

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

Blitzsafe Texas, LLC,

Plaintiff,

v.

Honda Motor Co., Ltd., et al.,

Defendants.

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Case No. 2:15-cv-1274-JRG-RSP

REPORT AND RECOMMENDATION

Before the Court is Defendants’ Motion for Partial Summary Judgment on Plaintiff’s Failure to Mark (Dkt. No. 201) (the “Motion”). The Court held a hearing on the Motion on January 11, 2017. (See Dkt. No. 391.) Having considered the Motion and the argument presented at the hearing, the Court is of the opinion that the Motion should be DENIED.

I. Facts

On July 10, 2015, Marlowe Patent Holdings LLC (“MPH”) transferred ownership of U.S. Patent Nos. 7,489,786 and 8,155,342 (“the ’786 patent,” “the ’342 patent,” and collectively the “patents-in-suit”) to Plaintiff. Ira Marlowe was the sole owner and a corporate representative of MPH and is the sole owner and corporate representative of Plaintiff.

This is not the first time the ’786 patent has been asserted in litigation. In 2010, MPH accused AAMP of Florida, Inc. (“AAMP”) of infringing the ’786 patent in the case *Marlowe Patent Holdings LLC v. Dice Electronics, LLC et al.*, Civ. No. 3:10-cv-01199-PGS-ES (D.N.J.). That case ended with a settlement agreement (“the AAMP Agreement”). The AAMP Agreement included a license to the ’786 patent and patents related to the ’786 patent (including the ’342 patent). The AAMP Agreement contains no marking requirement.

MPH also accused Ford Motor Co. (“Ford”) of infringing the ’786 patent in the case *Marlowe Patent Holdings LLC v. Ford Motor Co.*, Civ. No. 3:11-cv-07044-PGS-DEA (D.N.J.) in 2011. That case also ended with a settlement agreement (“the Ford Agreement”). The Ford Agreement included a covenant-not-to-sue for infringement of the ’786 patent and related patents (including the ’342 patent). The Ford Agreement contains no marking requirement.

II. Legal Standard

Section 287(a) of the Patent Act provides that 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.” 35 U.S.C. § 287(a). Notice can be actual or constructive. Actual notice is given to a defendant when a patentee explicitly communicates to an accused infringer a claim of infringement of a specific patent with respect to a specific accused product or device. *See Gart v. Logitech, Inc.*, 254 F.3d 1334, 1345 (Fed. Cir. 2001). Constructive notice is given when a patentee marks its own patented products and causes its licensees to mark their patented products. *See id.*

The Court only grants summary judgment on an issue if there is no genuine issue of material fact and the moving party demonstrates it is entitled to judgment as a matter of law. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25 (1986). Compliance with the marking statute is a question of fact. *Gart*, 254 F.3d at 1339. A fact is “material” if it might affect the outcome of the lawsuit under the governing law. *Merritt-Campbell, Inc. v. RxP Prods., Inc.*, 164 F.3d 957, 961 (5th Cir. 1999). An issue of material fact is “genuine” if the evidence could lead a reasonable jury to find for the non-moving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). If the non-movant bears the burden on the issue, and the movant makes a showing that there is no evidence to support the non-movant’s case, then the burden shifts to the non-movant to identify

specific evidence in the record and articulate the manner in which that evidence supports its claim. *Ragas v. Tennessee Gas Pipeline Co.*, 136 F.3d 455, 458 (5th Cir. 1998). Unsubstantiated assertions or allegations are not competent summary judgment evidence. *Id.* at 458.

III. Analysis

The parties dispute which party bears the threshold burden of showing that a “patented article” exists. While it is well-established that the burden of proving compliance with the marking statute lies with the plaintiff, *see Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1446 (Fed. Cir. 2008), the Federal Circuit has “yet to resolve competing views as to which party bears the burden of establishing that there was a product that practiced the patent.” *Arctic Cat Inc. v. Bombardier Recreational Prod., Inc.*, 2016 WL 3948052, at *6 (S.D. Fla. May 31, 2016) (citing *Sealant Sys. In'l, Inc. v. TEK Glob. S.R.L.*, 2014 WL 1008183, at *30 (N.D. Cal. Mar. 7, 2014)). Having reviewed the case law, the Court finds that the view espoused by the Northern District of California in *Oracle Am., Inc. v. Google Inc.*, 2011 WL 5576228, (N.D. Cal. Nov. 15, 2011) and in *Sealant Systems*—that defendants bear the threshold burden of showing that an unmarked patented product exists—is the better view. *See Arctic Cat Inc. v. Bombardier Recreational Prod., Inc.*, 14-cv-62369-BB, Dkt. No. 119 at 58–59 (S.D. Fla. May 3, 2016) (adopting and quoting reasoning in *Sealant Systems*). *Accord Fortinet, Inc. v. Sophos, Inc.*, 2015 WL 5971585, at *4 (N.D. Cal. Oct. 14, 2015); *MobileMedia Ideas, LLC v. Apple Inc.*, 2016 WL 3958723, at *5 (D. Del. July 21, 2016). *But see, e.g., Adrea, LLC v. Barnes & Noble, Inc.*, 2015 WL 4610465, at *2 (S.D.N.Y. July 24, 2015). Therefore, Defendants have the initial burden of showing that there was a product that practiced the patents-in-suit.

Here, there is a genuine issue of material fact concerning whether any AAMP or Ford product practices the patents-in-suit. While it is true that in prior lawsuits MPH previously *alleged* that AAMP and Ford products practiced the '786 patent, those allegations alone fall short of conclusively establishing the existence of an unmarked patented product, at least because both

AAMP and Ford specifically denied MPH's infringement allegations. (*See* Dkt. No. 248-2 (AAMP's Answer); Dkt. No. 248-4 (Ford's non-infringement contentions)). In addition, in neither of those cases did the court issue any finding that the products practiced either of the patents-in-suit. Nor do the licenses that ended those lawsuits lend credence to the existence of an unmarked patented product. The Ford Agreement denied liability. *See* Dkt. 201-7 at 2. The AAMP license is silent as to which products it covers and it also does not contain any acknowledgment that any AAMP product practices the '786 patent. *See* Dkt. No. 201-2. Defendants do not point to any other evidence (for example expert testimony) sufficient to show that there is no genuine dispute of material fact as to whether any Ford or AAMP products practice the patents-in-suit.

Therefore, on this record, the Court finds that there is a genuine dispute of material fact over whether unmarked patented products exist so as to trigger the marking statute. This precludes summary judgment.

IV. Conclusion

For the reasons stated above, the Motion (Dkt. No. 201) should be DENIED. A party's failure to file written objections to the findings, conclusions, and recommendations contained in this report **within seven days from the entry of this Order** shall bar that party from de novo review by the district judge of those findings, conclusions, and recommendations and, except on grounds of plain error, from appellate review of unobjected-to factual findings and legal conclusions accepted and adopted by the district court. Fed. R. Civ. P. 72(b)(2); *see Douglass v. United Servs. Auto. Ass'n*, 79 F.3d 1415, 1430 (5th Cir. 1996) (en banc).

SIGNED this 26th day of January, 2017.


ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE