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# INTELLECTUAL PROPERTY

## QUI-TAM-OSAURUS, THE STATUTORY DINOSAUR: EVOLUTION OR EXTINCTION FOR THE QUI TAM PATENT FALSE MARKING STATUTE?

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Get rich quick! Sue for fun and profit! Sound like a hoax? Only time will tell. Several enterprising attorneys and other private parties are giving it a try by exploiting an arcane provision of the Patent Act known as the false marking statute.<sup>1</sup> In this article, we briefly examine the history of the false marking statute and qui tam laws, the recent explosion in false marking actions (including several suits based on marking with expired patent numbers), and some constitutional problems posed by these actions.

The legal basis for patents in American law is enshrined in the Constitution.<sup>2</sup> Patents protect the patent owner's exclusive right to make, use, sell, or offer for sale a patented product. What would prevent a dishonest purveyor of goods from falsely claiming to have a patent? Such false marking might deceive the public (including potential competitors) into believing an unpatented product was patented. In cases where the false marker used a real patent number of a competitor, the false marking could directly hurt that competitor. In 1842, Congress addressed these concerns by enlisting the help of the very public likely to be duped by such fraudulent tactics.<sup>3</sup> Rather than saddling the government or the patent-holder with the responsibility and expense of policing such fraud, Congress adopted a patent law qui tam statute<sup>4</sup> that essentially deputized any person who found false marking and empowered him to sue the wrongdoer. The motive for doing so was a bounty of sorts—one half of the damages awarded in a civil action against the false marker.<sup>5</sup>

### I. The Marking Statutes

The false marking statute works hand-in-hand with the marking statute, 35 U.S.C. § 287(a).<sup>6</sup> The marking statute creates an incentive for patent-holders to mark their patented products. Under section 287, a patentee cannot recover damages for past infringement unless the patentee marks its patented product or otherwise notifies the accused infringer.

While section 287 incentivizes patent-holders to mark, section 292 establishes a penalty for marking improperly. Section 292 establishes a penalty for falsely marking an "unpatented article" as patented.<sup>7</sup> Notably, section 292(b) provides 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."<sup>8</sup> The statute allows a person to recover up to \$500 for every "offense" and arguably makes the false marking statute one of the few remaining qui tam statutes.

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### II. Historical Context

#### A. Evolution of section 292, 1842-Present

Congress first enacted both the marking and false marking statutes in 1842.<sup>9</sup> Although the available legislative history is silent as to Congress's motivation for enacting the marking statutes, history suggests some possible influencing factors. First, in the mid-1800s the United States Patent and Trademark Office ("USPTO") lacked complete records of all issued patents due to an 1836 fire which burned the Patent Office, including 10,000 patents. Of the lost patents, only 2,845 were "reconstructed" by contacting the patent owners.<sup>10</sup> Second, the public had limited access to copies of issued patents in the 1800s. At the time, the USPTO published descriptions of issued patents in the Franklin Institute of the State of Pennsylvania.<sup>11</sup> As such, it would have been difficult to determine whether a particular article was patented unless the patent owner itself advertised the fact.

In contrast to the limited resources available in the mid-1800s, the USPTO now retains detailed public records of all issued patents. Free copies of United States patents may be obtained on a number of websites. There are also reliable free resources available to determine when a patent expires. For example, free services such as [www.patentcalculator.com](http://www.patentcalculator.com) will determine the expiration date of an issued patent after a user enters data, most of which can be obtained from the front page of that issued patent.

Despite these dramatic changes to information accessibility, the current false marking statute is remarkably similar to its antiquated predecessor. As originally enacted in 1842, the statute established a "penalty of not less than one hundred dollars," with one half payable to the United States and the "other half to any person or persons who shall sue for the same."<sup>12</sup> Similarly, the modern statute prohibits marking an "unpatented article" and establishes an award with one half payable to "[a]ny person" who brings suit for false marking.<sup>13</sup>

In contrast, the marking statute has undergone a series of changes over the years. When it was enacted in 1842, the marking statute provided that a patentee who "neglect[ed]" to mark a patented article was "liable to the same penalty" as applicable for false marking.<sup>14</sup> Thus, the original marking statute established an affirmative duty to mark. However, the current marking statute has replaced the monetary penalty with an affirmative incentive: a patent owner may obtain monetary damages in a patent infringement action only if a patent owner marks its products or otherwise provides actual notice. Requirements for compliance with the marking statute have also evolved between 1842 and the present. In 1842, the patent owner was required to mark with "the date of the patent." This made sense then, because the issue date determined the expiration date of the patent, and many

patents still in force in 1842 were not numbered. In contrast, current section 287 requires only “the word ‘patent’ or the abbreviation ‘pat.’, together with the number of the patent.”<sup>15</sup> The patent number allows anyone to gather the information necessary to determine whether it is expired, and evaluate the scope of the patent it claims. Because utility patent term is no longer dependent upon issue date, the 1842 marking requirement would not work today.

