Between Patent Issuance and Enforcement: Product Marking to Maximize Your Patent Value

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Marking Requirement Overview

- 35 U.S.C. § 287(a) – Limitation on damages and other remedies; marking and notice
  - Why, Who, When, What, How To Mark
  - Actual Notice
Marking Overview: Why

- No affirmative duty to mark since 1952
  - Patentees “may give notice to the public” that an article is patented – 35 U.S. § 287(a)

- But, a party that does not mark a patented product is not entitled to damages for infringement prior to actual notice to the alleged infringer that its actions infringe
Marking Overview: Why

- 35 U.S.C. § 287(a) – “In the event of 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 infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice”
Marking Overview: Why

- Objective of marking statute:
  - (1) help avoid innocent infringement
  - (2) encourage patentees to give notice to public article is patented
  - (3) aid public to identify whether article is patented
Marking Overview

- When no patented articles are made:
  - No duty to mark exists (nothing to mark)
  - § 287(a) does not apply
  - No notice is required (constructive or actual)
  - Damages are allowed for the statutory period regardless of notice
Marking Overview

- Patentee bears the burden to allege and prove constructive or actual notice
  - Preponderance of evidence
  - Not an affirmative defense for defendant

- Courts split whether accused infringer bears burden to identify unmarked patented products, *e.g.*, licensee products

Marking Overview: Who

- “Patentees” and “persons making ... any patented article for or under them.”
- “Patentees, and persons making, offering for sale, or selling within the United States, any patented article for or under them, or importing any patent article into the United States.” - 35 U.S.C. § 287(a)
Marking Overview: **Who**

- Patent owner who makes, uses or sells patented product
- Licensees – express and implied
  - Under settlement agreement – even when settling party does not concede issue of infringement in settlement agreement
  - Under covenant not to sue – if effectively authorizes recipient to make and sell additional products
Marking Overview: When

- Marking must commence after patent issues and then must be continuous and consistent
  - If delay, damages run after date marking has begun
- Does not apply to articles entering the market prior to issuance of the patent
  - Even if patentee has ongoing contract to service or maintain the product
- Must mark during reissue proceedings
  - Because patent has not been surrendered – *Flatworld Interactive LLC v. Samsung Electronics Co.* (D. Del. 2014)
Marking Overview: **When**

**Method vs. Apparatus Claims**

- When patent includes only method claims, marking provision does not apply

- When patent includes both apparatus and method claims, marking applies to both
  - “[T]o the extent that there is a tangible item to mark by which notice of the asserted method claims can be given, a party is obligated to do so.”
Marking Overview: When

Litigation Considerations Mixed-Claim Patents

- Only apparatus claims asserted – proof of marking applies
- Only method claims asserted – no proof of marking even if apparatus is not marked
  - *Crown Packaging Tech. v. Rexam Beverage Can Co.* (Fed. Cir. 2009); *Hanson v. Alpine Valley Ski Area, Inc.* (Fed. Cir. 1983)
Marking Overview: **When**

Litigation Considerations
Mixed-Claim Patents

- **Both apparatus and method claims asserted** – proof of marking required for **both** if patentee produces physical device using claimed method or claimed device is used to practice method
Marking Overview: When

Litigation Considerations
Mixed-Claim Patents

- Withdrawn apparatus claims – suggestion that party may avoid marking requirement over method claims if apparatus claims are not pursued to judgment
Marking Overview: What

- Must mark “substantially all” of products
  - Substantially consistent and continuous once begun – *Nike, Inc. v. Wal-Mart Stores, Inc.* (Fed. Cir. 1998)
  - Must cease distributing unmarked products
  - Subject to *de minimis* exception
    - “An implied de minimis exception protects the patentee whose compliance with the marking statute is nearly perfect.” – *Maxwell v. K Mart Corp.* (D. Minn. 1995)
  - No set percentages or bright-line rule
Marking Overview: What

- Licensees – patentee must police
  - More liberal approach when third-party licensee
    - did patentee make reasonable efforts to ensure compliance?
    - substantial compliance ok if efforts reasonable
  - Reasonable efforts:
    - include marking requirement in license agreement
    - take steps to confirm compliance
    - applies even to license of large portfolios, *e.g.*, 300 patents
Marking Overview: **What**

- “Substantially all” of products
  - Fact issue
    - Patentee missed one batch – *SEB S.A. v. Montgomery Ward & Co., Inc.* (Fed. Cir. 2010) (compliance found)
    - Licensee marked 95% of millions of products sold and patentee made extensive efforts to ensure compliance ok – *Maxwell v. J. Baker, Inc.* (Fed. Cir. 1996) (compliance found)
    - But also 12% of products (just OEM sales) unmarked – *Funai Elec. Co., Ltd. v. Daewoo Electronics Corp.* (Fed. Cir. 2010) (compliance found)
Marking Overview: How

