing primarily to "enforc[e] the false marking statute"²⁵ and another company specializing in false marking litigation brought fifty-eight suits against eighty-seven defendants in the latter half of 2010.²⁶ These private entities often filed suits for the sole purpose of inducing settlements without considering the burden such conduct placed on the judicial system.²⁷

It was the widespread abuse of the FPMS that ultimately led to its demise. The Leahy-Smith America Invents Act ("AIA")²⁸ was recently passed by Congress, and, although it preserves the cause of action against false marking, it replaced the qui tam provision with a compensatory private cause of action that applies to all pending false marking lawsuits.²⁹ The AIA abates the exploitation that had grown

²⁰ See Complaint for False Patent Marking, *Simonian v. Pfizer, Inc.*, No. 10 C 1193, 2011 WL 2110005 (N.D. Ill. May 23, 2011); Complaint for False Patent Marking, *Main Hastings LLC v. Pfizer, Inc.*, No. 2:10-cv-00599-DF (E.D. Tex. Dec. 29, 2010) [hereinafter *Main Hastings/Pfizer Complaint*]; Complaint and Demand for Jury Trial, *S.F. Tech. Inc. v. Pfizer Inc.*, No. CV10-05597 MEJ (N.D. Cal. Dec. 9, 2010).

²¹ See court documents cited *supra* note 20.

²² *Main Hastings/Pfizer Complaint*, *supra* note 20, para. 65.

²³ See court documents cited *supra* note 20.

²⁴ See Donald W. Rupert, *Trolling for Dollars: A New Threat to Patent Owners*, INTELL. PROP. & TECH. L.J., Mar. 2009, at 1, 3. In fact, one law firm provided instructions on how to successfully bring a false marking suit, and encouraged members of the public to become "patent police." See *Expired Patent Could Make Manufacturer Liable for Big Fines (Attorneys False Marking Claims)*, SANDERS L. FIRM PLLC (Mar. 9, 2011, 4:56 PM), <http://www.kirksanderslaw.com/blog/expired-patent-could-make-manufacturer-liable-big-fines-attorney>.

²⁵ Complaint and Jury Demand at 3, *Unique Prod. Solutions, Ltd. v. Otis Prods., Inc.*, No. 5:10CV01471, 2010 WL 5296932 (N.D. Ohio Sept. 22, 2010).

²⁶ David Bario, *Who's Behind the False Marking Litigation Craze? One of the Most Prolific Plaintiffs Firms has a Surprising Pedigree*, AM. L. LITIG. DAILY (Nov. 24, 2010), <http://www.law.com/jsp/tal/digestTAL.jsp?id=1202475362056>.

²⁷ Christopher G. Granaghan, Note, *Off the Mark: Fixing the False Marking Statute*, 89 TEX. L. REV. 477, 490 (2010).

²⁸ Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011) (to be codified in scattered sections of 35 U.S.C.).

²⁹ See *id.* § 16(b)(2), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(b)); see also *infra* notes 121–25 and accompanying text (discussing the retroactive nature of the AIA). But because the AIA does not preempt state law claims for false advertising and unfair competition, false marking complaints may be amended to support other causes of action even though false marking claims may no longer be viable. See *Sukumar v. Nautilus, Inc.*, No. 7:11-cv-00218, 2011

rampant under the FPMS, but unfortunately, it allows recovery only for a narrow class of individuals who directly compete with false marking violators. Moreover, it ignores the public harm inherent in false marking—a harm that has received little attention in the literature. Falsely marked products indicate to the world that they are patented, and therefore lead consumers to shy away from using them for fear of infringing. These products, however, should be in the public domain so as to be freely used by the public at large. False marking effectively removes these products from the public's possession, and therefore represents an interference with the public right of access to that which should be in the public domain.

But in trying to curtail excessive litigation under the FPMS, Congress has ignored this public injury; the AIA creates a private cause of action that focuses on particularized injuries to competitors only.³⁰ The FPMS, despite its deficiencies, acknowledged and redressed this public harm by employing members of the public to police false marking violations. Nevertheless, the FPMS was not workable because it led to vexatious lawsuits.

To strike an appropriate balance between the need to redress the injury to this public right and the need to curb false marking litigation, this Note proposes that the AIA be amended to adopt a system of false marking enforcement that employs the principles from another private enforcement mechanism: the public nuisance cause of action. Public nuisance is defined as “an unreasonable interference with a right common to the general public,”³¹ and has evolved over the years so that it is no longer strictly limited to interferences with the use and enjoyment of real property.³² The doctrine is well suited for application in the false patent marking context because false marking is, at a fundamental level, an interference with the public's right to use inventions that should be in the public domain, and public nuisance is specifically designed to redress injuries to public rights.

Unlike the *qui tam* provision in the FPMS, however, the public nuisance doctrine limits standing to those individuals who have suffered an injury that is unique from that suffered by the public at

WL 6325854, at *2, *11 (W.D. Va. Dec. 19, 2011). This irony led Professor Rebecca Tushnet to refer to false marking as “the gift that keeps on giving.” *False Marking Repled as Consumer Protection Claim*, REBECCA TUSHNET’S 43(B)LOG (Dec. 21, 2011), <http://tushnet.blogspot.com/2011/12/false-marking-repled-as-consumer.html>.

³⁰ See AIA § 16(b)(2), 125 Stat. at 329.

³¹ RESTATEMENT (SECOND) OF TORTS § 821B(1) (1979).

³² See *infra* notes 153–56 and accompanying text.

large.³³ Applying the public nuisance doctrine to false marking enforcement would therefore curb frivolous litigation by restricting standing to only those individuals who were significantly harmed. Yet, unlike the AIA, which is limited to redressing injuries to competitors, a public nuisance cause of action adequately addresses the public harm inherent in false marking by allowing a larger subset of the public to sue. Thus, on the spectrum of accessibility to the public, the public nuisance cause of action proposed here lies between the abuse-prone FPMS and the overly restrictive AIA.

Specifically, this Note proposes that the AIA be amended to explicitly proscribe false marking as a public nuisance and to codify the special injury rule set forth in the *Restatement (Second) of Torts*.³⁴ Additionally, the statute should be amended to allow plaintiffs who are unable to adequately prove compensatory damages to recover statutory damages so as to maintain the proper balance between incentivizing false marking enforcement and curbing excessive litigation.

Part I of this Note describes the public nature of the harm caused by false marking and discusses the changing landscape of false marking jurisprudence and the impetus for congressional action. Part II describes how the AIA addressed the false marking problem, and discusses why it is not an appropriate solution. Finally, Part III introduces a false marking public nuisance cause of action and describes why this proposal strikes the appropriate balance between the now-superseded FPMS and the overly restrictive AIA. This Part also demonstrates how the public nuisance action would work under the facts of the bow tie case discussed above, and shows that this solution yields fair and reasonable results.

I. FALSE MARKING JURISPRUDENCE

False marking law is inextricably linked to the Patent Act's (lawful) marking statute. Section 287 of the Patent Act encourages patent owners to mark their products with the applicable patent number(s) by offering them the prospect of recovering damages that accrued before a lawsuit is filed.³⁵ Patentees may not recover damages in infringement actions unless and until the alleged infringer is placed on notice,³⁶ and marking one's patented article is sufficient to place *all*

³³ RESTATEMENT (SECOND) OF TORTS § 821C(1).

³⁴ *See id.* § 827.

³⁵ *See* 35 U.S.C. § 287(a) (2006), amended by AIA § 16(a)(1), 125 Stat. at 328.

³⁶ *Id.*

potential infringers on *constructive* notice.³⁷ It is therefore common to describe the practice of marking one's patented article as analogous to erecting a "no trespass" sign that warns potential infringers to stay away.³⁸ All inventions that are not patented lie in the public domain, which is generally regarded as that in which everyone is accorded equal ownership rights.³⁹ Indeed, the term "public domain" encompasses the "'public right[]' of unrestricted access to and use of the material" therein.⁴⁰ An important purpose of marking is to help the public identify whether an article is patented,⁴¹ and therefore whether it may be used freely by the public.

Insofar as section 287 incentivizes patent marking, the FPMS—section 292 of the Patent Act—established criminal liability for marking improperly.⁴² Specifically, the statute imposed up to a maximum \$500 fine on anyone who marked an unpatented article with "the word 'patent' or any word or number importing that [the article] is patented for the purpose of deceiving the public."⁴³ Because the FPMS was criminal in nature,⁴⁴ the intent requirement was particu-

³⁷ *Id.*

³⁸ See, e.g., *Pequignot v. Solo Cup Co.*, 540 F. Supp. 2d 649, 654 (E.D. Va. 2008); see also Marla Grossman & Adam Lerner, *Out of Balance: The False Patent Marking Landscape Post-Bon Tool and Solo Cup*, ISSUE BRIEF (Inst. for Policy Innovation, Lewisville, Tex.), Aug. 2, 2010, at 1, 3.

³⁹ See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964) ("An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so.").

⁴⁰ Edward Lee, *The Public's Domain: The Evolution of Legal Restraints on the Government's Power to Control Public Access Through Secrecy or Intellectual Property*, 55 HASTINGS L.J. 91, 118 (2003).

⁴¹ *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1443 (Fed. Cir. 1998).

⁴² See 35 U.S.C. § 292(a), amended by Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b)(1), 125 Stat. 284, 329 (2011).

⁴³ *Id.* The statute was also triggered when an individual used the marking from another's patented article without the patentee's consent or indicated that a patent was pending when, in fact, no patent application had been filed. See *id.*

⁴⁴ The FPMS was something of a relic in modern law because it was a criminal provision that imposed a civil fine, and was only one of two criminal statutes affecting patent law. See *id.*; see also 18 U.S.C. § 497 (2006) (proscribing forgery, counterfeiting, and the false alteration of letters patent). Indeed, courts acknowledged that the statute was "unlike any statute in the Federal Code." *Unique Prod. Solutions, Ltd. v. Hy-Grade Valve, Inc.*, 765 F. Supp. 2d 997, 1005 (N.D. Ohio), vacated, reconsideration granted, *aff'd*, No. 5:10-CV-1912, 2011 WL 924341 (N.D. Ohio Mar. 14, 2011). This led some courts to designate the false marking statute as "quasi-criminal." See, e.g., *Luka v. Procter & Gamble Co.*, 785 F. Supp. 2d 712, 721 (N.D. Ill. 2011) ("[T]he fact that section 292 is a criminal statute does not make a *qui tam* suit under section 292(b) 'a criminal action.'").

larly high.⁴⁵ The Federal Circuit stated that deceptive intent may be inferred if the defendant has knowledge that the patent marking is false and that others would be misled into thinking that the product was patented.⁴⁶ But although the FPMS required plaintiffs to show deceptive intent, the statute did not require a showing of actual harm.⁴⁷ To fully grasp false marking jurisprudence, however, it is crucial to understand what kind of harm flows from false marking.