#### B. *Qui tam* statutes, then and now

*Qui tam* actions originated in England and were prevalent in early America around the time of the framing of the Constitution.<sup>16</sup> A *qui tam* action allows a private prosecutor (called a *qui tam* relator) to bring suit on behalf of the government and to share in any recovery.<sup>17</sup> Early informer statutes allowed an informer to retain a portion of the “bounty” received as a result of bringing suit.<sup>18</sup> Such statutes provided a supplemental means of law enforcement during the early republic.<sup>19</sup>

Informer statutes were subject to abuse, particularly obsolete statutes.<sup>20</sup> Plaintiffs might bring vexatious suits based on obsolete statutes, or the statutes could be rendered ineffective because a wrongdoer’s friend could bring suit and settle for nominal damages or allow the wrongdoer to win.<sup>21</sup> To curb abuses, American legislators imposed strict limits on *qui tam* statutes.<sup>22</sup> Over time, these statutes gradually died out.<sup>23</sup> Only three American *qui tam* statutes have survived: the false marking statute, the False Claims Act,<sup>24</sup> and one Indian protection statute.<sup>25, 26</sup>

Of these, until the recent spate of false marking suits, only the False Claims Act (FCA) was commonly litigated.<sup>27</sup> Just as with other *qui tam* statutes, the FCA was commonly abused in the years after it was enacted.<sup>28</sup> In response to the abuse, Congress added a number of procedural safeguards to the FCA requiring that: (i) the relator deliver the complaint and any supporting evidence to the Government;<sup>29</sup> (ii) the Government has 60 days to intervene;<sup>30</sup> and (iii) the relator’s recovery may be reduced if the Government opts to intervene.<sup>31</sup>

### III. Federal Circuit Decisions Addressing False Marking

Only two precedential Federal Circuit decisions provide substantive analysis of the false marking statute—*Arcadia Machine & Tool, Inc. v. Sturm, Ruger & Co.* and *Clontech Laboratories, Inc. v. Invitrogen Corp.*<sup>32</sup> Both decisions focus on the requirement that the defendants have an intent to deceive the public.<sup>33</sup> Neither decision addresses the issue of plaintiff standing. Likewise, neither addresses whether marking with an expired patent comprises false marking under section 292.

### IV. False Marking Plaintiffs: A New Kind of Patent Troll?

Several individuals recently have sought to exploit the false marking statute, many alleging that marking products with the numbers of expired patents constitutes false marking. Although this concept has been discussed among law students, professors, and patent practitioners for years, until recently, false marking claims usually were brought by accused patent infringers as counterclaims or declaratory judgment claims in a larger dispute where the accused infringer alleged that the

patent owner’s marked product was not actually covered by its patent.<sup>34</sup> In contrast, many of the recent false marking actions involve marking with expired patents and were brought by individuals who have no interest other than the statutory bounty.

Pursuit of *qui tam* false marking claims for marking with an expired patent as the primary, if not sole, basis for lawsuits appears to have its genesis in some loose wording from a footnote in a 2006 district court decision.<sup>35</sup> That case, which is devoid of any statutory construction analysis, relied as its sole authority on an equivocal statement from a patent treatise that “a strong case can be made” for false marking based on an expired patent.<sup>36</sup> The court was likely influenced by the egregious conduct of the defendant, which included: (i) beginning to mark its products with the expired patent more than one year after the patent expired; (ii) marking products with several other patents that did not cover the products; and (iii) sending letters to customers threatening suit based on its patents—regardless of whether they actually covered the product in question. In the face of such blatant misconduct, the court summarily adjudged the defendant’s marking a product with the number of an expired patent to be false marking.<sup>37</sup> Relatively soon thereafter, several lawsuits were filed alleging false marking when the patentee continued marking products after the subject patent expired.

Matthew Pequignot was one of the earliest plaintiffs, filing three lawsuits exclusively on the basis of alleged patent false marking.<sup>38</sup> Pequignot, a patent attorney, filed a pro se complaint alleging that Solo Cup Corporation falsely marked its coffee cup lids with expired patent numbers. Pequignot also sued Gillette alleging false marking with expired patent numbers as well as false marking with patents not corresponding to marked products.<sup>39</sup> He also sued Arrow Fastener Co., a case which is reported to have settled for an undisclosed sum.<sup>40</sup> As of this writing, the Gillette court is considering opposing motions on whether false marking is fraud such that any complaint alleging it must meet the particularized pleading requirements of Fed. R. Civ. P. 9(b), as was recently held by one California district court.<sup>41</sup>

Pequignot’s suit against Solo Cup was dismissed when the court granted Solo Cup’s motion for summary judgment based upon its lack of intent, a decision that Pequignot is appealing.<sup>42</sup> Pequignot previously had survived two motions to dismiss: (1) a motion to dismiss for failure to state a claim based principally on the argument that marking with an expired patent is not actionable under section 292; and (2) a motion to dismiss for lack of jurisdiction, in which Solo Cup alleged that Pequignot lacked Article III standing to bring suit because he had not suffered any injury.<sup>43</sup> Both motions were denied.<sup>44</sup>

Another patent attorney, James Harrington, filed several false marking lawsuits throughout 2008. In *Harrington v. New Products Marketing, Inc.*, Harrington alleged false marking of a string reel device marked with two commonly-assigned patent numbers when the two patents had been distinguished from one another on a structural basis during prosecution.<sup>45</sup> This lawsuit was dropped before any answer was filed. In a second lawsuit filed against Monsanto, Pioneer Hi-Bred, Asgrow, and other seed-selling companies, Harrington alleged false marking

of several seed products on behalf of a group of famers.<sup>46</sup> A third Harrington-led lawsuit alleges that CIBA Vision Corp. falsely marked a contact lens disinfectant product because the claims of its patents are allegedly directed to methods and an apparatus rather than to a cleaning product.<sup>47</sup> The judge in the CIBA Vision case denied a motion to dismiss based upon a challenge to the constitutionality of the false marking statute.

