

OUTSIDE PERSPECTIVES

To Mark Or Not To Mark

THE PATENT ACT INCLUDES SEVERAL sections that govern marking of articles with a patent number. See 35 U.S.C. §§ 154(d), 287, and 292.



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While there is no requirement to mark products covered by a patent or application, there are certain benefits to marking. Marking maximizes the period during which damages may be recovered. Patent marking may also have some commercial appeal by promoting the ingenuity of the product.

The Patent Act also prohibits a person from suggesting a product is patented when it is not. Recent cases have dramatically increased the exposure for falsely marking a product. Accordingly, patent owners should carefully monitor their marking practices. Further, it is worth re-evaluating the potential risks and benefits associated with patent marking.

False Marking

While there are clear benefits to marking patented products, the law prohibits “false marking,” with the intent to deceive the public. The false marking statute essentially deputizes citizens as private attorneys general to enforce the marking statutes. Virtually anyone can bring a false marking lawsuit provided they are willing to split half of any proceeds with the federal government.

Recent cases have made these false marking lawsuits much more attractive to plaintiffs. First, the definition of an unpatented article was broadened. Second, the potential damages available to a plaintiff was increased almost exponentially. Predictably, there has been a significant uptick in false marking lawsuits. However, the courts have made clear that proof of the required intent to deceive will be a difficult hurdle for a plaintiff to overcome.

Unpatented Article

An “unpatented article” is an article that is not covered by at least one claim of each patent with which the article is marked. An unpatented article for false marking purposes includes an article that was correctly marked but now is no longer covered by a patent due to, for example, modifications to the article or expiration of the patent.

Statutory Fines For False Marking

Section 292 states that whoever falsely marks “shall be fined not more than \$500 for every such offense.” 35 U.S.C. § 292. For a century, the false marking statute has been interpreted to impose a single fine for continuous false marking. *London v. Everett H. Dunbar Corp.*, 179 F. 506 (1st Cir. 1910). That is, the “offense” was the decision to falsely mark an article rather than each instance of the falsely marked article. The \$500 fine was not much of a deterrent to patent owners nor much of an incentive to *qui tam* plaintiffs.

In 2009, the Federal Circuit held that § 292 imposed a maximum fine of \$500 per article. *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009). The court held that § 292 had not been re-evaluated after the 1952 amendments to the false marking statute. The statutory fine at issue in *London* was a minimum fine of \$100, thereby imposing a penalty of \$100 for each mismarked article. The court concluded that “[i]t can hardly have been the intent of Congress that penalties should accumulate as fast as a printing press or stamping machine might operate.”

In 1952, Congress changed penalty to a *maximum* fine of \$500. The *Forest Group* court held that both the statutory language and the underlying policy rationale supporting the *London* court’s interpretation changed after the 1952 amendments. “Under the current statute, district courts have the discretion to assess the per article fine at any amount up to \$500 per article. Congress’ affirmative change of the statute’s penalty from a minimum to a maximum fine eliminated the policy

consideration expressed by the court in *London* of not imposing disproportionate fines for the false marking of small and inexpensive articles.”

The *Forest Group* court further held that the policy considerations required that the fine act as a deterrent against false marking and an incentive for *qui tam* plaintiffs to bring suit, stating that a single \$500 fine for false marking “would eviscerate the statute.” The court held that the amount of the fine is determined at the discretion of the district court.

Forest Group did not provide any guidance on how this discretion should be exercised. Needless to say, the change from \$500 for a continuous marking offense to \$500 per article provides a huge incentive to bring false marking suits. In *Solo Cup*, the plaintiff accused Solo Cup of falsely marking at least 21,757,893,672 articles, and sought an award of \$500 per article, one half of which would be shared with the United States. The Federal Circuit noted: “Incidentally, such an award to the United States, of approximately \$5.4 trillion, would be sufficient to pay back 42% of the country’s total national debt.” *Pequignot v. Solo Cup*, 608 F.3d at 1359 n.1.

Intent to Deceive

Solo Cup involved alleged false marking of lids, used with plastic and paper cups, with expired patent numbers. The court found that once the patents expired, the lids became “unpatented articles” and subject to the false marking statute. However, the court found no intent to deceive the public.

Solo had relied on attorney advice (as it turned out erroneous) that continuing to mark with an expired patent was not false marking. The attorney did caution that the patent number should be removed, if possible. Solo developed a policy whereby it would eliminate marking of expired patents only when molds needed to be replaced due to wear or damage. Because the molds can last many years, Solo continued to use molds that imprinted the expired patent numbers. Solo’s true intent was not to deceive but instead to reduce the cost of replacing the mold. Solo relied in good faith on attorney advice that Solo’s policy was permissible. Given Solo’s good faith, the court affirmed the dismissal of the claim on summary judgment.

Conclusion

Despite the high standard for proving intent to deceive, we expect to see cases filed at a higher fre-

quency. Patent owners should review their marking policies to minimize risk of inadvertent mismarking. First, patent owners should monitor their patent portfolios for expiration dates and patents that have lapsed due to failure to pay maintenance fees. Second, patent owners should also review whether a product remains covered by a particular patent after any changes or modifications to the product. Third, they should ensure there is a current, updated list of active patent numbers whenever replacement molds are ordered. Patent owners should exercise vigilance knowing that a successful false marking suit could result in a windfall for the plaintiff. Finally, patent owners should consider whether the expected benefit of an increased damages period outweighs the risk of false marking suits.

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