A Look Back At How AIA Changed Patent Marking And Joinder

By **Bryan Nese and Ryan Babcock** (September 16, 2021)

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Signed into law on Sept. 16, 2011, the America Invents Act brought significant change to the United States patent system, including shifting the U.S. to a first-inventor-to-file system more in line with the rest of the world.

But the AIA implemented many more changes, and patent litigators and courts alike have spent the last decade navigating these waters, endeavoring to give clearer meaning to Congress' words.

To mark the 10-year anniversary of the AIA's passage, this article provides insights into two such AIA-implemented issues: (1) patent marking, and (2) joinder of unrelated defendants.

Drawing on the past decade of legal authority, we briefly summarize how the AIA altered these issues and offer some suggestions for patent practitioners.

Patent Marking

Section 287(a) of the Patent Act encourages patentees to give notice that a commercial product embodies a patented invention by "marking" the commercial product with the patent number.[1]

Prior to the AIA, patent marking was accomplished by affixing the patent number on the product, or packaging if not possible to mark the product itself. This method of marking created manufacturing challenges and — most significantly — increased the risk of being accused of falsely marking a product when the listed patent lapsed, expired or was invalidated.

These risks came to a head in the wake of the U.S. Court of Appeals for the Federal Circuit's 2009 decision in Forest Group Inc. v. Bon Tool Co.

Prior to the AIA, the false marking statute specified a fine of $500 and allowed any person to sue for false marking and collect a portion of that fine "for every such offense."[2]

In Forest Group, the Federal Circuit held that "every such offense" meant $500 fine for each falsely marked product.[3] This created a flood of so-called false marking trolls — individuals and corporate entities who scoured the landscape, waiting to pounce on patentees who dared to mark their products with expired patent numbers in the hopes of profiting handsomely for being the first to point out these mistakes.[4] In some instances, these suits were filed within days of a patent expiring.[5]

The AIA sought to address these issues in two ways: first, by amending the false marking statute to limit significantly the individuals who could bring false marking claims against patentees; and, second, by permitting virtual patent marking. However, risks still remain.

False Marking Claims

The AIA implemented significant changes to the law of false marking by eliminating the qui tam provision of Title 35 of the U.S. Code, Section 292(b), which permitted any person or company purporting to act on behalf of the general public to collect statutory damages for products that were falsely marked.

As amended by the AIA, Section 292(a) specifies that "[o]nly the United States may sue for" for false marking.[6] In place of the prior qui tam provision, Section 292(b) now limits the damages that private citizens can collect and only authorizes actions for damages by any person "who has suffered a competitive injury as a result of" any false marking.[7]

Since these revisions, courts have interpreted the language of Section 292(b) to require that the competitive injury be caused by the false marking.[8] While the parties' status as direct competitors can help establish that causation,[9] it may be more difficult to prove competitive injury in instances where there is no direct competition.

However, where the false marking prevented a party from entering the market, this may be used to help establish causation.

For example, in Sukumar v. Nautilus Inc. in 2015, the Federal Circuit recognized that "potential competitors" might suffer competitive injuries if false marking actually prevents them from entering a market, but rejected as "too speculative" the argument that the AIA confers standing "upon any entity that claims a subjective intent to compete."[10]

Instead, the Federal Circuit clarified that a "potential competitor may suffer competitive injury if it has attempted to enter the market," where an "attempt is made up of two components: (1) intent to enter the market with a reasonable possibility of success, and (2) an action to enter the market."[11]

Thus, there may be consequences for failing to carefully mark products in highly competitive markets. Fortunately, the AIA also provided an easy solution to keep marked products up to date.

Virtual Marking

The AIA also amended Section 287(a) to permit virtual marking of patented products. To virtually mark, the patentee need only affix the word patent (or the abbreviation "pat.") to the product or, if the product itself cannot be marked, to its packaging. The patentee may then include a web address that will direct the public to a free site that identifies the patent number(s) applicable to that product.

Virtual marking in this manner allows patentees the flexibility to continuously update which patents cover particular products, thereby thwarting efforts of would-be false-marking trolls seeking to capitalize on patentees who may use outdated product labels or packaging.