Still another patent attorney, Paul Hletko, through a newly formed company (Heathcote Holdings) sued the maker of Mentadent<sup>®</sup> toothpaste, Arm & Hammer CleanShower<sup>®</sup>, and Nair for Men<sup>®</sup> hair remover, alleging false marking.<sup>48</sup> As of this writing, the court is considering the defendant's motion to dismiss, which alleges insufficient particularity of pleadings under Fed. R. Civ. P. 9 and insufficiency of fact pleading, and threatens to later raise constitutional arguments if needed.

Jennifer Brinkmeier sued Graco Children's Products, Inc., alleging "patent misuse" but appears to be alleging false marking.<sup>49</sup> Ms. Brinkmeier alleged that Graco committed false marking by placing patent numbers of expired patents on its website and variety of "play yard" child-care products. Like Gillette, Graco has alleged inadequacy of the complaint under Fed. R. Civ. P. 9(b). Graco has also argued that the complaint fails to allege intent to deceive because Graco marked with conditional language ("protected by one or more of the following patents").<sup>50</sup>

In *Brule Research Associates Team, LLC v. A. O. Smith Corp.*, Brule's 92-page complaint cites 33 expired patents and four patents allegedly not covering any marked product, one or more of which is alleged to have been marked on one or more of the hundreds of models of water heaters that defendant makes.<sup>51</sup> In a motion to dismiss, the defendant has challenged, inter alia, the plaintiff's Article III standing. The U.S. government has sought to intervene in the case to defend the constitutionality of the false marking statute.

Raymond Stauffer, an attorney, sued Brooks Bros. alleging that its placing numbers of expired patents on bow ties was false marking.<sup>52</sup> The court determined that Stauffer had suffered no injury in fact as required by Article III and dismissed the false marking claims.<sup>53</sup> Stauffer appealed in early July 2009.

Public Patent Foundation, Inc. (PUBPAT), a New York not-for-profit claiming to protect freedom in the patent system,<sup>54</sup> has filed several false marking lawsuits, alleging that the defendant is violating § 292 by marking with the numbers of expired patents. Its targets to date include Cumberland Packaging Corp. (maker of Sweet-n-Low<sup>®</sup>);<sup>55</sup> Iovate Health Science Research, Inc. (maker of Hydroxycut<sup>®</sup> and Xenadrine<sup>®</sup> weight-loss products);<sup>56</sup> McNeil-PPC, Inc. (maker of Tylenol<sup>®</sup>);<sup>57</sup> and GlaxoSmithKline Consumer Healthcare, L.P.,<sup>58</sup> and it filed an amicus brief siding with Pequignot in the Solo Cup case.

## V. Constitutional Issues: Article III Standing and Article II's Take Care Clause

These plaintiffs each may be alleged to suffer from some deficiency with regard to Article III standing.<sup>59</sup> In particular, an Article III jurisprudence has evolved that poses difficulties for many qui tam plaintiffs.

The history and evolution of the standing doctrine serve an interesting example of the "law of unintended consequences"

—particularly as applied to the false marking statute. This problem is not new, as recognized by its discussion in several academic papers,<sup>60</sup> but it has become a very real and practical problem in view of the recent wave of patent false marking litigation. The requirement that a plaintiff must present a case or controversy to be heard by a federal court is as old as the Republic.<sup>61</sup> Courts throughout the 19th century considered whether parties had a right to be heard in federal courts, but did not dwell or expound upon a doctrine of standing with the specificity that developed throughout the 20th century.<sup>62</sup>

During the first half of the 20th century, U.S. courts developed a rigorous framework for determining whether a plaintiff has standing under Article III to bring a lawsuit. The framework developed with virtually no consideration for the vanishing—but not yet extinct—qui tam statutes. In spite of being highly valued by the government for its fraud-deterrent value, the FCA and other qui tam statutes seem virtually to have been ignored during the evolution of modern standing doctrine. This difficulty has yet to be fully addressed by the Supreme Court, even in its most recent pronouncement on qui tam plaintiff standing in *Vermont Agency of Natural Resources v. United States* ex rel. *Stevens*, where the Court attempted to reconcile the qui tam provisions of the FCA with its 20th century standing jurisprudence.<sup>63</sup> In *Vermont Agency*, the Court held that every plaintiff (including a qui tam plaintiff) must meet an irreducible constitutional minimum of standing under Article III of the Constitution: (1) "he must demonstrate an injury in fact—a harm that is both concrete and actual or imminent, not conjectural or hypothetical"; (2) "he must establish causation—a fairly traceable connection between the alleged injury in fact and the alleged conduct of the defendant"; and (3) "he must demonstrate redressability—a substantial likelihood that the requested relief will remedy the alleged injury in fact."<sup>64</sup> The Court concluded that an FCA qui tam plaintiff has Article III standing as a partial assignee of the government's interest, based upon explicit FCA statutory provisions.

