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DEFICIENCIES AND PROPOSED RECOMMENDATIONS TO THE FALSE MARKING STATUTE: CONTROLLING USE OF THE TERM 'PATENT PENDING'

I. INTRODUCTION

Sex sells and, sometimes, so do patents. Manufacturers and advertisers have traditionally used whatever means necessary to sell their product. Advertisements may contain famous celebrities, promises of unattainable success, or great exaggerations of the product's worth. In addition, an advertiser may capitalize on the existence of a patent in order to attract consumers. A patentee with an existing patent may mark the product as such to give notice that the product has a patent. Marking a product as patented is beneficial because it gives notice to potential infringers and can be used as a marketing tool to attract consumers.

A set of statutes control patent marking, one of which applies to pending patents and false patent marking.¹ When a patent application is pending, the manufacturer is able to use the term "patent pending" on the product or in advertisements.² False patent marking occurs when a manufacturer marks an unpatented product as patented.³ The current statute is insufficient in controlling these types of patent marks for two reasons: it requires a showing of intent to deceive that is difficult to prove, resulting in many cases of false marking going unsanctioned, and it does not contain sufficient guidelines for use of the term "patent pending." There are two harmful effects of false patent marking and lax use of the term "patent pending." First, incorrect marking may deter scientific research when an inventor sees a mark and decides to forgo continued research to avoid an infringement action. Second, incorrect marking may deceive consumers and harm the industry when the public purchases products based on the mark.

This Note proposes that new legislation is needed to correct these insufficiencies. Section II presents the background of the patent marking statutes and analyzes their differences. Section III presents the possible harms stemming from the current version of the statute. Section IV further analyzes the problem of insufficient guidelines for use of the term "patent pending" and proposes statutory changes. Section V analyzes the problems with the current intent requirement and proposes a lesser standard. Finally, Section VI tracks the

¹ See 35 U.S.C. §§ 292, 287 (2000).

² 35 U.S.C. § 292.

³ *Id.*

evolution of the patent marking statute to show that the proposed changes are not an extreme departure from the statutory development thus far.

II. BACKGROUND

A patent is a limited statutory grant of the right to “exclude others from making, using, offering for sale, or selling the invention.”⁴ Congress derives its power to grant patents from Article I, Section 8 of the Constitution, which states that the purpose of patent law is to promote the “useful Arts.”⁵ Inventors may receive patents for “processes of production (art, manufacture), the implements employed in such processes (engine, machine), and the products resulting from them (manufacture, composition of matter, and botanical plants).”⁶ Section 35 of the Patent Code also sets forth the requirements of novelty, utility, and nonobviousness.⁷ The term for design patents is fourteen years,⁸ while other patents receive a term of twenty years.⁹

A complete understanding of the use of patents in advertising requires a review of the applicable federal statutes. Two main statutes control how and when a patentee or potential patentee can mark her product. The first, section 287 of title 35, commonly referred to as the marking and notice statute, sets out instructions for proper marking when there is an existing patent.¹⁰ The second, section 292 of title 35, commonly referred to as the false marking statute, sets out penalties for marking incorrectly and controls use of the term “patent pending.”¹¹ Viewed together, these statutes provide the dos and don’ts of patent marking.

A. SECTION 287: THE PATENT MARKING STATUTE

Section 287 controls patent marks on products that already have patents. One purpose of section 287 is to put potential infringers on notice that a product is

⁴ 35 U.S.C. § 154(a)(1) (2000).

⁵ U.S. CONST. art. I, § 8, cl. 8.

⁶ LOUIS W. STERN & THOMAS L. EOVALDI, *LEGAL ASPECTS OF MARKETING STRATEGY: ANTITRUST AND CONSUMER PROTECTION ISSUES* 27 (1984); *see also* 35 U.S.C. § 101 (2000) (describing patentable items as “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”).

⁷ *See* 35 U.S.C. § 101 (setting forth the utility requirement); 35 U.S.C. § 102 (2000) (setting forth the novelty requirement); 35 U.S.C. § 103 (2000) (setting forth the nonobviousness requirement).

⁸ 35 U.S.C. § 173 (2000).

⁹ 35 U.S.C. § 154(a)(2) (2000).

¹⁰ 35 U.S.C. § 287 (2000); *see also* Edward W. Remus et al., *Prerequisites to Recovery of Damages: Importance of Marking and Notice of Infringement*, CA15 A.L.I.-A.B.A 413, 424 (1995).

¹¹ 35 U.S.C. § 292 (2000).

patented.¹² Patent marks may thwart continued inventorship by alerting potential infringers that an infringement action may result.¹³ Another purpose is to protect the public domain by allowing the public to identify the intellectual property status of a product.¹⁴ If a product is not marked as patented then society can safely assume the product is in the public domain and is available to build upon and improve. Thus, proper marking is important because it gives notice to potential infringers and allows the public to identify objects in the public domain.

Despite the importance of proper marking, it is not mandatory; there are no provisions providing penalties for failure to mark.¹⁵ If the patent holder fails to mark her product, however, the failure to mark will affect the amount of damages she may recover in an infringement suit.¹⁶ If the product is not marked according to the standards set forth in section 287, then an infringer cannot be held liable for infringement until he has received notice of the infringement.¹⁷ On the other hand, if the product is properly marked, the patentee may collect damages from the time of proper marking or the time of actual notice to the infringer, whichever occurs first.¹⁸ Inadequate marking can affect damages by shifting the start date of damages from the time of proper marking to the time of actual notice of infringement. Practically speaking, there can be quite a difference between the two dates since a patentee may not be aware of the infringement for quite some time. In an infringement action, the patentee has the burden of showing that the invention was properly marked, and the defendant cannot raise improper patent marking as an affirmative defense.¹⁹

Section 287(a) sets forth specific instructions for how a patentee should mark her product.²⁰ The mark can state either the word “patent” or “pat” and must

¹² *Accent Designs, Inc. v. Jan Jewelry Designs, Inc.*, 827 F. Supp. 957, 969, 30 U.S.P.Q.2d (BNA) 1734, 1741 (S.D.N.Y. 1993).

¹³ 7 DONALD S. CHISUM, CHISUM ON PATENTS § 20.03[7][c][vii] (1999) (recognizing that false marking negatively affects research and development).

¹⁴ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 161, 9 U.S.P.Q.2d (BNA) 1847, 1856 (1989).

¹⁵ 35 U.S.C. § 287 (2000) (“Patentees . . . *may* give notice to the public. . . .”) (emphasis added).

¹⁶ Preston Moore & Jackie Nakamura, *The United States Patent Marking and Notice Statute*, 22 AIPLA Q.J. 85, 87 (1994).

¹⁷ Remus et al., *supra* note 10, at 424.

¹⁸ *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1111, 39 U.S.P.Q.2d (BNA) 1001, 1010 (Fed. Cir. 1996).

¹⁹ *Motorola, Inc. v. United States*, 729 F.2d 765, 769-70, 221 U.S.P.Q. (BNA) 297, 300 (Fed. Cir. 1984).

²⁰ 35 U.S.C. § 287. Note that section 287 applies to utility and design patents alike. *See Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1439, 46 U.S.P.Q.2d (BNA) 1001, 1001 (Fed. Cir. 1998) (applying section 287(a) to Nike’s design patent on a pair of shoes).

also state the patent number.²¹ Preferably, the mark should be on the product itself but marking the product's packaging is acceptable when it is not possible to mark the product.²² The courts have relied on the practical qualities of individual products in determining whether such a mark is sufficient.²³ For example, often the product is too small to mark or the surface is too rough.²⁴ In these cases, it is acceptable to mark the packaging rather than the product itself.²⁵

Although courts are somewhat lenient in deciding which marks are proper, the mark must always be obvious enough to give sufficient notice to the public.²⁶ For example, in one case the patentee marked his product with text so small a magnifying glass was required to read the words.²⁷ The court held that the mark did not give sufficient notice to the public and thus limited damages from the time the defendant received actual notice of infringement.²⁸ In general, the courts have a great deal of discretion in determining whether a mark is adequate, and tend to place weight on whether the public has sufficient notice.

