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June 10, 2010

The Honorable John Conyers, Jr.  
Chairman  
Committee on the Judiciary  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Lamar S. Smith  
Ranking Member  
Committee on the Judiciary  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Conyers and Ranking Member Smith:

I am writing on behalf of the Section of Intellectual Property Law of the American Bar Association to express views on H.R. 4954, a bill to provide recourse under the patent law for persons who suffer competitive injury as a result of false markings. The views stated in this submission are presented on behalf of the Section of Intellectual Property law only. They have not been approved by the House of Delegates or the Board of Governors of the American Bar Association and therefore may not be construed as representing the policy of the American Bar Association.

H.R. 4954 would amend the false marking statute, 35 U.S. C. 292, which provides for both governmental sanctions and private enforcement actions for false patent-related marking of articles in commerce. The statute calls for fines up to \$500 per offense, with private party enforcers entitled to half of the applicable fine. The bill would repeal subsection (b) section 292, which provides that any person may bring a “private attorney general” or *qui tam* enforcement action against false marking, without a showing of economic or competitive injury, and substitute there for authority for private causes of action limited to persons who have suffered a competitive injury. Remedies would be limited to “recovery of damages adequate to compensate for the injury suffered by the plaintiff”, rather than the 50% bounty system now in Section 292(b).

We support changes in the nature of the private actions that may be brought for false markings, and in the recovery allowed. Following the 2009 decision of the Federal Circuit in *Forest Group, Inc. v. Bon Tool Co.*, awards to successful *qui tam* realtors are based on the number of articles falsely marked, rather than treating each decision to falsely mark as an offense. We believe that there is neither need nor sound policy reason for such an award system, which seems to have inspired a cottage industry of false marking *qui tam* trolls who have no connection to or injury from the false marking.

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We support amendment of Section 292 to assure that private actions may be brought by persons who suffer injury from reliance on false markings even though they may not as a technical matter qualify as competitors. For example, small and medium sized manufacturers may lack the legal sophistication to know that they should verify the listing, or the resources to do so. Relying injuriously on the false marking, they decide not to enter the competition. We recommend a clarifying amendment to H.R. 4954 to assure that such parties are eligible to bring an action against the false marker. This could be accomplished by inserting 'or who was injured by having detrimentally relied on such violation' after 'this section' in line 8, page 1 of the bill.

We urge the enactment of the bill with such an amendment.

Sincerely,

A handwritten signature in black ink that reads "Don W. Martens". The signature is written in a cursive style with a prominent initial "D" and a long, sweeping underline.

Don W. Martens  
Chair  
ABA Section of Intellectual Property