There are some differences between the FCA and the false marking statute, which make the *Vermont Agency* court's assignment rationale less applicable to the false marking statute. As noted above, the FCA was amended to curb abuses, with rigorous procedural safeguards in place. Congress reformed the law to require a rigid schedule that mandated notice to the government, which could opt in or opt out of the case (with a reserved right to enter at a later date). Several courts have relied on these stringent requirements, wherein the government maintains a degree of control over the lawsuit, in upholding the constitutionality of the FCA.<sup>65</sup> These courts highlight a second constitutionality issue with regard to the FCA and the False Marking statute, namely the "Take Care" clause of Article II, which requires the Executive Branch to see that the law is enforced. This requirement does not allow for absolute delegation of that power to another party.<sup>66</sup>

However, a contrast between the FCA and false marking statutes is clear: the FCA has a comprehensive framework that requires the Executive Branch to be notified and that provides it with power to control the litigation and terms of settlement, if any. In contrast, there is not even provision for

effective notice of a false marking suit to the law enforcers of the Executive Branch (e.g. the Attorney General's office), much less provision for any governmental control.<sup>67</sup>

For plaintiffs currently pursuing section 292 as a primary cause of action, the standing issue arises from a tension between (A) the statute's provision that "any person may sue", and (B) an apparent lack of the qui tam plaintiff's injury in fact.<sup>68</sup> As such, there are three theories upon which a qui tam plaintiff may rely to pursue a lawsuit: (1) a plaintiff is a relator, effectively an assignee of the government, having a right to bring the lawsuit on behalf of himself and the government under assignment granted by the "any person" language of the statute; (2) because the false marking statute is a qui tam statute that pre-dates modern standing doctrine, its provision that "any person may sue" prevails over later-developed standing requirements without undermining the constitutionality of the statute as applied;<sup>69</sup> or (3) the plaintiff, as a member of the public, has suffered injury by the harm of false marking to the public interest.

The first argument faces difficulties: the false marking statute lacks any language assigning relator status. The court in *Solo Cup* read in such a provision.<sup>70</sup> However, under a plain reading of the statute, even language stating that "any person may sue" and requiring that person to provide one-half of any penalty to the United States does not provide for offer, acceptance, consideration, and a meeting of the minds, or any other contract basics that would be considered binding on parties in any other circumstance (notwithstanding the Court's reliance upon language of qui tam statutes that became defunct before or essentially outside of the early-to-mid-20th century evolution of Article III constitutional standing jurisprudence).<sup>71</sup>

Nonetheless, in some limited circumstances, an injury suffered by the United States may be assigned to an individual such that the individual is allowed to bring an action even though she has not personally suffered any injury.<sup>72</sup> The FCA provides just that, as it expressly (i) authorizes an individual to bring an action *on behalf of* the United States, (ii) authorizes an individual to bring an action *in the name of* the United States, and (iii) allows an individual to proceed on behalf of the United States—all only after first giving the United States notice of the lawsuit.<sup>73</sup> The current leading case, *Vermont Agency*, held that a qui tam plaintiff/relator has standing only as a partial assignee of the government's interest/injury and negated various other methodologies by which lower courts had previously granted standing in qui tam lawsuits.<sup>74</sup>

The second argument presents a conflict with Supreme Court precedent requiring injury in fact for Article III standing. A court may not ignore clear Supreme Court precedent requiring that a plaintiff must have an actual injury.<sup>75</sup> It is clear that a plaintiff must satisfy the Article III standing requirement in order to bring a lawsuit—regardless of the basis.<sup>76</sup>

With regard to the third argument, the Supreme Court has generally held that a single member of the public will not have standing to bring suit for a generalized but highly dilute harm.<sup>77</sup> A plaintiff cannot rely upon an injury to another, including the United States, to provide standing—even as a

citizen or taxpayer,<sup>78</sup> except under very narrow circumstances where a clearly defined constitutional right is at issue.<sup>79</sup> None of these circumstances applies to a false marking plaintiff.

## VI. Expired Patents

The recent flood of false marking qui tam suits have raised a second difficult question: what is the effect of marking with expired patents?<sup>80</sup> The statute provides that marking with an "unpatented" article is required for false marking. However, section 292 provides little guidance as to what "unpatented" means. Applying principles of statutory construction, arguments can be made both for and against section 292 covering marking with expired patents.

The only court to squarely address this issue held that "unpatented" articles under section 292 include articles covered by expired patents based on the ordinary meaning of "unpatented" and public policy.<sup>81</sup> The *Pequignot* court asserted that black-letter patent law indicated that articles covered by expired patents are unpatented because they are in the public domain.<sup>82</sup> The court further reasoned that court decisions using the word "unpatented" indicated that the ordinary meaning of the term encompassed articles covered by expired patents.<sup>83</sup> The court found that the doctrine of double-patenting supported finding articles covered by expired patents "unpatented" for purposes of section 292.<sup>84</sup> The court also held that public policy supported construing section 292 to cover marking with expired patents because marking with a patent number was analogous to a "no trespassing sign" and that "[t]he public could no longer assume the status of the intellectual property by the simple presence of a 'Patent No. XXX' marking."<sup>85</sup> The court said that marking with an expired patent would "force [potential inventors and consumers] to look up every patent marking to discern whether the patent was valid or expired, possibly leading some to shy away from using that article."<sup>86</sup>

Although the *Pequignot* court presents some strong reasons for finding that marking with an expired patent is false marking, there are also several compelling arguments for holding that marking with expired patents is not false marking.<sup>87</sup> First, other provisions of the Patent Act suggest that articles covered by expired patents are not "unpatented" for purposes of the Patent Act. The third clause of section 292(a) suggests that articles covered by expired patents were not contemplated by the false marking statute. The third clause provides a specific remedy for false marking relative to a patent application that is no longer pending, in effect, "expired."<sup>88</sup> In contrast, there is no parallel provision in the second clause providing a penalty for false marking relative to a patent that is expired. In addition, Section 271(a) of the Patent Act provides that making, using, selling, or offering to sell "any patented invention during the term of the patent" comprises infringement of that patent. The term "patented" is modified by the explanatory phrase "during the term of the patent." This suggests that the term "patented" alone refers to inventions both during the term of the patent and after expiration of the patent term. If the terms "patented" or "unpatented" alone were sufficient to indicate whether an article was covered by an expired patent, the phrase "during the term of the patent" would be superfluous.