Over the past decade, courts have provided guidance on what constitutes proper virtual marking. For example, patentees seeking to avail themselves of the virtual marking should avoid the following:

- Listing patent numbers on a webpage without also marking the protected product with the webpage address and the word "patent" (or the like);[12]

- Using a webpage with patent associations that are difficult for the public to comprehend;[13]

- Marking only the product's packaging, and not the product, where it is possible to mark the product itself with the patent information;[14] and

- Not sufficiently associating the listed patents with the products to which they pertain, such as by including only a table of patent numbers and titles on a webpage without including product information, or lumping all products together as "[Company's] products,"[15] by including on a webpage a datasheet containing several patent numbers and referring the public to the website homepage to obtain product information,[16] and by utilizing a webpage that lists the category of products covered by each patent but not the specific patents associated with each covered product.[17]

Thus, patentees should maintain an up-to-date patent inventory on any linked website, take steps to clearly indicate which products are covered by which patents, and be sure that the product itself is actually marked. Patentees would also do well to regularly review their patent portfolios to ensure that all products are correctly associated with the proper patents, and remove patents that have expired or are otherwise no longer enforceable. Taking these steps may help to avoid potential false marking pitfalls.

Misjoinder of Defendants

The AIA also altered the permissive joinder of parties in patent suits. Prior to the AIA, a plaintiff could sue near-limitless numbers of defendants in the same action simply based on allegations that they infringed the same patent(s). This led to such outrageous situations as having over 1,000 defendants in the same action.[18]

However, the AIA now limits patentees' ability to sue multiple, unrelated accused infringers in a single infringement suit in district court.[19] Specifically, current Section 299 limits naming additional accused infringers to situations where the parties are accused of "making, using, importing into the United States, offering for sale, or selling of the same accused product or process."[20]

In the decade since the AIA's enactment, courts have interpreted what relationships between parties permit joinder in a single suit under Section 299. For instance, parties that work together in making and selling the same accused product (such as one company manufacturing an accused product and another selling it) fall within the scope of permissible joinder.[21]

Additionally, in instances where parties make various accused products or processes, but where the products or processes have a sufficient degree of technical relatedness such that the infringement accusations share common questions of fact, it may be possible for Section 299 joinder to apply.[22]

For example, in NFC Technology LLC v. HTC America Inc., the U.S. District Court for the Eastern District of Texas in 2015 denied HTC's motion to dismiss for improper joinder where HTC argued that its joinder with other defendants failed to satisfy Section 299 because the products manufactured and sold by the defendants were different.[23] The court noted that such an interpretation was an "overly narrow reading" of the "same accused product" language of Section 299 and found that "[d]iverse products using identical component parts are often held to meet the joinder standard."[24]

Where joinder is clearly not permitted under Section 299,[25] there are still strategies available to maximize efficiency. Such strategies include seeking consolidation of the various actions for pretrial purposes under Federal Rule of Civil Procedure 42(a), such as for claim construction and summary judgment proceedings, or seeking to use the multidistrict litigation procedures of Title 28 of the U.S. Code, Section 1407. Consideration should also be given to whether bringing a multiple-defendant action at the U.S. International Trade Commission, instead of in district court, may be appropriate and a more desirable option.

On the other side of the "v.," accused infringers should be mindful of potential cost savings by seeking out other parties accused of infringing the same patents and considering establishing a joint defense group that can share litigation strategies, prior art or even expert witnesses. Additionally, when several accused infringers are entitled to their own trials or dispositive motions, there are multiple opportunities to invalidate a patent, so early and continued coordinate may lead to large gains.

Conclusion

Even with 10 years of guidance on these seemingly simple issues, the above serves as a reminder that patent law is ever-shifting. Navigating this exciting area requires recognition that the only constant is change.

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[1] 35 U.S.C. §287(a).

[2] Pre-AIA 35 U.S.C. §292.

[3] Forest Group, Inc. v. Bon Tool Co., 590 F.3d 1295, 1301 (Fed. Cir. 2009).

[4] Erik Sherman, Trolls Target Patent Markings with a Trillion Dollar Lawsuit, CBS News (Mar. 1, 2010, 1:53 PM) https://www.cbsnews.com/news/trolls-target-patent-markings-with-a-trillion-dollar-lawsuit/; Richard M. Assmus, Watch Out for the Patent Marking Trolls, Mayer Brown (Mar. 1, 2010) https://www.mayerbrown.com/en/perspectives-events/publications/2010/03/watch-out-for-the-patent-marking-trolls.