Finally, the marking statute applies not only to patentees, but also to licensees of the patent and to other people making or selling the product.²⁹ One court has held that a patentee can recover damages only if she makes "reasonable efforts" to make the licensee comply with section 287.³⁰

To summarize, section 287 specifies how an article should be marked to give notice of a patent.³¹ Although marking is not required, it affects the amount of damages recoverable in an infringement suit.³² If a patentee chooses to mark her product, she must include the patent number in such a manner as to give adequate notice to the public.³³ Furthermore, the responsibility to mark extends to licensees and others authorized to sell the product, and the patentee must make reasonable efforts to ensure that the product is marked.³⁴ Section 287, along with

²¹ 35 U.S.C. § 287.

²² *Id.*

²³ *See, e.g.,* Rutherford v. Trim-Tex, Inc., 25 U.S.P.Q.2d (BNA) 1866 (N.D. Ill. 1992); Wayne-Gossard Corp. v. Sondra, Inc., 434 F. Supp. 1340, 195 U.S.P.Q. (BNA) 777 (E.D. Pa. 1977).

²⁴ *See Wayne-Gossard Corp.*, 434 F. Supp. at 1364 (listing factors that determine appropriate marks as possible defacement to the product or expense in marking).

²⁵ *Id.*

²⁶ Moore & Nakamura, *supra* note 16, at 89.

²⁷ Trussel Mfg. Co. v. Wilson-Jones Co., 50 F.2d 1027, 10 U.S.P.Q. (BNA) 47 (2d Cir. 1931).

²⁸ *Id.* at 1030.

²⁹ 35 U.S.C. § 287 (applying to "[p]atentees, and persons making, offering for sale, or selling within the United States any patented article for or under them").

³⁰ *Maxwell*, 86 F.3d at 1111-12.

³¹ 35 U.S.C. § 287.

³² *Id.*

³³ *Id.*

³⁴ *Id.*; *see also Maxwell*, 86 F.3d at 1111-12.

a strong body of supporting case law, sets forth specific requirements for proper patent marking.

B. SECTION 292: THE FALSE PATENT MARKING STATUTE

The second controlling statute, section 292 of title 35, is the false marking statute. The first paragraph deals with infringers who use an existing patent number on their product with the intent of “counterfeiting or imitating the mark of the patentee.”³⁵ The second paragraph deals with false markers who mark an unpatented product as patented.³⁶ The third paragraph deals with the use of the term “patent pending,” and reads as follows:

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.³⁷

Any person can bring suit against a false marker, even if the plaintiff suffered no injury.³⁸ Imposition of liability, for all three actions listed above, requires a finding of intent to deceive the public.³⁹ The courts have construed the intent requirement strictly and require clear proof of intent.⁴⁰ In one case, a patentee knew he was mismarking his product and could have corrected the error.⁴¹ Despite this knowledge, the court declined to find intent to deceive the public based on the patentee’s decision to phase out the product slowly instead of correcting the mark immediately.⁴²

1. *Patent Pending.* As noted above, the third paragraph of the false marking statute controls use of the term “patent pending.” A manufacturer is free to mark

³⁵ 35 U.S.C. § 292 (2000).

³⁶ *Id.*

³⁷ 35 U.S.C. § 292.

³⁸ *Blank v. Pollack*, 916 F. Supp. 165, 173, 38 U.S.P.Q.2d (BNA) 1265, 1271 (N.D.N.Y. 1996) (noting that “there is no requirement that the complainer hold a competing patent or even be engaged in the same industry”).

³⁹ 35 U.S.C. § 292.

⁴⁰ *See Arcadia Mach. & Tool, Inc. v. Sturm, Ruger & Co.*, 786 F.2d 1124, 229 U.S.P.Q. (BNA) 124 (Fed. Cir. 1986); *Airwick Indus., Inc. v. Sterling Drug, Inc.*, 720 F. Supp. 209, 11 U.S.P.Q.2d (BNA) 1147 (D. N.J. 1989); *Water Gremlin Co. v. Ideal Fishing Float Co.*, 401 F. Supp. 809, 188 U.S.P.Q. (BNA) 388 (D. Minn. 1975).

⁴¹ *See Arcadia Mach.*, 786 F.2d at 1125.

⁴² *Id.*

the product as “patent pending” whenever a patent application is turned in to the United States Patent and Trademark Office (PTO).⁴³ There are two types of applications, provisional and regular, and an applicant can use the term “patent pending” upon submission of either.⁴⁴ While a patent is pending, the PTO must keep the application secret, subject to certain exceptions.⁴⁵ In general, it takes an extremely long time for an application to get through the PTO; the typical pending period is three years.⁴⁶

The guidelines for marking actual patents differ from the guidelines for marking pending patents in important ways. The first notable difference is that section 287 requires a statement of the patent number, thus providing a mechanism for the public to get information about the patent.⁴⁷ In contrast, section 292 provides no such informing mechanism.⁴⁸ The requirement that during the pending period the PTO must keep applications secret further limits the availability of information on pending patents.⁴⁹ The second notable difference is that, unlike section 287, section 292 contains no provisions for placement of the term “patent pending” on the product. Section 287 states that the patent mark should be placed on the product itself, “or when, from the character of the article, this cannot be done, by fixing [the mark] . . . to the package.”⁵⁰ In contrast, a potential patentee is free to place the term “patent pending” wherever she chooses.⁵¹

The lack of rules for marking “patent pending” on a product seems inconsistent with the extensive requirements for marking a product once the patent is obtained. If patent marks are meant to inform the public, then it seems logical for the same guidelines to govern the marks “patent pending” and “pat. no. 1234.” The lack of sufficient guidelines for use of the term “patent pending” may create several types of harm.

⁴³ 35 U.S.C. § 292.

⁴⁴ See 35 U.S.C. § 111 (2000). A provisional patent application (PPA) is a short version of a regular patent application that does not contain any claims or an oath by the patentee that she believes herself to be the first inventor. Once an inventor files a PPA, she has one year to file a regular patent application. If the regular application is then approved, the patent will be dated back to the date the PPA was filed. *Id.*

⁴⁵ 35 U.S.C. § 122 (2000). One exception to the secrecy rule is that applications that are or will be subject to filing in another country that publishes pending applications must be published within eighteen months after the filing date. *Id.* § 122(b)(2)(B)(i).

⁴⁶ STERN & EOVALDI, *supra* note 6, at 30.

⁴⁷ 35 U.S.C. § 287.

⁴⁸ 35 U.S.C. § 292.

⁴⁹ 35 U.S.C. § 122.

⁵⁰ 35 U.S.C. § 287.

⁵¹ See 35 U.S.C. § 292 (containing no guidelines for placement of the mark).

III. POSSIBLE HARM DONE

Both false patent marking and the current lax guidelines for use of the term “patent pending” are harmful because they allow potential patentees to appropriate all the benefits of proper marking without actually obtaining a patent. One benefit of patent marking is that it gives notice to potential infringers, thus securing the patentee’s monopoly over the patented technology. Another benefit is the effect that patent marks have on the public when the mark is placed on a product or used in advertising. Consumers may believe a product is somehow better because it is patented and buy the patented product instead of an unpatented product.⁵² False patent markers and potential patentees who take advantage of the lax requirements for use of the term “patent pending” appropriate these benefits without actually having a valid patent, resulting in harm to the industry, the public domain, and to consumers.

A. CONSUMER DECEPTION

This Note proposes that one factor that may influence a consumer’s willingness to buy a product is patent language used in advertising. The existence of a patent could cause a consumer to believe that the product is of superior quality to other products on the market without a patent mark, and thus increase the consumer’s willingness to buy the patented product.⁵³ This influence on consumer behavior is a benefit of patent marking when a patentee with a valid patent marks the product according to the patent marking statute. In contrast, this influence is detrimental when a manufacturer who falsely marks a product or uses the term “patent pending” reaps the benefit of perceived quality without actually have a patent.

