

**Intellectual
Property
Law Review—
1997**

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**PATENT MARKING UNDER 35 U.S.C.
§ 287(a): PRODUCTS, PROCESSES, AND
THE DECEPTION OF THE PUBLIC †**

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Introduction

Patent owners have long been required to mark their products to notify the public that the article is patented. Under the marking statute, 35 U.S.C. § 287(a),¹ a patent holder must give notice that the product is patented by placing the patent number on the product or, when this cannot be done by similarly labeling the product, the package in which the product comes. Failure to mark a product as patented does not render the patent invalid or unenforceable or prevent the patent holder from seeking an injunction against future infringement, but merely prevents monetary damages for infringement under section 284² from accruing until the patent holder

† This article was originally published at 5 Federal Circuit Bar Journal 317 (1995). Reprinted by permission of the copyright owner.

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¹ Patentees and persons making or selling 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, 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. 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. Filing of an action for infringement shall constitute such notice. 35 U.S.C. § 287(a) (1988).

² Upon finding for the claimant, the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs, as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. 35

gives actual notice to the infringer that a particular product infringes a particular patent, even where the infringement is blatant and willful.³

The purpose of the statute is "to give patentees the proper incentive to mark the products and thus place the world on notice of existence of the patent,"⁴ and thus to avoid innocent infringement.⁵ The statute fulfills "the policy goal of notifying the public concerning the patent status of items in commerce."⁶ However, there are several disparities between this policy goal and how the statute is worded and has been applied by the courts. Specifically, the statute as presently interpreted (1) requires marking of all patented products, even when there could have been no reliance by the public on the lack of marking, and (2) excuses from the marking requirement all items embodying pure method patents,⁷ even when the public may have relied on the lack of marking. Additionally, the Federal Circuit⁸ has apparently taken the position, though not clearly articulated, that where the patent contains both product and method claims, and the patent holder has failed to mark, he may nevertheless recover on the method

U.S.C. § 284, ¶¶ 1-2 (1988).

³ *Amsted Industries, Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 185 (Fed. Cir. 1994).

⁴ *American Medical Systems, Inc. v. Medical Engineering Corp.*, 6 F.3d 1523, 1538 (Fed. Cir. 1993) (*quoting* *Laitram Corp. v. Hewlett-Packard Co.*, 806 F. Supp. 1294, 1296 (E.D. La. 1992)).

⁵ *Wine Railway Appliance Co. v. Enterprise Railway Equipment Co.*, 297 U.S. 387, 394 (1936).

⁶ *Amsted Industries*, 24 F.3d at 185.

⁷ Patent claims may be drawn to either products or methods. *See* 35 U.S.C. § 101 (1988). A product claim creates intellectual property in a *tangible thing*. A method claim creates intellectual property in the *series of steps* which usually, though not necessarily, physically changes a tangible thing. As will be illustrated later, there are cases in which method claims in effect create intellectual property in the thing itself in much the same way that product claims do.

For purposes of this dissertation the terms "product" and "apparatus" will be used interchangeably, as will the terms "method" and "process." I use the term "pure method patent" to denote a patent which contains only method claims and no product claims.

⁸ The Court of Appeals for the Federal Circuit ("Federal Circuit") was established in 1982 as the court of appeals from all district court cases involving significant patent issues. Since the United States Supreme Court rarely grants certiorari in patent cases, the Federal Circuit decides almost all of the precedential patent infringement cases in the United States today.

claims but only if he asserts no product claims in his complaint. This rule is without logical basis, produces anomalous results, and creates a subtle pleading trap for the unwary plaintiff, as will be demonstrated. The illogic of the apparent rule, coupled with the uncertainty of the rule itself, is particularly troublesome given the modern practice of including both method and apparatus claims within the same patent, and the interchangeability in many instances of apparatus and method claims.⁹

In this article, I propose a new inquiry to judge when failure to mark should preclude a monetary damages recovery for past infringement: Where the patent owner, or one acting under him, has placed into the hands of the public unmarked articles *from which the public can learn the claimed invention*, no damages shall accrue until the patent owner has given actual notice of the infringement to the infringer. This standard has the virtues of: 1) better harmonizing the purpose of the statute with the legal inquiry, thus eliminating some of the unjust results that are possible under the current case law; and 2) providing a framework by which to judge when the marking statute should apply to method claims. While this new standard eliminates some bright lines and thus raises the specter of increased litigation costs, the instances in which litigation costs are increased substantially should be rare. Furthermore, this standard eliminates the incentive that exists, under the Federal Circuit's most recent pronouncement on the subject, to seek unnecessarily duplicative process claims and patents.

This article is divided into three parts. Part I briefly reviews the purpose and relevant history of the marking statute. Part II examines the present law as it stands, including the somewhat unclear and possibly conflicting recent Federal Circuit decisions, and other problems with the current law. Part III lists some of the possible standards including the proposed new standard, and explains the proposed standard's application to both apparatus and method claims, regardless of whether the other type of claim is also included in the same patent.

⁹ See ROBERT C. FARBER, *LANDIS ON MECHANICS OF PATENT CLAIM DRAFTING* 105 (3d ed. 1990) for a description of how apparatus claims may be rewritten as method claims in many instances, and vice versa. As the Federal Circuit's predecessor court noted, "whether the invention is claimed as an apparatus or process . . . is often an exercise in drafting." *In re Johnson*, 589 F.2d 1070, 1077 (C.C.P.A. 1978).

I. Purpose of the Marking Statute

The purpose of the statute is to give the public notice of the intellectual property status of an item in commerce and prevent innocent infringement.¹⁰ The statute attempts to accomplish this goal by punishing the patent owner who would deceive the public either intentionally or inadvertently into believing that an article is free for all the world to make, use, and sell.¹¹ In essence, the statute denies damages for trespass to intellectual property where the patent owner has failed to erect a "No Trespassing" sign on that property. The statute also gives patentees incentive to ensure that all of their implied licensees, express licensees and sublicensees, follow the marking requirement because the right to recover damages for past infringement will be lost even if the failure to mark was the fault of the licensee, rather than the patentee.¹²

This is a critical point for attorneys involved in patent licensing to keep in mind. In most cases, the patent owner will want to mark his products as patented so as to avoid infringement and the expense, effort, and uncertainty of pursuing infringers in court. In some cases, however, a patent holder may decide that the trouble and expense of marking outweigh the advantages.¹³ Additionally, without the statute, there would be two reasons a patent holder might conceivably desire not to mark his products. First, infringement would place a patent holder who has produced only a few items and risked only a minimal investment into a "heads I win, tails you lose" position. After making only minimal effort, a patentee could then sit by relatively idle on the sidelines while a competitor who, relying on lack of patent marking, invests millions of dollars¹⁴ in capital in marketing, advertising, and developing high volume production facilities related to the product. If the product were successful, the patent holder could then run to the courthouse and recover from the infringer at

¹⁰ *Wine Railway Appliance Co. v. Enterprise Railway Equipment Co.*, 297 U.S. 387, 394 (1936).

¹¹ *Id.* at 398.

¹² *Amsted Industries, Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178 (Fed. Cir. 1994).

¹³ Preston Moore & Jackie Nakamura, *The United States Patent Marking and Notice Statute*, 22 AM. INTEL. PROP. L. ASS'N Q. J. 85, 97-98 (1994) (citing factors a patent owner should consider in deciding whether it would be worthwhile to mark a patented product).

