

Chapter 12. Infringement Litigation—Defenses

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§ 12.4(b) Marking and Notice

The patent statute, 35 U.S.C. § 287(a), provides for notice to the public by marking the patented article. In the event of a failure so to mark,

no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the

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infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

Thus the statute requires either actual or constructive notice that the article is patented, or no damages can be recovered by the patentee. The purpose behind the marking statute is to give notice to the public of the patent.¹⁰⁸ The patent owner has the burden of pleading and proving at trial that it complied with the statutory requirements for marking or notice. Compliance with § 287(a) is a question of fact.¹⁰⁹

¹⁰⁸ *American Med. Sys. Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 28 USPQ2d 1321 (Fed. Cir. 1993). In *Cover v. Hydramatic Packing Co.*, 83 F.3d 1390, 38 USPQ2d 1783 (Fed. Cir. 1996), the court considered whether § 287 might preempt state commercial law such as the UCC.

¹⁰⁹ *Maxwell v. J. Baker Inc.*, 86 F.3d 1098, 39 USPQ2d 1001 (Fed. Cir. 1996). Although a patentee bears the burden of pleading and proving constructive notice by marking, a pleading that the infringements have been willful and with full knowledge of the patents satisfies the pleading burden. *Sentry Protection Prods. Inc. v. Eagle Mfg. Co.*, 400 F.3d 910, 73 USPQ2d 1929 (Fed. Cir. 2005). Like the determination of infringement, compliance with the marking statute is a question of fact. Thus, this issue is properly decided upon summary judgment when no reasonable jury could find that the patentee either has or has not provided actual notice to the particular defendants by informing them of its patent and of their infringement of it. *Gart v. Logitech Inc.*, 254 F.3d 1334, 59 USPQ2d 1290 (Fed. Cir. 2001). A manifestly obvious typographical error that does not prevent interested members of the public from discerning the number of a patent alleged to protect an article does not result in a failure to mark. *Allen Eng'g Corp. v. Bartell Indus. Inc.*, 299 F.3d 1336, 63 USPQ2d 1769 (Fed. Cir. 2002). In *Wiener v. NEC Elec. Inc.*, 102 F.3d 534, 41 USPQ2d 1023 (Fed. Cir. 1996), the evidence showed that certain devices were marked by hand with pen and ink. The court concluded that a reasonable factfinder could conclude that the devices were properly marked.

Absent notice, actual or constructive, knowledge of a patent is irrelevant. Section 287 requires “notice of the infringement.”¹¹⁰ Actual notice of infringement requires the affirmative communication of a specific charge of infringement against a specific accused product or device. It is irrelevant whether the defendant knows of the patent or of its own infringement. The correct approach under § 287 must focus on the action of the patentee, not the knowledge or understanding of the infringer.¹¹¹ Determining whether the patentee's communication provides sufficient specificity regarding its belief that the recipient may be an

infringer cannot take into consideration the knowledge or understanding of the alleged infringer, but must focus on the action of the patentee. Therefore, whether or not the alleged infringer subjectively believed that the patentee's letter was a charge of infringement has no bearing on the adequacy of notice.¹¹²

¹¹⁰ *Devices for Medicine Inc. v. Boehl*, 822 F.2d 1062, 3 USPQ2d 1288, 1292 (Fed. Cir. 1987). The defendant had stipulated to infringement and tried only the notice issue. The Federal Circuit regarded plaintiff's argument that the stipulation of infringement made notice unnecessary as "simply irrational."

¹¹¹ *Amsted Indus. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 30 USPQ2d 1462 (Fed. Cir. 1994). Thus, a broadside letter to the industry, informing it of the patent and warning against infringement, is not notice of the infringement within the meaning of § 287. The court passed the question whether it would be sufficient if the infringer acknowledges a specific communication to be a notice of infringement.

¹¹² *Gart v. Logitech Inc.*, 254 F.3d 1334, 59 USPQ2d 1290, 1298 (Fed. Cir. 2001). In this case the court found adequate notice in a letter that included a specific reference to the claims in suit and an offer of a license.