[5] NDW Patent Innovations LLC v. Proctor & Gamble, 4:10-cv-00519-MHS-ALM, Complaint

at ¶ 18 (E.D. Tex. Sept. 30, 2010).

[6] Post-AIA 35 U.S.C. § 292(a).

[7] Id. at §292(b).

[8] Gravelle v. Kaba Ilco Corp., 684 Fed. Appx. 974, 978 (Fed. Cir. 2017) ("In order to sue under the false marking statute, a plaintiff must have 'suffered a competitive injury as a result of a violation' of the marking statute.").

[9] RB Rubber Prods., Inc., ECORE Int'l., Inc., No. 3:11-cv-319-AC, 2013 WL 3432081, *4-*5 (D. Ore. July 8, 2013) (on reconsideration denying motion to dismiss false marking claim and ruling that while a presumption of competitive injury should not apply under the AIA on the basis of direct competition, the plaintiff had sufficiently plead facts regarding direct competition to show alleged actual competitive injury at the pleading stage).

[10] 785 F.3d 1396, 1400-1402 (Fed. Cir. 2015).

[11] Id. at 1400; see also Reynard v. Griffin, No. 2:14-cv-2261, 2015 WL 12743605 (S.D. Ohio Aug. 18, 2015) (applying Sukumar and dismissing false patent marking claim where plaintiff failed to plead facts showing a competitive injury where the plaintiff failed to show that he was an actual or potential competitor during the relevant time).

[12] A to Z Machining Serv., LLC v. Nat'l Storm Shelter, LLC, No. CIV-10-422-C, 2011 WL 6888543 (W.D. Okla. Dec. 29, 2011).

[13] Nat'l Products, Inc v. Arkon Res., Inc., No. CV-18-02936-AG (SSx), 2019 WL 1034321 (C.D. Cal. Jan. 9, 2019).

[14] Zadro Prod., Inc. v. Feit Elec. Co., Inc., SACV 20-101 JVS (DFMx), 2021 WL 2405697 (C.D. Cal. Jan. 6, 2021).

[15] Egenera, Inc., v. Cisco Sys. Inc., No. 16-11613-RGS, 2021 WL 2582406, *8-*10 (D. Mass. June 23, 2021).

[16] VLSI Tech. LLC v. Intel Co., No. 1:19-CV-977-ADA, 2021 WL 2773013, *3-*4 (W.D. Tex. April 12, 2021).

[17] Mfg. Res. Int'l, Inc. v. Civiq Smartscapes, LLC, 397 F. Supp. 3d 560, 577-78 (D. Del. 2019).

[18] Beth Shaw, Reform Law Aims to Prevent Abuse of Joinder in Patent Suits (Nov. 4, 2011) https://s3.us-east-2.amazonaws.com/washlegal-uploads/upload/legalstudies/legalopinionletter/11-4-11Shaw_LegalOpinionLetter.pdf.

[19] However, AIA § 299 does not apply to the ITC because ITC investigations are not civil actions.

[20] 35 U.S.C. § 299(a) (2012).

[21] Omega Patents, LLC v. Skypatrol, LLC, No. 1:11-cv-24201-KMM, 2012 WL 2339320, *2 (S. D. Fl. June 19, 2012) (finding appropriate for joinder claims against one defendant who manufactures an accused product and claims against a second defendant who receives

the manufactured product, and then reconfigures, modifies, and rebrands the product for distribution under its own name).

[22] See NFC Tech., LLC v. HTC America, No. 2:13-cv-01058-JRG, 2014 WL 3834959 (E.D. Tex. Aug. 1, 2014); see also Imperium (IP) Holdings, Inc., v. Apple Inc., No. 4:11-cv-163, 2012 WL 461775 (E.D. Tex. Jan. 20, 2012).

[23] NFC Tech., LLC, 2014 WL at *2.

[24] Id.

[25] Traxcell Tech., LLC v. Nokia Solutions & Networks US LLC, No. 2:18-cv-00412-RWS-RSP, 2019 WL 8137134 (E.D. Tex. Oct. 22, 2019) (granting motion to dismiss claims against HMD Global Oy for improper joinder under § 299 where evidence of a connection between HMD Global Oy and the other defendants T-Mobile and Nokia was that HMD Global Oy phones may be used on the T-Mobile network and that HMB Global Oy phones may connect to a network that uses Nokia devices).