

No. __-__

In the
Supreme Court of the United States

ARCTIC CAT INC.,

Petitioner,

v.

BOMBARDIER RECREATIONAL PRODUCTS INC.,
BRP U.S. INC.,

Respondents.

On Petition for Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

The Patent Act’s “marking” statute, 35 U.S.C. §287(a), provides that when patent owners and licensees make, sell, or offer to sell patented goods, they “may give notice to the public that the same is patented” by marking the goods as patented. Section 287(a) further provides that “[i]n the event of failure so to mark,” the patent owner can collect damages only “on proof that the infringer *was notified* of the infringement,” and “only for infringement occurring *after such notice*.” (emphasis added).

In this case and others, the Federal Circuit has held that “such notice”—*i.e.*, “proof that the infringer was notified of the infringement”—can only come *from the patent owner*. App. 10. “It is irrelevant ... whether the defendant knew of the patent or knew of his own infringement.” *Id.* (quoting *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 187 (Fed. Cir. 1994)). As a result, even the most culpable willful infringers—who knew full well that they were infringing, and were “notified of the infringement” by their own attorneys, employees, or third parties—are immune from paying *any* damages for as long as they have not been “notified of the infringement” by the patent owner.

The question presented is:

Whether the court of appeals erred in holding that “notified of the infringement” and “such notice” under §287(a) refer only to communications from the patent owner.

PARTIES TO THE PROCEEDINGS

All parties are named in the caption.

CORPORATE DISCLOSURE STATEMENT

Petitioner Arctic Cat Inc. is a subsidiary of Textron Specialized Vehicles Inc., which is a subsidiary of Textron Inc. Textron Inc. wholly owns Arctic Cat Inc.

STATEMENT OF RELATED PROCEEDINGS

This case arises from the following proceedings in the U.S. District Court for the Southern District of Florida and the U.S. Court of Appeals for the Federal Circuit:

Arctic Cat Inc. v. Bombardier Recreational Products Inc., BRP U.S. Inc., S.D. Fla. No. 0:14-cv-62369 (judgment entered Sept. 5, 2018).

Arctic Cat Inc. v. Bombardier Recreational Products Inc., BRP U.S. Inc., Fed. Cir. No. 2019-1080 (judgment entered Feb. 19, 2020).

TABLE OF CONTENTS

QUESTION PRESENTED.....	i
PARTIES TO THE PROCEEDINGS.....	ii
CORPORATE DISCLOSURE STATEMENT.....	ii
STATEMENT OF RELATED PROCEEDINGS.....	ii
TABLE OF AUTHORITIES.....	vi
PETITION FOR WRIT OF CERTIORARI	1
OPINIONS BELOW	4
JURISDICTION	4
STATUTORY PROVISION INVOLVED.....	4
STATEMENT OF THE CASE	5
A. Statutory Background	5
B. Proceedings Below	11
REASONS FOR GRANTING THE PETITION.....	14
I. The Federal Circuit’s Interpretation Of 35 U.S.C. §287(a) Is Inconsistent With Statutory Text.....	15
II. The Federal Circuit’s Interpretation Is Inconsistent With This Court’s Precedent....	21
III. The Federal Circuit’s Interpretation Splits With Every Other Court Of Appeals To Reach The Issue.....	25
IV. The Question Presented Is Important, And This Case Is The Ideal Vehicle To Resolve It.	28
CONCLUSION	31

APPENDIX CONTENTS

Appendix A

Opinion, United States Court of Appeals for the Federal Circuit, *Arctic Cat Inc. v. Bombardier Recreational Products, Inc.*, No. 19-1080 (Feb. 19, 2020) App-1

Appendix B

Order on Cross-Motions for Summary Judgment, United States District Court for the Southern District of Florida, *Arctic Cat Inc. v. Bombardier Recreational Products, Inc.*, No. 14-CV-62369 (Aug. 10, 2018) App-14

Appendix C

Opinion, United States Court of Appeals for the Federal Circuit, *Arctic Cat Inc. v. Bombardier Recreational Products, Inc.*, No. 17-1475 (Dec. 7, 2017) App-34

Appendix D

Order Denying Judgment as a Matter of Law, United States District Court for the Southern District of Florida, *Arctic Cat Inc. v. Bombardier Recreational Products, Inc.*, No. 14-CV-62369 (May 31, 2016)..... App-69

Appendix E

Order, United States District Court for the Southern District of Florida, *Arctic Cat Inc. v. Bombardier Recreational Products, Inc.*, No. 14-CV-62369 (July 27, 2016) App-95

Appendix F

Order, United States Court of Appeals for the
Federal Circuit, *Arctic Cat Inc. v. Bombardier
Recreational Products, Inc.*, No. 19-1080 (Apr.
20, 2020)..... App-120

Appendix G

Relevant Statutory Provision..... App-122
35 U.S.C. § 287 App-122

TABLE OF AUTHORITIES

Cases

<i>Am. Med. Sys., Inc. v. Med. Eng'g Corp.</i> , 6 F.3d 1523 (Fed. Cir. 1993)	11, 31
<i>Am. Ornamental Bottle Corp. v. Orange-Crush Co.</i> , 76 F.2d 969 (4th Cir. 1935)	10, 26-28
<i>Amsted Indus. Inc. v. Buckeye Steel Castings Co.</i> , 24 F.3d 178 (Fed. Cir. 1994)	passim
<i>Bombardier Recreational Prods. Inc. v. Arctic Cat Inc.</i> , 139 S.Ct. 143 (2018).....	13, 30
<i>Bonito Boats, Inc. v. Thunder Craft Boats</i> , 489 U.S. 141 (1989)	19-20
<i>Cassirer v. Kingdom of Spain</i> , 616 F.3d 1019 (9th Cir. 2010)	16
<i>Cohens v. Virginia</i> , 19 U.S. (6 Wheat.) 264 (1821)	24
<i>Commil USA, LLC. v. Cisco Sys., Inc.</i> , 135 S.Ct. 1920 (2015)	5, 20
<i>Coupe v. Royer</i> , 155 U.S. 565 (1895)	8
<i>Cybor Corp. v. FAS Techs., Inc.</i> , 138 F.3d 1448 (Fed. Cir. 1998) (en banc)	31
<i>Dean v. United States</i> , 556 U.S. 568 (2009)	16