¹⁴ "Marketing a new product domestically often exceeds \$30 million for a large company and can consume the life-savings of an individual or small entrepreneur." S. REP. No. 100-515, 100th Cong., 2d Sess. 5-6 (1988).

least a reasonable royalty¹⁵ for every article that the competitor had sold, subject only to the six year statute of limitations¹⁶ on damages and the equitable defenses of laches and equitable estoppel.¹⁷ On the other hand, should the product fail to win consumer acceptance, only the innocently infringing competitor would lose a substantial investment; the patent holder would lose only his minimal investment.

Second, a patent can have enormous "strike value." Where an infringer has invested large sums in production facilities and marketing, the patent holder can use the threat of an injunction as a lever to extract a license fee from the infringer that may be far greater than what a willing licensee would have paid to a willing licensor before making any such investment.¹⁸

The marking statute directly addresses the first of these concerns by conditioning infringement damages on patented items in commerce having declared their intellectual property status. The statute does not directly address the second of these concerns, though presumably a court would consider a patent holder's failure to mark in determining whether to grant a permanent injunction against an innocent infringer who had made large investments in reliance on lack of marking.¹⁹

¹⁵ Damages awarded for infringement are to be in no event less than a reasonable royalty. 35 U.S.C. § 284 (1986). Where the patentee produces a product rather than merely licensing the patent, doubts as to what constitutes a reasonable royalty are to be resolved against the infringer. *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1327 (Fed. Cir. 1987). In some cases, courts have awarded reasonable royalties which greatly exceeded the rate at which the patent was licensed to others. *E.g.*, *Tights, Inc. v. Kayser-Roth Corp.*, 442 F. Supp. 159 (M.D. N.C. 1977) (awarding reasonable royalty of \$0.12 per unit, where patentee had licensed at \$0.02 per unit). Thus, patent rights enforced in court can be more profitable for the patent holder than patent rights licensed or sold on the open market.

¹⁶ 35 U.S.C. § 286 (1988).

¹⁷ *See A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020 (Fed. Cir. 1992) regarding the law of laches and equitable estoppel as these defenses apply in the context of patent infringement.

¹⁸ *See William S. Thompson, Reforming the Patent System for the 21st Century*, 21 AM. INTEL. PROP. L. ASS'N Q. J. 171, 173 (1993) for a description of how, in a different context, some inventors misuse the patent system to "ambush" established industries and take advantage of this strike value.

¹⁹ Courts have "considerable discretion" in determining whether to grant a permanent injunction against an infringer. *Roche Products, Inc. v. Bolar Pharmaceutical Co.*, 733 F.2d 858, 865 (Fed. Cir. 1984). However, courts grant such injunctions in nearly all cases. For rare examples in which the court denied permanent injunctive relief, see *City of*

Whereas prior to 1952 the statute²⁰ spoke of a patent holder's "duty" to mark patented articles, the present statute clarifies that marking is merely permissive, with the consequence that failure to mark will preclude accrual of damages until the patent holder gives the infringer actual notice of infringement.²¹ While the language has changed, under both the present statute and its predecessor, marking is mandatory only in the sense that failure to mark will limit recoverable damages.

II. The Present Law

This section will review the present state of the law, its applications, and its shortcomings. Part a) reviews the circumstances under which, for policy reasons, the marking statute has been held not to apply. Parts b) and c) review the law as it has been applied to product patents and pure method patents, respectively. Part d) examines the less than pellucid and possibly conflicting Federal Circuit case law on how the marking requirement applies when the patent contains both product and method claims, and points out the anomalous results that obtain under the rule that seems to

Milwaukee v. Activated Sludge, Inc., 69 F.2d 577 (7th Cir. 1934) (refusing to enjoin operation of municipal sewage treatment plant); *Foster v. American Machine & Foundry Co.*, 492 F.2d 1317 (2d Cir. 1974) (refusing to enjoin use of patented component in industrial welding equipment).

²⁰ The statute had read in relevant part:

It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word 'patented' together with the day and year the patent was granted; 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 inclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use, or vend the article so patented.

35 U.S.C § 49 (quoted in *Wine Railway Appliance Co. v. Enterprise Railway Equipment Co.*, 297 U.S. 387, 392 (1936)).

²¹ See *Dunlap v. Schofield*, 152 U.S. 244 (1894). For awhile, failure to mark was punishable by fine, but this fine was abolished in 1861. See generally *Wine Railway Appliance Co. v. Enterprise Railway Equipment Co.*, 297 U.S. 387, 395 (1936) (providing the history of the marking statute).

emerge. Part e) looks at additional ways in which the present law fails to serve the stated policy goals of the law.

A. Judicially Recognized Exceptions

As the Supreme Court observed, notice via a visible mark “can only be given in connection with some fabricated article. Penalty for failure implies opportunity to perform.”²² Thus, the marking requirement does not apply when the patent owner has not made, used, or sold the patented product.²³ Nor is there a duty to mark when the patent is directed to a method only.²⁴

In the dicta of some opinions, some courts have also recognized a *de minimis* exception.²⁵ For example, if a patent holder produces thousands of the patented items, and a small handful of these are mistakenly shipped unmarked, the damages limitation of section 287(a) does not apply. Furthermore, unauthorized articles do not affect the patent holder’s remedies, since such articles are not made “for or under” the patent holder.²⁶

B. Apparatus Patents

The statute imposes a duty to mark any “patented article.” The legislative purpose is to give notice to the public of what intellectual property protection is available to the public, and what is not.²⁷ In most cases, this rule is well tailored to that purpose. For example, if a childproof safety cap on a medicine bottle is marked with a patent number, the public is adequately put on notice that the design of the cap is protected. Conversely, if the cap is not marked, then the public is justified in believing that anyone may produce a product embodying the cap’s design.

However, there are instances in which a failure to mark does not justify

²² *Wine Railway Appliance Co. v. Enterprise Railway Equipment Co.*, 297 U.S. 387, 395 (1936).

²³ *Id.* at 398; *Konstant Products, Inc. v. Frazier Industrial Co.*, 25 U.S.P.Q.2d 1223, 1225 (N.D. Ill. 1992).

²⁴ *Bandag, Inc. v. Gerard Tire Co.*, 704 F.2d 1578, 1581 (Fed. Cir. 1983).

²⁵ *Hazeltine Corp. v. Radio Corp. of America*, 20 F. Supp. 668, 671-72 (S.D.N.Y. 1937).

²⁶ *Refac Electronics v. Beacon Business Machines*, 695 F. Supp. 753, 755 (S.D.N.Y. 1988).

²⁷ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989) (“The public may rely upon the lack of notice in exploiting shapes and designs accessible to all.”).

public belief that the invention is free for all the world to make, use, and sell. One such instance is secret use. Suppose an on-line legal reporter whom we shall call Eastlaw owns an apparatus patent that enables the service subscriber to enter legal search terms in natural sounding English language sentences. Because of the nature of the apparatus and service involved, Eastlaw is likely to provide the service from a small number of central locations, each of which contains computer hardware and software kept in highly secured areas for a variety of proprietary and security reasons. Under a strict reading of the statute, if Eastlaw fails to place a patent notice on its equipment in the secured rooms, then competitors are free to read the patent, build their own version of the patented equipment, and sell competing services, all without any damages accruing until they receive actual notice of infringement from Eastlaw. This result does not further the purpose of the marking statute, to prevent the public from innocently infringing in reliance on the lack of notice on a patented article. Where the patented article is used in secret, limiting damages because the patent owner failed to affix a label reading "Patent X,XXX,XXX" on equipment kept in a locked room does not advance the policy and can only result in an unexpected and undeserved windfall to the infringer, be he innocent or willful.

