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2004 WL 5268123

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United States District Court,
E.D. Texas,
Texarkana Division.

The MASSACHUSETTS INSTITUTE
OF TECHNOLOGY, et al., Plaintiffs

v.

ABACUS SOFTWARE,
INC., et al., Defendants.

No. 5:01cv344.

I

Aug. 4, 2004.

**REPORT AND RECOMMENDATION OF THE UNITED
STATES MAGISTRATE JUDGE**

[CAROLINE M. CRAVEN](#), United States Magistrate Judge.

TABLE OF CONTENTS

I.	Introduction	1
II.	Jurisdiction	1
III.	Background	2
IV.	Disposition	4
V.	Summary Judgment Standard	5
	A. In General	5
	B. Burdens on Summary Judgment Concerning § 287(a)	7
VI.	The Marking Statute- § 287(a)	13
	A. In General	13
	B. Constructive Notice (Patent Marking)	17
	1. Undisputed Facts	17
	2. The Parties' Arguments	21
	a) Defendants' Respective Opening Arguments	21
	b) Plaintiffs' Unified Opposition	23
	c) Defendants' Respective Replies	27
	d) Plaintiffs' Sur-Reply	30
	3. Discussion	31
	a) "patented article"-asserted claims	31
	b) The Parties' Showings	55
	4. Conclusion	124

C.	Actual Notice	125
1.	Legal Standard	1258
2.	The Parties' Arguments	127
3.	Discussion	128
a)	Fall 2001 Letters	128
b)	Filing of Original Complaint of December 28, 2001	134
c)	Letters of January 8, 2002	135
d)	Filing of First Amended Complaint of April 25, 2002	135
e)	Service of First Amended Complaint	135
4.	Conclusion	135
VII.	Corel's Cross-Motion for Summary Judgment of Non-Infringement	136
A.	The Parties' Arguments	136
B.	Discussion	137
C.	Conclusion	147
VIII.	Recommendation	147

Honorable Caroline M. Craven for the purpose of making a report and recommendation.

I.

Introduction

*1 Pursuant to the provisions of [28 U.S.C. § 636\(b\)\(1\)](#) and [\(3\)](#) and the Amended Order for the Adoption of Local Rules for Assignment of Duties to United States Magistrate Judges dated January 15, 1994, Microsoft Corporation's Motion For Summary Judgment On Noncompliance With Marking Requirements Under [35 U.S.C. § 287\(a\)](#) (Docket Entry # 1389), Corel Corporation's Motion For Summary Judgment On Noncompliance With Marking Requirements Under [35 U.S.C. § 287\(a\)](#) (Docket Entry # 1395), Arcsoft's Motion For Summary Judgment Regarding Noncompliance With Marking Requirements Of [35 U.S.C. § 287\(a\)](#) (Docket Entry # 1406), Plaintiffs' Cross-Motion For Summary Judgment Regarding Compliance With Marking Requirements Of [35 U.S.C. § 287\(a\)](#) (Docket Entry # 1415), Defendant Fry's Electronics, Inc.'s Motion For Summary Judgment (Docket Entry # 1421), and Corel Corporation's Non-Infringement Cross-Motion (Docket Entry # 1434) were referred to the

The Court considered several motions for summary judgment all concerning whether any damages ultimately accruing to the Massachusetts Institute of Technology and Electronics for Imaging, Inc. are limited by the marking statute, [35 U.S.C. § 287\(a\)](#). The Court also considered Corel's motion for summary judgment of non-infringement.

II.

Jurisdiction

The Court has jurisdiction, pursuant to [28 U.S.C. §§ 1331](#) and [1338\(a\)](#), over the parties' patent-related claims. Venue is proper under [28 U.S.C. § 1400\(b\)](#).

III.

Background

On December 28, 2002, the Massachusetts Institute of Technology (“MIT”) and Electronics for Imaging, Inc. (“EFI”) (collectively, “Plaintiffs”) charged over 200 defendants (collectively, “Defendants”) with infringement of claim 1 of U.S. Patent No. 4,500,919 (“the ‘919 patent”), which is generally drawn to a color reproduction system:

1. A system for reproducing a color original in a medium using a selected multiplicity of reproduction colorants, the system comprising in serial order:

a. a scanner for producing from said color original a set of three tristimulus appearance signals dependent on the colors in said original;

b. display means connected to the scanner for receiving the appearance signals and aesthetic correction circuitry for interactively introducing aesthetically desired alterations into said appearance signals to produce modified appearance signals; and

c. colorant selection mechanism for receiving said modified appearance signals and for selecting corresponding reproduction signals representing values of said reproduction colorants to produce in said medium a colorimetrically-matched reproduction.

Some defendants subsequently settled with Plaintiffs. Some did not.

On November 7, 2003, defendant Microsoft Corporation (“Microsoft”) filed Microsoft Corporation's Motion For Summary Judgment On Noncompliance With Marking Requirements Under 35 U.S.C. § 287(a) (Docket Entry # 1389) (“Microsoft's Marking Motion”), asking “for partial summary judgment of noncompliance with the marking statute because EFI has failed to show that a reasonable jury could find that EFI and MIT complied with the requirement that they police their licensees to ensure proper marking, and have no evidence to show that their licensees in fact marked licensed components for use in systems that EFI claimed would be covered by the patent.” Microsoft's Marking Motion at 3.

*2 On November 14, 2003, defendant Corel Corporation (“Corel”) filed Corel Corporation's Motion For Summary Judgment On Noncompliance With Marking Requirements Under 35 U.S.C. § 287(a) (Docket Entry # 1395) (“Corel's

Marking Motion”), in which Corel joined in Microsoft's Marking Motion and submitted additional briefing on Plaintiffs' alleged failure to mark a specific product, namely Kodak's KCMS.

On November 24, 2003, defendant ArcSoft, Inc. (“ArcSoft”) filed ArcSoft's Motion For Summary Judgment Regarding Noncompliance With Marking Requirements Of 35 U.S.C. Section 287(a) (Docket Entry # 1406) (“ArcSoft's Marking Motion”), seeking summary judgment that Plaintiffs failed to comply with the marking requirements of § 287(a), and that ArcSoft's first actual notice of infringement was filing of the instant lawsuit. According to ArcSoft, their motion relates to those similar motions filed by Microsoft and Corel, and was filed on behalf of it and its indemnitees (and fellow defendants) Achiever, Inc. (“Achiever”), Argus Industries d/b/a/ Argus Cameras (“Argus”), Kyocera International (“Kyocera Int'l”), Kyocera Optics, SiPix, Inc. (“SiPix”), Stomp, Inc. (“Stomp”), PTG Software f/k/a and sued as Macmillan Software (“Macmillan”), and World Office Products, Inc. (“World Office Products”). ArcSoft's Marking Motion at 1 and n.l. Generally, ArcSoft urges lack of both actual and constructive notice.

In response to Microsoft's, Corel's, and ArcSoft's motions, Plaintiffs filed, on December 2, 2003, Plaintiffs' Opposition To and Cross-Motion For Summary Judgment Re Compliance With Marking Requirements Of 35 U.S.C. § 287(a) (Docket Entry # 1415) (“Plaintiffs' Marking Opposition” and “Plaintiffs' Marking Cross-Motion,” respectively), urging that “Defendants fail to provide any evidence of even a single sale of an unmarked patented article during the relevant period,” but that Plaintiffs, on the other hand, “provide overwhelming evidence that no patented articles were sold without marking by Plaintiffs or their licensees.” Plaintiffs' Marking Opposition at 1. Generally, Plaintiffs address the issue of constructive notice in their motion, and in a separate filing address the actual notice portion of ArcSoft's Marking Motion. See Plaintiffs' Marking Opposition at 1 n. 1; Plaintiffs' Opposition To ArcSoft's Motion For Summary Judgment Regarding Noncompliance With Marking Requirements Of 35 U.S.C. § 287(a) (Actual Notice Portion) (Docket Entry # 1416) (“Plaintiffs' Actual Notice Opposition”).

On December 12, 2003, defendant Fry's Electronics, Inc. (“Fry's”) filed Fry's Electronics, Inc. Adoption Of And Joinder In Microsoft Corporation's And ArcSoft's Motions For Summary Judgment On Noncompliance With Marking

Requirements Under 35 U.S.C. § 287(a) (Docket Entry # 1420) (“Fry’s Marking Motion”), in which Fry’s joined in and adopted Microsoft’s and ArcSoft’s Marking Motions.

Among the various responses, replies, and sur-replies subsequently filed, Corel and Corel, Inc. (“Corel”), filed Corel Corp.’s And Corel Inc.’s Cross-Motion For Summary Judgment Of Non-Infringement (Docket Entry # 1434) (“Corel’s Non-Infringement Cross-Motion”). That motion is addressed in a separate order.

IV.

Disposition

*3 The Court, having fully considered the foregoing briefing, recommends as follows:

1. Microsoft’s Marking Motion should be **DENIED**.
2. Corel’s Marking Motion should be **DENIED**.
3. ArcSoft’s Marking Motion, with respect to constructive notice, should be **DENIED**, and with respect to actual notice be **GRANTED**.
4. Fry’s’ Marking Motion, with respect to having joined and adopted Microsoft’s and ArcSoft’s motions on constructive notice, should be **DENIED**, and with respect to having joined and adopted ArcSoft’s motion on actual notice be **GRANTED**.
5. Plaintiffs’ Marking Cross-Motion should be **DENIED**.
6. Corel’s Non-Infringement Cross-Motion should be **DISMISSED WITHOUT PREJUDICE**.

V.

Summary Judgment Standard

A. In General

Summary judgment is appropriate when there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. See *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48, 106

S.Ct. 2505, 91 L.Ed.2d 202 (1986); Fed.R.Civ.P. 56(c) (“Rule 56(c)”). “[T]he plain language of Fed.R.Civ.P. 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex*, 477 U.S. at 322. The Supreme Court has held that Rule 56(c) requires the nonmoving party to go beyond the pleadings, and by affidavits, depositions, answers to interrogatories and admissions on file, to designate specific facts showing that there is a genuine issue for trial. *Celotex*, 477 U.S. at 324.

A genuine issue of material fact exists if the evidence is such that a reasonable jury could find for the nonmoving party. *Anderson*, 477 U.S. at 248; *General Mills, Inc. v. Hunt-Wesson, Inc.*, 103 F.3d 978, 980 (Fed.Cir.1997). A disputed fact is material if it might affect the outcome of the suit such that a finding of that fact is necessary and relevant to the proceeding, *i.e.*, “A dispute about a material fact is ‘genuine’ if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson*, 477 U.S. at 248; see also *Wise v. E.I. DuPont de Nemours & Co.*, 58 F.3d 193, 195 (5th Cir.1995). “Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no ‘genuine issue for trial.’” *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 574, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986). Of course, “the mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no *genuine* issue of *material* fact.” *Anderson*, 477 U.S. at 247-48. “If the evidence is merely colorable ... or is not significantly probative, summary judgment may be granted.” *Id.* at 249-50. However, “the evidence submitted by the nonmovant, in opposition to a motion for summary judgment, ‘is to be believed, and all justifiable inferences are to be drawn in [its] favor.’” *Keystone Retaining Wall Sys., Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1449-50 (Fed.Cir.1993) (quoting *Anderson*, 177 U.S. at 255).

*4 The Court’s responsibility is not “to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial.” *Anderson*, 477 U.S. at 249. The inquiry is “the threshold inquiry of determining whether there is the need for a trial—whether, in other words, there are any genuine factual issues that properly can be resolved only by a finder of fact because they may reasonably be resolved in favor of either party.” *Anderson*, 477 U.S. at

250; see also *Cooper v. Ford Motor Co.*, 748 F.2d 677, 679 (Fed.Cir.1984); see also *SRI Int'l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1116 (Fed.Cir.1985) (en banc) (“[T]he district court must view the evidence in a light most favorable to the nonmovant and draw all reasonable inferences in its favor, and must resolve all doubt over factual issues in favor of the party opposing summary judgment.” (citing *United States v. Diebold, Inc.*, 369 U.S. 654, 655, 82 S.Ct. 993, 8 L.Ed.2d 176 (1962); *Martin v. Barber*, 755 F.2d 1564, 1566 (Fed.Cir.1985); and *Palumbo v. Don-Joy Co.*, 762 F.2d 969, 973 (Fed.Cir.1985))); *Hibernia Nat'l Bank v. Carner*, 997 F.2d 94, 97 (5th Cir.1997). The Federal Circuit has held that “summary judgment is as appropriate in a patent case as in any other” *Barmag Barmer Maschinenfabrik AG v. Murata Mach., Ltd.*, 731 F.2d 831, 835 (Fed.Cir.1984); see also *Meyers v. Brooks Shoe, Inc.*, 912 F.2d 1459, 1461 (Fed.Cir.1990) (summary judgment is appropriate in patent cases).

B. Burdens on Summary Judgment Concerning § 287(a)

The parties disagree over who has what burden on summary judgment with respect to the marking issues. Microsoft, for example, contends that it is Plaintiffs' burden to show compliance with the marking statute in order to collect past damages. Microsoft's Marking Motion at 1. Plaintiffs, on the other hand, urge that “Microsoft confuses Plaintiffs' burden at trial with the present burden for summary judgment,” and argue that “Microsoft has not put forward a shred of evidence showing that Plaintiffs or their licensees sold even a single patented article without marking.” Plaintiffs' Response And Sur-Reply Re Microsoft's Motion For Summary Judgment Regarding Compliance With Marking Requirements Of 35 U.S.C. § 287(a) and Plaintiffs' Cross Motion Re Same (“Plaintiffs' Marking Sur-Reply” and “Plaintiffs' Marking Cross-Motion Response,” respectively) at 1-2.

As discussed more fully below, it is clear that the patentee has the burden of pleading and proving at trial that the patentee has complied with the statutory requirements of § 287. See *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1111 (Fed.Cir.1996) (“As the patentee, Maxwell had the burden of pleading and proving at trial that she complied with the statutory requirements.”); *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1446 (Fed.Cir.1998) (“The patentee bears the burden of proving compliance by a preponderance of evidence.”). See also *Dunlap v. Schofield*, 152 U.S. 244, 248, 14 S.Ct. 576, 38 L.Ed. 426 (1894) (“Whether his patented articles have been duly marked or not is a matter peculiarly within his 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. By the elementary principles of pleading, therefore, the duty of alleging, and the burden of proving, either of these facts is upon the plaintiff”). When licensees and other parties who have been authorized to make, use, or sell products under a patent, the patentee retains that burden, but the Federal Circuit applies a “rule of reason” in determining whether the patentee's conduct was in “substantial compliance” with the statute, *i.e.*, “whether the patentee made reasonable efforts to ensure compliance with the marking requirements.” *Maxwell*, 86 F.3d at 1111.

*5 It is thus clear that Plaintiffs bear the burden of proving compliance with § 287(a) at trial. In the context of a motion for summary judgment, such a motion may be granted against the Plaintiffs if they fail to make a showing sufficient to establish the existence of an element essential to their case, and on which they bear the burden of proof. As the Supreme Court explained in *Celotex*, repeating what was quoted above, “the plain language of Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial. In such a situation, there can be ‘no genuine issue as to any material fact,’ since a complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial. The moving party is ‘entitled to a judgment as a matter of law’ because the nonmoving party has failed to make a sufficient showing on an essential element of her case with respect to which she has the burden of proof.” 477 U.S. at 322-23. See *Loral Fairchild Corp. v. Victor Co. of Japan, Ltd.*, 906 F.Supp. 813, 816 (E.D.N.Y.1995) (in granting defendants' partial summary judgment precluding Loral from recovering any pre-suit damages, the court noted that “[a] patent holder seeking to show compliance with the marking requirement under section 287 bears the burden of persuasion. In this case, Loral bears the burden of showing its affirmative compliance with the marking statute.”) (Emphasis added). See also *Linear Tech. Corp. v. Impala Linear Corp.*, 371 F.3d 1364, 2004 U.S.App. LEXIS 11882 (Fed.Cir.2004).

When evaluating a motion for summary judgment on appeal, the Federal Circuit also views the record evidence through the same evidentiary standard that would prevail at trial. *Eli Lilly & Co. v. Barr Labs., Inc.*, 251 F.3d 955, 962 (Fed.Cir.2001). See also *Anderson*, 477 U.S. at 254-55 (“Thus, in ruling

on a motion for summary judgment, the judge must view the evidence presented through the prism of the substantive evidentiary burden. This conclusion is mandated by the nature of this determination. The question here is whether a jury could reasonably find either that the plaintiff proved his case by the quality and quantity of evidence required by the governing law *or* that he did not. Whether a jury could reasonably find for either party, however, cannot be defined except by the criteria governing what evidence would enable the jury to find for either the plaintiff or the defendant: It makes no sense to say that a jury could reasonably find for either party without some benchmark as to what standards govern its deliberations and within what boundaries its ultimate decision must fall, and these standards and boundaries are in fact provided by the applicable evidentiary standards.”).

*6 With respect to the Plaintiffs' argument that there is no “evidence showing that Plaintiffs or their licensees sold even a single patented article without marking,” [Rule 56](#) plainly provides that a party may move for summary judgment “with or without supporting affidavits.” The Supreme Court explained in *Celotex*, that “[o]f course, a party seeking summary judgment always bears the initial responsibility of informing the district court of the basis for its motion, and identifying those portions of ‘the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any,’ which it believes demonstrate the absence of a genuine issue of material fact. But ... we find no express or implied requirement in [Rule 56](#) that the moving party support its motion with affidavits or other similar materials *negating* the opponent's claim. On the contrary, [Rule 56\(c\)](#), which refers to ‘the affidavits, *if any*’ ..., suggests the absence of such a requirement.... The import of these subsections is that, regardless of whether the moving party accompanies its summary judgment motion with affidavits, the motion may, and should, be granted so long as whatever is before the district court demonstrates that the standard for the entry of summary judgment, as set forth in [Rule 56\(c\)](#), is satisfied. One of the principal purposes of the summary judgment rule is to isolate and dispose of factually unsupported claims or defenses, and we think it should be interpreted in a way that allows it to accomplish this purpose.” [477 U.S. at 323-24](#). That is, “[t]o survive a motion for summary judgment, the party bearing the burden of proof at trial ... must provide evidence showing that there is a triable issue as to each element essential to that party's claim.” [Kaempe v. Myers](#), [367 F.3d 958, 966 \(D.C.Cir.2004\)](#). See also [Linear Tech.](#), [371 F.3d at 1378](#); [Austin v. Will Burt Co.](#), [361](#)

[F.3d 862, 866 \(5th Cir.2004\)](#) (“[T]he nonmovant, to avoid summary judgment as to an issue on which it would bear the burden of proof at trial, may not rest on the allegations of its pleadings but must come forward with proper summary judgment evidence sufficient to sustain a verdict in its favor on that issue.”).

In [Laitram Corp. v. Hewlett-Packard Co.](#), [806 F.Supp. 1294, 1296 \(E.D.La.1992\)](#), the Eastern District of Louisiana, in denying Hewlett-Packard's motion for partial summary judgment that Laitram had failed to comply with [§ 287\(a\)](#), observed that “[t]o prevail on this motion, then, Hewlett-Packard must prove first that the XQ2 conversion kits were a ‘patented article’ within the meaning of the law. If successful, HP must prove that the kits were sold either by Laitram or an agent or licensee of Laitram without being properly marked. Finally, it must be shown that at no time prior to the filing of this complaint was HP notified that an infringement of the [asserted] patent had occurred.” Later in the opinion, the court noted that “[h]aving failed to prove there is no material dispute as to whether the XQ2 conversion kits are ‘patented articles’ under [§ 287](#), the defendant's motion for summary judgment is denied.” *Id.* at [1297](#).

*7 The *Laitram* court's comment that HP “must prove” that the conversion kits were “patented articles” is, perhaps, somewhat of an overstatement. It is also not necessarily the summary judgment movant's burden to “prove” that there is no genuine issue of material fact in dispute, although ultimately the Court must conclude that there is no genuine issue of material fact in dispute that precludes the grant of summary judgment.

In any event, it is clear from the foregoing that the patentee has the burden of pleading and proving at trial that the patentee has complied with the statutory requirements of [§ 287](#). On summary judgment, the patentee thus must show that there is some genuine issue of material fact that precludes summary judgment that the patentee did not comply with [§ 287](#). See [Loral Fairchild](#), [906 F.Supp. at 816](#) (on defendants' motion for partial summary judgment, “Loral bears the burden of showing its affirmative compliance with the marking statute.”). In that sense, the Defendants here need not necessarily “prove” that the Plaintiffs failed to comply with [§ 287](#), because that is not their burden at trial. However, the Defendants *do* have the responsibility of providing a “well-supported motion for summary judgment,” *i.e.*, one that would support judgment in their favor. See [Clancy Sys. Int'l v. Symbol Techs.](#), [953 F.Supp. 1170, 1173 \(D.Colo.1997\)](#)

(“As the patentee, Clancy has the burden of proving that it complied with the statutory requirements of [section 287\(a\)](#).... Accordingly, under *Celotex*, upon a well-supported motion for summary judgment by Symbol, Clancy has the burden to present evidence beyond the pleadings to show that genuine issues of material fact preclude summary judgment.”). At the end of the day, the Court then must evaluate the parties' submissions, giving the non-moving party the benefit of applicable inferences, and decide whether the standards for summary judgment have been-or have not been-met.

On Plaintiffs' cross-motion for summary judgment, Plaintiffs similarly bear the initial responsibility of informing the court of the basis for their motion, and identifying those portions of “the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any,” which they believe demonstrate the absence of a genuine issue of material fact and entitle them to judgment. The Defendants, in order to avoid summary judgment, have the responsibility of providing a showing that there is a genuine issue of material fact that precludes the grant of summary judgment, assuming that the Plaintiffs' initial showing is sufficiently supported. Also, however, because the Plaintiffs bear the burden of proof at trial *vis-à-vis* compliance with the marking statute, the Plaintiffs, on summary judgment, bear the burden of persuasion on the question whether there is a genuine issue of material fact concerning the Plaintiffs' compliance with the statute, under the appropriate evidentiary standard. Nevertheless, here too, the Court ultimately must decide whether there is any genuine issue as to any material fact, and whether the Plaintiffs, as moving parties, are entitled to judgment as a matter of law, drawing all justifiable inferences in favor of the non-moving parties, *i.e.*, the Defendants.

*8 On ArcSoft's additional motion for summary judgment that certain letters Plaintiffs addressed to the industry failed to provide actual notice of infringement prior to notice of the instant suit, ArcSoft bears the initial responsibility of informing the court of the basis for its motion, and identifying those portions of “the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any,” which they believe demonstrate the absence of a genuine issue of material fact. The Plaintiffs, once again, bear the burden of persuasion at trial *vis-à-vis* compliance with the marking statute, including that such letters constitute actual notice under [§ 287\(a\)](#). Plaintiffs thus bear the burden of persuasion on the question whether there is a genuine issue of material fact requiring trial concerning

whether the subject letters constitute actual notice under the statute.

VI.

The Marking Statute- [§ 287\(a\)](#)

A. In General

[35 U.S.C. § 287\(a\)](#) (“the marking statute”) provides:

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 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. (Emphasis added).

Marking under the statute is permissive (“may give notice to the public that the same is patented”), not mandatory. Nevertheless, the purpose of such permissive marking is to provide information to the public that patent protection is asserted, *Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co.*, 297 U.S. 387, 397, 56 S.Ct. 528, 80 L.Ed. 736 (1936), and the statute has been characterized as providing “a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989). In short, the provision for either constructive notice through marking or actual notice is intended to give a potential infringer knowledge of the patent. See *SRI Int'l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1470 (Fed.Cir.1997). “[T]he 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.” See also *Dunlap*, 152 U.S. at 247 n. 10.

*9 The Federal Circuit has held that the statute overall “serves three related purposes: 1) helping to avoid innocent infringement, ... 2) encouraging patentees to give notice to the public that the article is patented, ... and 3) aiding the public to identify whether an article is patented” (Citations omitted). *Nike Inc. v. Wal-Mart Stores*, 138 F.3d 1437, 1443 (Fed.Cir.1998). Or, stated somewhat differently, the statute is intended “to give patentees the prior incentive to mark their products and thus place the world on notice of the existence of the patent.” *American Medical Sys. Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 1538 (Fed.Cir.1993), quoting *Lairam*, 806 F.Supp. at 1296. That encouragement comes from precluding damages for infringement, if there is a failure to so mark, for any time prior to compliance with the marking requirement or the actual notice requirement of the statute. See *American Medical*, 6 F.3d at 1538. See also 7 Donald S. Chisum, *Chisum on Patents* § 20.03[7][c] (2002) (“The Patent Act imposes a duty to mark on patent owners [who make, offer for sale, or sell any patented article]. The purpose of the statutory duty is to prevent patent owners from deceiving the public by distributing unmarked (and hence apparently copyable) articles which are in fact covered by a patent. Thus a patent owner who directly or through a licensee sells patented articles must mark each with the word ‘patent’ (or ‘pat.’) together with the patent number.”).

Thus, although marking is permissive, patentees who make or sell “patented article[s]” are encouraged to properly mark such articles, and to ensure that others authorized to make, offer for sale, or sell “patented article[s],” e.g., licensees, do so as well. See *Maxwell*, 86 F.3d at 1111 (“The marking provisions also apply to ‘persons making or selling any patented article for or under [the patentees].’ ... Thus, licensees, such as Target, and other authorized parties, such as Target’s manufacturers, must also comply.”). See also *In re Yarn Processing Patent Validity Litig.*, 602 F.Supp. 159, 169 (W.D.N.C.1984) (“the statute applies to a nonmanufacturing patentee who has licensed or authorized others to produce or sell the patented article.... Section 287 applies to all ‘persons’ who make or sell ‘for or under’ the authority of the patentee and thus applies to authorizations by a patentee of other persons to make and sell patented articles regardless of the particular form these authorizations may take and regardless of whether the authorizations are ‘settlement agreements,’ ‘covenants not to sue’ or ‘licenses.’”); *Butterfield v. Oculus Contact Lens Co.*, 332 F.Supp. 750, 761-62 (N.D.Ill.1971), *aff’d*, 1973 U.S.App. LEXIS 12129, 177 U.S.P.Q. 33 (7th Cir.1973) (finding insufficient

compliance with § 287: “Plaintiff could have insisted and required that this [contact lens] container be marked with the patent number and some of its license agreements contained such a requirement, although many did not. In either event, plaintiff did nothing to assure that the containers were so marked when delivered to the user and there is no indication that they were. While we recognize the difficulties inherent in controlling the conduct of customer-licensees, we conclude that plaintiff did not make a reasonable effort to do so.”). *In re Yarn Processing Patent Validity Litigation*, and *Butterfield* have been cited by the Federal Circuit “with approval.” *Amsted Indus. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 185 n. 2 (Fed.Cir.1994) (“In view of the purpose of section 287, ‘to encourage the patentee to give notice to the public of the patent,’ ... there is no reason why section 287 should only apply to express licensees and not to implied licensees.”).

*10 As noted above, the patentee has the burden of pleading and proving at trial that the patentee has complied with the statutory requirements of § 287. *Maxwell*, 86 F.3d at 1111. See also *Dunlap*, 152 U.S. at 248 (“The duty of alleging, and the burden of proving, either [actual notice or constructive notice] is upon the [patentee].”). See also 7 Donald S. Chisum, *Chisum on Patents* § 20.03[7][c][v] (2002) (“A plaintiff who seeks to recover for damages for acts prior to the filing of suit bears the burden of pleading and proving compliance with either the marking requirement or with the specific notice requirement.”). As also noted above, however, when licensees and other authorized parties are involved, the Federal Circuit has applied a “rule of reason” in determining whether the patentee’s conduct was in “substantial compliance” with the statute. *Maxwell*, 86 F.3d at 1111. “When the failure to mark is caused by someone other than the patentee, the court may consider whether the patentee made reasonable efforts to ensure compliance with the marking requirements.” *Id.* at 1111-12 (“Here, Maxwell, the patentee, made extensive and continuous efforts to ensure compliance by Target. There is evidence that Target, as licensee of Maxwell’s patent, marked at least 95% of the shoes sold using the patented system.... After the patent issued on November 26, 1986, Maxwell notified Target to mark the patent number on all shoes using the patented system, as required by their license agreement.... Thereafter, on several occasions when Maxwell learned of Target’s failure to properly mark shoes using the patented system after November 1987, she notified Target of the errors and requested that the shoes be properly marked in the future. Maxwell also presented evidence that, in response to her urging, Target used its best efforts to correct its failure to mark by instructing its manufacturers to properly mark in

the future.”). *Compare, Butterfield*, 332 F.Supp. at 761-62 (“[P]laintiff did nothing to assure that the containers were so marked when delivered to the user and there is no indication that they were.”); *In re Yarn Processing*, 602 F.Supp. at 162 (“None of the agreements by which Lex Tex authorized textile manufacturers to make, sell, or use yarns made on double heater machines contains any provision requiring any such textile manufacturer to mark the yarn or any package containing the yarn with the number of the ‘912 patent, the word ‘patent’ or the abbreviation ‘Pat.’”).

B. Constructive Notice (Patent Marking)

1. Undisputed Facts

Based on the parties' collective submissions, it appears that the following facts are undisputed:

a) MIT, the owner of the '919 patent, has never made, sold, or offered to sell any products under the '919 patent.

b) EFI took an exclusive license from MIT under the '919 patent. That license includes (1) a contractual marking obligation binding on EFI, and (2) an obligation on EFI to obtain similar contractual marking obligations from any sublicensees. *See* Microsoft's Marking Motion, Exh. C at EFI000294 and -302.

*11 c) EFI marked its Fiery® line of products with the '919 patent number. *See* Plaintiffs' Marking Opposition, Exh. Z. According to Fiery® user guides submitted by Plaintiffs, Fiery® products were marked from 1998-2002. *See id.* According to James Etheridge, however, EFI's general counsel, EFI marked Fiery® products “since at least January 1996 through the expiration of the MIT Patent.” *See id.*, Etheridge Decl. at 2. Mr. Etheridge also declared that EFI marked its eDOX® and Splash® products upon acquiring those product lines in 1999 and 2000, respectively, “as soon as practicable after these acquisitions and continued to do so throughout the term of the MIT Patent.” *See id.*, Etheridge Decl. at 2.

d) EFI sublicensed the '919 patent to at least 17 or 18¹ different parties. *See* Microsoft's Marking Motion, Exh. B: Etheridge Depo. at 24:5, 38:9-10. Those parties include, with the date of licensing showing in parentheses:

company, “Vivid Image.” It appears that those are two different companies, and involved two different licenses.

- (1) Adobe Systems, Inc. (March 1, 1991) (“Adobe”);
- (2) Apple Computer, Inc. (February 21, 1995) (“Apple”);
- (3) Canon, Inc. (May 28, 1991) (“Canon”);
- (4) Dainippon Screen Manufacturing Co., Ltd. (March 22, 1994) (“Dainippon”);
- (5) Eastman Kodak Company (January 11, 1991) (“Kodak”);
- (6) Harlequin Incorporated (February 16, 1996) (“Harlequin”);
- (7) Light Source Computer Images, Inc. (November 14, 1994) (“Light Source”);
- (8) Minolta Camera Co., Ltd. (January 29, 1992) (“Minolta”);
- (9) Scitex Corporation, Ltd. (December 3, 1991) (merged with Creo, Inc., and inherited Creo's license) (“scitex”);
- (10) Toyo Ink Manufacturing Company (March 1990) (“Toyo”);
- (11) Victor Company of Japan, Ltd. (June 11, 1992) (“JVC”);
- (12) Vivid Details (November 28, 1997) (“Vivid Details”);
- (13) Vivid Image Company (July 1, 1996) (“Vivid Image”);
- (14) Xerox Corporation (December 12, 1991) (“Xerox”);
- (15) RL Vision (April 18, 2002);
- (16) Mentalix, Inc. (February 19, 2002) (“Mentalix”);
- (17) Digital Light & Color (February 12, 2002); and
- (18) American Systems (March 6, 2002).