<i>Dole Food Co. v. Patrickson</i> , 538 U.S. 468 (2003)	16
<i>Dunlap v. Schofield</i> , 152 U.S. 244 (1894)	passim
<i>FDA v. Brown & Williamson Tobacco Corp.</i> , 529 U.S. 120 (2000)	18
<i>Franklin Brass Foundry Co. v. Shapiro & Aronson, Inc.</i> , 278 F. 435 (3d Cir. 1921)	7
<i>Gart v. Logitech, Inc.</i> , 254 F.3d 1334 (Fed. Cir. 2001)	10, 31
<i>Gen. Motors Corp. v. Devex Corp.</i> , 461 U.S. 648 (1983)	6
<i>Gladstone, Realtors v. Village of Bellwood</i> , 441 U.S. 91 (1979)	16
<i>Global-Tech Appliances, Inc. v. SEB S.A.</i> , 563 U.S. 754 (2011)	5, 20
<i>Halo Elecs., Inc. v. Pulse Elecs., Inc.</i> , 136 S.Ct. 1923 (2016)	6, 20
<i>Henson v. Santander Consumer USA, Inc.</i> , 137 S.Ct. 1718 (2017)	18
<i>Illinois v. Lidster</i> , 540 U.S. 419 (2004)	24
<i>Impression Prods., Inc. v. Lexmark Int'l Inc.</i> , 137 S.Ct. 1523 (2017)	31

<i>Ingalls Shipbuilding, Inc. v. Director, Off. of Workers’ Comp. Programs, Dep’t of Labor,</i> 519 U.S. 248 (1997)	15
<i>K&K Jump Start/Chargers, Inc. v. Schumacher Elec. Corp.,</i> 52 F.App’x 135 (Fed. Cir. 2002)	29
<i>Lans v. Digital Equip. Corp.,</i> 252 F.3d 1320 (Fed. Cir. 2001)	10, 31
<i>Maimen v. Union Special Mach. Co.,</i> 165 F. 440 (3d Cir. 1908).....	9, 26
<i>Mallinckrodt, Inc. v. Medipart, Inc.,</i> 976 F.2d 700 (Fed. Cir. 1992)	31
<i>Muther v. United Shoe Machinery Co.,</i> 21 F.2d 773 (D. Mass. 1927)	26
<i>Nielsen v. Preap,</i> 139 S.Ct. 954 (2019)	18
<i>Nike, Inc. v. Wal-Mart Stores, Inc.,</i> 138 F.3d 1437 (Fed. Cir. 1998)	31
<i>Nken v. Holder,</i> 556 U.S. 418 (2009)	18
<i>Oil Well Improvements Co. v. Acme Foundry & Mach. Co.,</i> 31 F.2d 898 (8th Cir. 1929).....	9, 26
<i>Packet Intel. LLC v. Netscout Sys., Inc.,</i> 965 F.3d 1299 (Fed. Cir. 2020)	10, 30
<i>Pfaff v. Wells Elecs., Inc.,</i> 525 U.S. 55 (1988)	25

<i>Puerto Rico v. Franklin Cal. Tax-Free Trust</i> , 136 S.Ct. 1938 (2016)	21
<i>Rosebud LMS Inc. v. Adobe Sys. Inc.</i> , 812 F.3d 1070 (Fed. Cir. 2016)	18
<i>SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC</i> , 137 S.Ct. 954 (2017)	6
<i>Smith v. Dental Prods. Co.</i> , 140 F.2d 140 (7th Cir. 1944)	7
<i>St. Mary's Honor Ctr. v. Hicks</i> , 509 U.S. 502 (1993)	24
<i>TC Heartland LLC v. Kraft Foods Grp. Brands LLC</i> , 137 S.Ct. 1514 (2017)	31
<i>Teva Pharms. USA, Inc. v. Sandoz, Inc.</i> , 574 U.S. 318 (2015)	25
<i>U.S. Philips Corp. v. Iwasaki Elec. Co.</i> , 505 F.3d 1371 (Fed. Cir. 2007)	30
<i>United States v. McDuffy</i> , 890 F.3d 796 (9th Cir. 2018)	16
<i>United States v. Wilson</i> , 503 U.S. 329 (1992)	17
<i>VE Holding Corp. v. Johnson Gas Appliance Co.</i> , 917 F.2d 1574 (Fed. Cir. 1990)	31
<i>Warner v. Tenn. Prods. Corp.</i> , 57 F.2d 642 (6th Cir. 1932)	9, 26-27

<i>Watson v. United States</i> , 552 U.S. 74 (2007)	16
<i>Wine Ry. Appliance Co. v. Enter. Ry. Equip. Co.</i> , 297 U.S. 387 (1936)	8, 19, 29-30

Statutes

28 U.S.C. §1254	4
35 U.S.C. §122	17
35 U.S.C. §154	18, 29
35 U.S.C. §261	29
35 U.S.C. §271	5
35 U.S.C. §284	5-6, 12
35 U.S.C. §286	6
35 U.S.C. §287	passim
35 U.S.C. §290	17
Act of Aug. 29, 1842, ch. 263, §6, 5 Stat. 544	7
Act of March 2, 1861, ch. 88, §13, 12 Stat. 249	7
R.S. §4900	passim

Constitution

U.S. Const., art. I, §8, cl. 8 29

Other Authorities

BLACK’S LAW DICTIONARY 19

Edward S. Roscoe, ROSCOE’S DIGEST OF THE LAW OF
EVIDENCE ON THE TRIAL OF ACTIONS AT NISI PRIUS
(10th ed. 1861)..... 23

Jacob R. Halsted, HALSTED’S DIGEST ON THE LAW OF
EVIDENCE (1859)..... 23

Maximus A. Lesser, HISTORICAL DEVELOPMENT OF
THE JURY SYSTEM (1894) 23

Michael J. McKeon, *The Patent Marking & Notice
Statute: A Question of “Fact” or “Act”?*, 9 HARV.
J.L. & TECH. 429 (1996)..... 23, 26

PETITION FOR WRIT OF CERTIORARI

In this case, the Federal Circuit has once again manufactured a rule that departs from the text of the Patent Act and has no basis in this Court's precedent.

The Patent Act's "marking" statute, 35 U.S.C. §287(a), provides that patentees and licensees who make, offer, or sell a patented article in the United States "may give notice to the public that the same is patented" by marking the article as patented. *Id.* "In the event of failure so to mark," the statute imposes an additional evidentiary requirement on patentees before they may collect damages in litigation: they must supply "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." *Id.* (emphasis added).

The balance Congress struck between the patent owner's rights and the public interest in notice is readily apparent: if a patentee or licensee puts patented goods into the market, the public should receive notice that the goods are patented and not free to be copied. The patentee can provide that notice by marking its goods with the patent number. If a patentee fails to provide notice to the public by marking, it shoulders the additional burden in litigation to prove that the accused infringer knew it was infringing the patent. The statute requires "proof that the infringer *was notified* of the infringement," but without any additional limit on *who* does the notifying. The patent owner may detect the infringement and notify the infringer. Third parties (*e.g.*, an infringer's customers) may notify the

infringer. Or, an infringer's own employees or agents may notify the infringer. The statute thus protects the general public by requiring the patentee to choose between marking its products and meeting an additional evidentiary requirement in litigation. But it does not *immunize* willful infringers who the patentee can prove were "notified of the infringement and continued to infringe thereafter." 35 U.S.C. §287(a). Indeed, that was the unanimous conclusion of every court of appeals to reach the issue before the Federal Circuit was created.

