

In the
Supreme Court of the United States



ARCTIC CAT INC.,

Petitioner,

v.

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

Respondents.

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

**BRIEF OF AMICUS CURIAE
LAMBETH MAGNETIC STRUCTURES, LLC
IN SUPPORT OF PETITIONER**

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QUESTION PRESENTED

Whether the Federal Circuit erred in holding that “notified of the infringement” and “such notice” under 35 U.S.C. § 287(a) refer only to communications from the patent owner.

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INTEREST OF AMICUS CURIAE

Lambeth Magnetic Structures LLC (“LMS”) owns patents, invented by Dr. David N. Lambeth, Professor Emeritus, Electrical and Computer Engineering at Carnegie Mellon University, that claim magnetic structures that enable high density recording on computer hard drives. LMS asserts claims for patent infringement against hard drive manufacturer Seagate Technology in the case of *Lambeth Magnetic Structures LLC v. Seagate Technology (US) Holdings, Inc. et al.*, Case No. 2:16-cv-00538-CB, currently pending in the United States District Court for the Western District of Pennsylvania. The case is awaiting trial.¹

In *LMS v. Seagate*, the district court held, on summary judgment, that LMS’s notice of infringement to a Seagate customer, that was passed on to Seagate with a request that Seagate indemnify the customer, did not satisfy the requirement for “actual notice of infringement” to Seagate under Section 287(a) of the patent statute (35 U.S.C. § 287(a)). *Lambeth Magnetic Structures, LLC v. Seagate Tech. (US) Holdings, Inc.*, No. 2:16-cv-00538-CB, 2019 WL 2579968 (W.D. Pa. June 24, 2019). The district court’s ruling was premised on its understanding that under Federal Circuit precedent, LMS was required to show “pre-suit direct communication from the patentee to the alleged

¹ Pursuant to Supreme Court Rules 37.2 and 37.6, LMS affirms that prior to filing this brief it received the written consent of all parties, that no counsel for a party to the proceeding authored this brief in whole or in part, and that no party, its counsel, nor anyone other than LMS made a monetary contribution to fund the preparation or submission of this brief.

infringer regarding infringement.” *Id.* at *17. Absent such proof of direct communication, LMS could not prove that “the infringer was notified of the infringement” under 35 U.S.C. Section 287(a). *Id.* at *12, *17.

Based on its involvement as a litigant in *LMS v. Seagate*, LMS has an interest in this Court’s interpretation of the statutory language “was notified of the infringement” as set forth in Section 287(a). LMS, therefore, supports Arctic Cat’s petition for a writ of certiorari to address whether the Federal Circuit erred in holding that this language refers only to communications from the patent owner.



SUMMARY OF ARGUMENT

Agreements between manufacturers and their customers frequently provide that the manufacturer will indemnify its customers against claims of patent infringement directed to a component supplied by the manufacturer. In some instances, a patent owner may not know who the supplier is, only that the customer sells a product or provides a service incorporating an accused component. In any case, the patent owner may provide notice of infringement to the infringer’s customer. The customer who has received notice of patent infringement from the patent owner has every incentive, and is highly likely, to pass the notice of infringement to the manufacturer, either to fulfill a contractual requirement or otherwise to obtain the agreed-upon defense or indemnity. Upon receipt of a notice forwarded by a customer, the manufacturer has been “notified of the infringement.” The Federal Circuit has held that receipt of such notice is sufficient

to give rise to declaratory judgment jurisdiction, such that the manufacturer who has received notice of infringement in this manner can sue a patentee for a declaration of noninfringement or invalidity.

Yet, the Federal Circuit has taken a very different view of such notice when it comes to a patentee's right to recover damages pursuant to 35 U.S.C. § 287(a). The Federal Circuit has adopted an extremely rigid and narrow view of the "actual notice" provision of Section 287(a). As noted by the petitioner (Pet. at 15), the statutory language "was notified of the infringement" is written in the passive voice, indicating that notice of infringement by any means is sufficient to satisfy the statutory language. The Federal Circuit, however, has ruled that: (1) notice must be provided "by the patentee" and that "[i]t is irrelevant . . . whether the defendant [otherwise] knew of the patent or knew of his own infringement" (*Amsted Indus. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 187 (Fed. Cir. 1994) (emphasis added)); (2) the infringer's subjective understanding that it is being accused of infringement cannot provide proof of notice of infringement (*id.*; see also *Gart v. Logitech, Inc.*, 254 F.3d 1334, 1346 (Fed. Cir. 2001)); (3) notice to the infringer "from someone associated with the alleged infringer" is insufficient under § 287(a) (*Lans v. Digital Equip. Corp.*, 252 F.3d 1320, 1327-28 (Fed. Cir. 2001), citing *Am. Med. Sys., Inc. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1537 n.18 (Fed. Cir. 1993)); (4) notice to the infringer by "someone closely associated with the patentee does not satisfy § 287(a)" (*id.*); and (5) an infringer's willful infringement, which requires knowledge of the patent and of the infringement, is irrelevant to the issue of "actual

