

## Why Fed. Circ. Should Resolve District Split On Patent Statute

By **Nicholas Nowak and Jamie Dohopolski** (April 10, 2024, 4:17 PM EDT)

Title 35 of the U.S. Code, Section 287, allows a utility or design patentee to recover damages up to six years prior to filing suit against an infringer if the patentee provides notice of the allegedly infringed patent rights.[1]

The notice can be actual or constructive, and Section 287 encourages providing notice so that "the public has a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design." [2] And, in doing so, it also "help[s] avoid innocent infringement." [3]

Section 287(a) governs the specific requirements for constructive notice and reads in relevant part:

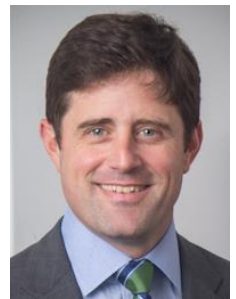
Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, or by 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, or when, from the character of the article, this 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.

Put in plainer terms, the statute requires fixing on the "patented article," "patent" or "pat," alongside either the patent numbers or a freely accessible website that associates the patented article with the patent numbers.[4]

But when such a mark cannot be placed on the patented article itself due to the character of the article, the statute allows a patentee to affix a like notice to the package or a label.

Despite some guidance from the U.S. Court of Appeals for the Federal Circuit, a split exists among district courts in their analysis of when, pursuant to Section 287(a), marking cannot be done on the patented article due to its character and, in such cases, where a like notice must be affixed.

Patentees should be aware of this discord and its potential ramifications when considering patent-marking strategies.



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Ultimately, however, the Federal Circuit should consider clarifying the analysis of Section 287(a) to provide both patentees and the public with confidence that Section 287(a) achieves what it was intended to do: provide "notice to the public that [an article] is patented."

Without such clarification, the unsettled state of the law under Section 287(a) makes it practically impossible at present for patentees to comply with the statute's constructive notice provisions, and presents the real possibility that patentees may be leaving significant damages for past and ongoing infringement uncollectible.

### **When Patentees Can Affix a Mark on Something Other Than the "Patented Article" Itself**

A majority of district courts take a flexible approach to when the marking statute allows constructive notice to be affixed on something other than the patented article even if the patented article can be physically marked.

A minority of district courts, however, take a different approach and read the statute literally, providing significantly fewer options for a patentee to comply with Section 287(a).

The majority allow patentees to mark something other than the patented article itself if the mark is reasonable in light of the character of the article and accomplishes the public notice function underlying the purpose of Section 287(a).

As the U.S. District Court for the Eastern District of Texas put it in *Grand Overseas Inc. v. Dollar General Corp.* in 2023:

So long as the method [of marking] employed conveys the proper public notice, the marking statute does not otherwise address the precise ways and means [by] which a patent holder must comply.[5]

Whether the public has been properly notified is often analyzed under the four Stryker factors, established by the U.S. District Court for the Western District of Michigan in *Stryker Corp. v. Zimmer Inc.* in 2012.[6]

Under Stryker, a patent owner may mark something other than the actual product, and courts will find noncompliance with the marking statute only if the patentee's decision was unreasonable in light of:

(1) the size of the product; (2) other practical considerations, like the cost of marking the product itself rather than marking the packaging; (3) industry norms for marking similar products; and (4) whether an alternative form of marking would provide users with adequate notice of the patent.[7]

The Federal Circuit seems to endorse the majority's flexible approach but has done so only once in a nonprecedential decision, *Global Traffic Technologies LLC v. Morgan* in 2015.[8] The patentee in *Global Traffic* claimed "[a] traffic control preemption method" that enabled traffic lights to override normal traffic signal programming so that emergency vehicles could more quickly and safely reach their destinations.[9]

The patentee partnered with a manufacturer to make a system that embodied the claimed invention, and the manufacturer chose to mark the packaging — not the article itself — with the required patent information.[10] The patentee brought suit against several infringers. A jury found infringement and determined that the package marking was sufficient to satisfy Section 287(a), and the infringers appealed.[11]

The Federal Circuit affirmed, determining that substantial evidence supported the jury's conclusion that the package marking provided sufficient public notice under Section 287(a).[12]

In doing so, the Federal Circuit explained that there cannot be "a bright line rule regarding what aspects to consider in determining" when Section 287(a) permits marking something other than the patented article itself.[13]

The Federal Circuit recognized that the character of the article analysis can look to the physical size of the patentee's patented article, industry marking customs, and the manner in which the article is used by direct infringers and seen by the public.[14]

Despite the flexible approach endorsed by the Federal Circuit in *Global Traffic*, a minority of district courts still interpret Section 287(a) to require the patented article to be marked if such a mark is physically possible.