¹ As discussed below under the heading “Vivid Details/Vivid Image,” Microsoft, in referring to 17 different parties, points, *inter alia*, to a license with “Vivid Details.” The Plaintiffs' submissions also refer to a

Microsoft's Marking Motion, Exh. B: Etheridge Depo. at 70:4-16, 72:10-12, 94:9-11, 98:3-8, 107:1-9, 112:10-18, 116:18-117:2, 125:7-13, 132:7-133:3, 137:13-21, 145:20-25, 159:14-22, 163:22-164:5, 166:13-20, 174:5-10, 177:7-13, 220:9-23, and Exh. C: Etheridge Depo. Exhibits; Plaintiffs' Marking Opposition at 2, and Exh. MM, NN.

e) Of the foregoing licenses, those to RL Vision, Mentalix, Digital Light & Color, and American Systems resulted from settlement agreements with EFI after filing of the present action. *See* Nagel Decl., ¶ 23.

f) As for the remaining licensees, EFI has never “sent a letter to anyone complaining that they weren't marking,” never “sent a letter to anyone advising that they weren't marking,” and Mr. Etheridge (vice president of strategic relations and general counsel for EFI, *see* Plaintiffs' Marking Opposition, Exh. A: Etheridge Depo. at 9:15-19) never orally advised a licensee of a failure to mark. Microsoft's Marking Motion, Exh. B: Etheridge Depo. at 20:19-21:11.

*12 g) More specifically, EFI has taken little or no steps to ensure compliance with marking obligations of at least Dainippon, Toyo, JVC, Kodak, Adobe, Canon, and Xerox, or to determine whether any licensee made or sold any patented articles. *See* Microsoft's Marking Motion, Exh. B: Etheridge Depo. at 71:11-72:2, 93:22-94:8, 97:10-98:2, 106:9-14, 116:2-4, 124:20-24, 126:2-13, 134:1-8.

h) Plaintiffs expressly waived contractual marking obligations for Kodak, Canon, and Apple, and partially waived such obligations for Xerox. Specifically, although the licenses to Kodak, Canon, and Apple would have otherwise been subject to the marking requirements in the license between MIT and EFI, MIT expressly waived those marking requirements for those companies. *See* Microsoft's Marking Motion, Exh. C at EFI000302 (MIT/EFI marking requirement), EFI000420 (letter from MIT to EFI waiving marking requirement as to Kodak), WFS004436 (letter from MIT to EFI waiving marking requirement as to Apple), and WFS004569 (letter from MIT to EFI waiving marking requirement as to Canon). The Xerox license provided that Xerox was generally subject to the marking requirement

of the MIT/EFI agreement, but also provided that “Xerox shall have the right but not the obligation to mark labels, product literature or packages for any products incorporating the Patent Rights....” *See id.* at EFI000521.

i) Nevertheless, Xerox marked Docucolor CP and Fiery X12 installation guides with the '919 patent number in 1999, and Canon marked its various ColorPass guides with the '919 patent number from 1998-2002. Plaintiffs' Marking Opposition, Exh. AA.

j) Also, three other licensees marked certain product guides and manuals with the '919 patent, namely, Harlequin, Vivid Details, and Scitex. Plaintiffs' Marking Opposition, Exh. BB-DD (copies of user guides for different versions of the licensees' products).

k) In the first half of 1996, Kodak paid EFI \$17,500 in royalties based on Corel's use of KCMS, which Corel had licensed from Kodak. *See* Corel's Marking Motion, Exhs. 2 and 3.

2. The Parties' Arguments

a) Defendants' Respective Opening Arguments

(1) Microsoft

Microsoft urges that Plaintiffs did not provide constructive notice as provided by the marking statute prior to actual notice by filing of this lawsuit. Microsoft's Marking Motion at 1 n.1. According to Microsoft, “EFI affirmatively waived any marking obligation for large licensees whom EFI charged were using the '919 patented technology and made no serious attempts to determine if other licensees appropriately marked using the '919 patent number,” and (2) “EFI permitted a multitude of products that it contended fell ‘under’ the '919 patent to be distributed over a long period of time without investigating whether those products required marking or not.” *Id.* at 2. Thus, Microsoft contends, “EFI has failed to show that a reasonable jury could find that EFI and MIT complied with the requirement that they police their licensees to ensure proper marking, and have no evidence to show that their licensees in fact marked licensed components for use in systems that EFI claimed would be covered by the patent.” *Id.* at 3.

(2) Corel

*13 Corel contends that its “factual situation presents this Court with a real world demonstration of the compelling policy considerations behind the marking statute....” Corel's Marking Motion at 1. According to Corel, it is charged with infringement for “selling color editing software that incorporates a widely distributed color management system supplied by the Eastman Kodak company (‘Kodak’) and known as the Kodak Color Management System (‘KCMS’ or ‘KCMS Kernal’).” *Id.* at 2. Corel urges that “Kodak licensed its KCMS software to Corel and, *in turn*, paid royalties to *Plaintiff EFI* pursuant to a 1991 license agreement between EFI and Kodak (‘the EFI/Kodak agreement’) under the ‘919 patent. That 1991 EFI/Kodak agreement authorized the widespread distribution of KCMS, as well as numerous other Kodak products, for use in color reproduction systems encompassed by the claims of the ‘919 patent ...” and “specifically waived *all* marking obligations. Because of that waiver ... no KCMS products were ever marked despite being licensed under the 919 patent.” *Id.* (Corel's emphasis). Thus, Corel urges, none of the KCMS products it received from Kodak were marked with the patent “in any way.” *Id.* at 3. Corel contends that it “had no notice that use of such a product without a license from the patent owner could subject Corel to an infringement lawsuit,” and that “requiring Corel to pay monetary damages for past sales of its color editing software that incorporated licensed KCMS software ... would be simply unfair.” *Id.* (Corel's emphasis).

(3) ArcSoft

ArcSoft incorporates Microsoft's discussion regarding the “legal sufficiency of EFI's marking,” and further notes “facts specific to ArcSoft.” ArcSoft's Marking Motion at 4. That is, ArcSoft urges that “EFI is entitled to no damages from ArcSoft prior to the date of filing of the First Amended Complaint upon ArcSoft, because: (1) EFI did not comply with the marking requirements of Section 287(a) prior to the filing of this lawsuit; (2) ArcSoft received no notice of *anything* regarding the ‘919 Patent’ until September 27, 2001 when a form industry letter was sent to ArcSoft; and (3) that form industry letter was, in any event, legally insufficient to meet the requirement of notice under section 287(a).” *Id.* at 2. ArcSoft's points (2) and (3) are directed toward the issue of actual notice, which is separately addressed below.

With regard to constructive notice, ArcSoft says that it is charged with infringement “based on the sale of photo editing software” to customers, “several” of whom are defendants in this suit. *Id.* at 2. According to ArcSoft, Canon is one customer who “has used ArcSoft software along with certain

Canon devices such as scanners.” However, ArcSoft urges that “EFI licensed Canon under the ‘919 patent in 1991 for any and all processes, equipment, products, or devices, including scanners, printers, and all software programs therefor ... without the marking requirement of § 287(a).” *Id.* at 3. Thus, ArcSoft says, the Canon devices, “together with all software programs for them, were among the licensed products under the patent-in-suit.” Because EFI waived marking duties with respect to Canon, ArcSoft says that “the Canon software and hardware on which the ArcSoft software relies to operate were not marked with the patent number in any way; and thus ArcSoft had no notice that use of such a product without a license from the patent owner could subject ArcSoft to an infringement lawsuit.” *Id.*

b) Plaintiffs' Unified Opposition

*14 Plaintiffs filed a single brief regarding constructive notice in response to Microsoft's, Corel's, and ArcSoft's respective motions. Plaintiffs urge that Defendants “fail to provide any evidence of even a single sale of an unmarked patented article during the relevant period.” Plaintiffs' Marking Opposition at 1. Plaintiffs contend that they “provide overwhelming evidence that no patented articles were sold without marking by Plaintiffs or their licensees.” *Id.* Plaintiffs set out the following as their “Statement of Material Facts” (Plaintiffs' Marking Opposition at 1-5):

- (1) “Plaintiffs brought this action on December 28, 2001.... Therefore the maximum relevant period for damages is December 28, 1995, through expiration of the MIT Patent on May 4, 2002 (‘the Relevant Period’).”
- (2) “Before filing this lawsuit, EFI licensed [the ‘919 patent, ‘the MIT Patent’] to Adobe, Apple, Canon, Dainippon Screen, Kodak, Harlequin, Light Source, Minolta, Scitex, Toyo Ink, JVC, Vivid Details, Vivid Image and Xerox.”
- (3) “Most of these licensees were required to mark ‘licensed products’ covered by claims of the MIT patent.”
- (4) “While Plaintiffs did not contractually require three of these licensees (Kodak, Canon, and Apple) to mark licensed products with the MIT Patent, EFI is not aware of any unmarked, patented articles ever sold or produced by these three licensees.”
- (5) “In response to Defendants' accusations that Plaintiffs and their licensees sold unmarked, patented

articles, Plaintiffs sought to discover the specific patented articles Defendants contend were not marked.”

(6) “Plaintiffs sent their First Set of Interrogatories and First Set of Requests for Production of Documents and Things to all active Defendants, including those now moving for summary judgment: Microsoft, Corel, and the ArcSoft Defendants (Achiever, Inc., Argus Cameras, Inc., Kyocera International, Inc., Kyocera Optics, Inc., Sipix Inc., Stomp, Inc., PTG Software (sued as Macmillan Software), and World Office Products, Inc.)”

(7) “In their responses to the interrogatories, Microsoft and Corel only specifically identified EFI’s ‘Fiery controllers, server, and/or software,’ ‘Cachet software,’ ‘Eport software,’ and ‘Color Receiver products’ as *potential* patented articles.”

(8) “EFI, however, did not produce or sell Cachet, Eport or Color Receiver during the Relevant Period.... Thus, the only relevant EFI products identified by Defendants as potentially unmarked are those with the Fiery® technology. As explained below, these products were indeed properly marked.”

(9) “In their responses, Microsoft and Corel also alleged that EFI’s licensees sold unmarked patented articles, but they failed to identify even a single one.”

(10) “Further, neither Microsoft nor Corel produced any documents in response to the document requests regarding marking.... Instead, Microsoft stated, ‘it is not aware of any responsive unprivileged documents other than [*sic*] those licensing documents already produced by Plaintiffs.’ ”

*15 (11) “The ArcSoft Defendants also failed to identify even a single unmarked patented article. Instead, these Defendants merely stated, ‘each product within the scope of the MIT patent should have been marked.’ ... None of the ArcSoft Defendants produced any documents identifying unmarked patented articles. All but two ArcSoft Defendants stated that they have ‘no documents responsive to this request.’ ... Kyocera Int’l and Optics stated that they would ‘produce documents, to the extent they exist, that are responsive to this request,’ but never produced any.”

(12) “Meanwhile, EFI produced extensive documentation showing that all of its products

embodying the Fiery® technology were marked with the MIT Patent during the Relevant Period.... Specifically, EFI has sold over one million Fiery® controllers, all of which were marked since at least January 1996.”

(13) “EFI also marked its eDOX® and Splash® products with the MIT Patent upon acquiring those product lines and throughout the remainder of the Relevant Period.”

(14) “In addition, Xerox, Canon, Minolta, and other third-party products utilizing the Fiery® technology were also marked with the MIT Patent throughout the Relevant Period.”

(15) “Further, MIT Patent licensees Harlequin (now Global Graphics) and Vivid Details also marked their products with the MIT Patent from the time they licensed the MIT Patent.”

(16) “Scitex (now Creo) also marked its products with the MIT Patent.”

(17) “EFI subpoenaed the remaining licensees to determine whether they sold any patented articles without marking. Specifically, EFI requested documents sufficient to identify any products sold during the six years preceding this lawsuit that contained the four elements specified in Claim 1 of the MIT Patent (the only claim asserted in this action), under a broad claim construction.”

(18) “Only Adobe and Kodak responded that they may produce documents, but they have not yet done so. Apple indicated that it had no documents showing that Apple products met Claim 1 under a broad construction, but is still checking whether it has documents related to third-party products sold with Apple products. The other licensees responded that they did not have such documents and did not sell such products.”

(19) “Thus, the only remaining sources of potentially unmarked, patented articles amongst EFI’s licensees are Kodak, Apple and Adobe. As explained below, however, Kodak, Apple and Adobe did not sell articles patented under Claim 1 of the MIT Patent during [the] Relevant Period.”

(20) “On September 15, 2003, this Court entered its *Markman* ruling in this matter.... Specifically, the Court held that ‘aesthetic correction circuitry [for interactively introducing aesthetically desired alterations into said

appearance signals to produce modified appearance signals]’ a means-plus-function claim element under 35 U.S.C. § 112 & 6.... Thus, in order to constitute a patented article under Claim 1 of the MIT Patent, a system must include the following structure to satisfy the ‘aesthetic correction circuitry’ limitation: RGB Color Balance Module (32); Gradation Module (33); LC1C2 Color Balance Module (35); Selective Correction Module (37); and Special Correction Module (38)....”

*16 (21) “As Corel’s brief points, the key Kodak product licensed under the MIT Patent was Kodak’s Color Management System (‘KCMS’).... But KCMS does not literally meet the ‘aesthetic correction circuitry’ limitation of Claim 1.”

(22) “Likewise, Apple Computer products, including Colorsync—the subject of EFI’s dispute with Apple—sold during the Relevant Period did not contain the structure identified by the Court [as] corresponding to aesthetic correction circuitry.”

(23) “Adobe products, including its flagship Photoshop software, sold during the Relevant Period also lacked the structure identified by the Court [as] corresponding to aesthetic correction circuitry....”

Plaintiffs argue that “[i]n sum, the undisputed facts show that Plaintiffs and their licensees did not sell unmarked, patented articles (under Claim 1 of the MIT Patent) during the Relevant Period,” and “Defendants provide no evidence to the contrary.” *Id.* at 5. Additionally, Plaintiffs identify the following genuine issues of material fact in dispute:

“(1) whether there were any unmarked, patented articles sold by Plaintiffs or their licensees during the Relevant Period; and, if so

(2) whether Plaintiffs’ marking meets the reasonableness test promulgated by the Federal Circuit, including a determination of the ratio of marked to unmarked articles.”

Id. at 5-6.

Plaintiffs argue: (1) “The marking requirements of section 287(a) of title 35 of the United States Code apply only to ‘patented articles,’ ” (2) “The only ‘patented articles’ at issue in this case are those that would directly and literally infringe Claim 1 of the MIT patent,” (3) “‘licensed products’ as defined in a license agreement are not the equivalent of

‘patented articles’ for purposes of the marking statute,” (4) Defendants do not contest that EFI marked all Fiery®, eDOX® and Splash® products with the MIT Patent during the Relevant Period, (5) the other EFI products that were *potentially* unmarked (Cachet, Eport, and Color Receiver) were not sold during the Relevant Period, (6) the three licensees that were excused from marking (Kodak, Canon, and Apple) did not sell unmarked articles under claim 1, (7) at best, Microsoft’s argument that Plaintiffs waived and failed to enforce marking provisions in its license agreements raises an inference that there were articles these licensees failed to mark, but all doubts and inferences must be resolved in the Plaintiffs’ favor, (8) there is no “duty” for Plaintiffs to “ensure” that their licensees properly mark products—rather, a court considers a patentee’s “reasonable efforts” to ensure compliance with the marking statute *after* there has been a determination that a licensee has failed to mark patented articles, (9) Plaintiffs’ licensees were not required to mark Kodak’s KCMS and Apple’s Colorsync as components because neither contains the aesthetic correction circuitry of claim 1, and there is no evidence that either was used in a system with such circuitry, and (10) the Court should grant Plaintiffs’ cross-motion for summary judgment because neither the Plaintiffs nor their licensees sold any unmarked articles “patented under Claim 1 during the Relevant Period.” *Id.* at 12.

c) Defendants’ Respective Replies

(1) Microsoft

*17 Microsoft replies that Plaintiffs’ “ruse of ‘compliance’ is based on (1) a nonexistent presumption of compliance that EFI contends can be overcome only by defendants’ affirmative proof of unmarked ‘patented articles,’ (2) reliance on studied ignorance of its many licensee’s actions, and (3) a dual standard of the infringement test that raises the bar for proof of unmarked licensed products but lowers the bar for infringement liability—so as to capture the very public the marking statute was meant to protect.” Defendant Microsoft Corporation’s Response To Plaintiffs’ Opposition And Cross-Motion For Summary Judgment Regarding Compliance With Marking Requirements Of 35 U.S.C. § 287 (“Microsoft’s Marking Reply”) at 2. That, Microsoft says, “stands the marking statute on its head.” *Id.* According to Microsoft, Defendants need not obtain a court finding of direct and literal infringement by an unmarked product to show noncompliance with the marking statute. *Id.* at 3. Rather, Microsoft says, the proper focus is “the actions of the patentee and his dealings with his licensees to determine whether or not

there is evidence of the required substantial and continuous marking.” *Id.* at 4. Microsoft points to a number of cases in which courts found, without first finding infringement or referring to the claims, failure to mark. *Id.* at 4-5.

Furthermore, Microsoft contends that its evidence of non-compliance is unrebutted: (1) “EFI entered into over a dozen license agreements” involving the ‘919 patent, (2) “EFI did not demand licenses for nonpatented articles,” (3) “EFI affirmatively waived marking requirements for several large licensees,” and (4) “EFI either took no or ‘very little’ steps to determine whether any licensee made any patented articles in need of marking.” *Id.* at 6-7. According to Microsoft, “EFI must be required to shoulder the burden of proving that none of its licensees ever distributed unmarked patented articles.” *Id.* at 7. Microsoft says that EFI’s position is that “a reasonable jury could find that no unmarked patented articles were distributed in the marketplace despite evidence of (1) multiple explicit waivers of marking requirements; (2) distribution of licensed components that EFI contended infringed the patent and that were physically capable of being marked; (3) EFI’s collection of millions of dollars in royalties under the ‘919 patent for the sale of those products;” and (4) the presence in the market of what EFI describes as “ ‘huge amounts of products with huge amounts of licensees.’ ” *Id.* However, Microsoft contends, EFI’s evidence does not support EFI’s position. According to Microsoft, (1) “EFI purposefully avoided gathering required documentary evidence of marking,” instead relying on Defendants’ responses to discovery and requesting limited discovery of its licensees, (2) the declaration by Thad McIlroy that Kodak’s KCMS, Adobe’s PhotoShop, and Apple’s ColorSync are not “patented articles” is insufficient because Mr. McIlroy has neither been designated as a trial expert nor rendered infringement opinions, and (3) “EFI and MIT made absolutely zero effort to oversee the marking activities of its numerous licensees.” *Id.* at 8-12 (Microsoft’s emphasis).

(2) Corel

*18 Corel adopts Microsoft’s Marking Reply and raises a cross-motion for summary judgment of non-infringement based on Plaintiffs’ position (with respect to marking, that is) that KCMS does not infringe. Corel Corp.’s Response To Plaintiffs’ Opposition And Cross-Motion For Summary Judgment Regarding Compliance With Marking Requirements And Corel Corp.’s And Corel Inc.’s Cross-Motion For Summary Judgment Of Non-Infringement (“Corel’s Marking Response” and “Corel’s Non-Infringement

Cross-Motion,” respectively) at 1-2. That cross-motion is separately addressed below.

(3) ArcSoft

ArcSoft urges, in short, that the issue of constructive notice should be considered before that of actual notice. ArcSoft’s Reply To Plaintiffs’ Opposition To Motion For Summary Judgment Regarding Non-Compliance With Marking Requirements Of 35 USC Section 287(a) (“ArcSoft’s Marking Reply”) at 1.

d) Plaintiffs’ Sur-Reply

(1) To Microsoft

Plaintiffs reply that Microsoft “has not put forward a shred of evidence showing that Plaintiffs or their licensees sold even a single patented articles [*sic*] without marking.” Plaintiffs’ Marking Sur-Reply at 2. Thus, Plaintiffs urge, “the Court must draw the inference that there were no sales of unmarked patented articles.” *Id.* Furthermore, Plaintiffs argue, “[i]f Claim 1 does not cover the licensed products, then there is no obligation to mark these products in order to recover damages under Claim 1.” *Id.* at 3. That is, Plaintiffs contend that a product must “literally and directly meet all elements of the subject patent claim to be a ‘patented article’ under the marking statute”-the doctrine of equivalents is not applicable. *Id.* at 4-5. Plaintiffs again urge that “licensed products are not necessarily patented articles, because licensed products (1) might infringe a different claim of the patent-in-suit, (2) might not infringe any claims of the patent-in-suit, (3) might indirectly infringe the patent-in-suit, or (4) might infringe the claim at issue under the Doctrine of Equivalents.” *Id.* at 5. As for McIlroy’s declaration, Plaintiffs contend that Mr. McIlroy (1) was designated as an expert, (2) was simply applying the Court’s claim construction, and (3) did not address infringement under the doctrine of equivalents. *Id.* at 4.

(2) To ArcSoft

Plaintiffs agree that the constructive notice issue should be addressed prior to the actual notice issue. Plaintiffs’ Sur-reply In Opposition To ArcSoft’s Motion For Summary Judgment Regarding Non-Compliance With Marking Requirements Of 35 USC § 287(a) (Actual Notice Portion) (“Plaintiffs’ Actual Notice Sur-Reply”) at 1.

3. Discussion

a) “patented article”-asserted claims

A first and fundamental issue, therefore, is whether “patented article” in § 287(a) means articles falling within the scope of the *asserted* claim or claims in a particular case, *as construed* by the court in that litigation. Plaintiffs raise and assert that as a primary issue with the following four step argument: (1) “The only ‘patented articles’ at issue in this case are those that would directly and literally infringe Claim 1 of the MIT Patent,” (2) “Only the claims asserted by Plaintiffs are relevant to determining patented articles,” (3) “Here, Plaintiffs only assert Claim 1 against Defendants,” and (4) “Therefore, the Court need only determine whether EFI’s licensees sold unmarked products that directly and literally infringe Claim 1 of the MIT Patent.” Plaintiffs’ Opposition at 6-7.

*19 That issue, at least insofar as revealed by the parties’ submissions, has been addressed by only one other court, namely the District of Minnesota in *Toro Co. v. McCulloch Corp.*, 898 F.Supp. 679, 684 (D.Minn.1995). In particular, it does not appear that the Federal Circuit, or either of its predecessor courts, has ever addressed whether “patented article” in § 287(a) means articles falling within the scope of the *asserted* claim or claims in a particular case, as such claims have been construed by the court in that litigation.

(1) Statutory Language

Turning first to the actual language of the statute, § 287(a) once again provides:

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 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.

It is readily apparent that nothing in the language of the statute itself says that “patented article” means an article falling

within the scope of the *asserted* claim or claims in a particular case. Rather, several portions of the statute may be construed as running counter to such a construction.

First, the statute provides that “[p]atentees, 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....” The patent statute defines “patentee” as including “not only the patentee to whom the patent was issued but also the successors in title to the patentee.” 35 U.S.C. § 100. The statute does not, however, in § 287(a), or elsewhere, define “patented article.” Nevertheless, the statute goes on to say that “[i]n the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except....” Notably, the statute thus refers to “any action for infringement.” The statute does *not* say, for example, “in any action for infringement of those claims covering such patented article....”

Under § 154, “[e]very patent shall contain ... the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States....” In that context, “the invention” clearly refers to the *patented* invention. Section 271, for example, provides that “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States ... during the term of the patent therefor, infringes the patent.” The references to “the invention” in § 154 and “patented invention” in § 271 mean an invention that is covered by one or more claims of an issued patent. *See generally Rotec Ind., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1249 (Fed.Cir.2000). The categories of “inventions patentable” include “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof....” 35 U.S.C. § 101. The references in §§ 154 and 271 to “the invention” and “the patented invention” thus cover all of the categories of “inventions patentable” under § 101.

*20 Section 287(a), however, does not use the term “patented invention” (which would sweep in all categories of patentable inventions under § 101), but rather uses “patented article,” which has been construed to mean, for practical reasons, an “article,” as opposed to a process or method, that can be physically marked. *Wine Railway*, 297 U.S. at 395; *American Medical*, 6 F.3d at 1538 (“The purpose behind the marking statute is to encourage the patentee to give notice to the public of the patent. The reason that the marking statute does not apply to method claims is that, ordinarily, where the

patent claims are directed to only a method or process there is nothing to mark.”); *Bandag, Inc. v. Gerrard Tire Co.*, 704 F.2d 1578, 1581 (Fed.Cir.1983) (It is “ ‘settled in the case law that the notice requirement of this statute does not apply where the patent is directed to a process or method.’ ”). Nevertheless, both § 271 and § 287 use the adjective “patented” which, of course, means covered by one or more claims. On its face, therefore, the term “patented article” may be understood to simply connote an article covered by one or more claims of an issued patent.

(2) Type of Notice Required

Second, the type of notice required by § 287(a) suggests that “patented article” is not necessarily limited to an article falling within the scope of the asserted claim or claims in a particular case. The marking statute broadly provides that patentees may provide notice that a “patented article” is “patented” by either “fixing thereon” the word “patent” or the abbreviation “pat,” and 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.” The statute imposes no requirement to specify any particular claim. Rather, the statute requires only the patent number.

In furtherance of the underlying purpose of giving the public notice of a patent, the statute also has not been interpreted to require the same type of exact claim construction that would be required in an infringement action. For example, the statute has been interpreted to permit a listing of multiple patents with a statement that the article is covered by “one or more” of those patents, and doing so does not constitute false marking under § 292² even though fewer than all of the listed patents actually cover the article. *See* 7 Donald S. Chisum, *Chisum on Patents* § 20.03[7][c][iii] (2002) (“The courts have approved the common practice of listing multiple patent numbers with a statement that the article is covered by ‘one or more’ of the patents.”), § 20.03[7][c][vii] (“Section 292 requires as an element of patent mismarking that the marked article be ‘unpatented.’ The courts apply this element literally. Thus, they hold that, regardless of intent, there is no culpable mismarking if the marker lists a number of patents and fewer than all the patents cover the article.”).

² 35 U.S.C. § 292(a) provides:

Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, offered for

sale, or sold by such person within the United States, or imported by the person into the United States, the name or any imitation of the name of the patentee, the patent number, or the words ‘patent,’ ‘patentee,’ or the like, with the intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made, offered for sale, sold, or imported into the United States by or with the consent of the patentee; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word ‘patent’ or any word or number importing that the same is patented for the purpose of deceiving the public; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words ‘patent applied for,’ ‘patent pending,’ or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public-

Shall be fined not more than \$500 for every such offense.

*21 The Plaintiffs are clearly familiar with that practice. The Plaintiffs, for example, have produced a Creo “Prinergy to Dolev 800 Family version 2.0 Connectivity User Guide.” Exhibit DD, Nagel Declaration. That guide contains a patent notice stating: “This product is covered by one or more of the following U.S. patents: [followed by a list of some 155 patents].”

Exhibit AA to the Nagel Declaration also includes copies of the inside front page from a number of product guides and manuals, the majority of which contain copyright notices identifying EFI as the copyright owner, such as “Copyright © 2002 Electronics For Imaging, Inc.” As an example, the Canon “ColorPASS-Z400e Color Guide” that is part of that collection has the following legend:

The patentee, of course, ultimately has the responsibility for determining what articles to mark. *See Dunlap*, 152 U.S. at 248 (“Whether his [the patentee's] patented articles have been duly marked or not is a matter peculiarly within his own knowledge....”). But, again, “[t]he purpose behind the marking statute is to encourage the patentee to give notice to the public of the patent.” *American Medical*, 6 F.3d at 1538 (“The purpose of the constructive notice provision is ‘to give patentees the proper incentive to mark their products and thus place the world on notice of the existence of the patent,’ ”

quoting *Laitram Corp. v. Hewlett-Packard Co.*, 806 F.Supp. 1294, 1296 (E.D.La.1992).

Thus, in the balance struck by §§ 287(a) and 292, there is a clear weight on the side of marking, even if that results in a notice that includes patents that may not actually cover the vended article. Indeed, cases suggest that so long as a patentee exercises good faith in deciding to mark particular articles, such a patentee is not liable for false marking under § 292, even if it later turns out that such articles are not covered by one or more claims of the listed patent. *See, e.g., Brose v. Sears, Roebuck & Co.*, 455 F.2d 763, 768 (5th Cir.1972) (“We can assume that if a device claimed to be covered by license of a cited patent is so obviously not revealed by it as the patentese world would view it, the use of such a legend would be mismarking.... But where the device is within the specific field covered by the patent and uses materials and methods similar to the technical patent disclosures, the licensee’s use in good faith reliance on the license is not to be transmuted into an evil purpose to deceive the public merely on proof and finding that for one or more or all of the reasons skilled patent advocates could think up, the embodiment in question does ‘not read on’ or is not an ‘infringement’ of the cited patent.”); *London v. Everett H. Dunbar Corp.*, 179 F. 506, 509-10 (1st Cir.1910) (“The statute [currently § 292] does not extend to one who has an honest, though mistaken, belief that upon a proper construction of the patent it covers the article which he marks. The question of guilt does not depend upon such close or exact construction of the patent as is usual upon bills for infringement where the issue is as to the extent of a patentee’s right under letters patent.”). *See also Arcadia Machine & Tool, Inc. v. Sturm, Ruger & Co.*, 786 F.2d 1124, 1125 (Fed.Cir.1986) (“whatever errors appeared in the labels were inadvertent, the result of oversight, or caused by patent expirations.”).

*22 Also, the Federal Circuit has held that the underlying policy of § 287 “to encourage the patentee to give notice to the public of the patent” may limit damages where a patentee sold less than the entire “patented article,” but with instructions to its customers to assemble the product actually sold with other components in accordance with the patent-in-suit. *See Amsted*, 24 F.3d at 185 (“Amsted argues that had it marked its center plate it would have violated 35 U.S.C. § 292 which prohibits the marking of an unpatented article. This is not persuasive. A marking such as ‘for use under U.S. X,XXX, XXX’ would have sufficed. Moreover, Amsted could have sold its plates with a requirement that

its purchaser-licensees mark the patented products ‘licensed under U.S. X,XXX,XXX.’”).

(3) “any patented article”-“any action for infringement”

Third, § 287(a), on its face, is equally inclusive-or, perhaps, consistently inclusive-on the (1) requirements for notice and (2) any subsequent infringement action. Specifically, § 287(a) refers to marking regarding “any patented article,” and then provides that “no damages shall be recovered by the patentee in any action for infringement ... [except on proof of actual notice].” The phrase “any action for infringement,” of course, refers to an action for infringement under § 271. As noted above, “the patented invention” in § 271 means an invention covered by one or more claims of a patent. The phrase “in any action for infringement” in § 287(a) thus refers to an action for infringement of any one or more claims in a patent. Consequently, the words used in the statute strongly suggest that “any patented article” refers to any article covered by one or more claims in a patent.

Of course, if Congress had intended “patented article” in § 287(a) to mean the article covered by the claims being asserted in later litigation, Congress knew how to do so. Other sections of the patent statute recognize that individual claims of a patent define separate inventions, *e.g.*, § 282 providing “[e]ach claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims ...,” § 121 providing that “[i]f two or more independent and distinct inventions are claimed in one application ...,” and § 112(2) providing that “[t]he specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.” Rather than using words as the patent statute did in other sections to refer to an invention defined by specific claims, however, § 287(a) simply refers to “any patented article,” and “any action for infringement.”

(4) Legislative History

Thus, it is difficult to find in the language of the statute itself any support for reading “any patented article” to mean articles falling within the scope of the *asserted* claim or claims in a particular case. Nor can any support for such a construction be found in the legislative history of § 287. In *Nike*, for example, the Federal Circuit explained that:

*23 The early patent statutes contained no marking requirement. As explained in *Boyden v. Burke*, 55 U.S. (14 How.) 575, 582-83, 14 L.Ed. 548 (1853), patents were public records and all persons were ‘bound to take notice of their contents.’ A duty to mark was imposed by the Patent Act of 1842, which required ‘all patentees and assignees of patents ... to stamp ... on each article vended, or offered for sale, the date of the patent.’ Act of 1842, 5 Stat. 543, 544. If the patentee failed to mark each article, the penalty was a fine of not less than one hundred dollars.’ *Id.* In 1861 the statute was amended to delete the statutory penalty, and instead to place a limitation on the patentee’s right to recover for infringement. The Patent Act of 1861, 12 Stat. 246, 249, provided that ‘no damage shall be recovered by the plaintiff unless that person marked the article as patented or the infringer received actual notice of the patent.

138 F.3d at 1443.³

³ The Act of Aug. 29, 1842, ch. 263, § 6, 5 Stat. 544, provided:

Sec. 6. *And be it further enacted*, That all patentees and assignees of patents hereafter granted, are required to stamp, engrave, or cause to be stamped or engraved, on each article vended, or offered for sale, the date of the patent; and if any persons, patentees or assignees, shall neglect to do so, he, she or they, shall be liable to the same penalty, to be recovered and disposed of in the manner specified in the foregoing fifth section of this act.