There are several important limitations on this requirement. First, neither marking nor actual notice is required if the patented invention is not made or sold by the patentee or someone acting under

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its authority.¹¹³ A licensee who makes or sells a patented article does so "for or under" the patentee within the meaning of 35 U.S.C. § 287, thereby limiting the patentee's damage recovery when the patented article is not marked.¹¹⁴ In the cases of third parties that are unrelated to the patentee, however, it is often more difficult for the patentee to ensure compliance. Thus a rule of reason approach is justified and substantial compliance may be found to satisfy the marking statute. The court may consider whether the patentee made reasonable efforts to ensure compliance.¹¹⁵

¹¹³ E.g., *Texas Digital Sys. Inc. v. Telegenix Inc.*, 308 F.3d 1193, 64 USPQ2d 1812, 1831–32 (Fed. Cir. 2002). Cf. *Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co.*, 297 U.S. 387, 28 USPQ 299 (1936).

¹¹⁴ *Amsted Indus. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 30 USPQ2d 1462 (Fed. Cir. 1994). In this case the court held squarely that this applies as well to a situation where the patentee makes an element of the patented invention and sells it to a customer, who then completes the claimed structure. Such a sale impliedly authorizes the customer to make, use, and sell the patented invention and marking is therefore required. The court rejected the patentee's argument that it would have been guilty of false marking under § 292 had it placed the marking on the element that it did sell. See also *Maxwell v. J. Baker Inc.*, 86 F.3d 1098, 39 USPQ2d 1001 (Fed. Cir. 1996).

¹¹⁵ *Maxwell v. J. Baker Inc.*, 86 F.3d 1098, 39 USPQ2d 1001 (Fed. Cir. 1996). Here, it appeared that 95% of the products sold by the licensee of the patentee were marked. The patentee even went so far as to notify the licensee's suppliers of the need to mark. This was held to support a jury determination of compliance with the marking statute.

Second, § 287 applies only to patented articles, and neither actual nor constructive notice is required where the patent claims only a process.¹¹⁶ Where a patent contains both article and method claims, and

both are charged to infringe, marking is necessary, whether the method be one for using the article¹¹⁷ or one for making it.¹¹⁸

¹¹⁶ *American Med. Sys. Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 28 USPQ2d 1321 (Fed. Cir. 1993); *Bandag Inc. v. Gerrard Tire Co.*, 704 F.2d 1578, 217 USPQ 977 (Fed. Cir. 1983).

¹¹⁷ *Devices for Medicine Inc. v. Boehl*, 822 F.2d 1062, 3 USPQ2d 1288, 1292 (Fed. Cir. 1987). The patentee did not require its licensee to mark the product, and there was no evidence that a patent marking had ever appeared on the product. The court reasoned that, having sold the product unmarked (or having permitted its licensee to do so), the patentee can hardly maintain entitlement to damages for use of the product by a purchaser uninformed that use would violate the method claims. This holding appears to answer the question left open in *Hanson v. Alpine Valley Ski Area Inc.*, 718 F.2d 1075, 219 USPQ 679 (Fed. Cir. 1983), although it may be possible to draw distinctions in specific factual settings.

¹¹⁸ *American Med. Sys. Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 28 USPQ2d 1321, 1332 (Fed. Cir. 1993). In an interesting twist, the court has held that there is no obligation to mark a product with a method patent number even though the product is also the subject of apparatus claims in another patent. The court said “[w]e have not previously held that a patent containing only method claims is examined to see if something could have been marked in order to assess whether the notice provision applies, and we decline to do so now.” Apparently asserted patents will be considered independently on this question. *American Medical* was distinguished on the ground that there a single patent contained both method and apparatus claims. *State Contr. & Eng'g Corp. v. Condotte Am. Inc.*, 346 F.3d 1057, 68 USPQ2d 1481, 1493 (Fed. Cir. 2003).

In one case the court undertook an exhaustive review of the case law of when and to what extent a patented device must be marked. It held, in light of the permissive wording of § 287 and the policy of encouraging notice by marking, that the statute precludes recovery of damages only for infringement for any time prior to compliance with the marking or actual notice requirements of the statute. Therefore, a delay between issuance of the patent and compliance with the marking provisions of § 287 will not prevent recovery of damages after the

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date that marking has begun.¹¹⁹ The court cautioned, however, that once marking has begun, it must be substantially consistent and continuous in order for the party to avail itself of the constructive notice provisions of the statute.¹²⁰

¹¹⁹ *American Med. Sys. Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 28 USPQ2d 1321 (Fed. Cir. 1993). The patentee shipped several thousand unmarked devices before the patent issued, and about 2,000 after it issued, and did not begin shipping marked devices until over three months after issue. See also *DSW Inc. v. Shoe Pavilion Inc.*, 537 F.3d 1342, 87 USPQ2d 1687, 1692 (Fed. Cir. 2008), where the court noted that *Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co.*, 297 U.S. 387, 28 USPQ 299 (1936), flatly states that a patentee may indeed recover damages for infringement that continues after actual notice is provided. The law offers an infringer no exception to liability for the time it takes to terminate infringing activities, no matter how expeditious and reasonable its efforts.