Thus, while the statute generally serves the purpose that motivates the marking requirement, there are limited circumstances such as secret use in which the statute may unwarrantedly shield even a willful infringer from damages for patent infringement.

C. Pure Method Patents

Under the present law it is well established that where the patent contains only method claims, the section 287(a) limitation on damages does not apply.²⁸ The traditional rationale has been that where the patent contains only method claims, there is nothing to mark.²⁹ As will be developed later, this rationale is an anachronism in modern patent practice, and can no longer support the blanket exclusion for pure method patents.

²⁸ *Wine Railway Appliance Co. v. Enterprise Railway Equipment Co.*, 297 U.S. 387 (1936); *Bandag, Inc. v. Gerard Tire Co.*, 704 F.2d 1578 (Fed. Cir. 1983). *But see* the discussion *infra* note 68.

²⁹ *Wine Railway*, 297 U.S. at 395.

D. Patents Containing Both Apparatus and Method Claims

1. The Overlap and Blur Between Apparatus and Method Claims

In many cases products and processes are distinct. A ball bearing is a product. Heat treating that ball bearing to harden it is a method. In such cases, it is easy to apply the rule that section 287(a) applies to product patents, but does not apply to process patents.

Often, however, the difference between a product and a process rests on formalistic verbalism.³⁰ Patents on electronic circuits, for example, usually involve both product and process claims, the scope of which are coextensive or nearly so. For example, a patent on an electronic musical instrument that produces voice harmonies to an input voice contains the following apparatus claim:

12. Apparatus for analyzing an input vocal signal representative of a musical note in order to produce a plurality of harmony signals that are combined with the input vocal signal to produce a multivoice signal, comprising:

a signal processing means for sampling the input vocal signal and storing the sampled input vocal signal in a digital memory;

a frequency detector for determining a current estimate of the fundamental frequency of the input vocal signal;

computing means for testing the current estimate based on a set of parameters derived from a previous estimate of the fundamental frequency of the input vocal signal and for determining if the current estimate is a correct estimate of the fundamental frequency, wherein the computing means assign a reference note corresponding to the current estimate if the current estimate is the correct estimate;

means for determining a plurality of harmony notes based upon the reference note;

means for generating the plurality of harmony signals corresponding to the plurality of harmony notes; and

a mixer connected to receive the plurality of harmony signals and the input vocal signal in order to combine them to produce the multivoice signal.³¹

A method claim in the same patent reads:

1. A method for analyzing an input vocal signal representative of a musical note in order to produce a plurality of harmony signals that are combined with the

³⁰ See *supra* note 9 and accompanying text.

³¹ U.S. patent 5,231,671, "Method and Apparatus for Generating Vocal Harmonies."

input vocal signal to produce a multivoice signal, the method comprising:

- determining a previous estimate of the fundamental frequency of the input vocal signal;
- determining a current estimate of the fundamental frequency of the input vocal signal;
- testing the current estimate based on a set of parameters derived from the previous estimate of the fundamental frequency to determine if the current estimate is a correct estimate of the fundamental frequency;
- assigning a reference note to correspond to the current estimate, if the current estimate is the correct estimate;
- selecting a plurality of harmony notes based upon the reference note;
- generating a plurality of harmony signals that correspond to the plurality of harmony notes; and
- combining the plurality of harmony signals with the input vocal signal to produce the multivoice signal.³²

Comparing the elements in each claim shows that they cover nearly identical inventive subject matter; the last apparatus element (a mixer to combine signals), for example, corresponds to the last method step (combining signals). Essentially, the product embodies the patented process; anyone who uses the patented product is also practicing the patented method, and vice versa.

A second type of relationship between product and process claims occurs when the patented process is the use of the patented product. In *Devices for Medicine, Inc. v. Boehl*,³³ the patent in issue covered both an apparatus ("introducers") and the methods of using the introducers to insert medical devices into the human body.³⁴

The patented process may also be the method by which the patented product is constructed, and that is inherent in the end product itself. For example, in *American Medical Systems, Inc. v. Medical Engineering Corp.*,³⁵ the patent in issue claimed an apparatus and method for packaging a fluid-containing medical prosthesis in a pre-filled, sterile state.³⁶ The product and method claims covered essentially the same matter such that constructing the device would almost inherently require practicing the

³² *Id.*

³³ 822 F.2d 1062 (Fed. Cir. 1987).

³⁴ *Id.* at 1063.

³⁵ 6 F.3d 1523 (Fed. Cir. 1993).

³⁶ *Id.* at 1527.

patented method.³⁷ As with the electronic circuit example, the product embodied the patented process. However, a doctor using the patented prosthesis package in the operating room would not be practicing the patented method, because he was not the one who performed the steps by which the package was constructed.

Not only is there substantial overlap between apparatus and method claims, but the Patent Office and the courts have said that, at least in some circumstances and for certain purposes, apparatus claims are to be treated as method claims.³⁸

³⁷ Claim 1, a product claim, read:

1. A packaged fluid containing prosthesis adapted to be implanted in a sterile condition, said prosthesis comprising:

a prosthetic device having a closed, permeable housing defining a fluid containing chamber;

a sealed, substantially fluid impenetrable enclosure surrounding said housing and defining a liquid retaining space between said enclosure and said housing, said enclosure adapted for separation from said device prior to implantation of said device; and

said enclosure containing a liquid in said space with activities that substantially match the activities of the fluid in said chamber such that the mass transfer gradient across the permeable housing is insubstantial.

Claim 14, a method claim, read:

14. A method of packaging a fluid containing prosthesis adapted to be implanted in a sterile condition, said method comprising the steps of:

filling a closable permeable housing within a prosthetic device with a fluid;

enclosing said prosthetic device within an enclosure which contains a liquid with activities that substantially match the activities of the fluid within the housing, thereby rendering insubstantial the mass transfer gradient across the permeable housing; and

sealing said enclosure about said prosthetic device to define a sealed substantially fluid impenetrable barrier to fluid migration.

U.S. Patent 4,597,765.

³⁸ If the functionally-defined disclosed means and their equivalents are so broad that they encompass any and every means for performing the recited functions, the apparatus claim is an attempt to exalt form over substance since the claim is really to the method or series of functions itself. . . . We agree with the PTO that all of appellant's claims should be treated as method claims.

In re Walter, 618 F.2d 758, 768 (C.C.P.A. 1980).

The foregoing illustrates that there may be substantial overlap between product claims and process claims in a patent, and that at one extreme the product claims may be substantively indistinguishable from the process claims. Why is this a problem? As noted above, the courts have drawn a sharp distinction between apparatus patents and method patents, holding that section 287(a) applies to the former but not the latter, and that, as will be developed below, where the patent contains both apparatus and method claims, section 287(a) does not apply as long as the patent holder asserts only method claims in his complaint. The problem with this rule is that where there is substantial overlap between product and process claims, it makes no sense to require marking as to the product claims but not the process claims — either the policy concerns of the marking statute are furthered by requiring the patent holder to mark the product involved, or the policy concerns are not implicated, in which case the statute exacts a confiscatory toll on the patent holder needlessly.

