
No. 2019-1080

United States Court of Appeals for the Federal Circuit

ARCTIC CAT INC.,
Plaintiff-Appellant,

v.

BOMBARDIER RECREATIONAL PRODUCTS INC., BRP U.S. INC.,
Defendants-Appellees.

Appeal from the United States District Court for the Southern District
of Florida in Case No. 0:14-cv-62369, Judge Beth Bloom

APPELLANT'S PETITION FOR REHEARING *EN BANC*

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March 19, 2020

35 U.S.C. § 287(a) (2012) (paragraph break added)

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.

CERTIFICATE OF INTEREST

- 1. The full name of every party represented by us is:**
Arctic Cat Inc.
- 2. The name of any real party in interest represented by us, and not identified in response to Question 3, is:** None.
- 3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the parties represented by us are:** Arctic Cat Inc.'s parent company is Textron Inc., a publicly-held corporation. No other publicly-held company owns 10% or more of Arctic Cat's stock.
- 4. The names of all law firms and the partners or associates that appeared for the parties now represented by us in the district court but who have not appeared and are not expected to appear in this Court are:**

HAGENS BERMAN SOBOL SHAPIRO LLP: Steve W. Berman, Joshua C. Benson.

HARKE CLASBY & BUSHMAN LLP: Lance A. Harke, Sarah Clasby Engel, Howard M. Bushman.

- 5. The title and number of any case known to us to be pending in this or any other court or agency that will directly affect or be directly affected by this Court's decision in the pending appeal.**

None.

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Note: All emphasis is added unless otherwise indicated.

RULE 35(B)(2) STATEMENT

Based on our professional judgment, we believe the following:

1. This appeal requires answers to the following precedent-setting questions of exceptional importance:

a) On “proof that the infringer was notified of the infringement and continued to infringe thereafter,” patentees are entitled to damages for infringing acts “occurring after such notice.” 35 U.S.C. §287(a). Can a defendant’s own willful infringement be proof of “notice” and “proof that the infringer was notified of the infringement”?

b) When a patentee or its licensee previously sold unmarked patented articles but stopped “making, offering for sale, or selling within the United States any patented article,” does §287(a) limit damages for infringing acts occurring after those activities ended?

2. The panel decision is contrary to the following decisions of the Supreme Court and this Court: *Dunlap v. Schofield*, 152 U.S. 244 (1894); *Wine Ry. Appliance Co. v. Enter. Ry. Equip. Co.*, 297 U.S. 387 (1936); *Am. Med. Sys., Inc. v. Med. Eng’g Corp.*, 6 F.3d 1523 (Fed. Cir. 1993).

/s/ Gregg F. LoCascio, P.C.
Attorney of Record for
Appellant Arctic Cat Inc.

INTRODUCTION

The Patent Act’s marking statute, 35 U.S.C. §287(a), is reproduced on this petition’s inside-front cover. It provides that patentees and licensees “may” mark patented articles that they make, sell, or offer for sale. The statute adds that “[i]n the event of failure so to mark,” patentees can only recover damages from infringers who were “*notified of the infringement* and continued to infringe thereafter,” and “only for infringement occurring after such 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*.

The panel interpreted that statute in two ways that conflict with precedent and statutory text, and that will have profound negative effects on the patent system if left uncorrected.

First, the panel held that “notified of the infringement” means notified *by the patentee* of the infringement. Bombardier is an adjudicated willful infringer who tested Arctic Cat’s prototypes, copied Arctic Cat’s technology, and continued to infringe after it was notified of its infringe-

ment by its own agents. Nonetheless, the panel concluded that Bombardier owed no damages for any infringement before Arctic Cat filed its complaint, because *Arctic Cat* had not notified Bombardier of its infringement. Slip.Op.9-11.

The panel's rule has no statutory basis, splits with pre-Federal Circuit precedent, and comes from an outright misquotation of *Dunlap v. Schofield*, 152 U.S. 244 (1894). In *Dunlap*, the Supreme Court referred to notice of infringement as "an affirmative fact" that patentees must prove in litigation. 152 U.S. at 248. In *Amsted Industries, Inc. v Buckeye Steel Castings Co.*, 24 F.3d 178 (Fed. Cir. 1994), this Court misquoted *Dunlap* as referring to "an affirmative act," and characterized *Dunlap* as holding *the patentee* must perform some "act" to notify the infringer of its infringement under the marking statute. *Id.* at 187. *Amsted* is wrong, and adds a "by the patentee" clause to the statute that Congress never enacted. The panel decision doubles down on *Amsted's* erroneous reasoning and reaffirms *Amsted's* immunity for willful infringers who have not been notified by the patentee. Only the en banc court can correct that error.