¹²⁰ *American Med. Sys. Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 28 USPQ2d 1321 (Fed. Cir. 1993). The court held that marking alone without distribution provides no notice to the public where unmarked products are continuing to be shipped. The world cannot be put on notice if the patentee marks certain products but continues to ship unmarked products. Therefore, the patentee was not in full compliance with § 287 while it continued to ship its unmarked products, which continued to mislead the public into thinking that the product was freely available. Full compliance was not achieved until it consistently marked

substantially all of its patent products and was no longer distributing unmarked products.

Based upon a careful review of the parallel development of § 287(a) and 35 U.S.C. § 289, the court has held that the patent marking provisions of § 287(a) apply to the recovery of a design patent infringer's profit under § 289.¹²¹

¹²¹ *Nike Inc. v. Walmart Stores Inc.*, 138 F.3d 1437, 46 USPQ2d 1001 (Fed. Cir. 1998). In order to reach this result, the court had to distinguish *Braun Inc. v. Dynamics Corp.*, 975 F.2d 815, 24 USPQ2d 1121 (Fed. Cir. 1992). There, it had held that § 284 does not authorize enhancement of § 289 profits. This decision, it concluded, was not based upon drawing a rigorous distinction between damages and profits, but on the provision of § 289 that bars the design patentee, upon recovering the infringer's profits, from "twice recover[ing] the profit made from the infringement."

The criteria for actual notice under § 287(a) are not co-extensive with the criteria for filing a declaratory judgment action. Thus, actual notice may be achieved without creating a case of actual controversy in terms of 28 U.S.C. § 2201. It is not controlling whether the patentee threatens suit, demands cessation of infringement, or offers a license under the patent. Although there are numerous possible variations in form and content, the purpose of the actual notice requirement is met when the recipient is notified, with sufficient specificity, that the patent holder believes that the recipient of the notice may be an infringer. Thus, the actual notice requirement is satisfied when the recipient is informed of the identity of the patent and the activity that is believed to be an infringement, accompanied by a proposal to abate the infringement, whether by license or otherwise.¹²²

¹²² *SRI Int'l Inc. v. Advanced Tech. Labs. Inc.*, 127 F.3d 1462, 44 USPQ2d 1422 (Fed. Cir. 1997). Here, it was found sufficient to have said, in writing, that the patentee believed that certain specified products may infringe the patent (which was enclosed) and that a license was available. In *Ralston Purina Co. v. Far-Mar-Co Inc.*, 772 F.2d 1570, 227 USPQ 177, 181 (Fed. Cir. 1985), the court indicated that an offer of a license is actual notice of another's patent rights, at least in the context of creating a duty of due care not to infringe.

The actual notice requirement of § 287(a) demands notice of the patentee's identity as well as notice of infringement. The purpose of the actual notice requirement is met when the recipient is notified, with sufficient specificity, that the patent holder believes that the recipient of the notice may be an infringer. Besides alerting the alleged

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infringer to avoid further infringement, the notice requirement also permits the alleged infringer to contact the patentee about an amicable and early resolution of the potential dispute. Thus, without knowledge of the patentee's identity, an alleged infringer may lose the benefit of this primary purpose of the notice requirement. An alleged infringer may lose the opportunity to consult with the patentee about design changes to avoid infringement. Similarly, without knowledge of the patentee, an alleged infringer may lose the chance to negotiate a valid license. In sum, knowledge of the patentee's identity facilitates avoidance of infringement with design changes, negotiations for licenses, and even early resolution of rights in a declaratory judgment proceeding.¹²³

