ALSTON+BIRD LLP

Intellectual Property ADVISORY

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# Update: False Patent Marking Complaints Skyrocketing

Less than two months after the Federal Circuit released its ruling in *The Forest Group, Inc. v. Bon Tool Co.*,[1] more than four dozen false patent marking complaints have been filed across the United States. Of these complaints, the vast majority have been brought by three plaintiffs seeking to take advantage of the patent laws' reward of a portion of the imposed statutory fine for false marking. This suggests an emergence of "false marking trolls" similar to the "patent trolls" that arose following another Federal Circuit ruling in 1998.[2] Now, as then, it initially appears likely that the only interest these plaintiffs have for filing these complaints is monetary. Regardless of the plaintiffs' motivation, it is apparent that patentees should now, more than ever, regularly examine their patent marking practices to ensure that patent marking is correct. Failure to do so, as these complaints foreshadow, could result in undesired litigation expenses and possibly substantial liability.

The patent laws permit a patent owner, and anyone making or selling a patented article for or under the patent owner, to label the article with the patent number in order to give notice to the public that the article is patented.[3] The patent laws also impose a fine of up to $500 per "offense" for labeling an "unpatented article" as patented "for the purpose of deceiving the public."[4] Last year, two notable cases addressed what constituted an "unpatented article" and an "offense." First, in *Pequignot v. Solo Cup*,[5] the District Court for the Eastern District of Virginia concluded that once a patent has expired, a product once covered by that patent becomes "unpatented" for purposes of the false marking statute.[6] Then, in *Forest Group*, the Federal Circuit took a different approach than most courts had previously taken and ruled that "offenses" for purposes of the patent laws must be calculated on a "per article" basis as opposed to a "per decision to mark any number of articles" basis.[7] The plaintiffs in the recent spate of false marking cases may have concluded that these opinions make

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[1] No. 2009-1044, 2009 WL 5064353 (Fed. Cir., Dec. 28, 2009).

[2] *See State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Circ. 1998) (holding business methods patent-eligible under 35 U.S.C. § 101, which subsequently created a spike in patent infringement cease-and-desist letters from holders of business method patents who had no interest in commercializing their inventions, but were only seeking to extract money from companies across a variety of industries).

[3] 35 U.S.C. § 287(a) (2006).

[4] 35 U.S.C. § 292 (a-b) (2006).

[5] 92 U.S.P.Q.2d 1495 (E.D. Va., 2009).

[6] *Pequignot v. Solo Cup Co.*, 92 U.S.P.Q.2d 1495 (E.D. Va., Aug. 25, 2009).

[7] *The Forest Group, Inc. v. Bon Tool Co.*, No. 2009-1044, 2009 WL 5064353 (Fed. Cir., Dec. 28, 2009).

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it more attractive than previously thought to bring false marking claims against manufacturers and retailers.[8]

Of the more than four dozen false patent marking complaints filed in the months since *Solo Cup* and *Forest Group*, nearly all, like *Solo Cup*, allege mismarking of commercially successful products with expired patent numbers. While some of the complaints, such as that filed against Bunn-O-Matic for false marking of its branded coffee makers, involve patents that expired more than 20 years ago, the vast majority involve patents expiring within the last five years.[9] The targeted patentees also represent an array of industries and products, from designer watches and video games to electronic thermostats and vacuum cleaners, with some patentees even targeted by multiple plaintiffs.[10] It remains to be seen whether any of these plaintiffs will be able to establish that any of these patentees intended to mismark their products "for the purpose of deceiving the public," which is an element required under the false marking provision of the Patent Act.[11] Even so, reasonably diligent patentees would be wise to reexamine their patent marking practices to eliminate or minimize the number of products mismarked if they wish to avoid what appears to be an increasingly real risk of false marking litigation.