Second, public policy also provides particularly compelling

grounds for finding that “unpatented” articles under section 292 exclude articles covered by expired patents. Marking with an expired patent allows anyone to quickly determine the patent expiration date. Indeed, even in the 1800s when obtaining copies of issued patents was not as simple as it is today, at least one court recognized that marking with an expired patent was probably not harmful to the public.<sup>89</sup>

Third, the penal nature of the false marking statute suggests that it should be strictly construed.<sup>90</sup> A strict construction would require construing the statute to exclude activities that are not clearly covered by the statutory language.<sup>91</sup>

## VII. Conclusions

The proliferation of false marking qui tam suits in the past two years might suggest that the false marking statute is undergoing a resurrection of sorts. Instead of being relegated to a counterclaim in infringement actions as it has been for most of the 20th century, the false marking statute has re-emerged as its own animal, providing the sole basis for law suits seeking millions of dollars in damages. However, it is unlikely that this trend will continue in its present form. In light of the Article III constitutional challenges to plaintiff standing and Article II complications described herein, the false marking statute almost certainly must evolve or be rendered extinct.

So far, the courts that have dealt with these qui tam false marking suits to completion have unanimously issued judgments favorable to the defendants. As noted above, some courts have found lack of intent to deceive.<sup>92</sup> At least one has based its decision on the lack of Article III standing.<sup>93</sup> Other courts may yet decide that marking with an expired patent is not actionable marking or that qui tam suits brought under section 292 may not be permissible under the take care clause of Article II.

The reason for the unanimous outcomes in favor of the qui tam defendants may ultimately be rooted in the equities. Most of the recent qui tam plaintiffs have sought massive damages judgments; for instance, the plaintiff in the *Pequignot* case sought \$500 for every disposable cup lid manufactured by Solo Cup Company. The plaintiffs in nearly all of the recent qui tam false marking actions cannot make any argument of actual injury. Indeed, the fact that most of these plaintiffs have focused on marking with expired patents (with no evidence of any threats of patent assertion) speaks volumes. These individuals can determine in minutes whether a patent is expired and then seek massive judgments, saddling companies with either undergoing the expense of discovery or settling to the benefit of these opportunists. This does not seem like the outcome that was intended in 1842 when the false marking statute was enacted. Indeed, the false marking qui tam suits seem similar to the types of abusive suits based on arcane statutes that contributed to the extinction of qui tam in England and the near end of qui tam in the United States.

So should the qui tam provisions of section 292 be repealed and rendered extinct?<sup>94</sup> Or just modified? The authors believe that legislative action may resolve the problems with qui tam false marking suits without eliminating false marking altogether and that legislatively-directed evolution is better suited to address the issues raised here than piecemeal and

contradictory court decisions that will potentially (i) take too long to offer a resolution at a nationwide level; and (ii) have a negative impact upon predictability for patent-holders and the way they mark their products. With regard to standing and the take care clause, a framework modeled on the False Claim Act’s provisions for providing the government with notice and the right to intervene in qui tam action would likely resolve these constitutional problems. It also may discourage opportunistic qui tam relators from bringing unmeritorious actions.<sup>95</sup> Legislative modification to clarify whether false marking encompasses marking with expired patents would also prove beneficial.<sup>96</sup> Congress should evaluate whether marking with expired patents is actually harmful to the public given today’s free patent resources, and particularly to competition, and determine whether to exclude this from the statute.

This article has dealt only in summary fashion with a few issues regarding the false marking statute, but these and other issues (e.g., counting false marking offenses, determining what comprises false marking with respect to method claims, res judicata effect of a false marking verdict on less than all of a litany of patents marked on a product, etc.) necessitate that this qui tam dinosaur evolve or be rendered extinct – one hopes without damaging free markets and the patent system.

## Endnotes

1 35 U.S.C. § 292.

2 Art. I, § 8, cl. 8 provides, “The Congress shall have power... [t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries....”

3 5 Stat. 544-45 (1842).

4 Qui tam is short for *qui tam pro domino rege quam pro se ipso in hac parte sequitur*, which means “who pursues this action on our Lord the King’s behalf as well as his own.” See *Vt. Agency of Natural Res. v. United States ex rel. Stevens*, 529 U.S. 765, 768-69 n.1 (2000); 3 W. Blackstone, Commentaries on the Laws of England 160 (1st ed. 1768).

5 5 Stat. 544-45 (1842).

6 The marking statute provides:

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word “patent” or the abbreviation “pat.,” together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

35 U.S.C. § 287(a).

7 The false marking statute provides:

(a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, offered for sale, or sold by such person within the United States, or imported by the person into the United States, the name or any imitation of the name of the patentee, the patent number, or the words “patent,” “patentee,” or the like, with the intent of counterfeiting or

imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made, offered for sale, sold, or imported into the United States by or with the consent of the patentee; or Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article the word "patent" or any word or number importing the same is patented, for the purpose of deceiving the public; or Whoever marks upon, or affixes to, or uses in advertising in connection with any article the words "patent applied for," "patent pending," or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public - Shall be fined not more than \$500 for every such offense.

(b) Any 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.

35 U.S.C. § 292.

8 *Id.*

9 5 Stat. 544-45 (1842).