Section 5 of that Act, The Act of Aug. 29, 1842, ch. 263, § 5, 5 Stat. 544, imposed a penalty for false marking:

SEC. 5. *And be it further enacted*, That if any person or persons shall paint or print, or mould, cast, carve, or engrave, or stamp, upon any thing made, used, or sold, by him, for the sole making or selling which he hath not or shall not have obtained letters patent, the name or any imitation of the name of any other person, who hath or shall have obtained letters patent for the sole making and vending of such thing, without consent of such patentee, or his assigns or legal representatives; or if any person, upon any such thing not having been purchased, from the patentee, or some person who purchased it from or under such patentee, or not having the license or consent of such patentee, or his assigns or legal representatives, shall write, paint, print, mould, cast, carve, engrave, stamp, or otherwise make or affix the word ‘patent,’ or the words ‘letters

patent,’ or the word ‘patentee,’ or any word or words of like kind, meaning, or import, with the view or intent of imitating or counterfeiting the stamp mark, or other device of the patentee, or shall affix the same or any word, stamp, or device, of like import, on any unpatented article, for the purpose of deceiving the public, he, she, or they, so offending, shall be liable for such offence, to a penalty of not less than one hundred dollars, with costs, to be recovered by action in any of the circuit courts of the United States, or in any of the district courts of the United States, having the powers and jurisdiction of a circuit court; one half of which penalty, as recovered, shall be paid to the patent fund, and the other half to any person or persons who shall sue for the same.

The Federal Circuit has further explained that “[t]he marking provision has not been substantially changed since 1861.⁴ The 1870 Act, 16 Stat. 198-217, provided that ‘in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff.’⁵ The 1927 Act, 44 Stat. 1058, provided that ‘in any suit for infringement by the party failing so to mark, no damages shall be recovered by the plaintiff The 1952 Act ... provides that ‘in the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement.’ ” (Statutes in footnotes added). *Id.* See also *Wine Railway*, 297 U.S. at 392-97 (also noting that The Act of February 7, 1927, ch. 67, 44 Stat. 1058, changed the content of the marking from the date and year the patent was granted to the number of the patent. See also 7 Donald S. Chisum, *Chisum on Patents* § 20.03[7] [c][i] (2002)).

⁴ The Act of March 2, 1861, ch. 88, § 13, 12 Stat. 249, provided:

SEC. 13. *And be it further enacted*, That in all cases where an article is made or vended by any person under the protection of letters-patent, it shall be the duty of such person to give sufficient notice to the public that such article is so patented, either by fixing thereon the word patented, together with the day and year the patent was granted; or when from the character of the article patented, that may be impracticable, by enveloping one or more of the said articles, and affixing a label to the package or otherwise attaching thereto a label on which the notice, with the date, is printed; on failure of which, in any suit for the infringement or letter-spatent by the party failing so to mark the article the right to which is infringed upon, no damages shall be recovered by the plaintiff except on proof that the defendant was duly notified of the infringement,

and continued after such notice to make or vend the article patented. And the sixth section of the act entitled ‘An act in addition to an act to promote the progress of the useful arts,’ and so forth, approved the twenty-ninth day of August, eighteen hundred and forty-two, be, and the same is hereby, repealed.

5 The Act of My 8, 1870, ch. 230, § ' 38, 16 Stat. 203 [R.S. § 4900] provided:

It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word ‘patented,’ together with the day and year the patent was granted; or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is enclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use, or vend the article so patented.

Thus, in general terms, the marking statutes, from inception in 1842, have required a patentee to mark any articles that are covered by a patent and which are “vended” or offered for sale. If a patentee did not, the patentee was subject to a fine or, after the Act of 1861, the provision that “no damages shall be recovered by the plaintiff” prior to actual notice. And that has also been the view expressed in the courts. In *Dunlap*, 152 U.S. at 247, for example, the Court explained that the marking statute imposes a “duty” on the patentee and others “making or vending any patented article” to properly mark such articles:

By section 4900 of the Revised Statutes, ... it is made the duty of every patentee or his assigns, and of all persons making or vending *any patented article* for or under them, to give sufficient notice to the public that it is patented, by putting the word ‘patented’ upon it, or upon the package enclosing it; ‘and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use, or vend the article so patented.’ (Emphasis added).

*24 The Court further explained the “clear meaning” of the statute, 152 U.S. at 247-48:

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. By the elementary principles of pleading, therefore, the duty of alleging, and the burden of proving, either of these facts is upon the plaintiff.

Although claims have been expressly required since the Act of 1870, and were in common use before that, none of the marking statutes nor cases such as *Dunlap* make any reference to being able to recover damages so long as the unmarked, patented “article” is not covered by the same claim or claims later being asserted in infringement litigation. See *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 996 (Fed.Cir.1995) (“The word ‘claim’ first appeared in the Act of 1836, ch. 357, § 6, 5 Stat. 117 (July 4, 1836), requiring that the applicant ‘shall particularly specify and point out the part, improvement, or combination, which he claims as his own invention.’ Claims, per se, were not expressly required until the Act of 1870, ch. 230, § 26, 16 Stat. 198 (July 8, 1870), which said the applicant ‘shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or discovery’, but they were in common use much earlier in rudimentary form.”).

Rather, cases such as *Dunlap* and the statutes explain that “it is made the duty of every patentee or his assigns, and of all persons making or vending *any patented article* for or under them, to give sufficient notice to the public that it is patented,” and “*in any suit for infringement*, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use, or vend the article so patented.”

(5) *Toro Co. v. McCulloch Corp.*

Turning to *Toro Co. v. McCulloch Corp.*, Toro had sued McCulloch and Shop-Vac Corp. alleging infringement of its patent on a portable power blower/vacuum. McCulloch filed a motion for summary judgment under § 287, alleging that Toro was barred from recovering damages for any infringing acts occurring prior to the filing of the complaint because Toro's licensee had sold products falling within the scope of some of the claims of that patent, and had not marked those products.

*25 Toro's blower/vacuum had a removable cover over an air inlet. Its patent disclosed and claimed a "safety switch" that prevented the motor and impeller of the blower/vacuum from operating when the air inlet cover was removed thereby exposing the impeller's blades to a user. That "safety switch" was the subject of independent claim 1, and claims dependent thereon. Toro's patent also disclosed a performance enhancing "pressure ring" that was the subject of independent claims 16-17. 898 F.Supp. at 680. Black & Decker (B & D) sought a license for (1) the safety switch covered by claim 1, and (2) the pressure ring of claims 16 and 17. Toro granted B & D a license authorizing it to make, sell, and use devices containing the safety switch of claim 1, but specifically excluded all claims pertaining to the pressure ring from that license. *Id.* Toro granted that license for \$3000, which Toro characterized as "nominal," and contended that it had granted that license because of public safety. *Id.* at n. 1. B & D, apparently, did not mark its products with Toro's patent number. The parties disputed (1) whether the products B & D marketed were actually covered by claim 1 of Toro's patent, and (2) whether the sales of those products were substantial.

According to the court, Toro argued:

Toro contends that the phrase 'any action for infringement' [in § 287(a)] refers to any action for infringement relating to the above referenced unmarked, 'patented article.' Thus Toro argues that the unmarked 'patented article' upon which McCulloch bases its § 287(a) argument is a blower/vacuum which contains its patented safety switch. Under Toro's construction of § 287(a), Toro would therefore be precluded from recovering damages in an infringement action from a party who makes or sells blower/vacuums which infringe on its safety switch if Toro (or its licensee) made or sold unmarked blower/vacuums containing this patented safety switch. Toro argues that a blower/vacuum which contains its pressure ring is, however, a separate 'patented article' under § 287(a). Accordingly, Toro argues that its right to recover in an

infringement action against a party who makes or sells a blower/vacuum with its pressure ring is limited by § 287(a) only if it (or its licensee) has made or sold blower/vacuums with the pressure ring disclosed in the '528 patent without affixing the proper mark.

Id. at 683. The District of Minnesota accepted Toro's argument: "After reviewing § 287(a)'s language and purpose, the Court finds Toro's construction of § 287(a) persuasive." The court reasoned that "[t]he phrase 'any action for infringement' must be read in the context of § 287(a) generally—there must be some referent upon which the 'action for infringement' is based." The court found that "referent" in the phrase "patented article." "The referent for the marking requirement is the 'patented article,' the logical referent for the infringement action should be the same 'patented article.'" *Id.*

*26 That is, the court read "patented article" in § 287(a), *i.e.*, "[p]atentees, and persons making, offering for sale, or selling within the United States *any patented article* ... may give notice to the public ...," as limiting "any action for infringement" in "no damages shall be recovered by the patentee in any action for infringement..." In essence, the court construed "any action for infringement" to mean "any action for infringement *for such patented article*." The court reasoned that a patent may cover "several distinct 'patented articles' ... each of which may be the subject of an independent infringement action."

However, the term 'patented article' does not necessarily include all 'patented articles' which may arise under a patent. A device is a 'patented article' under a patent when it contains all of the elements disclosed in any single claim of the patent. Since a patent may encompass several independent claims, there may be *several distinct* 'patented articles' which arise under that patent, each of which may be the subject of an independent infringement action... (Emphasis added).

Id. at 684. According to the court, therefore, "patented article" may or may not ("does not necessarily") include all "patented articles" in a patent because a patent may cover "several distinct 'patented articles.'" The court did not hold that "patented article" in § 287(a) was restricted to the actual claim or claims asserted in litigation, or further, as the Plaintiffs assert here, such claims as later construed in such litigation. The court's point was that a patent may cover "several distinct" "patented articles."

It is true, of course, that each claim in a patent is treated as a separate patentable invention. Patentees thus may choose to

sue for infringement of some claims, and not others, and may choose to license some claims, and not others. That does not, however, mean that each claim is drawn to a separate distinct invention. In general terms, the patent statute requires that the specification conclude with “one or more claims particularly pointing out and distinctly claiming *the subject matter which the applicant regards as his invention.*” (Emphasis added). 35 U.S.C. § 112(2). “More than one claim may be presented provided they differ substantially from each other and are not unduly multiplied.” 37 C.F.R. § 1.75(b). The claim or claims, however, “must conform to the invention as set forth in the remainder of the specification....” (Emphasis added). 37 C.F.R. § 1.75(d)(1).

In general terms, the statute and the rules of practice contemplate that the claims in a national application will be drawn to a single invention, although such an invention may be claimed in various forms. *See, e.g., In re Pleuddemann*, 910 F.2d 823, 825-26 (Fed.Cir.1990) (“[I]t is often the case that what is really a single invention may be viewed legally as having three or more different aspects permitting it to be claimed in different ways...”). Accordingly, the U.S. Patent and Trademark Office (PTO) is given authority to restrict a patent application to one invention, if two or more independent and distinct inventions are claimed. 35 U.S.C. § 121. *See also* 37 C.F.R. § 1.141(a), Manual of Patent Examining Procedure (MPEP) ch. 800 (8th ed. rev. 2 May 2004), § 802.01 (distinguishing between “independent” and “distinct” inventions). But the statute does not require the PTO to do so.⁶

⁶ 35 U.S.C. § 121 provides, in pertinent part: “If two or more independent and distinct inventions are claimed in one application, the Director [of the PTO] *may* require the application be restricted to one of the inventions.”

*27 The court in *Toro* accepted *Toro's* contention “that the ‘528 patent contains two separate inventions; (1) the safety switch disclosed in claim 1 and (2) the pressure ring disclosed in claims 16 and 17.” *Id.* at 682. And, indeed, that appears to be the case. The ‘528 patent at issue in *Toro*, U.S. Patent No. 4,694,528, was drawn to solving two problems. The first was: “A potential safety hazard in such apparatus exists when the apparatus is being converted [*sic*, “converted”] from its blower mode to its vacuum mode, and vice versa. During conversion, the vacuum nozzle or apertured cover are removed from the air inlet, thus exposing the impeller blades. If the motor were accidentally [*sic*, “accidentally”] turned on while the impeller blades were exposed, a person could be injured by the rotating impeller blades.” Col. 1, lines

25-32. The second was: “Another disadvantage of the prior art convertible blower-vacuum apparatus is that they supply the same velocity of air to the air outlet in both the blower and vacuum modes. However, it is desirable to have a higher velocity of air when the apparatus is operating in its blower mode.” Col. 1, lines 33-38.

The solution to the first problem was: “The air inlet is selectively covered by an apertured, removable air inlet cover. A mechanism removably secures the air inlet cover to the housing. A switch mechanism is carried by the housing and allows the motor to operate when the air inlet is covered, but not when the air inlet is uncovered. A first switch actuator is carried by the air inlet cover for actuating the switch mechanism when the cover is secured to the housing covering the air inlet. A removable vacuum nozzle also includes a second switch actuator for actuating the switch means when the vacuum nozzle is secured to the housing covering the air inlet.” Col. 1, lines 47-59. (paragraphing omitted).

The solution to the second problem was: “In a preferred embodiment, the present invention also includes a device for automatically increasing the air velocity during the blower mode of operation. The device includes a ring carried by the cover and disposed sufficiently close to the impeller to prevent air spill between the high pressure side and the low pressure side of the impeller blades. The cover also includes a mechanism for varying the size of the aperture through the cover to adjust the air flow during the blower mode of operation.” Col. 2, lines 23-33. The ‘528 patent, in reference to Figs. 4 and 10:

explained that:

[I]nset 72 also includes a ring 76 spaced radially inward from rim 59, and connected thereto by a radial extension 78 and an axial extension 80. A gap 75 is formed between rim 59 and extensions 78 and 80, and has sufficient depth so that rim 30, which extends from latching surface 34, fits completely within gap 75 when the lower surfaces of tabs 66 and 60 contact latching surface 34, as shown in FIG. 10. As seen therein ring 76 is thus disposed very close to the surface of impeller blades 24. In this manner, ring 76 prevents air from spilling between the high pressure side and the low pressure side of impeller blades 24 when impeller 22 is rotated. This in turn increases the pressure developed by the apparatus 10 during operation as a blower. *28 Col. 5, lines 19-33. Thus, the “pressure ring” did not require the “safety switch”—and vice versa. Furthermore, the

“pressure ring” invention was separately claimed. Claims 16 and 17 called for:

16. A convertible vacuum-blower comprising:

a housing having an air inlet and an air outlet;

a motor supported in said housing;

an impeller having a plurality of impeller blades supported for rotary motion in said housing, in fluid communication with said air inlet and said air outlet, and rotatably driven by said motor;

a removable air inlet cover for covering said air inlet, said air inlet cover having apertures for passage of air through the cover;

attachment means for removably securing said air inlet cover to said housing; and

said cover including means for increasing the pressure developed by said vacuum-blower during operation as a blower when air is being supplied to said impeller through said apertured cover.

17. A convertible vacuum-blower in accordance with claim 16 wherein said pressure differential increasing means includes a ring carried by said cover and disposed sufficiently close to said impeller to prevent air spill over between the high pressure side and low pressure side of said impeller blades during rotation of said impeller.

As noted above, Toro had specifically rejected B & D's request to license the “pressure ring” claims.⁷

⁷ Presumably that included not only independent claims 16 and 17, but dependent claims 11 and 12 as well which were also drawn to the pressure ring. According to the court, “Toro granted a license to Black & Decker authorizing it to make, sell, or use devices containing the safety switch.... Toro did not, however, grant Black & Decker a license to make, use or sell devices containing the pressure ring, and *explicitly excluded all claims pertaining to the pressure ring from the license's scope.*” (Emphasis added). 898 F.Supp. at 681.

In this instance, therefore, a convertible vacuum-blower having (1) the disclosed and claimed “safety switch” was, in fact, a separate distinct invention from (2) one having the disclosed and claimed “means for increasing the pressure,” *i.e.*, the pressure ring. As noted above, from the disclosure in the '528 patent, the “pressure ring” invention was directed to solving the prior art problem in which the blower-vacuum

apparatus supplied the same velocity of air in both the blower and vacuum modes. The “safety switch” invention, on the other hand, was directed to solving a distinct problem, *i.e.*, potential injury from rotating impeller blades when the vacuum nozzle or apertured cover were removed during conversion from a blower to a vacuum, or vice versa. The “pressure ring” invention did not require the “safety switch” invention-and the “safety switch” invention did not require the “pressure ring” invention. Thus, one could produce and manufacture convertible vacuum-blowers with either the “pressure ring” invention, or the “safety switch” invention (or both, but B & D was not licensed under the claims to the “pressure ring” invention, either alone or in combination with the “safety switch” invention), and, in such an instance, a single patent may contain different “patented articles” for purposes of § 287(a), as the court recognized:

[A] patentee may make or sell different “patented articles” which arise under a single patent, some of which embody a “patented article” which has been consistently properly marked, and others which embody a different “patented article” which may not have been properly marked.

*29 *Id.* at 684.

Accordingly, it is not a fair reading of *Toro* to conclude that the court would have considered each independent claim (or each claim) to constitute a separate “patented article” for purposes of § 287(a). Rather, here the “pressure ring” invention was, in fact, an invention separate from the “safety switch” invention, and was also separately claimed. The court did *not* hold that each claim in a patent defined a separate “patented article,” but rather rejected the contention that “the term ‘patented article’ “ necessarily included “all ‘patented articles’ which may arise under a patent.” *Id.*

The court reasoned that a “logical reading of the statute indicates that the infringement action under which damages are limited is an infringement action based upon that same unmarked ‘patented article.’ “ *Id.* at 683-84. The court concluded that construction was consistent with the purpose of § 287(a), namely preventing “innocent infringement.” The court reasoned that “[i]f the device has not been released into public domain, there is manifestly no possibility of the public innocently copying or imitating that device. The fact that a product which contains an unrelated device arising under the same patent has been released does not change this result.” (Emphasis added). *Id.* at 684-85.

If anything, therefore, the *Toro* court seems to have created an exception to the general understanding that “patented

article” under § 287(a) means an “article” covered by one or more claims of a patent. That exception applies, under the facts before the *Toro* court, if the patentee is pursuing infringement of claims to an invention that is a separate distinct invention from one licensed without any contractual marking obligation. Under the facts before the *Toro* court, that separate distinct invention was also covered by a separate set of claims (*i.e.*, claims 16 and 17) that appears to have been a factor that influenced the court, but may not, necessarily, be a requirement for the same rationale to apply in other cases. For example, under the facts before the *Toro* court, Toro had restricted the B & D license to devices containing the safety switch, and had explicitly excluded “all claims” relating to the pressure ring, including, presumably, dependent claims 11 and 12. Even if the pressure ring invention had not been the subject of a separate set of distinct claims, *i.e.*, claims 16 and 17, a license excluding specific dependent claims, *e.g.*, claims 11 and 12, or perhaps even a license that excluded the pressure ring invention by language such as: “provided, however, no right or license is granted or conveyed to make, have made, use, import, or sell any product that ...,” may suffice.

In the present case, the Plaintiffs are asserting claim 1 of the '919 patent, which, again, provides:

1. A system for reproducing a color original in a medium using a selected multiplicity of reproduction colorants, the system comprising in serial order:

*30 a. a scanner for producing from said color original a set of three tristimulus appearance signals dependent on the colors in said original;

b. display means connected to the scanner for receiving the appearance signals and *aesthetic correction circuitry for interactively introducing aesthetically desired alterations into said appearance signals to produce modified appearance signals*; and

c. colorant selection mechanism for receiving said modified appearance signals and for selecting corresponding reproduction signals representing values of said reproduction colorants to produce in said medium a colorimetrically-matched reproduction. (Emphasis added).

Unlike the situation in *Toro*, the Plaintiffs have not shown, or even asserted, that claim 1 of the '919 patent is drawn to a separate distinct invention from the invention or inventions licensed to the 17 or 18 licensees.

Further, unlike the situation in *Toro*, the Plaintiffs have not shown-and, again, have not even asserted-that the granted licenses carved out, or otherwise did not cover, the invention as defined in claim 1. It is noted, for example, as discussed below in reviewing the terms of each of the licenses that EFI has granted, that virtually all of the licenses grant the licensees a right to produce and sell products to the full scope of the '919 patent. The Plaintiffs have pointed to no license that specifically excludes the invention defined by claim 1, and, on review, none has been found.

EFI nevertheless took advantage of the ability to selectively license features of the invention in at least one instance. As discussed further below, in settling a lawsuit, EFI granted Adobe a non-exclusive license under the '919 patent to make, have made, use, license and sell “PostScript Color Software and any other software or product which infringes the Licensed Patent (other than Color Editing Software ...),” but specifically excluded from that grant a license “for any automatic feedback mechanism that performs in line calibrating for color printing output without operator intervention ...,” for a period of three years after the effective date of the license. That agreement also carved out, and included separate licensing provisions for certain features of “Color Editing Software.” The Plaintiffs, however, have pointed to no license agreement that carves out the “aesthetic correction circuitry.”

In all events, it is clear that the *Toro* court was not addressing an issue analogous to the Plaintiffs' contention here, namely, that when a patentee grants licenses, with an express waiver of any contractual marking obligation, that encompass the full scope of a patent, *i.e.*, “licensed products” falling within the scope of a license grant clause are defined in terms of products that would otherwise infringe one or more claims of a patent, such a patentee is not subject to the limitations of § 287(a) if a court later, through *Markman* claim construction, adopts a construction of asserted claim(s) in which one claim element does not literally cover what was previously licensed and subsequently sold without notice under § 287(a).

(6) Conclusion

*31 It is not necessary here, in deciding the parties' respective motions, to fully resolve the scope of “patented article” under § 287(a). That is, perhaps, better left to the Federal Circuit and/or on more complete submissions from the parties. It is sufficient, in the context of deciding the parties' present motions, to reject the Plaintiffs' contention that “patented article” in § 287(a) means articles falling within

the scope of the *asserted* claim or claims in a particular case, and more specifically an asserted claim or claims as later construed in *Markman* claim construction. Consequently, the Court does not accept Plaintiffs' contention that "the Court need only determine whether EFI's licensees sold unmarked products that directly and literally infringe Claim 1 of the MIT Patent [as construed by the Court in this case]." That conclusion is not mandated by the language of § 287(a), nor the underlying policy of the statute.⁸

⁸ In *Hanson v. Alpine Valley Ski Area, Inc.*, 718 F.2d 1075 (Fed.Cir.1983), the district court had found that the operation of certain snow making machines infringed three method claims of Hanson's patent. That decision was affirmed on appeal to the Sixth Circuit. *Hanson v. Alpine Valley Ski Area*, 611 F.2d 156 (6th Cir.1979). The Sixth Circuit characterized the patent-in-suit as being drawn to "a process for making snow for winter sports," and as claiming "a method of making snow that does not require a system of pipes and does not require compressed air." *Id.* at 157. The case then returned to the district court for a determination of damages. During that proceeding, the defendant urged that damages were limited by § 287(a) because snowmaking machines produced by Hanson's licensee had not been marked. The magistrate judge rejected that argument on two grounds: "(1) it was untimely raised, since Alpine had not presented it in any pretrial pleadings, and (2) the patent is a process patent, to which section 287 does not apply." On appeal, the Federal Circuit held that "[w]e agree with the latter ground of decision, and therefore do not reach the former ruling." 718 F.2d at 1082. The defendant noted that Hanson's patent also contained apparatus claims (although it is not clear whether those claims were ever asserted). The Federal Circuit reasoned that "[t]he only claims that were found infringed in this case, however, were claims 1, 2, and 6 of the Hanson patent, which are drawn to 'the method of forming, distributing and depositing snow upon a surface....' ... In affirming the district court's finding of infringement in this case, the court of appeals stated in the first sentence of its opinion that 'the patent alleged to be infringed is [for] a process for making snow for winter sports.' ... It is 'settled in the case law that the notice requirement of this statute does not apply where the patent is directed to a process or method.'" 718 F.2d at 1083, quoting *Bandag, Inc. v. Gerrard Tire Co.*, 704 F.2d 1578, 1581 (Fed.Cir.1983). The patent at issue in *Bandag*, however, contained only method claims. Subsequently, the Federal Circuit held in *Devices for Medicine, Inc. v. Boehl*, 822 F.2d 1062 (Fed.Cir.1987), that "DFM's licenses did not require its licensees to mark the introducer product and

there was no evidence that any product ever bore a patent marking. The claimed method is the use of the product. Having sold the product unmarked, DFM could hardly maintain entitlement to damages for its use by a purchaser uninformed that such use would violate DFM's method patent," and that "[i]n *Bandag*, and in *Hanson*, this court specifically noted a distinction between cases in which only method claims are asserted to have been infringed and cases like the present case, where DFM alleged infringement of all its apparatus and method claims." *Id.* at 1066. Then, in *American Medical*, 6 F.3d 1523, the Federal Circuit held that "[t]he purpose behind the marking statute is to encourage the patentee to give notice to the public of the patent. The reason that the marking statute does not apply to method claims is that, ordinarily, where the patent claims are directed to only a method or process there is nothing to mark. Where the patent contains both apparatus and method claims, however, to the extent that there is a tangible item to mark by which notice of the asserted method claims can be given, a party is obliged to do so if it intends to avail itself of the constructive notice provisions of section 287(a)." *Id.* at 1538-39. One could argue, therefore, that under *Hanson*, a patentee having both method and apparatus claims and having sold or licensed the sale of unmarked products could avoid § 287(a) by choosing to assert only the method claims. The court in *Hanson*, however, did not address whether doing so would subvert the underlying rationale of the statute. In light of the Federal Circuit's rationale in *Devices for Medicine* and *American Medical*, it is at least debatable whether the court, if faced with that question, would permit a patentee to do so. In any event, even if *Hanson* could be read as permitting a patentee to choose to assert only method claims that do not, by definition, cover "patented articles" and thus fall outside the scope of § 287(a), *Hanson* did not deal with, and cannot be read to support, the contention that "patented article" in § 287(a) means articles falling within the scope of the asserted apparatus claim or claims in a particular case. See, e.g., *Philips Elecs. N. Am. Corp. v. Contec Corp.*, 312 F.Supp.2d 649, 651 (D.Del.2004) ("The '359 patent contains both method and apparatus claims. Philips argues that, because it is only asserting the method claims of the '359 patent, it had no duty to mark its URCs. However, Philips' argument fails as a matter of law. The Federal Circuit has clearly stated that '[w]here the patent contains both apparatus and method claims ... to the extent that there is a tangible item to mark by which notice of the asserted method claims can be given, a party is obliged to do so if it intends to avail itself of the constructive notice provisions of section 287(a).' In this case, Philips' URCs are tangible items which were capable of being marked to give the public notice of

the asserted method claims of the '359 patent. Because Philips failed to so mark its URCs, Philips cannot avail itself of the constructive notice provisions of 35 U.S.C. § ' 287(a) with respect to the asserted method claims of the '359 patent.” (citing *American Medical*, 6 F.3d at 1538-9)).

The term “patented article,” on its face, may be fairly understood as simply meaning an “article” covered by one or more claims of an issued patent, if “patented” is given its usual meaning. As discussed above, however, the purpose and intent of the marking statute is “to encourage the patentee to give notice to the public of the patent,” by giving “ ‘patentees the proper incentive to mark their products and thus place the world on notice of the existence of the patent.’ ” *American Medical*, 6 F.3d at 1538. In furtherance thereof, the courts have permitted marking that uses phrases such as “one or more of the following patents,” or have encouraged notices such as “for use under U.S. X, XXX,XXX” or “licensed under U.S. X,XXX,XXX,” see *Amsted*, 24 F.3d at 185, and, have indicated that liability for false marking under § 292 maybe avoided if a patentee exercises good faith in deciding to mark particular products. All of that suggests that “patented” in “patented article” under § 287(a) might, in a particular case such as *Amsted*, be given a construction consistent with giving patentees a proper incentive to mark their products and put the world on notice of the patent, instead of a strict infringement-type analysis.

There is no indication in the cases that the Federal Circuit would permit a patentee who has not enforced a marking obligation on licensees and others authorized to make, use, and/or sell products under a patent to escape the consequences of having failed to do so under § 287(a) by later urging that such products do not strictly comply, as later construed by the court in which such case is pending using an infringement-type analysis, with the specific claims being asserted against an alleged infringer.

On the other hand, construing “patented article” as meaning simply an “article” covered by one or more claims of an issued patent does not account for situations such as in *Toro* where a patent truly discloses and claims two or more separate distinct inventions. That is not, of course, to say that the analyses underlying requirements for restriction under § 121 have any place in an analysis under § 287(a)-the underlying purposes and intent of those statutes are radically different. However, as in *Toro*, when a patentee has selectively licensed claims to an invention that is truly a separate distinct invention from other inventions that are disclosed and claimed in a patent, to

one or more parties who have not been required to mark their products, the underlying purposes and intent of the statute are not necessarily subverted by permitting such a patentee to recover damages for infringement of claims drawn to such a separate distinct invention, particularly if the distribution and sale of the unmarked products have not caused the public to be deceived. In all events, though, it seems clear, from the facts and rationale of *Toro*, as well as the burden imposed by § 287(a), that the patentee bears the burden of showing that the exception recognized by the *Toro* court should apply.

b) The Parties' Showings

(1) What the Parties Say They Must Show

*32 Turning to the merits, the problem here is that both the Defendants and Plaintiffs have taken extreme positions *vis-à-vis* what they must show (or not show) on summary judgment. The Plaintiffs' contention that the Defendants must show that EFI's licensees sold unmarked products that directly and literally infringe claim 1 of the MIT patent-in-suit must be rejected for the reasons given above. The Plaintiffs also contend that Microsoft has not shown that a single “patented article” has been sold without proper notice.⁹

⁹ The Plaintiffs rely on discovery responses in urging that the defendants have no information that unmarked “patented articles” were produced and sold. Plaintiffs, in interrogatories, asked various Defendants to “[i]dentify each patented article you contend Plaintiffs or their licensees should have marked with the MIT Patent in order to satisfy 35 U.S.C. § 287.” See Plaintiffs' Marking Opposition, Exhs. B and D. In response, Corel, ArcSoft, Achiever, Argus, Kyocera Int'l, Kyocera Optics, PTG Software, SiPix, Stomp, and World Office Products all stated that they did not, and, at that time, could not, know of any responsive article, product or component. See Plaintiffs' Marking Opposition, Exhs. F, H, J, N, P, R, T, V, and X (Plaintiffs submitted the responses of those particular defendants). Plaintiffs also requested from Defendants production of “[a]ll documents supporting any contention that MIT, EFI, or their licensees failed to mark any products as required by 35 U.S.C. § ' 287.” See Plaintiffs' Marking Opposition, Exh. C. In response, Microsoft, Corel, ArcSoft, Achiever, Argus, Kyocera Int'l, Kyocera Optics, PTG Software, SiPix, Stomp, and World Office Products all objected that Plaintiffs were “seeking information that remains primarily within Plaintiffs' own knowledge or possession, or that of third party licensees of Plaintiffs.” See Plaintiffs' Marking Opposition, Exhs. E, G, I, K, M, O, Q, S, U, W, and Y

(again, Plaintiffs submitted those particular responses). Furthermore, Microsoft, ArcSoft, Achiever, Argus, PTG Software, SiPix, Stomp, and World Office Products stated that they had “no documents responsive to this request.” See Plaintiffs’ Marking Opposition, Exhs. E, I, K, M, S, U, W, and Y. Corel, Kyocera Int’l, and Kyocera Optics stated that they would produce any responsive documents, and did not affirmatively state that they had no responsive documents. See Plaintiffs’ Marking Opposition, Exh. G, O, and Q.

On the other hand, Microsoft contends that “[t]here is no affirmative burden on any defendant to show that ‘patented articles’ were sold without appropriate marking as a defense to the claim for six years of damages.” Microsoft’s Motion at 1. Indeed, Microsoft urges that “[t]here is no case holding that noncompliance with the marking statute requires the defendant to prove that unmarked, licensed products directly and literally infringe the patent. Instead, the courts have always looked to the actions of the patentee and his dealings with his licensees to determine whether or not there is evidence of the required substantial and continuous marking.” Microsoft’s Response at 4.

Microsoft’s argument is overstated-and unsupported by the cases it cites. As noted above, there is at least one case, *Laitram Corp.*, 806 F.Supp. at 1296, in which the court reasoned that the defendant moving for partial summary judgment on failure to comply with § 287(a), in that instance Hewlett-Packard (H-P), “must first prove” that the product that it was alleging had been sold-unmarked-constituted a “patented article” under § 287(a). Applying an infringement-type analysis, the court found that H-P’s proof was lacking. *Id.* at 1297. Although, the *Laitram* court’s articulation of what H-P was required to “prove” was, as discussed above, not entirely consistent with settled law on what showing is required on a motion for summary judgment, nevertheless, the court’s ultimate conclusion that, on balancing the parties’ submissions, H-P was not entitled to summary judgment under Rule 56 was not plainly wrong.