A handful of the complaints also raise a few other areas of concern for patentees and those making or selling patented product alike. First, as in *Forest Group*, some of the complaints allege mismarking of commercially successful products with patents or pending patent applications that purportedly do not actually cover those specific products.[12] While claims of this type are of concern, patentees should be able to avoid this type of mismarking by revisiting the claims of their patents and pending applications when making product-marking decisions. Written advice of outside counsel may prove extremely beneficial in this regard. Secondly, at least one of the complaints alleges false marking liability for advertising of products marked with patent numbers that do not cover those specific products.[13] In recent months, several district courts have suggested that those who only advertise mismarked products may likewise be found to have done so "for the purpose of deceiving the public" when "drawing attention to the false marking" itself.[14] Parties that advertise products marked as patented should be able to avoid such allegations by consulting with the respective patentees to eliminate or minimize the number of products mismarked before incorporating a claim of the product being patented or patent pending in their advertisements.

*This advisory was written by* **Chris Lightner**.

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[8] For more information on these two cases, please see our previous Intellectual Property advisory entitled *"Recent Cases Affect Risk of False Patent Marking Liability"* (Jan. 19, 2010)(available at: http://www.alston.com/files/ Publication/ca76fb69-5def-43b0-a09c-967ae88f3d2b/Presentation/PublicationAttachment/133a7125-4ee1-43d8-87a0986f52ccf 4b1/Patent% 20Marking% 20Advisory.pdf).

[9] *See Thomas A. Simonian v. Bunn-O-Matic, Corp.*, No. 1:10-cv-01203 (N.D. Ill.)(Complaint filed Feb. 23, 2010); *Patent Compliance Group, Inc. v. Tweezerman Int'l, LLC.*, No. 3:10-cv-00350 (N.D. Tex.)(Complaint filed Feb. 22, 2010).

[10] *See, e.g., Thomas A. Simonian v. Hunter Fan Co.*, No. 1:10-cv-01212 (N.D. Ill.)(Complaint filed Feb. 23, 2010); Patent Compliance *Group, Inc. v. Hunter Fan Co.*, No. 3:10-cv-00359 (N.D. Tex.)(Complaint filed Feb. 23, 2010); *Patent Compliance Group, Inc. v. Activision Publishing, Inc.*, No. 3:10-cv-0288 (N.D. Tex.)(Complaint filed Feb. 22, 2010); *Patent Compliance Group, Inc. v. Timex Group USA, Inc.*, No. 3:10-cv-00286 (N.D. Tex.)(Complaint filed Feb. 12, 2010); *Hollander v. Timex Group USA, Inc.*, No. 2:10-cv-00429-BMS (E.D. Penn.)(Complaint filed Jan. 29, 2010).

[11] *See Pequignot v. Solo Cup Co.*, 92 U.S.P.Q.2d 1495 (E.D. Va., Aug. 25, 2009).

[12] *See, e.g., Patent Compliance Group, Inc. v. Hunter Fan Co.*, No. 3:10-cv-00359 (N.D. Tex.)(Complaint filed Feb. 23, 2010); *Patent Compliance Group, Inc. v. Activision Publishing, Inc.*, No. 3:10-cv-0288 (N.D. Tex.)(Complaint filed Feb. 22, 2010).

[13] *See, e.g., Patent Compliance Group, Inc. v. Activision Publishing, Inc.*, No. 3:10-cv-0288 (N.D. Tex.)(Complaint filed Feb. 22, 2010).

[14] *See, e.g., Inventorprise, Inc. v. Target Corp.*, No. 3:09-cv-00380 (N.D. NY) (Nov. 2, 2009).

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For further information, please contact any of the attorneys in Alston & Bird's Intellectual Property Group.