For example, in *Zadro Products Inc. v. Feit Electric Co.* in 2021, the U.S. District Court for the Central District of California granted partial summary judgment in favor of an alleged infringer, concluding that a patentee's decision to place its patent-marking notice on the packaging containing its patented mirrors — and not on the mirrors themselves — was insufficient under Section 287(a).[15]

According to the court, "no reasonable jury would find that [the patentee] properly marked" its patented mirrors by marking the packaging because some of the mirrors were stamped "patent pending" on the base.[16]

As a result, the *Zadro* court concluded that it was "readily apparent that the character of the product does not make it so that a proper mark 'cannot' be affixed to the product." [17] *Zadro* is not alone in its reasoning.

The U.S. District Court for the Southern District of California followed a similar approach in *Taction Technology Inc. v. Apple Inc.* in 2023 when faced with a patentee that marked the packaging for its patented headsets.[18]

In *Taction*, the court determined that a package marking was insufficient as a matter of law under Section 287(a) because "it [was] feasible to mark the headset." [19]

In *Juno Lighting LLC v. Nora Lighting Inc.* in 2014, the Central District of California went even further afield from *Global Traffic*. Instead of simply focusing on the question of when a patentee can mark something other than the patented article, the court in *Juno* went on to determine where such a mark must be affixed.

The asserted patent in *Juno* related to "an improved bar hanger for use with recessed lighting fixtures." [20] The patentee sold light fixtures and placed patent-marking labels on the junction box and inside of the light-fixture housing of its products.[21]

The court reasoned that those labels could not satisfy Section 287(a) because they were not on the patented product, i.e., the actual bar hanger itself.[22]

According to *Juno*, "fixing [a] label to a component of the product other than the one which is patented

does not comply with the constructive notice provision of 35 U.S.C. Section 287(a)."[23]

The court did not look to Global Traffic because the Juno court "ha[d] assumed ... [the patentee] was entitled to use a label" in the first instance.[24]

### **How the Federal Circuit and Supreme Court Might Resolve the District Court Divide on Section 287(a)**

Zadro, Taction and Juno are difficult to square with Section 287(a), especially when read in light of Global Traffic.

While Global Traffic took an expressly open-ended multifactor approach to when Section 287(a) allows a patentee to mark something other than the patented product itself, Zadro, Taction and Juno effectively require a patentee to physically mark every patented component of any multicomponent product unless it is physically impossible to do so.

This leaves the Federal Circuit — and maybe even the U.S. Supreme Court — to either hold true to the reasoning offered in Global Traffic or fashion an alternative approach.

Should the Federal Circuit decide to resolve the district court split, it could reassert the analysis underpinning its decision in Global Traffic, which answered the question of when a patentee is allowed to mark something other than the patented article, i.e., whenever it is reasonable.

Indeed, that decision finds support in the text of Section 287(a) itself, which explicitly allows notice of a patent to be fixed on the patented article or — when that cannot be done due to the character of the article — on a label containing like notice.

However, the question left unresolved by Global Traffic — the question Juno attempted to answer — is exactly where must an alternative mark, like a label, go?

The statute itself suggests that a label can go on the patented article or the package for that article. But can like-notice markings go anywhere else?

To answer "no" to that question risks a strained interpretation of the statute.

Assuming the Federal Circuit were to apply its analysis in Global Traffic, Section 287(a) permits marking something other than the patented article when reasonable in light of the article's character.

To then conclude that any alternative marking, such as a label, must be placed on the patented article that was deemed unreasonable to mark in the first instance — as at least Juno seems to require — would appear to render alternative marking under Section 287(a) entirely meaningless, leading to a result that would run counter to traditional canons of statutory interpretation.[25]

The Supreme Court and the Federal Circuit have instead intimated at a far more reasonable reading of the statute that would still be "consistent with its words and legislative purpose." [26] Global Traffic already approaches Section 287(a) as imposing a rule-of-reason inquiry for a fact-finder.[27]

Extending that approach to the question of where an alternative mark can be placed, the overall question is the same: Does the mark "provide a ready means of discerning the status of the intellectual property embodied in" what the patentee is asserting as the article of manufacture?[28]

The text of Section 287(a) provides some guidance for such a reasonableness inquiry, suggesting that labels and packaging of articles can be marked to provide public notice, and there is no hint that these options form an exhaustive list.

