

How Marking Mishaps Mess up Patent Litigation Strategies

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Patent owners' failures to mark patented products properly and their correlating litigation strategies are creating headaches for plaintiff counsel – and defendant counsel on occasion too – say sources.

Patent owners, as most attorneys are aware, are supposed to mark their patented products with the word 'patent' or 'pat' and either the patent number or a website listing the patents. If they don't, they may not have the right to recover pre-suit infringement damages.

But complying with marking requirements can be easier said than done.

David Mroz, partner at Finnegan in Washington DC, says a company can put a marking procedure in place but simultaneously issue licences to companies that don't follow through and mark products as required.

"This could cause the compliance rate to drop below the substantial compliance threshold and preclude a party from satisfying the marking statute, even though a marking policy was in place," he notes.

A plaintiff's failure to mark is typically a good thing for defendants because the oversight gives them one more tool to help limit damages pay outs – but it doesn't always serve as a boon for patent implementers.

Drop the apparatus

Some plaintiffs that realise they haven't complied with marking requirements later in their cases will try to correct their mistakes by dropping certain claims.

Patent owners are required to mark to obtain pre-suit damages if they assert apparatus claims, which cover what an invention is, but not if they only assert method claims, which cover what an invention does.

Plaintiffs that have asserted both method and apparatus claims might later drop the latter to circumvent the marking requirement, so long as the court allows, which they often don't.

The strategy can prove to be a thorn in the side of defendants if the court does allow the drop because it can leave accused infringers on the hook for pre-suit damages.

Practitioners say they would like to see more clarity from the Court of Appeals for the Federal Circuit on this issue.

Attorneys also note that although a failure to mark can sink a plaintiff's damages arguments, patent owners shouldn't assume that marking automatically entitles them to enhanced damages.

Case discrepancy

Sources points out that there isn't consensus among the courts on the issue of dropping apparatus claims.

The District Court for the Western District of Texas found in 2020 in [CliniComp International v Athena Health](#) that a dismissal of apparatus claims by stipulation nine months before the defendant filed its summary judgment motion was enough to avoid the marking requirement.

But other district courts found in cases such as *Huawei v T-Mobile* (the Eastern District of Texas, 2017) and *Siemens Mobility v Westinghouse Air Brake* (the District of Delaware, 2018) that the dismissal of apparatus claims was too late to render the marking requirement inapplicable.

Mroz at Finnegan says these varying approaches can lead to forum shopping within the confines of *TC Heartland*. Attorneys should analyse how courts have resolved these issues in the past before they pick a forum, he adds.

He notes, however, that it would be helpful if the Federal Circuit stepped in and ruled on this issue.

Others agree. Juniper Networks in 2021 tried to get the Federal Circuit to review whether past assertions of apparatus claims should require plaintiffs to mark. Non-practising entity (NPE) Core Optical Technologies sued Juniper in 2019 and only asserted method claims.

The NPE had sued several other defendants in different cases in 2012, asserting both method and apparatus claims, and had settled these cases with licences. But these licensees didn't mark their products.

Juniper filed a motion to dismiss and argued that Core Optical's licensees had the obligation to mark, that the failure to mark barred the recovery of damages, and that the NPE couldn't avoid this requirement by only asserting method claims in this case.

The motion to dismiss was denied. But in 2021, the District Court for the Northern District of California allowed Juniper Networks to file a motion for interlocutory appeal (an appeal in an ongoing case) to the Federal Circuit.

Blair Jacobs, principal at McKool Smith in Washington DC, who previously represented other defendants sued by Core Optical, but who is no longer involved in the case, points out that the Federal Circuit declined to take up this issue on interlocutory appeal.

But he says that the appellate court should clarify in the future whether plaintiffs can avoid marking requirements by just asserting method claims if they've previously asserted both method and apparatus claims.

"That's kind of gaming the marking statute in the view of most practitioners, so I'm hopeful that the Federal Circuit will eventually clarify this issue," he says.

No easy solution

It might seem that plaintiffs should realise they haven't marked products properly before they start their cases, but this isn't always a straightforward matter.

Paul Ragusa, partner at Baker Botts in New York, says patent owners have a duty to monitor whether their licensees are marking, but it's unclear how far that duty extends. He notes that if a licensee failed to mark a few dozen products, that probably wouldn't constitute a failure to mark.

"But it's unclear where the dividing line is on that duty to police your licensee," he says.

Plaintiffs could also avoid duties to mark if they only asserted method claims from the get-go. But this also may not be the best strategy, say attorneys.

Corey Johanningmeier, partner at Bunsow De Mory in San Francisco, says he wouldn't advise a client to drop apparatus claims at any point in a case – even if there were marking issues – because getting damages on method claims could be challenging.

He points out that plaintiffs that asserted apparatus claims could argue that defendants infringed if they sold, imported or used the allegedly infringing product.

But plaintiffs that only assert method claims are more likely to have to rely on theories of induced infringement, or on showing that defendants actively encouraged infringement among users.

Johanningmeier notes that plaintiffs that allege induced infringement need to show that the defendants had knowledge of the infringement, which can be difficult.

"I personally would never drop an apparatus claim because I don't want to rely exclusively on inducement in case there's some sort of knowledge problem," he says.

Marking methods

Counsel may also get stuck if they think adhering to marking requirements is enough to lead to findings of wilfulness.

Adam Samansky, member at Mintz in Boston, says he's seen plaintiffs argue that they marked and the defendant was aware of the patent as such. "But there isn't necessarily a straight line between having marked a product and sufficient notice for purposes of wilfulness," he says.

He notes that these defences don't necessarily hold up in court and that he's had some success in getting claims for wilfulness dismissed because notice was insufficiently alleged.

Marking clearly isn't going to hand a plaintiff a win, but a failure to mark can certainly thwart an otherwise solid damages strategy.

Even though getting licensees to mark properly can be easier said than done, patent owners should do everything in their power to get them to comply, so they can avoid subpar litigation down the line.

Defendants should be ready to pounce if they fail.