10 December 15 Marks the 165th Anniversary of the Great Patent Office Fire of 1836, <http://www.uspto.gov/web/offices/com/speeches/01-60.htm> (last visited Aug. 19, 2009).

11 H.R. 102, 30th Cong. § 12 (1st Sess. 1848).

12 As originally enacted in 1842, the statute prohibited marking an "unpatented article." 5 Stat. 544 (1842). The original statute allowed an individual to bring suit for false marking in the courts. *Id.*

13 35 U.S.C. § 292.

14 S. 220, 27th Cong. § 6 (2d Sess. 1842).

15 35 U.S.C. § 287.

16 *Vt. Agency*, 529 U.S. at 776; Note, History and Development of Qui Tam, 1972 Wash. U. L.Q. 81, 94-97 (1973).

17 See Wash. U. L.Q., *supra* note 16, at 87.

18 *Vt. Agency*, 529 U.S. at 774.

19 See Wash. U. L.Q., *supra* note 16, at 101.

20 *Vt. Agency*, 529 U.S. at 775. See Wash. U. L.Q., *supra* note 16, at 97. It should be noted that there is a technical distinction between "informer statutes"—where a governmental authority would still prosecute the offense upon notice by an informer in exchange for a bounty (with the bounty subject to successful prosecution)—and "qui tam statutes"—where the informer would prosecute the suit and then split the proceeds with the government, but the concerns and abuses overlap such that the distinction is immaterial for the present discussion.

21 See Wash. U. L.Q., *supra* note 16, at 89.

22 Legislators employed several tactics to curb qui tam abuse: (i) requiring the informer to pay costs if it did not prevail; (ii) limiting the preclusive effect of informer suits; (iii) enacting strict statutes of limitations and venue statutes; (iv) imposing fines on wrong-doing informers; and (v) giving the State complete control over penal actions. See *id.* at 97.

23 See *id.* at 99.

24 31 U.S.C. §§ 3729-3733.

25 25 U.S.C. § 201.

26 The *Vermont Agency* court listed four existing American qui tam statutes as of 2000. *Vt. Agency*, 529 U.S. at 768-69 n.1. One of those statutes, 25 U.S.C. § 81, has since been repealed by amendment. Indian Tribal Economic Development and Contract Employment Act of 2000, Public Law 106-179, 114 Stat. 46-47 (codified as amended at 25 U.S.C. § 81). England repealed its last informer statute in 1951. *Vt. Agency*, 529 U.S. at 776.

27 Evan Caminker, The Constitutionality of Qui Tam Actions, 99 Yale L. J. 341, 342 n.5 (1989).

28 *E.g.*, United States *ex rel.* Marcus v. Hess, 317 U.S. 537, 545-47 (1943).

29 31 U.S.C. § 3730(b)(2).

30 *Id.* § 3730(b)(2), (4).

31 *Id.* § 3730(d)(1)-(2). A review of the statutory history and contemporary case law shows that reforms in the 1940s weakened the FCA significantly, but reforms in the mid-1980s added teeth back to it, while providing for strong governmental involvement. However, detailed treatment is outside the scope of the present article. See, e.g., Sullivan, M.A., A "False Claims Act" Is Finally Enacted in Georgia: What Georgia Lawyers Should Know About the "State False Medicaid Claims Act," 13 Georgia Bar Journal 12 (2007).

32 *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1351 (Fed. Cir. 2005); *Arcadia Mach. & Tool, Inc. v. Sturm, Ruger & Co.*, 786 F.2d 1124 (Fed. Cir. 1986). The false marking statute is part of the substantive patent law, and the United States Court of Appeals for the Federal Circuit, therefore, has exclusive appellate jurisdiction. 28 U.S.C. § 1295(a)(1).

33 In *Arcadia*, the defendant affixed labels that provided, "This Ruger firearm is manufactured under one or more of the following U.S. Patents, or under one or more Patents Pending," and listed a number of patents. 786 F.2d at 1125. The Federal Circuit affirmed the district court's grant of summary judgment of no false marking because the plaintiff "had totally failed, after at least nine months of discovery, to produce any evidence of intent to deceive the public." *Id.*

In *Clontech Laboratories, Inc. v. Invitrogen Corp.*, the district court held that Invitrogen intentionally falsely marked its molecular biology products based on experiments that put Invitrogen on notice that its products were not actually covered by its patents. 406 F.3d at 1351. The Federal Circuit's decision clarifies that the requisite intent for false marking must be shown by a preponderance of the evidence under objective standards. *Id.* at 1352. This requires that the false marking plaintiff show that the accused false marker did not have a reasonable belief that its articles were properly marked. *Id.* at 1352-53. An inference of intent to deceive may arise if the plaintiff demonstrates that the defendant had knowledge of an actual misrepresentation. *Id.* The defendant cannot overcome the inference of intent to deceive by a claim that it honestly believed its products were properly marked. *Id.* at 1353 n.3. Based on the foregoing objective standards, the Federal Circuit held that the *Clontech* district court erred in finding intent to deceive. *Id.* at 1355.

34 *E.g.*, *Brose v. Sears Roebuck & Co.*, 455 F.2d 763, 765 (5th Cir. 1972); *FMC Corp. v. Control Solutions, Inc.*, 786 F. Supp. 1287, 1296 (N.D. Ohio 1991); *Smith Welding Equip. Corp. v. Pearl*, 21 F.R.D. 196 (W.D. Pa. 1956). In some instances, false marking lawsuits also arise between business competitors as a cause of action directly related to the parties' competing interests. See, e.g., *Clontech*, 406 F.3d at 1351; *D.P. Wagner Mfg., Inc. v. Pro Patch Sys., Inc.*, 434 F. Supp. 2d 445 (S.D. Tex. 2006).

