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## MARK THESE WORDS

A United States patent provides valuable legal rights to its owner. Once issued, the owner can exclude others from manufacturing, using, marketing, or selling the claimed product, process, or end-use application until 20 years after the original application filing date. The claims appearing at the end of the patent document define the scope of the invention that the Patent Office determined was patentable and to which the patent owner can legally exclude others from using the invention.

The patent owner cannot recover any damages from infringers where the product was not marked with the associated patent number unless infringement occurs after the infringer is provided with actual notice of the patent. These “patent markings” are meant to provide fair warning to competitors and other third parties of the existence of the patent and its scope.

Suddenly, a little appreciated pitfall in 35 U.S.C. § 292(a) for the diligent patent owner who marks a product has caused a great deal of alarm:

Whoever 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*...shall be fined not more than \$500 for every such offense.

(Emphasis added.) Section 292(b) authorizes “any person” to file a suit for false patent marking, with the penalty award split 50-50 between the successful plaintiff and the U.S. government.

The public policy behind Section 292 is to prevent someone from chilling competition within an industry by fraudulently marking a product where no patent protection exists. In the case of a product manufacturer who never filed a patent application or abandoned its application in the face of strong opposition from the Patent Office, the basis for liability for marking the product with a fictitious patent is clear. But what about actual patent owners who are guilty more of inattentiveness than deceptive intent? Perhaps the patent expired, thereby making the product an “unpatented article.” This frequently occurs because manufacturers add the patent number to their product molds and are reluctant to replace the molds until they wear out. This problem is compounded when multiple patent numbers are used with varying expiration dates. The patent owner may sell products from a large inventory on hand bearing the marked patent number after the patent expires. Another possibility is that the patent owner may improve its product during the issued patent term to the point that it no longer falls within the scope of the patent. Yet, in all of these cases, Section 292 would suggest that the patent owner should immediately remove the patent number marking from the product that was legally required beforehand as soon as the patent expires or its product is no longer covered. Meet the cold, uncompromising glare of the law!

This provision of the law did not pose as much risk to patent holders before 2009, because most courts interpreted its statutory penalty to only apply to the *decision* that allowed the false patent marking to occur. Thus, a single \$500 fine was frequently imposed by courts for deciding to maintain a patent number marking after the patent owner became aware that the product was no longer protected by the patent. Such a relatively *de minimis* penalty discouraged potential third parties from bringing false marking claims under Section 292 in the absence of a larger issue to litigate against the patent owner. In 2009, however, the Federal Circuit Court of Appeals decided that Section 292’s statutory language, in fact, required the penalty to be applied to *each mismarked article*, although the penalty assessed

for each article did not need to be \$500. In the first quarter of 2010 alone, 132 false patent marking cases were filed against a host of patent holders, including Proctor & Gamble, 3M Company, Bayer Healthcare, Gillette, and S.C. Johnson, mostly for expired patent numbers that continued to be marked on products sold in the marketplace.

Who are the vigilantes eager to file these Section 292 suits? In many cases, they are opportunistic patent attorneys or special-purpose companies who focus their business plans on these types of suits. In one such example, a registered New Jersey patent attorney sued Brooks Brothers, Inc., for false patent marking because its bow ties had an embroidered label with patent numbers for the “Adjustolox” sliding metal band for adjusting tie length. These patents had expired more than 50 years ago, and the attorney requested an award of \$500 from Brooks Brothers for each such tie sold. The court ruled that ordinary consumers, in addition to competitors, can properly bring suit under Section 292. A claim by such an ordinary consumer is based on a *qui tam* theory, which authorizes the consumer to sue based on an injury to the government. (See “A New Weapon Against Fraud,” p. 1.) The consumer, therefore, must establish that the false patent marking somehow caused an injury to the U.S. government. The court concluded that vague allegations of “wrongfully quelled competition” were too conjectural to establish this necessary injury and dismissed the case.

A false patent marking suit was brought by another registered patent attorney against Solo Cup Company for the presence of two expired patent numbers on the lids of its drink cups. While the trial court in that case appears to have accepted a mere allegation of competitive injury caused by the improper patent marking as sufficient to satisfy the requirement for injury to the U.S. government, the claim still failed. The court determined that Solo Cup followed the advice of its counsel in formulating a corporate policy of replacing the molds bearing the expired patent numbers “as they wore out or were damaged” in order to “reduce costs and business disruption.” The business concern for the bottom line negated an inference of deceptive intent arising from Solo Cup’s acknowledged continued use of the expired patent numbers in its product patent markings. On June 10, 2010, the Federal Circuit Court of Appeals agreed with the trial court’s ruling. It concluded that the policy adopted by Solo Cup upon advice of counsel to wait until the molds wore out to remove the expired patent markings was reasonable.

Therefore, it seems that judges are recognizing fraudulent patent marking claims under Section 292, but then searching for grounds to exonerate the patent owners because the penalty would greatly exceed the actual harm. However, patent owners need to fear the federal judge who will not be nearly so accommodating. The Federal Circuit Court of Appeals may create a clearer rule stating the extent and timing of a patent owner’s obligation to remove expired or no longer relevant patent numbers from a product marking. Congress also has responded to this controversy by considering a bill to limit Section 292 plaintiffs to individuals who have suffered a competitive injury themselves, as opposed to relying upon theoretical injuries to the U.S. government. The legislation also would limit damage recoveries under Section 292 to an amount “adequate to compensate for the injury.”

In the meantime, patent owners should protect themselves by taking several simple steps to avoid false patent marking liability:

1. Review periodically the patent numbers marked on a product to ensure that they are not expired. This should be done at least at the time that a mold or label is to be replaced or changed. The patent owner also should calendar a specific review date based on patent expiration dates or on an annual or more frequent basis.
2. Do not use conditional language for patent markings like: “This product may be subject to U.S. Patent No. X” or “This product may be subject to one or more of the following patents: U.S. Patent No. A; U.S. Patent No. B; U.S. Patent No. C.” Under current case law, these kinds of conditional patent markings will be deemed deceptive.
3. If multiple patent numbers are listed in a patent marking, make sure that each patent actually applies and is active.
4. Consult patent counsel periodically to ensure that the improvements made to the product have not evolved the product outside the scope of the listed patents.
5. Be careful to document in writing the reason why a particular patent number is added to a patent marking to rebut an allegation made later by a Section 292 suit plaintiff of deceptive intent.

Properly done, a patent marking will preserve the patent owner’s right to recover damages in a patent infringement suit while minimizing the chances of unexpected liability for false patent marking.