Consider this hypothetical: Chris wants to buy new tires. Chris sees the term “patent pending” on an advertisement for Firestone tires and buys that brand with the belief it is somehow better than comparable Goodyear brand tires without such a patent mark. What Chris may not know is that the patent was only a design patent for the tire’s tread or that the patent was applied for three years ago and may never be granted.⁵⁴ This example shows two victims of consumer deception: Chris, who bought the Firestone tires with the belief that they are better, and Goodyear, who lost a customer.

⁵² CHISUM, *supra* note 13, § 20.03[7][c][vii] (noting that false marking may “create a misleading impression that the product is technologically superior to previously available ones”).

⁵³ *See id.*

⁵⁴ Interview with James C. Smith, John Byrd Martin Chair of Law, University of Georgia School of Law, in Athens, Ga. (Sept. 19, 2003).

1. *Consumer Psychology.* A person goes through many psychological steps before purchasing a product. Marketing experts have studied consumer psychology in an attempt to predict behavioral intentions. Behavioral intention is “the subjective probability that an individual will take a particular action—for example, purchase a product.”⁵⁵ Researchers study behavioral intentions in an attempt to predict what factors, such as brand name or price, will cause consumers to purchase a product.⁵⁶ Marketers can then focus on these influential factors to maximize consumer willingness to buy their product.⁵⁷

As stated above, behavioral intentions are represented by the probability that a person will act in a certain way. Researchers have found that perceived quality—or the consumer’s appraisal of a product’s superiority—may affect behavioral intentions.⁵⁸ Likewise, external cues may influence perceived quality.⁵⁹ External cues include product cost, brand name, store name, and other factors to which a consumer directly responds.⁶⁰ Researchers propose that any attribute a consumer associates with a product can influence perceived quality.⁶¹ The existence of a patent or knowledge that a patent is pending may serve as one such attribute.⁶² That is, a consumer might see patent language on the product and be more willing to buy it due to the increase in perceived quality.

In one case concerning the use of patent language in advertising, the court did not state conclusively whether patent language influenced consumers.⁶³ A manufacturer of air coolers conducted a marketing test in which some advertisements contained the term “patent applied for” and other advertisements did not.⁶⁴ The test showed that consumers purchased more coolers without the patent language than coolers with the patent language.⁶⁵ This marketing test was not a scientific study, however, and its results were not conclusive.⁶⁶ The marketing test included variables other than the patent language that could account for the

⁵⁵ Jerry B. Gotlieb et al., *Consumer Satisfaction and Perceived Quality: Complementary or Divergent Constructs?*, 79 J. APPLIED PSYCHOL. 875, 875 (1994).

⁵⁶ William B. Dodds et al., *Effects of Price, Brand, and Store Information on Buyers’ Product Evaluations*, 28 J. MKTG. RES. 307, 308 (1991).

⁵⁷ Gotlieb et al., *supra* note 55, at 883.

⁵⁸ *Id.* at 875.

⁵⁹ Dodds et al., *supra* note 56, at 308.

⁶⁰ *Id.*; Gotlieb et al., *supra* note 55, at 876.

⁶¹ *See* Gotlieb et al. *supra* note 55.

⁶² *See* CHISUM, *supra* note 13, § 20.03[7][c][vii], at 20-651 (noting that a patent label could indicate superiority over a previously available product).

⁶³ *Sheldon Friedlich Mktg. Corp. v. Carol Wright Sales, Inc.*, 219 U.S.P.Q. (BNA) 883, 887 (S.D.N.Y. 1983).

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.*

difference in sales.⁶⁷ Furthermore, even the court questioned the credibility of the test.⁶⁸

There has not been any valid scientific research exploring how patent marks may affect a consumer's decision to buy. Theoretically, patents could influence consumers' behavior, and consumer experts should conduct further research to determine the extent of the influence. In fact, current scientific studies suggest that a wide assortment of external cues may influence consumer behavior.⁶⁹ The lack of research on the relationship between patent language and consumer influence does not show that no such relationship exists.

In conclusion, consumer psychology is important in predicting what external cues influence consumers' willingness to buy certain products. External cues such as price, brand name, or store name can all influence consumer behavior.⁷⁰ Patent marking may influence the perceived quality of a product and increase a consumer's willingness to purchase the product.⁷¹ Manufacturers who falsely mark their product as patented may divert sales from products without such marks, resulting in consumer deception and harm to the industry.

B. IMPEDIMENT ON TECHNOLOGY

Another harm resulting from inappropriate patent marking is the impediment on advances in technology. Patent marks can create fear of infringement litigation in a potential inventor desiring to build upon or develop an existing product.⁷² This fear of infringement is a benefit of patent marking when a patentee with a valid patent marks the product according to the patent marking statute. In the cases of false marking or lax use of the term "patent pending," however, this fear of infringement litigation is unfounded because there is not a valid patent behind the patent mark. A potential inventor who sees a false patent mark might decide to forego further invention rather than risk an infringement suit. Thus, an inappropriate patent mark can wrongly impede the development of technology.

Two groups are harmed by this impediment on technology. First, industry is harmed because the false patent mark will deter inventors from developing technology.⁷³ Manufacturers will lose money on products that otherwise might

⁶⁷ *Id.* at 890 n.41 (noting that the marketing test also varied the product's color).

⁶⁸ *Id.* (noting that the "methodology used to support this survey was never offered at trial, [and] the credibility and reliability of [the] evidence is open to question").

⁶⁹ See Gotlieb et al., *supra* note 55, at 884.

⁷⁰ Dodds et al., *supra* note 56, at 308; Gotlieb et al., *supra* note 55, at 876.

⁷¹ CHISUM, *supra* note 13, § 20.03[7][c][vii].

⁷² *Id.* (noting that patent pending marking "improperly discourages competition and further research and development").

⁷³ See RICHARD STIM & DAVID PRESSMAN, PATENT PENDING IN 24 HOURS, 1/6-1/9 (1st ed.

have been developed but were not due to the deterrent effect of the false patent mark. Second, the public is harmed due to the decrease of inventorship, an effect which is directly contrary to the patent policy of encouraging technological advancements.⁷⁴

IV. GUIDELINES FOR USE OF THE TERM "PATENT PENDING"

Having thus far discussed the patent marking statutes and the possible harms resulting from the statutes' shortcomings, this Note will now analyze and recommend changes for specific problems. First, the guidelines for use of the term "patent pending" are inadequate to prevent consumer deception. Laws that control deceptive advertising, such as the Lanham Act⁷⁵ or the Federal Trade Commission's (FTC) rules,⁷⁶ show the inadequacy of the current guidelines for use of the term "patent pending." Applying these laws to patent marking is appropriate because manufacturers use patent language in brochures and pamphlets to market their products.⁷⁷ Patent marking statutes and advertising laws share a common purpose of thoroughly educating the public about the product.⁷⁸ Furthermore, both sets of laws provide guidelines on what information is proper to convey to the public and how that information should be conveyed. Two deceptive advertising regulations warrant examination: the FTC's

2002) (noting that one advantage of filing a patent application is the ability to use the term "patent pending" on a product, which will deter manufacturers from stealing the invention). The authors acknowledge that the term "patent pending" does not provide the potential patentee any legal patent rights, and the potential patentee cannot stop anyone from using the invention. Nonetheless, the authors encourage use of the term "patent pending" to ward off competition.

⁷⁴ See U.S. CONST. art. I, § 8, cl. 8 ("The Congress shall have Power . . . To 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.") (emphasis added); see also *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231-32, 140 U.S.P.Q. (BNA) 524, 528 (1964) (recognizing the important public right to make, sell, or share the goodwill of any unpatented ideas in the public domain).