2. The Case Law: Hanson, Devices for Medicine, and American Medical Systems

The sometimes complex relationship between product and process claims has caused the Federal Circuit to struggle in applying section 287(a) where the patent contains both product and process claims. The court's most recent decisions appear to make the entire issue pivot on whether both types of claims are asserted in the *complaint*, although the court has also used language that places the focus on whether the *patent* contains both types of claims. Yet, earlier cases appear to hold that the critical fact is what types of claims are held to be both valid and infringed *at trial*. This confusing body of precedent is examined in detail below.

The Federal Circuit first dealt with the issue in *Hanson v. Alpine Ski Area*.³⁹ The plaintiff Hanson had obtained a patent for both a method and apparatus for making artificial snow, but was unable to prove that its licensee had marked the patented snow-making apparatus.⁴⁰ The apparatus claims generally embodied the patented method, though the apparatus claims were somewhat narrower.⁴¹ Citing precedent that had established that the marking requirement did not apply to method patents and noting that only the method claims were found infringed, the court held squarely

³⁹ 718 F.2d 1075 (Fed. Cir. 1983).

⁴⁰ *Id.* at 1082.

⁴¹ See U.S. Patent 2,968,164, "Method of Generating Snow."

that "the patent is a process patent, to which section 287⁴² does not apply."⁴³ Neither of the reported opinions in this case⁴⁴ state whether the complaint itself asserted any apparatus claims, and if so whether the claims were held invalid or not infringed. Since the court did not include these facts in its opinion, the court probably considered them immaterial.⁴⁵

The implications of *Hanson* are therefore unclear. At the very least, this case stands for the proposition that where a patent contains both method and apparatus claims, a patentee can sometimes recover damages for infringement of the method claims despite his failure to mark the product or give actual notice. It is unclear whether it matters whether the plaintiff has actually asserted any apparatus claims in the complaint.

The Federal Circuit considered the issue again in *Devices for Medicine, Inc. v. Boehl*⁴⁶ but neither considered it carefully nor left a clear path for later courts to follow. Nor was the court even attempting to do either of those two things. The opinion begins with the disclaimer:

This is another bizarre appeal in which this court is asked to undo the tangles, twists, and turns created by appellant's counsel in the proceedings before the trial court. When a witch's brew has been stirred in the crucible of litigation, it is not the role of this court to strain the concoction for chestnuts left to burn through vincible ignorance of the law. Nor is it our role to conduct a review de novo of rulings on motions or to order entry of judgments on issues never presented to the jury or to the trial court.⁴⁷

In the opinion that followed the court excoriated *Devices for Medicine (DFM)* for deliberate attempts to mislead the court,⁴⁸ disingenuous

⁴² The statute has been amended and is now 35 U.S.C. § 287(a) (1988).

⁴³ 718 F.2d at 1082. It is somewhat odd that the court characterized the patent, which contained both product and method claims, according to which claims a *particular accused party* was found to have infringed.

⁴⁴ A prior decision in this case is *Hanson v. Alpine Ski Area*, 611 F.2d 156 (6th Cir. 1979).

⁴⁵ Courts normally recite material facts and omit immaterial ones. If the court intended that plaintiff's entire recovery turn on the fact that no product claims were asserted in the complaint, and not on the fact that only method claims were found valid and infringed, one would have expected the court to recite the former fact rather than the latter.

⁴⁶ 822 F.2d 1062 (Fed. Cir. 1987).

⁴⁷ *Id.* at 1063.

⁴⁸ *Id.* at 1065.

arguments,⁴⁹ ignoring the record,⁵⁰ being “oblivious to the record,”⁵¹ irrational arguments,⁵² and “simply ignoring” both court Rules⁵³ and rules of law.⁵⁴ Only after “hesitating to assume that DFM’s conduct in filing and presenting this appeal is merely a reflection of monumental incompetence,”⁵⁵ did the court sanction DFM under Rule 38⁵⁶ for frivolous appeal in light of its “unequivocal exhibition of a bad faith abuse of the judicial process.”⁵⁷ With this setting of the stage, and also keeping in mind that the Federal Circuit specifically stated that it was not reviewing the issues on appeal *de novo* but on an abuse of discretion standard, we turn to the case itself.

The patents in issue covered an apparatus (introducers) and methods of using the introducers to insert medical devices in the human body.⁵⁸ Plaintiff’s licensees had sold some of the devices unmarked.⁵⁹ In the first part of a bifurcated trial in which only the issues of marking, notice, and damages were addressed, and the issues of validity and infringement were reserved for the second part, the trial court issued the following jury instruction unobjected to by DFM:

Before you make any finding that the plaintiff is entitled to any damages you must first determine that the plaintiff’s licensees have marked the licensed introducer with the proper patent notice. In the event you find there was a failure to mark a proper patent notice in the license [sic] introducer by any of the plaintiff’s licensees the plaintiff cannot recover damages unless the plaintiff can show that the defendants were notified and were aware that the method was an infringement. Notice is not required on the method claims as to an infringement but must be marked on an appliance.⁶⁰

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.* at 1067.

⁵² *Id.* at 1066.

⁵³ *Id.* at 1067.

⁵⁴ *Id.* at 1068.

⁵⁵ *Id.*

⁵⁶ “If a court of appeals shall determine that an appeal is frivolous, it may award just damages and single or double costs to the appellee.” Fed. R. App. P. 38, 28 U.S.C. (1988).

⁵⁷ 822 F.2d at 1069.

⁵⁸ *Id.* at 1063.

⁵⁹ *Id.* at 1066.

⁶⁰ *Id.* at 1066. It is not apparent why the jury was being instructed regarding a distinction between apparatus and method claims. If the trial court intended that where the complaint asserts both, then failure to mark will bar all recovery until the patent holder gives the infringer actual notice, as the Federal Circuit apparently held in this case, then any

Notice that the first sentence of the instruction, which states that the plaintiff can not recover any damages if he fails to mark, seems to contradict the first clause of the last sentence, which says that notice is not required on the method claims. The last sentence is especially confusing. After the jury had returned a verdict of zero damages, the trial court dismissed the complaint.⁶¹ Only then did DFM complain that the instruction was erroneous, contending, *inter alia*, that marking or actual notice are not required where the patent includes method claims.⁶²

In discussing whether the trial court had abused its discretion by refusing to grant a new trial, and assuming *arguendo* that DFM had properly preserved its objection to the instruction, Judge Markey stated, "In *Bandag* and *Hanson*, this court specifically noted a distinction between cases in which only method claims are asserted to have been infringed and cases like the present case, where DFM alleged infringement of all its apparatus and method claims."⁶³ However, neither *Bandag*⁶⁴ nor *Hanson* make any such distinction. Only *Hanson* involved a patent containing both apparatus and method claims, and that opinion does not state that only the method claims were asserted, but merely states that only the method claims were found valid and infringed. The court's statement that *Hanson* specifically distinguished between cases in which only method claims are asserted and cases in which both apparatus and method claims are asserted, is unsupported. The court in *Devices for Medicine* apparently misread its own precedent,⁶⁵ possibly having been misled by the oversimplified statement in *Hanson* that "the patent is a process

distinction between apparatus and method claims would be immaterial to a jury whose sole task was to decide the issue of marking, notice, and damages, and could only serve to confuse the jury. We may infer therefore that the trial court thought the rule was different from what the Federal Circuit seems to have held.