In the Federal Circuit's view, however, the "notif[ication]" can only come *directly from the patentee itself*. App. 10. "It is irrelevant ... whether the defendant knew of the patent or knew of his own infringement." *Id.* Even where a defendant willfully infringes and is "notified of the infringement" by, *e.g.*, its employees or attorneys, the Federal Circuit reads §287(a) to confer total immunity from damages for infringement that occurs before *the patent owner* detects the infringement and provides its own additional notification to the infringer.

That is what happened in this case. Consistent with the jury verdict, the district court remarked that the question of Respondent's willful infringement "was not a close one." App. 114. Respondent tested Arctic Cat's prototypes, tracked its patents, declined its offer of a license, copied its technology, and tried to buy the patents covertly. Yet, Arctic Cat could recover no damages for that pre-suit willful conduct because the Federal Circuit reads §287(a) to immunize Respondent entirely from damages for infringement that occurred before Arctic Cat provided notice by

filing the infringement lawsuit in 2014. Six years of pre-suit infringement damages were thus wiped out, and Respondent received a nearly \$27 million windfall.

By requiring *the patent owner* to give notice, the Federal Circuit fundamentally upsets the balance Congress struck. Congress imposed no such restriction. The Federal Circuit's approach converts an evidentiary requirement designed to protect the innocent public into outright immunity for undetected willful infringers. The Federal Circuit's construction of §287(a) is wrong, important, firmly entrenched, and squarely presented here.

The Federal Circuit's construction is contrary to §287(a), and to the unanimous contrary precedent of predecessor courts of appeals. The Federal Circuit has never tried to ground its approach in statutory text or reconcile it with its predecessors' contrary precedent. Instead, that court ostensibly derives its rule from a misquotation of *Dunlap v. Schofield*, 152 U.S. 244 (1894), which did not actually address the issue presented here. In *Dunlap*, the Court described the predecessor to §287(a)'s notice requirement as an "affirmative *fact*" that the patentee must prove in litigation. *Id.* at 248 (emphasis added). In 1994, the Federal Circuit adopted its patent-owner-only approach to §287, in a decision that misquoted *Dunlap* as referring to notice as an "affirmative *act*" that only the patentee can perform. *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 187 (Fed. Cir. 1994) (emphasis added). For decades since, the Federal Circuit has held fast to this rule, and reaffirmed and reapplied it in response to briefs and

rehearing petitions pointing out its errors. App. 10-12; App. 120-21. In case after case, the Federal Circuit continues to apply §287(a) to immunize willful infringers who were “notified of the infringement” but had not yet been “notified of the infringement” a second time, by the patent owner. This error has no basis in law or logic and continues to have destructive effects on the patent system. This Court should grant certiorari to restore the balance Congress struck.

OPINIONS BELOW

The opinion of the court of appeals (App. 1-13) is reported at 950 F.3d 860. The opinion of the district court (App. 14-33) is reported at 334 F. Supp. 3d 1238.

JURISDICTION

The court of appeals entered judgment on February 19, 2020, and denied a timely-filed petition for rehearing on April 20, 2020 (App. 120-121). This Court has jurisdiction under 28 U.S.C. §1254(1).

STATUTORY PROVISION INVOLVED

35 U.S.C. §287 is titled “Limitation on damages and other remedies; marking and notice.” Subsection (a) provides as follows (paragraph break added):

(a) 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.

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.

STATEMENT OF THE CASE

A. Statutory Background

1. Direct patent infringement consists of making, using, offering to sell, selling, or importing a patented invention during the term of the patent, without permission from the patent owner. 35 U.S.C. §271(a). Direct patent infringement is “a strict-liability offense,” *Commil USA, LLC. v. Cisco Sys., Inc.*, 135 S.Ct. 1920, 1926 (2015). “[A] direct infringer’s knowledge or intent is irrelevant.” *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 761 n.2 (2011).

Patent owners who prevail on claims for infringement are entitled to damages “adequate to compensate for the infringement ... for the use made of the invention by the infringer.” 35 U.S.C. §284.

Section 284 also permits district courts to “increase damages up to three times the amount found or assessed.” This Court explained in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S.Ct. 1923 (2016) that the enhanced-damages provision permits district courts to punish the worst of the worst infringers, *i.e.*, where the infringement has been “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.” *Id.* at 1932.

As this Court explained in *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 653-55 (1983), §284 embodies a congressional policy of “full compensation” to prevailing patent owners, and “[w]hen Congress wished to limit an element of recovery in a patent infringement action, it said so explicitly.”

The Patent Act’s statute of limitations provides that patentees cannot recover damages “for any infringement committed more than six years prior to the filing of the complaint...” 35 U.S.C. §286; *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S.Ct. 954, 961-62 (2017).

The marking statute, 35 U.S.C. §287(a), further limits the patentee’s ability to collect pre-lawsuit damages. If the patentee or its licensee has placed patented goods into the marketplace, §287(a)’s first sentence provides that the patentee or licensee “may give notice to the public that the same is patented” by marking the goods or their packaging as patented.

“In the event of failure so to mark,” §287(a)’s second sentence provides that “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.” *Id.* “Filing an action for infringement shall constitute such notice.” *Id.*

2. Similar marking provisions have been part of the Patent Act for more than 175 years.

An 1842 provision “required” patentees to mark their patented products as patented and punished failure to mark with a \$100 penalty. Act of Aug. 29, 1842, ch. 263, §6, 5 Stat. 544-45.

Amendments in 1861 retained a “duty” to mark patented products, but replaced the monetary penalty for failure to mark with a limitation on damages that resembles the current statute. If a patentee failed to mark, it could not recover damages unless the infringer “was duly notified” of its infringement and continued to infringe thereafter. Act of March 2, 1861, ch. 88, §13, 12 Stat. 249. An infringer was “duly notified” when “the facts with which he [wa]s supplied would, if fixed upon the patented article, constitute ‘sufficient notice.’” *Franklin Brass Foundry Co. v. Shapiro & Aronson, Inc.*, 278 F. 435, 437 (3d Cir. 1921); see *Smith v. Dental Prods. Co.*, 140 F.2d 140, 152 (7th Cir. 1944).

Those requirements were later codified in Revised Statutes §4900, and Congress and did not materially change them afterward. In 1952, Congress replaced the “duty” to mark with the provision that patentees “may” mark, but did not change the consequences for not marking. 35 U.S.C. §287 (1952).

3. This Court has considered aspects of the marking statute but never addressed the question

presented here of whether the statutory “notice” requirement is only satisfied by a direct communication from the patentee.

Coupe v. Royer, 155 U.S. 565, 584-85 (1895), for example, clarified that sufficiency of the proof that the infringer was notified is a question for the jury, but did not consider whether the statute restricts the source of the notification.

Wine Railway Appliance Co. v. Enterprise Railway Equipment Co., 297 U.S. 387, 391-98 (1936) clarified that the marking statute’s limit on damages applies only to patentees who license or practice their patents by permitting patented goods to enter the marketplace. For non-practicing entities or for process patents, the marking statute’s limit on damages does not apply because there was nothing to mark in the first place. *Id.* *Wine Railway* explained that the marking statute is not a broad directive that all infringers should receive notice beyond the Patent Office’s public act of issuing patents. Rather, the statute is meant to “provide[] protection against deception by unmarked patented articles.” *Id.* at 398. Where no such articles exist, there is no threat of deception. No purpose would be served, the Court explained, if “non-producing patentees ... were deprived of the right theretofore existing to claim damages from an infringer unless and until he could be run down and served with actual notice.” *Id.* at 397. Under such a rule, “process patents and patents under which nothing has been manufactured may be secretly infringed with impunity, notwithstanding injury to owners guilty of no neglect.” *Id.* at 395.

In *Dunlap v. Schofield*, 152 U.S. 244 (1894), in the context of construing a different statute, this Court discussed R.S. §4900 by analogy. The dispute concerned a statute that imposed a \$250 penalty on infringers who used another’s patented design “knowing that the same has been so applied.” *Id.* at 248. *Dunlap* compared that penalty statute to §4900, noting that §4900 places the burden of proof of marking or notice on the patentee, *id.* at 247-48, and that the reasons for similarly requiring the patentee to prove the requisite knowledge under the penalty statute were “even stronger, in a suit for such a penalty, than in a suit to recover ordinary damages” under §4900. *Id.* at 249.

4. Before the Federal Circuit was created in 1982 and given exclusive jurisdiction over patent appeals, courts of appeals considered the question whether the marking statute restricts *by whom* a defendant can be “notified of the infringement” within the meaning of the marking statute. All answered that “notice” need not come from the patentee. *See, e.g., Warner v. Tenn. Prods. Corp.*, 57 F.2d 642, 646 (6th Cir. 1932) (“regardless of the source of such notice”); *Oil Well Improvements Co. v. Acme Foundry & Mach. Co.*, 31 F.2d 898, 901 (8th Cir. 1929) (“[t]he essential matter, where the statutory method [*i.e.*, marking] is not used to supply the deficiency, is actual notice to the infringer that the product of the patentee is patented”); *Maimen v. Union Special Mach. Co.*, 165 F. 440, 442 (3d Cir. 1908) (statute “prescribes no particular form of notice”). The Fourth Circuit specifically considered the question in the context of willful infringement and held that when a defendant willfully infringes, the patentee need not provide

notice. *Am. Ornamental Bottle Corp. v. Orange-Crush Co.*, 76 F.2d 969, 970 (4th Cir. 1935) (where an “infringer [i]s so well aware, from the beginning, of the impropriety of its acts ... the provisions for formal notice under the statute can have no application.”).

5. The Federal Circuit first confronted the same question in 1994 and provided a different answer in *Amsted Industries Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178 (Fed. Cir. 1994). *Amsted* read *Dunlap*’s description of §4900 as holding that a defendant can only be “notified of the infringement” by the patentee. *Id.* at 187. Based on that reading of *Dunlap*, the Federal Circuit ruled that “the correct approach to determining notice under section 287 must focus on the action of the patentee, not the knowledge or understanding of the infringer.” *Id.* Thus, even though the defendant had willfully infringed, it owed no damages for any of its infringement that preceded notice from the patentee. *Id.* at 181-83, 187.

Following *Amsted*, the Federal Circuit has consistently reapplied and reaffirmed that rule. See, e.g., *Packet Intel. LLC v. Netscout Sys., Inc.*, 965 F.3d 1299, 1312-15 (Fed. Cir. 2020) (denying pre-complaint damages despite upholding willful infringement verdict). Under that court’s precedent, an infringer’s subjective belief that a patentee charged it with infringement cannot be proof of the infringer’s notice of its infringement. *Gart v. Logitech, Inc.*, 254 F.3d 1334, 1346 (Fed. Cir. 2001). Nor can communications about infringement from a patent’s sole inventor (and sole shareholder in the corporation that owns the patent), *Lans v. Digital Equip. Corp.*, 252 F.3d 1320, 1324, 1326-28 (Fed. Cir. 2001), or from the defendant’s

own attorney, *Am. Med. Sys., Inc. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1537 n.18 (Fed. Cir. 1993), satisfy the Federal Circuit's requirement for showing the infringer had notice of its infringement.

B. Proceedings Below

Arctic Cat's patents cover life-saving steering systems for personal watercraft (*e.g.*, Jet Ski or Sea-Doo). App. 35-36. The inventions were developed before Arctic Cat left the personal watercraft business in 1999. Although Arctic Cat was no longer making and selling watercraft, it wanted its inventions "to save lives and reduce the number of accidents," C.A.Fed. No. 19-1080, ECF #34 at Appx2882, so it offered licenses to major manufacturers. Honda agreed to a license in 2002. The license exempted Honda from having to mark its products with Arctic Cat's patents, and Honda sold unmarked products under the license for several years.

Unlike Honda, Respondents ("Bombardier") declined Arctic Cat's offer of a license. As a jury later found, and the court of appeals later affirmed, Bombardier chose instead to willfully infringe. In 2000, at Bombardier's request, Arctic Cat showed prototypes of its invention to Bombardier for testing. App. 109. Arctic Cat offered Bombardier a license, but Bombardier declined and told Arctic Cat it intended to use different technology. App. 24; App. 89. Bombardier tracked Arctic Cat's patent portfolio and knew about the two patents in this case within a month of their issuance in 2003 and 2004. Bombardier initially tried to develop its own steering technology, but abandoned that approach in approximately 2004 and turned instead to copying Arctic Cat's technology.

App. 109. Bombardier soon began selling infringing personal watercraft, and by 2013 *all* of Bombardier's personal watercraft used Arctic Cat's patented technology. App. 114-115.

Bombardier undisputedly knew that it infringed and risked a lawsuit. In 2011, Bombardier "tried to covertly buy [Arctic Cat's] patents 'rather than planning in good faith to design around them.'" App. 115; *see also* App. 116 ("hired 'a guy ...' to try to buy the patents from Arctic Cat, because [Bombardier] was 'worried that after reviewing the patents Arctic Cat would file a lawsuit ...'"). Bombardier "resorted to hoping that Arctic Cat 'didn't care about these patents anymore' and, therefore, would let them expire." App. 116. Bombardier also specifically sought opinions of counsel so that it could continue ignoring Arctic Cat's patents, even though "its own experts had already concluded a likelihood of infringement." App. 80. At that time, Bombardier had known about Arctic Cat's patents for eight years and had been infringing them for five. App. 115.

Arctic Cat ultimately sued for infringement in 2014. App. 3. A jury found that Arctic Cat's patents were valid and willfully infringed. Consistent with the six-year statute of limitations, the jury awarded damages for infringement beginning in 2008. App. 37. The district court enhanced damages under 35 U.S.C. §284, remarking that the question of willful infringement "was not a close one," App. 114, and that Bombardier "is the wanton infringer that the Supreme Court" identified in *Halo* as warranting enhanced damages. App. 118.