Second, the panel held that a patentee loses all pre-suit damages if it or its licensee once sold unmarked products even if those sales completely stopped, unless it begins making or selling marked products; “cessation of sales of unmarked products is not enough.” Slip.Op.7. But precedent holds that if no unmarked products are being made or sold, then there is no longer a “failure so to mark” and §287’s limits on damages no longer apply. The panel grafts yet another nontextual limitation onto the statute: after an initial failure to mark, patent owners who do not do their own marketing or sales must find a way to enter the marketplace with marked goods or forever be subject to §287(a)’s limits on damages. Neither text nor precedent supports such a requirement, and it makes little sense to suppose that Congress intended to discriminate against patent owners who do not do their own marketing or sales. The question whether cessation of sales of unmarked products ends the “failure so to mark” is important and squarely presented here, and the panel’s answer is wrong. Both issues warrant rehearing en banc.

RELEVANT BACKGROUND

A. Bombardier's Willful Infringement

Arctic Cat patented life-saving steering technology for personal watercraft (e.g., Jet Ski, Sea-Doo), and offered to license it to major manufacturers. Honda took a license that allowed it not to mark its products with Arctic Cat's patents. Slip.Op.2. Honda sold unmarked products from approximately 2002 to 2013, then stopped. Slip.Op.3.

Bombardier, however, willfully infringed. It tested Arctic Cat prototypes,¹ declined license offers,² tracked Arctic Cat's patents' issuance,³ covertly tried to buy those patents,⁴ copied Arctic Cat's technology,⁵ and obtained sham opinions of counsel after "its own experts had already concluded a likelihood of infringement." Appx360 (district court); Appx387 (same); Appx390. Bombardier's willful infringement expanded to the point "that all BRP [personal watercraft] sold since 2013 include[d] the technology ... found to willfully infringe." Appx394.

¹ Appx2237-2238(237:17-238:14); Appx2293-2294(46:7-47:10); Appx2437(190:3-11).

² Appx2687(179:4-14); Appx2706(198:18-24); Appx3616-3617(219:24-220:3); Appx4075-4076; Appx2238(238:15-21).

³ Appx369; Appx2554(46:6-17); Appx3020-3024(25:9-29:24); Appx3027-3028(32:18-33:1).

⁴ Appx395.

⁵ Appx389-390.

B. Litigation

Arctic Cat sued Bombardier in October 2014 and, per 35 U.S.C. §286, sought damages beginning October 2008. The jury found that Bombardier willfully infringed. Appx372-376. The district court trebled damages under 35 U.S.C. §284, finding “this case was not a close one,” and “BRP is the wanton infringer” the Supreme Court envisioned in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016). Appx394; Appx397. In an earlier appeal, this Court affirmed on willfulness and enhancement, *Arctic Cat Inc. v. Bombardier Recreational Products Inc.*, 876 F.3d 1350, 1371-72 (Fed. Cir. 2017) (“*Arctic Cat I*”), and the Supreme Court denied Bombardier’s certiorari petition. 139 S. Ct. 143 (2018). This Court vacated the pre-filing portion of the damages award, however, and remanded for a new trial on Arctic Cat’s compliance with §287(a). *Arctic Cat I*, 876 F.3d at 1365-69.

On remand, the district court ruled that under §287(a) Arctic Cat was not entitled to pre-suit damages because Arctic Cat’s licensee Honda had sold unmarked products and because Arctic Cat had not “notified”

Bombardier “of its infringement” under §287(a) before filing its complaint. Appx16-18. That ruling cut Arctic Cat’s damages from over \$46 million to about \$18 million. Appx1; Appx379.

This Court affirmed, and rejected Arctic Cat’s two arguments for restoring some or all of the original damages judgment.

First, Arctic Cat reserved the right to seek en banc reconsideration of *Amsted*’s rule that “notified of the infringement” under §287(a) requires notification by the patentee. Blue.Br.45-58; Reply.Br.21-35. As Arctic Cat explained, the statute contains no such limitation, and Bombardier’s adjudicated willful infringement showed that Bombardier “was notified of the infringement and continued to infringe thereafter” under §287(a). The panel disagreed, reaffirming *Amsted*. Slip.Op.9-11.

Second, Arctic Cat argued that under decisions like *American Medical Systems*, the “failure so to mark” under §287(a) ended when Honda stopped selling unmarked products in 2013 (about 13 months before the complaint was filed). Thus, Arctic Cat should receive damages at least starting then. Blue.Br.33-45; Reply.Br.9-21. The panel disagreed, holding that, to collect damages, patentees who once failed to mark must either begin making or selling marked products or provide actual notice to

an alleged infringer; “cessation of sales of unmarked products is not enough.” Slip.Op.7.

ARGUMENT

I. The En Banc Court Should Reconsider *Amsted’s* And The Panel’s Erroneous Holding That Only Communications From The Patentee Can Make The Infringer “Notified Of The Infringement” Under §287(a).