A. *Why Is False Marking Harmful and Who Does It Harm?*

False marking is generally believed to harm (1) the public at large by effectively taking out of the public domain that to which the public is entitled, and (2) individual consumers and competitors whose market decisions are informed by the false marking. Despite the fact that the FPMS was originally enacted primarily to redress the first category of harm,⁴⁸ the AIA only redresses the latter category, and ignores the public harm inherent in false marking—a substantial harm that implicates the very constitutional purpose of patent law.

1. *The Public at Large*

The Federal Constitution authorizes Congress to secure “for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries” in order to “promote the Progress of [the] useful Arts.”⁴⁹ The drafters of the Constitution understood that limited monopolies were necessary evils to achieve the end goal of inducing innovation.⁵⁰ Thus, the patent system is designed not only to reward the individual inventor for his toil and ingenuity,⁵¹ but to “maximize the welfare of *society*

⁴⁵ *Pequignot v. Solo Cup Co.*, 608 F.3d 1356, 1363 (Fed. Cir. 2010), *superseded by statute*, AIA § 16(b)(3), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(c)).

⁴⁶ *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352 (Fed. Cir. 2005). A plaintiff may rebut this presumption by “prov[ing] that it did not consciously desire the result that the public be deceived.” *Solo Cup*, 608 F.3d at 1363.

⁴⁷ *See* 35 U.S.C. § 292(a).

⁴⁸ *See* *Oliphant v. Salem Flouring Mills Co.*, 18 F. Cas. 647, 647 (D. Or. 1878) (No. 10,486) (“[I]t is . . . manifest that the [false marking statute] is intended to protect the public against fraudulent use of the word patent.”); *see also* *Nichols v. Newell*, 18 F. Cas. 199, 199 (C.C.D. Mass. 1853) (No. 10,245) (noting that the purpose of the statute is “[t]o guard the public right to use such articles as have not been patented”).

⁴⁹ U.S. CONST. art. I, § 8, cl. 8.

⁵⁰ SIVA VAIDHYANATHAN, *COPYRIGHTS AND COPYWRONGS: THE RISE OF INTELLECTUAL PROPERTY AND HOW IT THREATENS CREATIVITY* 23–24 (2001) (discussing Thomas Jefferson’s view of copyright, which stems from the same constitutional provision as patent law, as a monopoly).

⁵¹ JANICE M. MUELLER, *AN INTRODUCTION TO PATENT LAW* 26–27 (2d ed. 2006) (ques-

as a whole.”⁵² Patent law grants patentees limited exclusive rights over their inventions, but it only does so in exchange for complete disclosure so that the public may learn how to make and use the invention once the patent expires.⁵³ Although the inventor benefits for a brief period, the primary beneficiary of the patent system is the public.

False marking defeats the goal of patent law because it deprives society of new technology by discouraging inventors and researchers from creating similar inventions for fear of infringing.⁵⁴ Even if companies are not deterred from entering the market, they may unnecessarily waste resources trying to find ways to design around the falsely marked article.⁵⁵ Companies, regardless of their sophistication, are

tioning Lockean “labor theory” as a rationale for patent rights procurement because it fails to “balanc[e] proprietary rights against enhancement of the public domain”).

⁵² CRAIG ALLEN NARD ET AL., *THE LAW OF INTELLECTUAL PROPERTY* 329 (2006) (emphasis added) (discussing the utilitarian theory of intellectual property law); see also *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (describing the Constitution’s Patent Clause as the best way to “advance public welfare”); *United States v. Masonite Corp.*, 316 U.S. 265, 278 (1942) (“[T]he promotion of the progress of science and the useful arts is the main object; reward of inventors is secondary and merely a means to that end.” (internal quotation marks omitted)).

⁵³ Nonprovisional utility patents that issue from applications filed on or after June 8, 1995, expire twenty years after the filing date of the application. 35 U.S.C. § 154(a)(2) (2006). Patents that issue from applications filed before that date expire either twenty years after the filing date or seventeen years after the date on which the patent issued, whichever is later. *Id.* § 154(c)(1). However, patent terms may be extended for certain enumerated reasons. See *id.* § 154(b), amended by Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, §§ 3(j), 9(a), 125 Stat. 284, 290, 316 (2011) (providing for adjustment due to administrative delays and delays caused by derivation proceedings, secrecy orders, and appeals); *id.* § 156, amended by AIA § 37(a), 125 Stat. at 341 (providing for extensions due to delays in premarket FDA approval of pharmaceutical drugs and medical devices).

⁵⁴ Bonnie Grant, Note, *Deficiencies and Proposed Recommendations to the False Marking Statute: Controlling Use of the Term ‘Patent Pending,’* 12 J. INTELL. PROP. L. 283, 291 (2004).

In some circumstances, false marking may also conflict with principles embodied by the constitutional requirement that a patentee’s exclusive rights be “secured for limited Times” because an inventor may extend the lifetime of his patent monopoly merely by failing to remove expired patent markings, thereby procuring a de facto monopoly. See Letter from John Conyers, Jr., Judiciary Comm. Chairman (2007–2011), F. James Sensenbrenner, Jr., Judiciary Comm. Chairman (2001–2007), Donald Manzullo, Small Bus. Comm. Chairman (2001–2007) & Marcy Kaptur, Member of Cong., U.S. House of Representatives, to Members of the U.S. House of Representatives (June 13, 2011) [hereinafter Conyers Letter], available at <http://patentdocs.typepad.com/files/conyers-manzullo-sensenbrenner-kaptur-letter.pdf> (acknowledging that the false marking statute prohibits “manufacturers from falsely claiming that a product is or remains patent protected beyond the [20-year monopoly] term”).

⁵⁵ Granaghan, *supra* note 27, at 481 (citing *Forest Grp., Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1303 (Fed. Cir. 2009), superseded by statute, AIA § 16(b)(2), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(b))). To “design around” a patent is to create a product that performs the same function as the patented invention, but that differs in material ways so as not to infringe the patent. See John M. Golden, *Principles for Patent Remedies*, 88 TEX. L. REV. 505, 544 (2010).

oftentimes unwilling or unable to expend the time and resources to determine whether the patent does in fact cover the marked article because this involves interpreting seemingly intractable technical language in the patent disclosure.⁵⁶ Courts therefore acknowledge that these concerns “apply to sophisticated competitors as much as they do to inexperienced or naive ones.”⁵⁷

The net effect of false marking is to stifle innovation,⁵⁸ thereby depriving the public of the benefits of competition.⁵⁹ This hardly advances patent law’s constitutional purpose. Instead, false marking creates a stagnant patent landscape in which others are deterred from pursuing a line of research that may be beneficial to society.⁶⁰ For example, if indeed Pfizer’s falsely marked pharmaceutical products deter another company from using Pfizer’s products to create new, better drugs, then society at large is injured, even if some individual consumers do not use Pfizer’s products.

2. Consumers and Competitors

Some consumers rely on lawful patent marking as an indication of a product’s superior quality.⁶¹ A falsely marked product might very well lead consumers to believe that, because the product is “endorsed” by the United States government, it is somehow better than other unmarked products.⁶² Indeed, anyone who has ever seen an infomercial knows that many companies try to exploit this misperception by using their patent status to sell their product. For example, one recent infomercial for a “revolutionary weight-loss” system claimed that its product is “so effective, it was submitted for a patent.”⁶³ Consumers are frequently inundated with such propaganda,

⁵⁶ See Rupert, *supra* note 24, at 2.

⁵⁷ *Simonian v. Allergan, Inc.*, 757 F. Supp. 2d 785, 789 (N.D. Ill. 2010).

⁵⁸ *Bon Tool*, 590 F.3d at 1302.

⁵⁹ Granaghan, *supra* note 27, at 480.

⁶⁰ Grant, *supra* note 54, at 291–92.

⁶¹ *Id.*

⁶² Although patents are grants of limited exclusionary rights by the United States government, they are not imprimaturs or endorsements by the government. Inventions must be useful, novel, and nonobvious to be patentable, but they need not be innovative or better than existing technology. See 35 U.S.C. § 101 (2006) (utility requirement); *id.* § 102, amended by Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 3(b)(1), 125 Stat. 284, 285–87 (2011) (novelty requirement); *id.* § 103, amended by AIA § 3(c), 125 Stat. at 287 (nonobviousness requirement). Nevertheless, some portion of the public believes otherwise. Elizabeth I. Winston, *The Flawed Nature of the False Marking Statute*, 77 TENN. L. REV. 111, 133 (2009).

⁶³ *SENSA Weight Loss System: “THE Weight Loss Breakthrough of the 21st Century”* 4:40 (IB Studios 2010), available at <http://vimeo.com/groups/12560/videos/11629577>.

and this might affect consumer decisionmaking regarding what products to purchase.⁶⁴

Admittedly, there is a dearth of empirical evidence on this subject,⁶⁵ and although the extent to which a “patented” mark necessarily influences consumers’ purchasing decisions may be exaggerated, there is some psychological research that suggests that certain product attributes—brand name being one—may affect the way consumers perceive product quality.⁶⁶ There are strong indications that a product’s patent status might also constitute such an attribute.⁶⁷ In fact, one of the reasons that some inventors seek patent protection is for the “prestige a patent brings”⁶⁸ and the “aura of importance” it conveys.⁶⁹ To the extent that consumers are indeed misled by false marking, competitors may also be injured.⁷⁰ Competitors might be unable to reap the benefits of their products if consumers, distracted by falsely marked articles, are unaware that other lawfully patented substitutes even exist.⁷¹

B. *Evolution of False Marking*

The FPMS’s *qui tam* provision provided that “[a]ny person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.”⁷² The statute effectively allowed *anybody* to bring a civil suit to recover half the criminal penalty for false marking.⁷³

The *qui tam* provision enjoys a long history in American and English jurisprudence. It was originally enacted in fourteenth-century England to enable individuals to enforce the King’s laws,⁷⁴ but by the

⁶⁴ See Grant, *supra* note 54, at 291.

