USE CAUTION WHEN MARKING PRODUCTS WITH METHOD PATENT NUMBERS

By Brian L. Klock

SECTION 287 OF THE U.S. PATENT LAW PERMITS A PATENTEE TO GIVE CONSTRUCTIVE NOTICE OF A PATENT BY MARKING A PRODUCT WITH THE PATENT NUMBER. IF A PATENTED PRODUCT IS SOLD WITHOUT SUCH MARKING, THE PATENTEE’S RECOVERY OF DAMAGES FOR INFRINGEMENT OF THE PATENT IS LIMITED TO THE PERIOD AFTER AN INFRINGEMENT RECEIVES ACTUAL NOTICE OF THE INFRINGEMENT.

Under existing case law, however, this limitation on damages does not apply to patented methods. If a patentee sells a product that is necessarily used in a patented method, or a product necessarily made by a patented method, and that product is not marked with the number of the method patent, the patentee may nevertheless recover damages for the entire period of infringement. (As used herein, the term “method patent” refers to both a patent that contains only method claims and a patent that contains both method and product claims but only the method claims relate to the product at issue.)

Although there is no requirement to mark a product with the number of a relevant method patent, a patentee may choose to do so voluntarily. In that case, caution must be exercised to avoid running afoul of the false marking provisions in Section 292 of the U.S. patent law.
WHY MARK THE PRODUCT?
Voluntarily marking a product with a method patent number may help the patentee avoid costly litigation or other legal fees. When a product enters the stream of commerce without any patent markings, competitors may think the product is unpatented. They may begin selling identical or similar products without realizing that the use and/or manufacture of the product is covered by a patent. Although the patentee can recover damages for infringement of its patented method, the cost of litigation may be substantial.

Even the cost of notifying the infringer about the infringement and negotiating a voluntary halt may be significant. By giving public notice that the use and/or manufacture of a product is covered by a method patent, the patentee may head off instances of innocent infringement and save the associated legal costs.

ALTHOUGH THERE IS NO REQUIREMENT TO MARK A PRODUCT WITH THE NUMBER OF A RELEVANT METHOD PATENT, A PATENTTEE MAY CHOOSE TO DO SO VOLUNTARILY

FALSE MARKING
Section 292 identifies several types of false marking. The provision relevant to this discussion imposes a penalty on “[w]hoever 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.”

In the 2005 case of Clontech Laboratories v. Invitrogen, the Court of Appeals for the Federal Circuit, which has exclusive jurisdiction over all patent appeals, explained that the term “unpatented article” in Section 292 means that the product in question is not covered by at least one claim of each patent with which the product is marked. It does not mean that the product is not covered by any patent whatsoever. Thus, the penalty is for marking a product with a number of a patent that does not cover the product, regardless of whether some other patent does cover the product.

Since a method claim covers only performance of the claimed method steps, such a claim cannot cover a product in a literal sense. Under Section 292, therefore, a product is necessarily “unpatented” with respect to a method patent. Indeed, in the Clontech case the Federal Circuit upheld the district court’s holding that patents directed to methods of making products did not cover the products.

Liability for false marking, however, requires more than simply mismarking a product with the number of a patent that does not cover it. The mismarking must be “for the purpose of deceiving the public.”

The Federal Circuit stated in Clontech that “[i]ntent to deceive is a state of mind arising when a party acts with sufficient knowledge that what it is saying is not so and consequently that the recipient of its saying will be misled into thinking that the statement is true.”

Accordingly, an inference of deceptive intent is warranted when a misrepresentation is coupled with proof that the party making it had knowledge of its falsity. To establish knowledge of falsity, it must be shown by a preponderance of evidence that the party accused of false marking lacked a reasonable belief that the products were properly marked.

Since method claims, on their face, cannot cover a product, a court might infer deceptive intent if a patentee mismarks a product with the number of a method patent (without any qualification of the marking), on the basis that there can be no reasonable belief that method claims, per se, cover a product. Therefore, extreme caution should be used when marking products with method patent numbers.

When false marking occurs, Section 297 provides for a penalty of not more that $500 for each offense. In December of 2009, the Federal Circuit held in The Forest Group v. Bon Tool Co. that each improperly marked product is a separate offense. Thus, the penalty for false marking applies to each product rather than to each decision to mark falsely.

