

ARCTIC CAT INC. v. BOMBARDIER RECREATIONAL PRODUCTS INC., Appeal No. 2019-1080 (Fed. Cir. February 19, 2020). Before Lourie, Moore, and Stoll. Appealed from S.D. Fla. (Judge Bloom).

Background:

Arctic Cat owns the '545 and '969 patents, which are directed to thrust steering systems for personal watercraft (PWCs). Bombardier was previously found to willfully infringe these patents. As relevant to patent marking for pre-suit damages, unmarked PWCs were sold under a patent license until one year before Arctic Cat sued Bombardier for patent infringement. Bombardier argued that Arctic Cat was not entitled to pre-suit damages because the licensee failed to mark the PWCs pursuant to 35 U.S.C. §287 while the PWCs were on sale.

In response, Arctic Cat argued that the damages limitation of §287 should not bar pre-suit damages when the unmarked PWCs were no longer sold. In that respect, Arctic Cat argued that damages should be awarded at least for the one year period between the last sale of the PWCs and the filing of this lawsuit. Further, Arctic Cat argued that §287 does not apply in light of the willful infringement holding, alleging that Bombardier had actual notice. The district court held that Arctic Cat is precluded from all pre-suit damages due to the licensee's failure to mark products in accordance with §287. Arctic Cat appealed.

Issues/Holdings:

Did the district court err in holding that the damages limitation of §287 applies even after unmarked products are no longer sold? No, affirmed.

Did the district court err in holding that Bombardier's willful infringement is not sufficient to demonstrate actual notice for purposes of §287? No, affirmed.

Discussion:

First, the Federal Circuit affirmed the district court's holding that the damages limitation of §287 applies to Arctic Cat because Arctic Cat failed to ensure that the licensee marked the PWCs that it sold under license. Although the damages limitation of §287 does not apply when a patentee *never* makes or sells a patented article, the cessation of sales of unmarked products does not fulfill Arctic Cat's notice obligations under §287. The Federal Circuit reasoned that once a patentee or its licensee begins making or selling a patented article, the notice requirement attaches, and the obligation imposed by §287 is discharged only by providing actual or constructive notice.

Second, the Federal Circuit held that Bombardier's willful infringement is not sufficient to demonstrate actual notice under §287 because willfulness of an infringer does not serve as actual notice under §287. The Federal Circuit held that actual notice under §287 must focus on the action of the patentee, and that it is irrelevant whether the defendant knew of the patent or of their own infringement.