

March 7, 2011

United States Senate
Washington, DC 20510

Dear Senator:

The undersigned companies and organizations oppose amendment 139 , offered by Sen. Claire McCaskill, to delay complete implementation of the false marking reforms contained in S.23, The America Invents Act.

Products are often marked “patent pending” or “patented” with the appropriate patent number by manufacturers. It is an offense to deliberately deceive the public by falsely marking a product as patented. Under a longstanding law, any person, including persons who have suffered no demonstrable harm, can sue manufacturers for false marking. A 2009 court decision effectively raised the maximum false marking penalty from \$500 per instance of false marking to \$500 per mis-marked item. As a result, manufacturers of mass-produced articles from plastic cups to Boy Scout belts can be sued for hundreds of millions of dollars for mis-marking one product or product line. Not surprisingly, the number of false marking lawsuits has since skyrocketed, growing from one suit per year in 2004-2006 to 674 suits in 2010. Nearly half (49%) of the 2010 suits were filed by just seven individuals or firms.

Fighting these lawsuits has become a huge unproductive drain on manufacturers’ resources.

The language in S. 23 revises false marking law. It expressly preserves the currently-existing right of the United States to bring an action against those who deliberately deceive the public through false patent marking. It also allows such suits to be brought by members of the public to recover damages for actual, competitive injury. Like any change in law, S. 23 could affect lawsuits that have been filed but not resolved. S. 23 would not, however, terminate the lawsuits of plaintiffs alleging actual competitive injury.

The provisions in the pending legislation would apply immediately and there are several reasons why the effective date provision should not be changed:

1. **Immediate action is needed to address current false marking cases.** Companies that are defendants in pending false marking cases face huge liability for mass produced products because of a court’s misinterpretation of the current statute. For example, a single infraction on one kind of golf ball could expose the manufacturer to a billion dollars in penalties. Letting these cases run their course under this erroneous judicial interpretation serves no public purpose.
2. **Because the false marking statute is a criminal statute, Congress is the appropriate body to determine the conduct that constitutes a crime.** Court decisions have effectively criminalized false marking in a way that Congress never intended. Therefore, it is perfectly reasonable for Congress to pass a law that corrects this error and clearly outlines what constitutes a crime – and to make that change effective immediately. Continuing to use court resources to try cases for action no longer deemed criminal makes no sense.

3. **False Marking suits have increased dramatically in the last year, from 22 in 2009 to 674 in 2010.** Setting a future effective date will only result in a rush to the court house by those already filing suits at a rate of nearly 100 per month. Three firms are responsible for nearly 1/3rd of all the suits filed in 2010 – they are well organized to file suits as long as permitted.

We urge you to oppose amendment 139 offered by Sen. McCaskill and any other effort that would delay false marking reform.

Sincerely,

ADVAMED
BIO
BIOCOM
California Healthcare Institute
CONNECT
Intellectual Property Owners Association
Medical Device Manufacturers Association
National Association of Manufacturers
North Carolina Biosciences Organization
PhRMA
Sporting Goods Manufacturers of America
U.S. Chamber of Commerce
U.S. Chamber Institute for Legal Reform
Toy Industry Association
3M
Abbott Laboratories
Agilent Technologies
Alcon Laboratories, Inc.
American Medical Systems, Inc.
Astellas Pharma US, Inc.
BASF
Bausch + Lomb
Bayer Corporation
Beckman Coulter
Biomet
Boehringer Ingelheim Pharmaceuticals, Inc.
Boston Scientific
Bridgestone Americas
CaridianBCT
Caterpillar
Cook Medical
Corning Incorporated

Covidien
DuPont
Dynatronics Corporation
Eisai, Inc.
Eli Lilly and Company
Exxon Mobil Corporation
Fortune Brands
General Electric
Gen-Probe, Inc.
GlaxoSmithKline
Hasbro, Inc.
HMS Manufacturing Co.
Illinois Tool Works
Integrated DNA Technologies, Inc.
International Game Technology
Iowa State University
Johnson & Johnson
Life Technologies
Mattel, Inc.
Medtronic
Monsanto Company
Novartis
Pfizer
Procter & Gamble
Roche Diagnostics
Smith & Nephew, Inc.
St. Jude Medical, Inc.
Syngenta
Thermo Fisher Scientific
UCB, Inc.
Zimmer, Inc.