⁶⁵ See *id.*

⁶⁶ See *id.* at 290 (citing Jerry B. Gotlieb et al., *Consumer Satisfaction and Perceived Quality: Complementary or Divergent Constructs?*, 79 J. APPLIED PSYCHOL. 875, 876 (1994)) (noting that a product’s patent status might constitute an external cue that affects the consumer’s appraisal of a product’s superiority).

⁶⁷ *Id.*

⁶⁸ Stuart J.H. Graham & Ted Sichelman, *Why Do Start-Ups Patent?*, 23 BERKELEY TECH. L.J. 1063, 1083 (2008) (internal quotation marks omitted).

⁶⁹ *Id.*

⁷⁰ See Grant, *supra* note 54, at 291.

⁷¹ See *id.*

⁷² 35 U.S.C. § 292(b) (2006), amended by Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b)(2), 125 Stat. 284, 329 (2011).

⁷³ Unlike other *qui tam* statutes, the false marking statute was silent as to how and when the government could intervene. Government intervention was therefore subject to the Federal Rules of Civil Procedure. See FED. R. CIV. P. 24.

⁷⁴ Craig Deutsch, Note, *Restoring Truth: An Argument to Remove the Qui Tam Provision*

sixteenth century, English officials realized that qui tam statutes had the unintended consequence of spawning an unsavory group of professional bounty hunters. These mercenaries—a class referred to as “viperous vermin”⁷⁵ and “unprincipled pettifoggers”⁷⁶—relentlessly pursued such actions for personal gain.⁷⁷

Notwithstanding this widespread abuse in England, the qui tam provision eventually found its way to the United States.⁷⁸ Until it was amended by the AIA, the FPMS was among only a handful of federal qui tam statutes that survived,⁷⁹ and it had changed little since its enactment in 1842.⁸⁰ Despite Congress’s attempt to incentivize false marking suits by implementing a qui tam provision in the first place, the FPMS was rarely invoked for the first 160 years of its existence.⁸¹ This period of false marking dormancy changed in 2009 and 2010 when the Federal Circuit decided a trilogy of cases that dramatically altered the landscape of false marking law. These cases would spur Congress to amend the FPMS, a reaction that swung the pendulum decisively against false patent marking litigation.

from the *False Marking Statute of the Patent Act*, 11 MINN. J.L. SCI. & TECH. 829, 831 (2010). The phrase “qui tam” itself is derived from the Latin phrase “*qui tam pro domino rege quam pro se ipso in hac parte sequitur*,” meaning, “who as well for the king as for himself sues in this matter.” BLACK’S LAW DICTIONARY 1368 (9th ed. 2009).

⁷⁵ EDUARDO COKE, THE THIRD PART OF THE INSTITUTES OF THE LAWS OF ENGLAND: CONCERNING HIGH TREASON, AND OTHER PLEAS OF THE CROWN. AND CRIMINAL CAUSES. (1797), reprinted in 5B 2nd Series—Historical Writings in Law and Jurisprudence 1, 194 (R.H. Helmholz & Bernard D. Reams, Jr. eds., 1986).

⁷⁶ 2 LEON RADZINOWICZ, A HISTORY OF ENGLISH CRIMINAL LAW AND ITS ADMINISTRATION FROM 1750, at 139 (MacMillan Co. 1957) (1956).

⁷⁷ See CHARLES DOYLE, CONG. RESEARCH SERV., R40785, QUI TAM: THE FALSE CLAIMS ACT AND RELATED FEDERAL STATUTES 2 (2009).

⁷⁸ Deutsch, *supra* note 74, at 832.

⁷⁹ Perhaps the most familiar qui tam statute today is the “whistleblower” provision in the False Claims Act, which allows individuals to sue those who have defrauded the government. See 31 U.S.C. § 3730(b) (2006). Other federal qui tam provisions relate to false marking and advertising of vessel hull designs, 17 U.S.C. § 1326(b) (2006), and Indian protection laws, 25 U.S.C. § 201 (2006). Many states have also enacted qui tam provisions of their own. See Christina Orsini Broderick, Note, *Qui Tam Provisions and the Public Interest: An Empirical Analysis*, 107 COLUM. L. REV. 949, 955–56, 987–88 (2007) (noting that as of 2007, eighteen states and the District of Columbia had enacted qui tam statutes).

⁸⁰ Compare Patent Act of 1842, ch. 263, § 5, 5 Stat. 543, 544, with 35 U.S.C. § 292 (2006), amended by Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b), 125 Stat. 284, 329 (2011).

⁸¹ *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1351–52 (Fed. Cir. 2005) (describing the case as one of first impression in the Federal Circuit).

First, in *Forest Group, Inc. v. Bon Tool Co.*,⁸² the Federal Circuit addressed the issue of damages in false marking suits. Although the statute stated that false marking violators could be fined “not more than \$500 for every such offense,”⁸³ it was unclear what exactly constituted one “offense” of false marking. Rejecting a century of precedent to the contrary,⁸⁴ the Federal Circuit determined that “every such offense” referred to *each article* that is falsely marked.⁸⁵ This decision implied that small fines could result in large awards for qui tam plaintiffs when multiplied by a large number of articles. In coming to this conclusion, the Federal Circuit ignored the appellant’s admonition that such a ruling could “encourage ‘a new cottage industry’ of false marking litigation by plaintiffs who have not suffered any direct harm.”⁸⁶

Just six months later, the Federal Circuit decided *Pequignot v. Solo Cup Co.*,⁸⁷ which involved a false marking suit against a company that had stamped more than 21 billion plastic coffee cup lids with numbers from a patent that had expired in the late 1980s.⁸⁸ The qui tam plaintiff sought the maximum \$500 penalty per lid, which would amount to approximately \$5.4 trillion in damages.⁸⁹ The Federal Circuit affirmed the district court’s decision to grant summary judgment for the defendant company on the basis that the plaintiff did not adequately show deceptive intent.⁹⁰ More important, however, the court suggested that expired patents, previously regarded as outside of the purview of the FPMS, could fall within the ambit of the statute because they constitute “unpatented article[s].”⁹¹ Thus, the court broad-

⁸² *Forest Grp., Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009), *superseded by statute*, AIA § 16(b)(2), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(b)).

⁸³ 35 U.S.C. § 292(b), *amended by* AIA § 16(b)(2), 125 Stat. at 329.

⁸⁴ *London v. Everett H. Dunbar Corp.*, 179 F. 506, 508 (1st Cir. 1910) (“It can hardly have been the intent of Congress that penalties should accumulate as fast as a printing press or stamping machine might operate.”), *superseded by statute*, Patent Act of 1952, Pub. L. No. 82-593, § 292, 66 Stat. 792, 814 (codified at 35 U.S.C. § 292), *as recognized in Bon Tool*, 590 F.3d at 1302–04; *see also* *Hotchkiss v. Samuel Cupples Wooden-Ware Co.*, 53 F. 1018, 1018–21 (E.D. Mo. 1891) (finding that the phrase “for every such offense” should be interpreted to impose a single fine for the false marking of multiple articles), *superseded by statute*, Patent Act of 1952 § 292, 66 Stat. at 814, *as recognized in Bon Tool*, 590 F.3d at 1302–04.

⁸⁵ *Bon Tool*, 590 F.3d at 1301.

⁸⁶ *Id.* at 1303.

⁸⁷ *Pequignot v. Solo Cup Co.*, 608 F.3d 1356 (Fed. Cir. 2010), *superseded by statute*, AIA § 16(b)(3), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(c)).

⁸⁸ *Id.* at 1358–59.

⁸⁹ *Id.* The court pointed out that such an award would be sufficient to pay back forty-two percent of the national debt. *Id.* at 1359 n.1.

⁹⁰ *Id.* at 1365.

⁹¹ *Id.* at 1361.

ened the scope of the FPMS by opening the door to false marking suits involving expired patents.

Lastly, as discussed in the Introduction, the Federal Circuit decided in *Stauffer v. Brooks Brothers, Inc.*⁹² that false marking qui tam plaintiffs, as partial assignees of the federal government, have standing to sue even though they have not suffered an injury.⁹³ With these decisions, the Federal Circuit opened the floodgates to false marking actions; more than 750 false marking suits were filed in 2010 alone.⁹⁴ In one recent opinion, a federal judge expressed his dismay and blamed *Bon Tool* for creating a state of false marking jurisprudence that is similar to “an infestation of dandelions” that “dot the green-sward of patent litigation.”⁹⁵

The increased volume of cases made the problem of assessing damages more pronounced. Although judges were free to impose up to \$500 for every article that is falsely marked, there was little guidance from the Federal Circuit as to how to determine whether a defendant should be fined a nominal amount—i.e., some fraction of a penny—the maximum \$500, or something in between. As a result, there was much disparity among the district courts related to damages for false marking violations.⁹⁶

To be sure, litigation under the FPMS was not completely unfettered. Plaintiffs could prevail on false marking claims only if they could show that the defendant possessed the requisite intent to deceive the public. Additionally, the Federal Circuit determined that the heightened pleading requirements of Federal Rule of Civil Procedure 9(b) applied to false marking claims,⁹⁷ such that bare allegations that the defendant intended to deceive the public were not sufficient.⁹⁸

⁹² *Stauffer v. Brooks Bros., Inc.*, 619 F.3d 1321 (Fed. Cir. 2010), *superseded by statute*, AIA § 16(b)(1)–(2), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(a)–(b)).

⁹³ *Id.* at 1325. For an excellent discussion and critique of the representational standing doctrine, which allows Congress to confer standing upon individuals who have not suffered a cognizable injury through qui tam actions and citizen suits, see Myriam E. Gilles, *Representational Standing: U.S. ex rel. Stevens and the Future of Public Law Litigation*, 89 CALIF. L. REV. 315 (2001).