⁷⁵ Lanham Act § 43, 15 U.S.C. § 1125 (2000).

⁷⁶ See 15 U.S.C. § 57a (2000) (granting the FTC the power to prescribe rules and statements of policy).

⁷⁷ *Sheldon Friedlich Mktg. Corp. v. Carol Wright Sales, Inc.*, 219 U.S.P.Q. (BNA) 883, 887 (S.D.N.Y. 1983) (involving a situation where the defendant included language such as "patent applied for" on advertisements promoting the product and the defendant stated that patent language is an important marketing point).

⁷⁸ Compare *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 161, 9 U.S.P.Q.2d (BNA) 1847, 1856 (1989) (noting that the purposes of patent marking are to educate potential infringers about the existence of the patent and to alert the public as to what information is in the public domain), with FEDERAL TRADE COMMISSION, REPORT ON THE CONSUMER INFORMATION REMEDIES POLICY SESSION, at 14 (1979) (noting that the purpose of advertising regulations is to increase the truthfulness of information available to the public).

advertising guidelines and section 43(a) of the Lanham Act. If these regulations show that deceptive advertising could result from patent marking, then arguably Congress should amend the false marking statute to further restrict the term “patent pending.”

A. THE FEDERAL TRADE COMMISSION

The Federal Trade Commission is an agency whose main responsibility is to “promote competition and to protect the public from unfair and deceptive acts and practices” in advertising.⁷⁹ Among other things, Congress gave the FTC the power to research advertising practices, create governing rules, and bring claims against those who violate the rules.⁸⁰ The FTC’s rules, called the Trade Regulation Rules (TRRs), define the deceptive or unfair practices that the FTC can enforce as law.⁸¹

In addition to the federal regulations, all states have adopted laws controlling deceptive advertising.⁸² For the most part, these state laws are based on FTC regulations⁸³ with one important difference: the state regulations can be enforced through private litigation, whereas the FTC regulations can only be enforced through suits brought by the FTC itself.⁸⁴ For the remainder of this discussion, both the FTC regulations and state regulations are referred to collectively as “advertising regulations.”

Advertising regulations dealing with expert endorsements are especially suitable to analyze patent marking. Advertising regulations have specifically targeted the use of expert endorsements because the endorsements lend an “additional measure of credibility” to the advertisement.⁸⁵ The FTC’s definition of an expert is “an individual, group or institution possessing, as a result of experience, study or training, knowledge of a particular subject, which knowledge is superior to that generally acquired by ordinary individuals.”⁸⁶ The definition of

⁷⁹ 16 C.F.R. § 0.1 (2003).

⁸⁰ 15 U.S.C. § 46 (2000) (listing powers of the Commission, including the power to investigate those engaged in business); 15 U.S.C. § 57a (2000) (granting the Commission the power to prescribe rules and statements of policy); 15 U.S.C. § 45(b) (2000) (noting that the Commission has the power to bring proceedings against those who engage in unfair methods of competition).

⁸¹ 16 C.F.R. § 1.8 (2003); *see also* STERN & EDVALDI, *supra* note 6, at 8.

⁸² JONATHAN SHELDON, NATIONAL CONSUMER LAW CENTER, UNFAIR AND DECEPTIVE ACTS AND PRACTICES § 1.1 (2d ed. 1988).

⁸³ *See* STERN & EOVARDI, *supra* note 6, at 370 (noting that state statutes use the same terminology as FTC regulations and many state statutes instruct the courts to follow FTC decisions).

⁸⁴ SHELDON, *supra* note 82, § 1.1.

⁸⁵ Guides Concerning the Use of Endorsements, 16 C.F.R. § 255 (2003); STERN & EOVARDI, *supra* note 6, at 392.

⁸⁶ 16 C.F.R. § 255.0(d) (2003).

an endorsement is “any advertising message . . . which message consumers are likely to believe reflects the opinions, beliefs, findings, or experience of a party other than the sponsoring advertiser.”⁸⁷

The United States Patent and Trademark Office is similar to an expert endorser because it is an institution charged with assigning patents and has more knowledge regarding patents than an ordinary individual. A patent is similar to an endorsement of a product because it indicates a finding by the PTO that the product is new, non-obvious, and useful.⁸⁸ Therefore, patent marking and use of the term “patent pending” can be thought of as an expert endorsement. The similarities between an expert endorsement and patent marking justify the use of advertising regulations to determine whether patent marking is deceptive. If patent marking, as allowed under the current rules, is deceptive then Congress should amend the laws governing patent marking. There are essentially five rules that determine whether an advertisement is deceptive, which will be addressed in turn.

First, actual proof of deception is not required; it is enough that an advertisement has the “tendency or capacity” to deceive.⁸⁹ Patent marking, either legitimate, false, or “patent pending,” has the potential to cause customers to believe that the product is somehow better because it has a patent mark.⁹⁰ This consumer belief benefits a patentee with a legitimate patent mark, and the belief is supported by a valid patent. In contrast, false marks and the “patent pending” mark are unsupported by any patents; thus, the consumer believes the product is better because of the patent when, in fact, no such patent exists. Specifically, the “patent pending” mark can deceive the public because there is no way to discern any information about the patent application from this mark. For example, a consumer may falsely believe a tire advertised with “patent pending” has qualities that improve the tire’s performance, when in fact the pending patent is only a design patent on the tire’s tread. Thus, the term “patent pending” has the capacity to make a consumer believe the product is superior to a product without a patent.

Second, a deceptive representation must pertain to material facts, and the materiality of a representation is a matter of the Commission’s expertise.⁹¹ The FTC has prepared guidelines to help determine whether a fact is material, including the number of consumers who would have insisted upon a lower price

⁸⁷ 16 C.F.R. § 255.0(b).

⁸⁸ 35 U.S.C. § 101 (2000).

⁸⁹ *FTC v. Colgate-Palmolive Co.*, 380 U.S. 374, 391-92 (1965).

⁹⁰ CHISUM, *supra* note 13, § 20.03[7][c][vii].

⁹¹ 15 U.S.C. § 55 (2000) (defining false advertisement as one “which is misleading in a material respect”); *see also* Ira Millstein, *The Federal Trade Commission and False Advertising*, 64 COLUM. L. REV. 439, 483-84 (1964).

for the product had they known the truth behind the fact, and whether the fact would cause a consumer to disregard a negative characteristic of the product.⁹² Whether use of a patent mark would be a material fact leading the consumer to purchase the product is unclear. As discussed previously, the strongest consumer stimuli are probably name brand and price.⁹³ Since no scientific studies have examined how patents influence consumers, it is difficult to say whether the existence of a patent would be a material fact. Given the broad discretion vested in the FTC to control deceptive practices, however, it is quite possible that the Commission would find the truth behind the “patent pending” mark to be material.

Third, the Commission has discretion to determine what representations have been made to consumers, and no proof is required to find that a representation is deceptive.⁹⁴ Patent marking does not make an express representation. That is, a patentee does not say, “this product has superior characteristics, as evidenced by the patent.” Nevertheless, the Commission may use its discretion to determine whether patent marking gives implied representations. For example, people might associate patents with increased quality.⁹⁵ As discussed above, a patent can be considered an endorsement by the PTO that the product is new, non-obvious, and useful. Therefore, the Commission may use its discretion to find that a patent impliedly represents that the product is somehow better than a product without a patent.

Fourth, a finding of deceptive advertising does not depend upon the intent of the advertiser to deceive customers.⁹⁶ This rule represents the strongest departure from the false marking statute, which does not impose sanctions unless there is intent to deceive the public.⁹⁷ The issue of intent is discussed more thoroughly later in this Note, but for now it is sufficient to point out that advertising regulations do not require intent to deceive.

Finally, in order to be actionable, it is not necessary that the majority of consumers view the representation as false.⁹⁸ Under this rule, the deceptive use

⁹² STERN & EOVALDI, *supra* note 6, at 412.