notice” (*Arctic Cat Inc. v. Bombardier Recreational Prod. Inc.*, 950 F.3d 860, 862 (Fed. Cir. 2020)).

The Federal Circuit’s restrictive interpretation of the broad language “was notified of the infringement” undermines the public policy of deterring patent infringement. Section 287(a) limits damages for infringement to those cases where constructive notice to the public has been provided by marking the patent number on a patentee’s products (in cases where that is feasible). Where such constructive notice has not been given, damages are limited according to the date an infringer has been “notified of the infringement.” The Federal Circuit’s pronouncements undermine the statutory policy by allowing infringers who have been notified of their infringement by someone other than the patent owner, such as when a manufacturer has been notified of the infringement indirectly through its customer, to continue infringing with impunity.

Arctic Cat’s petition explains how the Federal Circuit’s rule excludes notice of infringement that comes from sources other than directly from the patent owner. LMS elaborates on situations where notice is provided by a patent owner to an infringing manufacturer’s customer, who in turn notifies the manufacturer.



ARGUMENT

- I. **WHEN A MANUFACTURER RECEIVES A WRITTEN NOTICE OF INFRINGEMENT FORWARDED BY ITS CUSTOMER WHO RECEIVED NOTICE FROM THE PATENT OWNER, THE MANUFACTURER HAS BEEN “NOTIFIED OF THE INFRINGEMENT” UNDER SECTION 287(A).**
 - A. **Customers Seeking Indemnity and/or a Defense Commonly Forward to Their Suppliers Any Notices of Infringement Implicating Components Provided by the Suppliers.**

Given that a patent owner may sue anyone in the supply chain who is infringing a patent, 35 U.S.C. § 271(a) (“Whoever . . . makes, uses, offers to sell, or sells . . . or imports . . . any patented invention . . . infringes the patent”), it is not surprising that members of the supply chain may have contractual arrangements amongst themselves governing responsibility for defense and damages. *See generally* Meurer, Michael, *Allocating Patent Litigation Risk Across the Supply Chain*, 25 TEX. INTELL. PROP. L.J. 251 (2018); Rudnick, Robert E. & Grodin, Andrew M., *Drafting and Negotiating Defense and Indemnification Provisions*, INTELL. PROP. LITIG., Vol. 21, No. 3, Spring 2010, at 9. In the typical case, the manufacturer of goods or provider of services will agree to indemnify its customer. *Id.*; *see also*, e.g., Oracle, *Oracle Online Data Agreement*, at p.5, <http://www.oracle.com/us/corporate/contracts/oracle-online-data-agreement-3204115.pdf> (Oracle Corporation’s agreement to defend and indemnify its customers against third party claims for patent

infringement with respect to “Oracle Materials”); Intel, *Supplier Guide*, at 5, https://supplier.intel.com/static/supplier/supplier_guide.pdf (“When Intel sells products, it provides indemnity against third party intellectual property claims. Conversely, when Intel is the customer, it requires supplier infringement indemnification against intellectual property rights claimed by third parties.”); U.C.C. § 2-312(3) (“Unless otherwise agreed a seller who is a merchant regularly dealing in goods of the kind warrants that the goods shall be delivered free of the rightful claim of any third person by way of infringement . . .”).

Many supply agreements may explicitly require the customer to provide notice of the claim to the manufacturer/service provider. *See, e.g.*, Oracle, *Oracle Online Data Agreement*, at 5-6 (requiring notice within 30 days). Even when there is no explicit contractual requirement, the customer has every reason to provide notice in order potentially to shift to its supplier the expense of patent litigation and responsibility for any damages.

Accordingly, when a patent owner sends a notice of infringement to a customer, it would be common for that notice to be passed to the manufacturer, and in that manner, for the manufacturer to be notified of the infringement.