⁹⁴ See Gray, *supra* note 14.

⁹⁵ *Zojo Solutions, Inc. v. Stanley Works*, 712 F. Supp. 2d 756, 757 (N.D. Ill. 2010) (Shadur, J.).

⁹⁶ Compare *Custom Designs of Nashville, Inc. v. Alsa Corp.*, 727 F. Supp. 2d 719, 725 (M.D. Tenn. 2010) (recommending a fine amounting to 10% of the total revenue that the defendant earned on sales of 1127 falsely marked items), with *Polytree (H.K.) Co. v. Forests Mfg., Ltd.*, No. 1:09-cv-03377-WSD, slip op. at 23 (N.D. Ga. Dec. 20, 2010) (imposing a fine that was over 125% of the retail price of the falsely marked product).

⁹⁷ *In re BP Lubricants USA Inc.*, 637 F.3d 1307, 1309 (Fed. Cir. 2011).

⁹⁸ *Id.* at 1311 (citing *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1954 (2009)).

Instead, a false marking complaint had to “provide some objective indication [for an observer] to reasonably infer that the defendant was aware that” the product was not covered by a patent.⁹⁹

Although there was a decrease in the number of false marking suits filed around the time of the Federal Circuit’s holding,¹⁰⁰ the heightened pleading standard did not quash false marking lawsuits altogether. The intent requirement was not an effective limitation on false marking litigation because many qui tam plaintiffs were patent attorneys who knew how to plead intent so as to survive a Rule 12(b)(6) motion to dismiss and run up legal costs in hopes of forcing a settlement.¹⁰¹ It is true that false marking settlements were relatively low,¹⁰² but only because plaintiffs wanted to settle quickly in order to move on to the next lawsuit.¹⁰³ Many defendants were powerless in settlement negotiations because they found it more economically efficient to “pay the requested ransom” than to bear the expenses associated with discovery and trial.¹⁰⁴ One intellectual property strategist warned businesses that the qui tam plaintiff would “typically [be] a lawyer himself whose representation is effectively free [and who] is not motivated by anything other than money.”¹⁰⁵ It seems that the

⁹⁹ *Id.*

¹⁰⁰ Justin E. Gray, *False Marking—New Case Update*, GRAY ON CLAIMS (Aug. 3, 2011, 11:21 AM), <http://www.grayonclaims.com/home/2011/8/3/false-marking-new-case-update.html> (showing an approximately eighty-nine percent drop in false marking suits filed between February 2011 and April 2011). This decrease might also be partially explained by prospective plaintiffs’ reluctance to file suit given courts’ willingness to grant motions to transfer pursuant to 28 U.S.C. § 1404(a) (2006). In false marking cases, the plaintiff’s choice of forum is not given the considerable weight it typically receives because the qui tam plaintiff contributes very little to the lawsuit compared to plaintiffs in other suits. *S.F. Tech., Inc. v. Glad Prods. Co.*, No. 10-CV-00966 JF (PVT), 2010 WL 2943537, at *8 (N.D. Cal. July 26, 2010).

¹⁰¹ Jackie Hutter, *Business Can’t Hide from False Patent Marking Lawsuits: Here’s How to Predict if You Might Be Sued*, IP ASSET MAXIMIZER BLOG (Nov. 21, 2010), <http://ipassetmaximizerblog.com/?p=1179> (noting that plaintiffs often had the “upper hand” during the early stages of litigation and that defendants could “do nothing other than respond to the legal obligations that result from being named as a defendant in a lawsuit”).

¹⁰² More than 475 cases have settled for a total value of approximately \$21.5 million. Dionne Searcey, *RIP False Marking Cases as We Know Them*, WALL ST J. L. BLOG (Sept. 16, 2011, 4:53 PM), <http://blogs.wsj.com/law/2011/09/16/rip-false-marking-case-as-we-know-them/>. False marking settlements are low compared to settlement values for typical high-stakes patent infringement suits, each of which can settle for hundreds of millions of dollars. *See, e.g.*, Laurie J. Flynn, *Intergraph and Intel Settle Chip Dispute*, N.Y. TIMES, Mar. 31, 2004, at C6 (discussing a patent infringement settlement in the amount of \$225 million).

¹⁰³ *See* Ryan Davis, *False Marking Suits More Bark than Bite, Stats Show*, LAW360 (Feb. 11, 2011, 4:23 PM), <http://www.law360.com/ip/articles/223695>.

¹⁰⁴ Paul J. Hayes, *False Marking Claims Run Amok*, MINTZ LEVIN (Apr. 2010), <http://www.mintz.com/newsletter/2010/Newsletters/0326-0410-NAT-IP/web.html>.

¹⁰⁵ Hutter, *supra* note 101.

false marking statute spawned a new breed of “viperous vermin” and “unprincipled pettifoggers” that were once familiar to England in the sixteenth century.¹⁰⁶

II. LEGISLATIVE ACTION: A MISGUIDED ATTEMPT TO SOLVE THE FALSE MARKING PROBLEM

The Federal Circuit’s trilogy of decisions provoked a flurry of proposals to fix the FPMS,¹⁰⁷ as well as constitutional attacks against its *qui tam* provision.¹⁰⁸ These arguments involved Article III standing, separation of powers principles, and the Appointments Clause.¹⁰⁹

¹⁰⁶ See *supra* notes 74–77 and accompanying text; see also Rupert, *supra* note 24, at 3 (likening the false marking *qui tam* plaintiff to the “patent troll”—an entity that acquires patent rights for the sole purpose of enforcing those rights against other companies to make a profit).

¹⁰⁷ See, e.g., Winston, *supra* note 62, at 148 (proposing that damages be calculated in relation to culpability); Laura N. Arneson, Note, *Defining Unpatented Article: Why Labeling Products with Expired Patent Numbers Should Not be False Marking*, 95 MINN. L. REV. 650, 680 (2010) (arguing that *Solo Cup* should be overruled); Deutsch, *supra* note 74, at 851 (arguing that false marking should be covered by section 43(a) of the Lanham Act); Granaghan, *supra* note 27, at 494 (proposing that the statute be amended to require only the defendant’s lack of reasonable belief that the product is covered by a patent); Grant, *supra* note 54, at 299–304 (proposing that the intent standard be eliminated); Caroline Ayres Teichner, Note, *Markedly Low: An Argument to Raise the Burden of Proof for Patent False Marking*, 86 CHI.-KENT L. REV. 1389, 1412–20 (2011) (arguing that, inter alia, because the false marking statute is quasi-criminal in nature, it requires a heightened burden of proof under the Due Process Clause).

Most of these proposals preserve some aspect of the intent standard that exists in the current false marking statute. But a false marking violator’s intent is of little import to the actual harm that flows from false marking because as long as false marking discourages inventors and researchers from creating similar inventions for fear of infringing, innovation and competition are stifled and society is deprived of new technology, regardless of whether the defendant intended for his actions to have such an effect. Those proposals that suggest eliminating the intent requirement leave the *qui tam* nature of the statute intact. But a *qui tam* provision coupled with no intent requirement would yield even more false marking suits because any individual would be able to sue without any limitation whatsoever.

¹⁰⁸ These attacks reasserted well-established and frequently voiced concerns surrounding *qui tam* provisions in general. See, e.g., James T. Blanch, Note, *The Constitutionality of the False Claims Act’s Qui Tam Provision*, 16 HARV. J.L. & PUB. POL’Y 701, 767 (1993) (arguing that the *qui tam*’s long history cannot save it from constitutional defects); Frank A. Edgar, Jr., Comment, “Missing the Analytical Boat”: *The Unconstitutionality of the Qui Tam Provisions of the False Claims Act*, 27 IDAHO L. REV. 319, 345–46 (1990–1991) (arguing that *qui tam* provisions violate the basic doctrines of standing and separation of powers). But see Richard A. Bales, *A Constitutional Defense of Qui Tam*, 2001 WIS. L. REV. 381, 438 (addressing and rebutting each constitutional attack and noting that the *qui tam* provision enjoys a rich pedigree in American history); Evan Caminker, Comment, *The Constitutionality of Qui Tam Actions*, 99 YALE L.J. 341, 348 (1989) (concluding that authorization of *qui tam* action is a constitutionally “acceptable means by which Congress may shape and secure the interests of the United States”).

¹⁰⁹ DOYLE, *supra* note 77, at 23–32. These constitutional arguments are beyond the scope of this Note. It is merely sufficient to acknowledge that they exist.

The FPMS's constitutional deficiencies¹¹⁰ as well as its demonstrated abuse by the plaintiffs' bar led Congress to intervene. On September 8, 2011, Congress passed the AIA, which contains a section that replaced the *qui tam* provision with a compensatory cause of action.¹¹¹ The new law amended section 292 of the Patent Act to allow individuals who have "suffered a competitive injury as a result of a [false marking] violation" to sue for "damages adequate to compensate for the injury."¹¹² The law therefore overruled *Bon Tool's* per-article damages assessment. It did not, however, amend other portions of the FPMS—a plaintiff must still show that the defendant acted with the requisite deceptive intent, and therefore the Federal Circuit's heightened pleading requirements still apply.¹¹³

There are three fundamental problems with the AIA. First, the AIA does not define what constitutes a "competitive injury" in the false marking context.¹¹⁴ On its face, the law seems to apply to those plaintiffs who directly compete with the false marking violator and who sell similar products in the same market.¹¹⁵ If this interpretation is correct, however, the AIA becomes superfluous in light of existing

¹¹⁰ Even judges sitting on the same court were unable to agree on whether the false marking statute was constitutional. Compare *Hollander v. Ranbaxy Labs. Inc.*, No. 10-793, 2011 WL 2787151, at *9 (E.D. Pa. July 18, 2011) (Baylson, J.) ("[I]t is not necessary . . . for a federal district court to upset and declare unconstitutional such a long-existing and well-working mechanism that Congress has approved and has not changed."), with *Rogers v. Tristar Prods., Inc.*, 793 F. Supp. 2d 711, 726 (E.D. Pa.) (Robreno, J.) (holding the statute unconstitutional), *vacated as moot*, Nos. 2011-1494, 2011-1495, 2011 WL 5569438 (Fed. Cir. Nov. 16, 2011).