In each of the other four cases that Microsoft relies on, Microsoft’s Response at 4-5, there was evidence that unmarked, vended products infringed the patent-in-suit, or the parties essentially conceded the issue. In *Gordon v. Easy Washing Machine Corp.*, 39 F.Supp. 202, 203 (N.D.N.Y.1941), the issue the court addressed was the plaintiff’s contention that because he had never manufactured products under the patent-in-suit, the marking statute did not apply, citing *Wine Railways*. In rejecting that argument, the court noted: “Some time prior to the commencement

of the Westtown case, plaintiff brought action against the Maytag Corporation for alleged infringement of the so-called second Gordon patent. This was settled. One of the provisions of the settlement was that the Maytag Corporation could complete and sell about 2,500 machines *using the infringing device*. Defendant contends that this constituted the Maytag Corporation a licensee and that it became the duty of plaintiff to see that the 2,500 machines, manufactured and sold by the Maytag Corporation, were marked with the patent and number thereof; that, unless this was done, plaintiff cannot recover for any damages for infringement prior to the date of giving notice, which was the date of the commencement of the so-called Westtown suit. I must so hold.” (Emphasis added).

*33 In *Miller v. Day-Brook-Ottawa Corp.*, 291 F.Supp. 896, 903 (N.D.Ohio 1968), although the opinion is far from a model of clarity, it does not appear that constructive notice was seriously urged: “*The plaintiff Corporation does not seriously contend that substantially all of the machines made under its sub-licenses to use the Miller patent were marked with the patent number.*” (Emphasis added). Rather, the plaintiff contended that at one time there was substantial marking and that should be sufficient to constitute constructive notice: “It [the plaintiff] contends, rather, that during a limited period of some months around the time that the defendant Corporation’s predecessor acquired the infringing business from Moore’s Time-Saving Devices, Inc. in November, 1958, there was substantial marking which gave constructive notice at that time.” In response to the later contention, the court noted that “[t]he concept which underlies the proof of constructive notice by marking is that the infringer will see all the devices on the market but its own bearing the patent number, and will thus be forced to recognize that the invention is protected. Obviously, if the infringer goes to a truck show, looks at two dozen competing devices, and sees patent markings only on one or two of them, the conceptual basis for notice fails. On the basis of the overwhelming weight of the evidence in this case, this exact situation prevailed at all times. One manufacturer marked. Nobody else, licensed or not, did. The plaintiff Corporation failed to establish constructive notice under the statute.” In short, *Miller* offers no discernable support for Microsoft’s argument that “[t]here is no affirmative burden on any defendant to show that ‘patented articles’ were sold without appropriate marking as a defense to the claim for six years of damages.” Microsoft’s Motion at 1.

In *In re Yarn Processing*, the court noted that the patent owner, Lex Tex, urged that the claims-at-issue were directed to yarns

made on double heater machines, and that there was testimony in one of the consolidated cases by “a patent lawyer who owns a significant amount of Lex Tex’s stock, ... that double heater machines ‘can produce nothing else except the yarn that is made by or covered by the Lex Tex patents.’ ” 602 F.Supp. at 163. In short, there was no dispute that yarn made on double heater machines had been sold unmarked. The patent owner’s infringement contentions established that the unmarked yarn made by Lex Tex’s licensees on double heater machines infringed the product claims-at-issue.

Similarly, in *Loral Fairchild*, there was no dispute that certain charge coupled devices (CCDs) had been on sale, and that those CCDs had not been marked. The patent owner’s infringement contentions established that the unmarked products otherwise infringed. During discovery, Loral identified the particular CCDs accused of infringement, which included a CCD produced by NEC. The court noted that “the statement of undisputed facts filed with this motion shows that Loral’s analysis of the NEC 3551 CCD revealed that the product corresponded directly or by equivalents to the technology protected by the [patent-in-suit].” 906 F.Supp. at 815. Further Matsushita had sought a declaratory judgment that it had no liability for infringement because Matsushita had a license under the patent-in-suit. The United States District Court for the Southern District of New York granted Matsushita’s motion for summary judgment, and that decision was affirmed on appeal. An unopposed affidavit by a Matsushita employee averred that all of the allegedly infringing Matsushita CCDs were sold in the United States, and that none of those CCDs were marked. The defendants also argued that Toshiba and NEC sold unmarked CCDs that were now accused of infringement, and that “Loral does not contradict these facts.” *Id.*

(2) Microsoft’s Summary Judgment Showing

*34 Although Plaintiffs have the ultimate burden of persuasion at trial on the issue of compliance with the marking statute, and thus have the burden of persuasion on summary judgment *vis-à-vis* whether there is a genuine issue of material fact in dispute, that does not relieve Microsoft (or the other defendants) from providing a properly supported showing that they would be entitled to judgment as a matter of law if there is no genuine issue of material fact in dispute. See *Clancy Sys.*, 953 F.Supp. at 1174 (“As the moving party, Symbol bears the initial burden to inform the court of the reasons why summary judgment is appropriate.... To that end, Symbol cannot make naked assertions that genuine issues of fact do not exist.... Rather, Symbol is obligated to point

to portions of the record evidence that demonstrate why it is entitled to summary judgment.... Although disproving the existence of a fact is difficult, where Symbol’s argument is simply that no evidence of a fact necessary to Clancy’s case exists, Symbol must make efforts to determine the existence of such evidence and point to such efforts in the record.”). That is, Microsoft (and the other defendants) cannot prevail on their motions for summary judgment if what they rely on is insufficient to support such a judgment, even if taken as true and undisputed.

Microsoft, under the heading “Undisputed Facts and Statement of Material Facts,” urges that “Plaintiffs Explicitly Waived Marking Requirements and Failed to Police Their Licensees.” Microsoft’s Marking Motion at 10. Microsoft argues that “[y]ears ago, EFI and MIT made a conscious decision to allow licensees to produce and sell products under the ‘919 patent without the requirement that their licensees mark those products with the ‘919 patent number.” *Id.* Microsoft relies on the following.

First, Microsoft says that “EFI, as exclusive licensee, received a specific waiver from MIT of any requirement to mark certain products with their patent number.” *Id.* As support, Microsoft points to Exhibit C to its brief that includes exhibits to the Etheridge deposition, and specifically (1) paragraph 2.8 of the EFI license agreement that provides, *inter alia*, that any sublicenses “shall” include the obligations of paragraph 15.4 of the agreement, and paragraph 15.4 which provides that “LICENSEE agrees to mark the Licensed Products sold in the United States with all applicable United States patent numbers,”¹⁰ (2) a document identified as WFS004441-a fax dated October 17, 1994, from Dov Rosenfeld, Director, Intellectual Property for EFI to Lita Nelsen, Director, MIT Technology Licensing Office, stating:

¹⁰ Microsoft’s exhibit did not include the entire license, and did not include the definition in that agreement for “Licensed Products.”

In our negotiations for a sublicense, Apple Computer, Inc. has requested a waiver from M.I.T. of the provisions of Paragraph 15.4 of the license agreement. These are the marking requirements. I notice that you wrote such a waiver letter on May 29, 1991 for our sublicense to Canon, Inc. We would appreciate a similar letter for the sublicense to Apple, Inc. and its subsidiaries. At this stage, a letter stating you would be willing to issue [*sic*, “issue”] such a waiver would be sufficient.

*35 (3) a document identified as WFS004436-a letter dated October 18, 1994, from Lita Nelson to Dov Rosenfeld saying “[t]his is to confirm that M.I.T. will grant a waiver of the provisions of Paragraph 15.4 of the License Agreement for the sublicense you are currently negotiating with Apple Computer,” and (4) a document identified as WFS004569-a letter dated May 29, 1991 from Lita Nelsen to Efi Arazi, President of EFI, saying that “M.I.T. hereby waives the provisions of Paragraph 15.4 of the above-referenced license for the sublicense granted to Canon Inc. and its subsidiaries.”

Second, Microsoft says that between February 9, 1990, and May 4, 2002, EFI granted at least 17 licenses under the '919 patent. Microsoft's Marking Motion at 10. Microsoft has attached an Exhibit A to its brief that is said to list the entities granted sublicenses by EFI along with the pertinent terms of each license. There does not appear to be any material dispute between the parties *vis-à-vis* the substance of that exhibit, which is reproduced below:

Licensee	Date	TERM	Licensed Products	Marking Requirement	Depo. Exhibit/Bates No.
Toyo Ink Mfg. Co., Inc.	03/07/1990	Either: (1) cessation of business, or (2) material breach	Any products which utilize the #919 patent (EFI000480)	Marking Required (EFI000487)	Exhibit 6 EFI000478 to EFI000489
Eastman Kodak Company	01/11/1991	Either: (1) at will by Kodak, (2) material default by either, or (3) expiration of the #919 patent	Hardware: imaging and image processing equipment, including scanners, cameras, printers, and monitors (and all embedded software) which are covered by one or more claims of the #919 patent Software: all systems and application software for use	Marking Waived (EFI000420)	Exhibit 7 EFI000390 to EFI000426

in color reproduction systems, including the KCMS Kernal (EFI000393 to EFI000394)

Adobe Systems, Inc.	03/01/1991	Either: (1) material default by either, or (2) expiration of the #919 patent	PostScript Color Software and any other infringing software or product, including PhotoShop (with time limitations) (EFI000314 to EFI000317)	Marking Required (EFI000318)	Exhibit 10 EFI000311 to EFI000324
Canon, Inc.	05/28/1991	Either: (1) failure to perform, or (2) expiration of the #919 patent	Any and all processes, equipment, products, or devices, including scanners, printers, and all software programs therefor which would infringe or contribute to the infringement of the #919 patent (EFI000365)	Marking Waived (WFS004569)	Exhibit 11 EFI000364 to EFI000378

Scitex Corporation, Ltd.	12/03/1991	Either: (1) by agreement, or (2) expiration of the #919 patent	Imaging and image processing, handling, and production equipment for use in color reproduction systems, which are covered by one or more claims of the #919 patent (EFI000469 to EFI000470)	Marking Required (EFI000473)	Exhibit 13 EFI000469 to EFI000477
Xerox Corporation	12/12/1991	Expiration of the #919 patent	Hardware products such as copiers, printers, and scanners, including embedded software, which infringe one or more claims of the #919 patent (EFI000518 to EFI000519)	Marking Waived with respect to labels and packaging (EFI000521)	Exhibit 14 EFI000518 to EFI000524
Minolta Camera Co., Ltd.	01/29/1992	Either: (1) failure to pay, (2) invalidity of the #919 patent, or (3) expiration of the #919 patent	Hardware: hardware products such as copiers and printers, including embedded software, which infringe one or	Marking Required (EFI000455)	Exhibit 15 EFI000450 to EFI000468

more
claims of
the #919
patent
Software:
software
products
which
infringe
one or
more
claims of
me #919
patent
and
are not
embedded
in
hardware
(EFI000450
to
EFI000451)

Dainippon Screen Mfg. Co., Ltd.	03/22/1994	Either: (1) five years with automatic one year renewals, unless terminated in writing, or (2) default	Any feature under the #919 patent (EFI000379)	Marking Required (EFI000385)	Exhibit 16 EFI000379 to EFI000389
Victor Company of Japan (JVC)	06/11/1992	Either: (1) failure to pay, or (2) invalidity of the #919 patent, or (3) expiration of the #919 patent	Hardware: hardware products such as copiers and printers, including embedded software, which infringe one or more claims of the #919 patent Software: software products which	Marking Required (EF1000494)	Exhibit 17 EF1000490 to EF1000494

infringe
 one or
 more
 claims of
 the #919
 patent
 and
 are not
 embedded
 in
 hardware
 (EFI000490
 to
 EFI000491)

Light Source Computer Images, Inc.	11/14/1994	Until the expiration of the last to expire of the Licensed EFI patents	Any instrumentality or aggregate of instrumentalities, whether hardware or software, being developed, developed, manufactured or sold, prior to or during the term of the Agreement, including Light Source Ofoto scanner software License covers any and all patents subject to licensing by EFI (EFI000437 to EFI000439)	Marking Required (EFI000442 to EFI000443)	Exhibit 18 EFI000437 to EFI000449
Apple Computer, Inc.	02/21/1995	Until the expiration of the last to	Any instrumentality or aggregate	Marking Waived (EFI000360)	Exhibit 20 EFI000325

expire of the Licensed EFI patents of instrumentalities, whether hardware or software License covers the #919 patent and other EFI patents (up to 6) selected by Apple (EFI000326 to EFI000328) to EFI000363

Harlequin, Inc.	02/16/1996	Either (1) failure to pay, or (2) expiration of the #919 patent	Harlequin Color Management System software (HCMS) License covers the #919 patent (EFI000427)	Marking Required (EFI000431)	Exhibit 23 EFI000427 to EFI000436
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Vivid Details, Inc.	11/28/1997	Either (1) failure to perform, (2) failure to pay, or (3) expiration or invalidity of the licensed patent(s)	Any software products, including Test Strip, which incorporate technology covered in whole or in part by one or more claims of a Licensed Patent License covers the # 919, #546, and #754 patents (EFI000496)	Marking Required (EFI000498)	Exhibit 25 EFI000495 to EFI000508
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Mentalix, Inc.	03/05/2002 None (Settlement)	Multiple Mentalix Pixel! products Parties agree these are infringing products (EFI029897, EFI029898, EFI029903, and EFI029904)	Marking Required (EFI029898)	Exhibit 26 EFI029897 to EFI029904
Digital Light and Color	03/05/2002 None (Settlement)	Digital Light and Color Picture Window and Picture Window Pro products Parties agree these are infringing products (EFI0029910, EFI029911, and EFI029916)	Marking Required (EF1029911)	Exhibit 27 EFI029910 to EF1929916
American Systems	03/11/2002 None (Settlement)	American Systems Photo Wizard and Photo Country products Parties agree these are infringing products (EFI029922, EFI029923, and EFI029928)	Marking Required (EFI029923)	Exhibit 28 EFI029922 to EFI029928
RL Vision	04/30/2002 None (Settlement)	RL Vision ArtGem	Marking Required (EFI029884)	Exhibit 35 EFI029883

products
Parties
agree
these are
infringing
products
(EFI029883,
EFI029884,
and
EFI029889)

*36 If Microsoft's foregoing summary is accepted, of the 17 sublicenses that Microsoft says were granted by EFI, 13 required marking. The four sublicenses that are specifically indicated as resulting from settlements, according to the foregoing, all required marking. Marking was waived for Kodak,¹¹ Canon,¹² and Apple (see above), and waived marking with respect to labels and packaging for Xerox.¹³

¹¹ Microsoft's Brief, Exhibit C: documents identified as EFI000397 and EFI000420-these documents appear to be portions of a license agreement dated January 11, 1991, between Kodak and EFI. Paragraph 2.7 incorporates certain obligations from the MIT-EFI agreement dated February 9, 1990, "as modified pursuant to the letter dated January 8, 1991, from MIT to EFI." That letter is attached to that agreement and is a letter from Lita Nelsen on behalf of MIT to Mr. Efi Arazi at EFI stating: "This is to confirm that M.I.T. waives the provisions of Paragraphs 8.2 and 15.4 as they apply to any sublicenses granted E.F.I. to Kodak."

¹² Microsoft's Brief, Exhibit C: document identified as WFS004569-letter from Lita Nelsen on behalf of MIT to Mr. Efi Arazi at EFI dated May 29, 1991, stating: "M.I.T. hereby waives the provisions of Paragraph 15.4 of the above-referenced license [license agreement dated February 9, 1990, between M.I.T. and E.F.I.] for the sublicense granted to Canon Inc. and its subsidiaries."

¹³ Microsoft's Brief, Exhibit C: document identified as EFI000521-appears to be excerpts from a "Patent License Agreement" between Xerox and EFI dated December 12, 1991. Paragraph 7.5 states: "Xerox shall have the right but not the obligation to mark labels, product literature or packages for any products incorporating the Patent Rights sold in the United states [*sic* States] with all applicable United States patent numbers relating to the Patent Rights." "Patent Rights" was defined as the '919 patent, including any continuing applications, reissues, re-examinations, and extensions. Paragraph 7.6 states: "Pursuant to Section 2.8 of the MIT Agreement, the obligations to MIT under Articles ... 15.4

of the MIT Agreement shall be binding upon Xerox as if it was a party to the MIT Agreement."

In support of its argument that EFI failed to "police" its licensees, Microsoft contends that "during its extended period of licensing multiple entities under the '919 patent, EFI never sent a single letter to a licensee complaining of a failure to mark," Microsoft's Marking Motion at 11, citing the following excerpt from the Etheridge deposition:

Q. Have you ever sent a letter to anyone complaining that they weren't marking?

A. I don't believe we've ever sent a letter to anyone complaining that they weren't marking.

Q. Have you ever sent a letter to anyone advising that they weren't marking?

A. I don't believe we've sent a letter to anyone advising that they weren't marking.

Microsoft's Brief, Exhibit B, Etheridge Dep. at 20:20 to 21:1. Microsoft further contends that "EFI never orally notified any licensee of a failure to mark, despite the existence in the market of 'huge amounts of products with huge amounts of licenses,'" Microsoft's Marking Motion at 11, citing the following excerpt from the Etheridge deposition:

Q. Have you ever told anybody that they had an obligation under the license and weren't marking?

A. I've never told anybody that they had an obligation and that they weren't marking.

Q. ... I meant to ask whether you've ever orally told any licensee whom you thought had an obligation to mark their products that you had noticed that they hadn't been marking?

A. Not that I'm aware of.

Q. Have you had any discussions with anyone about whether they should be marking?

A. Other than outside counsel? I mean, I had discussions with them whether or not people-have I had any discussions-my problem is there's huge amounts of products with huge amounts of licensees and these questions are incredibly general.

Microsoft's Brief, Exhibit B, Etheridge Dep. at 22-11; 22:2-8. "For example," Microsoft says, "EFT has taken absolutely no steps whatsoever to confirm compliance with [section 287\(a\)](#) by a number of its licensees, including Dainippon, Toyo, JVC, Kodak, Adobe, Canon, and Xerox," Microsoft's Marking Motion at 11, citing to several portions of the Etheridge deposition, of which the following is representative:

Q. Are there any documents at EFI that talk about or discuss what products Toyo Ink was selling or intended to sell under this sublicense agreement?

A. To my knowledge, there are not.

Q. What-what efforts has EFI undertaken concerning Toyo Ink to ensure that Toyo Ink is complying with the marking requirements of Section 2.2 of this agreement?

*37 A. I'm not aware of any efforts.

Q. What is Toyo Manufacturing Company, Limited?

A. I only know that Toyo is a Japanese corporation that had some business dealings with EFI in the early days, and they have worked with us on a product or two. It was certainly when EFI was a small start-up company.

Q. Does EFI have any information about whether Toyo marked any sublicensed products?

A. Not that I'm aware of.

Microsoft's Brief, Exhibit B, Etheridge Dep. at 71:11 to 72:2. Finally, Microsoft says that "EFI admits that it has taken 'very little steps' to determine whether any licensee makes any patented articles," Microsoft's Marking Motion at 11, citing the following portion of the Etheridge deposition:

Q. What steps did you take to determine whether anyone makes patent articles?

A. Of the licensees?

Q. Let's-yeah, let's start with the licensees.

A. Very little steps.

Microsoft's Brief, Exhibit B, Etheridge Dep. at 124:20-24.

(3) What the Proof Actually Shows

The foregoing, even if accepted as true and undisputed, shows little, if anything, regarding non-compliance-or compliance-with [§ 287\(a\)](#). Even ignoring for a moment the rule requiring that summary judgment evidence and all justified reasonable inferences must be viewed in a light favorable to the non-moving party, the foregoing simply establishes that (1) EFI entered into at least 17 sublicenses under the '919 patent, (2) in 3 of those sublicenses, the marking requirement was waived, and in one of those sublicenses the marking requirement was partially waived, and (3) EFI undertook little, if any, effort to determine whether the sublicensees that were required to mark, were actually doing so. There may be no genuine issue of material fact *vis-à-vis* the foregoing, but those facts do not show that the Defendants are entitled to judgment as a matter of law that unmarked, patented articles have been sold in the United States thereby limiting potential damages under [§ 287\(a\)](#). Microsoft (and the other defendants joining or adopting Microsoft's motion) have simply not provided adequate support for the judgment they are asking the Court to make.

With respect to the thirteen sublicensees that had a contractual duty to mark, Microsoft,¹⁴ in its motion, for example, points to no instance in which one or more of those licensees made, offered for sale, or sold an unmarked "patented article" after being licensed.¹⁵ In essence, Microsoft asks that the Court infer that one or more did so. Microsoft, however, points to nothing that would justifiably raise such an inference-for example, trade literature, advertisements, actual commercial products *etc.*-especially an inference of such a character that it could be raised and relied upon against a non-moving party in the context of summary judgment. Quite simply, Microsoft points to no evidence that would allow this Court to find or infer that any of those thirteen sublicensees breached the terms of their licenses and failed to properly mark products produced under the terms of those licenses.

¹⁴ The discussion here concerns Microsoft's showing. As discussed further below, Corel has provided further information concerning the Kodak license.

¹⁵ As noted above, [§ 287\(a\)](#) extends to "[p]atentees, and persons making, offering for sale, or selling within the United States any patented article for or under them..."

The sale of a “patented article” prior to being licensed or authorized by the patentee, for example by an infringer, is not “for or under” the patentee. *See* 7 Donald S. Chisum, Chisum on Patents § 20.03[7][c][ii] (2002) (“Failure to mark by an infringer is of no consequence.”).

*38 Nor, as already noted, is Microsoft excused from coming forward with such evidence on the ground that the patentee has the burden of persuasion on whether the patentee has complied with the statutory requirements of § 287. *Maxwell*, 86 F.3d at 1111; *Dunlap*, 152 U.S. at 248. For example, Microsoft says that “[i]n the context of summary judgment in a patent case, it is sufficient for the party charged with infringement to point out under *Celotex* the alleged failure of the patentee to mark its products,” and the “burden then shifts to the patentee to respond with evidence demonstrating compliance,” Microsoft’s Marking Motion at 4, citing *Clancy*, 953 F.Supp. at 1173. That is not an accurate statement of the law under *Celotex*, *Clancy*, or any of the other cases Microsoft cites.

Rather, the Court in *Celotex* explained that “[o]f course, a party seeking summary judgment always bears the initial responsibility of informing the district court of the basis for its motion, and identifying those portions of ‘the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any,’ which it believes demonstrate the absence of a genuine issue of material fact.” 477 U.S. at 323. It is not sufficient, as Microsoft contends, to simply “allege[] failure of the patentee to mark its products.”

By moving for summary judgment, Microsoft is asking the Court to conclude that there is no genuine issue of material fact *vis-à-vis* Plaintiffs’ non-compliance with § 287(a). Among the potential material facts under § 287(a) are (1) whether the patentee, or any licensees or other authorized persons, made, offered for sale, or sold (2) any patented articles (3) without proper marking. Under *Celotex*, therefore, Microsoft has the responsibility of providing the Court with those submissions that it believes demonstrate the absence of a genuine issue of material fact on at least those three issues. Or, as the court in *Clancy* said, Microsoft has the responsibility of providing “a well-supported motion for summary judgment,” 953 F.Supp. at 1173, and “is obligated to point to portions of the record evidence that demonstrate why it is entitled to summary judgment.” *Id.* at 1174.

That the parties do not dispute the fact that EFI entered into thirteen sublicenses under the ‘919 patent, each of which contains a contractual marking obligation establishes—well,

precisely that. That showing alone, however, says nothing about (1) whether the patentee, or any licensees or other authorized persons, made, offered for sale, or sold (2) any patented articles (3) without proper marking.¹⁶ 16 Indeed, if anything, that showing weighs in Plaintiffs’ favor, *i.e.*, each of the sublicensees had a contractual obligation to mark. Although the Plaintiffs bear the burden of persuasion at trial to show compliance with the marking statute, that EFI entered into thirteen sublicenses under the ‘919 patent, each of which contains a contractual marking obligation offers nothing on the Defendants’ side of the balance when deciding whether Plaintiffs have carried that burden. Nor does Microsoft’s assertion that the Plaintiffs did little or nothing to “police” compliance with the contractual marking requirements say anything about (1) whether the patentee, or any licensees or other authorized persons, made, offered for sale, or sold (2) any patented articles (3) without proper marking. Neither the statute nor any cited cases impose an obligation on patentees to “police” marking.

16 The Plaintiffs urge that “licensed products” as defined in a license agreement are not *per se* equivalent to “patented articles” for purposes of the marking statute. Plaintiffs’ Opposition at 7. Although that may be true in a general sense, the license agreements here at issue for the most part extend to the full scope of the ‘919 patent, or to products that were asserted to infringe the ‘919 patent. Plaintiffs’ contention that “patented article” in § 287(a) is limited to the particular claim or claims asserted in litigation has been rejected for the reasons given above. Although the rationale of the *Toro* court may be applicable given analogous facts, unlike the situation in *Toro*, the Plaintiffs here have not shown that the license agreements at issue specifically excluded certain claims in the ‘919 patent, or constrained the licensees to making, offering for sale, or selling products that constituted a separate distinct invention such as in *Toro*.

*39 The underlying purpose and function of the marking statute is straightforward. Once again, marking under § 287(a), in terms of preserving the ability to enforce one’s patent rights, is permissive, not mandatory. Unlike as once was (but for a number of years has not been) the case under the copyright statute, *see, e.g., Data Cash Sys., Inc. v. JS & A Group, Inc.*, 628 F.2d 1038 (7th Cir.1980), marking under the patent statute has never been either a condition for patentability nor has a failure to mark resulted in a loss of patent protection. *See Nike*, 138 F.3d at 1443 (discussion of prior marking statutes); *Wine Railway*, 297 U.S. at 392-97 (same); 7 Donald S. Chisum, Chisum on Patents § 20.03[7][c][i] (2002) (historical development). Rather, patentees are

given an incentive to mark by, under early forms of the statute, imposing fines, and, under the current form of the statute, by precluding damages for infringement prior to actual notice, but there is no obligation to mark. See *American Medical*, 6 F.3d at 1538.

Accordingly, Microsoft's argument that "[o]nce EFI and MIT authorized other persons, in the form of licensees, to operate 'under' the '919 patent, they undertook the obligation to ensure no unmarked licensed products were being produced," Microsoft's Marking Motion at 14, is unsupported by the statute or any cited case law. Neither EFI nor MIT had an "obligation to ensure no unmarked licensed products were being produced." The statute simply imposes consequences if unmarked "patented articles" are made, offered for sale, or sold by the patentee or others authorized by the patentee.

If no unmarked "patented articles" are made, offered for sale, or sold by the patentee or others authorized by the patentee, the consequence under § 287(a) of losing the right to recover damages for infringement prior to actual notice is not triggered, regardless of the action-or inaction-of the patentee. For example, a patentee may license another to produce and sell products under a patent with no contractual obligation to mark. Does not mean that the patentee loses the right to recover damages for infringement prior to actual notice? Of course not. If the licensee, despite having no contractual obligation to do so, nevertheless properly marks all "patented articles" made, offered for sale, or sold, there is no loss of rights to recover damages under § 287(a).¹⁷

¹⁷ Licensees, especially exclusive licensees, may have an incentive to do so. Under § 281, only a "patentee" can bring an action for patent infringement. See, e.g., *Textile Prods., Inc. v. Mead Corp.*, 134 F.3d 1481, 1483 (Fed.Cir.1998). The term "patentee" includes "not only the patentee to whom the patent was issued but also the successors in title to the patentee." 35 U.S.C. § 100(d). In addition, however, the Federal Circuit has held that an exclusive licensee may bring suit in its own name if the exclusive licensee holds "all substantial rights" in the patent. See *Textile Prods.*, 134 F.3d at 1484; *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 875 (Fed.Cir.1991). See also *Waterman v. Mackenzie*, 138 U.S. 252, 255, 11 S.Ct. 334, 34 L.Ed. 923 (1891). Where an exclusive licensee brings suit in its own name, the licensee is treated as the "patentee." *Textile Prods.*, 134 F.3d at 1484; *Vaupel*, 944 F.2d at 874-75. An exclusive licensee consequently has the same incentive to mark under § 287(a) that a patentee does, regardless

of any contractual commitment. Non-exclusive licensees may or may not have a similar incentive, depending on the license terms. Although non-exclusive licensees holding less than "all substantial rights" under a patent do not have the right to bring suit for infringement without joining the patentee, a license may give them the right to pursue an action for infringement and recover damages by joining the patentee, voluntarily or involuntarily. There may in addition be commercial, competitive incentives for a non-exclusive licensee to mark products as "Patented" with a patent number, for example to give notice to non-licensed competitors that such products are protected by one or more patents and may not be copied.

Similarly, a patentee may license another to produce and sell products, and may include a contractual obligation to mark such products, but then does nothing to monitor compliance with the marking provision. Does that mean that the patentee loses the right to recover damages for infringement prior to actual notice? Once again, of course not. If the licensee fulfills its contractual marking obligation and properly marks all (or substantially all, *Maxwell*, 86 F.3d at 1111) "patented articles" made, offered for sale, or sold, there is no loss of rights to recover damages under § 287(a), despite the lack of any monitoring by the patentee.

*40 Suppose, however, that a patentee licenses another to produce and sell products, and includes a contractual obligation to mark such products, but the licensee fails to do so. Does that mean that the patentee loses the right to recover damages for infringement prior to actual notice? In this instance, the answer *may* depend on the patentee's reasonable efforts to monitor and enforce compliance with the contractual obligation to mark. A patent license grants the licensee rights to undertake activities that would otherwise constitute infringement, *i.e.*, to produce and sell products covered by a patent. If a licensee materially breaches the license, however, the licensee loses the protection of the license and becomes a mere infringer. As explained in a foregoing footnote, § 287(a) extends to "[p]atentees, and persons making, offering for sale, or selling within the United States any patented article *for or under them*" (Emphasis added). The sale of a "patented article" that has not been authorized by the patentee is not "for or under" the patentee. See 7 Donald S. Chisum, *Chisum on Patents* § 20.03[7][c][ii] (2002) ("Failure to mark by an infringer is of no consequence.").¹⁸ Strictly speaking, if a contractual obligation to mark is deemed a material term or condition of a patent license, a licensee's failure to mark in accordance with that obligation turns the licensee into

an infringer. That is, unmarked patented articles produced and sold in violation of a contractual obligation to mark are, once again strictly speaking, not authorized by the patentee and thus not “for or under” the patentee for purposes of § 287(a). Nevertheless, the policy underlying § 287(a) may be better served, in such an instance, by evaluating the patentee's diligence in attempting to ensure compliance with the contractual obligation, as the Federal Circuit did in *Maxwell*. 86 F.3d at 1111. See also 7 Donald S. Chisum, Chisum on Patents § 20.03[7][c][ii] (2002) (“Of course, if a licensee fails to mark in disregard of a condition of the license and of the patentee's reasonable efforts to enforce compliance, the licensee becomes a mere infringer.”). Consequently, in the situation where a patentee licenses another to produce and sell products and the licensee breaches a contractual obligation to mark such products, the patentee's reasonable efforts to monitor and enforce compliance with the contractual obligation to mark may determine whether damages are properly limited under § 287(a). The Court cannot even reach those issues, however, without some showing that one or more licensees sold unmarked “patented articles.”

18 See note 15 *supra*.

A patentee thus has a range of choices available, with each choice having consequences. A patentee may, for example, choose whether-and which-products should be marked. A patentee may choose among the available methods for marking particular products, and may choose to impose quality control standards, ranging from strict to none, for ensuring that such marking actually occurs. A patentee may choose to license others to make, offer for sale, or sell patented articles. And in doing so, a patentee may choose to include a contractual obligation to mark, or may choose not to do so. If a license includes a contractual marking obligation, a patentee may choose to closely monitor compliance, or may choose not to do so. The more efforts a patentee undertakes to ensure that marking under § 287(a) has occurred, of course, makes it more certain that, in the event of later infringement litigation, such a patentee will be able to recover damages prior to actual notice.

