False Patent Marking: Will Your Company be Sued Next?

By John E. Nemazi and Robert C. J. Tuttle
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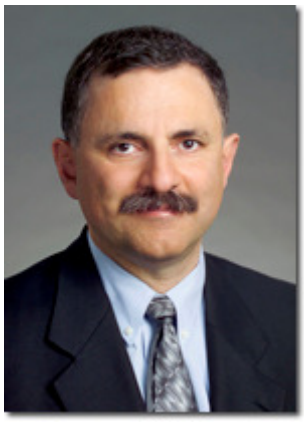

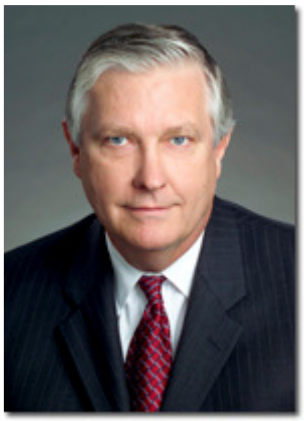

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In 2007, a seemingly random patent attorney sued the Solo Cup Company for over ***$10 trillion***, and he wasn't totally crazy to try. Solo knowingly marked 21.7 billion products with patent numbers that either didn't apply to the products or were expired, but wanted to avoid the cost of replacing their molds that had years of life left in them.

The U.S. patent system allows patent owners to exclude others from practicing an invention in exchange for disclosure of the invention to the public. Two statutes ensure that the public has accurate information on the existence of patent rights, the patent marking statute, 35 U.S.C. §287(a), and the false patent marking statute, 35 U.S.C. §292.

The patent marking statute allows patent owners to mark their products with the patent(s) that cover the product, and limit damages for infringement if products are not marked. The patent marking statute helps avoid innocent infringement, encourages patentees to notify the public, and publicly identifies patented articles.

The false marking statute imposes a fine of $500 per offense for falsely marking a product. "Offense" has been interpreted as the sale of each individual article in the batch of products. The $500 is not fixed, however, and inexpensive products can have lower fines. A false patent marking claim requires proof of intent to deceive the public, a presumption of this intent can be demonstrated by showing the combination of a false statement and knowledge that the statement was false.

The accused false marker can rebut the presumption if it can provide evidence that it did not intend to deceive the public. In the Solo Cup case, the presumption of intent was successfully rebutted based on the advice of counsel that not removing expired patents

was not false marking. Although wrong, the legal opinion was made and relied on in good faith, eliminating the intent to deceive. Not removing expired patents is false marking.

Unlike typical patent litigation between a patent owner and an infringer, false patent marking lawsuits may be brought by any member of the public. If a fine is imposed, the money is split between the U.S. government and the plaintiff. Parties being sued are also burdened with long, expensive and difficult to dispose of litigation that may be brought by a geographically remote plaintiff. Until recently, these cases were fairly rare, but 370 cases have been filed this year.

It is now important to carefully monitor patent notices on products to be sure that at least one claim of each patent covers the product and the patent has not expired. An article covered by a now-expired patent is "unpatented," for purposes of the false marking statute, and is improper. To simply say that the product is covered by, "at least one of the following patents," or "may be covered," followed by a long list of patents, most of which are unrelated to the product, invite risks. If this type of language is used, the marking party should provide a way to verify whether a specific product is covered by a patent, such as party's website.

Parties mark products with patent numbers or assert that their products are patented/patent pending in their advertisements and on their websites should conduct an audit and promptly remedy any problems. We believe efforts to conduct audits, address past acts of false marking, and establish procedures and policies to prevent future false marking will go a long way in limiting or avoiding damages.

We believe the most effective approach is to conduct an audit to assess the magnitude of the problem and develop policies and procedures to avoid false marking. If litigation ensues, focus on damage control for the potential fine as well as attorney fees. If you are involved in marking litigation, it may be in your best interest to get all your product lines involved in the litigation so that you can resolve the issue all at once and make provisions for disposing of current inventory.

Bills are pending before Congress to require a false marking plaintiff to have sustained a "competitive injury" as a prerequisite for bringing an infringement suit. Hopefully, as some of these cases and bills work their way through the system, there will be more certainty. Until then, parties should try to address this issue in a timely and thoughtful manner.

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