On appeal, the Federal Circuit affirmed that the patents were valid and willfully infringed. App. 66-68. This Court denied Bombardier’s petition for a writ of *certiorari* on willfulness. *Bombardier Recreational Prods. Inc. v. Arctic Cat Inc.*, 139 S.Ct. 143 (2018) (mem).

The Federal Circuit vacated the damages award, however, and remanded for further proceedings concerning whether the marking statute limited damages. App. 54-62. The Federal Circuit held that Arctic Cat, not Bombardier, bore the burden to prove either that Honda’s watercraft were not unmarked “patented article[s]” under §287(a), or that Bombardier had been “notified of the infringement” before Arctic Cat filed the complaint. App. 57-58.

On remand, Arctic Cat acknowledged it could not prove Honda’s watercraft were not patented articles, but contended that Bombardier’s willful infringement was sufficient “proof that the infringer was notified of the infringement” under the meaning of the marking statute. App. 29-31. Adhering to the rule the Federal Circuit announced in *Amsted*—that an infringer is only “notified of the infringement” under §287(a) by a communication from the patentee—the district court ruled in Bombardier’s favor, and eliminated from the judgment all damages for infringement Bombardier committed before Arctic Cat filed the complaint. *Id.* As a result, the original approximately \$46 million judgment was reduced to approximately \$19 million.

On appeal, Arctic Cat acknowledged that Federal Circuit precedent required the patentee to provide the “notif[ication]” or “notice” under §287(a), but reserved the right to challenge that precedent. The Federal

Circuit panel affirmed the district court's judgment and reaffirmed its precedent "that willfulness, as an indication that an infringer knew of a patent and of its infringement, does not serve as actual notice as contemplated by §287." App. 11. It repeated that the "marking statute imposes notice obligations on the patentee, and only the patentee is capable of discharging those obligations." *Id.* The Federal Circuit denied Arctic Cat's petition for rehearing. App. 120-121.

REASONS FOR GRANTING THE PETITION

The marking statute protects the public from being misled by unmarked patented articles in the marketplace. Ordinarily, direct patent infringement is a strict-liability tort, and the infringer's knowledge or intent are not relevant. But if the patentee has allowed unmarked patented articles to enter the marketplace, it must dispel the inference that the infringer was misled by supplying "*proof* that the infringer was notified of the infringement and continued to infringe thereafter." 35 U.S.C. §287(a) (emphasis added).

The Federal Circuit's rule supplements Congress' textual requirement of "proof" with the court's own further requirement that *the patentee* must be the one who notified the infringer. By treating notification from others as legally irrelevant, the Federal Circuit splits with every court of appeals to have addressed the issue, upsets the balance Congress struck more than 100 years ago, and rewards the worst of the worst patent infringers. Under the Federal Circuit's rule, willful infringers who know full well that they are infringing are immune from paying any damages for

as long as they can avoid detection and “notifi[cation] of the infringement” by the patentee.

The Federal Circuit adopted its rule in 1994 and has reaffirmed it and doubled down in case after case—including this one—for more than 25 years, to the continued detriment of the patent system. This case is an ideal vehicle to correct the Federal Circuit’s error because the issue is preserved, there are no other issues in the case that could render the Question Presented moot, and this is the rare case where the infringer’s willfulness is undisputed because it was resolved in an earlier appeal.

I. The Federal Circuit’s Interpretation Of 35 U.S.C. §287(a) Is Inconsistent With Statutory Text.

1. The Federal Circuit’s rule that “notice under §287 requires performance *by the patentee*,” App. 12 (emphasis added), is contrary to the statute’s text. The relevant clause of 35 U.S.C. §287(a)’s second sentence uses the verb “to notify” in the passive voice. It requires “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*.” 35 U.S.C. §287(a) (emphasis added). It does not limit *who* must notify an infringer of its infringement. Put differently, the action the statute requires of patentees is “*proof* that the infringer was notified,” not the *notification* itself.

In statutes, a verb’s attributes such as its tense, conjugation, or voice, are part of the “plain language,” *Ingalls Shipbuilding, Inc. v. Director, Off. of Workers’ Comp. Programs, Dep’t of Labor*, 519 U.S. 248, 255

(1997), and have “real significance.” *Dole Food Co. v. Patrickson*, 538 U.S. 468, 478 (2003). Passive voice reflects the legislature’s “agnosticism ... about who does the” identified act. *Watson v. United States*, 552 U.S. 74, 81 (2007). It “focuses on an event that occurs without respect to a specific actor.” *Dean v. United States*, 556 U.S. 568, 572 (2009). In other words, passive voice denotes that “[i]t is *whether* something happened—*not how or why* it happened—that matters.” *Id.* (emphasis added). In construing such passive-voice provisions that enumerate an act but not an actor, this Court and others have generally rejected arguments for limiting which actor must perform the enumerated act. *E.g., id.* (construing statute enhancing prison sentence “if the firearm is discharged” to include accidental discharges); *Watson*, 552 U.S. at 80-81 (“to be used” denotes “agnosticism ... about who does the using”); *Gladstone, Realtors v. Village of Bellwood*, 441 U.S. 91, 102-03 (1979) (“passive voice” phrasing, that rights “may be enforced,” “contains no particular statutory restrictions on potential plaintiffs.”).¹ So too here. The passive voice phrasing—“was notified”—makes plain that what matters is that “the infringer was

¹ See also, *e.g., United States v. McDuffy*, 890 F.3d 796, 801 (9th Cir. 2018) (in a criminal statute enhancing sentence “if death results,” the “passive voice ... suggest[s] Congress intended to omit a mens rea requirement.”); *Cassirer v. Kingdom of Spain*, 616 F.3d 1019, 1028 (9th Cir. 2010) (in statute exempting “a foreign state” from immunity “in any case in which rights in *property taken in violation of international law* are in issue,” the “passive voice” indicates that the exemption is not limited to the foreign state that took the property).

notified of the infringement,” not how or by whom the infringer was notified.

To be sure, other textual indicia may sometimes supply an actor, notwithstanding a verb’s passive-voice phrasing. *See, e.g., United States v. Wilson*, 503 U.S. 329, 334-35 (1992) (despite passive voice phrasing, a predecessor statute and the operation of the jail-time credit scheme supplied an actor: “even though [the statute] no longer mentions the Attorney General, we do not see how he can avoid determining the amount of a defendant’s jail-time credit.”).