35 *D.P. Wagner*, 434 F. Supp. 2d 445.

36 *Id.* at 452 n.3 (citing Chisum on Patents § 20.03[7][c][vii], at 20-657).

37 *Id.*

38 *Pequignot v. Solo Cup Co.*, No. 1:07-cv-897 (E.D. Va.); *Pequignot v. Gillette Co.*, No. 2:08-cv-222 (E.D. Tex.); *Pequignot v. Arrow Fastener Co.*, No. 2:08-cv-353 (E.D. Tex.).

39 *Pequignot* initially sued both Solo Cup and Gillette in the Eastern District of Virginia. He later obtained counsel, dropped the Gillette case in Virginia, and filed suit against Gillette in the Eastern District of Texas. Interestingly, *Pequignot's* counsel in the Solo Cup, Gillette, and Arrow Fastener cases now represents several other plaintiffs in different actions across the country, including Brule Research Associates and Heathcote Holdings Corp.

40 <http://www.bloomberg.com/apps/news?pid=20670001&sid=aB9JR.4T3mAM> (last visited Aug. 19, 2009). However, as the stipulated dismissal was without prejudice, its exact status is unclear.

41 *Juniper Networks v. Shipley*, No. C 09-0696, 2009 WL 1381873, at \*4 (N.D. Cal. May 14, 2009).

42 *Minute Order, Pequignot v. Solo Cup Co.*, No. 1:07-cv-897, (E.D. Va. Jul. 2, 2009); *Pequignot v. Solo Cup Co.*, No. 1:07-cv-897, slip op. (E.D. Va. Aug. 25, 2009), *appeal docketed*, No. 2009-1547 (Fed. Cir. Sept. 10, 2009). In the spirit of full disclosure, it should be noted that the authors served as counsel for Solo Cup early in the *Pequignot* litigation, but are no longer so engaged, as Solo Cup followed the lead attorney in that case to another law firm in July 2008.

43 This motion alleged that, if *Pequignot* had standing, the application of the false marking statute to him would be suspect under the Take Care clause

of the U.S. Constitution, Art. II, discussed below. Based upon this, the Court sua sponte demanded briefing from the United States on the topic, and the U.S. remained engaged as a third party.

44 *Pequignot v. Solo Cup Co.*, No. 1:07-cv-897, 2009 WL 874488 (E.D. Va. Mar. 27, 2009) (denying motion to dismiss for lack of jurisdiction based on lack of standing); *Pequignot v. Solo Cup Co.*, 540 F. Supp. 2d 649 (E.D. Va. Mar. 24, 2008) (denying motion to dismiss under 12(b)(6)).

45 Complaint at 4-5, *Harrington v. New Products Marketing Corp.*, No. 3:08-cv-225 (W.D.N.C. filed May 13, 2008).

46 *N.C. Farmers' Assistance Fund v. Monsanto*, No. 08-cv-409 (M.D.N.C., filed June 17, 2008). One of the defendants, Pioneer, is challenging this suit under the U.S. Const., Art. II.

47 Complaint at 3-4, *Harrington v. CIBA Vision Corp.*, 3:08-cv-251 (W.D.N.C. filed June 3, 2008).

48 *Heathcote Holdings Corp., Inc. v. Church & Dwight Co., Inc.*, No. 2:08-cv-00349 (E.D. Tex. filed Sept. 12, 2008).

49 *Brinkmeier v. Graco Children's Prods. Inc.*, No. 09-cv-00262 (D. Del. filed Apr. 20, 2009).

50 In *Arcadia*, the CAFC affirmed that a patentee's use of conditional marking language (this product is covered by "one or more" of the following patents...) is neither per se untrue nor deceptive. 786 F.2d at 1125.

51 No. 1:08-cv-977 (E.D. Va. filed Sept. 19, 2008); No. 2:08-cv-1116 (E.D. Wisc. filed Dec. 23, 2008). The suit was originally filed in the Eastern District of Virginia in September 2008, and assigned to the same judge as the Solo Cup case. However, the defendant prevailed on a venue-transfer motion, and it is on hold in the Eastern District of Wisconsin, pending a decision in the *Solo Cup* appeal. Similar to some so-called "non-practicing-entities/patent trolls," according to public records, the plaintiff is a limited liability company that was formed about three weeks before the lawsuit was filed, with its sole member being Wisconsin attorney Kathleen Eisenmann and its registered agent being Virginia attorney F. Joseph Brinig, who is the counsel of record for plaintiff.

52 *Stauffer v. Brooks Bros., Inc.*, 615 F. Supp. 2d 248, 250-51 (S.D.N.Y. 2009).

53 *Id.* at 255-56. The court declined to reach the issues of Article II constitutionality, false marking status of marking with expired patents, and whether Stauffer's complaint met the heightened pleading requirement of Fed. R. Civ. P. 9(b). *Id.* at 251 n.1.

54 About PUBPAT, <http://www.pubpat.org/About.htm> (last visited Aug. 19, 2009).

55 *Public Patent Found., Inc. v. Cumberland Packing Corp.*, No. 1:09-cv-04360 (S.D.N.Y. filed May 6, 2009) (voluntarily dismissed without prejudice July 6, 2009).