¹¹¹ Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b)(2), 125 Stat. 284, 329 (2011) (to be codified at 35 U.S.C. § 292(b)). The AIA is comprehensive overhaul legislation that impacts many other aspects of patent law having little to do with false marking. It is quite controversial and represents the first significant change to the patent system since 1952. David Goldman & Alan Silverleib, *Obama Signs Patent Reform Bill*, CNNPOLITICS (Sept. 16, 2011, 12:02 PM), <http://www.cnn.com/2011/POLITICS/09/16/obama.patent.reform/>. In signing the bill into law, President Barack Obama noted that the reform was only one component of a larger agenda for spurring innovation, creating jobs, and stimulating the economy. See *id.*

¹¹² AIA § 16(b)(2), 125 Stat. at 329. The AIA still allows the United States government to sue to collect punitive damages, *id.* § 16(b)(1), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(a)), but it effectively overrules *Solo Cup* in that it exempts owners of expired patents from liability for false marking under certain circumstances, *id.* § 16(b)(3), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(c)).

Interestingly, the statute also allows patent holders to engage in "virtual marking" by marking the patented article with an Internet address that "associates the patented article with the number of the patent." *Id.* § 16(a), 125 Stat. at 328–29 (to be codified at 35 U.S.C. § 287(a)).

¹¹³ See *supra* notes 97–99 and accompanying text.

¹¹⁴ See AIA § 2, 125 Stat. at 284–85 (definition section); *id.* § 16(b)(2), 125 Stat. at 329 (to be codified at 35 U.S.C. § 292(b)).

¹¹⁵ See *id.* § 16(b)(2), 125 Stat. at 329.

unfair competition law. Section 43(a) of the Lanham Act¹¹⁶ already provides a cause of action for false advertising to competitors who have suffered a competitive injury.¹¹⁷ One of the most significant obstacles for plaintiffs who wished to recover under both the Lanham Act and the FPMS was the competitive injury requirement present in the former but not in the latter.¹¹⁸ The new law, however, imposes a similar competitive injury requirement on false marking plaintiffs so that the two statutes have become virtually indistinguishable.¹¹⁹ Moreover, the law is underinclusive because it fails to account for plaintiffs who, although not in direct competition with the defendant, are either deterred by the false marking from pursuing research in their own industry, or are deterred from entering the market in the first place.¹²⁰ These plaintiffs will have suffered an injury that likely would not be redressed by the new law.

Second, the new law acts retroactively so as to affect all *qui tam* suits currently pending.¹²¹ This could present a problem under the Takings and Due Process Clauses of the Fifth Amendment insofar as it deprives plaintiffs of claims that have already accrued without providing just compensation.¹²² Unlike other retroactive statutes, the retroactive nature of this amendment is not limited in time because it would affect plaintiffs whose claims have been pending for more than three years.¹²³ Although at least two courts have rejected this constitutional attack on the AIA,¹²⁴ it is doubtful that these courts' decisions

¹¹⁶ Lanham Act § 43(a), 15 U.S.C. § 1125(a) (2006).

¹¹⁷ *See id.*

¹¹⁸ Thomas M. Williams, *False Patent Marking Claims Under the Lanham Act*, 79 Pat. Trademark & Copyright J. (BNA) No. 1958, at 607, 607–08 (Mar. 19, 2010).

¹¹⁹ *Id.* at 607 n.1.

¹²⁰ Granaghan, *supra* note 27, at 496.

¹²¹ Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b)(4), 125 Stat. 284, 329 (2011) (to be codified at 35 U.S.C. § 292) (“The amendments made by this subsection shall apply to all cases, without exception, that are *pending on*, or commenced on or after, the date of the enactment of this Act.” (emphasis added)).

¹²² *See* Mike Wagner, Note, *Warrantless Wiretapping, Retroactive Immunity, and the Fifth Amendment*, 78 GEO. WASH. L. REV. 204, 205–06 (2009) (explaining that accrued claims are protected by the Fifth Amendment).

¹²³ *See* Gray, *supra* note 14.

¹²⁴ *See* Brooks v. Dunlop Mfg. Inc., No. C 10-04341 CRB, 2011 WL 6140912, at *5 (N.D. Cal. Dec. 9, 2011) (“Congress, by eliminating the *qui tam* provision in § 292, rationally furthered a legitimate legislative purpose by comprehensively reducing the costs and inefficiencies associated with the ‘cottage industry’ of false marking litigation that developed after the Federal Circuit’s decision in [*Bon Tool*].”); *Seirus Innovative Accessories, Inc. v. Cabela’s Inc.*, No. 09-CV-102 H (WMC), slip op. at 3 (S.D. Cal. Oct. 19, 2011) (finding that the AIA does not violate the Due Process Clause because “Congress’ [sic] intent that the AIA apply retroactively is clear on [its] face,” and “Congress enacted the AIA for a legitimate purpose,” and that the AIA does not

sounded the death knell for similar arguments. At the very least, the AIA's retroactive provision is unfair to those plaintiffs who have filed suit *before* the Federal Circuit's most recent false marking decisions given the reasonableness of relying on a statute that is 170 years old.¹²⁵

Third, the AIA will likely cause false marking litigation to revert back to its dormant pre-2009 state.¹²⁶ Congress recognized that the Federal Circuit's recent false marking jurisprudence created problems, but in trying to mitigate the effects of these decisions, the AIA has swung the pendulum too far in the opposite direction. The consequence of the AIA will be similar to the effect of the 1943 amendment to the False Claims Act ("FCA"),¹²⁷ which reduced the award that a plaintiff could recover under the statute.¹²⁸ That amendment had a disastrous effect on fraud enforcement and undercut the provision's original purpose until the statute was amended again in 1986 to reincentivize *qui tam* litigation.¹²⁹ The AIA could do the same to false marking enforcement.

Thus, although Congress responded to the widespread abuse of the FPMS and its constitutional deficiencies by repealing the *qui tam* provision, it focused only on narrow injuries to competitors and ignored the public's right to access that which should be in the public domain. Indeed, the AIA provides a cause of action that is virtually identical to the Lanham Act while retroactively depriving plaintiffs of claims that have already accrued. At worst this could be an unconstitutional taking, and at best it is unfair given the public's reliance on a well-established statute. Finally, the AIA will likely undercut the efficacy of false marking enforcement.

III. A BETTER PROPOSAL: FALSE MARKING PUBLIC NUISANCE

Congress should ensure that the public right to freely access the public domain is unencumbered by false marking distractions. The AIA, however, focuses exclusively on the private competitive harm caused by false marking without acknowledging the harm inflicted on the public. The appropriate solution to the false marking problem must restrict accessibility to the cause of action, so as to curb excessive

violate the Takings Clause because "[t]here is no showing of a public use associated with" a *qui tam* plaintiff's false marking claim).

¹²⁵ See Conyers Letter, *supra* note 54 (arguing that the bill would provide a "safe harbor for expiring patents" so as to "ensur[e] that almost all pending litigation will be eliminated").

¹²⁶ See *supra* notes 78–81 and accompanying text.

¹²⁷ 31 U.S.C. § 3730(b) (2006); see also *supra* note 79.

¹²⁸ Bales, *supra* note 108, at 389–90.

¹²⁹ *Id.*

litigation, while still redressing the injury to the public right that is inherent in false marking.

Applying the public nuisance doctrine to false marking would achieve both of these goals. Public nuisance is designed to redress injuries to public rights, but unlike the AIA, it does not artificially limit the class of plaintiffs that may bring suit. That is not to say that the public nuisance doctrine is completely unrestrained; its “special injury” requirement restricts access to the cause of action so as to limit excessive litigation. The following Sections describe why public nuisance principles should be imported into patent law and how these principles appropriately solve the false marking enforcement problem.

A. Justification for Importing Public Nuisance into False Marking Jurisprudence

Public nuisance traditionally encompassed conditions that affected real property or that were dangerous to health or offensive to community moral standards.¹³⁰ A classic example of public nuisance is pollution created from an actor’s otherwise lawful conduct.¹³¹ The rationale embodied by this example is that noxious fumes created as a byproduct of an actor’s conduct can interfere with adjacent landowners’ right to use and enjoy their land. Another example of a public nuisance is the obstruction of a public road.¹³² Naturally, public roads are maintained for the benefit of the public at large, and any interference with the public’s right to use these roads is sufficient to trigger the public nuisance cause of action.¹³³

1. Real Property and Tort Analogies in Patent Law

Patent mismarking certainly does not fall within the scope of conduct traditionally proscribed by public nuisance. However, because the patent system is one based on the principles of tort and property law, property law analogies are commonly invoked to describe patent law provisions, and more generally, intellectual property concepts.¹³⁴

¹³⁰ See Victor E. Schwartz & Phil Goldberg, *The Law of Public Nuisance: Maintaining Rational Boundaries on a Rational Tort*, 45 WASHBURN L.J. 541, 545 (2006).

¹³¹ See generally *Spur Indus., Inc. v. Del. E. Webb Dev. Co.*, 494 P.2d 700 (Ariz. 1972) (cattle feed near developing community); *Pendoley v. Ferreira*, 187 N.E.2d 142 (Mass. 1963) (stench from piggery); *Mountrail Cnty. v. Hoffman*, 607 N.W.2d 901 (N.D. 2000) (maintenance of automobile junkyard).

¹³² See generally *Ayers v. Stidham*, 71 So. 2d 95 (Ala. 1954) (public road obstructed by defendant’s fence); *City of Manchester v. Anton*, 213 A.2d 919 (N.H. 1965) (brick wall obstructing highway).

¹³³ See *supra* note 132.