⁶¹ *Id.* at 1063.

⁶² *Id.* at 1066.

⁶³ *Id.* at 1066.

⁶⁴ *Bandag, Inc. v. Gerard Tire Co.*, 704 F.2d 1578 (Fed. Cir. 1983).

⁶⁵ An alternative explanation is the following: *Hanson* held that when only method claims are held valid and infringed, marking is not required to recover. *Devices for Medicine* cited *Hanson*, yet applied the marking requirement to the broader class of cases in which product claims were asserted in the complaint. Thus, *Devices for Medicine* intentionally shifted the focus from the verdict to the complaint, even though it failed to make clear that that was what it was doing.

patent, to which section 287 does not apply."⁶⁶ The court went on to conclude:

The claimed method is the use of the product. Having sold the product unmarked, DFM could hardly maintain entitlement to damages for its use by a purchaser uninformed that such use would violate DFM's method patent. . . . [A]ny error in the instruction given, if error there were, was necessarily harmless. As this trial was, trials must be fair, not perfect. The district court did not abuse its discretion in denying the motion for new trial DFM filed on the basis of alleged error in the instruction.⁶⁷

This passage appears to deny recovery based on the established rule that where a patent owner sells a patented product unconditionally, the purchaser receives an implied license to use, sell, or otherwise dispose of the product in any manner he chooses. However, the Federal Circuit later denied that *Devices for Medicine* should be read so narrowly.⁶⁸ Taken as a whole, *Devices for Medicine* seems to stand for the following proposition:

Where a patent contains both apparatus and method claims, the patent owner has failed to mark, and the complaint asserts only method claims, the plaintiff may recover on the method claims. *Hanson*. But where the complaint asserts both method *and* apparatus claims, recovery for past infringement will be denied altogether.⁶⁹

⁶⁶ *Hanson v. Alpine Ski Area*, 718 F.2d 1075, 1082 (Fed. Cir. 1983).

⁶⁷ *Devices for Medicine*, 822 F.2d at 1066. Notice the court's reference to the patent at issue which, like the patent in *Hanson*, contained both apparatus and method claims, as being a "method patent." Here, however, the court reached the opposite result from the *Hanson* court, and denied all recovery, apparently on the ground that product claims were also asserted in the complaint, and assuming that no such product claims had been asserted in *Hanson*.

⁶⁸ *American Medical Systems, Inc. v. Medical Engineering Corp.*, 6 F.3d 1528, 1538 (Fed. Cir. 1993). Additionally, it appears that the defendant in *Devices for Medicine* had not only used the unmarked introducers it had bought from the plaintiff's licensee, but had also purchased and used introducers which it had bought from other, unlicensed infringing sources. *Devices for Medicine*, 822 F.2d at 1068.

⁶⁹ *Devices for Medicine*, 822 F.2d at 1066. This may be true even if one of the patents asserted in the complaint is a pure method patent. While the opinion nowhere mentions this fact, one of the patents asserted in the complaint, U.S. patent 4,243,050, is a pure method patent. Perhaps then, the rule is that where even a pure method patent is infringed, recovery will still be denied if any product claims from *other* patents are also asserted. If this is so, then the Federal Circuit's later unqualified statement that, "[t]he law is clear that the notice provisions of section 287 do not apply where the patent is directed to a process or method," *American Medical Systems*, 6 F.3d at 1538, was erroneous.

Such a rule produces anomalous results as discussed *infra*. Yet, this reading of *Devices for Medicine* is supported by the court's later decision in *American Medical Systems v. Medical Engineering Corp.*⁷⁰

In *American Medical Systems*, the patent at issue claimed an apparatus and method for packaging a fluid-containing penile prosthesis in a pre-filled, sterile state.⁷¹ The plaintiff had shipped a number of products unmarked.⁷² Relying heavily on the analysis in *Devices for Medicine*, the court held that the plaintiff could recover on neither the method nor the apparatus claims until it had complied with the statutory marking requirement. The court declared:

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).⁷³

This is true whether the patented method is the use of the patented product or the method of making the patented product.⁷⁴ The last quoted sentence taken by itself would directly contradict the result in *Hanson*, where the patent holder was allowed to recover on the method claims despite having failed to mark the patented snow-making equipment, thus raising the possibility that *Hanson* has been implicitly overruled.⁷⁵ On the other

⁷⁰ 6 F.3d 1528 (Fed. Cir. 1993).

⁷¹ The main independent apparatus and method claims are reproduced, *supra* note 36.

⁷² 6 F.3d at 1535.

⁷³ *Id.* at 1538-39.

⁷⁴ *Id.*

⁷⁵ For all that appears in the headnotes to the case, *Hanson* has indeed been overruled, and no recovery may be had on the method claims until the patent holder begins marking the product or gives actual notice to the infringer. *See* 6 F.3d at 1525 headnotes 19-21. One commentator apparently, though not unambiguously, concurs. *See* Preston Moore & Jackie Nakamura, *supra* note 12, at 88 ("When a patent containing both method and apparatus claims is infringed and a markable item is produced by a claimed method, section 287(a)'s marking and notice provisions do apply") (citing *American Medical Systems*).

This reading of the cases is strengthened by the observation that in *Devices for Medicine*, one of the patents asserted in the complaint was indeed a pure method patent that contained no product claims. *See* U.S. Patent 4,243,050, mentioned in the case, 822 F.2d at 1063. The opinion does not mention that this patent is a pure method patent, nor does the court give any hint why the "well-established" rule, that § 287(a) does not apply to all pure method patents, did not control as to the '050 patent.

hand, if the court meant this last sentence only in the context of a complaint that asserts both method and apparatus claims, it is unfortunate that the court did not make this clear by stating instead, "Where the *complaint asserts* both apparatus and method claims . . ." This would have clarified that the critical distinction is the contents of the complaint rather than the contents of the patent. This seems to be what the court meant, for it then stated:

In this case, both apparatus and method claims of the '765 patent were asserted and there was a physical device produced by the claimed method that was capable of being marked. Therefore, we conclude that AMS was required to mark its product pursuant to section 287(a) in order to recover damages under its method claims prior to actual or constructive notice being given to MEC.⁷⁶

The rule would therefore seem to be the apparent rule in *Devices for Medicine*, namely, that where a patent contains both apparatus and method claims, the patent owner has failed to mark, and the complaint asserts only method claims, the plaintiff may recover on the method claims; but where the complaint asserts both method and apparatus claims, recovery for past infringement will be denied altogether. This result harmonizes the cases but produces anomalous results. It asserts the counter-intuitive rule that you can lose your monetary recovery under a valid cause of action (infringement of the method claims) because you have also asserted a second cause of action (infringement of the apparatus claims) for which your damages portion of the remedy failed due to the marking technicality; the more you ask for, the less you get. A subtle pleading error thus becomes fatal to your entire plea for damages, a result more consistent with the old code pleading system than the modern system of notice pleading.