⁹³ Dodds et al., *supra* note 56, at 308; Gotlieb et al., *supra* note 55, at 876.

⁹⁴ Doherty, Clifford, Steers & Shenfield, Inc. v. FTC, 392 F.2d 921, 925 (6th Cir. 1968).

⁹⁵ See CHISUM, *supra* note 13, § 20.03[7][c][vii].

⁹⁶ See *Doherty, Clifford*, 392 F.2d at 925 (noting that “good or bad faith is not determinative of whether such statements are deceptive”).

⁹⁷ 35 U.S.C. § 287 (2000).

⁹⁸ *Doherty, Clifford*, 392 F.2d at 926 (stating that the FTC must protect “the public in general, the unsuspecting as well as the skeptical”); see also *Benrus Watch Co. v. FTC*, 352 F.2d 313, 319-20 (8th Cir. 1965) (finding an advertisement to be deceptive despite testimony claiming an “overwhelming majority” of consumers would not be deceived, because the Commission believed a “substantial percentage” might still be deceived).

of the term “patent pending” would be actionable even if most people never considered the existence of a patent when purchasing the product. Even those people who are ignorant of the existence of a patent are entitled to protection from deceptive advertising.

In conclusion, application of advertising regulations to patent marking is warranted because manufacturers use patent marking in advertisements. Patent marking can be thought of as an expert endorsement from the PTO. Application of FTC guidelines pertaining to deceptive advertising shows that the Commission could find “patent pending” to be deceptive. The term has the potential to cause consumers to believe a patented product is better than a non-patented product. Therefore, Congress should strengthen the guidelines for use of the term “patent pending” in order to prevent consumer deception.

B. THE LANHAM ACT

Another law pertaining to unfair or deceptive advertising that warrants comparison is section 43(a) of the Lanham Act, which imposes liability for using a false or misleading representation of fact that is likely to cause confusion or misrepresents the nature or characteristics of goods.⁹⁹ At least two courts have questioned whether false marking could qualify as a false representation of the nature of goods under this Act.¹⁰⁰

In *Sheldon Friedlich Marketing Corp. v. Carol Wright Sales, Inc.*, a manufacturer submitted a patent application for a product but then substantially redesigned the product so that the product was no longer covered under the original patent application.¹⁰¹ Nevertheless the manufacturer continued to use the old patent language in advertisements for the new redesigned product.¹⁰² A competitor brought suit under section 43(a) of the Lanham Act, and the court stated that violation of the false marking statute was not a per se violation of the Lanham Act.¹⁰³ In contrast, in another case with a virtually identical fact pattern, the court held that false marking could fall within the scope of the Lanham Act.¹⁰⁴ In that case, the defendant had a patent for a window crank and then made substantial improvements on the crank so that the original patent no longer covered the improvements. The defendant eventually published a brochure advertising the improved crank as “patented.” The plaintiff alleged that the defendant’s violation

⁹⁹ 15 U.S.C. § 1125(a) (2000).

¹⁰⁰ *Blank v. Pollack*, 916 F. Supp. 165, 38 U.S.P.Q.2d (BNA) 1265 (N.D.N.Y. 1996); *Sheldon Friedlich Mktg. Corp. v. Carol Wright Sales, Inc.*, 219 U.S.P.Q. (BNA) 883 (S.D.N.Y. 1983).

¹⁰¹ *Sheldon*, 219 U.S.P.Q. (BNA) 883.

¹⁰² *Id.*

¹⁰³ *Id.* at 890 n.41.

¹⁰⁴ *Blank*, 916 F. Supp. at 172.

of the false marking statute constituted a violation of the Lanham Act, and the court agreed that such a violation could exist.¹⁰⁵ It therefore remains an open question whether violation of the false marking statute can also constitute a violation of the Lanham Act.¹⁰⁶

Despite the existence of at least one case declining to impose liability for false advertising under the Lanham Act, there are signs that subsequent courts could entertain such suits. The *Sheldon* court's decision not to impose liability under the Lanham Act was not central to the court's holding; it was contained in a footnote in dicta.¹⁰⁷ Furthermore, because the court only stated that false marking was not a per se violation of the Lanham Act, it implied that with the right fact pattern and proper proof a plaintiff could establish a violation of the Lanham Act.¹⁰⁸

Also, the *Sheldon* court refused to impose liability by relying on a distinction that is no longer relevant. Before the 1998 amendments to the Lanham Act, some courts held that the false representation must go to an inherent quality or characteristic of the product rather than the social or economic context in which the product is marketed.¹⁰⁹ Thus, the question was whether the false patent marks relate to the quality of the goods or merely to the social context of the advertisement.¹¹⁰ With little explanation, the *Sheldon* court held that false patent marking relates only to a "marketing jingle" rather than to the quality or nature of the product.¹¹¹ Thus, the defendant was not sanctioned under the Lanham Act.¹¹² The common law distinction between actionable types of representations has since been abandoned by statute.¹¹³ The 1988 amendments to the Lanham Act did not restrict actionable misrepresentations to those involving only the inherent or material characteristics of the goods.¹¹⁴ Thus, the mere fact that a product

¹⁰⁵ *Id.* at 173.

¹⁰⁶ See *In re Uranium Antitrust Litigation*, 473 F. Supp. 393, 408, 204 U.S.P.Q. (BNA) 449, 460 (D.C. Ill. 1979) (stating that the Lanham Act applies to a manufacturer who "exaggerates the scope of his patents, thereby creating a false impression that it is the exclusive source of a product").

¹⁰⁷ *Sheldon*, 219 U.S.P.Q. (BNA) at 890 n.41.

¹⁰⁸ *Id.*

¹⁰⁹ LOUIS ALTMAN, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 2:9 (4th ed. 2003); see also *Sheldon*, 219 U.S.P.Q. (BNA) at 889-90.

¹¹⁰ *Sheldon*, 219 U.S.P.Q. (BNA) at 890.

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 732, 102 Stat. 3946 (1988); see also Jean Wegman Burns, *Confused Jurisprudence: False Advertising Under the Lanham Act*, 79 B.U.L. REV. 807, 871-72 (1999).

¹¹⁴ Burns, *supra* note 113, at 871-72; see also *B. Sanfield, Inc. v. Finlay Fine Jewelry Corp.*, 857 F. Supp. 1241, 1246 n.7, 32 U.S.P.Q.2d (BNA) 1180, 1184 n.7 (N.D. Ill. 1994) (noting that the 1988 amendments may have abolished the inherent quality requirement for false representations).

contains false marking may support a cause of action, without inquiry into whether the mark went to the product's inherent qualities.

Another fact supporting a false advertising Lanham Act claim against a false patent marker is the relatively low burden of proof a plaintiff must satisfy to establish a claim. If the plaintiff is seeking injunctive relief, he must show only the likelihood of damage.¹¹⁵ Therefore, a plaintiff alleging that false patent marking is a violation of the Lanham Act could merely show he is likely to be harmed by the false mark. For example, the *Sheldon* court relied on a manufacturer's market study on the effects of advertisements with patent pending language in order to show likelihood of harm.¹¹⁶ While the court ultimately concluded that the survey did not show a likelihood of harm, it implied that a market survey could be used successfully in another case.¹¹⁷ The use of surveys to show the negative effects of false marking would make it relatively simple to establish the requirement of likelihood of harm and to bring a successful claim.

In conclusion, patent marking is a valuable marketing tool which may influence a consumer's willingness to buy a product. The FTC regulations are very broad and show that false patent marking, particularly use of the term "patent pending," could be deceptive in advertising. Additionally, at least two courts have held that false marking could be a violation of section 43(a) of the Lanham Act.¹¹⁸ The current version of the false marking statute is too lenient and does not control patent marking sufficiently. Congress should amend the statute so that consumers will not be deceived about the existence of a patent.