Although the Federal Circuit pointed out that $500 is a maximum penalty, and that a court has discretion to determine that a mere fraction of a penny per product is a proper penalty in the case of mass-produced products, it is possible that a court could impose the maximum $500 penalty (or a lesser but still substantial amount) for each mismarked product. This creates the potential for a huge penalty when a large number of mismarked products have been sold.

The risk is increased because Section 292(b) permits a lawsuit for false marking to be brought by “any person,” with the penalty being evenly divided between the plaintiff and the government (a so-called qui tam action). This arrangement encourages “marking trolls” to bring false marking lawsuits for profit.

Pending patent reform legislation includes revisions to Section 292 to limit the parties who may initiate a false marking lawsuit. In particular, revised Section 292(b) would permit only a person “who has suffered a competitive injury as a result of a violation” of the false marking statute to sue.
for damages, with the recoverable damages being “damages adequate to compensate for the injury.”

However, unless and until Congress enacts such reform legislation, lawsuits under Section 292 may be brought by anyone.

WHAT IS PERMISSIBLE
Guidance on permissible marking of a product with a method patent number can be found in Clontech. In discussing the miskarking of products with method patent numbers, the Federal Circuit commented, “This is not a case where the … products were marked with language stating that the products were made by the ‘methods’ of any patents. Rather, the record shows that the marking language included the statement: ‘This product is the subject of U.S. Patent No. 5,668,005.’”

This comment implies that language saying a product is “made by the method of” a patent would not constitute miskarking (assuming the statement is accurate). Since the Clontech case did not involve such language, the Federal Circuit’s comment is non-binding dictum.

However, the comment implies a logical result: Precise and accurate characterization of the relationship between a product and a patent number with which it is marked should not lead to liability for “false” marking. Indeed, it would seem difficult to prove a deceptive purpose when the marking explicitly defines how the patent number relates to the marked product.

CURRENT LAW ENCOURAGES “MARKING TROLLS” TO BRING FALSE MARKING LAWSUITS FOR PROFIT.

Similarly, “made by the method of” implies that the patentee actually uses the patented method to manufacture the product, whereas “may be made by the method of” implies only that the patented method is one way of making the product.

Consideration of the need for qualifiers should be incorporated into both the initial determination about how to mark a product and the periodic marking review that a prudent patentee should conduct if it does any marking. Such periodic review not only serves to remove expired patents, but also identifies other changes that may occur so that a patent no longer covers a product (for example, changes made to the product or judicial action that affects the scope of a patent).

In addition to identifying patent numbers that should be removed, the review also may reveal that a qualifier should be changed. For example, a change in the patentee’s manufacturing method may necessitate changing a qualifier from “made by the method of” to “may be made by the method of.”

If a patentee chooses to voluntarily mark products with method patent numbers, there will be an increased cost and burden associated with both the initial marking determination and the periodic review of patent marking. In deciding whether to perform such marking, the patentee should weigh the additional cost and burden against the potential benefits of marking products with method patent numbers – such as possible avoidance of litigation over “innocent” infringement.

GIVING PUBLIC NOTICE THAT THE PRODUCT IS COVERED BY A METHOD PATENT MAY HEAD OFF “INNOCENT” INFRINGEMENT AND SAVE LEGAL COSTS.

A WAY TO PROCEED
If a patentee decides to give constructive notice of method patents relating to a product, patents should be segregated into groups (patents including at least one claim that directly covers the product, patents that cover the manufacture of the product, patents that cover the use of the product, etc.). Appropriate qualifiers should be used in marking the latter groups of patent numbers, such as “for use in the method of U.S. Patent No. 1234567” or “made by the method of U.S. Patent No. 1234567.”

Take care to make the qualifying language accurate. For example, the phrase “used in the method of” might imply that the patentee actually practices the patented method, whereas “for use in the method of” only implies that the product is designed for use in the patented method, even if the patentee does not itself practice that method. On the other hand, “for use in the method of” might imply there are no reasonable non-infringing uses of the product, whereas “may be used in the method of” only implies that at least one use of the product is patented.

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