Here, however, all relevant textual clues confirm that Congress did not limit the statutory “notif[ication] of the infringement” to a particular actor. In the Patent Act, when Congress wanted to specify which actor must provide notice, it did so explicitly. *See, e.g.,* 35 U.S.C. §122(b)(2)(B)(ii) (“An applicant ... shall notify the Director ...”); *id.* §287(b)(4)(B) (“a person to whom a patent is licensed,” in response to a request for disclosure, “shall either identify the patent or promptly notify the licensor of the request for disclosure”); *id.* §290 (“The clerks of the courts ... shall give notice ...”). The same is true of §287(a)’s first sentence. It specifies that “[p]atentees, and persons ... for or under them” who make, offer, or sell patented articles are the ones who may provide “notice *to the public*” by marking. The second sentence, by contrast, is in passive voice and does not specify who must “notif[y]” the infringer “of the infringement.” Where Congress uses different language in different parts of the same statute, or in different statutes within the same scheme, this Court generally “presume[s] differences in language like this

convey differences in meaning.” *Henson v. Santander Consumer USA, Inc.*, 137 S.Ct. 1718, 1723 (2017); see also *Nielsen v. Preap*, 139 S.Ct. 954, 966-67 (2019); *Nken v. Holder*, 556 U.S. 418, 430 (2009).

Indeed, 35 U.S.C. §154(d) is yet another “notice” provision in the Patent Act that underscores that Congress was deliberate in deciding whether to limit the source of “notice.” Under §154(d), patentees may collect damages for infringing acts that occurred after a patent application is published but before the patent is issued—if the infringer “had actual notice of the published patent application.” Addressing this section, the Federal Circuit has held “the ordinary meaning of ‘actual notice’ also includes knowledge obtained without an affirmative act of notification.” *Rosebud LMS Inc. v. Adobe Sys. Inc.*, 812 F.3d 1070, 1074 (Fed. Cir. 2016). Yet, for §287(a), the Federal Circuit has held that “notice” can come only from the patentee. The upshot of the Federal Circuit’s divergent interpretations of §154(d) and §287(a) is that a willful infringer’s liability can start when a patent application is published (because §154(d) “notice” can come from any source), stop when the patent issues (because §287(a) “notice” can come only from the patentee), and start again when the patentee directly notifies the infringer (again, because §287(a) notice can come only from the patentee). It is unlikely that Congress intended such a peculiar, intermittent liability. The Federal Circuit’s interpretation of §287(a) disregards “the fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme.” *FDA v.*

Brown & Williamson Tobacco Corp., 529 U.S. 120, 133 (2000).

The words “notified,” and “notice,” moreover, are broad terms that do not imply a particular actor standing alone. To “notify” means “to inform (a person or group) in writing or by any method that is understood.” *Notify*, BLACK’S LAW DICTIONARY (10th ed. 2014). “Notice,” standing alone, similarly encompasses “implied,” “indirect,” or “presumptive” notice, *i.e.*, “[n]otice that is inferred from facts that a person had a means of knowing and that is thus imputed to that person”—or “actual notice of facts or circumstances that, if properly followed up, would have led to a knowledge of the particular fact in question.” *Notice*, BLACK’S LAW DICTIONARY (10th ed. 2014). That is as true today as it was in 1861, when Congress first added “was duly notified of the infringement, and continued after such notice” to the marking statute. *See Notice*, BLACK’S LAW DICTIONARY (1st ed. 1891).

2. The marking statute’s role in the Patent Act further refutes the notion that only communications from patent owners should count as “notifi[cation] of the infringement.” As this Court has explained, the marking statute’s purpose is to “provide[] protection against deception by unmarked patented articles.” *Wine Ry.*, 297 U.S. at 398; *see also Bonito Boats, Inc. v. Thunder Craft Boats*, 489 U.S. 141, 162 (1989). The marking statute effectuates that purpose by imposing a modest additional evidentiary burden on patentees who practice or license their patents by putting patented articles into the marketplace.

Ordinarily, direct patent infringement is a “strict-liability offense.” *Commil*, 135 S.Ct. at 1926. “A direct infringer’s knowledge or intent is irrelevant,” and the plaintiff need only prove “the unauthorized use of a patented invention.” *Global-Tech*, 563 U.S. at 761 n.2. But when a patentee or its licensee places unmarked patented articles into the marketplace, “[t]he public may rely upon the lack of notice in exploiting shapes and designs accessible to all.” *Bonito Boats*, 489 U.S. at 162. In that circumstance, Congress made an exception to the strict-liability character of infringement, and sensibly required patentees to prove that the defendant “was notified of the infringement,” 35 U.S.C. §287(a), and thus not among the general public who may have been misled by the appearance of unmarked goods in the marketplace.

Where, as here, an infringer has notice—from whatever source—of its infringement and continues to infringe anyway, the infringer is not deceived, and the marking statute’s purpose is not implicated. But by applying the statute to immunize willful infringers from pre-suit damages unless the patentee itself notifies the infringer, the Federal Circuit undermines the Patent Act’s treble damages provision. For more than 180 years, the Patent Act has authorized trial courts to punish “egregious infringement behavior” with up to treble damages. *Halo*, 136 S.Ct. at 1932. In *Halo*, this Court reversed a Federal Circuit interpretation of that statute that “can have the effect of insulating some of the worst patent infringers from any liability.” *Id.*

3. The Federal Circuit’s contrary rule is indefensible as a matter of interpretation. At base, the

Federal Circuit has grafted a “by the patentee” clause onto §287(a)’s second sentence that Congress did not enact. “In the event of failure to mark,” Congress required “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*.” Section 287(a) does not say “was notified *by the patentee*” or “after such notice *from the patentee*.” Nor does it say “was notified *by another*” or “after such notice *from another*” to render actual notice of infringement from the infringer’s own investigation irrelevant. In other words, consistent with the statute’s limited purpose of protecting the public from the potential deception of unmarked patented articles, the act Congress requires the patentee to perform in §287(a)’s second sentence is “proof,” not “notifi[cation].” “[O]ur constitutional structure does not permit this Court” or any other “to ‘rewrite the statute that Congress has enacted.’” *Puerto Rico v. Franklin Cal. Tax-Free Trust*, 136 S.Ct. 1938, 1949 (2016). That is what the Federal Circuit has done with §287(a).

II. The Federal Circuit’s Interpretation Is Inconsistent With This Court’s Precedent.

This Court has never addressed whether “notified of the infringement” and “such notice” under the marking statute must come from the patentee or may come from others. The Federal Circuit, however, has relied almost exclusively on *Dunlap* to support its interpretation of §287(a). App. 11-12; *Amsted*, 24 F.3d at 187 (“We regard *Dunlap* as highly persuasive, if not controlling, on the meaning of the notice requirement of section 287.”).

