

The Advantages of a Patent Marking Policy

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I. Introduction

With the Federal Circuit's recent decision holding that patentees may be liable for false marking, entities having patent portfolios (or patentees) should consider setting up a marking policy. By establishing a marking policy, patentees could not only limit false marking claims, but also enhance the value of their patent portfolios. To set up an effective marking policy, patentees must understand a number of factors, further described below.

II. Factors for Setting Up a Marking Policy

A. Who Should Mark

35 U.S.C. § 287(a), the marking statute, limits the ability to recover damages if the patentee or "persons making, offering for sale, or selling . . . any patented article for or under [the patentee]" failed to mark the patented article. Thus, a producing patentee that makes, offers to sell, or sells a patented article must mark it or risk recovering less damages than it may be entitled to.

Further, according to this statute, the patentee's express and implied licensees that make, offer for sale, or sell the patented article may also have a duty to mark. The patentees must take reasonable steps to ensure that its licensees mark. Moreover, the patentee's wholesalers do not have a duty to mark (in such a case, the patent is exhausted by the sale to the wholesaler).

B. What Should Be Marked

The term "patented article" has been interpreted to include apparatus subject matter and compositions of matter. While requiring marking for patented products, § 287 has been interpreted as usually not requiring marking when a patent contains only method claims. But for patents including both method and apparatus claims, courts have held that the duty to mark depends on which claims are asserted.

Where both apparatus and method claims are asserted, the patented article should be marked to satisfy the notice provisions of § 287. When only the method claims are asserted, however, marking may not be necessary.

C. How to Mark

Section 287(a) of the Patent Act requires fixing the word "patent" or the abbreviation "pat." together with the number of the patent directly on the article. If the article's characteristics prevent this (e.g., the size of the article is too small that the number is hard to

discern without a magnifying glass), a label or similar notice may be fixed to the package containing the one or more articles. Further, simply marking an article with "patent pending" may not be sufficient.

D. When to Mark

To guarantee maximum recovery of damages in an infringement suit, marking should begin on the date the patent issues. If there has been any delay, recovery of damages will commence on the date when marking has begun. And once started, it must be substantially consistent and continuous for the party to avail itself of the constructive notice provisions of the statute.

E. False Marking

Just as a patentee can be penalized for failing to mark, falsely marking an "unpatented article" can also create problems because some of the courts have not been kind to falsemarkers. For example, one court determined that a false marker was liable for 35 percent of the gross revenue for all falsely marked products. Another court went even further, holding that the false marker was even liable for over 100 percent of the gross revenue for the "unpatented articles."

An "unpatented article" under 35 U.S.C. § 292(a) can include a product that is marked as patented but was never, in fact, covered by any patent. It may also include a product that has been marked with the number of an expired patent. And it could also include a product marked with a patent having only method claims.

Besides marking an unpatented article, to be liable for false marking, the patentee marking must have an intent to deceive the public. A patentee following an established marking policy can help minimize its exposure to false marking claims.

III. Patent Marking Policy

The importance of establishing a patent marking protocol to deal with false marking accusations cannot be understated. The following guidelines are simply a few recommendations on how to properly adhere to the patent marking statute. A regular, systematic review of the product line and related patents provides information necessary to determine which products embody patented inventions and thus, could warrant marking.

The people involved with this review should ideally be the inventors of the patents, product engineers, and the patentee's legal department. Technical and legal personnel may determine which products and patents should be considered in the marking calculus, and marketing personnel can provide information regarding the marked products.

The next step would involve determining the types of claims in the patents that cover the products. As stated above, if the patent contains only method claims, there is usually no duty to mark.

If it contains only apparatus claims, then the patentee has the duty to mark to avoid reducing potential damages. And if the patent includes both method and apparatus claims, to ensure maximum protection, a patentee should take a liberal approach and mark the product associated with the patent.

Further, to maximize potential damages, patentees should begin marking on the day the patent issues or soon thereafter.

To do this, patentees must establish a plan for monitoring patent applications to determine when they issue and take the necessary steps to mark the products. Patentees may also have to police their appropriate licensees to make sure they are satisfying any marking duties. Moreover, marking cannot be sporadic, but must be continuous once it starts.

For marked products, there should be a regular review for eliminating the marking of any expired patents. Patentees must also

monitor any changes in patent scope resulting from re-examinations before the United States Patent and Trademark Office for determining whether any marking on products should be removed.

Further, there should be a protocol for removing markings when patents expire, as well as for removing any patents invalidated or found unenforceable during litigation. Documenting the customary marking practices, keeping samples of labels used, using a written docketing system to track critical dates, and saving internal communications and communications with counsel regarding critical dates and plans to mark, serves any patentee interested in maximizing the incentives and minimizing the liabilities under § 287(a) and § 292, respectively.

Of course, all of these considerations must be consistent with the goals of the patentee. It needs to consider if the costs of marking outweigh its benefits. For example, the term of a patent may be so short that marking is not justified.

Further, not every patented product may justify the cost and trouble of marking. Other considerations can include whether there is extensive cross-licensing in the industry and whether there are existing or potential competitors who may infringe.

IV. Conclusion

The impact of patent marking should not be underestimated.

A patentee that fails to provide notice of a patent covering a product may inadvertently forfeit the recovery of substantial damages in an infringement action, while a patentee that improperly marks an unpatented product may be liable for potentially crippling damages. By initiating a prospective and ongoing approach to patent marking consistent with its written policy, patentees can maximize recovery and minimize liability.

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