C. PROPOSED CHANGES

Heightened restrictions on use of the term "patent pending" can remove the potential for consumer deception. Currently, when a product is marked as "patent pending" there is no mechanism in section 292 to provide information about the pending patent. Conversely, section 287 requires the patentee to state the patent number, thus providing a way for the public to gather information

¹¹⁵ *Camel Hair & Cashmere Inst. of Am. v. Assoc. Dry Goods*, 799 F.2d 6, 12, 231 U.S.P.Q. (BNA) 39, 43 (1st Cir. 1986) (noting that in an action for injunctive relief, the plaintiff need not show actual harm); *Burns*, *supra* note 113, at 842. On the other hand, if the plaintiff is seeking monetary damages, courts will not accept mere proof of likelihood of harm. *See United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1180, 46 U.S.P.Q.2d (BNA) 1337, 1340 (8th Cir. 1998) (noting that to recover monetary damages, a "plaintiff must prove both actual damages and a causal link between defendant's violation and those damages").

¹¹⁶ *Sheldon*, 219 U.S.P.Q. (BNA) at 883.

¹¹⁷ *Id.* at 890 n.41. The court rejected the survey due to the survey's erroneous methodology. Perhaps if the survey had been more reliable, the court would have accepted it.

¹¹⁸ *See Blank*, 916 F. Supp. 165; *Sheldon*, 219 U.S.P.Q. (BNA) 883.

about the patent.¹¹⁹ One way to provide such information regarding a pending patent is to alter section 292 to require the patent marker to state what type of patent, such as utility or design, is pending. Consider this hypothetical: Firestone has a design patent pending for the tread design on a new tire and marks the tire as “patent pending.” Under the current version of section 292, Firestone need not specify that the pending patent only pertains to the design of the tire, rather than the utility of the tire. The utility of the tire might include a new process to manufacture the tire or new properties to strengthen the tire’s grip on the road. If the tire were marked “design patent pending,” then Goodyear would feel free to develop the utility aspects of the tire without fearing an infringement action. On the other hand, without the designation of “design patent,” Goodyear might assume the pending patent pertains to the utility aspects of the tire and might choose not to develop a competing product in order to avoid an infringement action. Alternatively, section 292 could require the potential patentee to disclose the contents of his application. Full disclosure of patent applications might be harmful to the patentee, however, so this option is less attractive.¹²⁰

Another suggested change for section 292 is to restrict the time in which the potential patentee may mark his product as “patent pending.” Currently, the potential patentee may use this term as soon as he files either a provisional or regular patent application.¹²¹ Conceivably, a manufacturer could use the term for approximately four years because a typical pending period is three years for a regular application,¹²² plus an additional year for a provisional application.¹²³ Use of the term “patent pending” during this time period effectively stretches the term of protection for the potential patentee due to the fear of infringement the term might cause in competitors.¹²⁴ More restrictions are needed to control the time at which a potential patentee may begin to mark the product. For example, section 292 could restrict use of the term “patent pending” to a regular application alone, not a provisional application. This change would shorten the potential patentee’s effective monopoly by one year in some cases.

The differences in structure between section 292 and section 287 further support revision of section 292. Section 287 is a positive statute because it

¹¹⁹ 35 U.S.C. § 287 (2000).

¹²⁰ See Philippe Signore, *The New Provisional Rights Provision*, 82 J. PAT. & TRADEMARK OFF. SOC’Y 742, 743 (2000) (noting that in systems of full disclosure, “inventors expose themselves to copying by competitors before they obtain any patent protection”).

¹²¹ 35 U.S.C. § 111 (2000).

¹²² STERN & EOVALDI, *supra* note 6, at 30.

¹²³ 35 U.S.C. § 111(b) (allowing the inventor one year after the date of filing of the provisional application to file a regular patent application).

¹²⁴ CHISUM, *supra* note 13, § 20.03[7][c][vii] (recognizing that false marking negatively affects research and development).

describes affirmative steps a patentee may take to mark the product.¹²⁵ In this way, section 287 is like a roadmap that gives the patentee directions. On the other hand, section 292 (which governs use of the term “patent pending”) is a negative statute.¹²⁶ Section 292 is more like a warning sign that prohibits certain conduct. It would make more sense for provisions regarding “patent pending” to appear in a positive statute that provides directions for proper marking. The complete lack of guidelines for “patent pending” and its placement in a negative statute seems inconsistent with section 287. More guidelines and restrictions on use of “patent pending” marks would make it more comparable to section 287.

More regulations concerning use of the term “patent pending” would benefit both the public and competing businesses. New requirements to provide information regarding the pending patent would help the public to make informed decisions regarding product quality and would help competing businesses to develop technology without fear of infringement litigation. Restricting the time a potential patentee can use the term “patent pending” would shorten the effective monopoly of the potential patentee. Finally, restructuring section 292 would provide potential patentees with better guidelines in marking their products.

V. INTENT TO DECEIVE THE PUBLIC

In order to establish liability under section 292, the plaintiff must prove the defendant falsely marked his product “for the purpose of deceiving the public.”¹²⁷ The courts have strictly construed this intent requirement, presumably because the statute is penal in nature.¹²⁸ Requiring such a high level of intent is inconsistent, however, with the false marking statute’s purpose of preventing public deception.¹²⁹ This intent requirement is also inconsistent with other regulations, including the FTC’s advertising standards, whose purpose is also to prevent public deception.¹³⁰ Furthermore, the courts have been too lenient in finding

¹²⁵ See 35 U.S.C. 287.

¹²⁶ See 35 U.S.C. § 292 (2000).

¹²⁷ 35 U.S.C. § 292 (2000).

¹²⁸ *Airwick Indus., Inc. v. Sterling Drug Inc.*, 720 F. Supp. 409, 415, 11 U.S.P.Q.2d (BNA) 1447, 1454 (D. N.J. 1989) (noting that a prerequisite to sanctions under the false marking statute is an intent to deceive the public).

¹²⁹ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 161, 9 U.S.P.Q.2d (BNA) 1847, 1856 (1989) (noting that one purpose of patent marking is to alert the public as to what information is in the public domain); CHISUM, *supra* note 13, § 20.02[7][c][vii].

¹³⁰ FEDERAL TRADE COMMISSION, REPORT ON THE CONSUMER INFORMATION REMEDIES POLICY SESSION 14 (1979) (noting that the purpose of advertising regulations is to increase the truthfulness of information available to the public).

specific intent despite the fact that potential for deception was present.¹³¹ Therefore, Congress should amend the false marking statute's intent requirement to prevent consumer deception.

A. COMPARISON OF INTENT REQUIREMENT WITH SIMILAR STATUTES

On January 1, 1953, Congress enacted the new title 35 of the United States Code and modified the false marking statute to include false advertising in all offenses.¹³² The purpose of section 292 is to protect the public from deception.¹³³ Comparison of the false marking statute to laws, such as the Lanham Act, with similar purposes of preventing consumer deception reveals the weaknesses of the false marking statute. The Lanham Act's definition of deceptive advertising does not include intent to deceive.¹³⁴ In addition, state deceptive advertising laws do not require the element of intent to deceive.¹³⁵ One state court even noted that a requirement of intent would "effectively emasculate the act and contradict its fundamental purpose."¹³⁶ Therefore, if both the false marking statute and the Lanham Act are meant to prevent consumer deception, it seems inconsistent to require proof of intent with respect to false patent marking.

Some scholars argue that the penal nature of the false marking statute justifies the intent requirement.¹³⁷ However, characterization of the false marking statute as penal in nature may be incorrect. The false marking statute is a *qui tam* action, in which any person may bring a claim despite lack of injury, and half the recovery goes to the government.¹³⁸ *Qui tam* actions use civil rules of procedure, however, not criminal rules.¹³⁹ In one case, the court compared violation of the false

¹³¹ See *Airwick Indus.*, 720 F. Supp. 409; *Water Gremlin Co. v. Ideal Fishing Float Co.*, 401 F. Supp. 809, 188 U.S.P.Q. (BNA) 388 (D. Minn. 1975).