¹³⁴ See Megan L. Bibb, Note, *Applying Old Theories to New Problems: How Adverse Pos-*

For example, patent claims—the language of a patent’s disclosure that defines the patented invention—are commonly analogized to a deed to real property.¹³⁵ Just as “the property description in the deed sets forth the metes and bounds of the plot,”¹³⁶ the patent claims “act[] as a verbal fence around the patentee’s intangible property.”¹³⁷ Under this interpretation of patent claims, patent infringement is generally considered a form of trespass.¹³⁸ Moreover, patent ownership is largely based on real property principles, as joint inventors each own an undivided interest in the patent regardless of the scope of their contribution.¹³⁹ Lastly, the Supreme Court has intimated that, as a form of property, patents may be protected by the Due Process Clause.¹⁴⁰

Although there are general differences between real property and intellectual property,¹⁴¹ patent law is amenable to the goals of public nuisance because patent law protects public welfare in the context of new ideas and inventions. The statutory framework of patent law operates to benefit the public, sometimes at the expense of the prospective patentee. For example, an inventor may lose her right to a patent if she injects the invention into the public domain more than one year before filing a patent application, even if she was the first to invent.¹⁴² The rationale embodied by this rule is that the patent sys-

session Can Help Solve the Orphan Works Crisis, 12 VAND. J. ENT. & TECH. L. 149, 176 (2009) (adverse possession for orphan copyrights); Amie N. Broder, Note, *Comparing Apples to APPLs: Importing the Doctrine of Adverse Possession in Real Property to Patent Law*, 2 N.Y.U. J.L. & LIBERTY 557, 578 (2007) (adverse possession in patent law). See generally Michael A. Carrier, *Cabining Intellectual Property Through a Property Paradigm*, 54 DUKE L.J. 1 (2004) (proposing real property limitations on intellectual property law).

¹³⁵ See *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510 (1917).

¹³⁶ MUELLER, *supra* note 51, at 54.

¹³⁷ *Id.* at 55.

¹³⁸ *King Instruments Corp. v. Perego*, 65 F.3d 941, 947 (Fed. Cir. 1995) (“An act of infringement . . . trespasses on [the patentee’s] right to exclude.”); *Thomson-Houston Elec. Co. v. Ohio Brass Co.*, 80 F. 712, 721 (6th Cir. 1897) (“An infringement of a patent is a tort analogous to trespass.”).

¹³⁹ *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1466 (Fed. Cir. 1998).

¹⁴⁰ *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 642–43 (1999) (“Patents . . . have long been considered a species of property [and are therefore] surely included within the ‘property’ of which no person may be deprived by a State without due process of law.” (citations omitted)).

¹⁴¹ Bibb, *supra* note 134, at 165–66 (noting that real property law and intellectual property law differ with respect to purpose, depletion, and duration).

¹⁴² 35 U.S.C. § 102(b) (2006), amended by Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 3(b)(1), 125 Stat. 284, 285–87 (2011). Although the AIA makes it more difficult for an inventor to lose his patent rights, the rationale embodied by § 102(b) is still prevalent in the new legislation. See AIA § 3(b)(1), 125 Stat. at 286 (to be codified at 35 U.S.C. § 102) (providing that an inventor may lose his right to a patent if “the claimed invention was patented,

tem should never take away that which the public has justifiably come to believe is in its possession.¹⁴³

Falsely marked products are, by statutory definition, unpatented, and therefore should lie in the public domain.¹⁴⁴ False marking, however, causes consumers and competitors to shy away from exercising their right to use these products.¹⁴⁵ Therefore, like public nuisance, false marking represents an interference with a public right. In fact, at least one scholar has explicitly expounded upon this analogy between nuisance law and patent law, explaining that just as “nuisance law draws a boundary between neighbors’ uses of their respective property to ensure each can enjoy his own[,] . . . the claims of a patent and the scope of enforcement rights draw a boundary between the inventor’s property and the public domain.”¹⁴⁶ Indeed, this analogy counsels in favor of applying public nuisance to false marking jurisprudence.

2. *Judicial Expansion of Public Nuisance*

Although a public nuisance cause of action in the false patent marking context would require courts to expand the scope of the public nuisance doctrine, such an expansion is not unprecedented. For example, in *Page County Appliance Center, Inc. v. Honeywell, Inc.*,¹⁴⁷ the Supreme Court of Iowa determined that electromagnetic radiation could qualify as a nuisance to an appliance store in the vicinity.¹⁴⁸ The radiation emitted from the defendant’s computer interfered with the normal operation of the plaintiff’s display televisions in its electronics store next door.¹⁴⁹ As a result, the televisions did not function properly and the plaintiff saw a large decrease in sales.¹⁵⁰ Although the

described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention”); *see also id.* (providing an exception to that rule only for disclosures made to the public up to one year before the effective filing date of the patent application).

¹⁴³ MUELLER, *supra* note 51, at 136.

¹⁴⁴ *See supra* notes 39–41 and accompanying text.

¹⁴⁵ *See supra* note 54 and accompanying text.

¹⁴⁶ Joshua P. Larsen, *Liability for Divided Performance of Process Claims After BMC Resources, Inc. v. Paymentech, L.P.*, 19 DEPAUL J. ART TECH. & INTELL. PROP. L. 41, 69 (2008) (proposing combined nuisance cause of action for joint infringement of patent process claims).

¹⁴⁷ *Page Cnty. Appliance Ctr., Inc. v. Honeywell, Inc.*, 347 N.W.2d 171 (Iowa 1984).

¹⁴⁸ *Id.* at 176. This was a private nuisance case, but the court addressed factors common to both private and public nuisance.

¹⁴⁹ *Id.* at 174.

¹⁵⁰ *Id.* at 178.

court ultimately granted a new trial on other bases,¹⁵¹ it recognized that even unconventional injuries could trigger nuisance liability.¹⁵²

Many modern courts have embraced this expansive application of public nuisance, recognizing that the tort focuses on the consequences of an actor's conduct and not the specific type of conduct involved.¹⁵³ Therefore, a public nuisance need not involve interference with the use and enjoyment of land,¹⁵⁴ and many courts do not limit nuisance theories to property claims.¹⁵⁵ In fact, some courts have allowed claims to proceed against gun manufacturers for contributing to dangerous conditions in urban neighborhoods.¹⁵⁶ Drawing on these expansionary cases, it is clear that public nuisance is a flexible tort that is amenable to a variety of circumstances. As demonstrated below, public nuisance doctrine is well suited to address the shortcomings of the FPMS.

B. *Liability Under the False Marking Public Nuisance Cause of Action*

To determine whether an actor's conduct constitutes a public nuisance, courts often turn to the analysis embodied in the *Restatement (Second) of Torts*.¹⁵⁷ The *Restatement* defines a public nuisance as “an unreasonable interference with a right common to the general public.”¹⁵⁸ To recover damages for a public nuisance claim, a plaintiff must show that (1) a public right was harmed, (2) the actor's conduct was unreasonable, and (3) the plaintiff suffered an injury that is distinguishable from that suffered by the rest of the public.¹⁵⁹

¹⁵¹ *Id.* at 182.

¹⁵² *Id.* at 176.

¹⁵³ *Copart Indus., Inc. v. Consol. Edison Co. of N.Y., Inc.*, 362 N.E.2d 968, 971 (N.Y. 1977).

¹⁵⁴ RESTATEMENT (SECOND) OF TORTS § 821B cmt. h (1979).

¹⁵⁵ *See, e.g., Iletto v. Glock Inc.*, 349 F.3d 1191, 1213 (9th Cir. 2003) (finding that requiring “a nuisance [to be] associated with property is contrary to clearly established California law”); *City of Cincinnati v. Beretta U.S.A. Corp.*, 768 N.E.2d 1136, 1142 (Ohio 2002) (“[T]here need not be injury to real property in order for there to be a public nuisance.”); *cf. Near v. Minnesota ex rel. Olson*, 283 U.S. 697 (1931) (analyzing under the First Amendment a Minnesota statute proscribing the distribution or possession of obscene, lewd, malicious, scandalous, or defamatory periodicals as a public nuisance).

¹⁵⁶ *Ganim v. Smith & Wesson Corp.*, 780 A.2d 98, 132 (Conn. 2001) (concluding that the definition of public nuisance is “capacious enough” to include product liability for gun manufacturers); *Beretta U.S.A. Corp.*, 768 N.E.2d at 1141 (finding that the city of Cincinnati's public nuisance suit against fifteen gun manufacturers should proceed beyond the pleadings stage).

¹⁵⁷ A majority of states adhere to the *Restatement's* definition of public nuisance. *See* David A. Grossman, *Warming Up to a Not-So-Radical Idea: Tort-Based Climate Change Litigation*, 28 COLUM. J. ENVTL. L. 1, 53 (2003).

¹⁵⁸ RESTATEMENT (SECOND) OF TORTS § 821B(1).

¹⁵⁹ *See id.*

This Note proposes that the AIA be amended to codify a False Marking Public Nuisance (“FMPN”) cause of action. Specifically, the AIA should be amended to explicitly proscribe false marking as a public nuisance and to codify the special injury rule set forth in the *Restatement*.¹⁶⁰ Additionally, the statute should be amended to allow plaintiffs who are unable to adequately prove compensatory damages to recover statutory damages. In the Subsections that follow, the *Restatement’s* public nuisance analysis is modified for application to false marking.

1. *False Marking Always Constitutes Harm to a Public Right*

A nuisance is deemed “public” only if it interferes with a public right.¹⁶¹ Public rights are to be distinguished from public interests, which are generally regarded as mere benefits conferred upon the public.¹⁶² Public rights are narrower because they are fundamental entitlements enjoyed by the public at large.¹⁶³ Thus, although there is clearly a public interest in promoting “the health and well-being of citizens generally, there is no common law public right to a certain standard of medical care or housing” because such a standard is not recognized as an entitlement.¹⁶⁴

The public domain has never been discussed in the context of public nuisance, but it seems to fit squarely within the definition of a “public right.” Indeed, courts have consistently characterized the public’s ability to access intellectual property in the public domain as a public right,¹⁶⁵ and commentators have noted that the term “public domain” embodies the “‘public right[]’ of unrestricted access to and use of the material” therein;¹⁶⁶ the public domain represents more than a mere benefit bestowed upon society.¹⁶⁷ As discussed above, false marking represents an intangible invasion to this public right and therefore false marking will always satisfy this prong of the public nuisance analysis.

¹⁶⁰ *Id.*

¹⁶¹ *See id.*

¹⁶² Donald G. Gifford, *Public Nuisance as a Mass Products Liability Tort*, 71 U. CIN. L. REV. 741, 815–16 (2003).

