Keywords: false marking, 35 U.S.C. § 292, per article basis

General: Each article that is falsely marked with an intent to deceive constitutes a separate offense under 35 U.S.C. § 292.

Forest Group Inc. v. Bon Tool Co.
93 U.S.P.Q.2d 1097 (Fed. Cir. 2009)
Decided December 28, 2009

I. Facts

The patent at issue, U.S. Patent No. 5,645,515, relates to a spring-loaded parallelogram stilt (see FIG. 1 in the case). Each independent claim recites a "resiliently lined yoke" which supports a vertical member having a clamp configured to attach to the leg of a user. Bon Tool, a tool reseller, initially purchased stilts from a company who manufactured the stilts under a license from Forest (assignee of the '515 patent). Bon Tool later switched to a supplier who manufactured identical stilts without the license.

Forest sued Bon Tool for infringement of the '515 patent, and Bon Tool counterclaimed alleging false marking under 35 U.S.C. § 292. The district court granted a summary judgment motion of non-infringement in favor of Bon Tool because the stilt at issue did not include a resiliently lined yoke. During a bench trial for the counterclaim of false marking, the district court found that (i) the Forest stilt did not include a resiliently lined yoke, and (ii) Forest knew its stilts did not include the resiliently lined yoke as of November 15, 2007, when a court granted a summary judgment motion of non-infringement in a related case. Therefore, the district court imposed a fine of $500 against Forest for the single offense of falsely marking stilts with the '515 patent after November 15, 2007.

II. Issue

Does continuous false marking of multiple articles constitute a single offense under 35 U.S.C. § 292?

III. Holdings

No. The plain language of 35 U.S.C. § 292 requires courts to impose penalties for false marking on a per article basis.

IV. Discussion

35 U.S.C. § 292(a) states:

> Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article the word "patent" or any word or number importing the same is patented, for the purpose of deceiving the public . . . Shall be fined not more than $500 for every such offense.

Therefore, the elements of false marking under 35 U.S.C. § 292(a) are "(1) marking an unpatented article and (2) intent to deceive the public." "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." Based on this standard, the court found that the district court did not clearly

err in determining that Forest had a reasonable belief that the articles were properly marked until the summary judgment issued on November 15, 2007.

With regard to the number of false marking offenses, the court first looked to the language of the statute. "The statute prohibits false marking of '*any* unpatented *article*,' and it imposes a fine for '*every* such offense." Based on this interpretation, the court found that the language of the statute requires offenses to be computed on a per article basis. The court noted that the current statute differs from the prior statute which stated that "if any person . . . shall in any manner mark upon or affix to any unpatented article the word 'patent,' or any word importing that the same is patented, for the purpose of deceiving the public, he shall be liable for every such offense to a penalty of not less than one hundred dollars." In 1910, the First Circuit interpreted the prior statute as imposing a single fine of not less than $100 for a continuous act of false marking. The First Circuit reasoned that any other interpretation would be inequitable to parties who falsely marked a large number of inexpensive products. Because the present statute imposes a fine of not more than $500, the policy concerns of the prior statute are no longer applicable.

In addition, the court reasoned that public policy favors the per article interpretation of the statute. False marking may have the effect of reducing competition within the marketplace. For example, "[i]f an article that is within the public domain is falsely marked, potential competitors may be dissuaded from entering the same market." Consequently, it is in the public interest to dissuade parties from falsely marking products. Imposing a single $500 fine would not serve as a deterrent against false marking. Furthermore, "[t]he more articles that are falsely marked the greater the chance that competitors will see the falsely marked article and be deterred from competing." Therefore, a per article computation may establish a total fine proportional to the degree of dissemination.

Finally, the court noted that 35 U.S.C. § 292(b) establishes a qui tam action by providing that "[a]ny 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." A total fine of one-half of $500 would be insufficient motivation for a party to bring suit in a qui tam action for false marking. Consequently, § 292(b) further supports the court's interpretation of the statute. "By allowing a range of penalties, the statute provides district courts the discretion to strike a balance between encouraging enforcement of an important public policy and imposing disproportionately large penalties for small, inexpensive items produced in large quantities."

V. Conclusion

The Federal Circuit interpreted 35 U.S.C. § 292 to impose a fine of not more than $500 for each article falsely marked for the purpose of deceiving the public.