*41 Nevertheless, none of those choices *per se* results in a loss of a right to damages prior to actual notice under § 287(a) absent a showing (1) that the patentee, or a licensee or other authorized person, made, offered for sale, or sold (2) patented articles (3) without proper marking. Or, in the words of the statute, “[i]n the event of failure so to mark, no damages shall be recovered...” Quite simply, the Defendants are not entitled to summary judgment absent “a

well-supported motion for summary judgment,” *Clancy*, 953 F.Supp. at 1173, “[demonstrating] why [Microsoft] is entitled to summary judgment.” *Id.* at 1174. That EFI entered into at least 17 sublicenses under the ‘919 patent, in which 13 of those sublicenses included a contractual obligation to mark, or that EFI undertook little, if any, effort to determine whether the sublicensees that were required to mark, were actually done so, or that in 3 of those sublicenses, the marking requirement was waived, and in one of those sublicenses the marking requirement was partially waived, do not, on those facts alone, provide such a showing.

Nor does the District of Colorado's decision in *Clancy*, despite Microsoft's contentions, hold otherwise. In *Clancy*, the two patents-in-suit, drawn to hand-held interactive terminals, were initially assigned to Termiflex in 1977 when they issued, and were later assigned to Clancy in 1991. According to the opinion, “Termiflex retained a license under each patent, and has produced and sold products under the patents.” 953 F.Supp. at 1171. That is, there was no question that Termiflex had been selling “patented articles.” In 1992, Clancy discovered that a Japanese company, Nippondenso Co., had been making and selling a product, the “BHT 2061,” that Clancy believed infringed those patents. After negotiations, Clancy licensed Nippondenso to sell the BHT 2061 in the United States. “After the license agreement took effect ..., and through the expiration of both patents ..., Nippondenso continued to sell the BHT 2061 in commercial quantities in the United States.... Neither the BHT 2061 nor any wrapping or packaging for the BHT 2061 was marked with the word ‘patents’ or the relevant patent numbers.” *Id.* The court found that (1) “Clancy admits that the BHT 2061 infringed the patents,” (2) “it is clear from the record that Nippondenso was a corporation that was producing and selling ‘patented articles for or under’ Clancy within the meaning of section 287,” (3) “It is also undisputed in the record evidence that Nippondenso sold the BHT 2061 in ‘commercial quantities’ in the United States after becoming Clancy's licensee,” and (4) the contract granting Nippondenso the license contained no marking obligation. Accordingly, the court concluded that “there is no genuine question on the record before me that Clancy failed to meet the requirements of section 287(a) after April 27, 1992, the date of the license to Nippondenso.” *Id.* at 1173-74.

*42 With respect to Termiflex, Clancy had identified Termiflex in an interrogatory answer as manufacturing a product “utilizing the claimed invention of ... the patents in suit.” *Id.* at 1175. Also, as noted above, it was not disputed

that Termiflex had produced and sold products under the patents. It was therefore undisputed that Termiflex, as the original “patentee”¹⁹ and subsequently as Clancy's licensee, made, offered for sale, or sold products “utilizing the claimed invention of ... the patents in suit.” The opinion does not say whether the license that Termiflex retained when it assigned the patents-in-suit to Clancy contained a provision requiring Termiflex to mark its products. If that license did, Clancy apparently did not say so. Symbol pointed out that Clancy's reply brief was silent *vis-à-vis* any marking by Termiflex. The court had also invited the parties to supplement their materials to be considered on summary judgment. Symbol did so, Clancy did not. In an interrogatory, Symbol had requested a list of all contacts between Clancy and Termiflex regarding marking. Clancy's answer included two conversations with a William Fletcher of Termiflex. In a first conversation, Mr. Fletcher allegedly stated that he recalled some markings on Termiflex products, but could not be more specific. In a second conversation, Mr. Fletcher said that he was unable to provide further documentation concerning product marking. *Id.* The court concluded that: “Given that (1) Symbol alleged specifically that Termiflex too failed to mark its patented articles, (2) Symbol attempted, through interrogatories, to discover whether Termiflex marked its products, and (3) Clancy had over nine months to supplement its responses, I conclude that Clancy had the burden under *Celotex* to respond. Clancy failed to do so, and I am left to decide whether the evidence presented by Symbol, itself, creates genuine issues of fact precluding summary judgment.” *Id.* The court concluded that the only evidence *vis-à-vis* Termiflex's marking practice was Mr. Fletcher's statements, and those did not raise a genuine issue of material fact whether Termiflex had marked its products. *Id.*

¹⁹ See n.17 above. The term “patentee” includes “not only the patentee to whom the patent was issued but also the successors in title to the patentee.” 35 U.S.C. § 100(d).

Accordingly, Microsoft's motion does not support the summary judgment requested, even if the substantive facts that Microsoft relies on, *i.e.*, that (1) EFI entered into at least 17 sublicenses under the '919 patent, (2) in 3 of those sublicenses, the marking requirement was waived, and in one of those sublicenses the marking requirement was partially waived, and (3) EFI undertook little, if any, effort to determine whether the sublicensees that were required to mark, are taken as undisputed. As noted above, Microsoft has submitted excerpts from the 17 sublicenses it has relied upon. Microsoft has not provided any substantive analysis of those licenses, other than the charts reproduced above. Although it is not

the Court's obligation to burrow through the record in an effort to ferret out support for a party's argument, *see Nicholas Acoustics Specialty Co. v. H & M Constr. Co.*, 695 F.2d 839, 847 (5th Cir.1983) (“Judges are not ferrets!”), *Biotech Biologische Naturverpackungen GmbH & Co. KG v. Biocorp, Inc.*, 249 F.3d 1341, 1353 (Fed.Cir.2001) (in the context of validity: “[i]t is not the trial judge's burden to search through lengthy technologic documents for possible evidence.”); *Schumer v. Lab. Computer Sys., Inc.*, 308 F.3d 1304, 1315 (Fed.Cir.2002), the Court has nevertheless reviewed each of the license excerpts.

(4) Licenses Having Contractual Marking Obligations That Did Not Result From Settlement of a Lawsuit

*43 Turning first to each of the sublicenses containing a contractual marking obligation and which, at least from the face of the license or from other information of record, do not appear to have resulted from settlement of a lawsuit, namely the licenses with Toyo, Scitex, Minolta, Dainippon, Victor Company of Japan, Limited (JVC), Harlequin, and Vivid Details, these licenses provide no support for Microsoft's motion. Those submissions similarly provide no support for the Plaintiffs' cross-motion.

(a) Toyo

With respect to the agreement with Toyo, for example, Microsoft's submissions include only two pages. The agreement defines “Patent” as the '919 patent “and any and all claims thereunder.” The agreement defines “Sublicensed Products” to mean “any products which utilize the Patent.” EFI granted Toyo a “non-exclusive, non-transferable right (without rights to sublicense) to make, have made, use and sell the Sublicensed Products worldwide.” Paragraph 2.2 made paragraph 15.4 (the marking provision) in the MIT-EFI agreement “binding” upon Toyo. Although the phrase “any products which utilize the Patent” could, perhaps, be viewed as being somewhat unclear, it appears that Toyo was granted the right to produce products that would otherwise infringe any of the claims of the '919 patent.

It is unknown from the present submissions, however, whether Toyo ever did so. Or, if Toyo did so, what such products were. Or, if Toyo actually produced and sold products that would otherwise infringe any of the claims of the '919 patent, whether such sales were *de minimis* or substantial. Or, if Toyo actually produced and sold products that would otherwise infringe any of the claims of the '919

patent in other than *de minimis* quantities, whether Toyo complied with its contractual obligation to mark.

That is not, of course, to say that Microsoft must necessarily provide all of that information, particularly in view of the fact that the Plaintiffs bear the burden of persuasion on the marking issue. But simply providing excerpts showing that Toyo was licensed under the '919 and had a contractual duty to mark does not establish that Microsoft is entitled to judgment as a matter of law that (1) that Toyo made, offered for sale, or sold (2) patented articles (3) without proper marking.

Similarly, however, the showing provided by the Plaintiffs does not entitle the Plaintiffs to summary judgment that Toyo did not do so. In response to Microsoft's motion for summary judgment, the Plaintiffs served subpoenas on Dainippon, Apple, Canon, JVC, Kodak, X-Rite (formerly Light Source), Konica, Minolta, Toyo, Xerox, and Vivid requesting documents "sufficient to identify any products sold during the six years preceding this lawsuit that contained the four elements specified in Claim 1 of the MIT Patent." Nagel Decl. ¶ 14. Specifically, those subpoenas asked for:

1. Documents sufficient to identify all products sold by you during the six-year period ending December 28, 2001, with the following features in a single combination: (1) a scanner connected to; (2) a color display; and to (3) software/hardware, wherein the software/hardware is used to interactively edit color images in conjunction with the display; and (4) software/hardware for converting the displayed image into ink values to produce a print, wherein such print is a colorimetric match of the displayed image.

*44 As discussed above, the Plaintiffs' contention that the term "patented articles" in § 287(a) is limited to the claims actually asserted in litigation has been rejected.²⁰

²⁰ As discussed above, that does not necessarily preclude the Plaintiffs from urging that the rationale of *Toro* should apply. However, the parties' submissions are simply inadequate to even reach that question.

Accordingly, the varied responses from those companies to those subpoenas do not establish that such companies did *not* make, offer for sale, or sell "patented articles" under § 287(a). Consequently, Toyo's response (Exhibit FF to the Nagel Decl.) that it has not sold products as described in the subpoena during that six year period does not establish that Toyo did not make, offer for sale, or sell "patented articles" under § 287(a). After all, Toyo was licensed "any products which utilize the Patent," *i.e.*, the '919 patent.

(b) Scitex/Creo

The agreement between EFI and Scitex, dated December 3, 1991, defined "Patent Rights" as meaning the '919 patent, any continuing applications and patents issuing thereon, and any reissues, re-examinations, or extensions of the '919 patent.²¹ The agreement defined "Licensed Hardware" as various listed products "which (a) are developed, sold, leased, transferred, licensed or otherwise disposed of, directly or indirectly, by Scitex and (b) are covered by one or more claims of the Patent Rights." (Emphasis added). Certain defined "embedded" software and software provided "simultaneously with the sale" (as further defined) of such hardware was considered to be part of the Licensed Hardware. EFI granted Scitex a "nonexclusive, non-transferable royalty-free, unrestricted, world-wide license in perpetuity to the Patent Rights to make, have made for it by third parties, use, copy, lease, sell, transfer, license or otherwise dispose of, directly or indirectly, Licensed Hardware...." Paragraph 7.6 provided that "Scitex shall mark any Licensed Hardware sold in the United States ... with all applicable United States patent numbers relating to the Patent Rights."

²¹ Insofar as the parties' present submissions reveal, there are no continuing applications (continuations, continuations-in-part, divisions, or substitute applications), at least none that issued as patents, and there are no reissues, re-examination certificates, or "extensions." Thus, although the definition of "Patent Rights" *could* include patents in addition to the '919 patent, the parties' current submissions indicate that "Patent Rights," as a practical matter, encompass only the '919 patent.

Those terms thus grant Scitex (now Creo) the right to produce products that would otherwise infringe any of the claims of the '919 patent. Similarly, however, according to the definition, a product does not constitute "Licensed Hardware" under that license unless it, at a minimum, meets the condition that it is "covered by one or more claims of the Patent Rights," *i.e.*, of the '919 patent. As discussed above, the Plaintiffs' argument that "patented article" in § 287(a) means the actual claim or claims asserted in litigation as later construed by the court in such litigation has been rejected. Accordingly, Plaintiffs' argument that "licensed products" as defined in a license agreement are not the equivalent of "patented articles" for purposes of § 287(a), Plaintiffs' Opposition at 1, is not well-taken, at least as stated. That is, depending on the actual terms of the license, there *may* be equivalency in scope

between “patented articles” under § 287(a) and “licensed products” as defined in a particular license. For example, to the extent that “patented articles” for purposes of § 287(a) simply means an “article” covered by one or more claims of a patent, there would be equivalency in scope between “patented articles” and “licensed products” defined in a license agreement as products covered by one or more claims of a patent. In the case of the Scitex/Creo license, products falling within the definition of “Licensed Hardware” must, at a minimum, meet the condition that such products are covered by one or more claims of the '919 patent. Consequently, a product falling within the definition of “Licensed Hardware” would, in this instance, also fall within the scope of “patented articles” for purposes of § 287(a).

*45 The Plaintiffs have produced a Creo “Prinergy to Dolev 800 Family version 2.0 Connectivity User Guide” bearing a year 2003 copyright notice, and which states: “This product is covered by one or more of the following U.S. patents: [followed by a list of some 155 patents, including the '919 patent].” (Exhibit DD to the Nagel Decl.). It is unknown from the present submissions, however, among other things (1) what products Scitex/Creo actually produced and sold, (2) whether such products were/are covered by one or more claims of the '919 patent (or by one or more claims of one or more of the other 154 listed patents), (3) whether, assuming such products did constitute “Licensed Hardware” under the license, such sales, if any, were *de minimis* or substantial, or (4) whether Scitex/Creo complied with the contractual obligation to mark over the term of the license. Once again, simply providing excerpts showing that Scitex/Creo was licensed under the '919 patent to produce products that would otherwise infringe the '919 patent, and had a contractual duty to mark, does not establish that Microsoft is entitled to judgment as a matter of law (1) that Scitex/Creo made, offered for sale, or sold (2) patented articles (3) without proper marking, especially in view of the fact that Creo apparently provides current marking. Similarly, however, providing some evidence that Creo is currently marking one of its products with, *inter alia*, the '919 patent number does not entitle the Plaintiffs to summary judgment that Scitex/Creo properly marked all or substantially all “patented articles” during the term of the license.

(c) Minolta

The agreement with Minolta, dated January 29, 1992, defined “Licensed Hardware” to mean “hardware products such as copiers, controllers and printers ... which (a) are (i) distributed by Minolta under the Minolta name or (ii) sold

by Minolta ... [subject to certain provisos] *and (b) infringe one or more claims in the Patent Rights.*” (Emphasis added). The term “Patent Rights” is defined as the '919 patent, any continuing applications and patents issuing thereon, and any reissues, re-examinations, or extensions of the '919 patent. EFI granted Minolta “an irrevocable [subject to certain other conditions], worldwide, non-exclusive, non-transferable, perpetual, license, under the Patent Rights, to make, have made for it by third parties, use, sell and otherwise dispose of Licensed Hardware and Licensed Software.” Paragraph 7.6 provided that “Minolta shall mark labels, product literature or packages for any Licensed Hardware incorporating the Patent Rights sold in the United States with all applicable United States patent numbers relating to the Patent Rights.” Paragraph 7.7 made paragraph 15.4 (the marking provision) in the MIT-EFI agreement “binding” upon Minolta. Thus, similar to the foregoing agreements, the Minolta agreement grants Minolta the right to produce products that would otherwise infringe any of the claims of the '919 patent. Also, products would not fall within the definition of “Licensed Hardware” if such products did not infringe one or more claims of the '919 patent.

*46 The Nagel Declaration submitted by the Plaintiffs says that “[a]ttached as Exhibit AA is a true and correct copy of marked product literature showing that Xerox, Canon, Minolta, and other third-party products employing the Fiery® technology were marked with the MIT Patent from December 28, 1995 through December 28, 2001.” Exhibit AA is actually a collection of excerpts from what appear to be various product guides or manuals that bear various copyright dates and contain various patent listings. Although unfortunately lengthy, the following is a summary of Exhibit AA.

Exhibit AA includes (1) what appears to be a Xerox product guide (although bearing a copyright notice “Copyright © 1999 Electronics For Imaging, Inc.”) that lists the '919 patent among several other patents, (2) a “Fiery XI2 Installation and Service Guide” bearing the same copyright notice and a list of patents that includes the '919 patent, (3) a Canon “PS-MX 20 Color Guide” bearing a copyright notice “Copyright © 1998 Electronics For Imaging, Inc.” and a list of patents that includes the '919 patent, (4) a Canon “ColorPASS-M20e Administrator Guide” bearing a copyright notice “Copyright © 1999 Electronics For Imaging, Inc.” and a list of patents that includes the '919 patent, (5) a Canon “ColorPASS-NeT Color Guide” bearing a copyright notice “Copyright © 1999 Electronics For Imaging, Inc.” and a list of patents that includes the '919 patent, (6)

a Canon "COLORPASS-V35/V55 Color Guide" bearing a copyright notice "Copyright © 1999 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (7) a Canon "COLORPASS-V80 Color Guide" bearing a copyright notice "Copyright © 1998 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (8) a Canon "COLORPASS 550 Color Guide" bearing a copyright notice "Copyright © 1998 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (9) a Canon "ColorPASS-Z400e Color Guide" bearing a copyright notice "Copyright © 2002 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (10) a Canon "ColorPASS-8000 Color Server Color Guide" bearing a copyright notice "Copyright © 1999 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (11) a Canon "PS-XJ 8000 Color Server Color Guide" bearing a copyright notice "Copyright © 1999 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (12) a Canon "ColorPASS-Z80 Color Guide" bearing a copyright notice "Copyright © 2000 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (13) a Canon "ColorPASS-Z60 Color Guide" bearing a copyright notice "Copyright © 2000 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (14) a Canon "ColorPASS-Z20e Color Guide" bearing a copyright notice "Copyright © 2000 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (15) a Canon "ColorPASS-Z4500 Color Guide" bearing a copyright notice "Copyright © 2000 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (16) a Canon "ColorPASS-Z8600 Color Guide" bearing a copyright notice "Copyright © 2001 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (17) a Canon "ColorPASS-Z5000 Color Guide" bearing a copyright notice "Copyright © 2001 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (18) a Canon "ColorPASS-Z650 Color Guide" bearing a copyright notice "Copyright © 2002 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (19) a Canon "ColorPASS-Z400e Color Guide" bearing a copyright notice "Copyright © 2002 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (20) a Canon document entitled "Using the GP D1/E1 System Software Service Kit" bearing a copyright notice "Copyright © 1998 Electronics For Imaging, Inc. and Canon, Inc." and a list of patents that includes the '919 patent, (21) a Canon document entitled "Installation and Service Guide" bearing a copyright notice "Copyright © 1998 Electronics For Imaging, Inc. and Canon, Inc." and a list of patents that

includes the '919 patent, (22) an EFI document entitled "PS-IVTX Installation and Service Guide for Canon color copiers" bearing a copyright notice "Copyright © 1998 Electronics For Imaging, Inc. and Canon, Inc." and a list of patents that includes the '919 patent, (23) a document entitled "PS Board Unit-A1 for CLC 900" bearing a copyright notice "Copyright © 1997 Electronics For Imaging, Inc. and Canon, Inc." and a list of patents that includes the '919 patent, (24) a Minolta document entitled "Fiery ZX-3300/ZX-2100 for Minolta CF910" bearing a copyright notice "Copyright © 1999 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (25) a document entitled "Installing the Fiery X2E In The Konica 7045 Copier" bearing a copyright notice "Copyright © 2001 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (26) a document entitled "DDS50/62 Network Administration Guide" bearing dual copyright notices "Copyright © 1998, 1999 Hitachi Koki Imaging Solutions, Inc." and "Copyright © 1999 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (27) a document entitled "Toshiba GA-1130 Color Guide" bearing a copyright notice "Copyright © 2002 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, (28) a document entitled "Print Controller X4(AR-PE1) Installation and Service Guide for Sharp digital full color copiers" bearing a copyright notice "Copyright © 2000 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent, and (29) a document entitled "Color Controller E-650 Installation and Service Guide for [several listed products]" bearing a copyright notice "Copyright © 1999 Electronics For Imaging, Inc." and a list of patents that includes the '919 patent.

*47 The Nagel Declaration does *not* say that Xerox, Canon, Minolta, and other third-party products employing the Fiery® technology *were marked* with the MIT Patent from December 28, 1995 through December 28, 2001, in which case the declaration could have been taken as an averment of that fact subject to a showing that the declarant was actually competent to make such an averment. Rather, the Nagel Declaration says that the attached product literature "show [s]" that various products "were marked with the MIT Patent from December 28, 1995 through December 28, 2001." The foregoing product literature, however, does not show that. Rather, the foregoing simply shows that various manuals for various products were marked with various patent numbers, including the '919 patent.

Accordingly, choosing one at random, the Canon "ColorPASS-Z400e Color Guide" bearing a copyright notice

“Copyright © 2002 Electronics For Imaging, Inc.” and a list of patents that includes the ‘919 patent, may be sufficient for the Court to conclude that the Canon “ColorPASS-Z400e” product was marked pursuant to § 287(a) in 2002 (assuming, without deciding, that marking a color guide qualifies as sufficient marking under the statute), but without more would not permit the Court to conclude that such product was marked from December 28, 1995 through December 28, 2001, or even if that product existed throughout that time period. Nor, despite the quantity of materials included within Exhibit AA, do such documents constitute proof of anything much beyond what is evident from the face of the document, without further explanation.

For example, it may be that Xerox, Canon, and Minolta from December 28, 1995 through December 28, 2001, only produced products employing the Fiery® technology under their respective licenses under the ‘919 patent. Individuals associated with that technology on behalf of Xerox, Canon, and Minolta may also be able to describe the process for ensuring that proper marking occurred, whether on associated product manuals or on software media, such as diskettes and CD-ROMS. The present submissions, however, fall far short of that.

Insofar as Minolta is concerned, the foregoing license under the ‘919 patent extends to any products that would otherwise infringe any claim of that patent. Microsoft has not shown what products, if any, Minolta produced and sold under that license, over what time period *etc.*, or whether such products were marked or unmarked. The Plaintiffs, on the other hand, have produced a Minolta document entitled “Fiery ZX-3300/ZX-2100 for Minolta CF910” bearing a copyright notice “Copyright © 1999 Electronics For Imaging, Inc.” and a list of patents that includes the ‘919 patent. Assuming, once again without deciding, that a patent notice in that manual is sufficient to satisfy § 287(a), that is nevertheless insufficient to show, for purposes of summary judgment, that the Fiery ZX-3300/ZX-2100 for Minolta CF910 product was consistently marked over the relevant time period, or, without further explanation, that such product was the only “patented article” produced by Minolta under its license. Similarly, however, the parties’ submissions are insufficient to enable the Court to conclude that Minolta *did* properly mark all or substantially all “Licensed Hardware” over the relevant time period.

(d) Dainippon

*48 The license with Dainippon, dated March 22, 1994, actually appears to be a cross-license in which both EFI and Dainippon granted the other party licenses under certain patents identified on schedules that are not part of Microsoft’s submissions. The term “DSJ [Dainippon] Licensed Products” was defined to mean “any product that incorporates any patented feature under any EFI Licensed Patent.” There was a similar definition for “EFI Licensed Products.” It is assumed that at least one of the EFI Licensed Patents was the ‘919 patent. Section 7.1 of the agreement provided that “[e]ach DSJ Licensed Product or EFI Licensed Product or component shall, however, be designated, identified and labeled with an appropriate patent notice....”

From the parties’ current submissions, virtually nothing is known about this transaction. DSJ was apparently licensed to produce products that would otherwise infringe one or more claims of the ‘919 patent, and EFI was apparently licensed to produce products that would otherwise infringe one or more claims of DSJ’s patents. What products, if any, were actually produced and sold, or where, or whether such sales were other than *de minimis, etc.*, are all unanswered in the parties’ submissions. Insofar as the Plaintiffs’ cross-motion is concerned, Dainippon was one of the parties served with the subpoena asking for any documents concerning products containing the elements of claim 1 of the ‘919 patent. Exhibit GG to the Nagel Declaration is a response from Dainippon saying that it has no responsive documents, and “[a]s far as it can be determined, it has not sold any such products during the specified time period.” As discussed above, that is insufficient to show that Dainippon either did or did not make, offer for sale, or sell “patented articles” during the relevant time period. Further, of course, the parties’ submissions are insufficient to conclude, as a matter of law, that if Dainippon did make, offer for sale, or sell patented articles during the term of the license, that such articles were either marked or unmarked.

(e) Victor Company of Japan (JVC)

The agreement with Victor Company of Japan, Limited (JVC), dated June 11, 1992, defines “Patent” as the ‘919 patent, and “Patent Rights” to mean the ‘919 patent, any continuing applications and patents issuing thereon, and any reissues, re-examinations, or extensions of the ‘919 patent. The agreement defines “Licensed Hardware” as meaning hardware such as “copiers, controllers and printers ... which (a) are developed and distributed, directly or on an OEM basis, by JVC and (b) infringe one or more claims in the Patent Rights.” (Emphasis added). The agreement defines “Licensed Software” to mean “software products which (a)

are developed and distributed, directly or on an OEM basis, by JVC, (b) *infringe one or more claims in the Patent Rights* and (c) are not incorporated in Licensed Hardware.” (Emphasis added). EFI granted JVC “a worldwide, non exclusive, non-transferable, perpetual, license, under the Patent Rights, to make, have made for it by third parties, use, sell and otherwise dispose of Licensed Hardware and Licensed Software” with no right of sublicense. Paragraph 7.5 of the agreement provided that “[a]fter three (3) months after the Effective Date, JVC shall mark labels, product literature or packages for any products incorporating the Patent Rights sold in the United States with all applicable United States patent numbers relating to the Patent Rights.” Paragraph 7.6 made paragraph 15.4 (the marking provision) in the MIT-EFI agreement “binding” upon JVC.

*49 Here too, the parties' submissions provide virtually no information about this transaction. Unlike the other agreements, this license also has a three month hiatus in the contractual marking obligation, which is likewise unexplained. Overall, though, like other agreements discussed above, what products, if any, were actually produced and sold, or where, or whether such sales were other than *de minimis, etc.* are all unanswered in the parties' submissions. Also, similar to the situation with Dainippon, insofar as the Plaintiffs' cross-motion is concerned, JVC was one of the parties served with the subpoena asking for any documents concerning products containing the elements of claim 1 of the '919 patent. Exhibit II to the Nagel Declaration is a response from JVC saying that it has never manufactured, sold, or distributed any products as defined in the subpoena. For the reasons discussed above, that is insufficient to show that JVC either did or did not make, offer for sale, or sell patented articles during the relevant time period. Also, the parties' submissions are insufficient to conclude, as a matter of law, that if JVC did make, offer for sale, or sell patented articles during the term of the license, or that such articles were either marked or unmarked.

(f) Harlequin (now Global Graphics)

The portion of the Harlequin license dated February 16, 1996, included with Microsoft's submissions did not include the page with the actual license grant. However, the license appears to have granted a license under the '919 patent to produce “Licensed Software” defined as “Licensee's color management software commonly known as the Harlequin Color Management System or ‘HCMS,’ designed for use in conjunction with Licensee's ScriptWorks PostScript language compatible software, including any customized versions,

future versions and extensions of said HCMS and said ScriptWorks, and any other names under which said software is known.” Paragraph 7.5 provides that “Licensee and its sublicensees shall mark labels, product literature or packages for any products incorporating the Patent Rights sold in the United States with all applicable United States patent numbers relating to the Patent Rights.”

The Nagel Declaration says that “[a]ttached as Exhibits BB ... is a true and correct copy of marked product literature showing that Harlequin (now Global Graphics) ... marked their products with the MIT Patent.” Exhibit BB appears to be collection of inside front cover pages from various manuals, *e.g.*, “ScriptWorks OEM Manual (for the Macintosh) Version 5.3” and “Harlequin RIP OEM Manual” bearing various dates within the time period of July 2000 to March 2003. Those pages contain the legend: “Portions licensed under U.S. Patent Nos. 4,500,919....” As discussed above, without further explanation, those pages simply show that those particular manuals were marked. Without further explanation through affidavit or other showings concerning what “patented articles” Harlequin/Global Graphics actually produced and sold under the license, and what procedures were undertaken to ensure that proper marking occurred, these materials are simply insufficient to show that the Plaintiffs are entitled to summary judgment that Harlequin/Global Graphics marked all or substantially all “patented articles” during the relevant term of the license. Similarly, the parties' submissions do not show that Microsoft is entitled to summary judgment that Harlequin/Global Graphics did not properly mark products produced under the license.²²

22

It is not clear from the submissions whether the Plaintiffs' do or do not contend that the Harlequin (now Global Graphics) and Vivid Details' products are covered by one or more claims of the '919 patent, or, indeed, claim 1 of the '919 patent. Plaintiffs simply urge in their brief that: “Further, MIT Patent licensees Harlequin (now Global Graphics) and Vivid Details also marked their products with the MIT Patent from the time they licensed the MIT Patent,” citing as support Exhibits BB and CC to the Nagel Declaration. Neither the Nagel Declaration nor those exhibits, however, support a conclusion that either or both Harlequin (now Global Graphics) or Vivid Details marked their products with the MIT Patent from the time they licensed the MIT Patent. The Nagel Declaration does not state affirmatively that they did so-only that “[a]ttached as Exhibits BB and CC, respectively, is a true and correct copy of marked product literature showing that Harlequin (now Global

Graphics) and Vivid Details marked their products with the MIT Patent.” The attached documents, for the reasons stated *vis-à-vis* Harlequin and *vis-à-vis* Vivid Details below, show nothing beyond that those particular documents had patent legends that included the ‘919 patent. Those documents do not show or establish that all or substantially all products produced by Harlequin (now Global Graphics) and Vivid Details under the ‘919 patent were consistently marked over the relevant term of those licenses. It should also be noted that, as discussed *vis-à-vis* Vivid Details below, Vivid Details is apparently a different company from Vivid Image.

(g) Vivid Details/Vivid Image

*50 Microsoft's submissions include only two pages of what appears to be an agreement that refers to “Vivid Details.” Microsoft's “chart” attached as Exhibit A to its brief also refers to “Vivid Details, Inc.” Similarly, the Nagel Declaration refers to “Vivid Details,” (Nagel Decl. ¶ 12), and the Plaintiffs' Opposition refers to “Vivid Details.” *See, e.g.,* Plaintiffs' Opposition at 3. However, Exhibit MM to the Nagel Declaration is a document purporting to be a license between EFI and Vivid *Image* Company. That license appears to be different from the license excerpt of the Vivid *Details* license that Microsoft has supplied. And in their listing of licensees, Plaintiffs refer to both Vivid Details and Vivid Image. accordingly, both will be addressed here.

The Vivid Details agreement defined “Licensed Patents” as including the ‘919 patent and two additional EFT patents. The term “Licensed Products” was defined as “any software products, including *Test Strip* and other color correction products, which are developed and distributed by Vivid Details and which incorporate technology which is covered in whole or in part by the scope of one or more of the claims of any of the Licensed Patents.” (Emphasis added). Thus, even if there was a showing that Vivid Details had marketed products under this license, that would not necessarily mean that such products were covered by one or more claims of the ‘919 patent.

EFI granted Vivid Details “a non-exclusive, non-transferable, royalty-bearing license under the Licensed Patents, including the right to make, have made for it by third parties, import, use, sell, and offer to sell the Licensed Products,” with no right of sublicense. In section 6 of the agreement, “Vivid Details agrees that all Licensed Products shall be marked with U.S. Patent Nos. 4,500,919, 5,212,546, and 5,424,754 in a manner sufficient to give proper legal notice under 35 U.S.C. § 287.”

The Nagel Declaration says that “[a]ttached as ... Exhibits CC ... is a true and correct copy of marked product literature show that ... Vivid Details marked their products with the MIT Patent.” Exhibit CC is a collection of otherwise unexplained documents that appear to relate to a product called “TEST STRIP.” Three of those documents appear to be identical cover pages (bearing different production numbers) from an undated user guide that bears the legend: “Test Strip is protected by U.S. Patents ... [followed by a list of 4 patents, one of which is the ‘919 patent].” Another document appears to be an inside cover page bearing a copyright notice having a year date of 1997, and the legend: “Test Strip is protected by U.S. Patents ... [followed by a list of 3 patents, one of which is the ‘919 patent].” Two other documents entitled “Software License Agreement,” bearing different production numbers but which otherwise appear to be identical, have a copyright notice with a year date of 2000. Those documents have the legend: “Test Strip is protected by U.S. Patents ... [followed by a list of 4 patents, one of which is the ‘919 patent].”

*51 As discussed above, without further explanation, those document excerpts simply show that those particular manuals were marked. Those materials are insufficient to show that the Plaintiffs are entitled to summary judgment that Vivid Details marked all or substantially all “patented articles” during the relevant term of the license. Similarly, the parties' submissions do not show that Microsoft is entitled to summary judgment that Vivid Details did *not* properly mark products produced under the license.

The license with Vivid Image Company, dated July 1, 1996, defines “Licensed Patent” as the ‘919 patent, including “any rights granted on any divisional, continuation, and/or continuation-in-part patent applications from ... [the ‘919 patent] and any foreign counterparts, continuations, continuations-in-part or divisions relating to the Patent.” The term “Licensed Products” was defined to mean “any hardware products such as copiers, controllers and printers, and software products which are developed and distributed by Vivid Image and are within the scope of one or more of the claims of the Licensed Patent.” The license grants Vivid Image a “non-exclusive, non-transferable, royalty-bearing license to utilize and practice the invention of the Licensed Patent, including, the right to make, have made for it by third parties, import, use, sell, and offer to sell the Licensed Products,” but without the right of sublicense.

