



ARE Patent Law Alert: Federal Circuit Holds that the Patent Marking Statute Limits Damages Even After a Patentee or Licensee Ceases Sales of Unmarked Products

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On February 19, 2020, in *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc., BRP U.S. Inc.*, a three judge panel of the U.S. Court of Appeals for the Federal Circuit issued an 11-page decision holding that the patent marking statute, 35 U.S.C. § 287, limits damages even after a patentee or licensee ceases sales of unmarked products, and that willful infringement does not establish actual notice under § 287. *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc., BRP U.S. Inc.*, No. 2019-1080, slip op. (Fed. Cir. Feb. 19, 2020).

As background, the notice requirement for collecting back-damages in patent cases limits back-damages where a patentee fails to mark its patented articles as patented. See 35 U.S.C. § 287(a).

Arctic Cat owned two patents, U.S. Patent 6,793,545 (“the 545 Patent”) and U.S. Patent 6,568,969 (“the 969 Patent”), directed to thrust steering systems for personal watercraft but had stopped selling the products before either patent issued.

Instead, in 2002, Arctic Cat licensed several of its patents to Honda, including the patents at issue. An earlier draft of the license agreement required Honda to mark all licensed products with the applicable patent numbers. However, the final version of the license agreement omitted this provision and required no marking by Honda. Honda subsequently manufactured and sold products under the license agreement without marking the products with Arctic Cat's applicable patents.

In 2014, Arctic Cat sued Bombardier for patent infringement of the two patents at issue. In a motion for summary judgment, Bombardier argued that Arctic Cat could not receive any pre-complaint damages since the products sold by Honda were not marked patented articles, and Arctic Cat failed to provide constructive or actual notice under § 287.

Bombardier also argued that non-compliance with § 287 can only be cured by beginning to



mark or providing actual notice to an alleged infringer. The District Court agreed and granted summary judgment. On appeal, the question before the Federal Circuit was what is the appropriate interpretation of 35 U.S.C. § 287.

The Federal Circuit thoroughly dissected § 287 in its opinion. First, the court noted that the notice provisions of § 287 do not apply to patents directed to processes or methods. The court also indicated that § 287 does not apply when a patentee never makes or sells a patented article. “If [] a patentee makes or sells a patented article and fails to mark in accordance with § 287, the patentee cannot collect damages until it either begins providing notice or sues the alleged infringer — the ultimate form of notice — and then only for the period after notification or suit has occurred.”

According to the panel, a patentee’s licensees must also comply with § 287 even in instances like Arctic Cat’s where the license agreement expressly states that the licensee had no obligation to mark. “[I]t does not excuse Arctic Cat’s lack of marking that it is Arctic Cat’s licensee, rather than Arctic Cat itself, who sold un-marked products.”

Arctic Cat then argued that § 287 limits damages only during periods when “the patentee” is making, offering for sale, or selling the patented article. However, the court agreed with Bombardier that to begin recovering damages after sales of unmarked products have begun, § 287 requires that a patentee either begin marking its products or provide actual notice to an alleged infringer. The cessation of sales of unmarked products is not enough. “Arctic Cat’s obligation to mark arose when its licensee began selling patented articles. The cessation of sales of unmarked products certainly did not fulfill Arctic Cat’s notice obligations under § 287, nor did it remove the notice requirement imposed by the statute.”

The court also rejected Arctic Cat’s argument that, regardless of its failure to mark, it should nevertheless recover the maximum amount of pre-suit damages allowed by 35 U.S.C. § 286 because the jury’s finding that Bombardier willfully infringed the asserted claims should be sufficient to establish actual notice under § 287. The court then noted that willfulness does not serve as actual notice as contemplated by § 287. “While willfulness turns on the knowledge of an infringer, § 287 is directed to the conduct of the patentee. The marking statute imposes notice obligations on the patentee, and only the patentee is capable of discharging those obligations.”

The Federal Circuit ultimately found Arctic Cat’s arguments unpersuasive and affirmed the District Court’s denial of pre-complaint damages to Arctic Cat.



We will continue to monitor and report on developments in this area. In the meantime, please feel free to contact us to learn more.

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