¹⁶³ *Id.*

¹⁶⁴ *Id.* at 815.

¹⁶⁵ *See, e.g., Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 65 (1998) (“The patent laws therefore seek . . . to protect the public’s right to retain knowledge already in the public domain . . .”).

¹⁶⁶ Lee, *supra* note 40, at 118.

¹⁶⁷ *Id.* at 207 (“[T]he term ‘public domain’ is not just a conclusion or an empty label as may sometimes be the case with the more open-ended term the ‘public interest.’”).

2. *False Marking Is an Unreasonable Interference with a Public Right*

An interference with a public right will constitute a public nuisance only if it is also deemed unreasonable.¹⁶⁸ When conduct is proscribed by statute, as is false marking, the mere fact of proscription alone may sustain a finding that it is unreasonable.¹⁶⁹ However, if the interference with a public right is not proscribed by statute and does not fall within one of the traditional categories of public nuisance involving real property, courts will weigh the gravity of harm caused by the defendant's conduct against its utility by considering factors imported from private nuisance analysis.¹⁷⁰ If the gravity of harm outweighs the conduct's utility, the conduct will be deemed unreasonable.¹⁷¹

Because false marking is explicitly proscribed by statute, it is *per se* unreasonable. Moreover, unlike traditional nuisance actions with respect to land use, false marking never provides utility to society.¹⁷² Thus, no balancing is required in the false marking context and false marking will also inherently satisfy this prong of the public nuisance analysis.

3. *The Special Injury Requirement Limits the Class of Plaintiffs but Still Allows for Sufficient Protection*

Unlike the *qui tam* provision, the public nuisance cause of action does not open the floodgates to litigation. Even when there is an unreasonable interference with a public right, the public nuisance doctrine does not allow just anyone to sue. Only those who have "suffered harm of a kind different from that suffered by other members of the public"¹⁷³ have standing to sue for damages.¹⁷⁴ A tradi-

¹⁶⁸ RESTATEMENT (SECOND) OF TORTS § 821B(1) (1979).

¹⁶⁹ *See id.* § 821B(2)(b).

¹⁷⁰ *Id.* § 821B cmt. e. These factors include the extent and character of the harm involved, the social value that the law attaches to the type of use or enjoyment invaded, the suitability of the particular use of enjoyment invaded to the character of the locality, and the burden on the person harmed of avoiding the harm. *Id.* § 827.

¹⁷¹ *Id.* § 826.

¹⁷² *See Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1356–57 (Fed. Cir. 2005) (rejecting the argument that false marking could serve the public by enabling the public to undertake the appropriate investigation to determine what is within public domain).

¹⁷³ RESTATEMENT (SECOND) OF TORTS § 821C(1). Hawaii is the only state that does not adhere to the special injury rule. To prevail on a public nuisance claim in Hawaii, a plaintiff must merely show an injury in fact. *Akau v. Olohana Corp.*, 652 P.2d 1130, 1134 (Haw. 1982).

¹⁷⁴ Additionally, public officials may sue on behalf of the state to enjoin an actor's conduct. RESTATEMENT (SECOND) OF TORTS § 821C(2)(b). This Note, however, proposes that the FMPN

tional example of a special injury is the injury suffered when a defendant blocks a public road that is the only reasonable means available for ingress and egress to and from the plaintiff's property.¹⁷⁵ Although the public suffers when any public road is blocked, only the plaintiff who is prohibited from accessing his real property suffers a special injury that is sufficient to confer standing.¹⁷⁶

The special injury rule, as applied to false marking, would limit the public nuisance cause of action to those plaintiffs who are prohibited from accessing and enjoying the fruits of their own intellectual property because of false marking. This applies to two groups of entities. First, patent holders in the same market are included in this group because these intellectual property owners would be unable to reap the benefits of their invention if consumers, distracted by falsely marked articles, are unaware that other lawfully patented substitutes even exist.¹⁷⁷ For these plaintiffs, false marking does not merely set up a "no trespass" sign in front of the defendant's property. It erects a bulwark that prohibits access to all property in the same neighborhood.

Second, the special injury rule would confer standing on those inventors who seek to use the falsely marked product to solve a problem in a different but related technological field. Patented inventions serve as stepping stones for new and better ideas. In fact, this "leap frog" process of innovation whereby one uses the current state of technology to make improvements is traditionally cited as one of the advantages of the U.S. patent system.¹⁷⁸ Oftentimes, seemingly unrelated technologies can be used creatively to solve problems in other industries.¹⁷⁹ Thus, sophisticated million-dollar corporations and unsophisticated "garage inventors" alike may still recover even if they are not in direct competition with the defendant.

cause of action preserve the public participation embodied in the *qui tam* statute, and therefore focuses on private suits for damages.

¹⁷⁵ See *supra* note 132.

¹⁷⁶ RESTATEMENT (SECOND) OF TORTS § 821C cmt. f.

¹⁷⁷ The "same market" should be narrowly construed to apply to only those markets in which there are products that consumers would reasonably substitute for the falsely marked product.

¹⁷⁸ *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 427 (2007) (noting that technological "advances, once part of our shared knowledge, define a new threshold from which innovation starts once more").

¹⁷⁹ The Supreme Court has recognized that inventors oftentimes solve problems in their technological field by consulting similar problems in *other* fields. *Id.* at 417 ("When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one.").

This greater accessibility to the FMPN cause of action has a desirable corollary: unlike the AIA, the public nuisance cause of action is not superfluous in light of unfair competition law. The AIA limits recovery only to those individuals who have suffered competitive injuries.¹⁸⁰ As discussed earlier, however, this “competitive injury” requirement makes the AIA virtually identical to section 43(a) of the Lanham Act, which provides recovery for deceptive advertising as long as there is a competitive injury.¹⁸¹ Because the FMPN cause of action would redress a broader range of injuries than those that qualify as “competitive” under the AIA, it would provide a distinct cause of action; not all false marking public nuisances would constitute section 43(a) violations. Yet the special injury significantly narrows the class of plaintiffs who may sue, and therefore serves to avoid the widespread abuse prevalent under the FPMS.

C. Damages Under the False Marking Public Nuisance Cause of Action

Although the *Restatement’s* special injury rule limits the number of individuals who can recover damages under public nuisance law, the *Restatement* does not place limitations on the type of damages that may be awarded. Thus, damages play a key role in incentivizing public nuisance enforcement. With respect to public nuisances that affect real property, plaintiffs may recover damages to compensate for the difference between the value of the land before and after the harm.¹⁸² In the false marking context, the FMPN cause of action should allow plaintiffs to recover (1) compensatory damages or (2) statutory damages.

1. Compensatory Damages

Compensatory damages in the false marking context would cover the profits that the plaintiff could have generated had the false marking not occurred. These losses would usually be incurred by competitors who have been unable to reap the benefits of their product, patented or otherwise, as a result of the violator’s false marking.

It is true that lost profits may be difficult to gauge in the false marking context. However, damages are always difficult to assess in any patent case because there is usually some degree of speculation in determining how much of the plaintiff’s loss is attributable to the in-

¹⁸⁰ See *supra* notes 114–20 and accompanying text.

¹⁸¹ See *supra* note 117 and accompanying text.

¹⁸² RESTATEMENT (SECOND) OF TORTS § 929(1)(a) (1979).

fringing activity and not some other external factor. Nevertheless, the difficulty inherent in assessing damages in patent litigation has not precluded courts from doing so, nor should it in the false marking context.¹⁸³

The issue of damages is more problematic with respect to those plaintiffs in the second category. These plaintiffs would have a difficult time proving that they actually refrained from pursuing research as a result of the falsely marked product, and any projected losses would be quite speculative. Aggrieved researchers would have to prove that they could have developed their invention to fruition *and* that they would have profited from the invention. This difficulty is further compounded by the fact that many inventions are not themselves profitable, but are crucial steps leading to inventions that are.

This problem may be overcome by using the social value of the product that is falsely marked as a proxy for the harm caused by the marking. As noted previously, false marking effectively takes away property that should be in the public domain¹⁸⁴ and this is especially problematic when the product being removed is useful to society. For example, the public harm associated with falsely marking a “wonder drug” is greater than the harm associated with falsely marking a timer-equipped fork¹⁸⁵ because the former would likely confer a substantial benefit upon society, but the latter would not.

Although it might be difficult to assign a value to the social benefit of a technology in the average case, district courts already do this when determining whether to grant an injunction for infringement.¹⁸⁶ For example, a court would rarely enjoin an infringer from making and selling to the public a “wonder drug” when the patent holder himself does not have the resources to mass produce the drug so as to meet public demand.¹⁸⁷ If the court determines that the social value of

¹⁸³ Courts trying to determine the extent of lost profits in patent infringement cases generally apply the so-called “*Panduit* test,” which requires courts to consider four factors that are useful in proving the patent holder could have generated the claimed lost profits but for the infringement. See *Panduit Corp. v. Stahl Bros. Fibre Works, Inc.*, 575 F.2d 1152, 1164 (6th Cir. 1978). The *Panduit* analysis is beyond the scope of this Note, but it demonstrates that district courts are already well equipped to deal with such difficulties related to proving lost profits in the patent context.

¹⁸⁴ See *supra* notes 54–60 and accompanying text.

¹⁸⁵ See *Fork with Timer*, U.S. Patent No. 5,421,089 (filed May 26, 1994).

¹⁸⁶ See *Hybritech Inc. v. Abbott Labs.*, 849 F.2d 1446, 1458 (Fed. Cir. 1988) (denying injunction in part because the public interest was best served by the continued availability of the infringer’s cancer and hepatitis test kits).

¹⁸⁷ MUELLER, *supra* note 51, at 389.

the patented technology is so great that the public should not go without it, the infringing conduct will not be enjoined.¹⁸⁸

This “social value” consideration would place an important limitation on false marking enforcement because it would reduce the incentive of plaintiffs to bring suit over false marking violations of (socially deemed) worthless products. This would have the effect of precluding a plaintiff from recovering millions of dollars over falsely marked bow ties, but it might not preclude a plaintiff from recovering for falsely marked medication, for example. This limitation is desirable because depriving the public of technology that it needs or that it highly values is more injurious to the public right than depriving the public of a less valuable technology.