Amsted grafted a nontextual limitation onto §287(a), without any textual analysis, in conflict with prior court of appeals precedent, and based on a misreading of *Dunlap*. *Amsted* is wrong about an important legal question, and the en banc Court should overrule it.

A. *Amsted* and the Panel Decision are Inconsistent With Statutory Text and Supreme Court Precedent.

The key passage of the marking statute has remained unchanged substantively for more than 100 years. Section 287(a) provides:

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*.

Section 287’s predecessor, Rev. Stat. §4900, used similar language (“was duly notified of the infringement”). “[N]otified of the infringement” is phrased in passive voice: the plaintiff must show that the defendant “was notified of the infringement.” The statute does not limit *by whom* the

defendant “was notified of the infringement”; the patentee need only supply “proof that the infringer was notified of the infringement.”

That makes sense in light of the marking statute’s purposes of **(1)** avoiding innocent infringement, **(2)** encouraging marking of patented articles, and **(3)** informing the public whether an article is patented. *Arctic Cat I*, 876 F.3d at 1366. The above-quoted passage furthers all three by burdening patentees who fail to mark: they forfeit the strict-liability character of patent infringement and must prove that individual defendants received *actual notice* before they may begin collecting damages.

Such notice typically comes from patentees, but there is no reason to suppose that Congress made the typical case the only case. Again, the text does not limit *by whom* the defendant is “notified of the infringement.” Moreover, limiting the source of notice to the patentee would serve none of the statute’s purposes. Such a requirement does not encourage marking or inform the public, because the notice requirement only applies where the patentee has already failed to mark. 35 U.S.C. §287(a) (“In the event of a failure so to mark.”). It also does not avoid innocent infringement, as an infringer “notified of the infringement” is

no more or less innocent if notice comes from the patentee or someone else.

Indeed, requiring notice *only* from the patentee thwarts the statute's innocent-infringement-avoidance purpose by rewarding undetected willful infringement. *See Am. Ornamental Bottle Corp. v. Orange-Crush Co.*, 76 F.2d 969, 971 (4th Cir. 1935) (“No such purpose would be served by applying this section to one who has boldly appropriated the invention of another.”). Willful infringers are the opposite of “innocent,” and often infringe in secret. If a patentee fails to mark, but shoulders the difficult burden of proving willful infringement (as Arctic Cat did here with an arsenal of smoking guns), the textual requirement of §287(a) is satisfied. The patentee has supplied “proof that the infringer was notified of the infringement” by the infringer’s own employees “and continued to infringe thereafter.” 35 U.S.C. §287(a). There is no reason for an additional “by the patentee” limitation that would only immunize willful infringers for the time they evaded detection.

This Court’s contrary precedent relies not on text or purpose, but on a simple misreading of the Supreme Court’s *Dunlap* decision. In *Amsted*, this Court held that a willful infringer had not been “notified of the

infringement” until it had received a letter from the patentee specifically alleging infringement. 24 F.3d at 186-87. “It is *irrelevant*,” *Amsted* held, “whether the defendant knew of the patent *or knew of his own infringement*. 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.* at 187. *Amsted* never grounded that “approach” in §287’s text. Nor did *Amsted* ever explain why it believed Congress made the infringer’s knowledge irrelevant and immunized willful infringers whom the patentee had not yet “notified.” *Amsted* only cited dicta from other cases, and otherwise relied entirely on *Dunlap*, as “highly persuasive, if not controlling on the meaning” of §287(a). *Id.*

Dunlap, however, did not present the question whether an infringer can be “notified of the infringement” by someone other than the patentee, within the meaning of §287(a)’s predecessor. *Dunlap* addressed burdens of proof and pleading under a different statute. In earlier proceedings, the patentee had alleged that it notified the defendant of infringement, but the patentee “offered no proof in support” and thus recovered no damages. 152 U.S. at 248. At the Supreme Court, the patentee did not challenge that result. *Id.* (patentee “waiv[ed] all right to an account of profits,

or to other damages”). Instead, it sought a \$250 “penalty” under an analogous different statute that also contained a knowledge requirement. *Id.*

In that context, *Dunlap* held that the separate penalty statute, like the marking statute, required the patentee to plead and prove the requisite knowledge. *Id.* at 248-49. In analogizing to the marking statute, *Dunlap* said the following:

The clear meaning of [§4900] 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 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.*

152 U.S. at 247-48. *Amsted* seized on that last sentence, misquoted “affirmative **fact**” as “affirmative **act**,” and reasoned that “*Dunlap*...established that notice *must be an affirmative act on the part of the patentee.*” 24 F.3d at 178.