But that pleading error becomes fatal only after the trier of fact has concluded that the patent holder failed to mark. Thus, a lawyer drafting the complaint must gamble: If the fact finder is likely to conclude that the patent holder has failed to mark a sufficient percentage of its products with a legally sufficient notice, then the complaint should assert only method claims, thus avoiding the section 287(a) limitation on damages as to those claims; if, on the other hand, the fact finder is likely to conclude that the

⁷⁶ *Id.* at 1539. The court had also stated earlier, "In *Devices for Medicine*, the court noted that in *Bandag* and *Hanson*, a distinction was made between cases 'in which only method claims are asserted to have been infringed' and cases where a patentee alleges infringement of both the apparatus and method claims of the same patent." *American Medical Systems*, 6 F.3d at 1538. This further bolsters the contention that for the *American Medical Systems* court, the pivotal fact was the contents of the complaint.

patent holder properly marked, then the complaint should assert both the method and apparatus claims.⁷⁷ It is not apparent what public policy is being furthered by forcing the plaintiff to make such a wager.⁷⁸

Other questions arise. At what point may the plaintiff realize his pleading mistake and still withdraw the product infringement claims, thus preserving his right to recover on the method claims? Rule 15(a)⁷⁹ says that the court shall freely allow a party to amend his pleading "when justice so requires." Would "justice" require that a party be allowed to drop his apparatus claims from the complaint during the course of the trial after it has become apparent that he will likely lose on the marking issue? At any time before the jury renders its verdict?

Furthermore, one court held that under Rule 41(a)⁸⁰ it is an abuse of the trial court's discretion to deny a plaintiff's request to dismiss his action

⁷⁷ There are advantages to product claims, even where they cover nearly identical subject matter as method claims. Anyone who makes, uses, or sells the patented product without authorization directly infringes the product claims. In contrast, only someone who actually practices the patented method directly infringes the method claims; one who makes and/or sells a device whose use constitutes the practice of the method claims, is at most an indirect infringer of those claims. For example, the maker of infringing introducers in *Devices for Medicine* directly infringed the product claims, but did not directly infringe the method claims.

⁷⁸ Query whether the Federal Circuit itself has not engaged in the same "attempt to exalt form over substance" in distinguishing between apparatus and method claims, that its predecessor court chided an inventor for in *In re Walter*, 618 F.2d 758, 768 (C.C.P.A. 1980).

⁷⁹ The rule reads in relevant part:

A party may amend the party's pleading once as a matter of course at any time before a responsive pleading is served Otherwise a party may amend the party's pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires.

Fed. R. Civ. P. 15(a), 28 U.S.C. (1988).

⁸⁰ Subject to the provisions of Rule 23(e), of Rule 66, and of any statute of the United States, an action may be dismissed by the plaintiff without order of court (i) by filing a notice of dismissal at any time before service by the adverse party of an answer or of a motion for summary judgment, whichever occurs first, or (ii) by filing a stipulation of dismissal signed by all parties who have appeared in the action. Unless otherwise stated in the notice of dismissal or stipulation, the dismissal is without prejudice, except that a notice of dismissal operates as an adjudication upon the merits when filed by a plaintiff who has once dismissed in any court of the United States or of any state an action based on or including the same claim. Fed. R. Civ. P. 41(a), 28 U.S.C. (1988).

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with prejudice.⁸¹ Citing this case, another court saw “no reason in law or in practice” why a trial court should not grant a plaintiff’s request to dismiss a *claim* with prejudice.⁸² Should these holdings apply to a plaintiff’s request to dismiss apparatus infringement claims from a complaint?

E. Other Problems Under the Present Law

The foregoing illustrates the difficulty that the Federal Circuit has experienced in attempting to apply the patent marking statute to patents that contain both method and apparatus claims, and the anomalous results that flow from the rule apparently announced by the court. Another difficulty is that the present law creates incentives to write needlessly duplicative claims and patents, and results are possible that would be entirely out of step with the purpose and intent of the marking statute, as will be illustrated below.

1. Needlessly Duplicative Method Claims And/Or Patents

While most patent holders will take all reasonable steps to mark their products, they will also want insurance that in the event they or their licensees fail to mark,⁸³ section 287(a) will not bar them from recovering section 284 damages against an infringer. If, under *Hanson* and *American Medical Systems*, asserting only method claims gives a patent holder one way to avoid section 287(a)’s limitation on damages, then the astute patent drafter will want to ensure that any patent he drafts includes method claims where it is possible to include them, regardless of how awkward, ill-suited to the invention being patented, confusing, or limited in scope such method claims might be. Failure to include method claims where it is conceivably possible to do so might even constitute malpractice. Thus, the law encourages a proliferation of method claims that serve no purpose other than to avoid the damages limitation of section 287(a) should the patent holder fail to mark the patented product.⁸⁴ Such method claims,

⁸¹ *Smoot v. Fox*, 340 F.2d 301, 303 (6th Cir. 1964).

⁸² *Routed Thru-Pac, Inc. v. United States*, 401 F.2d 789, 796 (Ct. Cl. 1968).

⁸³ Not only must the patent holder mark, but he must also police both express and implied licensees’ operations to ensure that the licensees also mark. *Amsted Industries, Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 184-85 (Fed. Cir. 1994).

⁸⁴ Most patent drafters already routinely include both apparatus and method claims where it is practical to do so. But all patent drafters draw the line somewhere, and will omit method claims where such claims are sufficiently ill-suited to the invention. Under the law

which would be merely redundant at best, would result in additional work for the following players in the system: patent claim drafters; United States Patent Office patent examiners; lawyers examining patents for the purpose of advising their clients; and lawyers, judges, and juries examining patents for validity and infringement. The increased costs that would result thereby would be without any offsetting benefit to society.

Even worse, patent claims drafters will want to apply for *separate patents*, one claiming the patented product and a second claiming the patented process, if doing so will preserve the right to recover on the method claims even where the plaintiff also asserts product claims.⁸⁵ This will mean more patent applications with attendant increases in patent attorney fees, patent filing and maintenance fees, paperwork for the Patent Office, and patent search costs.

Nor can it be doubted that at some point in the future the Federal Circuit will have to decide whether such double patenting is a permissible scheme to escape the substantive holding in *American Medical Systems*. Suppose that a patentee holds two separate patents, one for a product and one for a process, whose respective claims overlap to some extent, and that the patent holder is suing a defendant for infringement of both patents. The jury returns a verdict of valid and infringed as to certain claims in each patent, but finds that recovery on the product claims is barred by the patent holder's inadvertent failure to mark. Should the fact finder compare the infringed claims and deny all recovery if the process claims sufficiently overlap the product claims? How nearly identical must the respective claims be to "sufficiently overlap?" Should only claims that were held to be infringed count in the analysis? Should claims that were not even asserted in the complaint be considered? One court would apparently so hold.⁸⁶

as presently interpreted by the Federal Circuit, however, patent drafters have additional incentive to include method claims that serve no redeeming identifiable purpose other than to avoid the damages limitation for failure to mark.

⁸⁵ This is true only if it is still true that where a patent contains only method claims, the marking provisions of § 287(a) do not apply. However, this rule has been called into question by *Devices for Medicine*. See *supra* note 69.