56 *Public Patent Found., Inc. v. Iovate Health Sci. Research Inc.*, 09-cv-04361 (S.D.N.Y. filed May 6, 2009) (voluntarily dismissed without prejudice, July 6, 2009).

57 *Public Patent Found., Inc. v. McNeil-PPC, Inc.*, No. 09-cv-5471 (S.D.N.Y. filed June 16, 2009).

58 *Public Patent Found., Inc. v. GlaxoSmithKline Consumer Healthcare, L.P.*, No. 09-cv-5881 (S.D.N.Y. filed June 26, 2009).

59 One potential exception is the North Carolina farmers of *North Carolina Farmers' Assistance Fund v. Monsanto*, who arguably would pay lower prices for unpatented seed than for patented seed if the patent does not actually cover the seed at issue. *N.C. Farmers' Assistance Fund*, No. 08-cv-409 (M.D.N.C., filed June 17, 2008).

60 *See, e.g.*, O.B. Roberts, *Actions Qui Tam Under the Patent Statutes of the United States*, 10 Harvard L. Rev. 265 (1896); Wash. U. L.Q. 81, *supra* note 16; T.R. Lee, *The Standing of Qui Tam Relators Under the False Claims Act*, 57 U. Chi. L. Rev. 543 (1990).

61 U.S. Const., Art. III, § 2 provides, in relevant part, "The judicial power shall extend to all cases, arising in Law and Equity, under this Constitution, the Laws of the United States, ... [and] to Controversies... between Citizens of different States...."

62 *See Ann Woolhandler & Caleb Nelson, Does History Defeat Standing Doctrine?*, 102 Mich. L. Rev. 689 (2004).

63 528 U.S. 765.

64 *Id.* at 771.

65 *United States ex rel. Stone v. Rockwell Int'l Corp.*, 282 F.3d 787, 807 (10th Cir. 2002) (qui tam provisions of FCA did not violate Article II when U.S. intervened); *Riley v. St. Luke's Episcopal Hosp.*, 252 F.3d 749, 753 (5th Cir. 2001) ("the Executive retains significant control over litigation pursued under the FCA by a qui tam relator"); *United States ex rel. Taxpayers Against Fraud v. Gen. Elec. Co.*, 41 F.3d 1032, 1041 (6th Cir. 1994) (under the FCA "the Executive Branch retains 'sufficient control' over the relator's conduct to insure that the President is able to perform his constitutionally assigned duties"); *United States ex rel. Kelly v. Boeing Co.*, 9 F.3d 743, 758 (9th Cir. 1993) (holding that Executive Branch retains "sufficient control" over FCA relators).

66 The President "shall take Care that the Laws be faithfully executed." U.S. Const. Art. II, § 3; *cf. Morrison v. Olsen*, 487 U.S. 654, 696 (1988) (upholding independent prosecutor statute as constitutional only because it gave the Executive Branch "sufficient control over the independent counsel to ensure that the President is able to perform his constitutionally assigned duties"); *Printz v. United States*, 521 U.S. 898, 922 (1997) (striking provisions of the Brady Act that "effectively transfer[red] this responsibility [to take care that the laws be faithfully executed] to thousands of [state officers] without meaningful Presidential control").

67 Some arguments have been raised by the U.S. government (e.g., when it was invited by the court to intervene in the Solo Cup case) and by parties in other cases that the mandatory notice of a patent case having been filed that must be communicated to the USPTO within one month would suffice for notice to the Executive branch. However, there is no provision at the USPTO for notifying any law enforcement power of a false marking suit, such that the Executive Branch has no opportunity to intervene (unless invited sua sponte by the Court or a party to the suit), and a plaintiff who settled with a defendant within that first month—or at any time—would be hard put to determine where he should send a check with "the government's half of the money." Moreover, alleged false markers may collude with plaintiffs to settle on far different terms than the government would—on behalf of the people it purports to represent—be willing to accept. And, regardless of the fairness or desirability, principles of res judicata and equity would likely bind the government to the terms agreed upon by its erstwhile representative in the lawsuit. The Article II issues raised briefly here are too complex to address fairly in the scope of this article, and so are addressed here only in summary fashion to highlight one of the key Constitutional problems with the false marking statute.

68 A survey by the authors of false marking actions from the last 50 years shows that, in almost every case, the action was part of a larger patent infringement lawsuit or other business dispute between parties who clearly had standing on other grounds.

69 This approach essentially ignores the conflict, as illustrated in the *Solo Cup* decision. *Pequignot*, 2009 WL 874488, at \*8. However, courts have seriously considered the "it's been done historically, so it must be all right" argument. *Cf. Riley v. St. Luke's Episcopal Hosp.*, 252 F.3d 749, 753 (5th Cir. 2001).

70 *Pequignot*, 2009 WL 874488, at \*8.

71 *See, e.g.*, Federal Government Construction Contracts, 54-57. T.J. Kelleher Jr., T.E. Abernathy IV; and H.J. Bell Jr.; Wiley. 2008. (592 pp.).

72 529 U.S. 765.

73 31 U.S.C. § 3730(b)(2).

74 529 U.S. 765.

75 *Id.* at 771.

76 *Id.* (holding that FCA must meet Article III standing requirements).

77 *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 562-63 (1992) (holding that the "'injury in fact' test requires more than an injury to a cognizable interest. It requires that the party seeking review be himself among the injured.").

78 *Allen v. Wright*, 468 U.S. 737, 752 (1984); *Lujan*, 504 U.S. at 573-74.