Dunlap does not support the Federal Circuit's rule. The dispute before the Court was the proper allocation of burdens of proof and pleading under a penalty statute relating to design patent infringement. In resolving that question, *Dunlap* reasoned by analogy to R.S. §4900 (the then-current version of the marking statute). In that context, *Dunlap* explained that §4900 places the burden of proof of marking or notice on the patentee, and described §4900's operation as follows:

The clear meaning of this section is that the patentee or his assignee, if he makes or sells the article patented, cannot recover damages against infringers of the patent, *unless he has given notice* of his right, either to the whole public, by marking his article 'Patented,' or to the particular defendants, *by informing them of his patent, and of their infringement of it.*

One of these two things—marking the articles, or notice to the infringers—is made by the statute a prerequisite to the patentee's right to recover damages against them. *Each is an affirmative fact, and is something to be done by him.* Whether his patented articles have been duly marked or not is a matter peculiarly within his own knowledge; and, if they are not duly marked, *the statute expressly puts upon him the burden of proving the notice to the infringers before he can charge them in damages.*

152 U.S. at 247-48 (emphases added). Federal Circuit decisions have relied on excerpts from that discussion

to support the rule that only the patentee can provide the required “notifi[cation] of the infringement.”

First, in *Amsted*, the Federal Circuit relied on the statement that notice to the infringers “is an affirmative [f]act, and [is] something to be done by him.” 24 F.3d at 187 (misquoting *Dunlap*, 152 U.S. at 248). *Amsted*, however, misquoted “affirmative *fact*” as “affirmative *act*” and reasoned that notice is an *act* the patentee must perform, as opposed to a *fact* the patentee must prove. *Id.* After *Amsted* issued, commentators quickly pointed out *Amsted*’s misreading of *Dunlap* and erroneous analysis. See Michael J. McKeon, *The Patent Marking & Notice Statute: A Question of “Fact” or “Act”?*, 9 HARV. J.L. & TECH. 429, 444-47, 460-65 (1996).

An “affirmative fact,” like an “affirmative defense,” refers to a burden of pleading and proof. Legal treatises contemporaneous with *Dunlap* recognized that the “onus probandi rests on the party asserting the *affirmative fact*,” Jacob R. Halsted, HALSTED’S DIGEST ON THE LAW OF EVIDENCE 264 (1859), and that “he who asserts a *fact in the affirmative* is bound to prove it,” Edward S. Roscoe, ROSCOE’S DIGEST OF THE LAW OF EVIDENCE ON THE TRIAL OF ACTIONS AT NISI PRIUS 89 (10th ed. 1861) (emphasis added); see also Maximus A. Lesser, HISTORICAL DEVELOPMENT OF THE JURY SYSTEM 11 n.35 (1894) (“The existence of a certain state of things is a positive or *affirmative fact*, the non-existence of it is a negative fact.”) (emphasis added). Thus, in context—and in a case where the parties disputed burdens of pleading and proof—*Dunlap* explained that

marking and notice are each something a patentee must plead and prove, *i.e.*, an “affirmative *fact*.”

Second, the Federal Circuit has referred to the “full context” of *Dunlap* as supporting its rule. App. 11-12. *Dunlap*, however, did not confront the availability of pre-suit damages under §4900, much less answer what constitutes “proof that the infringer was duly notified of the infringement.” In *Dunlap*, plaintiff Schofield sued defendant Dunlap for infringing a design patent. Schofield waived any right to damages other than a statutory penalty of \$250 that applied to knowing infringement of design patents. *Id.* at 248-49.

This Court reversed the lower court’s award of statutory damages because it concluded that Schofield had the burden under the penalty statute to prove Dunlap’s knowledge and had not done so. *Id.* at 249-50. It was in that context—considering the allocation of burdens of pleading and proof—that *Dunlap* made passing observations about the operation of §4900. There was no dispute in *Dunlap* about whether a patentee could meet §4900’s notice requirement by proving that an infringer was notified of the infringement by someone other than the patentee.

Although isolated snippets of *Dunlap*’s paraphrase of §4900 might be read to suggest such a rule, this Court has long cautioned against reading its opinions like statutes, *St. Mary’s Honor Ctr. v. Hicks*, 509 U.S. 502, 515 (1993), or drawing conclusions from “general language in judicial opinions” shorn of context. *Illinois v. Lidster*, 540 U.S. 419, 424 (2004); *Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 399-400 (1821). *Dunlap*’s paraphrase of §4900’s operation is

properly read in context of the dispute before the Court and the sole point for which §4900 was relevant—the Court’s view that §4900 “expressly puts upon [the patentee] *the burden of proving the notice* to the infringers before he can charge them in damages.” 152 U.S. at 248 (emphasis added). That is, at most, what *Dunlap* holds with respect to the marking statute. It does not support the Federal Circuit’s rule.

III. The Federal Circuit’s Interpretation Splits With Every Other Court Of Appeals To Reach The Issue.

The Federal Circuit’s erroneous decision on an important question of patent law is reason enough to grant review. Because that court has exclusive jurisdiction over patent appeals, its error is the law of the land, and correction can only come from this Court. But for the Federal Circuit’s exclusive jurisdiction, however, this case would have been resolved differently in *every* court of appeals to have directly addressed the question presented.

In other patent cases, this Court has recognized that conflicts between Federal Circuit precedent and pre-Federal Circuit precedent indicate that review is needed. *See, e.g., Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 327 (2015) (comparing Federal Circuit precedent with pre-1982 Second Circuit precedent); *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 60 (1988) (granting review where the Federal Circuit’s interpretation of the requirements for the on-sale bar conflicted with prior Second and Seventh Circuit precedent). The conflict here runs even deeper in that the Federal Circuit’s decision contradicts a preexisting decades-old consensus among its predecessors.

In the 40 years after *Dunlap* issued and before the Federal Circuit was created, the Third, Fourth, Sixth, and Eighth Circuits all recognized that the marking statute did not limit “proof that the defendant was duly notified of the infringement” to acts of the patentee itself. See, e.g., *Warner*, 57 F.2d at 646 (“regardless of the source of such notice”); *Oil Well*, 31 F.2d at 901 (“[t]he essential matter, where the statutory method [*i.e.*, marking] is not used to supply the deficiency, is actual notice to the infringer that the product of the patentee is patented”); *Maimen*, 165 F. at 442 (statute “prescribes no particular form of notice”); *Am. Ornamental*, 76 F.2d at 970 (where an “infringer [i]s so well aware, from the beginning, of the impropriety of its acts ... the provisions for formal notice under the statute can have no application.”).²

The Third Circuit understood that §4900’s actual-notice clause went “no farther than to prohibit the recovery of damages without proof of notice. It prescribe[d] no particular form of notice.” *Maimen*, 165 F. at 442. The Eighth Circuit understood §4900 as placing the “burden of proof” on the patentee, and that “[t]he essential matter, where the statutory method [*i.e.*, marking] is not used ... is actual notice to the infringer that the product of the patentee is patented.” *Oil Well*, 31 F.2d at 901. And the Sixth Circuit understood that “[a]ctual notice of the issue

² The only decisions holding otherwise appear to be from district courts. In *Muther v. United Shoe Machinery Co.*, 21 F.2d 773, 779 (D. Mass. 1927), in a single paragraph of analysis, the district court read *Dunlap* as the Federal Circuit does now. Some other district courts have done the same, largely relying on *Muther*. See McKeon, 9 HARV. J.L. & TECH. at 447-52 (collecting cases).

and contents of the patent, and of the claims that a practice infringes, is sufficient regardless of the source of such notice.” *Warner*, 57 F.2d at 646.