Such an interpretation could give Section 287(a) the flexibility it needs to achieve its public notice goals and would be in line with the Supreme Court's recent repeated instructions that the Federal Circuit avoid hard-line rules within its patent jurisprudence.[29] And flexibility in Section 287(a) might make sense considering a vast majority of products sold today are covered by multiple and sometimes overlapping design and utility patents.[30]

The Federal Circuit would do well to resolve the district courts' disagreement on Section 287(a), a consequential statute with important implications for patent damages.

Until then, however, patentees would be wise to heed the split with regard to when and where alternative marking under Section 287(a) is allowed, as there is a wide gulf between the reasonableness inquiry espoused by a majority of courts and the significantly narrower interpretation of the statute adopted by others.

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[1] 35 U.S.C. Section 286-87.

[2] *Bonito Boats, Inc. v. Thunder Craft Boats Inc.*, 489 U.S. 141, 162 (1989) (cleaned up); see *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1366 (Fed. Cir. 2017); *Maxwell v. Baker*, 86 F.3d 1098, 1112 (Fed. Cir. 1996); *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 185 (Fed. Cir. 1994); *Am. Med. Sys., Inc. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1537 (Fed. Cir. 1993).

[3] *Nike Inc. v. Wal-Mart Stores Inc.*, 138 F.3d 1437, 1443 (Fed. Cir. 1998).

[4] "[S]ufficient specificity" is required to "associate[] the patented article" with the appropriate patent number. See *SRI Int'l Inc. v. Advanced Tech. Labs. Inc.*, 127 F.3d 1462, 1470 (Fed. Cir. 1997). The Federal Circuit has also interpreted the statute to require that a patentee mark "substantially" all quantities of the patented article and ensure that its marking practice is "substantially consistent and continuous." *Maxwell*, 86 F.3d at 1111-12; *Am. Med.*, 6 F.3d at 1534-38. All marking requirements extend to a patentee's express and implied licensees. *Amsted*, 24 F.3d at 184-85.

[5] *Grand Overseas Inc. v. Dollar Gen. Corp.*, 2013 WL 11522059, at \*2 (E.D. Tex. Aug. 22, 2013).

[6] *Stryker Corp. v. Zimmer Inc.*, 2012 WL 6821683, at \*3 (W.D. Mich. Nov. 29, 2012).

[7] *Id.* (cleaned up).

[8] Global Traffic Techs. LLC v. Morgan, 620 F. App'x 895 (Fed. Cir. 2015).

[9] Id. at 897-99.

[10] Id. at 899, 904.

[11] Id. at 904.

[12] Id. at 906.

[13] Id. at 905.

[14] Id. at 906.

[15] Zadro Prods. Inc. v. Feit Elec. Co., 514 F. Supp. 3d 1209, 1217 (C.D. Cal. 2021).

[16] Id. at 1215.

[17] Id. (cleaned up).

[18] Taction Tech. Inc. v. Apple Inc., 3:21-cv-00812-TWR-JLB, D.I. 318, at 17-18 (S.D. Cal. June 15, 2023).

[19] Id.

[20] Id. at \*1.

[21] Id. at \*4.

[22] Id. at \*5.

[23] Id. (citing Lichtenstein v. Phipps, 168 F. 61 (2d Cir. 1909)).

[24] Id.

[25] See Dupuch-Carron v. Sec'y of Health & Hum. Servs., 969 F.3d 1318, 1330-31 (Fed. Cir. 2020).

[26] Id. at 1331.

[27] Global Traffic, 620 F. App'x at 905-06.

[28] Bonito Boats, 489 U.S. at 162 (cleaned up); supra note 2.

[29] E.g., Minerva Surgical, Inc. v. Hologic Inc., 141 S. Ct. 2298 (2021); Samsung Elecs. Co. v. Apple Inc., 580 U.S. 53 (2016); KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398 (2007); eBay Inc. v. MercExchange LLC, 547 U.S. 388 (2006); Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722 (2002).

[30] See Samsung, 580 U.S. at 59 (holding that "'article of manufacture,' as used in [35 U.S.C.] Section 289, encompasses both a product sold to a consumer and a component of that product").