B. Federal Circuit Decisional Law Requiring Notice to Be Sent Directly by the Patent Owner Misreads the Statutory Requirement and Undermines the Statutory Purpose of Deterring Infringement.

In *LMS v. Seagate*, the district court read Federal Circuit authority to require LMS to show

“pre-suit direct communication from the patentee to the alleged infringer regarding infringement.” *Lambeth Magnetic Structures*, 2019 WL 2579968, at *17. LMS’s notice to Seagate’s customer, who then provided notice to Seagate, was deemed to be insufficient as a matter of law. While the Federal Circuit has not addressed that precise fact pattern, the district court held that this outcome resulted from the Federal Circuit’s rule set out in *Amsted*. *Id.* at *19 (“As a matter of law, this method of notice is insufficient.” (citing *Amsted*)).

The Federal Circuit held in *Amsted* that in order to satisfy Section 287(a)’s “actual notice” provision, the *patentee* must provide notice of the infringement. *Amsted*, 24 F.3d at 187. In *Amsted*, the patentee sent a letter to the infringer that identified the patent at issue, and that advised the infringer that the patentee had acquired ownership from a prior owner that had enforced its rights in the patent, and that the new patentee expected to continue to do the same. The letter further stated that the infringer “should acquaint yourself with the [‘269 patent] and refrain from supplying or offering to supply component parts which would infringe . . . the patent.” *Id.* at 186. The Federal Circuit held that the letter itself did not comply with Section 287(a) because the letter contained no accusation of infringement. Further, though the infringer actually understood it was being accused of infringement, and was aware of the infringement, these were deemed to be insufficient because such notice of the infringement arose within the infringer’s inner circle and was not notice from the patentee. *Id.* at 187. Since, in the Federal Circuit’s view, only the patentee could provide notice of infringement, the

infringer was held not to have been “notified of the infringement.” *Id.*²

Expanding on the holding in *Amsted* that someone “associated with the infringer” was incapable of providing notice under Section 287(a), in *Lans*, the Federal Circuit held that notice to the infringer “from someone closely associated with the patent owner” was also insufficient. *Lans*, 252 F.3d at 1327. In *Lans*, the original patent owner, who for tax reasons had transferred the patent to an entity he controlled, sent a letter to the infringer notifying it of infringement. *Id.* at 1325. The notice letter mistakenly stated that he was the owner. *Id.* The Federal Circuit held that because the notice had not been sent by the true “patentee,” the infringer was not “notified of the infringement” under Section 287(a). *Id.* at 1327.³

² The rule set forth in *Amsted* is at odds with the more flexible approach adopted by the Supreme Court under a predecessor statute. In *Sessions v. Romadka*, 145 U.S. 29, 50 (1892), the Court suggested that the patented products had been marked, but even if not, “[t]he fact that this device was patented could hardly have escaped the notice of Romadka, since the earliest fasteners made under the patent, which were manufactured and sold by Poinier, were duly stamped, and Romadka had dealt with him, bought bags of him, and said to Sessions that he could have bought the patent for a low price.” The Court’s opinion suggests that notice of infringement need not be based upon a notice sent directly by the patentee to the infringer.

³ *Compare US Philips Corp. v. Iwasaki Elec. Co. Ltd.*, 505 F.3d 1371 (Fed. Cir. 2007) (notice letter sent by patentee’s licensing agent that included the cover page of the patent identifying the actual patentee was sufficient notice) (distinguishing *Lans*). These Federal Circuit decisions raise the question of whether an exclusive licensee with enforcement rights qualifies as a “patentee” for purposes of sending a notice letter. Supposing a court determines mid-way through an infringement case that

Nothing in the statutory language mandates the outcomes in these Federal Circuit decisions. As noted earlier, the relevant statutory language is in the passive voice, indicating that the statute only requires that the infringer “be notified,” without regard to the manner of notification. In addressing patent marking as one form of notice, Section 287(a) uses the active verb form: “Patentees . . . *may give* notice to the public . . . by fixing [on a patented product] the word ‘patent’” But for the “actual notice” requirement, the statute switches to the passive voice: “In the event of failure so to mark, no damages shall be recovered . . . except on proof that the infringer *was notified*. . . .” This is not surprising, in that the patentee would have to be the party that marked or caused its licensees to mark the product, but actual notice to the infringer could occur in any number of ways. The Federal Circuit, however, has rewritten the statute to read: “In the event of failure so to mark, no damages shall be recovered . . . except on proof that the patentee provided notice of the infringement directly to the infringer. . . .”

