

Chicago Daily Law Bulletin®

Volume 156, No. 179

Tuesday, September 14, 2010

Law firm secures win for clients accused of falsely marking patents

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In the past year, McAndrews, Held & Malloy Ltd. has represented a number of clients in Illinois and other states such as Texas, California and Pennsylvania who are accused of intentionally marking their products with expired patent numbers.

The intellectual property boutique firm succeeded in deflecting those accusations for Global Instruments Inc. and Global TV Concepts Ltd. in the U.S. District Court for the Northern District of Illinois in late August.

Thomas A. Simonian, an individual from Geneva, accused the companies of falsely marking Riddex-branded electronic pest control products with the number of an expired patent, U.S. Patent No. 4,802,057.

The companies moved to dismiss Simonian's complaint, arguing that he failed to sufficiently plead their intent to deceive the public. Senior Judge Elaine Bucklo granted their motion.

Peter J. McAndrews, a shareholder at McAndrews, Held & Malloy and lead counsel on the case, said they help several clients succeed in false marking cases by attacking the sufficiency of plaintiff complaints.

"What we're seeing with a lot of these false marking complaints is that the plaintiffs know nothing about the defendants," McAndrews said. "They must either surf the Internet or walk the aisles at Wal-Mart looking for products with patent numbers on them that look old.

"They take a look at the product, they see a patent number on there, they go look it up and figure out really quick if it's

expired or not. They make up an allegation, not knowing anything more about who created the product or what their intent was when they put a number on there."

McAndrews credited *Pequignot v. Solo Cup Co.*, an earlier case in which the plaintiff accused Solo of falsely marking its cup lids, for helping GI and GTVC prove their case. In June 2010, the court dismissed the complaint against Solo and reiterated that companies are only guilty of false marking if they intend to deceive the public.

Companies that leave expired patent numbers on their products can provide benefit to the public, McAndrews said. Under patent law, companies receive exclusive rights to their inventions for up to 20 years in exchange for later revealing how the public can make and use those inventions.

"By leaving a patent number on a product after the patent expires, it would allow anyone to take that product, look at the patent number, go look up the patent and then literally copy your inventions," he said.

Scott P. McBride, a partner and patent litigator at McAndrews, Held & Malloy, explained that a December 2009 decision caused the recent upswing in false marking cases.

In *Forest v. Bon Tool*, the Federal Circuit held that a plaintiff can collect up to \$500 for every single falsely marked product distributed by the defendants in a false marking case. Before the decision, plaintiffs could only collect damages on the single offense of falsely marking products.

"It's interesting for someone to theorize that this is the correct interpretation of the statute," McBride said. "But the unintended consequence is that you have a lot of

people, at a financially-challenging time, attempting to reap a windfall from these particular cases."

In the last nine months, nearly 130 false marking cases surfaced across the country. In the previous 10 years, the courts only heard a total of 40, he said.

Many companies have started to review their advertising and labeling to determine if they are using expired patents. Some have removed their patent numbers, even though it could adversely affect infringement cases they bring, as well as the amount of damages they collect, in the future, McBride said.

McAndrews suggested several changes that could slow false marking cases.

Congress has discussed requiring plaintiffs to prove that they were damaged by false marking, as well as excluding expired patent numbers from the offense of false marking, he said.

"These Joe Publics out there that don't know the defendants, have never purchased a product from the defendants other than the one they're going to attach to their complaint, and they're not in competition, they never plan to go into competition with the defendants — they would not be able to maintain a lawsuit," McAndrews said.

The legislative avenue still presents a problem, since these measures are wrapped up in the larger Patent Reform Act that has languished in Congress for more than two years, he said.

Courts can also continue to require plaintiffs to prove the defendants' intent to deceive the public and use summary judgment to dismiss cases early in the process, he said.