The Applicability of the Patent Marking Statute to Software Patents
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With the swift changes in technology, it can be difficult to determine how the patent laws apply to new technologies. For instance, the patent marking statute, codified at 35 U.S.C. § 287, would seem to be directed toward more traditional, or physical, inventions. In the past, it was easier to distinguish a physical invention from a process or method. However, with computers and software, the line is not as clear. It can become difficult to determine whether an invention involving software must be marked and how it should be marked. This article explains the relevant statutes and examines case law to provide guidance on how to answer these questions.

Software Patents

Software code itself is narrowly protected under copyright laws and is not patentable per se. However, software can become patentable when it is claimed as an article of manufacture or by the method that it causes one or more computers to perform. A typical example of the former describes software as a tangible computer readable medium storing a program to cause a computer to perform certain functions. This, in effect, provides broad-based patent protection for a software element. As the preceding exemplary language shows, a “software patent” does not have a fixed definition. A software patent will include a mixture of physical components and functional ones. For the purposes of this article, the term “software patent” will be construed as any patent that is implemented at least in part as software. The different types of articles that are covered...
by software patents implicate different requirements in order for a patent holder to comply with the patent marking statute. Thus, a discussion of the types of patent claims that would be used to protect software inventions is in order.

**Protecting Software Inventions**

A first category that software patents may fall under is an apparatus. There are a variety of ways to claim software as an apparatus. One such way is claiming that the computer readable medium on which the software resides makes it patentable. Another way is to claim that a device is patentable by its function. This way, a specialized device is claimed; however, much of the implementation of the device is actually achieved by software. Whether as a medium or device, the software is claimed as a physical manifestation, which can be marked. However, software, or at least its functionality, is also often claimed as a method, and in practice, the method is then implemented by software. Claiming software as a method is not much different from claiming any other method.

Just as the ways to claim software vary, the actual articles that use the software vary. The most basic product is a programmed device, operating according to the embedded software. Another type of product may be a business method that can be implemented through the use of software. Additionally, software patents may be implemented as part of a larger product. For example, a device may have a software component that is covered by a software patent.

**Identifying the Product**

In this modern age, many electronic devices have a combination of hardware and software components. Each of the different products may require a different strategy in
marking. Naturally, the first challenge is identifying the product to be marked. In some cases it is simple, such as when the product is a singular device. In other cases it may be more complicated, such as when the product is a system or a product that is spread over several devices. A product that is distributed over multiple separate devices may be more difficult to mark. For instance, when use of a software product involves both a user device and a server, it may be difficult to determine how to mark the device.

With the broad range of software patents, it is important to develop a marking scheme that is effective. To do so, it is important to first look at the general state of patent marking. From there, some specialized issues with respect to marking software patents can be developed.

**General Patent Marking**

The duty to mark patents is codified at 35 U.S.C. § 287(a), the patent marking statute. Essentially, the patent marking statute states that, by marking the patented article, the patentee gives constructive notice and is thus able to collect damages back to the time that the marking began if the patented article is infringed. However, if the patentee does not mark the patented article, damages can be recovered only from the time that actual notice was given to the infringing party. This notice can be in the form of a warning letter or the filing of a patent infringement action. By establishing an earlier constructive notice date, proper marking can enhance the damages won in an infringement action. Early compliance with the marking statute also avoids the need to give actual notice to the infringing party, which may result in the patent holder’s being put on the defensive via a declaratory judgment action for patent invalidity. These two legal effects underscore the importance of effectively marking a patented article.
The primary arbiter of patent disputes at the appellate level is the Court of Appeals for the Federal Circuit. The Federal Circuit summarizes the purposes of the patent marking statute as follows: “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 when an article is patented.”1

**What Constitutes “Marking”?**

To properly mark a patented article, the article needs to have the word “patent” or “pat.” followed by the number or numbers of the patents covering the article. However, when the character of the article prevents such marking, fixing a label containing like notice to the article or the packaging can be considered sufficient to comply with the patent marking statute. Additionally, to comply with the statute, substantially all articles must be consistently marked.2 Further, the marking statute applies not only to the patentee but also to any licensees. The failure of a licensee to mark the patented product can cause the patentee to fail to comply with the marking statute, even if the patentee marked the products that the patentee sold. The patentee must exercise reasonable efforts to ensure that licensees comply with the marking statute.