Article 6, entitled “Patent Marking,” provides that “Vivid Image agrees that all Licensed Products shall be marked with

U.S. Patent No. 4,500,919 in a manner sufficient to give proper legal notice under the applicable patent laws.” The license thus grants Vivid Image the right to produce products to the full scope of the ‘919 patent including, in this instance, any foreign counterparts. Similarly, a product does not meet the definition of “Licensed Products” and is not royalty-bearing²³ if such product is not “within the scope of one or more of the claims” of the ‘919 patent.

²³ Paragraph 3.2 provides, in part: “For any and all Licensed Products which are made or sold by or for Vivid Image, Vivid Image shall pay to EFI a royalty....”

The Plaintiffs have submitted a declaration by the president of Vivid Image Technology, Inc. (which is presumed to be the same as Vivid Image Company *i.e.*, the licensee) provided in response to the Plaintiffs’ subpoena for documents regarding products falling within the scope of claim 1 of the ‘919 patent, which states that Vivid Image “has never manufactured, sold or distributed any products” as defined in the subpoena. Exhibit HH to the Nagel Declaration. As discussed above, however, the Plaintiffs’ contention that “patented articles” under § 287(a) is limited to those “articles” covered by selected claims in later litigation, and are further limited to the construction such claims are given by the Court in that litigation, has been rejected. Accordingly, the declaration by the president of Vivid Image does not establish that Vivid Image has not made, offered for sale, or sold “patented articles” within the meaning of § 287(a). Rather, the Vivid Image license indicates that “Licensed Products” made, offered for sale, or sold within the United States would *prima facie* constitute products falling within the scope of one or more claims of the ‘919 patent.

*52 Nevertheless, the parties’ current submissions fail to establish, on the respective showings required for summary judgment, that Vivid Image either has, or has not, made, offered for sale, or sold “patented articles” within the meaning of § 287(a). Indeed, the current record is devoid of any showing whatsoever concerning what products, if any, that Vivid Image made, offered for sale, or sold during the relevant time period.

(5) Licenses In Which Contractual Marking Obligations Were Waived

Turning next to each of the licenses in which contractual marking obligations were waived:

(a) Kodak

As discussed further below, the license between EFI and Kodak dated January 11, 1991, resulted from EFI’s charging that the Kodak Color Management System (“KCMS” or “KCMS Kernal”) infringed the ‘919 patent. The license defines the “Licensed Patent” as the ‘919 patent, and includes definitions for “Licensed Hardware,” “Licensed System Software,” and “Licensed Applications Software.” The definition for “Licensed Hardware” lists a number of hardware items, such as scanners, monitors, *etc.*, and then conditions the term on two requirements, *i.e.*, “which (a) are developed, sold, leased, transferred, licensed, or otherwise disposed of, directly or indirectly, by Kodak, and (b) are covered by one or more claims of the Licensed Patent.” (Emphasis added).

The definition of “Licensed System Software” includes several requirements but concludes “which (i) *is covered by one or more claims contained in the Licensed Patent* and (ii) has as its principal purpose the performance of system level functions and computations which are used by other software packages.” (Emphasis added). Additionally, the definition provides that: “‘Licensed Systems Software’ shall include without limitation all existing and future versions of the software currently known as the ... (‘KCMS Kernal’), as it may be renamed by Kodak, together with development tool kits and accessories that include the KCMS Kernal for displaying and printing scanned-in, continuous tone images.” The definition of “Licensed Applications Software” also includes the requirement “which is covered by one or more claims contained in the Licensed Patent” and further provides that “‘Licensed Applications Software’ shall include without limitation utilities, software and software applications that incorporate the KCMS Kernal.” Paragraph 2.7 of the agreement incorporates a letter dated January 8, 1991, from MIT to EFI that waives the marking provisions of paragraph 15.4 in the MIT-EFI agreement.

This is, perhaps, the most difficult of the license agreements to evaluate in terms of the parties’ submissions. As noted above, Corel contends that (1) it has been charged with infringement for “selling color editing software that incorporates a widely distributed color management system supplied by the Eastman Kodak company (‘Kodak’) and known as the Kodak Color Management System (‘KCMS’ or ‘KCMS Kernal’),” Corel’s Marking Motion at 2, (2) “Kodak licensed its KCMS software to Corel and, in turn, paid royalties to Plaintiff EFI pursuant to a 1991 license agreement between EFI and Kodak (‘the EFI/Kodak agreement’) under the ‘919 patent,

(3) the 1991 EFI/Kodak agreement authorized the widespread distribution of KCMS, as well as numerous other Kodak products, for use in color reproduction systems encompassed by the claims of [the '919 patent](#) ...” and “specifically waived *all* marking obligations. Because of that waiver ... no KCMS products were ever marked despite being licensed under [the '919 patent](#),” *Id.* (Corel's emphasis), and (4) thus, none of the KCMS products it received from Kodak were marked with the patent “in any way.” *Id.* at 3.

***53** The Plaintiffs respond that KCMS does not literally meet the “aesthetic correction circuitry” limitation of claim 1. Specifically, the Plaintiffs have submitted a declaration by Thad McIlroy stating:

3. I understand that the Court's claim construction order in this matter limited Claim 1 of ... [[the '919 patent](#)] to a system with ‘aesthetic correction circuitry’ having the corresponding structure or equivalents thereof to the structure set forth in the MIT Patent. Specifically, the corresponding structure was identified by the Court as those modules collectively comprising the Color Translation Module in the MIT Patent, including the following: the RGB Color Balance Module (32); Gradation Module (33); LC1C2 Color Balance Module (35); Selective Correction Module (37); and Special Correction Module (38). According to the MIT Patent, Selective Correction Module (37) operates on C1C2 signals in polar form and is divided into a video path and a knob computer.

5. Kodak's KCMS is a software suite with an API that was sold during the relevant period. The KCMS technology was sold under different names, including ‘ColorFlow.’ ColorFlow does not support the use of knob computers, which are hybrid digital-analog computers used in specialized applications. KCMS and ColorFlow were designed and intended for use on standard digital platforms such as Macintosh, Windows or Sun operating systems. Moreover, the color space used for transforming images in ColorFlow is not LC1C2.

Corel, on the other hand, offers a declaration by Ronald P. Hilst, Vice President, Legal; Assistant General Counsel; and Director, Corporate Commercial Affairs of Eastman Kodak Company, who had responsibility for negotiating the license on behalf of Kodak. Mr. Hilst declares that (1) Kodak has licensed, distributed, and sold KCMS for at least the past 12 years; (2) the EFI/Kodak license resulted from EFI's charge that KCMS infringed the ['919 patent](#); (3) during

those negotiations, EFI, MIT, and Kodak agreed that the license would not include a contractual marking obligation; (4) Kodak has made, licensed, distributed, and sold KCMS throughout the term of the license, without marking the product with the ['919 patent](#); (5) Kodak licensed KCMS to Corel; and (6) Kodak has paid royalties to EFI based on sales of KCMS, including the license to Corel:

2. By 1990, Kodak had developed certain color management software, including color management system software known as the Kodak Color Management System (‘KCMS’ or ‘KCMS Kernal’). Kodak has licensed, distributed and sold KCMS over at least the past twelve (12) years and still licenses, distributes, and sells KCMS today.

3. At least as early as 1990, Electronics for Imaging, Inc. (‘EFI’) accused Kodak's color management software, including KCMS, of infringing [U.S. Patent No. 4,500,919 \(the ‘919 patent’\)](#). EFI charged that KCMS, as well as other Kodak products, required a license under the ['919 patent](#), since KCMS was a component of color reproduction systems which display and print scanned-in color images. I was responsible for negotiating a license under the ['919 patent](#) on behalf of Kodak.

***54** 4. During the license negotiations, I notified EFI that Kodak would not want to have any marking obligations regarding the ['919 patent](#). Both EFI and ... [MIT] agreed that they would not require Kodak to mark any licensed products....

5. The EFI/Kodak agreement expressly granted Kodak rights to make, have made, modify, use, sell, lease, transfer, license, or otherwise dispose of, directly or indirectly, licensed system software such as KCMS, as well as licensed hardware and licensed application software.

6. Kodak developed, made, licensed, distributed, and sold KCMS, as well as other licensed products, under the ['919 patent](#) throughout the term of the EFI/Kodak agreement.

7. Kodak did not mark any of its products, including KCMS, with the ['919 patent](#) number. Kodak did not require or instruct any of its customers or licensees to mark their products with the ['919 patent](#) number.

8. Kodak paid EFI at least \$3.3 million in license fees and royalty payments over the term of the EFI/Kodak agreement. Kodak provided EFI with royalty reports describing sources of its royalty payments, including that

royalties were being paid based on KCMS licensing and sales.

9. Corel Corporation licensed KCMS from Kodak beginning in 1996. In a royalty report to EFI dated August 26, 1996, Kodak stated that royalties were being paid based on revenue received from Corel.

10. The KCMS software Kodak provided to Corel was not marked with the '919 patent number. Kodak did not impose any obligations on Corel to mark Corel products that incorporate KCMS with the '919 patent, or require Corel to instruct its licensees and customers to mark their products.

11. Kodak never received any communications from EFI or MIT regarding marking of licensed products under the '919 patent during the term of the EFI/Kodak agreement.

The Plaintiffs do not dispute the substance of the Hilst declaration.

It is, therefore, undisputed that Kodak has, in terms of § 287(a), made, offered for sale, and sold the KCMS product “as well as other licensed products, under the '919 patent” throughout the term of the license, and that none of those products has been marked with the '919 patent. The Hilst declaration, however, does not say how many or where such products have been sold.

The Hilst declaration, for example, says that Kodak has paid EFI at least \$3.3 million in license fees and royalty payments over the term of the EFI/Kodak agreement. However, the declaration does not say whether those payments were due principally from sales of KCMS or “other licensed products.” Also, \$3.3 million in license fees and royalty payments does not directly indicate the quantity of KCMS or “other licensed products” actually sold. The license required an initial non-refundable license fee of \$1.5 million and a total of \$1.8 million in minimum annual royalties spread over 1992 through 1996. As of the end of 1996, therefore, \$3.3 million in license fees and royalties would have been paid under the terms of the license even if *no* KCMS or “other licensed products” had been sold. Documents indicating the actual sales of royalty-bearing products, though, would appear to have been available. For example, one of the documents produced in the parties' submissions is a letter dated August 26, 1996, from Kodak to EFI reporting on royalties due for the first half year ending June 20, 1996. That report seems to indicate that “Licensed System Software” was provided to three entities, one of which was Corel, however

royalty-bearing revenues were only received from the Corel transaction. Another document in the parties' submissions, a letter dated May 4, 2001, from Kodak to EFI, seems to indicate that eleven copies of KCMS were sold (or licensed) in 2000, but somewhere over 500 copies of royalty-bearing *applications* software products were sold (or licensed) in 2000. But those documents do not mean that all such sales were in the United States because paragraph 3.5 of the EFIVKodak agreement provides, in part, that “[a]ll royalties due under this Agreement shall be payable on worldwide Net Revenues ...,” subject to certain exceptions. Section 287(a), however, is limited to making, offering for sale, selling, or importing patented articles within the United States.

*55 Overall, however, the principal issue *vis-à-vis* the EFI/Kodak license is whether KCMS and any “other licensed products” that have been sold (or licensed) unmarked constitute “patented articles” for purposes of § 287(a). The Plaintiffs' contention that a product does not constitute a “patented article” for purposes of § 287(a) if it does not meet the terms of selected claims later asserted in litigation, and more specifically the terms of such a claim as later construed by the Court, has been rejected for the reasons discussed above. The fact scenario here highlights why such an interpretation would subvert the underlying purposes and intent of § 287(a).

EFI apparently reached the conclusion that Kodak's KCMS product (and other Kodak products) infringed the '919 patent prior to negotiating a license with Kodak in 1990-91. That, of course, occurred more than a decade before this Court's claim construction order in this case. EFI and Kodak then negotiated the EFI/Kodak license. By entering into such negotiation, Kodak necessarily had some view about the construction and scope of the '919 patent claims. The Hilst declaration does not say what that view was. But Kodak apparently did not dismiss EFI's infringement contentions out-of-hand, and, despite whatever doubts or reservations Kodak may have had about those contentions, ultimately agreed to pay \$3.3 million and continuing royalties for a license. Kodak also, however, extracted a waiver of any contractual marking obligation.

Thus, the issue of patent marking was clearly part of the license negotiations. Paragraph 15.4 of the MIF/EFI agreement provides that “FICENSEE,” *i.e.*, EFI, “agrees to mark the Ficensed Products sold in the United States with all applicable United States Patent numbers,” and paragraph 2.8 of that agreement required EFI to obtain the same commitment from any sublicensees. At some point during

the license negotiations, though, Mr. Hilst, according to his declaration, informed EFI that “Kodak would not want to have any marking obligations regarding the ‘919 patent.” Mr. Hilst does not say *why* Kodak did not want to incur any marking obligations. Thus, it is unknown whether that desire arose because of a fear of marking estoppel or for other reasons. The agreement to waive any contractual marking obligation thus could have resulted from a concession on other points of negotiation, or otherwise. In any event, Kodak got its wish. MIT and EFI expressly waived the provisions of paragraph 15.4 of the MIT/EFI agreement “as they apply to any sublicenses granted by E.F.I. to Kodak.” Fetter of January 8, 1991, from Lita Nelsen to Efraim Arazi.

In doing so, MIT and EFI were squarely presented with the consequences of a failure to mark under § 287(a). Unlike other cases in which a contractual marking obligation is just not imposed for unexplained reasons, here a pre-existing contractual marking obligation was specifically waived. Furthermore, MIT and EFI were waiving that obligation with respect to products that EFI, anyway, believed infringed the ‘919 patent. MIT’s and EFI’s waiver of any contractual marking obligation resulted in Kodak’s continued sale (or license) of the KCMS product and other “licensed products.” Having consented to the continued sale (or license) of the KCMS product and other “licensed products,” all defined in terms of being covered by one or more claims of the ‘919 patent, without any patent marking, MIT and EFI can hardly maintain in good faith that they should be entitled to damages for the use thereof by entities uninformed of MIT’s and EFI’s patent rights, for example Corel.

*56 As discussed above, marking under § 287(a) is permissive. Patentees may choose to mark or not mark as they see fit. Patentees may choose to impose contractual marking obligations on their licensees or not as the circumstances permit. But consequences flow from those decisions. Making the choice to specifically excuse a licensee from marking has the consequence that a patentee is not able to recover damages prior to actual notice unless the licensee voluntarily marks. Here, it seems clear from the Hilst declaration that there was no reason to believe that Kodak would undertake voluntary marking. EFI therefore could have insisted that Kodak agree to be bound to the contractual marking obligation required in the MIT/EFI license. The MIT/EFI license clearly evidences that MIT and EFI intended that sublicensees such as Kodak would be so bound, and have so provided in other agreements (discussed below) that have settled litigation. The result may have been that Kodak would have refused a license on such

terms thus raising the spectre of an infringement action. But that simply required EFI to make the business choice between potential litigation and obtaining a license by waiving any contractual marking obligation. MIT and EFI chose the latter. MIT and EFI cannot justifiably complain about being held to the consequences of their choice. Doing so is consistent with the purpose behind the marking statute, namely to encourage the patentee to give notice to the public of the patent. *American Medical*, 6 F.3d at 1538. Failing to do so is not consistent with that purpose.

It is recognized, of course, that in this instance “patented article” in § 287(a) is not strictly interpreted as an article that falls within the scope of a claim as subsequently construed by a district court perhaps years after license negotiations had been concluded and later still by the Federal Circuit. In some instances, judging compliance with permissive marking under § 287(a) using such hindsight may be appropriate. After all, compliance with the marking statute is treated as a question of fact, *Maxwell*, 86 F.3d at 1111, and many of the cases considering § 287(a) have been resolved on terms deemed to fulfill the intent and purposes of the statute. *See, e.g., American Medical*, 6 F.3d at 1537-38 (patentee entitled to damages from the time that it began shipping its marked products, rather than from the date the patentee began consistent marking reasoning that the “date that AMS began marking its products is irrelevant for purposes of the statute, because marking alone without distribution provides no notice to the public where unmarked products are continuing to be shipped.”). Accordingly, there may be instances where it is appropriate to simply compare the claims as later construed by a district court, and ultimately by the Federal Circuit, and then decide, using the benefit of hindsight, whether products falling within the scope of such claims as finally construed had been made, offered for sale, or sold without proper marking under § 287(a).

*57 But this is not one of those instances. Through negotiation, EFI and Kodak arrived at a definition for “Licensed System Software” that defined such software as including several requirements, but ultimately limited such software to that “which (i) is covered by one or more claims contained in the Licensed Patent *and* (ii)” An essential requirement of that definition is therefore that such software “(i) is covered by one or more claims contained in the Licensed Patent.” The parties then additionally and specifically provided that: “ ‘Licensed Systems Software’ shall include without limitation all existing and future versions of the software currently known as the ... (‘KCMS

Kernal'), as it may be renamed by Kodak, together with development tool kits and accessories that include the KCMS Kernal for displaying and printing scanned-in, continuous tone images." Similarly, the parties negotiated a definition of "Licensed Applications Software" that included the requirement "which is covered by one or more claims contained in the Licensed Patent" and further provided that " 'Licensed Applications Software' shall include without limitation utilities software and software applications that incorporate the KCMS Kernal."

What the parties did, of course, is not unusual. They agreed on a definition of what products were licensed (and therefore, in this instance, royalty-bearing) that included a requirement that such a product must be "covered by one or more claims" of the licensed patent. When there is a disagreement between the parties whether an existing product is actually covered by such claims, however, such a disagreement is not resolved, but rather perpetuated, by simply defining "licensed products" or software in terms such as "covered by one or more claims" of a patent. Such a disagreement may be resolved by addressing that product directly, as the parties did here. Specifically, the parties resolved their disagreement by agreeing that "Licensed System Software" included the KCMS Kernal, and that "Licensed Applications Software" included utility and application software that incorporated the KCMS Kernal. Significantly, for present purposes, the parties further agreed that Kodak had no contractual duty to mark such products with the '919 patent number. Under those circumstances, where the parties contractually agree to treat a product as if it were covered by one or more claims of a patent, and the patentee agrees to waive any contractual marking obligation for that product, there is simply nothing unfair in holding the patentee to the consequences of that agreement.

In this instance, there appears to be no dispute that Corel was misled as a result of MIT's and EFI's agreement to waive any contractual marking obligation for the KCMS product. But that does not resolve the constructive notice issue either as to Corel or as to the other defendants.

Insofar as Corel is concerned, § 287(a) has not been interpreted to permit a particular defendant to limit recoverable damages even if that defendant used an unmarked product in developing a product that was later found to infringe. In *American Medical*, for example, the invention of the patent-in-suit was directed to solving problems associated with dry-pack penile prostheses. The invention involved pre-filling the prosthesis with a saline solution and placing it in a

foil pouch also filled with a saline solution having the same osmotic properties. That inner foil pouch was then sterilized and stored inside an outer non-sterile container, thus allowing a non-sterile nurse to open the outer package and give the sterile inner package to a sterile nurse to open in the operating field. The defendant, Medical Engineering, had been working on a pre-filled, sterilized packaged version of its prosthesis, but then saw American Medical's pre-filled, sterilized wet pack prosthesis at a trade show. The package displayed at the trade-show was not marked with any patent pending notice. Medical Engineering then obtained a sample of American Medical's device and packaging, which it used in developing a competitive product. American Medical had shipped 8,566 unmarked prostheses before issuance of its patent, and had shipped 1,939 prostheses after issuance of its patent, and before it began marking. The district court held that American Medical had failed to comply with § 287(a) by shipping more than a *de minimis* number of products after the patent issued without marking. 6 F.3d at 1534-35. On appeal, the Federal Circuit reversed.

*58 Resolving a split among the courts, the Federal Circuit concluded that "[i]n light of the permissive wording of the present statute, and the policy of encouraging notice by marking, we construe section 287(a) to preclude recovery of damages only for infringement for any time prior to compliance with the marking or actual notice requirements of the statute." *Id.* at 1537. In so holding, the court acknowledged that "preventing recovery of damages for an initial failure to mark does not remedy the problem of having unmarked products in the marketplace. Any products entering the market prior to issuance of the patent will not be marked." *Id.*

In the present case, as the record currently stands, there has been no sufficient showing on summary judgment that the Plaintiffs either have-or have not-complied with the marking statute, even holding the Plaintiffs to the choices they made in connection with the Kodak license. As noted above in connection with the Minolta license, Exhibit AA to the Nagel Declaration contains a variety of product literature relating to products said to employ the Fiery® technology. That literature includes product names such as Fiery X12, Canon PS-MX 20, and Canon ColorPASS, to name just a few. The Court, of course, has no independent knowledge of the Fiery® technology or those other products. Also, as noted above, other companies have been licensed under the '919 patent, but there is nothing in the record indicating what products they may have sold under their respective licenses, or where, or

how many. Further, even as to the Kodak license, the actual scope of products produced and sold under that agreement is not evident from the record.

Even given that Kodak has produced and distributed unmarked KCMS and other products licensed under the '919 patent, that does not inevitably lead to a conclusion that there has been no substantial compliance with the marking statute. In *Maxwell*, for example, the Federal Circuit concluded that there had been substantial compliance with the marking statute even though 5% of the shoes had not been marked. Because Target sold millions of pairs of shoes, that 5% represented a numerically large number. 86 F.3d at 1112. In the present case, where it is mostly unknown from the parties' submissions what products have actually been marketed by what companies, where (*i.e.*, in the United States, or elsewhere), and without some, even if general, indication of quantity,²⁴ there is simply insufficient evidence of record for the Court to conclude on summary judgment either that there has been-or has not been-substantial compliance. Such a conclusion is similarly constrained by the lack of any explanation of the Fiery® technology or the KCMS technology (or the technologies of any of the other products that may have been produced and sold). For example, if hundreds or thousands of properly marked products employing Fiery® technology have been sold, and only a few unmarked products employing the KCMS technology have been sold (*e.g.*, the 11 copies apparently sold or licensed in 2000), there *may* be grounds to conclude that there has been substantial compliance with the marking statute despite the sale of the unmarked KCMS products. Further, that conclusion may depend on similarities and dissimilarities between the products under the rationale of *Toro*.

²⁴ Although the Federal Circuit recognized in both *American Medical* and *Maxwell* that quantities or number of products sold is not alone decisive, the court nevertheless had the benefit of an indication of the actual quantities of unmarked products that had been sold.

*⁵⁹ Accordingly, although the EFI/Kodak license, and Kodak's sales of unmarked products under that license, *may* upon further consideration and upon further showings, either alone or in combination with other evidence, bar MIT and EFI generally from recovering damages prior to actual notice, that conclusion cannot be properly reached on the present record. Similarly, the present record is insufficient for the Court to conclude that MIT and EFI are *not* so barred.

(b) Canon

Only one page of the Canon license has been included in Microsoft's submissions. It appears that EFI licensed Canon under the '919 to produce "Licensed Products" defined to mean "any and all equipment, products [*etc.*] ... *which would infringe in whole or in part or contribute to infringe [sic] any claim of the MIT Patents* without the rights and licenses granted herein," and to practice "Licensed Processes" defined to mean "any and all processes *which are covered in whole or in part by any of the MIT Patents.*" (Emphasis added). The term "Canon Patents" is also a defined term suggesting that there was a cross-license of Canon patents. But the one page included in Microsoft's submissions does not include enough of the license to determine whether that is the case. As noted above, MIT and EFI expressly waived the marking requirement for Canon.²⁵

²⁵ See n.12 *supra*.

Unlike the situation with Kodak, the record contains no information concerning the Canon transaction. In general terms, from the excerpt provided, Canon appears to have been licensed to produce products and to perform processes to the full scope of the '919 patent. What such products and processes may have been or may currently be is not explained,²⁶ other than, as noted above in connection with the Minolta license, Exhibit AA to the Nagel Declaration contains a variety of product literature relating to products said to employ the Fiery® technology. That literature includes several guides or manuals that appear to relate to Canon products, such as Canon PS-MX 20, and Canon ColorPASS. It may be that Canon has produced and sold only products that employ the Fiery® technology, and that product literature associated with those products has been consistently marked with the '919 patent. But that is not clear from, or established by, the parties' submissions.

²⁶ Although ArcSoft's motion refers to various Canon products, the Plaintiffs note that ArcSoft has not been accused of infringement based on any Canon products. Plaintiffs' Opposition at 9 n.8.

For the reasons discussed above, simply because the contractual marking obligation was waived for Canon does not *per se* mean that there has been no compliance with the marking statute. The product literature included in Exhibit AA to the Nagel Declaration indicates that guides and manuals apparently associated with at least some of Canon's products were marked with the '919 patent, despite no

apparent contractual obligation do so. On the other hand, that product literature does not go beyond showing that the '919 patent was listed in that literature for the products represented by that literature. That literature does not, for example, show that Canon, despite waiver of any contractual obligation, consistently and continuously marked all or substantially all products produced under its license. Overall, the excerpts from the Canon license and the parties' submissions do not establish either (1) that Canon has made, offered for sale, or sold "patented articles" that were unmarked, or (2) that Canon has not done so.

(c) Apple

*60 The Apple license, dated February 21, 1995, indicates that it resulted from settlement of a lawsuit in the Northern District of California. Perhaps as a result, the license is actually a cross-license of Apple patents and EFI patents, and contains broad, mirror-image grant clauses under those patents. For example, on EFI's side, the "EFI Licensed Patents" provision includes the '919 patent and gives Apple the right to select certain other EFI patents. The license then broadly defines "APPLE Licensed Products" to mean "any instrumentality, aggregate of instrumentalities or portions thereof, whether hardware, software or combination of hardware and software, made, used, imported, leased, sold or otherwise transferred by APPLE." That definition is not tied to the '919 patent or any other patent. Further, that definition is sufficiently broad to cover just about any hardware and/or software emanating from Apple. The license grant clause is equally broad. EFI granted Apple a "worldwide, *paid up*, nonexclusive, nontransferable license under the EFI Licensed Patents to make, have made, use, import, lease, sell and/or otherwise transfer APPLE Licensed Products and to practice any process involved in the manufacture or use thereof." (Emphasis added). That is to say, in addition to being broad, the license is not royalty-bearing—at least from the excerpts that Microsoft has provided.

Apple's side of the transaction is a mirror-image. The agreement defined "APPLE Licensed Patents" to mean defined "AppleTalk Patents" and certain other selected patents. The definition of "EFT Licensed Products" mirrors the above definition of "APPLE Licensed Products," *i.e.*, "any instrumentality, aggregate of instrumentalities or portions thereof, whether hardware, software or combinations of hardware and software, made, used, imported, leased, sold or otherwise transferred by EFI." The license grant clause from Apple is equal in scope to the license grant clause from EFI above, and is also non-royalty-bearing. Apple granted

EFI a "worldwide, *paid up*, nonexclusive, nontransferable license under the APPLE Licensed Patents to make, have made, use, import, lease, sell and/or otherwise transfer EFI Licensed Products and to practice any process involved in the manufacture or use thereof." A "Fourth Amendment" to the MIT-EFI license dated October 17, 1994, provided that the provisions of paragraph 15.4 (*i.e.*, the marking provision) "shall not apply to any sublicense entered into between EFI and Apple Computer, Inc." The excerpts from the license that Microsoft has provided similarly do not include any contractual marking obligation on EFI. It thus appears that EFI and Apple settled their lawsuit by granting broad cross-licenses, and with no contractual marking obligation on either party.

The Plaintiffs say that their dispute with Apple concerned Apple's ColorSync product. Plaintiffs' Opposition at 5. The Plaintiffs argue that product does not fall within the scope of claim 1 of the '919 patent as construed under the Court's claim construction order, relying on the McIlroy declaration, for the following reasons:

*61 3. I understand that the Court's claim construction order in this matter limited Claim 1 of ... [the '919 patent] to a system with 'aesthetic correction circuitry' having the corresponding structure or equivalents thereof to the structure set forth in the MIT Patent. Specifically, the corresponding structure was identified by the Court as those modules collectively comprising the Color Translation Module in the MIT Patent, including the following: the RGB Color Balance Module (32); Gradation Module (33); LC1C2 Color Balance Module (35); Selective Correction Module (37); and Special Correction Module (38). According to the MIT Patent, Selective Correction Module (37) operates on C1C2 signals in polar form and is divided into a video path and a knob computer.

7. Apple Computer's ColorSync product is a color management system that ran primarily on Apple Macintosh computers during the relevant period. ColorSynch does not support the use of a knob computer. ColorSync was designed and intended for use with the Mac OS operating system. ColorSync does not use LC1C2 color space in processing color images.

Id.

Once again, the Plaintiffs' contention that a product cannot be a "patented article" for purposes of § 287(a) if it does not meet the terms of selected claims later asserted in litigation,

and more specifically the terms of such claims as later construed by the Court, has been rejected for the reasons discussed above. Accordingly, even if the McIlroy declaration is accepted, that does not necessarily mean that sales of Apple's ColorSync product cannot trigger the consequences of § 287(a).

The underlying litigation leading to the EFI/Apple cross-license is not of record, and has been explained only briefly by the parties. The face of the license says that EFI had charged Apple with infringement of the '919 patent, and that Apple brought an action seeking a declaratory judgment (1) that Apple was not infringing the '919 patent, and (2) that EFI was infringing certain of Apple's patents related to Apple's AppleTalk networking technology. The license says that EFI asserted counterclaims for infringement of the '919 patent. From the Plaintiffs' representation above, the subject of those counterclaims was apparently Apple's ColorSync product.

The EFI/Apple cross-license, at least those excerpts of record, thus indicate material differences from, for example, the EFI/Kodak license. As discussed above, the EFI/Kodak license reflects that the parties resolved their disagreement whether the KCMS product and other Kodak products infringed one or more claims of the '919 patent by entering into an agreement that defined the KCMS and other products as licensed products. The financial side of that resolution was that Kodak paid EFI an initial license fee of \$1.5 million and minimum royalties capped out at \$1.8 million, plus continuing running royalties for royalty bearing products, of which KCMS was one.

*62 The resolution in the EFI-Apple dispute was substantially different—at least as reflected on the present record. The EFI/Apple cross-license does not reflect that the parties resolved their dispute whether the Apple ColorSync product infringed one or more claims of the '919 patent by contractually agreeing that the ColorSync product was a licensed and royalty-bearing product—or the parties' dispute whether EFI was infringing Apple's AppleTalk patents. Rather, the parties resolved their disputes by granting broad, cross-licenses that effectively covered any hardware and/or software emanating from Apple, on the one hand, or EFI, on the other hand. Furthermore, those licenses were non-royalty-bearing. That has all the hallmarks of two parties sufficiently uncertain of their litigation positions, or for other business reasons, that they chose to resolve their disputes by granting broad cross non-exclusive, non-royalty bearing, non-transferable licenses of equivalent scope.

Consequently, although prior to the litigation Apple may have believed that EFI was infringing its AppleTalk patents, and EFI may have believed that Apple was infringing the '919 patent, the terms of the license do not indicate that the parties held those beliefs at the time of the license, and thus at the time that the parties mutually agreed that they would not be bound by any contractual marking requirements. Indeed, the terms of the license suggest that the parties, at the time of the license, either no longer held those beliefs or mutually decided, for business reasons, not to pursue the litigation. It is noted, for example, that the license indicates that Apple filed suit on January 24, 1995, and the settlement agreement/license is dated February 21, 1995, approximately one month later.

All of that means that the Apple ColorSync product *may* infringe one or more claims of the '919 patent, and thus *may* constitute a “patented article” for purposes of § 287(a). But the Apple/EFI license does not establish that such is the case. Nor does the Apple/EFI license suggest that Apple and EFI, or even just EFI, believed that the Apple ColorSync product infringed the '919 patent as of the date of the settlement agreement/license, unlike the situation with the EFI/Kodak license. Consequently, the terms of the EFI/Apple license do not provide support for concluding that Apple has made, offered for sale, or sold “patented articles” covered by the '919 patent, but without notice of the '919 patent, so as to trigger § 287(a). Similarly, however, the terms of the EFI/Apple license do not provide support for concluding that Apple has not made, offered for sale, or sold “patented articles” covered by the '919 patent.

