Client Alert

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Marking Your Territory in the Patent World: The Basics of Physical vs. Virtual Patent Marking

Abstract

Patent marking has historically entailed physical inscriptions on tangible products, but may now be accomplished by virtual marking. Patent marking is important because failure to use patent marking on a patented article can lessen the recovery of damages for patent infringement Changes to the marking statute now allow patentees for more options to mark patented articles.

Leahy-Smith America Invents Act

The Leahy-Smith America Invents Act (AIA) made various changes to the "marking statute" (35 U.S.C. § 287(a)) to permit virtual marking of patent numbers, effective for any lawsuit that was pending on or commenced after September 16, 2011.[1] The purpose of marking an article is to provide constructive notice to the public that it is patented.[2] More importantly, failure to mark an article can preclude the tolling of legal damages for patent infringement until effective notice is given.[3] Ultimately, "[a patentee] is entitled to damages from the time when it either began marking its product in compliance with section 287(a) [*i.e.*, providing constructive notice], or when it actually notified [the accused infringer] of its infringement, whichever [is] earlier."[4] Thus, in the event of a failure to mark, § 287(a) provides that "… no damages shall be recovered by a 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."[5]

Prior to AIA, the marking statute required physical patent marking. Patented articles had to be physically marked by placing the word "patent" or "pat.," along with its patent number, on the article itself or its packaging.[6] For example, a golf club manufacturer would mark its new golf clubs with "Pat. 1,222,333" or "Patent 2,333,444" engraved on the handles. Post-AIA, to comply with the patent marking statute, a patent owner has two types of patent marking options: (1) physical marking and (2) virtual marking. For either patent marking method, the marking statute provides that if the character of the article prevents the patentee from marking any part of the article itself, the patentee can mark the article by placing a label (including the pertinent information) by it or its packaging.[7]

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[1] *See* 35 U.S.C. § 287(a) (2011); America Invents Act, H.R. 1249, § 16(a)(2).

[2] Report on Virtual Marking, United States Patent and Trademark Office, Report to Congress, September 2014, page 1.

[3] *Id*. at 1.

[4] *Radware, Ltd. v. F5 Networks, Inc.*, 147 F.Supp.3d 974, 1009 (2015), citing *American Medical Sys., Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 1537 (Fed.Cir.1993).

[5] 35 U.S.C. § 287(a) (2011).

[6] Report on Virtual Marking, United States Patent and Trademark Office, Report to Congress, September 2014, page 1. *See also A to Z Machining Service, LLC v. National Storm Shelter, LLC*, 2011 WL 6888543, *3-*4 (W.D. Okla. 2011).

[7] *Id*.

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Virtual Marking "X marks the spot"

Virtual marking provides patentees with an alternative to physical patent marking by giving them the option of affixing on the article itself or its package the word "pat." or "patent" followed by an internet address that associates the patent with the number.[8] For example, instead of golf clubs being engraved with the words and patent number, the golf clubs would only have "Patent: www.ourbettergolfclubpatents.com," where the corresponding utility and design patent numbers would be listed. Further, this website must include a complete and real-time list of patents that correspond with the golf clubs.[9]

What types of patent claims require marking?

If the patent has only method claims, no patent marking is required.[10] However, if patent owners chose to give notice of the method claims, products may be marked with "Made Under US Pat. No. 1,234,567" or "For Use under U.S. Pat. No. 1,234,567."[11]Design patents require the same type of marking.[12] As for software patents, it has been recommended that if a product can be marked, it should be marked and that "simply displaying the patent marking at a startup or loading screen of the software will not count as appropriate marking."[13] Further, "if there is a physical component to the software, it should be marked."[14]

Patent Marking Compliance

Compliance with the patent marking statute is key to the patent owner to providing constructive notice.[15] The marking must: (i) consist of the word either "patent" or "pat." with the patent number or an internet address that includes such number; and (ii) be legible and accessible to the interested person.[16] Location of the marking is at the patent owner's discretion.[17] The test for whether there has been sufficient marking is whether good faith notice has been provided to the public that an article is patented.[18]