**Method Patents**

Method patents are an exception to the patent marking statute because there is nothing to mark. The court has held that patents containing only method claims are exempt from the marking requirement.3 However, when the patent contains both method and apparatus claims, the answer is not as clear. The Federal Circuit has ruled in a seemingly inconsistent manner regarding determining compliance with the patent marking statute when a patent contains both method and apparatus claims.
In *American Medical Systems v. Medical Engineering Corporation*, the patent in question claims an apparatus and method for packaging a prosthesis. The patentee argued that the district court had erred in limiting its damages under § 287(a). However, the circuit court asserted that the marking statute does not apply to method claims, because “where the patent claims are directed to only a method or process there is nothing to mark.” The court went on to explain that, when 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” in order to comply with the marking statute. Since both apparatus and method claims were asserted and “there was a physical device produced by the claimed method that was capable of being marked,” the circuit court found that American Medical Systems was required to mark its product.

*Hanson*, on the other hand, reached a different result. In *Hanson*, like *American Medical Systems*, the patent in question contained both apparatus and method claims. In *Hanson*, the circuit court found that the patent was a process patent to which the marking statute did not apply. The circuit court reasoned that the only claims that were infringed were method claims. Thus, the marking statute would not apply.

While there is some question as to the consistency of *American Medical Systems* and *Hanson*, it appears that the Federal Circuit may consider whether only method claims are infringed or whether both method and apparatus claims are infringed in determining the need for a mark. If the scope of the claims is close, it is likely that both method and apparatus claims would be found to be infringed. It also appears that, in the circuit court, when a patent contains method and apparatus claims, if they are both found to be
pertinent, there will be a requirement to mark. As such, the first step in determining a patent marking strategy would be to determine the scope of the claims in the patent.

**False Marking**

Another issue related to patent marking is false marking, codified under 35 U.S.C. § 292. An article is considered to be falsely marked if it is marked with a patent that does not cover the article. Additionally, liability may arise if an article is marked with patent numbers of patents that have expired. To be held liable under this statute, the patentee must act with an intent to deceive the public. Due to the penalties that can arise out of false marking, not more than $500 for every offense, it is important to remain diligent to avoid liability under this provision.

While these general principles of patent marking seem somewhat straightforward, their application to software patents can be more complicated. As such, it is important to assess the special issues that may arise when developing a strategy for applying the marking statute to software patents.

**Special Issues with Marking Software**

When it comes to marking software patents, several special issues arise. For one, it must be determined whether a software patent falls under the method exception to § 287. Additionally, it must be decided how to actually mark the product. Further, care must be taken to develop a policy to ensure that the marking continues to be effective. Assessing these issues can put one in a better position to effectively mark a patented article.
Method Exception

The first issue to explore is whether a software patent claim may fall under an exception to the marking statute. As discussed, claims to software may be either apparatus or method claims. When an apparatus claim is in question, the marking statute would clearly apply. Additionally, if the patent contains only method claims, the patent will be exempt from the marking statute. However, some case law exists that does not look favorably on splitting method claims into a separate application from apparatus claims for the purpose of avoiding the marking statute.\(^7\) Frequently, however, the US Patent Office will require a patent applicant to split off method claims and apparatus or medium claims that were originally submitted in a common application. For purposes of providing a clean delineation between software method claims and software apparatus or medium claims for marking compliance, a patent applicant would be best served by accepting such a requirement to split off the claims as requested by the US Patent Office. This will afford greater flexibility with marking provisions, although it will require the applicant to pursue subject matter in multiple applications.

In practice, it is very common for software patents to contain both method and apparatus claims. When the product has not been marked, the question arises as to whether the patent in question would be exempt from the marking statute. As discussed already, in *American Medical Systems* and *Hanson*, the Federal Circuit has come to different results when both apparatus and method claims are present in a patent. When the apparatus and method claims are essentially directed to the same device, it seems that *American Medical Systems* would apply and the product would need to be marked. When the method claims are distinguished from the apparatus claims, it appears that *Hanson*
would apply and the method would be exempt from marking. However, the Federal Circuit has not yet taken up the question of how to handle software patents in this situation. While the Federal Circuit has not addressed the issue, lower courts have taken up the question in a few cases. In Soverain Software LLC v. Amazon.com, Inc. and IMX, Inc. v. LendingTree LLC, two different district courts determined that the marking statute applies to software inventions implemented via Web sites.8

In Soverain, Soverain alleged that Amazon infringed three of its patents. Amazon moved for partial summary judgment, alleging that Soverain had failed to ensure that its licensees complied with the marking statute. In particular, Amazon argued that Soverain’s 32 licensees that operated Web sites did not include a mark on those Web sites. Soverain argued that a Web site is an intangible object, and thus marking was not required.

