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ALERT

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House Agrees to Patent Reform, including Amendments on Patent False Marking

On June 23, 2011 the U.S. House of Representatives passed its version of the America Invents Act, which includes significant amendments to the U.S. Patent Act that many have characterized as a "major overhaul" of the U.S. Patent System. The U.S. Senate had previously voted in favor of its version of the patent reform bill back in March and may simply vote anew on the House version to avoid the need for a House-Senate Conference Committee, which might unduly complicate the legislation.

The major implications of patent reform will be discussed in great detail in the coming weeks and months. For today, we focus solely on the narrow issue of the amendments to the false patent marking statute (35 U.S.C. § 292) because those amendments will have significant immediate impact.

Over the past 18 months, the current version of 35 U.S.C. § 292 has spawned the filing of over four hundred false patent marking litigations primarily by non-market participants (often referred to as "marking trolls"). The marking trolls' interest in these false patent marking suits was created by a December 28, 2009 ruling by the Court of the Appeals for the Federal Circuit that district courts must impose penalties for false marking on a per article basis of up to $500 per article. Standing under 35 U.S.C. § 292 for even disinterested parties arose from the *qui tam* nature of the statute, which provided that anyone could bring a claim on behalf of the United States.

The House and Senate Bills are very similar as to the false patent marking amendments. Both versions would amend the statute to (1) deprive non-competitors of standing under the false patent marking statute; and (2) require the plaintiff to prove the amount of actual injury. Both versions are also drafted so as to apply retroactively, even to currently pending cases. (The House version includes a provision that would make marking an expired patent inactionable. The Senate hadn't considered this issue during its deliberations leading to passage of its version of patent reform.)

So, the first piece of good news for business is that the passed Patent Reform Act should bring much of the false patent marking litigation (and its resulting cost and liability) to a conclusion in the very near future.

However, the reforms are not a blanket license to falsely mark patent numbers as many have come to think. First, both bills leave the United States with the power to pursue criminal and civil false patent marking suits. Second, competitors may still sue for false patent marking under 35 U.S.C. § 292 for recovery of their actual damages under both bills. Finally, those same competitors have always and can still bring false advertising claims under the Lanham Act for falsely advertising that a product is patented when it is not.

Loeb & Loeb's nationally recognized and technically diverse **Patent Litigation and Prosecution Practice** represents clients from around the world in all manner of patent disputes, as well as patent prosecution and strategic counseling. As lead trial counsel, we have litigated patents in every technology field, including biotechnology; computer hardware and software; consumer products; industrial products; medical devices; and pharmaceuticals. Loeb's patent litigators have extensive experience litigating infringement, validity and enforceability of patents on behalf of our clients. The group also has deep experience interpreting and applying the Hatch-Waxman Act to develop legal strategies for branded pharmaceutical products. Our patent litigation team includes experienced patent lawyers, trial lawyers and scientific advisors with advanced technical degrees.

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