Amsted was wrong. An “affirmative *fact*,” like “affirmative defense,” refers to burdens of pleading and proof. See Edward S. Roscoe, ROSCOE’S DIGEST OF THE LAW OF EVIDENCE ON THE TRIAL OF ACTIONS AT

NISI PRIUS 89 (10th ed. 1861) (“he who asserts a fact in the affirmative is bound to prove it”); Jacob R. Halsted, HALSTEAD’S DIGEST OF THE LAW OF EVIDENCE 264 (1867) (“*onus probandi* rests on the party asserting the affirmative fact”). In context—where the parties disputed burdens of pleading and proof—*Dunlap* explained that marking and notice are “each” something the patentee must plead and prove. Bombardier has seized on the “something to be done by him” language, but again, in context, that refers to the patentee’s evidentiary burden, not the source of the notice itself. The Supreme Court cautions against reading judicial 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); see also *Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 399-400 (1821). *Dunlap* did not announce a rule that *only* patentees can provide the statutory notice, particularly in a case where the source of notice was not disputed.

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). *Amsted* nonetheless remains binding precedent.

Here, the panel reaffirmed *Amsted*'s holding and repeated *Amsted*'s errors. Like *Amsted*, the panel never examined §287(a)'s text or grappled with the statute's passive-voice phrasing or the implications of a nontextual immunity for undetected willful infringers. Nor did the panel address *Dunlap*'s context of resolving burdens of pleading and proof under a different statute. Instead, the panel declared that "the fact is the act," Slip.Op.10, derided Arctic Cat's argument as relying on "a supposed typographical error," *id.*, and repeated *Amsted*'s conclusion that "actual notice under §287 ... require[s] action by the patentee." Slip.Op.11.

B. *Amsted* and the Panel Decision Split With Pre-Federal Circuit Precedent.

Pre-Federal Circuit precedent further confirms that *Amsted* and the panel decision misread *Dunlap* and §287(a). Numerous court of appeals decisions, including some very close in time to *Dunlap*, conclude that notification can come *from any source*. 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 manner [*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”). Indeed, the Fourth Circuit specifically held that when a patentee proves willful infringement, there is no additional requirement that the patentee itself must have provided notice. *Am. Ornamental Bottle*, 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.”). Pre-Federal Circuit precedent is not unanimous. See McKeon, 9 Harv. J.L. & Tech. at 447-52 (documenting an erroneous line of cases beginning with a 1927 district court decision). But neither *Amsted*, the panel decision, nor any other case reconciles a willful-infringement-immunizing, nontextual, “by the patentee” requirement with the marking statute’s text or purpose, nor with *Dunlap*’s context. *Amsted*’s and the panel’s unexplained split with the pre-Federal Circuit majority rule is an additional reason warranting en banc review.

C. The Issue is Squarely Presented and Warrants En Banc Review.

Arctic Cat has undisputedly preserved the argument that *Amsted* is wrong, and there is no possibility the question will be mooted by other

issues. This case is an especially suitable vehicle, moreover, because it is the rare appeal where willful infringement is undisputed as it was resolved in an earlier appeal.

The panel's forceful reaffirmation of *Amsted*, moreover, confirms that *Amsted* is firmly entrenched as precedent, and percolation will change nothing. Like *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), *overruled by TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992), *overruled by Impression Prods., Inc. v. Lexmark Int'l Inc.*, 137 S. Ct. 1523 (2017) or *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998), *overruled in part by Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318 (2015), *Amsted* is an erroneous decision whose time has come. This Court should grant re-hearing and overrule it.

II. The En Banc Court Should Reconsider The Panel's Erroneous Holding That Section 287(a) Continues To Limit Damages After Sales Of Unmarked Patented Articles Stop.

The Court should also reconsider the panel's ruling that "cessation of sales of unmarked products" does not end the "failure so to mark" under §287(a). Slip.Op.5-9. That ruling grafts an additional nontextual

requirement onto the statute, and penalizes patentees who cannot easily enter the manufacturing business or find a licensee to do so.

Section 287(a)'s limit on damages only applies when there has been a failure to mark; if there were never any goods to mark, the limit does not apply. *Wine Ry.*, 297 U.S. at 393-97. This Court and others' precedent holds that patentees who once failed to mark patented articles can still recover damages, without needing to prove actual notice to infringers, once they *cease* their failure to mark. *See, e.g., Am. Med. Sys.*, 6 F.3d at 1534-38; *Wm. Bros. Boiler & Mfg. Co. v. Gibson-Stewart Co.*, 312 F.2d 385, 386 (6th Cir. 1963); *Bros. Inc. v. W.E. Grace Mfg. Co.*, 320 F.2d 594, 599 (5th Cir. 1963). Those decisions are consistent with §287(a)'s present-tense phrasing: the limit on damages applies “in the event of a failure so to mark.” When “failure so to mark” ends, the limit no longer applies. One way to end “failure so to mark” is to start marking—*i.e.*, to make or sell marked products. The panel decision announces that is the only way: “to begin recovering damages after sales of unmarked products have begun, §287 requires that a patentee *either begin marking its products or provide actual notice to an alleged infringer; cessation of sales of unmarked products is not enough.*” Slip.Op.7. In other words, even after

a patentee's non-marking licensee exits the market, the patentee must find a way to reenter it with marked products.

