

THE DAILY RECORD

WESTERN NEW YORK'S SOURCE FOR LAW, REAL ESTATE, FINANCE AND GENERAL INTELLIGENCE SINCE 1908

IP FRONTIERS

Your client has a patent; it also has a website

But, is it properly marking its patented products?

Compliance with the statutory requirements for patent marking, although often overlooked, is critical to every company that holds one or more patents for its products. Why mark products? Under §287 of the patent laws, damages can only be recovered from the date a patent holder can prove it gave infringers notice of infringement.

U.S. patent law provides that notice can be either “constructive” or “actual,” and proper marking of a patented product constitutes constructive notice to the public (i.e. potential infringers), 35 U.S.C. § 287. Proper marking, therefore, can significantly impact the amount of damages available to a patent holder.

Traditionally, properly marking a patented product meant physically marking the article with relevant, valid and unexpired patent numbers. For example, “This product is covered by one or more patents, including U.S. Patent No. X,XXX,XXX.” Courts frequently held that merely stating “Patented” or “Patent Pending,” without reference to a specific patent number or serial number, was not enough. Patent holders thus faced two main hurdles with the traditional statutory requirements for patent marking:

1. Cost. The expense and delay of creating and updating molds, tooling, etc. to mark products with new patent numbers, or remove expired patent numbers, was cost prohibitive and cumbersome for many patent holders. Also, when a patent expired, inventory marked with the patent number would need to be recalled, remarked and/or destroyed in order to avoid false marking claims.

2. Liability for false marking. If a patent holder failed to remove products with expired patent numbers from the stream of commerce, it could be liable for false marking and subject to severe penalties (\$500 per unit sold).



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Unfortunately, these hurdles often times resulted in a substantial decrease in potential damages for the patent holder when faced with an infringer.

AIA amendments – virtual marking

Effective Sept. 16, 2011, Section 287 (as amended by the America Invents Act or “AIA”) made patent marking easier and less costly and, at the same time, reduced the risk associated with improper marking. Under the new rules, a patent holder may use a website to provide a listing of its products and any associated patents where at least one claim of the patent covers the product. The website must be publicly available at no charge.

The ability to have one website that lists all patents and that can be easily updated and modified significantly reduces the burden of properly marking products. Examples of virtual marking Web pages can be found at www.kimberly-clark.com/ourcompany/innovations/patents.aspx and www.rapiscansystems.com/en/company/virtual_patent_marking.

A potential misconception regarding the new AIA virtual marking provisions is that a patent holder no longer needs to physically mark their product. This is incorrect. Rather, the new virtual marking rules provide that a patent holder is not required to list all of its relevant, valid and unexpired patent numbers on a product. The patent holder is, however, still required to physically mark their products with the word “patent” (or suitable abbreviation) and a website or URL address, see, e.g., *A to Z Machining Serv., LLC v. Nat’l Storm Shelter, LLC*, CIV-10-422-C, 2011 WL 6888543 (W.D. Okla. Dec. 29, 2011) (stating that affixing a website to a patented product without including the word “patent” or abbreviation thereof fails to give constructive notice).

In other words, the product must contain the word “patent,”

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“pat.” or “patented,” together with the website address where the patent information is available, but individual patent numbers no longer need be identified. Examples of appropriate markings are as follows:

“This product may be covered by one or more U.S. patents or pending patent applications. See www.company.com/pat/ for details.”

or :

Patents: See www.company.com/patents

or :

U.S. patents apply to this product. For details visit: patent.company.com.

General marking guidelines – virtual or traditional

Whether employing the benefits of virtual marking under the AIA or still using the traditional form of patent marking, the following general guidelines apply:

A patent holder must mark the product itself. If the product cannot be marked directly, a label can be affixed on the product. The marking must be legible and readable.

If there is a “good reason” why the product itself cannot be marked, then marking the product’s packaging is acceptable. “Good reason” occurs, for example, when marking an article is impractical (e.g. the size of the product, the nature of the product, the lack of an adequate place to mark the product), would deface the product or make it otherwise commercially unusable, would impose undue burden on the manufacturing process, or when the cost to mark the product is commercially unreasonable.

