

U.S. Federal Trade Commission Settles First Ever Enforcement Action Against Patent Troll And Its Lawyers

Article By:

William B. Berndt

David L. De Bruin

Marcus D. Fruchter

Nicholas A. Gowen

Steven A. Weiss

On November 6, 2014, the FTC announced a [consent order](#) settling charges that patent assertion entity MPHJ Technology Investments, LLC and its law firm used deceptive sales claims and phony legal threats. According the FTC's complaint, MPHJ and its lawyers sent letters with misrepresentations to thousands of small businesses across the United States, accusing them of infringing MPHJ's alleged patents relating to network computer scanning technology. The letters, which included an infringement complaint formatted for the local federal district court, told recipients to purchase a patent license from MPHJ or face legal action. According to the FTC, MPHJ did not file any such patent infringement suits and also falsely represented in the letters that many other companies had already agreed to pay thousands of dollars for MPHJ licenses. Under the consent order, MPHJ and its lawyers agreed to refrain from making deceptive representations when asserting patent rights—such as false or unsubstantiated statements that a patent has been licensed in substantial numbers, that a patent has been licensed at particular prices, or that a lawsuit will be or has been filed. Future deceptive conduct would trigger penalties of up to \$16,000 per letter. This settlement marks the first time the FTC has taken action against a patent troll using its consumer protection authority.

© 2025 Honigman Miller Schwartz and Cohn LLP

National Law Review, Volume IV, Number 334

Source URL:<https://natlawreview.com/article/us-federal-trade-commission-settles-first-ever-enforcement-action-against-patent-tro>