



# Archetype IP

## Federal Circuit Friday

[www.archetype-ip.com](http://www.archetype-ip.com)

December 2017

In *Arctic Cat v. Bombardier Recreational Products* (December 7), the Federal Circuit resolved a question of first impression regarding allocation of the burden of proof regarding compliance with the marking statute. The dispute was whether sales of unmarked products by Arctic Cat's licensee resulted in a failure to comply with the marking statute that would limit Arctic Cat's damages.

### **Relevant Patent Marking Background.**

Patent infringers must receive notice of their infringement before they become liable for damages, and such notice may be either *constructive* (by marking the article with the relevant patent number to give notice to the public that an article is covered by the patent) or *actual* (by an "affirmative communication of a specific charge of infringement" to the infringer). See 35 USC § 287; *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 184, 187 (Fed. Cir. 1994). Method claims are exempted, as there generally is no "article" to mark.

The constructive (public) notice option requires consistent marking of substantially all patented articles, whether sold by the patent owner or its licensees. See, e.g., *Sentry Protection v. Eagle Mfg.*, 400 F.3d 910, 918 (Fed. Cir. 2005).

Failing to mark, or failing to mark adequately, can materially reduce damages recovery because actual notice (*i.e.*, communication of a "specific charge of infringement") often does not occur until a patent infringement complaint is served, leaving up to six years' worth of damages unrecoverable.

### **Allocation of Burden of Proof Regarding Compliance with Marking Statute.**

Bombardier asserted failure to comply with the marking statute (and thus a lack of constructive notice) because Arctic Cat's licensee failed to mark its products. Arctic Cat asserted that marking was not required because the licensee's products were not within the scope of the claims. The district court treated the marking issue as a defense, and placed the burden of proof on Bombardier (the accused infringer) to show that the products were unmarked and within the scope of the claims.

The Federal Circuit reversed, first confirming that the "burden of proving compliance with marking is and at all times remains on the patentee," and second imposing a shift in the burden of production where an alleged infringer challenges the patent owner's compliance with the marking statute.

Per *Arctic Cat*, if the accused infringer alleges a failure to mark substantially all patented articles, then:

- (i) The alleged infringer bears the initial **burden of production** to identify the articles it believes are un-marked patented articles subject to the marking requirements; and
- (ii) Consistent with retaining the ultimate burden of proof, the patent owner retains the **burden of persuasion** that the unmarked articles did not need to be marked (e.g., because they are outside the scope of the patent claims).

Shifting the initial burden of production to the accused infringer in this situation makes sense because "[a]bsent guidance from the [accused infringer] as to which specific products are alleged to have been sold in contravention of the marking requirement, a patentee. . . is left to guess exactly what it must prove up to establish compliance with the marking statute."

This memorandum is for educational and informational purposes only and is not, and should not be construed as, legal advice. This memorandum may be considered attorney advertising under state law.

© 2017-18 Bradford Paul Schmidt. All rights reserved.