- Physically mark actual product
  - “[E]ither by fixing thereon the word ‘patent’ or the abbreviation ‘pat.,’ together with the number of the patent” – 35 U.S.C. § 287(a)
  - Should mark the actual product sold if feasible
  - Must include the word “patent” or abbreviation “pat.” and patent number(s)
Marking Overview: How

- Marking a label or packaging – alternative
  
  “[W]hen, from the character of the article, this [physical marking] can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice.” – 35 U.S.C. § 287(a)

- Somewhat flexible approach
  
  - Physical impossibility not required

- Long-standing focus on the notice effected rather than on the precise mechanistic compliance with the statute
Marking Overview: How

- Marking a label or packaging – considerations
  - Product size
  - Cost of marking product
  - Industry custom (probably insufficient alone)
  - Other markings on product
    - Split in courts
      - Majority: No bright-line rule, must consider specific circumstances
      - Minority: if any other markings, then alternate form not sufficient
  - Other considerations under the circumstances
Marking Overview: How

- Marking sufficient
  - Hanging tag from fireplace grate
  - Marking bulk storage tank for liquid sold in bulk
  - Marking packaging where product is a system with components scattered in different places
  - Marking packaging of cable connector due to small size of connector - even though other printing on connector
  - Marking inside wall of machine where outside marking would wear away
Marking Overview: How

- **Marking insufficient**
  - Marking user manual, product literature, fact sheet, invoices, bills of lading
  - Magnifying glass needed to read number
  - Start-up screen of a software program, where patent covered physical system not software
  - Frequently, when products have other markings affixed
Marking Overview: How

- **Drawbacks to conventional marking**
  - Listing numerous patents – space, aesthetics
  - Timely change of product for newly issued or newly expired patents
  - Disposing of existing inventory
  - Additional manufacturing costs
    - Retooling manufacturing processes
    - Developing new product molds
Marking Overview: How

- Virtually marking
  - Effective September 16, 2011, America Invents Act
  - “[B]y fixing thereon the word ‘patent’ or the abbreviation ‘pat.’ together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent” – 35 U.S.C. § 287(a)
Marking Overview: How

- **Virtually marking**
  - Affix the word “patent” or abbreviation “pat.” to article
  - Follow with URL
  - Must be a free site
  - At website, identify patent number(s) applicable to product(s)
Marking Overview: How

- Virtually marking
  - Format
  - Must include “patent” or “pat.” - not just URL (even if defendants actually view website)
    - “Plaintiffs’ affixing their website to the storm shelter, without including the word ‘patent’ or the abbreviation thereof, fails to give notice under this subpart” – A to Z Machining Serv. LLC v. Nat’l Storm Shelter (W.D. Okla. 2011)
Marking Overview: How

Example: single landing page
Marking Overview: How

How Our Virtual Patent Marking Service Works

Our virtual marking software was specifically designed for corporate counsel and their product teams to track and manage patent-to-product and patent-to-part relationships. As a result of using our virtual patent marking service, our clients can quickly and effectively implement a virtual patent marking strategy. (We also offer a service just for patent-to-product tracking service if you are not yet ready to implement a virtual marking strategy.)

PatentStatus is the only virtual marking solution that enables you to use your own patent marking (such as patent.company.com or www.company.com/patent/) and publish that registry of patent-to-product relationships on your web site. You always control your marking; consumers and competitors visit your branded web site to search your patent marking registry. (Request a demo)

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Once logged in, our simple interface gives you quick access to all of your patent, product and part data in our system. You can conduct searches, run reports, and quickly browse your database.
Marking Overview: Actual Notice

- **Remember:** Actual notice not required when no products exist to mark


- But, filing of declaratory judgment action by accused infringer, does not alone show patentee provided actual notice
Marking Overview: Actual Notice

- **Affirmative Communication**
  - Must be from patentee (or maybe exclusive licensee)
  - Sufficiently specific to support objective understanding that the recipient may be an infringer
Marking Overview: Actual Notice

- Actual Notice Must Include:
  - Specific charge of infringement
  - Identify specific patents
  - Identify specific products or product group

- Infringer’s own knowledge of patent or infringement irrelevant
  - Not the same standard as willfulness
Marking Overview: **Actual Notice**

- Notice need not create actual controversy for declaratory judgment standing – 28 U.S.C. § 2201
  - Offer to license
  - Cease and desist demand
  - Threat of suit

Lots of Luck!