(d) Xerox

The agreement with Xerox, dated December 12, 1991, from the terms in the excerpt provided by Microsoft, appears to have resulted from Xerox having exercised an option under an earlier agreement. The agreement defines “Patent” as the '919 patent, and defines “Patent Rights” as meaning the '919 patent, any continuing applications and patents issuing thereon, and any reissues, re-examinations, or extensions of the '919 patent. The agreement defines “Licensed Products” to mean “hardware products such as copiers, controllers, printers and scanners, and the like [including embedded software] ... which (a) are manufactured and distributed by or for Xerox or a Xerox sublicensed majority owned ... subsidiary of Xerox and (b) infringe one or more claims in the Patent Rights but for the license of this Agreement.” (Emphasis added). EFI granted Xerox “a non-exclusive,

non-transferable, perpetual, worldwide license, under the Patent Rights, to make, have made for it by third parties, use, copy, lease, sell and otherwise distribute Licensed Products,” but added the proviso “provided, however, that the foregoing license excludes until April 1, 1993 the out-of-gamut alarm feature described in Claim 5 of the Patent and any corresponding claim in any other patent included within the Patent Rights.”

*63 Insofar as marking is concerned, paragraph 7.5 of the agreement provided that “Xerox shall have the right but not the obligation to mark labels, product literature or packages for any products incorporating the Patent Rights sold in the United States with all applicable United States patent numbers relating to the Patent Rights.” Paragraph 7.6 provided that paragraph 15.4 (the marking provision) in the MIT-EFI agreement was “binding” upon Xerox. In general, therefore, the license granted Xerox the right to produce products to the full scope of the ‘919 patent.²⁷

²⁷ The proviso excluding “until April 1, 1993 the out-of-gamut alarm feature described in Claim 5 of the Patent and any corresponding claim in any other patent included within the Patent Rights” is unexplained by any of the parties and is thus presumed irrelevant to any issue that requires decision here.

On the other hand, a product was not a “Licensed Product” if it did not infringe one or more claims of the “Licensed Patent,” *i.e.* the ‘919 patent. Paragraphs 7.5 and 7.6 that, on the one hand, say that Xerox is not obliged to mark “labels, product literature or packages for any products incorporating the Patent Rights,” but nevertheless, say that Xerox is bound by paragraph 15.4 of the MIT/EFI agreement, are not explained by the parties, and, in the context the present dispute, are unclear to say the least. Paragraph 15.4 of the MIT/EFI agreement, once again, generally provides that EFI agrees “to mark the Licensed Products sold in the United States with all applicable United States Patent numbers,” and paragraph 2.8 of that agreement required EFI to obtain the same commitment from any sublicensees.

Paragraph 7.6 of the EFI/Xerox agreement, therefore, appears to impose on Xerox an obligation “to mark the Licensed Products sold in the United States with all applicable United States Patent numbers.” In this instance, one of the conjunctive requirements of a “Licensed Product” in the EFI/Xerox agreement was that such products “(b) infringe one or more claims in the Patent Rights but for the license of this Agreement.” Thus, overall, the EFI/Xerox agreement appears

to impose a contractual marking obligation on products that would infringe one or more claims of the ‘919 patent. Paragraph 7.5 appears to retreat from that general obligation by providing that Xerox has no obligation to “mark labels, product literature or packages for any products incorporating the Patent Rights” *i.e.*, the ‘919 patent, but does not, on its face, override or render paragraph 7.6 superfluous or meaningless. Although paragraphs 7.5 and 7.6 of the EFI/Xerox agreement frankly make little sense without further explanation, those paragraphs on their face appear to require Xerox to mark products that would, but for the license, infringe one or more claims of the ‘919 patent, but, in doing so, Xerox has no obligation to “mark labels, product literature or packages for any products incorporating” the ‘919 patent.

Exhibit AA to the Nagel Declaration, as noted above in connection with the Minolta license, includes what appears to be a Xerox product guide bearing a copyright notice “Copyright © 1999 Electronics For Imaging, Inc.,” that lists the ‘919 patent among several other patents. That, of course, indicates that the ‘919 patent number was listed in that guide. Such marking appears to have been excused by paragraph 7.5. In any event, that does not establish that Xerox either did, or did not, comply with the full extent of its contractual marking obligation during the relevant time period, *i.e.*, showing that Xerox marked the guide for one product says nothing about other products, even if § 287(a) is satisfied by marking a product guide.

*64 The Xerox license itself, therefore, provides no showing that Xerox made, offered for sale, or sold unmarked “patented articles” during the relevant time period. On the other hand, that license likewise provides no showing that Xerox did not do so.

(6) Licenses Having Contractual Marking Obligations That Resulted From Settlements

Turning last to licenses that resulted from settlements having contractual marking obligations:

(a) Adobe

The Adobe license is dated March 1, 1991, and reflects that it resulted from the parties' desire to settle a lawsuit in the Northern District of California. In the materials Microsoft has submitted, there is an EFI press release dated May 31, 1990, in which EFI's president, Efraim Azazi, is quoted as saying: “It is our opinion that the continued distribution of Adobe's PhotoShop and any implementation of PostScript® Level 2

software with color extension would cause an infringement of the patent licensed exclusively to EFI.” The press release indicates that Adobe filed the lawsuit “seeking to declare as unenforceable ... [the ‘919 patent]” and that EFI would file a counterclaim for infringement.

The license indicates that the parties reached a settlement of their disagreement resulting in the EFI/Adobe license. Under the terms of that license, the “Licensed Patent” was the ‘919 patent. The license contains an agreed definition for “PostScript Color Software,” and within that definition an agreed definition for “color extension(s).” The license further contains an agreed definition for “Color Editing Software,” namely “all versions of Adobe’s software product known as Photoshop and all current and future versions of Adobe interactive color editing software, irrespective of the brand name under which such versions are sold and irrespective of whether the software is acquired or licensed by Adobe from a third party.” Lastly, the license contains an agreed definition for “Cachet,” namely “EFI’s application software product ... which is an interactive program for correcting and enhancing color images on a desk top color imaging system.”

EFI granted Adobe a non-exclusive license under the ‘919 patent to make, have made, use, license and sell “PostScript Color Software and any other software or product which infringes the Licensed Patent (other than Color Editing Software ...),” which was treated separately. That license grant, however, specifically excluded a license “for any automatic feedback mechanism that performs in line calibrating for color printing output without operator intervention ...,” for a period of three years after the effective date of the license.

With respect to “Color Editing Software,” the parties agreed that the then-current version of Photoshop and certain other listed products did not infringe the ‘919 patent. The parties also agreed that Adobe was not licensed to produce “Color Editing Software” that included four defined features for certain periods of time. For example, Adobe was not licensed to produce “Color Editing Software” that included “supply of formal set[s] of reference pictures for monitor calibration” and “multiple choice options for choosing images” for six months following January 16, 1991. Adobe was not licensed to produce “Color Editing Software” that included two other features for twelve months following January 16, 1991.

*65 In section 5.3 of the license, Adobe agreed to enter an agreed form of consent decree in the pending lawsuit, and

agreed “not to assert against EFI that the products for which Adobe is granted a license hereunder do not infringe” the ‘919 patent. Section 5.1 of the Adobe license provides:

5.1 Patent Notices: Adobe will indicate in its marketing materials that the Color Editing Software, the Color Extension and other Adobe products which infringe the Licensed Patent are under license from EFI. In addition, Adobe will include patent marking on all diskette or other media (excluding ROM) labels containing the PostScript Color Software, the Color Editing Software and other Adobe products which infringe the Licensed Patent as follows: U.S. Patent No. 4,500,919.

In Section 5.4, Adobe further agreed that it was bound by paragraph 15.4 (the contractual marking obligation) of the MIT/EFI agreement.

From the terms of that license, it seems clear that EFI and Adobe reached an agreement that Adobe’s PostScript product infringed one or more claims of the ‘919 patent, but that the then-current version of PhotoShop did not. The parties further reached agreement on four features of “Color Editing Software” that rendered a product infringing or non-infringing. PhotoShop was deemed non infringing because it did not have those four features. Adobe was further contractually estopped to deny that the licensed products infringed the ‘919 patent.

The Plaintiffs, however, contend that the Adobe PostScript product does not literally meet the “aesthetic correction circuitry” limitation of claim 1. Specifically, the Plaintiffs have submitted a declaration by Thad McIlroy stating:

3. I understand that the Court’s claim construction order in this matter limited Claim 1 of ... [the ‘919 patent] to a system with ‘aesthetic correction circuitry’ having the corresponding structure or equivalents thereof to the structure set forth in the MIT Patent. Specifically, the corresponding structure was identified by the Court as those modules collectively comprising the Color Translation Module in the MIT Patent, including the following: the RGB Color Balance Module (32); Gradation Module (33); LC1C2 Color Balance Module (35); Selective Correction Module (37); and Special Correction Module (38). According to the MIT Patent, Selective Correction Module (37) operates on C1C2 signals in polar form and is divided into a video path and a knob computer.

6. Adobe's Photoshop product is a digital color image manipulation application that was sold during the relevant period. Photoshop does not support the use of a knob computer. Photoshop was designed and intended for use on standard digital platforms such as Macintosh and Windows operating systems. Photoshop does not use LC1C2 color space for the color adjustments it supports.

As discussed repeatedly above, the Plaintiffs' contention that the consequences of selling unmarked products under § 287(a) is avoided if such products are not literally covered by the asserted claim or claims in litigation, as construed by the Court in that litigation, has been rejected. In entering into this license, EFI and Adobe agreed that PostScript Level 2 (which apparently was the then-current version of PostScript) infringed one or more claims of the '919 patent. The parties further agreed on a standard for determining whether other versions or releases of PostScript would infringe, and therefore fall under the terms of the license, namely, software that implemented "all or part of the color extension(s)" would, but for the license, infringe. The parties agreed that "color extension(s)" meant "features or functions intended for use in specifying colors in a device independent color space (such as, for example, CIEXYZ or color spaces related to CIEXYZ) and the rendering of such colors on color reproduction devices (including, without limitation, the color specification and rendering capabilities that are described in the PostScript Language Reference Manual, second edition)." Paragraphs 1.2 and 2.1 of the license.

*66 The parties further agreed that the then-current version of PhotoShop constituted "Color Editing Software" but did not infringe the '919 patent because that version did not have the four features listed in paragraph 4.1 of the license. EFI, however, granted Adobe a license to produce "Color Editing Software," *i.e.*, PhotoShop, having those four features, but at selected time periods following January 16, 1991.

The circumstances are thus similar to the EFI/Kodak license. Here the parties reached an agreement, in settlement of their dispute whether PostScript and PhotoShop infringed the '919 patent, that defines what is and is not an infringing product. How a court may later (in this case, more than a decade later) construe the claims of the '919 patent is simply not relevant to the parties' agreement. Furthermore, although the parties carved out the defined "Feedback Mechanism" from the license for a period of three years, and carved out four features of Color Editing Software for periods of six and twelve months, after those time periods had expired, *i.e.*, by

March 1994, Adobe had a license extending to the full scope of the '919 patent.

Unlike the EFI/Kodak license, however, here Adobe was contractually obligated-in one general provision binding Adobe to paragraph 15.4 of the MIT/EFI agreement, and in one specific provision, paragraph 5.1 of the EFI/Adobe license-to mark products produced and sold under the agreement with the '919 patent. There has been no sufficient showing on summary judgment that Adobe has either failed to do so-or has actually done so.

(b) Light Source

The license agreement with Light Source, dated November 14, 1994, is actually a cross-license and was apparently entered "to resolve all patent issues between LIGHT SOURCE and EFI." The language of the agreement is consistent with such an intent. Indeed, the language of the agreement is similar to the language used in the EFI/Apple settlement agreement/license discussed above.

The definition section of the EFI/Light Source agreement broadly defines "LIGHT SOURCE Licensed Patents" to mean "*all patents throughout the world ... under which ... LIGHT SOURCE or any of its Subsidiaries now has, or hereafter obtains, the right to grant licenses to EFI...*" (Emphasis added). The agreement broadly defines "EFI Licensed Patents" in the same fashion to mean "*all patents throughout the world ... under which ... EFI or its Subsidiaries now has, or hereafter obtains, the right to grant licenses to LIGHT SOURCE...*" (Emphasis added).

The term "Licensed Products" was broadly defined to mean "any instrumentality, aggregate of instrumentalities or portions thereof, whether hardware, software or combinations of hardware and software being developed, developed, manufactured, or sold prior to or during the term of this Agreement." There was a similarly broad definition for "Manufacturing Apparatus."

*67 Light Source granted EFI "a worldwide, paid up, non-exclusive, nontransferable license under the LIGHT SOURCE Licensed Patents ... to make, have made, use, import, lease, sell and/or otherwise transfer Licensed Products and to practice any process involved in the manufacture or use thereof; and ... to make, have made, use and have used Manufacturing Apparatus and to practice and have practiced any method involved in the manufacture or use thereof." EFI granted Light Source a license of similar scope

under “EFI Licensed Patents,” however, the EFI grant clause does not include the term “paid up.” The excerpts from that license provided by Microsoft, though, are incomplete, and do not indicate whether Light Source agreed to pay royalties for the sale of Licensed Products. In any event, in section 7.2 of the agreement, the marking provision of paragraph 15.4 of the MIT-EFI agreement was made “binding” upon Light Source.

Similar to the EFI/Apple settlement agreement/cross-license, therefore, the EFI/Light Source agreement does not define Licensed Products or Manufacturing Apparatus in terms related to the '919 patent, or any other patent, *i.e.*, Licensed Products and Manufacturing Apparatus are not defined in terms of products that would otherwise infringe the claims of the licensed patents. Rather, the definitions of both of those terms are sufficiently broad as to encompass virtually any hardware, software, or “Manufacturing Apparatus” emanating from either EFI or Light Source.

The EFI/Light Source settlement agreement/cross-license, like the EFI/Apple cross-license, thus differs materially from, for example, the EFI/Kodak license. Unlike the EFI/Kodak agreement, in which the parties entered into an agreement that defined the KCMS and other products as licensed products, resolution of the EFI/Light Source dispute, like the resolution of the EFI-Apple dispute, does not reflect that the parties resolved their dispute whether whatever products were involved in that dispute actually infringed. Rather, the parties resolved their dispute by granting broad, cross-licenses that effectively covered any hardware and/or software and/or “Manufacturing Apparatus” emanating from Light Source or EFI. Furthermore, the license from Light Source, at least, was non-royalty-bearing. The EFI/Light Source settlement agreement/cross-license, like the EFI/Apple cross-license, thus has all the hallmarks of two parties sufficiently uncertain of their litigation positions, or for other business reasons, that they chose to resolve their disputes by granting mutual, cross non-exclusive, non-transferable licenses of the same scope.

All of that means that products produced and sold by Light Source *may* infringe one or more claims of the '919 patent, and thus *may* constitute a “patented article” for purposes of § 287(a). But the EFI/Light Source settlement agreement/cross-license does not establish that such is the case. Consequently, the terms of the EFI/Light Source settlement agreement/cross-license do not provide support for concluding that Light Source has made, offered for sale, or sold “patented articles” covered by the '919 patent, but without notice of the '919 patent, so as to trigger § 287(a). Similarly, however,

the terms of that agreement do not provide support for concluding that Light Source has *not* made, offered for sale, or sold “patented articles” covered by the '919 patent. Those questions, moreover, may never be answered in this lawsuit. The Nagel Declaration says that he found no information that Light Source was operational after 1997.

(c) RL Vision

*68 The remaining four licenses to RL Vision, Mentalix, Digital Light & Color, and American Systems, according to the Nagel Declaration, became effective after the Plaintiffs filed this action on December 28, 2001, and are therefore irrelevant to the current issue. The Court has nevertheless reviewed those agreements and they are summarized here. The Court agrees, however, with the Plaintiffs that those agreements are not relevant to the current issue, but even if they were, all contain contractual marking obligations.

The “Settlement Agreement” with RL Vision provided in one of the recitals that “RL Vision has made, used, sold, offered for sale or imported into the United States and is currently making, using, selling, offering for sale or importing into the United States certain products that incorporate technology covered by one or more claims of U.S. Patent No. 4,500,919 and related to photo image editing and/or color management. Among these certain products are ‘Accused Products,’ as set forth in Exhibit A.” Exhibit A identifies two versions of a product, and states “Sales” in U.S. dollars (presumably of the accused products) for October 11, 1999 through April 8, 2002. The agreement provides for a “settlement fee” and a running royalty “for future sales of the Accused Products.” Paragraph 1.2 of the agreement says that “RL Vision acknowledges that the Accused Products infringe, contributorily infringe, and/or induce others to infringe the '919 Patent, and also acknowledge that the '919 Patent is valid and enforceable.” Paragraph 1.3 of the agreement says that “For the term of the '919 Patent, RL Vision agrees to properly mark all Accused Products subject to enforcement under the '919 Patent. Properly marking a product consists of marking it with ‘Licensed under U.S. Patent No. 4,500,919’ in a manner sufficient to give proper legal notice under the applicable patent laws. RL Vision agrees to promptly provide EFI with proof of compliance with this subparagraph upon request of EFI.” The parties agreed to execute a “Voluntary Dismissal” and “Stipulated Consent Judgment” attached as exhibits to the agreement.

(d) Mentalix

The “Settlement Agreement” with Mentalix is similar. One of the recitals provides that “Mentalix has made, used, sold, offered for sale or imported into the United States and is currently making, using, selling, offering for sale or importing into the United States certain UNIX-based products that incorporate technology covered by one or more claims of [U.S. Patent No. 4,500,919](#) and related to photo image editing and/or color management. Among these certain products are UNIX-based ‘Accused Products,’ as set forth in Exhibit A.” Exhibit A identifies several versions of a product, and states “Sales” in U.S. dollars (presumably of the accused products) for 1996-2001. The agreement provides for a “settlement fee” and a running royalty “for future sales of the Accused Products.” Paragraph 1.2 of the agreement says that “Mentalix acknowledges that the Accused Products infringe, contributorily infringe, and/or induce others to infringe the [’919 Patent](#), and also acknowledges that the [’919 Patent](#) is valid and enforceable.” Paragraph 1.3 of the agreement says that “[f]or the term of the [’919 Patent](#), Mentalix agrees to properly mark all Accused Products subject to enforcement under the [’919 Patent](#). Properly marking a product consists of marking it with ‘Licensed under [U.S. Patent No. 4,500,919](#)’ or ‘Product contains functionality licensed under [U.S. Patent No. 4,500,919](#)’ in a manner sufficient to give proper legal notice under the applicable patent laws. Mentalix agrees to promptly provide EFI with proof of compliance with this subparagraph upon request of EFI.” The parties agreed to execute a “Voluntary Dismissal” and “Stipulated Consent Judgment” attached as exhibits to the agreement.

(e) Digital Light & Color

***69** The “Settlement Agreement” with Digital Light & Color is also similar. One of the recitals provides that “Digital has made, used, sold, offered for sale or imported into the United States and is currently making, using, selling, offering for sale or importing into the United States certain products that incorporate technology covered by one or more claims of [U.S. Patent No. 4,500,919](#) and related to photo image editing and/or color management. Among these certain products are ‘Accused Products,’ as set forth in Exhibit A.” Exhibit A identifies a product, and states “Sales” for 1996-2001. The agreement provides for a “settlement fee” and a running royalty “for future sales of the Accused Products.” Paragraph 1.2 of the agreement says that “Digital acknowledges that the Accused Products infringe, contributorily infringe, and/or induce others to infringe the [’919 Patent](#), and also acknowledge that the [’919 Patent](#) is valid and enforceable.” Paragraph 1.3 of the agreement says that “[f]or the term of the [’919 Patent](#), Digital agrees to properly mark all

Accused Products subject to enforcement under the [’919 Patent](#). Properly marking a product consists of marking it with ‘This software is licensed under [U.S. Patent No. 4,500,919](#)’ in a manner sufficient to give proper legal notice under the applicable patent laws. Digital agrees to promptly provide EFI with proof of compliance with this subparagraph upon request of EFI.” The parties agreed to execute a “Voluntary Dismissal” and “Stipulated Consent Judgment” attached as exhibits to the agreement.

(f) American Systems

The “Settlement Agreement” with American Systems follows the same form. One of the recitals provides that “American Systems has made, used, sold, offered for sale or imported into the United States and is currently making, using, selling, offering for sale or importing into the United States certain products that incorporate technology covered by one or more claims of [U.S. Patent No. 4,500,919](#) and related to photo image editing and/or color management. Among these certain products are ‘Accused Products,’ as set forth in Exhibit A.” Exhibit A identifies two products, and states “Sales” for 1996-2001. Sales for one of those products was “\$0” because the product had apparently been distributed free over the Internet. The agreement provides for a “settlement fee” and a running royalty “for future sales of the Accused Products.” Paragraph 1.2 of the agreement says that “American Systems acknowledges that the Accused Products infringe, contributorily infringe, and/or induce others to infringe the [’919 Patent](#), and also acknowledge that the [’919 Patent](#) is valid and enforceable.” Paragraph 1.3 of the agreement says that “[f]or the term of the [’919 Patent](#), American Systems agrees to properly mark all Accused Products subject to enforcement under the [’919 Patent](#). Properly marking a product consists of marking it with ‘Licensed under [U.S. Patent No. 4,500,919](#)’ in a manner sufficient to give proper legal notice under the applicable patent laws. American Systems agrees to promptly provide EFI with proof of compliance with this subparagraph upon request of EFI.” The parties agreed to execute a “Voluntary Dismissal” and “Stipulated Consent Judgment” attached as exhibits to the agreement.

***70** With respect to all of the foregoing licenses to RL Vision, Mentalix, Digital Light & Color, and American Systems, even if those agreements had become effective before the Plaintiffs filed this action on December 28, 2001, although those agreements clearly contemplate the production and sale of products that the parties agreed were infringing products, each of those agreements also

contained express contractual marking obligations. There is no summary judgment evidence of record indicating that those licensees either did-or did not-properly mark such products.

4. Conclusion

In view of the foregoing, therefore, Microsoft's Marking Motion, Corel's Marking Motion, and ArcSoft's Marking Motion with respect to constructive notice, and Fry's Marking Motion with respect to constructive notice, must be, and are recommended to be **DENIED**. In view of the foregoing, Plaintiffs' Marking Cross-Motion must be, and is similarly recommended to be **DENIED**.

C. Actual Notice

ArcSoft, in its motion for summary judgment, further alleged that the Plaintiffs failed to provide actual notice of infringement of the '919 patent prior to filing their complaint. ArcSoft's Marking Motion at 5. In view of the denial of Plaintiffs' Marking Cross-Motion, this issue must be decided. See ArcSoft's Marking Reply at 1; Plaintiffs' Actual Notice Opposition at 1.

1. Legal Standard

The Supreme Court has explained that notice "is an affirmative fact, and is something to be done by him [the patentee]." *Dunlap*, 152 U.S. at 248 (if the patentee fails to mark, then he must give notice "to the particular defendants by informing them of his patent and of their infringement of it"). The Federal Circuit has similarly explained, "*Dunlap* thus established that notice must be an affirmative act on the part of the patentee which informs the defendant of infringement." *Amsted*, 24 F.3d at 187. Thus, "the correct approach to determining notice under section 287 must focus on the action of the patentee, not the knowledge of the infringer." *Id.*

The requirement of actual notice is intended to assure that the accused infringer knew of the patent and the alleged infringement during the time that liability accrues. *SRI Int'l*, 127 F.3d at 1470. But, because actual notice under § 287(a) requires action by the patentee, deciding whether a patentee's communication complies with the statute does not turn on the knowledge or understanding of the alleged infringer. *Amsted*, 24 F.3d at 187 ("it is irrelevant ... whether the defendant knew of ... his own infringement"). "Absent notice, [the infringer's] 'knowledge of the patents' is irrelevant. Section 287 requires

'proof that the infringer was notified of the infringement.' " *Devices for Medicine*, 822 F.2d at 1066-67 n. 5 (Fed.Cir.1987) (emphasis in original).

In *Amsted*, the Federal Circuit wrote that "[a]ctual notice requires the affirmative communication of a specific charge of infringement by a specific accused product or device." *Amsted*, 24 F.3d at 187. The Federal Circuit has also held, however, that a direct charge of infringement is not required. In *SRI Int'l*, 127 F.3d at 1469-70, the disputed notice was a letter from SRI's patent counsel to the defendant's president that (1) included a copy of the patent-in-suit, and a reexamination certificate, (2) identified two ATL products that SRI said may infringe the patent-in-suit, and (3) offered a license:

*71 We have noted from your advertising literature that [ATL] products Models Ultramark 4 and 8 may infringe one or more claims of U.S. Patent No. 4,016,750, Philip S. Green, ULTRASONIC IMAGING METHOD AND APPARATUS. A copy of the patent and its associated reexamination certificate are enclosed. The patent is assigned to [SRI] and nonexclusive licenses are extant.

SRI would be pleased to provide [ATL] with a nonexclusive license under the patent. For your information, counterpart applications are on file in a number of countries outside the United States. If you are of the opinion that you do not need a license from SRI, it would be helpful if you could give us some insight into your reasons.

ATL argued that the letter did not satisfy the actual notice requirement of § 287(a) because the letter did not meet the requirements for raising an actual controversy under the Declaratory Judgment Act, 28 U.S.C. § 2201. Specifically, ATL argued that because SRI had not made an unqualified charge of infringement and had not threatened ATL with suit, ATL was not "notified of the infringement" in terms of § 287(a). The Federal Circuit rejected that argument: "The criteria for actual notice under § 287(a) are not coextensive with the criteria for filing a declaratory judgment action. These statutory purposes are distinct, serve different policies, and are governed by different laws. The requirement of actual notice under § 287(a) is designed to assure that the recipient knew of the adverse patent during the period in which liability accrues, when constructive notice by marking is absent. Actual notice may be achieved without creating a case of actual controversy in terms of 28 U.S.C. § 2201." *Id.* at 1470.

The Federal Circuit also explained that “[i]t is not controlling whether the patentee threatens suit, demands cessation of infringement, or offers a license under the patent.... Although there are numerous possible variations in form and content, the purpose of the actual notice requirement is met when the recipient is notified, with sufficient specificity, that the patent holder believes that the recipient of the notice may be an infringer. Thus, the actual notice requirement of § 287(a) is satisfied when the recipient is informed of [1] the identity of the patent and [2] the activity that is believed to be an infringement, [3] accompanied by a proposal to abate the infringement, whether by license or otherwise.” *Id.*

In *Gart v. Logitech*, 254 F.3d 1334 (Fed.Cir.2001), the Federal Circuit further explained:

In *SRI*, we stated that ‘[informing the alleged infringer] of the identity of the patent and the activity that is believed to be an infringement, accompanied by a proposal to abate the infringement, whether by license or otherwise’ complies with the actual notice requirement of the marking statute. *Id.* (distinguishing the criteria for actual notice from the criteria for filing a declaratory judgment action, which requires a threat of suit). In other words, in *SRI* we explained that as long as the communication from the patentee provides sufficient specificity regarding its belief that the recipient may be an infringer, the statutory requirement of actual notice is met. *Id.* Thus, the requirement of ‘a specific charge of infringement’ set forth in *Amsted* does not mean the patentee must make an ‘unqualified charge of infringement.’

*72 *Id.* at 1345-46. See also *Lans v. Digital Equip. Corp.*, 252 F.3d 1320, 1327 (Fed.Cir.2001).

2. The Parties' Arguments

ArcSoft urges that it is “undisputed” that the only communications between EFI and ArcSoft and any of its indemnitees prior to serving the First Amended Complaint was a letter to “ArcSoft and only some of its indemnitees.” ArcSoft's Marking Motion at 5. According to ArcSoft, that letter was insufficient to serve as notice of infringement under § 287(a), and the First Amended Complaint was the first actual notice to ArcSoft and its indemnitees. *Id.* at 5-6.

Plaintiffs respond that ArcSoft *et al.* had actual notice on five different occasions: (1) the Fall 2001 letters (September 27-ArcSoft and Macmillan; October 29-Argus, SiPix and Stomp; November 29-Achiever), (2) the original complaint of the instant lawsuit filed December 28, 2001, (3) January 8, 2002

letters notifying five of the ArcSoft defendants of the suit, including a copy of the original complaint, (4) First Amended Complaint filed April 25, 2002, and naming “all nine ArcSoft Defendants” after settlement refusal, and (5) service of First Amended Complaint. Plaintiffs' Actual Notice Opposition at 1-2.

ArcSoft replies that Plaintiffs concede that no actual notice was given to Kyocera Int'l, Kyocera Optics, and World Office Products prior to filing the lawsuit. ArcSoft's Marking Reply at 2-3. ArcSoft also reurges that the “industry letters” are insufficient actual notice under *Amsted*, and that the January 8, 2002 letters lack legal significance. *Id.* at 3-7. Plaintiffs respond that Kyocera Int'l, Kyocera Optics, and World Office Products were constructively notified, and that ArcSoft confuses actual and constructive notice. Plaintiffs' Actual Notice Sur-Reply at 1-2.

3. Discussion

Plaintiffs have asserted five different occasions on which ArcSoft *et al.* received actual notice, and the discussion that follows proceeds through each.

a) Fall 2001 Letters

The undisputed evidence shows that EFI sent (1) letters to ArcSoft and Macmillan on September 27, 2001, (2) letters to Argus, SiPix, and Stomp on October 29, 2001, and (3) a letter to Achiever on November 29, 2001 (collectively, “the Fall 2001 letters”). ArcSoft's Marking Motion, Bi Decl., Exh. 1; Plaintiffs' Actual Notice Opposition, Nagel Decl., Exh. A. It is undisputed that those letters all said the same thing:

I am writing to you because your company is commercially involved with digital color image editing. Electronics for Imaging, Inc., is the exclusive licensee of [United States Patent No. 4,500,919](#) relating to technology developed by Massachusetts Institute of Technology. This patent broadly covers a system for controlling color reproduction. Considered a pioneer patent in this field, it has been widely licensed on a non-exclusive basis to companies including Adobe, Kodak, Apple, Xerox, Canon and Minolta.

To remain competitive, companies involved in the scanning, processing and editing of digital color images greatly benefit from a license to use the patented technology, particularly if they currently use the technology without benefit of a license. EFI is willing to license these patent rights to any interested party.

*73 We encourage you to review [U.S. Patent No. 4,500,919](#) and consider its relevance to your products and the value of licensing this important technology. If you are interested, we are pleased to discuss a nonexclusive license arrangement.

The parties dispute whether the Fall 2001 letters communicate a “specific charge of infringement by a specific accused product or device.” However, as noted above, a specific charge of infringement is not required. Nevertheless, actual notice requires informing the recipient “of [1] the identity of the patent and [2] the activity that is believed to be an infringement, [3] accompanied by a proposal to abate the infringement, whether by license or otherwise.” *SRI*, 127 F.3d at 1470.

Clearly the foregoing letter identifies the ‘919 patent. Unlike the letter at issue in *SRI*, however, the foregoing letter does not identify “activity that is believed to be an infringement.” (Emphasis added). First, the letter at issue in *SRI* identified specific products. The foregoing letter, in contrast, simply says that “I am writing to you because your company is commercially involved with digital color image editing.” Second, the letter at issue in *SRI* suggested that the identified products “may infringe” one or more claims of the identified patent, and reinforced that suggestion with the closing line that: “If you are of the opinion that you do not need a license from *SRI*, it would be helpful if you could give us some insight into your reasons.” In contrast, the foregoing letter simply says: “We encourage you to review [U.S. Patent No. 4,500,919](#) and consider its relevance to your products and the value of licensing this important technology. If you are interested, we are pleased to discuss a nonexclusive license arrangement.”

The Fall 2001 letters are thus more analogous to the “informational” type of letter that the *Amsted* court concluded did not provide actual notice of infringement under § 287(a). In *Amsted*, the patent owner had “broadcast to a number of other companies, not only to Buckeye,” a letter in 1986 that stated, according to the court:

‘This is to advise you that Amsted ... has acquired a number of properties [from Dresser] ... including [the ‘269 patent]....

It is our understanding that Dresser Industries actively sought to enforce its patent ... and those rights have been heretofore respected in the industry. AMSTED-ASF expects to continue to enforce those rights which it has

acquired and similarly expects our industry to respect its patents. Accordingly, you should acquaint yourself with the [‘269 patent] and refrain from supplying or offering to supply component parts which would infringe or contribute to the infringement of the patent[]. You should not offer to supply items which are copies of or designed to replace our LOW PROFILE center plate.’ (Emphasis added).