To assure compliance with the marking statute, substantially all of the patented articles should be marked. And, licenses should expressly require that the patented articles must be marked.[19] Further, once marking has begun, it should be "substantially consistent and continuous" for a patent owner to benefit from the construction notice provisions of the patent marking statute.[20] The "consistent and continuous" requirement may be met when the patentee and its licensees (if any) mark all of their patented articles and do not distribute any unmarked products.[21]

In one case, a company with software patents contended that virtually marking "some but not all" of its products was enough to provide proper constructive notice; however, the court found instead that "merely encouraging a customer to buy a marked … product in combination with the unmarked … products is not

[8] Report on Virtual Marking, United States Patent and Trademark Office, Report to Congress, September 2014.
[9] *Id*.
[10] *Id*.
[11] *Id*.
[12] *See Nike Inc. v. Wal-Mart Stores*, 138 F.3d 1437 (Fed. Cir. 1998) (holding that the term "damages" as it appears in the marking statute, 35 U.S.C. § 287(a) applies to recovering the infringer's profit under 35 U.S.C. § 289 as well as to the recovery of damages under 35 U.S.C. § 284.)
[13] Patent Marking Guide - Accessed accessed at: http://tsircoulaw.com/uncategorized/patent-marking-guide/ Accessed on 4/2/2017.
[14] *Id*.
[15] *Id*.
[16] *Id*.
[17] *Id*.
[18] *Id*.
[19] *Id*.
[20] *Id*. *See also Nike Inc. v. Wal-Mart Stores*, 138 F.3d 1437 (Fed. Cir. 1998).
[21] Report on Virtual Marking, United States Patent and Trademark Office, Report to Congress, September 2014.

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sufficient to constitute constructive notice under § 287(a)". This limited the damages awarded to the plaintiff.[22]

Establishing a Nexus

A nexus must exist between the patented article and the patent.[23] Patent marking must inform the public that the certain tangible item is covered by the listed patent.[24] Showing this nexus may be difficult for software, for example, if the software has various interface displays (*e.g.*, webpages) that are linked together.[25] To avoid ambiguities with regard to software, the marking should include all the relevant patents and provide either a clear and consistent statement of patent protection or a generalized patent statement covering the software (with its various interfaces) as a whole.[26] The patent marking nexus requirement may be met when the marking states that a "patented article" is covered by "one or more of the following patents."[27] It may not be sufficient to mark the products with phrases such as "patented technology" to cover the multiple patented features that are not pointed out.[28]

Virtual Marking Nuances

In general, once a good faith effort to put the public on constructive notice has been shown, virtual marking will be considered sufficient.[29] However, questions relating to patent marking privacy concerns have been raised, as part of a good faith showing Patent owners must be able to demonstrate, for example, that: (a) the public did not need to log in to a particular software application to view any virtual marking-related information; and (b) the patent owner made reasonable efforts to avoid tracking users who access their patent marking information sites, including not requiring cookies to be enabled to access the virtual marking information.[30] Best practices for virtual marking would include ready access to information without being subject to deterrent time hurdles or complicated steps to see the basic patent marking information or fear of having their information tracked (causing privacy concerns for visitors).[31]

Conclusion

When deciding whether to choose the physical marking method or the virtual patent marking method, patent owners should consider: (i) the time and money it would take to update their virtual marking internet information sites with accurate and complete lists of patented articles; (ii) the privacy concerns of website visitors; (iii) licenses and their terms that require consistency of patent marking; and (iv) damages that may be precluded from recovery if the patentee or their licensee does not properly use patent marking. As the law is relatively new, courts will continue to address the various nuances of virtual marking and have many fact-sensitive cases where the statute's requirements will be determined on the basis of a balance between reasonable good faith public notice and what is reasonable under each patent owner's different situations.

Hunton & Williams LLP lawyers are available to assist applicants in their efforts to best provide notice of their patent holdings, and we work with clients to take advantage of the increased flexibility provided by these new rules.

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[22] *Radware, Ltd. v. F5 Networks, Inc.*, 147 F.Supp.3d 974, 1010 (2015) (Radware failed to provide constructive notice by selling unmarked products in the U.S. prior to the filing of the complaint.)
[23] Report on Virtual Marking, United States Patent and Trademark Office, Report to Congress, September 2014.
[24] *Id.*
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *Id.*
[29] *Id.*
[30] *Id.*
[31] *Id.*

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