¹²³ *Lans v. Digital Equip. Corp.*, 252 F.3d 1520, 59 USPQ2d 1057, 1061 (Fed. Cir. 2001). Also, notice from someone closely associated with the patentee does not satisfy § 287(a). Only the patentee has authority to grant licenses or accept design changes to facilitate the purposes of the notification requirement. A looser notification rule would present notable enforcement problems. Courts would have to decide the degree of association sufficient to satisfy the rule. Must the notifying party control the patentee, or simply have an interest in the patentee? Indeed, how much control or interest would suffice? Agency principles would not likely ease this problem because the notifying party would not likely even purport to act on behalf of the patentee. Accordingly, a looser rule would both frustrate the purpose of notification and present difficult, if not unworkable, enforcement problems. *Id.* In a later case, the defendant was accused of infringement by a letter signed by a “patent portfolio manager” speaking on behalf of the “corporate intellectual property” department of a European company. The patent was in fact owned, as correctly indicated on its face, by a U.S. corporation that was part of a family of companies that included the European company. The trial court concluded actual notice was lacking, relying on *Lans*. The Federal Circuit distinguished *Lans* on the ground that there the patent did not accurately identify the assignee, holding that although the assignation printed on the face of a patent is not a conclusive indication of the patent’s current ownership, when the information printed on the patent is correct, it is enough to put an accused infringer on notice of the patentee’s identity. *U.S. Philips Corp. v. Iwasaki Elec. Co.*, 505 F.3d 1371, 85 USPQ2d 1097 (Fed. Cir. 2007). In the case of actual notice, the notice of the infringement must come from the patentee not the infringer. Thus, where an infringer’s attorney advises it that it is infringing, that is not the notice contemplated by § 287. *American Med. Sys. Inc. v. Medical Eng’g Corp.*, 6 F.3d 1523, 28 USPQ2d 1321 (Fed. Cir. 1993).

Failure of a licensee to mark in accordance with a specific contractual requirement may be actionable.¹²⁴ Failure to raise at trial an issue of limitation of damages by failure to mark precludes raising the issue on appeal.¹²⁵ Notice, actual or constructive by marking, is not a prerequisite to recovery against the government under 28 U.S.C. § 1498.¹²⁶

¹²⁴ See *Lisle Corp. v. Edwards*, 777 F.2d 693, 227 USPQ 894 (Fed. Cir. 1985); *Yarway Corp. v. Eur-Control USA Inc.*, 775 F.2d 268, 227 USPQ 352 (Fed. Cir. 1985). Could the damages for breach of contract include loss of damages to the patentee due to the lack of marking?

¹²⁵ *Weinar v. Rollform Inc.*, 744 F.2d 797, 223 USPQ 369 (Fed. Cir. 1984).

¹²⁶ *Motorola Inc. v. United States*, 729 F.2d 765, 221 USPQ 297, 300–01 (Fed. Cir. 1984).

Courts have enjoined infringement notices when the patent owner acted in bad faith, for example, by making threats without intending to file suit, or sending notices indiscriminately to all members of the trade, or when it has no good faith belief in the validity of its patent. But a patentee that has a good faith belief that its patents are being infringed violates no protected right when it so notifies infringers. And an accused infringer should not be insulated from knowledge and fair warning of potential liability or deprived of the opportunity

to respond to threatened litigation.¹²⁷ Thus, communication to possible infringers concerning patent rights is not improper if the patent holder has a good faith belief in the accuracy of the communication. Although “bad faith” may encompass subjective as well as objective considerations, and the patent holder’s notice is not irrelevant to a determination of bad faith, a competitive commercial purpose is not of itself improper, and bad faith is not supported when the information is objectively accurate. In general, a

threshold showing of incorrectness or falsity, or disregard for either, is required in order to find bad faith in the communication of information about the existence or pendency of patent rights. Indeed, a patentee, acting in good faith on its belief as to the nature and scope of its rights, is fully permitted to press those rights even though it may misconceive what those rights are. It has long been recognized that patents would be of little value if infringers of them could not be notified of the consequences of infringement or proceeded against in the courts. Such action considered by itself cannot be said to be illegal. Thus it is not improper for a patent owner to advise possible infringers of its belief that a particular product may infringe the patent. A patentee has the right to inform a potential infringer of the existence of the patent, whereby the recipient of the information may adjust its activities, perhaps seek a license, or otherwise act to protect itself. The statute contemplates such notice. Federal law has uniformly upheld a patentee's right to publicize the issuance of patents and to so inform potential infringers. Indeed, judicially mandated silence would preserve the ignorance of potential infringers whose liability could build.¹²⁸

¹²⁷ *Mallinckrodt Inc. v. Medipart Inc.*, 976 F.2d 700, 24 USPQ2d 1173 (Fed. Cir. 1992). Having reversed a summary judgment of patent misuse, the court also vacated an injunction prohibiting the patent owner from sending out infringement notices.

¹²⁸ *Mikohn Gaming Corp. v. Acres Gaming Inc.*, 165 F.3d 891, 49 USPQ2d 1308 (Fed. Cir. 1998).