However, if the product contains any other printings, such as a model number, UL or inspection number, trademark or serial number, a court is not likely to accept a patent marking anywhere else than on the product itself. This exception should be used with caution as a determination regarding “good reason” is very fact-specific and the burden lies with the patent holder to convince the court it had good reason not to directly mark the article. Patent holders frequently do not meet this burden and lose their rights to collect pre-suit damages.

Extreme caution: Markings on invoices, advertising, brochures or other sales materials that indicate a product is patented, without marking the product itself, may not be sufficient to give notice, *Stryker Corp. v. Intermedics Orthopedics, Inc.*, 96 F.3d 1409 (Fed. Cir. 1996). If employing this exception, caution should be used and appropriate consultation with legal counsel is recommended.

Do not mark products if they are no longer protected by a patent (i.e. expired), or improperly mark them as “patent pending” or “patented” when such is not the case. Although the AIA

removed the ability for third parties to bring “qui tam” suits on behalf of the government and obtain half the penalties, improperly marking products can still lead to accusations of false marking by competitors who can prove they suffered a competitive injury.

Marking should be “substantially consistent and continuous” and substantially all of the patented products should be marked, *Nike v. Wal-Mart Stores*, 138 F.3d 1437, 1446 (Fed.Cir.1998).

Keep accurate records of the dates on which patent marking began for each product

Marking products or websites with published applications is not required under §287, but does provide for damages back to the date of publication.

The §287 marking requirements do not necessarily apply to patents with only method or process claims. With that said, if marking is feasible (e.g., on a website, CD, instruction booklet), then it is recommended and may even be required. If any doubt, seek appropriate legal counsel.

For marking requirements regarding the Internet, software and products with multiple components, or to determine if you have sufficient “good reason” to mark something other than the product itself, seek appropriate legal counsel.

Review and police all licenses. The marking requirements apply to licensed products as well, and it is the patent holder’s responsibility to make sure its licensees properly mark their products, *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1111 (Fed.Cir.1996).

Foreign considerations: Other countries have different marking requirements. If a patented product has an international market, consult with appropriate legal counsel regarding any additional requirements.

With these guidelines in mind, it is also important to note that the burden of proving a failure to mark does not rest with the infringer. Rather, both pre- and post-AIA, the burden of proof is on the patent holder to show it complied with all statutory and court-imposed patent marking requirements in order to obtain pre-suit damages based on constructive notice.

Additional guidelines for virtual marking programs:

Internal protocols, established procedures and a well-maintained website are essential to setting up a Virtual Marking program. If applicable, such a program should involve members of an in-house legal department, CTO, IP counsel & technical IT support.

A virtual marking webpage must be modified when new patents issue, old patents expire, and when products are added or discontinued. When adding new products or patents, it is

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essential that the patent holder (or its counsel) evaluate claim coverage and determine which products the new patents cover.

A patent holder should also establish continuous and routine "Updating Procedures" for its website, including: (1) creating and maintaining an accurate list of patents and printed publications that are associated with its products; (2) maintaining up-to-date reports regarding the status of patents and publications (i.e. expired, abandoned, etc.); (3) if a change occurs, a policy should be in place to ensure prompt updates are made to the website; and (4) the patent holder should document any and all updates made to the website, when they occurred, what changed, etc. (a best practice would be to autosave and archive all revisions). These protocols are important to corroborate when constructive notice was first given.

When asked, should I go to the expense and trouble of marking my patented products? The answer is, yes. The cost of

obtaining a patent can be substantial and, without proper marking practices, a patent holder risks being unable to recover damages for infringement or a substantially reduced damages award. A failure to adhere to the strict marking requirements under §287 could also impact the value of an IP portfolio during a due diligence review by a third party investor or buyer.

On the other hand, there is little to no downside to proper compliance with §287 requirements. Therefore, it is important to put internal procedures in place for marking products to avoid unintentionally losing value in intellectual property investments and to conduct regular reviews and audits of all patents and patent markings. The AIA created a valuable tool to make compliance more feasible and allow patent holders to fully benefit from their intellectual property investments. Why not take advantage of it?

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