Soverain relied on Bandag in making the assertion that the Web site was an intangible object and thus would not need to be marked. The court, however, noted that the patent in question in Bandag included only method claims, while the patents in question included both method and apparatus claims. The court then applied American Medical Systems, noting that Soverain was required to mark “to the extent there is a tangible item to mark by which notice of the asserted method claims can be given.” The court went on to find that “tangible items,” as used in American Medical Systems, are items that can be marked and intangible items are items that cannot be marked. The court reasoned that this interpretation meshed with the purposes of the marking statute.

Similarly, in IMX, decided after Soverain, the court found that the patentee was required to mark a Web site. However, in IMX, the patent in question related to a method
and system for trading loans in real time. Notably, the patent did not claim the interactive user component of the Web site. Instead, IMX contended that the Web site was used to interact only with the tangible aspects of the claimed system. The claimed tangible items included the database and transaction servers. IMX alleged that it did not make, offer for sale, or sell any patented article; instead, the Web site offered only a remote interaction with the tangible components of the patented system, such as the database or transaction server. Thus, IMX contended that it would not serve the public interest notice function of § 287 to require it to mark the Web site, as it was not a claimed aspect of the system. The court found that the Web site was intrinsic to the system and thus that IMX had a duty to mark the site.

While these two cases are directed to marking Web sites, their principles may be applied to software patents generally. As the court found in Soverain, a Web site is a tangible item that can be marked and thus must be marked to provide notice of the underlying tangible claimed subject matter. It is likely that the same reasoning could be applied to software. In particular, software that is distributed over the Internet from an originating source to a particular destination and not distributed on a medium such as a CD-ROM may be likely to be found to be a tangible item that must be marked.

IMX also appears to show that software may need to be marked when the software is used to remotely access a patented system. Under the IMX methodology, a distributed system that uses software to access the system may require marking at the access point.

If the trend of these cases holds, it will become difficult to argue that even unclaimed software is exempt from marking. As discussed earlier, when software is claimed as an apparatus, it will need to be marked. Further, when a software patent
contains only method claims, it will be exempt from marking. However, if the patent closely relates apparatus claims and method claims, the marking requirement may remain. When there are both method and apparatus claims, it appears that the marking requirement is still in effect. In such hybrid patents, it seems the only exception that may be possible to argue is that the software covered by a method claim is distinct from any apparatus claim. In this regard, it is very important to try to delineate method claims and apparatus claims at every opportunity during patent prosecution. Without any attempt at delineation, it will be difficult to avoid the marking requirement with respect to software patents that include both apparatus and method claims.

**Effective Marking**

Since it is likely that software patents are required to be marked, the next issue is determining how to effectively mark a software product. The recent district court decisions provide little guidance on how to effectively mark software patents. However, it is possible to develop a scheme that may be adequate in complying with the marking statute.

Due to the variety of types of software products, a variety of solutions are also necessary. The first issue is to determine the product to mark. As discussed, software products come in a variety of forms. The simplest case for marking would be when a software patent is incorporated into an actual device. In this case, a marking of the actual device would likely be sufficient. However, it becomes more complicated when the computer program itself is the product or when the product is a distributed system.

When the product to be marked is the computer program itself, a first issue is deciding what should be marked. If the claims are drawn to a computer readable medium,
then strictly speaking, the medium, such as a disk or CD-ROM, should be marked. However, it is sometimes impractical to mark the medium. This raises the question of whether it would be acceptable to mark the software manual or packaging as an alternative means of marking.

The marking statute sets forth that, when the character of the article prevents marking on the article itself, the marking can be provided on the packaging of the article. For software, the packaging of the software could be marked if the patentee was not able to mark the medium, and arguably the manual also could be marked and considered as part of the packaging. The hurdle in supporting a marking of software packaging or a software manual is supporting that the patented article itself was not able to be marked.