¹³² Act of July 19, 1952, ch. 950, 66 Stat. 792 (1952).

¹³³ CHISUM, *supra* note 13, § 20.02[7][c][vii]; see also 35 U.S.C. § 292 (2000) (imposing sanctions for false markers who act with "the purpose of deceiving the public").

¹³⁴ See, e.g., *Porter & Dietsch, Inc. v. FTC*, 605 F.2d 294, 309 (7th Cir. 1979) ("The statute does not make mental state an element of violation and creates no exemption from liability for parties not involved in the creation of the false advertising or for unwitting disseminators of false advertising."); *Doherty, Clifford, Steers & Shenfield, Inc. v. FTC*, 392 F.2d 921, 925 (6th Cir. 1968) (noting that "good or bad faith is not determinative of whether such statements are deceptive").

¹³⁵ SHELDON, *supra* note 82, § 4.2.4 (listing all the state decisions that do not require an intent to deceive the public).

¹³⁶ *Thomas v. Sun Furniture & Appliance Co.*, 399 N.E.2d 567, 570 (Ohio Ct. App. 1978); see also *Pennington v. Singleton*, 606 S.W.2d 682, 689 (Tex. 1980) (rejecting an argument that there should be an element of knowledge of wrongdoing or intent to deceive in imposing treble damages).

¹³⁷ *Moore & Nakamura*, *supra* note 16, at 90 (stating that the reason intent is required is because the statute is penal in nature).

¹³⁸ 35 U.S.C. § 292.

¹³⁹ CHISUM, *supra* note 13, § 20.03[7][c][vii]; see *Arcadia Mach. & Tool, Inc. v. Sturm, Ruger &*

marking statute with a statutory violation of a corporate law.¹⁴⁰ Like the violation of the corporate law, violation of the false marking statute did impose a burdensome liability on offenders, but it gave a civil remedy to the plaintiff.¹⁴¹ Also, the mere fact that a statute authorizes monetary damages does not imply that the statute is penal. For example, violation of the Lanham Act can result in monetary damages,¹⁴² and it is not penal.¹⁴³ Moreover, the availability of damages under the Lanham Act does not require intent to deceive the public.¹⁴⁴

Therefore, because the purpose of section 292 is to prevent consumer deception, it seems inconsistent to require intent, an element that makes it very difficult to bring a successful claim for false marking. If section 292 required a lesser standard, such as knowledge, then the courts could sanction false markers more easily.¹⁴⁵

B. THE INTENT REQUIREMENT AS INTERPRETED BY THE COURTS

Congress should either abandon or lessen the strict requirement of intent to deceive the public because the current standard makes section 292 effectively useless. In one case, a manufacturer of fishing lures packaged the lures in a plastic pouch that was marked "Pat. and Pats. Pending" but only the package actually had any patents or pending patents.¹⁴⁶ A competitor brought a false marking claim but the court refused to impose sanctions because the lure manufacturer did not have intent to deceive the public.¹⁴⁷ The court even acknowledged that some

Co., 227 U.S.P.Q. (BNA) 655, 656 (C.D. Calif. 1985) (applying the civil statute of limitations to false marking claims); *Trabon Eng'g Corp. v. Eaton Mfg. Co.*, 37 F.R.D. 51, 55, 144 U.S.P.Q. (BNA) 469, 471 (N.D. Ohio 1964) (noting that the false marking statute is not criminal in nature despite its penalty, and applying civil discovery rules). *But see* *Boyd v. Schildkraut Giftware Corp.*, 936 F.2d 76, 79, 19 U.S.P.Q.2d (BNA) 1223, 1224 (2d Cir. 1991) (noting that "[t]he scienter element of the penal offense also applies to the qui tam remedy").

¹⁴⁰ *Sippit Cups, Inc. v. Michael's Creations, Inc.*, 180 F. Supp. 58, 124 U.S.P.Q. (BNA) 213 (E.D. N.Y. 1960).

¹⁴¹ *Id.* at 61.

¹⁴² 15 U.S.C. § 1117 (2000) (imposing monetary damages for violation of the Lanham Act and sanctioning awards of exemplary damages); 15 U.S.C. § 45(1) (2000) (imposing a penalty for violation of orders, injunctions, or other equitable relief).

¹⁴³ *See, e.g., Hyman v. Nationwide Mut. Fire Ins. Co.*, 304 F.3d 1179, 1194, 64 U.S.P.Q.2d (BNA) 1411, 1423 (11th Cir. 2002) ("The Lanham Act . . . is not a penal statute."); *Blue Bell Bio-Med. v. Cin-Bad, Inc.*, 864 F.2d 1253, 1258, 9 U.S.P.Q.2d (BNA) 1870, 1874 (5th Cir. 1989) (noting that the Lanham Act is meant to prevent consumer deception rather than punish evil intent).

¹⁴⁴ *See, e.g., Porter & Dietsch*, 605 F.2d at 309.

¹⁴⁵ *See Water Gremlin Co.*, 401 F. Supp. at 818 (allowing a manufacturer who knew his product was mislabeled to escape liability because he did not have intent to deceive).

¹⁴⁶ *Id.*

¹⁴⁷ *Id.* at 813.

consumers might be confused about the patent mark and believe it to refer to the lure rather than the package.¹⁴⁸ If the false marking statute is meant to prevent public deception, then the court should impose sanctions when deception is likely, especially where the manufacturer knew the product was mismarked.

In another case, a manufacturer disclaimed his patent but continued to use existing labels with the patent mark and even continued to print more labels with the mark.¹⁴⁹ Furthermore, the manufacturer showed products affixed with the false marks in television and print advertisements.¹⁵⁰ The court noted that the manufacturer could have and should have deleted the mark but nonetheless refused to impose sanctions because the manufacturer did not intend to deceive the public.¹⁵¹ The manufacturer kept the labels to save money by slowly phasing out the falsely marked product.¹⁵² This financial incentive may excuse the manufacturer for using the old labels, but does not excuse printing new labels or using false labels in advertisements. The court seemed to blindly accept the manufacturer's argument of good faith compliance with section 292. In so doing, the court improperly focused on the manufacturer's financial motivation and ignored the true purpose of the false marking statute—to protect the public.

The strict intent requirement is a barrier to preventing consumer deception. Courts have focused solely on intent while ignoring the statute's purpose of preventing consumer deception. Congress should either abandon the intent requirement or lessen the standard to achieve the statute's purpose.

Opponents of the proposed amendment might argue that such a high level of intent is needed to protect manufacturers who inadvertently mismark a product. While some unfairness may result when a court sanctions a manufacturer who did not know he was mismarking, decreasing the scienter requirement to apply only to those who knowingly mismark or have reason to suspect mismarking would not result in unfairness. The courts would not sanction manufacturers who are genuinely unaware of mismarking. On the other hand, a lower scienter requirement would allow courts to sanction manufacturers who realize they are mismarking but nonetheless continue because of their own interests.¹⁵³

There is some indication that courts are willing to broaden the scienter requirement of section 292, and new legislation lessening the requirement would be consistent with these court's holdings. For example, in *Accent Designs, Inc. v. Jan*

¹⁴⁸ *Id.*

¹⁴⁹ *Airwick Indus., Inc. v. Sterling Drug, Inc.*, 720 F. Supp. 409, 11 U.S.P.Q.2d (BNA) 1447 (D. N.J. 1989).

¹⁵⁰ *Id.* at 413.

¹⁵¹ *Id.*

¹⁵² *Id.*

¹⁵³ See *Airwick Indus.*, 720 F. Supp. 409 (involving a manufacturer who knew he was mismarking but did not change the mark because it would have been more expensive).