The whole purpose of a notice requirement is to prevent innocent infringement by a party unaware that its products were covered by a patent. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989) (the notice requirement “provides a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design. The public may rely upon the lack of notice

the patent owner must be joined to the proceeding, would a letter sent by the exclusive licensee prior to suit still constitute effective notice? If the only requirement is that the infringer have been notified, these questions do not arise.

in exploiting shapes and designs accessible to all.”); *see also* McKeon, Michael J., *The Patent Marking and Notice Statute: A Question of “Fact” or “Act”?*, 9 HARV. J.L. & TECH. 429, 434 (Summer 1996) at 429 (“Generally, the purpose of the patent marking and notice statute is to prevent innocent infringement and to encourage patentees to give notice to the public of the existence of their patent.”). That purpose is served regardless of the manner in which an infringer has become aware of the infringement or accusation of infringement. And certainly the purpose is served when a manufacturer has received notice from its customer that a product sold to the customer was the subject of an infringement notice from the patent owner.

In the Federal Circuit’s decisions, it has divined a different purpose behind Section 287(a). In particular, in determining that notice must come from the “patentee,” the Federal Circuit has stated that the purpose of Section 287(a) is to promote discussions between the infringer and the patent owner. *See, e.g., Lans*, 252 F.3d at 1327 (“only the patentee has authority to grant licenses or accept design changes to facilitate the purposes of the notification requirement”); *US Philips*, 505 F.3d at 1375 (“the reasons we articulated in *Lans* for strictly enforcing the notice requirement were all fulfilled: . . . the sender of the letter was the party ‘to contact . . . about an amicable and early resolution of the potential dispute,’ ‘to consult with . . . about design changes to avoid infringement,’ and with whom ‘to negotiate a valid license . . . ’”) (citing *Lans*, 252 F.3d at 1327). Though this alleged purpose is nowhere set forth in Section 287(a), even if it were the purpose, there is no reason this purpose

could not be fulfilled as a result of notice sent by someone other than the patentee. In most cases, it will be obvious who the patent owner is from the content or context of the communication. And in the rare case when there might be any doubt, the infringer can easily search the United States Patent Office Assignment Index to determine the recorded owner of the patent. United States Patent and Trademark Office—Patent Assignment Search, *available at* <https://assignment.uspto.gov/patent>.

The Federal Circuit’s rule also is inconsistent with its rulings concerning a manufacturer’s standing to sue the patent owner. The Federal Circuit has held that a manufacturer defendant has the right to file a declaratory relief action when infringement notices have been sent to its customers. *See Arris Grp., Inc. v. British Telecomm. PLC*, 639 F.3d 1368, 1372 (Fed. Cir. 2011). There, declaratory judgment defendant British Telecommunications had sent infringement notice letters to Arris’s customers, who then notified Arris of the accusations. The Federal Circuit held: “the supplier [Arris] has standing to commence a declaratory judgment action if (a) the supplier is obligated to indemnify its customers from infringement liability, or (b) there is a controversy between the patentee and the supplier as to the supplier’s liability for induced or contributory infringement based on the alleged acts of direct infringement by its customers.” *Id.* at 1375.

Given that a manufacturer can *sue* based on notices sent to its customers, it would stand to reason that a manufacturer has been “notified of the infringement” under Section 287(a) when it received such notices from its customers. Yet, under the Federal

Circuit rule, the manufacturer currently can claim that it was not notified, and can continue infringing the patent despite receiving the notices.

In sum, the Federal Circuit's decisions misread the statutory requirement, misidentify the policy reasons for the requirement of notice, are inconsistent with its decisions regarding a manufacturer's standing to sue, and fail to address why even its own assessment of the underlying policy of Section 287(a) is not satisfied by the broader, more natural reading of "was notified of the infringement."

II. THE "ACTUAL NOTICE" PROVISION OF SECTION 287 COVERS NOTICE RECEIVED REGARDLESS OF SOURCE.

In the Petition, Arctic Cat explains why an infringer's willful infringement satisfies the "actual notice" provision of Section 287(a). "Actual notice" under § 287(a) is also satisfied by the factual scenarios in *LMS v. Seagate* and in the other Federal Circuit cases cited above in which the infringer received notice other than directly from the patent owner. The statutory language only requires that the infringer be "notified of the infringement," which language is satisfied however such notice is achieved.



CONCLUSION

For the reasons set forth above, the petition for certiorari should be granted.

Respectfully submitted,

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