Blas P. Arroyo
blas.arroyo@alston.com
704.444.1012

William M. Atkinson
william.atkinson@alston.com
704.444.1026

William H. Baker
bill.baker@alston.com
212.210.9487

Philippe Bennett
philippe.bennett@alston.com
212.210.9559

Keith E. Broyles
keith.broyles@alston.com
404.881.7558

Michael S. Connor
mike.connor@alston.com
704.444.1022

Jason W. Cook
jason.cook@alston.com
214.922.3407

Jason P. Cooper
jason.cooper@alston.com
404.881.4831

Sean P. DeBruine
sean.debruine@alston.com
650.838.2121

Martin J. Elgison
martin.elgison@alston.com
404.881.7167

Brian C. Ellsworth
brian.ellsworth@alston.com
704.444.1265

Patrick J. Flinn
patrick.flinn@alston.com
404.881.7920

Christopher J. Gegg
chris.gegg@alston.com
704.444.1024

Jonathan M. Gordon
jonathan.gordon@alston.com
213.576.1165

Guy R. Gosnell
guy.gosnell@alston.com
704.444.1029

Gregory T. Gronholm
greg.gronholm@alston.com
404.881.7968

Robert E. Hanlon
robert.hanlon@alston.com
212.210.9410

John D. Haynes
john.haynes@alston.com
404.881.7737

Steven D. Hemminger
steve.hemminger@alston.com
650.838.2029

Donald M. Hill, Jr.
donald.hill@alston.com
704.444.1006

Yitai Hu
yitai.hu@alston.com
650.838.2020

Madison C. Jellins
madison.jellins@alston.com
650.838.2047

Louis A. Karasik
lou.karasik@alston.com
213.576.1148

S.H. Michael Kim
michael.kim@alston.com
650.838.2100

Lance A. Lawson
lance.lawson@alston.com
704.444.1114

Robert L. Lee
bob.lee@alston.com
404.881.7635

Christopher P. Lightner
chris.lightner@alston.com
404.881.7882

Todd McClelland
todd.mcclelland@alston.com
404.881.4789

Michael D. McCoy
mike.mccoy@alston.com
704.444.1011

Richard M. McDermott
rick.mcdermott@alston.com
704.444.1045

Robin L. McGrath
robin.mcgrath@alston.com
404.881.7923

George Douglas Medlock, Jr.
george.medlock@alston.com
404.881.7765

Kristen L. Melton
kristen.melton@alston.com
404.881.7980

Deepro R. Mukerjee
deepro.mukerjee@alston.com
212.210.9501

Michael J. Newton
mike.newton@alston.com
214.922.3423

Thomas J. Parker
thomas.parker@alston.com
212.210.9529

Bruce J. Rose
bruce.rose@alston.com
704.444.1036

Walter Scott
walter.scott@alston.com
212.210.9518

Benjamin F. Sidbury
ben.sidbury@alston.com
704.444.1056

Frank G. Smith
frank.smith@alston.com
404.881.7240

Andrew T. Spence
andy.spence@alston.com
704.444.1411

W. Murray Spruill, Ph.D.
murray.spruill@alston.com
919.862.2202

George M. Taulbee
george.taulbee@alston.com
704.444.1023

David Teske
david.teske@alston.com
404.881.7935

Kevin C. Trock
kevin.trock@alston.com
650.838.2004

Katherine M. Wallace
katherine.wallace@alston.com
404.881.4706

Alan L. Whitehurst
alan.whitehurst@alston.com
202.756.3491

Jeffrey E. Young
jeff.young@alston.com
404.881.7857



ATLANTA
One Atlantic Center
1201 West Peachtree Street
Atlanta, GA 30309-3424
404.881.7000

CHARLOTTE
Bank of America Plaza
Suite 4000
101 South Tryon Street
Charlotte, NC 28280-4000
704.444.1000

DALLAS
Chase Tower
Suite 3601
2200 Ross Avenue
Dallas, TX 75201
214.922.3400

LOS ANGELES
333 South Hope Street
16th Floor
Los Angeles, CA 90071-3004
213.576.1000

NEW YORK
90 Park Avenue
New York, NY 10016-1387
212.210.9400

RESEARCH TRIANGLE
Suite 600
3201 Beechleaf Court
Raleigh, NC 27604-1062
919.862.2200

SILICON VALLEY
Two Palo Alto Square
Suite 400
3000 El Camino Real
Palo Alto, CA 94306-2112
650.838.2000

VENTURA COUNTY
Suite 215
2801 Townsgate Road
Westlake Village, CA 91361
805.497.9474

WASHINGTON, D.C.
The Atlantic Building
950 F Street, NW
Washington, DC 20004-1404
202.756.3300


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