



TIP SHEET

PATENT MARKING

The Technology & Intellectual
Property (TIP) Group



Patent Marking

The Patent Act's marking statute (35 U.S.C. § 287) permits a patent owner to mark a product covered by an issued patent with the word "patent" (or "pat.") and the corresponding patent number. Products circulated in both domestic and foreign markets can be marked with "U.S. Patent" to distinguish from foreign markings. When the product itself cannot be marked, a label with the patent marking may be attached to the product or its packaging.

The primary benefit associated with patent marking is the ability to collect damages for past infringement, even where the infringer claims no prior knowledge of the patent. For example, if a product is properly marked, the patent owner may be entitled to damages for six years of past infringement. If the product is not marked, however, the patent owner may be limited to a recovery of damages from the time that the infringer was on actual notice of the patent, thereby significantly reducing the damages recoverable.

False Marking

While patent marking has obvious advantages and is generally recommended, patent owners should be careful to avoid liability for false marking. Under existing law, false marking arises when a party (1) improperly marks an article (2) with the intent to deceive the public. An improperly marked article could be:

- an article marked with a patent that has expired or has lapsed for failure to pay maintenance fees;
- an article that has been redesigned and is no longer covered by an issued patent;
- an article marked with a patent that has been declared invalid or unenforceable by a competent authority; or
- an article marked with the words "patent applied for," "patent pending," or similar language when no application for a patent has been made or the application is no longer pending.

Liability arises only where the patent owner has demonstrated an intent to deceive the public. However, an intent to deceive the public can be inferred where an article is incorrectly marked, coupled with proof that the marking was done with the knowledge of its falsity.

Recently, there has been a sharp increase in false marking lawsuits. This increase can largely be attributed to a recent Court of Appeals decision which ruled that up to a \$500 statutory penalty may be assessed on a *per article* basis. With a per article penalty for false marking, the potential monetary gain for a plaintiff increased dramatically. In addition, there are no limits on who may initiate a false marking lawsuit. A successful plaintiff can be entitled to up to half of the monetary judgment – the federal government being entitled to the remaining half.

Avoiding Exposure for False Marking

Patent owners can take the following steps to reduce exposure to liability for false marking:

- Ensure there is a documented, good-faith basis for marking each product.
- If multiple patents are listed on a product, ensure the product is covered by each patent listed.
- Avoid conditional language such as “product may be covered by a patent.”
- Do not mark products with expired patents or patents that have been declared invalid or unenforceable by a competent authority.
- Remove “patent pending” or “patent applied for” if the patent application is no longer pending.
- Re-evaluate patent markings if a product is redesigned or changed in any meaningful way.

In addition, a periodic review of patent markings can also increase the likelihood that patent owners are not marking products with expired or incorrect patents. A periodic review process can also help demonstrate that the patent owner does not have an intent to deceive the public, and to hopefully avoid liability for false marking.

The Future of False Marking

In light of the recent increase in false marking lawsuits, Congress is considering amendments to the patent marking statute. Under one proposal, only those persons demonstrating a “competitive injury” would be permitted to seek a recovery, the recovery being limited where “adequate to compensate for the injury” and subject to the \$500 per-article ceiling. However, it is unknown when, and if, changes to the patent marking statute will become law. With this uncertainty, it is important that patent owners consider the above steps to limit their exposure to liability for false marking.

Conclusion

There are significant advantages to patent marking, including the ability to collect damages for past infringement. However, patent owners should only mark covered products and only for the term of the patent. When considering whether to mark a product, patent owners may also consider the amount of time remaining in the patent term, the cost of implementing a patent marking system, and the likelihood the patent owner would enforce its patent if infringed.

For more information, please contact your WN&J attorney or Vito Ciaravino at 616.752.2709

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