⁸⁶ See *Toro Co. v. McCulloch Corp.*, 35 U.S.P.Q.2d 1622, 1626-27 (D. Minn. 1995) (comparing unmarked product sold by plaintiff to unasserted claims within the asserted patent, but ultimately ruling in plaintiff's favor on the ground that the unmarked product embodied only claims drawn to a *different invention* than those of the asserted claims).

The present law as interpreted by the Federal Circuit, therefore, encourages needlessly duplicative claims and/or patents, while leaving uncertain just what the ramifications of such separate claiming and patenting will be.

2. The Blanket Exclusion for Method Patents

In many cases, the rule that no marking is required where only the method is patented produces sound results, because the owner of the method patent has done nothing that places the knowledge of the method into the hands of the public, so as to deceive the public into believing that all may use the method freely. However, there may be instances when the owner of a method patent should mark a product, even though the product is not patented. In *Hanson*, for example, a cursory examination of the patented snow-making machine readily revealed the patented method by which it operated.⁸⁷

“Patented” software presents another such case. While software was not patentable subject matter *per se* at least until very recently, in practice software could be patented because loading an unprogrammed general purpose computer with software transformed it into a *different machine*.⁸⁸ Thus, a general purpose computer becomes patentable subject matter when it is loaded with software that meets the usual tests of patentability (utility, non-obviousness, and novelty).⁸⁹ Anyone who loads a computer with the “patented” software constructs an infringing device. Where the software is protected by an apparatus patent, the patent holder who sells the software in disk form would presumably be required to mark the disk, because section 287(a) extends to components of the patented system even if the components themselves are not patented,⁹⁰ and the software residing on the disk would presumably be considered to be a component of the patented apparatus.

However, software can also be patented as a method. Under the present law, which exempts pure method patents from the marking requirements of section 287(a) entirely, the patent owner who sells software protected

⁸⁷ *Arrhythmia Research Technology v. Corozonix Corp.*, 958 F.2d 1053 (Fed. Cir. 1992), is perhaps the clearest green light signal for software patents.

⁸⁸ *In re Alappat*, 31 U.S.P.Q.2d 1545 (Fed. Cir. 1994); *In re Freeman*, 573 F.2d 1237, 1247 n.11 (C.C.P.A. 1978).

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by a pure method patent would be under no obligation to mark the disk as patented. If the disk is not labeled as patented, persons who obtain copies of the disk may erroneously believe that the "invention" it contains is free for all the world to make, use, and sell.⁹¹ It only makes sense to require that the disk or magnetic tape on which the software resides be marked so as to put the world on notice that unauthorized copying and use of the software constitutes not only copyright infringement but patent infringement as well. This is equally true whether the software is protected by apparatus claims, method claims, or both. There is no reason that the marking requirement should not also extend to software patented under pure method claims.

If the marking requirement makes sense as to some method claims but not as to others, the question then becomes: To what method claims should the marking requirement of section 287(a) apply, and what items should be marked?

III. Possible Rules

A. Maintaining the Formal Product vs. Process Distinction

If the law maintains the current formal distinction between product and process claims, there are several possible rules that could be applied when the plaintiff patent holder has failed to properly mark his products.

1. Recovery Turns on the Presence of Product Claims in the Patent

If there are any product claims in the *patent*, then failure to mark the articles produced will preclude recovery. Some of the language in

⁹¹ There may also be significant copyright issues involved in copying purchased programs or parts thereof. Copyright causes of actions and possible defenses thereto are beyond the scope of this dissertation. However, patent protection for software is significantly broader in scope than that afforded by the copyright laws. *See* Jai ho Rho, *Patenting Computer Software*, LOS ANGELES LAWYER, December 1993, at 34. Broadly speaking, copyright protects only against literal line-by-line copying of the computer code. A patent, on the other hand, protects the inventive feature within the software, regardless of how the code is written or in what computer language. In *Arrythmia*, for example, the patent did not contain a single line of software code nor even mention the word software, so someone who read the patent and wrote software to perform the patented series of steps could not possibly have violated the copyright laws. Thus there is much material in unpatented but copyrighted software which is free for the taking, that would not be free for the taking were the software also protected by a patent. Therefore, the policy reasons for requiring patent marking on patented software are not avoided by the availability of copyright protection.

American Medical Systems places the emphasis here.⁹² This rule would make the most sense when the difference between the product and process claims is mere formalism, as in the electronic circuit example, but would make less sense when a patent contains product and process claims that are truly conceptually different. For example, a patent may claim both a method of “blowing” foam insulation material, and the resulting insulation material itself if that product had never been produced by any other method. In such a case failure to mark the product would not justify public belief that the method of manufacture could be freely practiced by all.

A second problem is that in some cases a pure method patent should properly be treated as a product patent for marking purposes, because the product produced reveals how to practice the patented method — and hence is likely to deceive the public — just as surely as if the invention were written as a pure product patent.⁹³

2. Recovery Turns on the Presence of Product Claims in the Complaint

If there are any product claims in the *complaint*, then failure to mark the articles produced will preclude recovery. This is where the courts in *Devices for Medicine* and *American Medical Systems* apparently placed the focus. As discussed above, this creates a subtle pleading error with anomalous results for the plaintiff who is not aware of the rule, forces the plaintiff who is aware of the rule to gamble on the outcome of the marking issue, and raises many unanswered questions.

3. Recovery Turns on the Presence of Product Claims in the Verdict

If the jury finds that any product claims in the patent are *valid and infringed*, then recovery will be denied altogether. This is the rule that the *Hanson* court appears to have followed. This rule would present many of the same problems that focusing on the complaint entails, but with the additional twist that a plaintiff who wins on the method claims will

⁹² *American Medical Systems*, 6 F.3d at 1538-39 (“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, the party is obliged to do so if it intends to avail itself of the constructive notice provisions of section 287(a)”).

⁹³ Electronic circuit patents, for example, often include only method claims. Whether this is because the products themselves do not meet the statutory requirements under 35 U.S.C., or whether the patent drafter omits product claims for reasons of economy or inadvertence, are immaterial for purposes of the present discussion.

actually lose because he has also “won” on the product claims.

B. Eliminating the Distinction Between Products and Processes — The Proposed Standard

The policy behind the marking statute can be best furthered by eliminating the distinction between products and processes. If the purpose of the marking requirement is to prevent the public from being misled by the lack of marking into believing that all may freely copy the item, then the focus should be on what the public was led to believe. When the inquiry is thus properly refocused, the question becomes: Did the patent owner place into the hands of the public unmarked articles from which the public can learn the claimed invention?⁹⁴ As the Supreme Court observed, it is *public accessibility* that justifies public reliance on the lack of marking.⁹⁵

Under the proposed rule, the judicially recognized exception for *de minimis* failure to mark would remain. The exceptions for the patent owner who has neither made, used, nor sold the invention, and for the unmarked product placed into commerce by an infringer, are already absorbed into the proposed rule.

