The Forest Group, Inc. v. Bon Tool Co., ___ F.3d ___, 2009 WL 5064353 (Fed. Cir. Dec. 28, 2009).

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In this decision, the Federal Circuit declares open season for false marking trolls on patent owners, thus effectively endorsing a "new cottage industry" of false marking litigation. But, while the Court seems to acknowledge this possible reality, which the Court cites the plain language of the false marking statute, 35 U.S.C. § 292, and Congressional intent for support, the Court also hints that the potential rewards for false marking litigation still might not be as lucrative as false marking trolls might expect or prefer.

Section 292 of the patent statute provides a civil penalty for the false marking of unpatented articles with the word "patent" or any word or number importing that the same is patented for the purpose of deceiving the public. Any person can bring a false marking action as a *qui tam* action and split the recovery with the U.S., which the statute explicitly provides shall not exceed $500 *for every such offense.*

The Forest Group makes and sells spring-loaded parallelogram stilts of the type commonly used in construction and brought a patent infringement claim against Bon Tool for infringing The Forest Group's '515 patent. Bon Tool counterclaimed alleging false marking pursuant to § 292. After granting summary judgment of noninfringement in favor of Bon Tool, the trial court found that The Forest Group falsely marked its S2 line of stilts with its '515 patent and had the requisite knowledge that the S2 stilt was not covered by the '515 patent. However, the district court only assessed The Forest Group a total fine of $500 for the single offense of false marking.

Bon Tool argued to the Federal Circuit that the district court misinterpreted § 292 when it only assessed $500 in total penalties instead of assessing a fine on a per article basis. After discussing the history of the false marking statute, the Federal Circuit held that Congress was explicitly clear in establishing a per article fine. The Court found that a per article interpretation was correct for policy reasons, including because false marking often can deter innovation and stifle competition, as potential competitors can be dissuaded from entering a market or even from engaging in scientific research when products are falsely marked. As these injuries occur each time an article is falsely marked, the Court concluded that the penalty should likewise be based on each false marking instance, which the Court also found was supported by the plain language of the statute.

Thus, the Court vacated the $500 fine imposed by the district court and remanded for additional calculations. However, the Court did make a point to note that the false marking statute does not require a $500 fine per article but a fine *up to* $500 per article. While the Federal Circuit may have effectively declared open season on false marking litigation, the Court may have also tried to temper such litigations by emphasizing that trial courts still have discretion to award lower fines even though they must be on a per article basis.