

The Patent Circuit: Marking Duties For Licensed Tech

By **Sean Murray and Jeremiah Helm** (October 1, 2026)

Under the patent statute's marking provision, Title 35 of the U.S. Code, Section 287, a patentee may recover presuit damages only by showing that the accused infringer had notice of the alleged infringement before being served with the complaint. If the patentee cannot show the accused infringer had actual notice before the lawsuit, it must establish constructive notice by showing that substantially all patented products were marked with the number of the asserted patent.

But what happens if the patentee has licensed the patented technology? How are the licensee's products treated when determining whether the patentee has complied with the marking requirement? The U.S. Court of Appeals for the Federal Circuit provided a bit more clarity on that issue in its recent **decision** in *VDPP LLC v. Volkswagen Group of America Inc.*

VDPP sued Volkswagen for allegedly infringing an expired patent related to electrically controlled spectacles. Volkswagen moved to dismiss under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim. Volkswagen argued that the case should be dismissed because Volkswagen could only seek past damages for infringement of its expired patent, and VDPP had failed to plausibly allege actual or constructive notice.

VDPP's complaint alleged that it was a nonpracticing entity with no products to mark, and that it "has pled all statutory requirements to obtain pre-suit damages." In its motion to dismiss, Volkswagen pointed out that VDPP had failed to plead that its eleven licensees had complied with the marking requirement. The U.S. District Court for the Southern District of Texas agreed, dismissing the case and denying VDPP's request for leave to amend as futile. VDPP appealed the court's refusal to grant leave to amend.

In assessing the district court's futility determination, the Federal Circuit considered whether the complaint, amended as proposed by VDPP, would still be subject to dismissal for failure to comply with the marking requirement. The court looked to its 2020 decision in *Arctic Cat Inc. v. Bombardier Recreational Products Inc.*, which held that a patentee-licensor must make reasonable efforts to ensure its licensees comply with the marking requirement of Section 287.

Under the U.S. Supreme Court's 2007 decision in *Bell Atlantic Corp. v. Twombly*, VDPP was required to plausibly allege in its complaint that it had made such reasonable efforts.

The Federal Circuit ruled that VDPP could not amend its complaint to plausibly allege the necessary reasonable efforts. VDPP represented to the court that all the licensed products covered under its prior settlement agreements infringe.

But VDPP's settlement agreements imposed no obligation on the licensees to mark those products. One agreement even stated that the licensee had no obligation to mark. Given these facts, the Federal Circuit saw "no way for VDPP to amend its complaint to plausibly



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allege it made reasonable efforts to ensure its licensees complied with 35 U.S.C. § 287."

In reaching this conclusion, the court rejected several arguments by VDPP. VDPP first argued it had alleged that it had "pled all statutory requirement[s] to obtain pre-suit damages" and that "all conditions precedent to recovery are met." The Federal Circuit noted that, under *Twombly*, it need not accept such bare legal conclusions as true.

VDPP also argued that the licensed products should not be subject to the marking requirement because the licenses were entered to settle litigation. But the Federal Circuit cited precedent holding that there is no difference between a license executed as part of a settlement agreement and any other patent license.

VDPP next argued that its settlement agreements were different because the licensees did not admit infringement. However, settled law also established that the subjective view of an alleged infringer is irrelevant. In this case, admissions of infringement were unnecessary because VDPP continued to maintain, even on appeal, that the licensed products practiced the asserted patent.

Finally, VDPP argued that the public policy in favor of encouraging settlements weighed against a requirement that settlement agreements impose an obligation to mark the licensed products. The Federal Circuit disagreed, stating that its holding supported the public policies underlying Section 287 of avoiding innocent infringement, encouraging patentees to mark, and helping the public to identify whether an article is patented.

The court concluded: "While we do not foreclose the possibility that a licensor can ever establish it made reasonable efforts to ensure licensee compliance with 35 U.S.C. § 287 in the absence of a marking obligation, that is certainly not the case here."

The VDPP decision leaves several questions unanswered. Can a patentee establish that it made reasonable efforts to ensure compliance if its settlement agreements contain no obligation to mark? The Federal Circuit expressly left open that possibility, though it's hard to imagine how a patentee could ensure its licensee's compliance without a contractual provision.

Even if the patentee manages to include a contractual provision in the agreement, it is unclear that will suffice. Must the patentee also police compliance with the contractual obligation? Simply including such a provision in the settlement agreement, without making efforts to ensure compliance with the agreement, might not be deemed reasonable efforts to ensure compliance with Section 287.

But if policing is required, how much policing? Are patentees now required to sue recalcitrant licensees for breach of contract if they wish to preserve their right to seek presuit damages in future lawsuits?

The VDPP decision will put certain patentees in an awkward position with respect to the false marking statute of Title 35 of the U.S. Code, Section 292. That statute makes patentees subject to potentially substantial damages and penalties for marking a product that is not covered by the patent.

A patentee's own product is often clearly covered by the patent because it practices one of the patent's preferred embodiments of the invention. Whether a licensee's product is covered is often much less certain, or even disputed. If the patentee is not entirely certain a licensee's product is covered, it must weigh the risk of falsely marking an unpatented

product against the risk of failing to mark a patented product and forfeiting past damages in future lawsuits.

Fortunately, this will rarely be a catastrophic damned-if-you-do, damned-if-you-don't dilemma.

False marking liability requires that the patentee knew or should have known that the marking was false. Similarly, Arctic Cat requires only reasonable efforts to ensure compliance by licensees. A patentee that performs a reasonable, good faith infringement analysis and documents it, will greatly reduce its risk of running afoul of either Section 287 or Section 292.

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