The case law concerning this initial hurdle is conflicted. On one hand, the Supreme Court allowed the patentee some discretion in determining whether a patented article should be allowed an alternative marking scheme. In some other cases, the patentees were granted some leeway in applying an alternative marking scheme even when it was not impossible to mark the patented article itself. However, some lower courts have also found that alternative marking schemes may be employed only when it is impossible to mark the actual article. Thus, attempting to apply an alternative marking scheme, such as marking the packaging or manual, would pose a risk that the scheme may be found to fail to comply with the marking statute. Further, when the patent includes both apparatus and medium claims, it is not reasonable to assume that even marking the medium or packaging would be sufficient to comply with the marking requirements for the apparatus claims.
As discussed, the court in *Soverain* found that a Web site is a tangible item that must be marked. Applying this ruling to software in general would indicate that the implementation of a program itself should be marked. In the case of a method claim related to the apparatus claim, it is unclear whether the computer readable medium or the implementation of the program would be the tangible item that is required to be marked. In this case, it would be prudent to err on the side of caution and mark both the medium and provide a marking in the program itself. When it is impractical to mark the medium, such as when the program is distributed over the Internet to a final computer destination, *Soverain* indicates that a marking should be provided in the program, such as via a user’s display screen. Additionally, in the case of a distributed system, *IMX* seems to indicate that the marking requirement also applies, even when the tangible aspects of the system are not accessible to the user.

In deciding on whether place a marking, examining the purposes of the marking statute can provide some guidance. In particular, one purpose of the marking statute is to give notice to the public that the article is patented. Using this purpose as guidance, a marking should be placed when it is appropriate to give notice to the public. For instance, the marking should not be buried in the software where it is difficult to find. Applying the mark to a splash screen or a legal notice section may provide adequate notice, as an argument can be made that such sections would serve the purpose of providing notice to the public that the product is covered by the patent. *IMX* provides some additional guidance as to the adequacy of a mark.

*IMX* contended that providing access to its patent on its Web site complied with the marking requirement. However, the court found that the attempted marking was
insufficient. In particular, the court noted that there must be a sufficiently clear nexus between the patent and the patented system. The court noted that when “patented technology” was mentioned in connection with IMX products, it referred to “patented pricing technology” or “patented technology” rather than to the “IMX® Exchange for Lenders” product. Thus, it appears that the court is looking for a clear marking of what is actually patented, rather than a general notice that a patent is held.

Applying the IMX holding in general, it appears that, in the case of a single software product, a simple marking should suffice. However, when it may not be easy to tie the patent to the particular product, a clearer indication of which product is covered by the patent would be necessary.

Once an initial marking is established, it is important to be diligent with the marking. As discussed, false marking can incur penalties. With modern software, patching and updating is a common occurrence. With this in mind, patches and updates may require an update to the marking on a product. For instance, a patch may change the software so that a patent no longer covers the product. If that happens, it is important to update the marking to reflect the change. Documentation should also be kept of changes, as it may help in proving that there was no intent to deceive.

Additionally, it is important to police licensees. Not doing so can be costly. It is important to make sure that licensees, such as distributors and the like, are complying with the requirements of the marking statute.

To summarize, developing a patent marking scheme for software patents involves several steps. First, it is necessary to determine the product that is covered by the patent. Next, it must be determined where to place the mark, be it on the storage medium,
operator screens in executing the software, or both. Further, one must ensure that the mark is adequate to provide notice to the public and that it is sufficient to indicate which product is marked. Finally, it is essential to exercise diligence to ensure that the mark remains in effect and does not fall prey to false marking, while also ensuring that any licensees also continue to comply with the marking statute.

**Conclusion**

Compliance with the marking statute is a convenient way to provide notice and increase the timeframe for which damages may be awarded in an infringement action. While the Federal Circuit has not directly ruled on the applicability of the marking statute to software patents, district court cases seem to indicate that the marking statute would apply in the case of many software patents. However, there is still little guidance on how to effectively mark software patents. With what little guidance there is, it may be prudent to err on the safe side and mark both the medium and the program itself by way of its user interfaces. Keeping these points in mind, it is possible to create a patent marking scheme that would likely comply with the patent marking statute.

**Notes**

2 American Medical Systems, Inc. v. Medical Engineering Corporation, 6 F.3d 1523 (Fed. Cir. 1993).
4 **American Medical Systems**, 6 F.3d 1523.
5 Hanson v. Alpine Valley Ski Area, Inc., 718 F.2d 1075 (Fed. Cir. 1983).