Where a product is patented the proposed marking requirement will apply in nearly all cases. A gadget teaches the invention that it embodies; copying the gadget is normally trivial. In such cases, the purpose of the marking statute is served by requiring that the product be marked. Of

⁹⁴ Taking this approach yet another step further, if the purpose is to prevent innocent infringement then perhaps the focus should be not on the public in general but on the infringer in particular, with the rule being that failure to mark will limit damages only as against an innocent infringer who *actually relied* on the lack of marking. However, inquiring into the state of mind of the infringer and excusing the infringer who can show that he saw one of the plaintiff's unmarked products and that he relied on the lack of marking, would undoubtedly increase litigation costs and encourage fraud. Furthermore, such a rule would be out of step with the general policy under the patent laws that infringement is not excused merely because it was innocent. This policy is grounded in the traditional view that patent infringement is a type of trespass, *see* *Filmtec Corp. v. Allied-Signal, Inc.*, 939 F.2d 1568, 1572 n.5 (Fed. Cir. 1991), for which liability has traditionally been strict. Whether the better rule is the traditional one or whether liability for infringement should be at least partially excused provided that it is innocent is an issue for another day.

⁹⁵ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989) (“The public may rely upon the lack of notice in exploiting shapes and designs accessible to all.”).

course, as under the present standard a patent owner could avoid any potential problem by routinely marking all patented products. Most patent holders would voluntarily do this.

For a few products, whether the article that was placed into the hands of the public taught the invention may be problematic. For example, a semiconductor device whose patented feature consists of a carefully controlled composition gradient does not immediately reveal the invention to one who casually pries apart the semiconductor package. Reverse engineering the device would be extremely difficult and expensive, if not downright impossible. In such a case, the question of whether the unmarked article teaches the patented invention will be a difficult factual question to decide and will admittedly lead to increased litigation, whereas the present rule draws a bright line. However, these types of cases should be rare, and even in such cases courts have experience under both section 102(b)⁹⁶ and trade secret law⁹⁷ in determining whether the article in question reveals how to practice the invention. Furthermore, if it is felt that the proposed rule would unnecessarily increase litigation over the marking of patented products, then the proposed rule could be supplemented with the additional blanket rule that patented products must always be marked, as under the present law.⁹⁸

⁹⁶ Under 35 U.S.C. § 102(b) (1988) an invention is not patentable if it was in public use in this country more than one year before the date of application. In *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983) the court held that there had been no public use of a machine embodying a patented method for stretching PTFE tape where the machine was kept generally secret, the few outsiders who saw the machine would have been unable to learn anything of the process which the machine used, and the public would have been unable to learn the claimed process by examining the tape produced by the machine.

⁹⁷ Under typical state trade secret laws, if a so-called trade secret is fully disclosed by the products produced by the use of the secret then the right to protection is lost. *E.g.*, *Vacco Industries, Inc. v. Van Den Berg*, 6 Cal. Rptr. 2d 602, 611 (Cal. Ct. App. 1992).

⁹⁸ Such an additional blanket rule would add to the rule's sweep those cases where reverse engineering the device is extremely difficult. In such cases the device is likely to be based upon sophisticated and expensive technology, and there are likely to be few market players in the field, all of whom are readily familiar with each others' products and which of those products are patented. Even if the potential copier does not know whether the device in question is patented, he would find it both simple and desirable to inquire of the product manufacturer whether the product was indeed protected by a patent, before embarking on an expensive reverse engineering project and expensive tooling up. The patent holder, being an active and established market player with a monopoly in that

The proposed rule provides a framework by which to analyze when the marking requirement applies to patents with both apparatus and method claims, and what must be marked. In *Hanson, Devices for Medicine*, and *American Medical Systems*, had the proposed rule been applied the result would have been simple in each case: the patented snow-making equipment readily revealed the patented method for making snow; the apparatus for inserting medical devices readily revealed the patented method of using the device;⁹⁹ the double-packaged prosthesis embodied and thus readily revealed the patented packaging method. In each case, recovery would have been denied. While the proposed rule may lead to litigation in some cases over whether the product that was sold actually taught the invention, the proposed rule would clear up the uncertainty left in the wake of the Federal Circuit's rulings, and would tend to place the focus where it will better serve the purpose that underlies the statute. The proposed rule would eliminate the incentive under the current law to file needlessly duplicative method claims or patents whose sole purpose is to avoid the damages limitation for failure to mark, because method claims would no longer enjoy a specially protected status. Whether the product is covered by apparatus claims or method claims would be a distinction without a difference for the purpose of the marking requirement.

The proposed rule would bring some method patents within its sweep. For example, the marking requirement would generally apply to software patented under method claims, at least in those cases where the public may readily access either the source or object code. Marking software with a patent notice would be no more burdensome than marking the software with copyright notice, which software makers already do by placing copyright notice on the disk, on the package the disk comes in, in the user's manuals that come with the software, on the initial screen display that appears when the software is run, or all four.

If a patent holder sells a machine to the public that performs a series of steps that is patented as a method, then the patent holder must mark the

product, would have every incentive to readily acknowledge the patent. Acknowledging the patent could be as simple as sending any inquirer a list of products and applicable patents. In cases such as this, requiring that every unit sold be marked may be the least efficient method of preventing innocent infringement.

⁹⁹ Even if the device itself did not readily reveal how to use the device to practice the patented method, undoubtedly the device came with appropriate instructions.

machine. On the other hand, if he only employs the machine himself, and if the products produced by the machine do not reasonably disclose or suggest that series of steps, then no marking is required.

One may object at this point that marking a tangible article where the article itself is not patented would constitute false marking under 35 U.S.C. § 292.¹⁰⁰ The Federal Circuit has already answered this objection by requiring that articles that are not themselves patented but that are non-staple components in patented combinations contain a marking such as, "For use under U.S. X,XXX,XXX."¹⁰¹

C. Is a Change to the Statute Necessary?

The proposed rule more closely tailors the inquiry to the policy that underlies section 287(a). The statute should be rewritten accordingly. Until Congress rewrites the statute, however, because section 287(a) presently applies only to "patented articles" it is not clear that courts could legitimately apply the statute to pure method patents. Given that courts have at times avoided the strict confines of statutory language and given effect instead to what they perceive as the policy underlying the law,¹⁰² courts would seem to have the requisite latitude to interpret section 287(a) in accordance with the proposed rule without waiting for additional direction from Congress.

Summary

The Federal Circuit has struggled to apply the marking requirement of section 287(a) to patents that include both product and method claims, and has produced unclear and possibly conflicting precedent. The rule which apparently emerges from the cases creates a counterintuitive pleading trap

¹⁰⁰ 35 U.S.C. § 292(a) (1988) provides in relevant part: "Whoever marks upon . . . any unpatented article, the word 'patent' or any word or number importing the same is patented, for the purpose of deceiving the public . . . Shall be fined not more than \$500 for every such offense."

¹⁰¹ *Amsted Industries, Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 185 (Fed. Cir. 1994).

¹⁰² *See, e.g., Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2761 (1992) (Stevens, J., concurring) (approving of the federal courts' "transformation" of the Lanham Act to create a federal cause of action for trade dress infringement, "even though it marks a departure from the original text, because it is consistent with the purposes of the statute and has recently been endorsed by Congress").

by which an aggrieved patent owner can lose an otherwise valid monetary complaint for damages against even a willful infringer. Rather than maintaining an anachronistic, overly formal distinction between products and processes, the courts should focus instead on the purpose behind the marking statute, and look to whether the patentee's actions induced justifiable reliance by the public on the lack of patent marking on articles which the patent holder has produced and made available to the public. This would ensure that the law visits the harsh penalty of section 287(a) upon a patent holder when and only when doing so will help to prevent innocent infringement.