

Patent Owners Beware

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Practice Alert - Patent Owners Beware

Some Plaintiff's lawyers are now targeting patent owners with lawsuits claiming false patent marking. The number of these cases is mushrooming, and patent licensees may also be affected.

The patent laws, 35 U.S.C. § 287(a), provide that a patent owner or licensee who sells a patented product should give notice to the public that the article is patented by marking, i.e., applying the number of the patent to the packaging or the article. If notice is always given, damages for infringement begin accruing at the time of the infringement. Absent product marking, the patent owner may be able to recover damages accruing only after sending a demand letter. Another provision, 35 U.S.C. § 292(a), provides for a fine of not more than \$500 for each event of applying a patent number to an article that is not patented, if the purpose of such marking is to deceive the public. This statute allows "any person" to sue and to split the award with the federal government.

On December 28, 2009, the Court of Appeals for the Federal Circuit held that this fine is to be applied on a per article basis, accruing for each unit of product that is improperly marked. In other words, if 10,000 units of the mismarked product are offered for sale, damages could be awarded up to an amount of five million dollars, although the award could be substantially less. Now, some two months after that decision, more than four dozen false patent marking lawsuits have been filed across the United States. The vast majority of these lawsuits have been brought by three plaintiffs seeking to take advantage of that "per article" holding to obtain windfall awards. Most of these cases allege mismarking of commercially successful products with patents that have expired.

WHAT YOU NEED TO DO

To avoid this litigation and its potential of a damage award of up to \$500 for each unit of product that

is falsely marked, patent owners should take proactive steps to protect against this liability:

- Patent owners should have a patent attorney conduct an audit of all of its products to determine if, for each patent number appearing on a product or its packaging, there is at least one claim of that patent that has not expired and that applies to that product.
- Each product should be calendared to change the marking when each applicable patent expires.
- The patent owner, working with its patent attorney, should document the reasons for its patent marking program and establish evidence that the marking is not intended to deceive the public.

With these steps, the company can minimize any damages and possibly even defeat an expensive lawsuit brought by these new "patent marking trolls." For any questions about this issue or other matters relating to patents, trademarks, or copyrights, call **Doug McDonald** at Carlton Fields, 813.229.4234.

Related Practices

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