The Fourth Circuit also specifically held that where, as here, a patentee proves willful infringement, there is no additional requirement that the patentee itself have provided notice. *Am. Ornamental*, 76 F.2d at 970-71. The facts in *American Ornamental* mirror the facts here: “The important fact ha[d] been established” that the patentee “divulged [its invention] in the form of an offer to permit its use,” and the infringer, “ignoring the conditions under which the information was given him, appropriated it to his own use without compensation.” *Id.* at 970. “Under these circumstances,” the Fourth Circuit held, “it is obvious that there was no necessity for the additional notice” under §4900. *Id.* at 971.

Indeed, the Fourth Circuit’s 1935 decision presciently explains why the Federal Circuit’s current immunity for infringement makes no sense. Willful infringers are not lulled into innocent infringement; indeed, they often infringe in secret. Section 287(a)’s “purpose” thus is not “served by applying the section to one,” like Bombardier, “who has boldly appropriated the invention of another.” *Am. Ornamental*, 76 F.2d at 971. And one cannot “suppose that Congress intended that the statute should be used to enable an infringer, guilty of such intentional wrongdoing, to continue his wrongful acts with impunity during the period prior to formal notice.” *Id.* Where “the infringer was so well aware, from the beginning, of the impropriety of its acts[,] the provisions for formal

notice under the statute can have no application.” *Id.* at 970.

Over the 40 years between *Dunlap* and the creation of the Federal Circuit, the regional courts of appeals to reach the issue unanimously rejected the rule the Federal Circuit would later adopt. All had the benefit of *Dunlap*, and none thought that *Dunlap* supported any such rule. The Federal Circuit’s sharp, unexplained departure from the unanimous view of its predecessors further underscores the need for review here.

IV. The Question Presented Is Important, And This Case Is The Ideal Vehicle To Resolve It.

1. This Court should grant review to put a stop to the damage the Federal Circuit’s rule continues to cause the patent system. For more than 100 years, the marking statute’s notice provision functioned as a modest evidentiary requirement that protected the public from being misled by unmarked patented articles. A patentee who permitted unmarked patented articles to enter the marketplace would have to prove that the infringer it sued “was notified of the infringement” and thus not misled. By ruling that only the patentee can provide the “notifi[cation],” the Federal Circuit has expanded Congress’ narrow exception to the strict-liability character of patent infringement and converted it into a broad immunity for undetected willful infringers.

Thus, in case after case, from *Amsted* in 1994, to this case, to *Packet Intelligence* in July 2020, the Federal Circuit has repeatedly immunized adjudicated willful infringers from any damages

liability for infringing acts committed before the patentee notified them of their infringement. That rule creates perverse incentives and upsets the Patent Act's objectives of encouraging the public to respect patent rights. Consistent with the Constitution's promise of "securing for limited Times to ... Inventors the exclusive Right to their respective ... Discoveries," U.S. Const., art. I, §8, cl. 8, a patent has "the attributes of personal property," 35 U.S.C. §261, and confers "the right to exclude others" from practicing the invention. *Id.* §154(a)(1). When a company realizes it is likely infringing a patent, the lawful course is to negotiate with the owner in good faith for a license. The Federal Circuit's rule, however, rewards silence and subterfuge: if the patentee has failed to mark, then the infringer can infringe scot-free for as long as it can avoid being notified by the patentee of the infringement. Bombardier's reward here was considerable: a ruling erasing more than \$27 million in damages for willful infringement.

The costs of the Federal Circuit's rule will fall most heavily on the most vulnerable patentees—such as solo inventors or universities—who have little ability to police the market or police the behavior of licensees on whom they rely to commercialize the invention. To be sure, a patentee can try to require its licensee to mark the licensed products—which Honda was not required to do. But if a licensee does not comply with marking obligations, the patentee will lose pre-suit damages "unless and until [an infringer] could be run down and served with actual notice," even while the patent is "secretly infringed with impunity." *Wine Ry.*, 297 U.S. at 395, 397; see *K&K Jump Start/Chargers, Inc. v. Schumacher Elec. Corp.*, 52

F.App'x 135, 152 (Fed. Cir. 2002) (holding patentee was not entitled to pre-suit damages because its licensee failed to mark despite a contract requiring marking). The Federal Circuit's rule requires that "unreasonable" result, *Wine Ry.*, 297 U.S. at 398, and undermines patent rights and the incentives to patent valuable inventions to begin with.

2. This case is also the ideal vehicle to consider whether §287(a)'s notice provision is limited to communications from the patentee. All other issues are finally resolved and cannot moot the question presented. Liability (including validity) and willful infringement were affirmed in a previous appeal. Thus, unlike other cases where an adjudicated willful infringer might dispute willfulness, here the district court held that the question "was not a close one," App. 114, the Federal Circuit affirmed, App. 66-68, and this Court denied certiorari. 139 S.Ct. 143. The only remaining question is the Question Presented by this petition.

The question whether "notified of the infringement" and "such notice" under §287(a) refer only to communications from the patent owner is a pure question of law, undisputedly preserved, and outcome-determinative. In briefing to the panel, Arctic Cat acknowledged that *Amsted* bound the panel, but contended that *Amsted* was wrongly decided and that Arctic Cat wished to preserve the issue for en banc review. In response, the panel agreed that *Amsted* was binding and controlling, but doubled down on *Amsted's* holding—just as it had done in other cases. The issue is a recurring one. *E.g.*, App. 10-12; *Packet Intel.*, 965 F.3d at 1312-15; *U.S. Philips Corp. v.*

Iwasaki Elec. Co., 505 F.3d 1371, 1375-76 (Fed. Cir. 2007); *Gart*, 254 F.3d at 1346; *Lans*, 252 F.3d at 1326-28; *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1446-47 (Fed. Cir. 1998); *Amsted*, 24 F.3d at 185-87; *Am. Med. Sys.*, 6 F.3d at 1537 n.18. The Federal Circuit's decades of doubling down and denying rehearing petitions confirm that its rule is firmly entrenched, and there is no reasonable prospect that percolation will aid this Court's review.

This case is thus like others where this Court has granted review to correct the Federal Circuit's longstanding misinterpretations of important provisions affecting patent cases. *See, e.g., VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990) (patent venue statute, 28 U.S.C. §1400(b)), *overruled by TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S.Ct. 1514 (2017); *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992) (patent exhaustion doctrine), *overruled by Impression Prods., Inc. v. Lexmark Int'l Inc.*, 137 S.Ct. 1523 (2017); *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc) (Fed. R. Civ. P. 52(a) applied to claim construction), *overruled in part by Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318 (2015). Like those decisions, *Amsted* is an erroneous decision whose time has come. This Court should grant certiorari and overrule the Federal Circuit's misinterpretation of the marking statute.

CONCLUSION

For the foregoing reasons, the Court should grant certiorari.

32

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