



WEST MICHIGAN CORPORATE IP ROUNDTABLE

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Welcome

PATENT MARKING and FALSE MARKING TROLLS?

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Why are we talking about this?

- **False Marking Trolls**
- **Over 50 false marking lawsuits have been filed so far this year**
- **Most suits are against companies that mark their products with expired patents**
- **What is the background?**
- **What can I do about it?**

Why Do We Mark?

- **To put potential infringers on notice**
- **Failure to mark could limit damage reward in subsequent patent suit**
- **35 U.S.C. § 287**
 - **“In the event of failure so to mark, no damages shall be recovered by the patentee . . . except on proof that the infringer was notified of the infringement and continued to infringe thereafter”**

False Marking by Patentee

35 U.S.C § 292 states:

(a) . . . Whoever marks upon, or affixes to, or uses in advertising in connection with any article the words "patent applied for," "patent pending," or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public

Shall be fined not more than \$500 for every such offense.

(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.

What is False Marking?

35 U.S.C § 292 covers 3 types of false marking:

- Counterfeiting – someone other than the patentee marking products without patentee’s consent**
- Marking with “patent pending” when no patent application has been filed**
- Marking with a patent number or the word “patented” when the article is unpatented**

Examples of False Marking?

- **Claims do not cover the article**
 - Missing minor elements from claims
 - Product was redesigned
 - Claims narrowed during prosecution or reexamination
 - Interpretation of claims during litigation change scope
- **Patent is unenforceable**
 - Expired
 - Failure to pay maintenance fee
 - Found invalid
- **Application is abandoned**

Why is this an issue?

- **Section 292 permits *qui tam* actions so anyone can sue!**
- **No standing requirement**
- **No need to show harm or that anyone was deceived**
- ***Bon Tool* (Fed. Cir. Dec. 2009) held that damages are based on a per article basis (max of \$500 per marked product)**
- **Before *Bon Tool*, damages were often based on a per-decision to mark or time-based theory**

Who Are the Trolls?

- **Matthew A. Pequignot**
 - Sued Solo Cup, Gillette, and others over expired patents
- **Patent Compliance Group**
 - Sued Dyson, InterDesign, et al. over expired patents
- **Thomas Simonian**
 - Sued about 27 companies so far in the last month over expired patents

Who Has Been Sued?

3M

Advanced Vision Research

Blistex

BP Lubricants USA

Bunn-O-Matic

Ciba Vision

Cisco

Darex

Edgecraft

Fiskars Brands

Global Instruments

Hunter Fan Co.

Irwin Industrial Tool

Kimberly-Clark Corp.

L'Oreal USA Creative

Mead Westvaco

Merck & Co.

Merial

Monster Cable Products

Novartis Animal Health US

Novartis Consumer Health

Novartis Pharmaceuticals

Oreck

Pella

Pfizer

The Quigley Corp.

Tru Fire Corp.

Weber-Stephen Products Co.

Other Recent False Marking Cases

- **Akbar v. Proctor & Gamble Co.**
- **Josephs v. Federal-Mogul Corporation**
- **Josephs v. Sigma-aldrich Corporation**
- **O'Neill v. Roche Diagnostics Corporation**
- **Seirus Innovation Accessories, Inc. v. Cabela's**
- **Yarbough v. S.C. Johnson & Son, Inc**

Other Recent False Marking Cases

- **Nearly all of the recent false marking lawsuits allege mismarking of commercially successful products with expired patent numbers**
- **Some defendants (e.g., Bunn-O-Matic) mark their products with patents that expired over 20 years ago**
- **Others mark with patents that have expired within the last 5 years**
- **Easy targets are those companies with high-volume consumer products marked with expired patents**

The Case Law?

- **Clontech Laboratories v. Invitrogen (Fed. Cir. 2005)**
 - **Plaintiff must prove intent to deceive public (no strict liability)**
 - **Intent can be inferred through objective evidence (e.g., no reasonable belief that the articles were properly marked)**
 - **“the mere assertion by a party that it did not intend to deceive will not suffice to escape statutory liability”**
 - **“inference of intent to deceive cannot be defeated with blind assertions of good faith where the patentee has knowledge of mismarking”**

The Case Law?

- **Pequignot v. Solo Cup (E.D. Va. 2009)**
 - Defendant knowingly marked its lids with expired patents – so a “weakened presumption of intent to deceive applied”
 - Solo Cup showed that they relied on the advice of counsel, and developed a plan to phase out the tooling out of a desire to reduce costs and business disruption
 - The court held that such evidence rebutted the presumption of deceptive intent, and showed that Defendant acted in good faith

The Game Changer

- **Forest Group v. Bon Tool (Fed. Cir. 2009)**
 - **Old view of damages – an offense could be based on a decision to mark or a time-based theory**
 - **New view of damages - per-article basis**
 - **Decided that a single \$500 fine for each decision to falsely mark is not enough of a deterrence**
 - **Radical departure from prior rulings**

The Game Changer

- **Forest Group v. Bon Tool (Fed. Cir. 2009)**
 - “The statute requires a fine to be imposed for every offense of marking any unpatented article”
 - Overruled *London v. Everett* and other cases holding that an offense can be based on a per-decision or time-based theory
 - Also stated that a court has discretion on the fine amount
 - “a court has the discretion to determine that a fraction of a penny per article is a proper penalty”

The Game Changer

- **Forest Group v. Bon Tool (Fed. Cir. 2009)**
 - Noted that 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”
 - “An assertion by a party that it did not intend to deceive, standing alone, ‘is worthless as proof of no intent to deceive where there is knowledge of falsehood’” (quoting *Clontech*)

How To Protect Yourself

- **Initiate immediate review to remove expired patents from products**
- **Develop and implement a marking policy**
 - Include periodic review of products and patents
- **Review current patent and product portfolio**
- **Docket patent expiration**



How To Protect Yourself

Document Your Efforts

How To Protect Yourself

- **For consumer product companies that have products in the pipeline, it will take months or longer to clear out inventory**
- **However, having a documented marking policy is strong evidence of a lack of deceptive intent**
- **Following the policy is even better**

Patent Reform Act?

- Includes a proposed amendment to Section 292
- Removing *qui tam* action and requiring showing of competitive harm



THANKS
Any Questions?

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