Spring 2010 Newsletter

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TO OUR CLIENTS:

Avoid False Marking of Unpatented Article

After a recent decision by a Federal Appeals Court on false marking[1], we are seeing a substantial increase in the filing of new lawsuits seeking fines for violating the false marking statute. While the U.S. false marking statute is not new, the recent Court decision clarified the amount of fines that can be imposed upon the violator to make it likely to be more worthwhile for a party to pursue such an action. Therefore, review and care should be taken in using the terms "patent," "patented," or "patent pending" to be certain that there is still in existence a live patent or patent application.

U.S. Patent Law, 35 U.S.C. §292(a) provides for a private cause of action against a party who:

> "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
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> "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 …."

The fine for violating §292(a) is "not more than $500 for every such offense," which is to be split evenly between the plaintiff and the U.S. government.

Until the recent Federal Appeals Court decision, district courts have interpreted "every such offense" differently – a single fine for continuous false marking; a fine for each week (or day or month) of false marking; or a fine for each product falsely marked. Relying on the plain language of the statute, the Federal Appeals Court holds that the penalty is to be based on per article.

In the past, the false marking statute was normally asserted by a defendant in a patent infringement lawsuit as an offense against the patent owner. Now, "marking troll" plaintiffs are filing suits with the sole cause of action against a patent owner for violation of the false marking statute. We are seeing a lot of consumer product manufacturers named as defendants in such suits.

A common case in support of a false marking claim is when a product is marked with an expired patent number. It is essential that one monitors the patent expiration of its patent portfolio to avoid being the victim of a "marking troll." Another common case is when the scope of the patent claims does not cover the product being marketed by the patent owner. It is important to understand the scope of the patent to be certain that it covers the product.

[1] The Forest Group, Inc. v. Bon Tool Company, U.S. Court of Appeals for the Federal Circuit, Case No. 2009-1044, decided December 28, 2009.