

Federal Circuit Patent Bulletin: *Rosebud LMS Inc. v. Adobe Sys. Inc.*

February 9, 2016

"[P]re-issuance damages under 35 U.S.C. § 154(d) [do not require] an affirmative act by the applicant giving notice of the published patent application to the infringer. . . . [A]ctual knowledge of the published patent application [by the infringer will suffice.]"

On February 9, 2016, in *Rosebud LMS Inc. v. Adobe Sys. Inc.*, the U.S. Court of Appeals for the Federal Circuit (Moore,* Hughes, Stoll) affirmed the district court's summary judgment that Adobe Systems Inc. was not liable for pre-issuance damages under 35 U.S.C. § 154(d) because it had no actual notice of the published patent application that led to asserted U.S. Patent No.8,578,280, which related to techniques for enabling collaborative work over a network of computers. The Federal Circuit stated:

Generally, patent owners may only collect damages for patent infringement that takes place during the term of the patent. Section 154(d) is a narrow exception to that rule Relevant to this appeal, § 154(d) provides for damages that take place before a patent issues if the infringer "had actual notice of the published patent application." The nature of § 154(d)'s "actual notice" requirement is an issue of first impression for this court. . . .

We agree with Adobe and the district court that constructive knowledge would not satisfy the actual notice requirement. We do not, however, agree with Adobe that § 154(d)'s requirement of actual notice requires an affirmative act by the applicant giving notice of the published patent application to the infringer. Certainly, "actual notice" includes a party affirmatively acting to provide notice. But the ordinary meaning of "actual notice" also includes knowledge obtained without an affirmative act of notification. "Indeed, 'actual notice' is synonymous with knowledge."

Adobe argues that the legislative history of § 154(d) confirms that the patent applicant must affirmatively provide notice to the alleged infringer. . . . However, the legislative history states that the applicant must not only affirmatively give notice of the published application to the accused infringer, but must also "explain what acts are regarded as giving rise to provisional rights"—an additional requirement not even hinted at in the text of § 154(d). The language enacted by Congress is not consistent with Adobe's interpretation.

Nor does our construction of 35 U.S.C. § 287(a) apply to § 154(d). Section 287(a), the marking provision, prohibits the collection of post-issuance damages if a patentee sells a product that falls within its own patent claims without (1) marking the patented articles with the patent number or (2) “proof that the infringer was notified of the infringement and continued to infringe thereafter.” We have interpreted this latter provision to require “the affirmative communication of a specific charge of infringement.” But we will not read this requirement into § 154(d), where the statute itself does not recite the condition. If § 154(d) contained § 287(a)’s “proof that the infringer was notified” language, our interpretation of § 287(a) would be relevant, and likely dispositive. But that is not the case. Section 287(a) explicitly requires an act of notification, unlike § 154(d), which merely requires “actual notice.” If anything, these differences suggest that we should interpret the two statutes differently. Section 287(a) shows that Congress knows how to use language requiring an affirmative act of notification when it wishes. It could have used that language in § 154(d) and did not.

Perhaps there are, as Adobe argues, policy reasons for requiring an affirmative act of notification by the patentee. Requiring the applicant to affirmatively provide notice to potential infringers is in line with the extraordinary nature of statutory pre-issuance damages. Moreover, a strict rule requiring notification by the applicant is simpler to implement and does not leave the accused infringer in the difficult situation of having to rebut allegations that it knew of the published application. If Congress wishes, it can amend the statute to require an affirmative act by the patentee. We cannot. In the absence of such action, we interpret the actual notice requirement of § 154(d) as it is clearly written to have its ordinary meaning.

Having interpreted § 154(d)’s “actual notice” requirement to include actual knowledge of the published patent application, we next consider if there is a genuine dispute of material fact as to whether Adobe actually knew of the published ‘280 patent application. Adobe asserted in its verified interrogatory response that it first received notice of the published ‘280 patent application when Rosebud’s counsel threatened this lawsuit on February 4, 2014—after it had discontinued use of the patented technology. Rosebud disputes Adobe’s assertion and claims that it presented sufficient circumstantial evidence of Adobe’s knowledge that a reasonable jury could find in its favor. We do not agree and conclude, as the district court did, that there is no genuine dispute of material fact on the record before us. . . .

First, the fact that Adobe knew of the related ‘760 patent does not show it had actual notice of the published ‘280 patent application. The ‘760 patent and the ‘280 patent share a specification. But the notice requirement is not limited to the specification. The alleged infringer must also have notice of the claims of the published patent application and the fact that the applicant is seeking a patent covering those claims. Indeed, § 154(d) (2) provides that pre-issuance damages are not available unless the invention claimed in the published patent application is “substantially identical” to the patented invention. Otherwise, the infringer cannot know the scope of the claimed invention. Knowledge of related patents does not serve this function, and is therefore legally insufficient to establish actual notice of the published patent application.

Second, Rosebud argues that it put forth evidence showing that Adobe followed Rosebud and its product and sought to emulate the product’s features. But Rosebud’s proffered evidence does nothing of the sort. Rosebud offers seven exhibits of emails from Adobe employees and a single reference to “Rosebud” in one line of Adobe’s source code. But all the emails cited by Rosebud were sent more than two years before the

publication of the '280 patent application. Five of the seven email chains originate from unsolicited emails Rosebud sent to Adobe employees about its product. And Rosebud's argument that Adobe's source code references "Rosebud" borders on the frivolous, as this reference is to a Microsoft product from before 2004, not the plaintiff in this lawsuit. Nothing in the evidence suggests that Adobe or its employees were monitoring Rosebud and its products, let alone to such an extent that they would have actively sought out Rosebud's published patent applications more than two years after the emails were sent.