

Alerts and Updates

DAMAGE ASSESSMENTS FOR FALSE PATENT MARKING TO BE APPLIED ON A PER-ARTICLE BASIS

January 11, 2010

On December 28, 2009, in *Forest Group v. Bon Tool Company*,¹ the U.S. Court of Appeals for the Federal Circuit rejected long-standing precedent to hold that the plain language of the false marking statute (35 U.S.C. § 292) requires the civil penalty to be imposed on a per-article basis—meaning that a false marking claimant may now recover up to \$500 *per falsely marked article*.

The false marking statute provides, in pertinent part:

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 that the same is patented, for the purpose of deceiving the public . . . shall be fined not more than \$500 for each such offense.

The false marking statute also provides that "[a]ny person may sue for the penalty, in which event one-half shall go to the person suing and the other to use of the United States." To succeed on a false marking claim, the claimant must prove (1) that an unpatented article was marked as patented and (2) that the marking was for the purpose of deceiving the public. A party asserting false marking must show by a preponderance of the evidence that the accused party did not have a reasonable belief that the articles were properly marked.

In the past, courts have limited the damage award for false marking by either interpreting the statute to impose "a single fine for continuous false marking" or by adopting a "time-based approach" to the statute and imposing a fine for each day, week or month the falsely made articles were falsely marked. The Federal Circuit rejected both of these interpretations in *Forest Group v. Bon Tool Company*. Although the District Court for the Southern District of Texas found that Forest Group's decision to mark the unpatented articles constituted a single offense and awarded only \$500 in damages under the false marking statute, the Federal Circuit held that the plain language of the statute did not support such a construction—and instead required that each falsely marked article serve as a separate offense. In remanding the case for recalculating damages due to false marking, the Federal Circuit reminded the lower court that the statute permits a range of penalties, but "not more than \$500 for every such offense," and provides "discretion to strike a balance between encouraging enforcement

of an important public policy and imposing disproportionately large penalties for small, inexpensive items produced in large quantities."

For Further Information

For more information about false patent marking, please contact [Brian McQuillen](#), any [lawyer](#) in the [Intellectual Property Practice Group](#) or the lawyer in the firm with whom you are regularly in contact.

Note

1. *Forest Group, Inc. v. Bon Tool Co.*, No. 2009-1044 (Dec. 28, 2009).