The panel's brief textual analysis proves too much and fails to support its holding. The panel states that §287(a) does not "temporally limit[]" the consequences of a failure to mark. Rather, the statute "prohibits a patentee from receiving *any* damages in a subsequent action for infringement after a failure to mark." Slip.Op.7 (original emphasis). If that is true, then *American Medical Systems, Wm. Bros. Boiler, and Bros. Inc.* were all wrongly decided, and *every* failure to mark must *forever* limit the patentee's ability to seek damages—a result the panel specifically rejects. Slip.Op.6 ("a patentee who begins selling unmarked products can cure noncompliance with the notice requirement ...by beginning to mark its products.") But if, instead, that half-century of precedent is right, then there is no support in the statutory language ("in the event of a failure so to mark") for the distinction the panel draws between favored and disfavored ways of "cur[ing] noncompliance with the notice requirement." Slip.Op.6.

The panel mainly relies on the “purpose of the marking statute.” Slip.Op.8; *id.* at 8-9. If cessation of sales of unmarked products were sufficient, then in the panel’s view, “a patentee who has sold unmarked products would have no incentive to begin marking, contrary to the objective of the statute.” Slip.Op.9. That makes no sense. Whether a patentee who once failed to mark begins marking or stops selling unmarked products, the unmarked products remain in the marketplace. To distinguish between the former and the latter circumstances requires one to assume that the statute enacts a monolithic policy of encouraging patentees to “begin marking.” But it is well-established that “no legislation pursues its purposes at all costs,” and “it frustrates rather than effectuates legislative intent simplistically to assume that *whatever* furthers the statute’s primary objective must be the law.” *Rodriguez v. United States*, 480 U.S. 522, 525-26 (1987) (original emphasis). Congress’ choice of *how* to encourage marking is embodied in the text, which does not support the panel’s distinction between beginning to mark and ceasing the sale of unmarked products.

The panel also speculated that “even after a patentee ceases sales of unmarked product, nothing precludes the patentee from resuming

sales or authorizing a licensee to do so.” Slip.Op.8. That suggestion blinks reality and illustrates the consequences that will flow from the panel’s decision. Commercializing a patented invention—*e.g.*, manufacturing complex machinery like personal watercraft here— is not a switch that can simply be flipped on and off at will. Requiring patentees who have exited the market to “resum[e] sales or authorize a licensee” imposes needless costs on any once-non-marking patent owner who is not vertically integrated with sales or manufacturing—*e.g.*, a university, licensing NPE, holding company, or solo inventor. There is no basis in law or logic to suppose that Congress meant to discriminate against those patent owners by forcing them into a particular business model to restore their ability to seek ordinary patent damages. This case squarely presents the question whether cessation of sales of unmarked products is sufficient to end a “failure so to mark.” The en banc court should correct the panel’s erroneous answer.

CONCLUSION

Arctic Cat respectfully requests rehearing en banc.

March 19, 2020

Respectfully submitted,

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ADDENDUM

**Panel Slip Opinion (February 19, 2020),
published at 950 F.3d 860**

**United States Court of Appeals
for the Federal Circuit**

ARCTIC CAT INC.,
Plaintiff-Appellant

v.

**BOMBARDIER RECREATIONAL PRODUCTS INC.,
BRP U.S. INC.,**
Defendants-Appellees

2019-1080

Appeal from the United States District Court for the Southern District of Florida in No. 0:14-cv-62369-BB, Judge Beth Bloom.

Decided: February 19, 2020

GREGG LOCASCIO, Kirkland & Ellis LLP, Washington, DC, argued for plaintiff-appellant. Also represented by NATHAN S. MAMMEN, JOHN C. O'QUINN, CALVIN ALEXANDER SHANK; NICHOLAS STEPHAN BOEBEL, Hansen Reynolds LLC, Minneapolis, MN; NIALL ANDREW MACLEOD, AARON MYERS, DIANE PETERSON, Kutak Rock LLP, Minneapolis, MN.

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Also represented by JENNIFER JASMINE JOHN, MICHELLE LISZT SANDALS.

Before LOURIE, MOORE, and STOLL, *Circuit Judges*.

LOURIE, *Circuit Judge*.

Arctic Cat Inc. (“Arctic Cat”) appeals from a judgment of the United States District Court for the Southern District of Florida that Arctic Cat is not entitled to recover pre-complaint damages from Bombardier Recreational Products Inc. (“Bombardier”) due to the failure of Arctic Cat’s licensee to mark products in accordance with 35 U.S.C. § 287. *Arctic Cat Inc. v. Bombardier Recreational Prods.*, 334 F. Supp. 3d 1238, 1240 (S.D. Fla. 2018). Because we agree with the district court that § 287 continues to limit damages after a patentee or licensee ceases sales of unmarked products, and that willful infringement does not establish actual notice under § 287, we affirm.