Id., 24 F.3d at 186. The court concluded that the 1986 letter was “merely informational, of the kind that companies often send to others without intending to charge infringement,” and “notified the whole industry, including Buckeye, only of Amsted’s ownership of the patent and generally advised companies not to infringe.”²⁸

28 In contrast, the *Amsted* court found that a 1989 letter by the patent owner was sufficient notice:

“On January 10, 1986 I wrote to you and advised of AMSTED Industries’ ownership and enforcement policy respecting the [‘269 patent]....

In our view [your center plate, a photocopy of which is attached,] or the intended application thereof to a freight car infringes the [‘269 patent]. Accordingly we demand that you immediately cease and desist from any further unauthorized production and sales of such castings that ... include features covered by our patents....

We expect to ... enforce our patent rights against your company should the matter remain unresolved.”

id. at 186, because it “specifically charged Buckeye with infringement and specified an infringing device.”

Id. at 187.

*74 *Id.*

In the present case, EFI’s letter is most fairly construed as similarly informing the industry, including ArcSoft and several Defendants, of MIT’s ownership of the ‘919 patent, and EFI’s exclusive rights thereto—and is similar, in that respect, to the *Amsted* 1986 letter. Indeed, EFI’s letter did not go as far as *Amsted*’s 1986 letter in advising the industry not to infringe.

Plaintiffs urge, however, that “[n]otice of infringement by a class of products is sufficient under Section 287(a),” citing *Novo Nordisk A/S. v. Becton Dickinson and Co.*, 96 F.Supp.2d 309 (S.D.N.Y.2000). Actually, in *Novo Nordisk*, the district court relied on one of its earlier cases, namely, *Eastman Kodak Co. v. GAF Corp.*, 1977 U.S. Dist. LEXIS 15837, 195 U.S.P.Q. 644 (S.D.N.Y.1977), in holding that “an accusation of infringement by a class of product (‘type of developer’)

is sufficient actual notice under § 287(a) *under at least some circumstances.*” *Id.* at 319 (Emphasis added). In so holding, however, the *Novo Nordisk* court noted that the court in *Kodak*, which was “a case involving license negotiations over patented photographic developer formulations,” had “found the following language in a letter from the patent holder to the accused infringer to be adequate notice of infringement *in the context of the overall dealings between the parties*:

We are informing the trade that the purchase of the patented developer from Kodak gives the purchaser the necessary license to use or resell the purchased material. As a supplier of this type of developer, we wanted you to know of this since you may be receiving inquiries from your customers soon.”

Id. (Emphasis added). Turning to *Kodak* for an understanding of the “overall dealings between the parties,” it turns out that Kodak had sent GAF a letter in 1966 notifying GAF of Kodak’s patent. *Kodak*, 1977 U.S. Dist. LEXIS 15837 at *3. Licensing negotiations ensued shortly thereafter, but broke down by mid-1967. *Id.* at ---3-4. In mid-1967, Kodak sent another letter (the letter mentioned by the *Novo Nordisk* court) along with a “standard license form” to GAF. *Id.* at ---4-5. Kodak and GAF communicated intermittently until early 1968 regarding a license, during which time GAF obtained an opinion that Kodak’s patent was invalid. *Id.* at ---5-6. Following further licensing and infringement-related discussions between the parties, Kodak applied for a reissue and a third party sued Kodak for declaratory judgment that Kodak’s patent was invalid. *Id.* at *6. Thereafter, various communications again occurred between GAF and Kodak up to the time that GAF filed an antitrust suit against Kodak in 1973. *Id.* at ---6-9.

Unlike in *Kodak* and *Novo Nordisk*, there was no “context of overall dealing” between EFI and ArcSoft *et al.* There is no dispute that the Fall 2001 letters were EFI’s first contact with ArcSoft and its indemnitees. Furthermore, EFI did not identify any “class of product” as did Kodak; rather, EFI generically referred to “your products” in general. Although EFI mentioned “companies involved in the scanning, processing and editing of digital color images” and that “your company is involved in digital image editing,” EFI did not relate those activities to any of the defendants’ products. In short, *Novo Nordisk* and *Kodak* are not analogous to the facts of this case.

*75 Plaintiffs also urge that using the word “infringe” is not required, pointing to *SRI Int’l*, and suggest that using the words “contained in” or “relevant” may raise an issue of

material fact. Although one is not necessarily required to use the word “infringe,” § 287(a) nevertheless requires, for actual notice, that the infringer “was notified *of the infringement.*” Once again, the letter at issue in SRI specifically pointed to two models of ATL’s products and said those models “may infringe one or more claims....” As noted above, that was reinforced in the closing line: “If you are of the opinion that you do not need a license from SRI, it would be helpful if you could give us some insight into your reasons.” Although couched in cautious language, the clear message conveyed in the SRI letter was: We think these two models infringe, and if you don’t think so, tell us why. The message conveyed by the EFI letter, for example in the second paragraph:

To remain competitive, companies involved in the scanning, processing and editing of digital color images greatly benefit from a license to use the patented technology, particularly if they currently use the technology without benefit of a license. EFI is willing to license these patent rights to any interested party.

is that a company would obtain some competitive benefit from a license, not that EFI believes that products currently produced by the recipient are infringing. Nor can the third paragraph, either alone or in conjunction with the remainder of the letter:

We encourage you to review [U.S. Patent No. 4,500,919](#) and consider its relevance to your products and the value of licensing this important technology. If you are interested, we are pleased to discuss a nonexclusive license arrangement.

be fairly said to notify the recipient “of the infringement” as required by the statute.

As for words such as “contained in” or “relevant,” Plaintiffs rely on *Wokas v. Dresser Indus., Inc.*, 978 F.Supp. 839, 845 (N.D.Ind.1997), and *Hoover Co. v. Bissell Inc.*, 38 F.Supp.2d 519, 523-524 (N.D.Ohio 1999). In *Wokas*, the letter at issue read, according to the court, as follows:

Subject: Gasoline Vapor Emission Control

Dear Mr. Hilton,

It has come to my attention that vapor recovery hoses, nozzle spouts, and seals contained in my [patent number 4,165,485](#) are now being or planned to be marketed. I would be interested in offering Wayne Pump Company an exclusive license in this area that precludes others from using same.”

Id., 978 F.Supp. at 844. The *Wokas* court concluded that letter raised a genuine issue of material fact. According to the court, the sender “clearly states that it is his understanding that Dresser is either currently marketing or planning to market products ‘contained in’ his patent. Certainly, a factfinder could conclude that the language ‘contained in’ is a charge that the products Dresser is marketing or planning to market are an infringement of *Wokas*'s patent.” *Id.* at 844. In contrast, EFI did not charge or even suggest that the products of any of its letters' recipients might be “contained in” or otherwise covered by the '919 patent. *Wokas* is clearly inapposite, and is thus not persuasive.

*76 Nor is *Hoover* persuasive. The letters at issue, according to the court, stated as follows:

“[Letter of November 14, 1996:] Enclosed is a copy of Hoover's Patent 5,134,750. We believe that certain of its claims, including claims 1,2, 12 and 14, are relevant to Singer upright vacuum cleaner Models SB1276, SB1277 and SB1284.

Would you please review this matter and provide me with your thoughts by December 2, 1996.”

Id. at 38 F.Supp.2d at 523. Although the patent owner used the words “relevant to” as EFI did, the patent owner also identified specific claims and specific products, and provided a deadline for response. In contrast, EFI's Fall 2001 letters fail to identify specific claims or products—the only similarity, if any, between the letters is use of the word “relevant.” Furthermore, regarding use of “relevant,” the *Hoover* court stated that “[w]hatever words are used, the patent owner must convey infringement for notice to be effective”—which EFI, once again, did not do. In sum, the Fall 2001 letters are insufficient as a matter of law to provide actual notice to the recipients of infringement of the '919 patent as required by § 287(a).

b) Filing of Original Complaint of December 28, 2001

It is undisputed that Plaintiffs filed the original complaint in this action (Docket Entry # 1) on December 28, 2001, naming ArcSoft, Argus, Macmillan, SiPix, and Stomp as defendants. Under § 287(a), filing an action for infringement constitutes actual notice. Accordingly, defendants ArcSoft, Argus, Macmillan, SiPix, and Stomp received actual notice of infringement on December 28, 2001, as a matter of law.

c) Letters of January 8, 2002

It is undisputed that EFI notified ArcSoft, Argus, Macmillan, SiPix, and Stomp by letter dated January 8, 2002, of the present infringement suit against them. *See* Plaintiffs' Actual Notice Opposition, Nagel Decl., Exh. B. However, as discussed above, those parties received actual notice under § 287(a) upon filing by EFI of the present suit, namely, on December 28, 2001. Thus, the letters of January 8, 2002, are irrelevant to actual notice to those parties.

d) Filing of First Amended Complaint of April 25, 2002

It is undisputed that EFI filed a First Amended Complaint (Docket Entry # 26) on April 25, 2002, naming, in addition to ArcSoft, Argus, Macmillan, SiPix, and Stomp, defendants Kyocera Int'l, Kyocera Optics, Achiever, and World Office Products. Again, under § 287(a), filing an action for infringement constitutes actual notice. Accordingly, defendants Kyocera Int'l, Kyocera Optics, Achiever, and World Office Products received actual notice of infringement on April 25, 2002, as a matter of law.

e) Service of First Amended Complaint

As discussed above, defendants Kyocera Int'l, Kyocera Optics, Achiever, and World Office Products received actual notice of infringement on April 25, 2002. Service of the First Amended Complaint on those parties thereafter is thus irrelevant to actual notice to those parties.

4. Conclusion

*77 The Court recommends ArcSoft's and Fry's' Marking Motions with respect to actual notice be **GRANTED**.

VII.

Corel's Cross-Motion for Summary Judgment of Non-Infringement

A. The Parties' Arguments

Corel cross-moves for summary judgment that its accused products do not infringe claim 1 of the '919 patent. Corel's Non-Infringement Cross-Motion at 2. According to Corel, all of its products accused by Plaintiffs of infringing claim 1 of the '919 patent are based on and incorporate Kodak's KCMS product pursuant to Corel's license from Kodak. *Id.* Corel argues that because the Plaintiffs asserted, in connection with the marking issue, that KCMS does not literally infringe,

Corel is entitled to summary judgment of non-infringement. *Id.*

Plaintiffs do not dispute that Corel's products are based upon and incorporate KCMS. Rather, Plaintiffs urge that their position with respect to patent marking is based on “patented articles” as articles that would, if unauthorized, “directly and literally” infringe. Plaintiffs' Opposition to Corel Corp. and Corel Inc.'s Cross-Motion For Summary Judgment of Non-Infringement (“Plaintiffs' Non-Infringement Response”) (Docket Entry # 1453) at 7. According to Plaintiffs, while KCMS does not literally meet the limitations of claim 1 and thus did not require patent marking, KCMS infringes claim 1 of the '919 patent under the doctrine of equivalents, and thus Corel's motion, as based solely on literal infringement, should be denied. *Id.* at 3, 7, and 8.

Corel replies that prosecution history estoppel prevents Plaintiffs from asserting infringement under the doctrine of equivalents. Corel Corp.'s And Corel Inc.'s Reply Regarding Corel Corp.'s And Corel Inc.'s Cross-Motion For Summary Judgment Of Non-Infringement (Docket Entry # 1463) (“Corel's Non-Infringement Reply”) at 3. Corel contends that the “aesthetic correction circuitry” was narrowed by adding the word “interactively” to claim 1 during prosecution for a reason relating to patentability, and Plaintiffs cannot rebut the presumption of surrender because (1) graphical user interfaces were widely known and foreseeable at the time of the amendment and (2) the amendment is directly relevant to the alleged equivalent. *See id.* at 4-7. Corel also addresses Plaintiffs' arguments with respect to constructive notice, but that is not pertinent to this discussion. *See id.* at 7-10.

Plaintiffs respond that Corel's Non-Infringement Reply is three times longer than the local rules allow, and should thus be struck. Plaintiffs' Sur-Reply Regarding Corel's Cross-Motion For Summary Judgment of Non-Infringement (“Plaintiffs' Non-Infringement Sur-Reply”) (Docket Entry # 1472) at 1-2. Plaintiffs also urge that Corel fails to show that adding the word “interactively” narrows the scope of claim 1. According to Plaintiffs, that amendment could not have narrowed the claim for three reasons, namely, (1) interactivity is inherent in the aesthetic correction circuitry—otherwise, the system of claim 1 will not work, (2) the term “aesthetic correction circuitry” was construed under § 112(6) and thus includes the structure disclosed in the specification and “equivalents thereof,” which means that the “corresponding structure” was limited to what was disclosed before the claim was amended, and (3) the word “interactively” refers to the

display means. *See id.* at 2-4. Finally, Plaintiffs assert that equivalency is determined at the time of infringement, not at the time of amendment. *See id.* at 4-5.

B. Discussion

*78 Because the parties' briefing on this issue is unclear, the Court recommends Corel's motion be **DISMISSED WITHOUT PREJUDICE**. The following comments are offered to explain why the motion should be dismissed as well as to guide the parties if they decide to pursue the issue further.

The parties' briefing on this issue, of course, arose during the course of briefing the § 287(a) notice issue. The briefing thus, to a large extent, mingles issues pertinent to whether there was constructive notice by marking, or actual notice of infringement, under § 287(a) and issues pertinent to infringement. Perhaps as a result, the briefing on the infringement issue has not clearly articulated the parties' positions on what the Court must decide on summary judgment.

Corel first raised the issue of non-infringement late in the briefing cycle as part of its response to Plaintiffs' opposition to the motions for summary judgment on the marking issue. Corel added what it titled “Corel Corp.'s and Corel, Inc.'s Cross-Motion for Summary Judgment of Non-Infringement,” saying that it was moving “for summary judgment of non-infringement based on EFI's position of what constitutes a ‘patented article’ and, by implication, an infringement.” Corel's motion at 1-2. Corel argued that “[b]ecause plaintiffs cannot have it both ways, this Court must find that, for the same reasons Plaintiffs argue that ‘patented articles’ do not exist, Corel's accused products do not infringe claim 1 of the '919 patent.” *Id.* at 2. Specifically, Corel argued that its Rule 30(b)(6) deponents “have confirmed plaintiffs' expert's declaration [the McIlroy Declaration] as to the operation of KCMS and the accused Corel/KCMS products—that they do not have the structure of the aesthetic correction circuitry, and that they do not support the use of hybrid digital-analog knob computers, but rather are designed and intended for use on standard digital platforms.... It is therefore beyond dispute that the Corel/KCMS products do not satisfy the ‘aesthetic correction circuitry’ limitation and cannot infringe claim 1.” *Id.* at 9-10. Corel, in urging that it was entitled to summary judgment of non-infringement, did not distinguish between literal infringement and infringement under the doctrine of equivalents. But there is a further problem with Corel's motion. Claim 1 of the '919 patent, again, provides:

1. A system for reproducing a color original in a medium using a selected multiplicity of reproduction colorants, the system comprising in serial order:

a. a scanner for producing from said color original a set of three tristimulus appearance signals dependent on the colors in said original;

b. display means connected to the scanner for receiving the appearance signals and *aesthetic correction circuitry for interactively introducing aesthetically desired alterations into said appearance signals to produce modified appearance signals*; and

c. colorant selection mechanism for receiving said modified appearance signals and for selecting corresponding reproduction signals representing values of said reproduction colorants to produce in said medium a colorimetrically-matched reproduction. (Emphasis added).

*79 The infringement dispute centers on the “aesthetic correction circuitry for interactively introducing ...” limitation. This Court has held that limitation should be construed under § 112(6). Section 112(6) provides that:

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material or acts in support thereof, and *such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof*. (Emphasis added).

This Court, accordingly, has identified the recited function of the “aesthetic correction circuitry” as “interactively introducing aesthetically desired alterations into said appearance signals to produce modified appearance signals.” This Court has further identified the “corresponding structure” disclosed in the specification for performing that function as RGB Color Balance Module (32), Gradation Module (33), LC1C2 Color Balance Module (35), and Selective Correction (37), and Special Correction Module (38).

Thus, in order to prove *literal* infringement, the Plaintiffs must prove, by a preponderance of the evidence, that the accused Corel products have that “corresponding structure” or, by virtue of § 112(6), “*equivalents thereof*” That is sometimes referred to as “*statutory* equivalents” to distinguish infringement under the doctrine of equivalents. See *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,

344 F.3d 1359, 1375 n. 5 (Fed.Cir.2003) (en banc) (“35 U.S.C. § 112, paragraph 6 (2000), includes a statutory equivalent as part of the literal infringement inquiry.”). More to the point, *literal* infringement under § 112(6) includes *statutory* equivalents.

Generally, whether an accused product uses an equivalent structure under § 112(6) has been treated as a question of fact. See *IMS Tech., Inc. v. Haas Automation, Inc.*, 206 F.3d 1422, 1430 (Fed.Cir.2000).²⁹ See also *Cybor Corp. v. FAS Techs.*, 138 F.3d 1448, 1466-67 (Fed.Cir.1998) (concurring opinion by Chief Judge Mayer: “to complete the construction of these means-plus-function terms, the judge must look to the structures, materials, or acts disclosed in the patent’s specifications and to their equivalents.... To determine the scope of such equivalents, the district court must resolve questions of fact by resorting to the expertise of the fact finder.... For pragmatic reasons, the resolution of this factual determination is often made at the same time the fact finder determines infringement ...”).

29

Solely as explanation, it perhaps is helpful to recall the distinction the Federal Circuit has drawn between “equivalent structures” and “structural equivalents.” In *IMS Tech.*, 206 F.3d at 1436 n. 3, Judge Plager observed in a footnote that:

The difference between ‘equivalent structures’ and ‘structural equivalents’ can be demonstrated with a simple example borrowed from the late Judge Rich. A claim includes part A, part B, and ‘means for securing parts A and B together in a fixed relationship.’ The written description discloses that parts A and B are made of wood and are secured together by nails. For purposes of the invention, it does not matter how parts A and B are secured; nails are not a critical part of the invention. A screw is not a nail, but for purposes of § 112, ¶ 6, it is equivalent structure in the context of the invention, though it is not the “structural equivalent” of a nail.

Judge Plager did not specifically identify the source of that example, other than it was from late Judge Rich, presumably because it appears in a concurring opinion in a non-precedential case. As such, neither the parties nor this Court can rely on that non-precedential opinion except to the extent that the rationale was adopted in *IMS*. Nevertheless, Judge Rich’s reasoning, as usual, offers guidance. The case was *Baltimore Therapeutic Equip. Co. v. Loredan Biomedical, Inc.*, 1994 U.S.App. LEXIS 7444 (Fed.Cir.1994) (Rich, J. concurring) (non-precedential) and involved an

apparatus for rehabilitation of damaged limbs. Judge Rich wrote:

I can agree with the majority's generalized statement that to meet a means-plus-function limitation an accused device must perform the function named in the means clause "and perform that function using the structure disclosed in the specification or an *equivalent structure*." (My emphasis.) That is what § 112 ¶ 6 says. But that does not necessarily mean that a *structural equivalent* of what the specification discloses must be used. The two emphasized expressions sound very similar but they connote very different concepts and should not be confused.

To illustrate what I mean by a simple example, take the case of a combination claim which calls for part A and part B and 'means for securing parts A and B together in a fixed relationship.' The specification discloses, in this hypothetical case, that parts A and B are made of wood and they are fixedly secured together by nails. Nails are commonplace for that purpose and are not a critical part of the invention-in fact, so far as the invention as a whole is concerned it does not matter in the least how parts A and B are secured together, so the claim drafter uses a means-clause for this claim limitation, one of the usual reasons for doing so. Any worker in the art can see that the securing can be achieved equally well or perhaps even better with screws, bolts, or even adhesive. These will all perform the identical specified function and for that purpose they are equivalents, the term used in the statute. But a screw is not the structural equivalent of a nail. Their structures are very different, I believe anyone would agree; to some extent they even function in different ways. The same is true of bolts vs. nails. Adhesive performs the equivalent function and may be an 'equivalent' under the statute in the environment of the invention but it surely is not the 'structural equivalent' of the nails, or of the bolts or the screws. These examples are far from exhausting the means that can perform the function. One could use dowels, or dowels and glue, or lugs on one piece fitting into holes in the other, or wires, or clamps, and so on without affecting the functioning of the overall combination constituting the invention sought to be protected.

Factual situations involving the application of § 112 ¶ 6 are subject to infinite variation. Therefore, the applications of § 112 ¶ 6 are not subject to any general rule or standard interpretation but must be made on a case-by-case basis. Two 'means' which may be equivalents in the environment of

one combination may not be equivalents in another combination. A nail and a screw may be complete equivalents in one environment and not equivalents in another. Equivalence of their structures, which are clearly different, is not the determining factor but rather how they function in the particular environment of the claimed combination.

Corel's motion, on its face, asks the Court to grant summary judgment of non-infringement, yet nowhere addresses statutory equivalents under § 112(6) or infringement under the doctrine of equivalents. Rather, as noted above, Corel argues that its Rule 30(b)(6) deponents "have confirmed plaintiffs' expert's declaration [the McIlroy Declaration] as to the operation of KCMS and the accused Corel/KCMS products-that they do not have the *structure* of the aesthetic correction circuitry, and that they do not support the use of hybrid digital-analog knob computers, but rather are designed and intended for use on standard digital platforms.... It is therefore beyond dispute that the Corel/KCMS products do not satisfy the 'aesthetic correction circuitry' limitation and cannot infringe claim 1." (Emphasis added). *Id.* at 9-10. Even accepting that as true and undisputed, that does not resolve either (1) literal infringement, *i.e.*, statutory equivalents under § 112(6) have not been addressed, or (2) infringement under the doctrine of equivalents, which is not even mentioned in passing.

***80** In actuality, the McIlroy Declaration says, *vis-à-vis* the KCMS product, as already discussed above in conjunction with the EFI/Kodak license:

3. I understand that the Court's claim construction order in this matter limited Claim 1 of ... [the '919 patent] to a system with 'aesthetic correction circuitry' having the corresponding structure or equivalents thereof to the structure set forth in the MIT Patent. Specifically, the corresponding structure was identified by the Court as those modules collectively comprising the Color Translation Module in the MIT Patent, including the following: the RGB Color Balance Module (32); Gradation Module (33); LC1C2 Color Balance Module (35); Selective Correction Module (37); and Special Correction Module (38). According to the MIT Patent, Selective Correction Module (37) operates on C1C2 signals in polar form and is divided into a video path and a knob computer.

5. Kodak's KCMS is a software suite with an API that was sold during the relevant period. The KCMS technology was sold under different names, including

‘ColorFlow.’ ColorFlow does not support the use of knob computers, which are hybrid digital-analog computers used in specialized applications. KCMS and ColorFlow were designed and intended for use on standard digital platforms such as Macintosh, Windows or Sun operating systems. Moreover, the color space used for transforming images in ColorFlow is not LC1C2.

That declaration, therefore, purports to establish that the KCMS product does not support the “corresponding structure” disclosed in the specification that performs the claimed function of the “aesthetic correction circuitry,” namely “interactively introducing aesthetically desired alterations into said appearance signals to produce modified appearance signals.” But that is not the end of the literal infringement enquiry under § 112(6). The McIlroy Declaration says nothing about statutory equivalents thereto.

The problem is compounded by the Plaintiffs' response. The Plaintiffs respond that “[t]he Court must deny ... [Corel's] Cross-Motion for Summary Judgment of Non-Infringement ... because Corel wholly fails to address infringement under the Doctrine of Equivalents.” (Initial capitalization by Plaintiffs) Plaintiffs' Opposition to ... [Corel's] Motion for Summary Judgment of Non-Infringement at 1. Plaintiffs say that their “infringement case against Corel under the current claim construction requires application of the Doctrine of Equivalents.” *Id.* Does that mean that the Plaintiffs have conceded that there is no literal infringement of the “aesthetic correction circuitry” limitation because the accused products do not incorporate the identified “corresponding structure” disclosed in the specification *and* because the accused products do not incorporate statutory equivalents thereto? After all, infringement under the doctrine of equivalents is only reached if there is no literal infringement.

*81 This makes a significant difference in how the Court evaluates the parties' submissions. If the Plaintiffs have conceded that there is no literal infringement, then the Plaintiffs have conceded that the accused Corel products employ no statutory equivalents for purposes of § 112(6). If the Plaintiffs have so conceded, then the Court's task is to determine whether Corel has made a sound showing of being entitled to summary judgment in light of that concession, and whether the Plaintiffs have shown that summary judgment cannot be granted because of a genuine issue of material fact in dispute.

Of course, “[s]ection 112 and the doctrine of equivalents have something in common. The word ‘equivalent’ in section 112 invokes the familiar concept of an insubstantial change which adds nothing of significance. In the context of section 112, however, an equivalent results from an insubstantial change which adds nothing of significance to the structure, material, or acts disclosed in the patent specification. A determination of section 112 equivalence does not involve the equitable tripartite test of the doctrine of equivalents. As this court has stated, ‘the sole question’ under section 112 involves comparison of the structure in the accused device which performs the claimed function to the structure in the specification.” *Valmont Indus., Inc. v. Reinke Mfg. Co.*, 983 F.2d 1039, 1043 (Fed.Cir.1993). Thus, although statutory equivalents for purposes of deciding literal infringement under § 112(6) has, perhaps, some overlap *i.e.*, both “relate to insubstantial changes,” the Federal Circuit has explained that “each has a separate origin, purpose and application.” *Alpex Computer Corp. v. Nintendo Co.*, 102 F.3d 1214, 1222 (Fed.Cir.1996). According to the court:

Under § 112, the concern is whether the accused device, which performs the claimed function, has the same or an equivalent structure as the structure described in the specification corresponding to the claim's means.... Under the doctrine of equivalents, on the other hand, the question is whether the accused device is only insubstantially different than the claimed device.... The later question often turns on whether the accused device performs substantially the same function in substantially the same way to achieve substantially the same result.

Id. See also *Chiuminatta Concrete Concepts, Inc. v. Cardinal Indus., Inc.*, 145 F.3d 1303, 1310 (Fed.Cir.1998) (“Although an equivalence analysis under § 112, at 6, and the doctrine of equivalents are not coextensive (for example, § 112, at 6, requires identical, not equivalent function) and have different origins and purposes, their tests for equivalence are closely related.... Both § 112, at 6, and the doctrine of equivalents protect the substance of a patentee's right to exclude by preventing mere colorable differences or slight improvements from escaping infringement, the former, by incorporating equivalents of disclosed structures into the literal scope of a functional claim limitation, and the latter, by holding as infringements equivalents that are beyond the literal scope of the claim” (citation omitted)); *NOMOS Corp. v. BrainLAB USA, Inc.*, 357 F.3d 1364, 1369 (Fed.Cir.2004) (“[T]he ExacTrac does not generate the ultrasound image in substantially the same way as the '026 invention.”). Given that relationship, “a finding of a lack of literal infringement for lack of equivalent structure under a means-plus-function

limitation may preclude a finding of equivalence under the doctrine of equivalents.” *Chiuminatta Concrete*, 145 F.3d at 1310. That is, “where the claim of infringement under section 112 paragraph 6 fails on the ground that the accused device is not equivalent to the structure disclosed in the specification, the doctrine of equivalents is available only if, unlike in this case, the accused device represents new technology developed after the issuance of the patent.” *Ballard Med. Prods. v. Allegiance Healthcare Corp.*, 268 F.3d 1352, 1363 (Fed.Cir.2001); *NOMOS*, 357 F.3d at 1369.

*82 It is not clear, however, that the Plaintiffs have conceded the lack of literal infringement under § 112(6)-or, at least, have not clearly done so. The Plaintiffs, for example, urge in their opposition to the motions for summary judgment on the marking issues that “KCMS does not literally meet the ‘aesthetic correction circuitry’ limitation of Claim 1,” citing paragraph 5 of the McIlroy Declaration. Plaintiffs’ Opposition at 5. Although “does not literally meet” could be construed as an assertion of no literal infringement, the cited McIlroy declaration, as noted above, does not address statutory equivalents under § 112(6). Elsewhere, it is true that the Plaintiffs use phrases such as “literally infringe,” but such statements in context all appear to be referring to the lack of the elements identified as “corresponding structure” rather than the ultimate issue of whether a product may or may not constitute an infringing product under the § 112(6) analysis.

The Plaintiffs’ “Updated Disclosure of Asserted Claims and Preliminary Infringement Contentions,” Exhibit 1 to the Cronk Declaration, in referring to the “aesthetic correction circuitry,” say that: “Infringement of this element is under the Doctrine of Equivalents.” Yet, in the description preceding that statement, the Plaintiffs also assert that: “The Accused Instrumentalities, in conjunction with the computer systems they are designed and intended to run on, are the equivalent of the aesthetic correction circuitry specified by the Court as falling under 35 U.S.C. Section 112(6).”

Thus, at that stage in the briefing-an opening brief and a response-where the parties should have been narrowing and clarifying the issues that the Court would be required to resolve, the parties had yet to actually join issue. In essence, Corel’s opening brief urges that it is entitled to summary judgment of non-infringement, but fails to address or even mention statutory equivalents under § 112(6) or the doctrine of equivalents, and the Plaintiffs’ response, more or less, simply says that Corel’s motion should be denied because Corel did not address infringement under

the doctrine of equivalents. At that stage, Corel could have retreated from urging that the Court should grant an overall summary judgment of non-infringement and could have clarified that it was only seeking summary judgment of no *literal* infringement. But Corel did not do so.

Rather, Corel filed its “Reply” that for the first time, in Corel’s briefing, addresses infringement under the doctrine of equivalents, and extensively urges that prosecution history estoppel precludes the Plaintiffs from asserting that the “aesthetic correction circuitry” limitation is met in the accused products under the doctrine of equivalents. In response, the Plaintiffs, as noted above, have urged that the Court should strike Corel’s brief as violating Local Court Rules CV 7(a)(1). Striking the brief, however, would leave the Court with briefs that never actually join issue on Corel’s motion, and would leave the Court in doubt whether the Plaintiffs have truly conceded that there is no literal infringement. On the other hand, if the Court exercises its discretion and decides not to strike Corel’s “reply,” the Court is left with incomplete briefing, and the issue whether the Plaintiffs have truly conceded that there is no literal infringement remains. For example, even if the *Festo* presumption applies to the “aesthetic correction circuitry” limitation and the Plaintiffs are estopped to assert infringement of that limitation under the doctrine of equivalents, it is not clear that the Plaintiffs would be estopped to assert statutory equivalents under § 112(6). That, indeed, is an issue that is not addressed in any of the briefs.

*83 Under the circumstances, the resolution that appears to be most fair to the parties as well as to the Court is to dismiss Corel’s motion without prejudice. If the parties elect to pursue summary judgment on the infringement issues, the foregoing comments may provide the parties with sufficient guidance that the briefing can isolate and clarify precisely what the parties are asking the Court to decide.

C. Conclusion

Accordingly, the Court recommends Corel’s Non-Infringement Cross-Motion be **DISMISSED WITHOUT PREJUDICE**.

VIII.

RECOMMENDATION

Based on the foregoing, it is

RECOMMENDED that Microsoft's Marking Motion (Docket Entry # 1389), (2) Corel's Marking Motion (Docket Entry # 1395), (3) ArcSoft's Marking Motion with respect to constructive notice, (4) Fry's' Marking Motion with respect to constructive notice, and (5) Plaintiffs' Marking Cross-Motion. (Docket Entry # 1415) be **DENIED**. It is further

RECOMMENDED that (1) ArcSoft's Marking Motion with respect to actual notice and (2) Fry's' Marking Motion with respect to actual notice be **GRANTED**.

RECOMMENDED that Corel Corporation's Non-Infringement Cross-Motion be **DISMISSED WITHOUT PREJUDICE**.

Ordinarily a party is allowed ten (10) days after receipt of the magistrate judge's report to serve and file written objections to the findings and recommendations of the magistrate judge. *See* 28 U.S.C.A. 636(b)(1). Considering the magnitude of this Report and Recommendation, the Court will allow the parties

twenty-one (21) days from the date of entry of this Report and Recommendation in which to file written objections to the findings and recommendations of the magistrate judge. The parties will have ten (10) days from the date of entry of written objections, if any, in which to file responses to said objections. The Court will not consider any extensions of time in which to file objections or responses.

Failure to file written objections to the proposed findings and recommendations contained in this report within ten days after service shall bar an aggrieved party from *de novo* review by the district court of the proposed findings and recommendations and from appellate review of factual findings accepted or adopted by the district court except on grounds of plain error or manifest injustice. *Thomas v. Arn*, 474 U.S. 140, 106 S.Ct. 466, 88 L.Ed.2d 435, 148 (1985); *Rodriguez v. Bowen*, 857 F.2d 275, 276-77 (5th Cir.1988).

All Citations

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