

False Marking: Preserving your patent rights may be costly if your products are marked incorrectly

by Matthew Walters

A developing body of case law may expose your business or your client's business to liability for inappropriately marking products.

The ability to collect money damages when someone infringes a patent depends on whether the infringing party had notice of the patent rights. One type of mechanism to provide such notice is to mark the goods subject to the patent with words such as "Patent No." or "Pat No." and list the patents that cover the product. This type of marking provides sufficient notice to enable the collection of money damages if someone makes, uses, sells or imports the invention without authorization.

A developing body of case law, however, cautions that liability may be imposed on the patentee if the goods are incorrectly marked as patented. So called "false marking" may provide infringers with an avenue of attack against patentees.

For years, it was common practice to indicate that a device was covered by "one or more of the following patents..." and list each patent that may cover the device. As long as at least one claim of any of the patents listed covered the product, no false marking existed. This buffering language allowed the best possible solution to marking because it allowed a patentee to cheaply mark a line of products with various patents held in its portfolio. Thus, many patentees listed an entire gamut of patents on commercial products, regardless of whether the claims of a particular patent actually covered that product. Although this practice technically provided the requisite notice, it was also costly for competitors to discern which patents and claims in fact covered the marked product.

However, this practice may no longer be acceptable. Notably, under the developing case law, at least one claim of *each* patent listed must cover the patented product. Consequently, liability for false marking may arise in numerous situations:

- A product is marked "patent pending" where no patent application has been filed or the patent application has been withdrawn or died;
- A product is marked as patented when, in fact, it is not;
- A product is marked by a patent that has expired; or
- A claim of a listed patent does not cover any marked product.

Practically speaking, the effects of incorrectly marking your product can prove to be a costly mistake. This is especially true when intent to deceive the public, an essential element of false marking, may be inferred from mere knowledge that a product is mis-marked. Each occurrence of false marking can result in damages of up to \$500.00.

Moreover, if a patentee with improperly marked products sues an infringer, the patentee may face a counterclaim that can drastically increase the cost of litigating the dispute. Indeed, the cost of defending a false marking counterclaim in a lawsuit may provide an infringer significant leverage over a patentee such that an infringer can obtain a favorable settlement with *de minimis* damages, or even no licensing fees.

It is critical for a patentee to achieve sufficient notice to obtain money damages for patent infringement while steering clear of false marking. This developing body of case law reinforces the importance of working closely with your patent attorney to ensure your patented products are properly marked.

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