BACKGROUND

Arctic Cat owns U.S. Patents 6,793,545 (“the ’545 patent”) and 6,568,969 (“the ’969 patent”), which are directed to thrust steering systems for personal watercraft (“PWCs”). The ’545 and ’969 patents issued in 2004 and 2003 respectively, but Arctic Cat had stopped selling PWCs before either patent issued. In 2002, Arctic Cat entered into a license agreement with Honda for several Arctic Cat patents and patent applications, as well as any later patents “that patentably cover Arctic Cat’s Controlled Thrust Steering methods, systems, and developments,” which includes the ’545 and ’969 patents. J.A. 256 ¶ GG; *see* J.A. 4078. The initial draft of the license agreement included a provision requiring Honda, as licensee, to mark all licensed products with the applicable patent numbers. However, that provision was deleted during negotiations, and the final version of the license agreement expressly stated that Honda had no marking obligations.

Thereafter, Honda began making and selling unmarked PWCs, and Arctic Cat made no effort to ensure that PWCs sold by Honda were marked. The parties dispute when Honda stopped selling unmarked products under its license with Arctic Cat, but Arctic Cat asserts that Honda stopped selling unmarked products no later than September 6, 2013, approximately one year before Arctic Cat sued Bombardier. Bombardier contends that Honda continued to sell PWCs under the Arctic Cat license as late as 2018.

On October 16, 2014, Arctic Cat sued Bombardier for infringement of various claims of the '545 and '969 patents. Before trial, Bombardier moved to limit Arctic Cat's potential damages because of Honda's sales of unmarked products. The district court held that Bombardier, as defendant, bore the burden of proving that Honda's PWCs practiced the asserted claims and, because that proof was lacking, denied Bombardier's motion.

At trial, the jury found Arctic Cat's patents not invalid, awarded Arctic Cat a royalty to begin on October 16, 2008—six years before Arctic Cat filed suit—and found that Bombardier had willfully infringed the asserted claims. After post-trial briefing, as relevant here, the district court denied Bombardier's renewed motion for judgment as a matter of law on marking and willfulness. As to marking, the district court held that Bombardier had failed to meet its burden of proving that Honda's PWCs practiced the asserted claims. Bombardier appealed to this court. See *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350 (Fed. Cir. 2017) ("*Arctic Cat I*").

On appeal, we affirmed as to willfulness but vacated and remanded as to marking. *Id.* at 1369. Specifically, we determined that the district court erred in placing the burden on Bombardier to prove that the Honda PWCs practiced the claimed invention. We held that once an alleged infringer identifies products that it believes are unmarked

patented articles subject to the notice requirements of § 287, the patentee bears the burden of proving that the identified products do not practice the claimed invention. *Id.* at 1368. Accordingly, we vacated the district court's judgment as to marking and remanded to allow Arctic Cat an opportunity to establish that the Honda PWCs do not fall within the asserted claims.

On remand, Arctic Cat conceded that it could not show that the Honda PWCs do not practice the asserted claims, J.A. 5065 ¶ K; J.A. 589, but nonetheless moved for summary judgment that it is entitled to receive pre-complaint damages. First, Arctic Cat argued that the damages limitation of 35 U.S.C. § 287 applies only while a patentee is actively making, using, or selling unmarked products. Thus, Arctic Cat argued, § 287 did not apply after the time that it alleges Honda stopped selling unmarked products, and Arctic Cat is therefore entitled to damages during the period after the cessation of Honda's sales but before the filing of its suit against Bombardier. More ambitiously, Arctic Cat also argued that it is entitled to damages for the full six-year period prior to suit allowed under 35 U.S.C. § 286—including for the period during which Honda was undisputedly selling unmarked products—because the jury's finding of willful infringement is sufficient to demonstrate actual notice under § 287.

In its own motion for summary judgment, Bombardier argued that Honda's PWCs were unmarked patented articles and Arctic Cat failed to provide constructive or actual notice under § 287, and Arctic Cat therefore cannot receive any pre-complaint damages. Bombardier argued that non-compliance with § 287 can be cured only by either beginning to mark or providing actual notice to an alleged infringer.

The district court granted summary judgment in favor of Bombardier, and Arctic Cat appealed. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

DISCUSSION

We review a district court’s grant of summary judgment according to the law of the regional circuit. *Kaneka Corp. v. Xiamen Kingdomway Grp. Co.*, 790 F.3d 1298, 1303 (Fed. Cir. 2015) (citing *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 769 F.3d 1371, 1377 (Fed. Cir. 2014)). The Eleventh Circuit reviews grants of summary judgment *de novo*. *Myers v. Bowman*, 713 F.3d 1319, 1326 (11th Cir. 2013). Summary judgment is appropriate when “there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56.