2. *Statutory Damages*

The AIA provides only compensatory relief to aggrieved plaintiffs,¹⁸⁹ and does not acknowledge the inherent difficulties in calculating damages. Other areas of the law, however, do acknowledge such difficulties. Copyright law allows plaintiffs to recover between \$750–\$3000 in statutory damages when they are unable (or unwilling) to prove actual damages.¹⁹⁰ The rationale for providing statutory damages in the copyright context is that “because actual damages are so often difficult to prove, only the promise of a statutory award will induce [plaintiffs] to . . . enforce their copyrights and only the threat of a statutory award will deter infringers by preventing their unjust enrichment.”¹⁹¹

This rationale also applies to the false marking context, where the difficulty of calculating damages might underincentivize bringing suit—aggrieved plaintiffs who engage in a cost-benefit analysis might choose not to vindicate their rights if proving damages is too difficult. Similarly, the speculative nature of damages in the false marking context might cause underdeterrence—defendants might flout the law if the threat of paying substantial damages is an empty one. As in the copyright context, this problem can be mitigated by allowing plaintiffs to recover statutory damages.

¹⁸⁸ *See id.*

¹⁸⁹ Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b)(2), 125 Stat. 284, 329 (2011) (to be codified at 35 U.S.C. § 292(b)) (providing that plaintiffs “who have suffered a competitive injury” may recover “damages adequate to *compensate* for the injury” (emphasis added)).

¹⁹⁰ 17 U.S.C. § 504(c)(1) (2006).

¹⁹¹ 2 PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 14.2, at 14:41 (3d ed. Supp. 2006).

Although the FPMS contained a statutory maximum fine of \$500 per offense, the Federal Circuit noted in *Bon Tool* that a mere \$500 fine alone was not enough of an incentive to induce qui tam plaintiffs to bring suit.¹⁹² Moreover, such a fine was insufficient to deter false marking. As qui tam plaintiff Raymond Stauffer himself commented, it would have been “bad business . . . to not break the law” prior to *Bon Tool*.¹⁹³ Thus, the appropriate value of the damages available to plaintiffs should be large enough to incentivize enforcement of the false marking statute, but low enough to avoid vexatious lawsuits.

Rather than fixing the statutory penalty within a dollar range, however, the statutory penalty should depend on the market value of the product being falsely marked. A higher price could indicate high demand and low supply, which would suggest that the public harm is greater when such a product is removed from the public domain. A reasonable range of statutory damages for falsely marked products would be between one and five percent of the retail value of the product, for every product falsely marked. This range encompasses damages awards that are at the low end of what courts had been awarding prior to the enactment of the AIA,¹⁹⁴ and because most products that are falsely marked tend to sell for a low retail value,¹⁹⁵ such a range of damages would not result in awards that are disproportionate to the actual harm to society. Yet, when multiplied by the very large number of products that are often falsely marked, this range would yield damages higher than the mere \$500 that was insufficient to incentivize enforcement of the FPMS prior to *Bon Tool*.

Moreover, a range in values would allow judges to adjust the damages award to account for mitigating or aggravating factors related to the false marking. For example, before the AIA was enacted, Professor Thomas Cotter proposed that judges consider the following factors when assessing damages in false marking cases: (1) whether the market is competitive and innovative, (2) whether others similarly situated to the plaintiff were also deterred from competing, (3) the

¹⁹² *Forest Grp., Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1304 (Fed. Cir. 2009), *superseded by statute*, AIA § 16(b)(2), 125 Stat. at 329.

¹⁹³ Ed Silverman, *Patent Markings & Big Fines: Ray Stauffer Explains*, PHARMALOT (Dec. 2, 2010, 9:22 AM), <http://www.pharmalot.com/2010/12/false-patent-markings-big-fines-ray-stauffer-explains/>.

¹⁹⁴ See *supra* note 96.

¹⁹⁵ See, e.g., *Bon Tool*, 590 F.3d 1295 (plastic coffee cup lids); *Polytree (H.K.) Co. v. Forests Mfg., Ltd.*, No. 1:09-cv-03377-WSD (N.D. Ga. Dec. 20, 2010) (Christmas tree stands); *United States ex rel. FLMC, LLC v. Wham-O, Inc.*, No. 10cv0435, 2010 WL 3156162, at *3 (W.D. Pa. Aug. 3, 2010), *vacated as moot sub nom. FLMC, LLC v. Wham-O, Inc.*, 444 F. App'x 447 (Fed. Cir. 2011) (per curiam) (Frisbees); Complaint, *supra* note 16, para. 2 (mascara).

length of time the misconduct has persisted, and (4) whether consumers have been materially deceived.¹⁹⁶ These factors could also be used by judges in the framework presented here to guide them in assessing statutory damages. If there is no evidence of material deception among competitors and consumers, for example, the harm to society is not great enough to support a large damages award,¹⁹⁷ and in such cases, prospective plaintiffs might be less inclined to bring suit to recover nominal damages. Conversely, judges could increase damages awards when the defendant willfully falsely marks so as to intentionally defraud the public. That way, the FPMS and AIA's deceptive intent requirement survives in the statutory damages analysis of the public nuisance cause of action, but only in those rare circumstances where the defendant actively and willfully seeks to defraud the public.

This range in statutory damages would provide much-needed flexibility and would incentivize bringing suit for those plaintiffs who are unable to prove compensatory damages, while also deterring false marking violations.

D. *Advantages of the False Marking Public Nuisance Cause of Action*

The FMPN cause of action has a number of advantages over both the FPMS and the AIA. First, as discussed previously, the FPMS and AIA both impose liability based on some requisite level of intent.¹⁹⁸ By contrast, the FMPN focuses on the *injury* caused by a defendant's false marking because the intent of the tortfeasor is oftentimes difficult to discern and unrelated to the scope of the harm. The focus of the FMPN analysis is directed toward the unreasonableness of false marking in light of its effect on the public.¹⁹⁹

Second, unlike the FPMS, the FMPN cause of action is not accessible to just *any* individual. The special injury requirement restricts standing so that the tort is still limited even in the absence of an intent requirement.²⁰⁰ The accessibility of the FMPN is considerably more restrictive than the prior false marking statute, which allowed *anyone* to sue, because plaintiffs must satisfy the special injury requirement to have standing.

¹⁹⁶ Thomas F. Cotter, *Optimal Fines for False Patent Marking*, 17 MICH. TELECOMM. & TECH. L. REV. 181, 195–96 (2010).

¹⁹⁷ *Id.*

¹⁹⁸ See *supra* text accompanying notes 44–47, 113.

¹⁹⁹ See *supra* Part III.B.2.

²⁰⁰ See *supra* Part III.B.3.

Relatedly, third, unlike the AIA, the FMPN cause of action recognizes and addresses the public harm inherent in false marking by allowing a larger subset of the public to sue.²⁰¹ Both competitors in the same market as the falsely marked invention *and* those researchers who were deterred from pursuing an avenue of research by virtue of their reasonable reliance on the falsely marked invention have standing to sue.²⁰² The FMPN cause of action is less restrictive than the AIA because the FMPN is not limited to competitors.

Finally, because the social value of a product being falsely marked may serve as a proxy for the value lost when the product is removed from the public domain, courts would be able to use analyses currently employed in patent infringement cases to assess damages. To the extent that a plaintiff is unable to prove actual damages, however, the statutory damages provision would provide the proper incentive for plaintiffs to bring suit and the proper deterrence for defendants, without causing an explosion in the number of lawsuits.

E. Application

The *Stauffer* case discussed in the Introduction provides a good setting in which to apply the FMPN. When applying the proposal set forth in this Note, one finds that Raymond Stauffer would be unable to recover for false marking. Stauffer was neither a competitor of Brooks Brothers, nor engaged in research in any field that would benefit from the bow tie technology in dispute. Instead, Stauffer was merely a self-proclaimed “sharp-dressed man [who] prefer[red] the bow tie to the more commonly worn four in hand.”²⁰³ Although Brooks Brothers infringed Stauffer’s right to make and use the bow tie technology, this particular right is one shared with the entire public and therefore cannot constitute a special injury sufficient to confer standing under the public nuisance analysis.

Who would have standing to sue under the facts of this case? To answer this question, the court must first determine the scope of the applicable technology and its uses. The technology at issue in *Stauffer* was “the Adjustolox”—a sliding metal device that allowed the wearer to easily adjust the length of the tie. Under the FMPN cause of ac-

²⁰¹ See *supra* Part III.B.3.

²⁰² See *supra* Part III.B.3.

²⁰³ *Stauffer v. Brooks Bros., Inc.*, 615 F. Supp. 2d 248, 255 n.7 (S.D.N.Y. 2009) (internal quotation marks omitted), *rev'd*, 619 F.3d 1321 (Fed. Cir. 2010), *superseded by statute*, Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, § 16(b)(1)–(2), 125 Stat. 284, 329 (2011) (to be codified at 35 U.S.C. § 292(a)–(b)).

tion, the category of plaintiffs who would have standing to bring suit might consist of competing necktie companies and others engaged in research that might make use of “the Adjustolox” technology. For example, researchers and inventors that manufacture neck ties, neck braces, bracelets, watches, and dog collars might have a cause of action. But even if they did have a cause of action, they could only recover actual damages related to the social value of the product—which is likely not large—or statutory damages based on a percentage range of the retail value of the Adjustolox. Thus, a plaintiff would not make millions of dollars off of a falsely marked bowtie.

CONCLUSION

The false marking statute that gave rise to *Stauffer* and other cases like it was defective because it led to a “cottage industry” of false marking litigation by enterprising attorneys seeking to force quick settlements. However, the AIA is not the proper solution and causes the false marking statute to revert back to its pre-2009 dormant state. The new law only redresses a narrow category of injuries and fails to acknowledge or respond to the public injury inherent in false marking. The FMPN cause of action proposed in this Note strikes the proper balance because it redresses injuries to the public right while placing a meaningful limitation on standing so as to curb excessive litigation.

Raymond Stauffer was partially correct. Although his false marking suit against Brooks Brothers did not do a service to the United States government, he was doing a service to the public. False marking is a public concern and it should be redressed by a public cause of action.