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Don't Be an Easy Mark: Steps to Avoid Substantial Damages for False Patent Marking

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A recent district court decision on false patent marking shows how easy it is for a company to be exposed to expensive litigation and large statutory damages if it is not careful in monitoring how its products are marked. But as we discuss below, it is also easy to reduce this risk.

Patent marking is an effective method of providing notice to infringers of product patents, as required under 35 U.S.C. section 287(a) in order to collect damages for infringement. (Patent marking is not necessary for process patents.)

But a patentee must be cautious to avoid liability under the false marking statute, 35 U.S.C. section 292, which prohibits the use of a patent mark on an “unpatented article” with the intent to deceive. The penalty for false marking is statutory damages of up to \$500 per “offense.” The offense can, in theory, be defined as every article that is marked. Any person – not just someone with competing patent rights – can sue to collect damages and keep one half of the award (the other half goes to the federal government).

In the recent case of *Pequignot v. Solo Cup Co.*,^[1] Judge Leonie Brinkema of the Eastern District of Virginia adopted a broad reading of “unpatented article,” holding that once a patent has expired, a product covered by that patent is “unpatented” under section 292(a). Therefore, a marking that states, “This product is protected under U.S. Patent X,” where X has expired, can violate section 292 (a). Judge Brinkema also held that using conditional language (“This product may be covered by a U.S. patent”) also can constitute a false marking.

Solo Cup, the defendant, now claims to face damages up to **\$100 billion** (\$500 for each false marking, with each lid, package of utensils, or package of cups being a potential “offense”)^[2] if it is found to have acted with the intent to deceive. This ruling leaves Solo Cup with litigating the fact-intensive issue of intent, which can be difficult to win on summary judgment. A defendant facing such astronomical damages may well settle rather than gamble at trial.

Here are four simple tips to reduce the chance your company will be sued for false marking, especially by a serial plaintiff^[3]:

First, **review your marking practices**. A periodic review of your marks will ensure that you are not listing expired patents on your products.

Second, **do not use conditional language**. After *Pequignot*, using the conditional marking “This product may be subject to U.S. Pat. No. Y” will not insulate you from a false marking lawsuit – unless the Federal Circuit says otherwise.

Third, **if you list multiple patents as part of your mark, make sure your product is covered by all patents listed**. While perhaps not surprising, the Federal Circuit confirmed (albeit in dictum) that to avoid a false marking claim, an article must be “covered by at least one claim of *each* patent with

which the article is marked.”^[4]

Fourth, **make sure you have a documented, good-faith basis for listing each patent.**

Documenting the basis for including the patent in your mark will be valuable evidence if you later have to show a lack of intent to deceive.

Bottom line: it is easy to become a target for a false marking suit, but it is also easy to reduce your risk.

Footnotes

^[1] 540 F. Supp. 2d 649 (E.D. Va. 2008).

^[2] Courts sometimes reduce damages by finding that multiple markings were part of a single and continuous act constituting only one “offense.” See, e.g., *Icon Health & Fitness, Inc. v. The Nautilus Group, Inc.*, 2006 U.S. Dist. LEXIS 24153, at *21 (D. Utah Mar. 23, 2006).

^[3] The plaintiff in *Pequignot* recently has sued another large consumer goods maker for false marking. See *Pequignot v. Gillette*, 1:08-CV-49 (E.D. Va. Jan. 17, 2008).

^[4] *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352 (Fed. Cir. 2005) (emphasis added). *Accord Astec Am., Inc. v. Power-One, Inc.*, 2008 U.S. Dist. LEXIS 30365, at *31-32 (E.D. Tex. Apr. 11, 2008) (holding that the statement “These products are protected by one or more of the following US patents” may constitute false marking – even if the statement is literally true – if it was made with deceptive intent).