Jewelry Designs, Inc., the court suggested a different sort of intent would suffice in imposing sanctions.¹⁵⁴ The defendant sent invoices to customers that contained a patent mark even though some of the products shipped with these invoices did not have patents.¹⁵⁵ The court held that a reasonable jury could find the defendants had intended to give misleading impressions to the public as well as to compete for business unfairly.¹⁵⁶ Intent to compete for business unfairly does not appear in section 292, and the court's mention of this type of intent implies that sanctions are appropriate even if the manufacturer does not intend to deceive the public. Thus, it seems some courts are willing to broaden the intent requirement found in section 292, which might make it easier to bring false marking claims in the future.

VI. EVOLUTION AND INTERPRETATION OF THE FALSE MARKING STATUTE

The false patent marking statute, section 292, has evolved to increase liability and make it easier for a plaintiff to bring a successful claim. Therefore, Congress should further restrict false marking because such a change is consistent with the evolution of the statute. One section of the false marking statute sanctions those who use a patent mark on a non-patented product in an attempt to imitate the patented product.¹⁵⁷ Before 1994, this section only reached those who imitated marks on objects "made, used, or sold" by the patentee.¹⁵⁸ The 1994 amendments, however, increased the scope of liability under the statute by adding anything offered for sale or imported into the United States by the patentee.¹⁵⁹ Therefore, the amendment increased the number of actions that trigger sanctions under section 292. Furthermore, Congress has amended the false marking statute to increase the amount of sanctions. In 1952, Congress changed the fine for false marking from "not less than \$100" to "not more than \$500."¹⁶⁰ The legislative history of this amendment indicates that Congress made this change because the previous minimum fine of \$100 was "interpreted by the courts as a maximum."¹⁶¹ New legislation further restricting false marking would be consistent with Congress' intent, as evidenced through amendments to the false marking statute.

¹⁵⁴ 827 F. Supp. 957, 30 U.S.P.Q.2d (BNA) 1734 (S.D.N.Y. 1993).

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* at 970.

¹⁵⁷ 35 U.S.C. § 292 (2000).

¹⁵⁸ Act of July 19, 1952, ch. 950, 66 Stat. 792 (1952).

¹⁵⁹ Uruguay Round Agreements Act, Title V, Subtitle C, Sec. 533, Pub. L. No. 103-465, 108 Stat. 4989 (1994).

¹⁶⁰ Act of July 19, 1952, ch. 950, 66 Stat. 792 (1952).

¹⁶¹ S. REP. NO. 82-1979, at 31 (1952), *reprinted in* 1952 U.S.C.C.A.N. 2394, 2424.

Amending the statute is also consistent with some courts' interpretation of the statute. Courts are broadening the scope of the false marking statute by liberally interpreting the statutory term "advertising."¹⁶² Section 292 imposes penalties on "[w]hoever marks upon, or affixes to, or uses in advertising" deceptive or false patent marks.¹⁶³ In one case, the manufacturer falsely marked several shipping invoices, and the court held that an invoice was a "use in advertising" for the purposes of section 292.¹⁶⁴ In a similar case, a defendant who had no patent or patent pending sent a letter to the patentee's clients alleging that the patentee was infringing upon defendant's non-existent patent.¹⁶⁵ The court, in rejecting the defendant's motion to dismiss, held the letter was a form of advertisement because it was meant to give notice to the recipients of the patent issues.¹⁶⁶

In both the above cases, the courts included invoices and letters within the scope of section 292 even though these times are not traditional advertisements. One court recognized that advertisements and invoices have different purposes but, since both devices inform or give notice to the public, section 292 should apply.¹⁶⁷ In addition, both courts held invoices and letters could be advertisements despite the limited number of people that actually received the communication. One court noted that the term "public" could include a specifically targeted class.¹⁶⁸ These cases show that some courts read section 292 broadly to impose sanctions on manufacturers who falsely mark, thus making it easier to establish liability. New legislation increasing liability under section 292 would not be an extreme departure from the way these courts have interpreted the statute.

In conclusion, both the evolution of the false marking statute and its interpretation by the courts show an increased willingness to restrict the use of false patent marks. Congress has amended the statute to increase the amount of sanctions and the number of instances where courts may impose sanctions.¹⁶⁹ The courts have interpreted the statute broadly to encompass violations that would not be actionable under a strict interpretation of the statute.¹⁷⁰ Therefore,

¹⁶² See *Accent Designs, Inc. v. Jan Jewelry Designs, Inc.*, 827 F. Supp. 957, 30 U.S.P.Q.2d (BNA) 1734 (S.D.N.Y. 1993); *Lase Co. v. Wein Prods., Inc.*, 357 F. Supp. 210, 178 U.S.P.Q. (BNA) 209 (N.D. Ill. 1973).

¹⁶³ 35 U.S.C. § 292.

¹⁶⁴ *Accent Designs*, 827 F. Supp. at 969.

¹⁶⁵ *Lase Co.*, 357 F. Supp. 210.

¹⁶⁶ *Id.* at 213.

¹⁶⁷ *Accent Designs*, 827 F. Supp. at 969 (noting that advertisements are traditionally thought of as promoting a product, whereas the purpose of an invoice is to "provide an accounting of costs").

¹⁶⁸ *Id.*

¹⁶⁹ Act of July 19, 1952, ch. 950, 66 Stat. 792 (1952).

¹⁷⁰ See *Accent Designs*, 827 F. Supp. 957; *Lase Co.*, 257 F. Supp. 210.

new legislation further restricting false marking is consistent with legislative intent and statutory interpretation by the courts.

One incorrect counter-argument to the proposal for new legislation is that increased regulations will hamper legitimate use of patents in advertising. While patents are a valuable marketing tool which businesses should be allowed to use to attract customers, the proposed legislation only lessens the scienter requirement and provides a mechanism for providing information about pending applications. Lessening the intent requirement will only hamper illegitimate use of patent marks, and a manufacturer who marks appropriately will not be affected. Additionally, providing a mechanism to convey more information along with the term "patent pending" will not hamper businesses unfairly. Of course, one could say that the vagueness currently surrounding the term "patent pending" helps businesses because competitors will not try to develop competing technology. This benefit, however, comes at the expense of the public which is deprived of new inventorship. Under the proposed legislation, use of the term "patent pending" will still be available in advertising, but the manufacturer will be required to disclose more information. Thus, the proposed amendments to the false marking statute will not hamper legitimate use of patents in advertising.

VII. CONCLUSION

In conclusion, new legislation is required to strengthen the patent marking statute that controls false marking and use of the term "patent pending." Patent marking brings many benefits, and when manufacturers falsely mark they reap these benefits at the public's expense. Patent marking deters wrongful infringement, but false patent marking deters legitimate inventorship and research. Patent marking can be a valuable marketing tool, but false patent marking deceives consumers. The current false marking statute is insufficient, and Congress should amend it to reduce the intent requirement for all cases of patent marking and more strictly control use of the term "patent pending."

Two ways to better control use of the term "patent pending" are to provide more information regarding pending patents and to limit when the manufacturer can affix that term to her product. The current guidelines controlling use of the term "patent pending" may result in deceptive advertising. Regulations requiring more information would benefit the public by enabling them to make more informed buying decisions. Such regulations would also benefit competitors who wish to develop competing products without infringing. An additional suggestion is to restrict the time at which a manufacturer may affix the "patent pending" mark to their product. Providing better guidelines for the term's use would be consistent with the overall structure of the patent marking statute.

Congress should also amend the false marking statute to lessen the scienter requirement. Other statutes that share the goal of informing the public do not have such a high requirement. This level of scienter is too restrictive because manufacturers who know they are mismarking and could fix the problem are escaping liability.

The proposed changes are consistent with the evolution of the patent marking statutes and their interpretation by the courts. Congress has already amended the statutes to increase sanctions for false marking and to increase the number of instances where courts may impose sanctions. Thus, the legislature has shown increased willingness to punish false marking. In addition, some courts have interpreted the false marking statute broadly so that more false markers can be sanctioned. The proposed changes would not unjustly hamper business because only false markers would be affected. Therefore, Congress should amend the false marking statute to lessen the intent requirement and to provide better guidelines for use of the term “patent pending.”

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