

Is Patent Marking An Issue?

Assert Only Method Claims

By Leigh J. Martinson

Most patent holders have in their portfolios patents that include different types of claims. Examples include: method claims, apparatus claims, system claims, means-for claims and, in some cases, product-by-process claims. When choosing which claims to assert against an infringer, the traditional thought is “more is better.” That is, many choose to assert any and every claim that passes the Rule 11 test. While this strategy is understandable and often the best course of action, it might not yield the best damages result.

Depending on the damages theory of the litigation, it might be prudent to take an extra minute or two to discuss the possibility of asserting only method claims. If both apparatus and method claims are initially asserted, the decision should be revisited at various points

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in the litigation. Doing so may actually extend the damages period and enhance any damages award. This is especially true when questions related to patent marking exist with respect to the asserted apparatus claims.

The Court of Appeals for the Federal Circuit recently confirmed that when only method claims are infringed, the damages exception for patent marking of 35 U.S.C. § 287(a) does not apply. Thus, the patent holder may recover for past damages without providing actual notice of the patent to the infringer prior to the infringement suit.

In *Crown Park Packing Technology Inc. and Crown Cork & Seal, Inc. v. Rexam Beverage Can Co.*, Case Nos. 08-1284, -1340 (Fed. Cir., March 17, 2009), Crown sued Rexam for patent infringement. Rexam counterclaimed for infringement of its own patent. Rexam’s patent was directed to reducing the diameter of the top of a can body using a process known as necking. The Rexam patent claimed an apparatus and a process for smooth die necking that uses dies of successively decreasing internal diameter to reduce the diameter of the top of a can body.

Crown purchased 26 machines allegedly covered by claims of Rexam’s patent over a six-year period from Belvac Production Machinery (“Belvac”). A license between Rexam and Belvac required Belvac, which was only licensed to make the machines, to notify its customers that they would require a separate license from Rexam to perform the smooth die necking method.

Crown supposedly made more than 17 billion cans per year using the unlicensed method. Rexam’s infringement theory stemmed from use of the “necking” machines sold to Crown. Notably, Rexam only asserted method claims.

Crown moved for partial summary judgment to dismiss Rexam’s counterclaim of infringement based on a failure to mark under 35 U.S.C. § 287(a). The district court issued an amended order granting Crown’s motion for summary judgment and dismissed Rexam’s counterclaim. Although Rexam had only asserted method claims, the district court dismissed Rexam’s counterclaim because the patent “also included unasserted apparatus claims.”

Recall that 35 U.S.C. § 287(a) states, in part, that:

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, ... 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, ... *In the event of failure so to mark, no damages shall be recovered by the 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.*

The key to understanding this provision of the statute is to examine what it does not say. This provision does not specify under what circumstance damages can be recovered. Instead, the provision describes situations when damages are forfeited. In essence, this section penalizes a patent holder for a failure to mark an article.

In view of the statute, Crown asked the court to penalize Rexam for failing to mark its machines despite Rexam only asserting the method claims of its patent. Crown's argument was not new or innovative. In fact, a similar argument was made in *Hanson v. Alpine Valley Ski Area*, 718 F.2d 1075 (Fed. Cir. 1983).

FACTUALLY IDENTICAL

In *Hanson*, the patent at issue was directed to snow-making machines. Hanson asserted both apparatus and method claims against Alpine Valley. In turn, Alpine argued that Hanson's recovery was limited to the date of the filing of the complaint because Hanson did not prove that the machines that were sold and covered by the patent were marked. Both the district court and the Court of Appeals for the Federal Circuit disagreed. Although both apparatus and method claims were asserted by Hanson, only method claims were found to be infringed. In view of this fact, the court reiterated that it is "settled in the case law that the notice requirement of this statute does not apply where the patent is directed to a process or method." *Bandbag, Inc. v. Gerrard Tire Co.*, 704 F.2d 1578, 1581 (Fed. Cir. 1983).

In *Rexam*, the court relied on *Hanson*. The court concluded that *Hanson* was factually identical to this case. The court therefore considered itself bound by the precedential rule of *Hanson*. Consequently, the court reversed the district court's grant of Crown's motion for summary judgment.

A few questions that come to mind in view of the above are: What if an apparatus claim was also found to be infringed? Would the failure-to-mark penalty apply

to the method claims as well? Or does it apply only to the apparatus claims? Another decision from the Court of Appeals from the Federal Circuit answers some of these questions.

In *American Medical Systems v. Medical Engineering Corp.*, 6 F.3d 1523 (Fed. Cir. 1993), both apparatus and method claims were asserted and found to be infringed. American shipped some of the patented apparatuses without proper markings. At some point prior to the filing of its infringement suit, American began marking and shipping marked apparatuses. That is, American complied with the 35 U.S.C. § 287(a) at some point prior to the filing of the infringement action. The district court originally limited the damages period to the filing date of the infringement suit.

American argued using *Bandbag* and *Hanson* that the district court improperly limited the damages period for infringement of its method claims. American thought the damages period for the method claims should not be limited because marking is not required for method claims. In dismissing American's argument, the court stated that:

The purpose behind the marking statute is to encourage the patentee to give notice to the public of the patent. The reason that the marking statute does not apply to method claims is that, ordinarily, where the patent claims are directed to only a method or process there is nothing to mark. *Where the patent contains both apparatus and method claims, however, to the extent that there is a tangible item to mark by which notice of the asserted method claims can be given, a party is obliged to do so if it intends to avail itself of the constructive notice provisions of section 287(a).*

CONCLUSION

It appears that under the current state of the law that there may be a penalty to suffer if both method and apparatus claims

are asserted and infringed when the apparatus is not marked. If only the method claims of the patent were asserted or found to be infringed, the damages period could be extended and thus potentially increase the award amount. Thus, spending a few extra moments at various points during the litigation may be warranted to discuss which types of claims should be asserted or remain in the case.

The following may prove to be a useful guide for determining whether marking is required to recover damages without notice of the asserted patent:

- Only method claims asserted — only method infringed — marking not required;
- Method and apparatus asserted — only method infringed — marking not required; and
- Method and apparatus asserted — both infringed — marking required.