In this appeal, we are tasked with interpreting the marking statute, 35 U.S.C. § 287. Statutory interpretation is a question of law that we review *de novo*. *Wyeth v. Kappos*, 591 F.3d 1364, 1369 (Fed. Cir. 2010) (quoting *Glaxo Operations UK Ltd. v. Quigg*, 894 F.2d 392, 395 (Fed. Cir. 1990)).

I

Section 287(a) provides in pertinent part:

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 . . . by fixing thereon the word “patent” 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.

The notice provisions of § 287 do not apply to patents directed to processes or methods. *See Wine Ry. Appliance*

Co. v. Enterprise Ry. Equip. Co., 297 U.S. 387, 395 (1936). Nor do they apply when a patentee never makes or sells a patented article. *Id.* at 398. Thus, a patentee who never makes or sells a patented article may recover damages even absent notice to an alleged infringer. If, however, a patentee makes or sells a patented article and fails to mark in accordance with § 287, the patentee cannot collect damages until it either begins providing notice or sues the alleged infringer—the ultimate form of notice—and then only for the period after notification or suit has occurred. Thus, a patentee who begins selling unmarked products can cure noncompliance with the notice requirement—and thus begin recovering damages—by beginning to mark its products in accordance with the statute. *See Am. Med. Sys., Inc. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1537 (Fed. Cir. 1993).

A patentee's licensees must also comply with § 287. *See Arctic Cat I*, 876 F.3d at 1366 (citing *Maxwell v. J. Baker, Inc.*, 86 F.3d 198, 1111 (Fed. Cir. 1996)). While courts may consider whether the patentee made reasonable efforts to ensure third parties' compliance with the marking statute, *id.*, here Arctic Cat's license agreement with Honda expressly states that Honda had no obligation to mark. J.A. 4081 ¶ 6.01; J.A. 259 ¶ JJ. Thus, it does not excuse Arctic Cat's lack of marking that it is Arctic Cat's licensee, rather than Arctic Cat itself, who sold unmarked products.

A patentee who makes or sells patented articles can satisfy the notice requirement of § 287 either by providing constructive notice—*i.e.*, marking its products—or by providing actual notice to an alleged infringer. *Gart v. Logitech, Inc.*, 254 F.3d 1334, 1345 (Fed. Cir. 2001). “Actual notice requires the affirmative communication of a specific charge of infringement by a specific accused product or device.” *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 187 (Fed. Cir. 1994).

This case presents a discontinuous situation in which unmarked products were sold, such that Arctic Cat could not receive damages before providing notice, but the sales of unmarked products allegedly stopped for a period of time prior to the filing of Arctic Cat's complaint. Thus, the issue presented is whether the cessation of sales of unmarked products excuses noncompliance with the notice requirement of § 287 such that a patentee may recover damages for the period after sales of unmarked products ceased but before the filing of a suit for infringement. We hold that it does not.

Arctic Cat argues that, because § 287 is written in the present tense, the statute by its terms only applies while a patentee is "making, offering for sale, or selling" its products. Thus, according to Arctic Cat, the statute limits damages only during periods when the patentee is actually making, offering for sale, or selling the patented article. Bombardier responds that, to begin recovering damages after sales of unmarked products have begun, § 287 requires that a patentee either begin marking its products or provide actual notice to an alleged infringer; cessation of sales of unmarked products is not enough. We agree with Bombardier.

We begin with the language of the statute. *Duncan v. Walker*, 533 U.S. 167, 172 (2001). While § 287 describes the conduct of the patentee in the present tense, the consequence of a failure to mark is not so temporally limited. Section 287 provides that "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" (emphasis added). The statute thus prohibits a patentee from receiving *any* damages in a subsequent action for infringement after a failure to mark, rather than merely a reduced amount of damages in proportion to the amount of time the patentee was actually practicing the asserted patent.

Arctic Cat's obligation to mark arose when its licensee began selling patented articles. The cessation of sales of unmarked products certainly did not fulfill Arctic Cat's notice obligations under § 287, nor did it remove the notice requirement imposed by the statute. The notice requirement to which a patentee is subjected cannot be switched on and off as the patentee or licensee starts and stops making or selling its product. After all, even after a patentee ceases sales of unmarked products, nothing precludes the patentee from resuming sales or authorizing a licensee to do so. In the meantime, unmarked products remain on the market, incorrectly indicating to the public that there is no patent, while no corrective action has been taken by the patentee. Confusion and uncertainty may result. Thus, once a patentee begins making or selling a patented article, the notice requirement attaches, and the obligation imposed by § 287 is discharged only by providing actual or constructive notice.

This reading of § 287 comports with the purpose of the marking statute. The policy of § 287 is to encourage marking, not merely to discourage the sale of unmarked products. We have explained that the notification requirement of § 287 “serves three related purposes: (1) helping to avoid innocent infringement; (2) encouraging patentees to give public notice that the article is patented; and (3) aiding the public to identify whether an article is patented.” *Arctic Cat I*, 876 F.3d at 1366 (citing *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1443 (Fed. Cir. 1998)). Requiring a patentee who has sold unmarked products to provide notice in order to begin recovering damages advances these objectives by informing the public and possible infringers that the article is patented. Arctic Cat's proposed interpretation, on the other hand, would undermine these objectives. In Arctic Cat's view, § 287 should be read to allow a patentee to mislead others that they are free to make and sell an article that is actually patented, but nonetheless

allow the patentee to recover damages without undertaking any corrective action. We reject this view.

In *American Medical Systems*, 6 F.3d at 1537, we interpreted § 287 to allow a patentee who had sold unmarked products to begin recovering damages after the patentee began marking. Otherwise, a patentee who has sold unmarked products would have no incentive to begin marking, contrary to the objective of the statute. Here, where Honda merely stopped selling unmarked products but Arctic Cat otherwise took no action to remedy prior noncompliance or to provide notice that the articles were actually patented, Arctic Cat never complied with the notice requirement of § 287 and thus cannot recover damages for any period prior to the filing of its complaint.

II

Arctic Cat also argues that, regardless of its failure to mark, it should nevertheless recover the maximum amount of pre-suit damages allowed by 35 U.S.C. § 286 because the jury's finding that Bombardier willfully infringed the asserted claims should be sufficient to establish actual notice under § 287. Arctic Cat acknowledges, as it must, that this argument is foreclosed by our precedent. In *Amsted Indus. Inc. v. Buckeye Steel Castings Co.* we held that the determination whether a patentee provided actual notice under § 287 “must focus on the action of the patentee, not the knowledge or understanding of the infringer,” and that “[i]t is irrelevant . . . whether the defendant knew of the patent or knew of his own infringement.” 24 F.3d 178, 187 (Fed. Cir. 1994) (citing *Am. Med. Sys., Inc.*, 6 F.3d at 1537 n.18)). Accordingly, we reject Arctic Cat's argument.

Aside from our inability to reverse the decision of an earlier panel, see *Newell Cos., Inc. v. Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988), we reiterate the conclusion 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. While willfulness turns

on the knowledge of an infringer, § 287 is directed to the conduct of the patentee. The marking statute imposes notice obligations on the patentee, and only the patentee is capable of discharging those obligations. It is not directed to the infringer and does not contemplate mere knowledge of the infringer as sufficient to discharge the notice requirements placed on the patentee.

Arctic Cat bases its argument for reversing *Amsted* on a supposed typographical error in that opinion in a quotation from the Supreme Court's decision in *Dunlap v. Schofield*, 152 U.S. 244 (1894). Where the Supreme Court stated that notice "is an affirmative *fact*," *id.* at 248, our opinion in *Amsted* quoted *Dunlap* as characterizing notice as "an affirmative *act*," 24 F.3d at 187. Arctic Cat argues that this discrepancy undermines the reasoning in *Amsted* and that, properly understood, *Dunlap* stands for the proposition that notice is a fact that can be proved by knowledge of the infringer. But the alleged mistranscription in *Amsted* is inconsequential to our analysis of *Dunlap* because the relevant *fact* is the *act* of the patentee. The full context of *Dunlap* confirms this understanding:

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 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.

152 U.S. at 248. Thus, the fact is the act of marking or providing notice, and both are "something to be done by"

the patentee. Knowledge by the infringer is not enough. Actual notice under § 287 requires performance by the patentee.

Finally, we note that other decisions of this court pre-dating *Amsted* similarly interpreted actual notice under § 287 to require action by the patentee. *See Am. Med. Sys.*, 6 F.3d at 1537 n.18 (Fed. Cir. 1993) (“The notice of infringement must therefore come from the patentee, not the infringer.”); *Devices for Med., Inc. v. Boehl*, 822 F.2d 1062, 1066 (Fed. Cir. 1987) (“[The patentee] failed to carry its burden of convincing the jury that it had performed affirmative acts in compliance with § 287.”).

CONCLUSION

We have considered Arctic Cat’s remaining arguments but find them unpersuasive. Accordingly, for the reasons above, we affirm the district court’s denial of pre-complaint damages to Arctic Cat.

AFFIRMED

CERTIFICATE OF SERVICE

On March 19, 2020, this petition was submitted to the Court through the CM/ECF system, and thereby served on all parties.

/s/ C. Alex Shank

**CERTIFICATE OF COMPLIANCE WITH
TYPE-VOLUME LIMITATION**

This petition complies with the type-volume limitation of Federal Rule of Appellate Procedure 35(b)(2)(A) and Federal Circuit Rule 35(c)(2). According to the word processing system used to prepare it, this petition (including the Rule 35(b)(2) statement) contains 3,898 words.

/s/ C. Alex Shank