

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

INLINE CONNECTION CORPORATION,)	
BROADBAND TECHNOLOGY)	
INNOVATIONS, LLC, AND)	
PIE SQUARED, LLC,)	
Plaintiffs,)	
)	
v.)	C. A. No. 02-272-MPT
)	
AOL TIME WARNER INCORPORATED,)	
et al.,)	
Defendants.)	
-----)	
INLINE CONNECTION CORPORATION,)	
BROADBAND TECHNOLOGY)	
INNOVATIONS, LLC, AND)	
PIE SQUARED, LLC,)	
Plaintiffs,)	
)	
v.)	C. A. No. 02-477-MPT
)	
EARTHLINK, INC.,)	<u>Consolidated Cases</u>
Defendant.)	

MEMORANDUM ORDER

I. INTRODUCTION

This is a patent infringement case. On December 19, 2006, Inline filed a motion for reconsideration with respect to the Memorandum Opinion of December 5, 2006, which granted Defendants' Joint Motion for Partial Summary Judgment Limiting Damages pursuant to 35 U.S.C. § 287(a).¹ In that opinion, the court concluded that § 287(a) barred Inline from recovering damages for infringement of the '446 patent that occurred prior to the dates on which AOL and EarthLink received actual notice of the

¹ D.I. 586.

patents-in-suit, April 12, 2002 and June 4, 2002, respectively. In its motion for reconsideration, Inline argues that the court committed two errors: (1) it mistakenly construed “use” of the patented article as a “triggering event” under § 287(a), and (2) since the claims at issue in the ‘446 patent are not method but “system” claims, the court’s legal analysis is incorrect, or the court misunderstood Inline’s argument. On January 5, 2007, AOL and EarthLink responded that use of the patented article was irrelevant to the issue presented in their motion for partial summary judgment. Rather, AOL and Earthlink contend that because Inline sold and offered for sale the OverVoice system to customers after the ‘446 patent issued on June 5, 2001, damages were properly limited pursuant to § 287(a). Moreover, AOL and EarthLink argue that where a patented article contains a tangible item to mark, a party is obligated to do so before it can avail itself of the benefits provided by § 287.

For the reasons discussed below, Inline’s motion for reconsideration is denied.

II. STANDARD OF REVIEW

A court will grant a motion for reconsideration only when it appears that the court has “patently misunderstood a party, has made a decision outside the adversarial issues presented by the parties, or has made an error not of reasoning, but of apprehension.”² A motion for reconsideration which alters, amends, or offers relief from a judgment is properly granted under three distinct circumstances: “(1) there has been an intervening change in the controlling law; (2) there is newly discovered evidence which was not available to the moving party at the time of judgment; or (3) there is a

² *eSpeed, Inc. v. Brokertec USA, L.L.C.*, No. Civ.A.03-612-KAJ, 2005 WL 83471, at *1 (D. Del. Jan. 11, 2005).

need to correct a legal or factual error which has resulted in manifest injustice.”³

III. ANALYSIS

As stated in the December 5, 2006 Memorandum Opinion, the marking statute provides that,

[p]atentees, and persons making, *offering for sale*, or selling within the United States, any patented article for or under them . . . may give notice to the public that the same is patented by fixing thereon the word ‘patent’ In the event of the failure to do so, no damages shall be recovered by the patentee in any action for infringement.⁴

Inline first contends that this court erred in concluding that, “[i]t is the right to make, sell, offer for sale or publically use the patented article that triggers the obligation to mark.” However, contrary to Inline’s assertion, this court did not rest its opinion on the premise that *use* of the patented article triggers a patentee’s duty to mark. Rather, the discussion upon which Inline relies was included to address a particular comment it made. The court engaged in an analysis regarding the use of the OverVoice system by hotel guests to refute Inline’s extremely tenuous argument that it did not authorize CAIS to sell or offer for sale, systems embodying the ‘446 patent.⁵ In opposition to the motion for summary judgment, Inline directed the court to a 2001 “termination” Agreement between itself and CAIS. However, that Agreement did not end the licensing relationship as Inline purported, nor did it end CAIS’ authority to sell or offer for sale,

³ *Max’s Seafood Café, by Lou Ann, Inc. v. Quinteros*, 176 F.3d 669, 677 (3d Cir. 1999).

⁴ 35 U.S.C. § 287(a) (emphasis added).

⁵ Inline referred this court to § 20.03[7][c][i] of *Chisum on Patents*, which states in relevant part that, “[t]here is no duty to mark or give notice in lieu thereof if the patent owner neither sells nor *authorizes* others to sell articles covered by the patent.” (emphasis added).

systems covered by the TWP patents.⁶ Contrary to Inline's argument, CAIS retained a "non-exclusive fully paid up perpetual right and license to make equipment and systems embodying any invention in the TWP patents (including the '446 patent), *to sell and offer for sale*, such equipment and systems."⁷ This language clearly shows that CAIS continued as a licensee of Inline following the issuance of the '446 patent.

The fact that Hilton Hotels Corporation ("HHC") guests "used" the OverVoice system between 1999 and 2002 was not "the" basis in finding the obligation to mark. Pursuant to the 2001 Agreement CAIS was authorized to sell or offer for sale, systems embodied by the TWP patents. As AOL and EarthLink correctly point out, the dispute between CAIS and the Hilton Hotel entities evidence that CAIS, as a licensee, albeit no longer an exclusive licensee, of Inline, sold and offered for sale the OverVoice systems to HHC (to offer to its guests) *after* the '446 patent issued absent proper markings. The factual record noted by the court directly refutes any claim by Inline that HHC's activities involving the patented system was somehow unauthorized.⁸ Moreover, CAIS is pursuing fees incurred *after* June 5, 2001 which confirms that it offered for sale services embodied by the '446 patent after it issued.

⁶ On page 9 of its Memorandum Opinion, the court determined that the 1996 Licensing Agreement between Inline and CAIS granted exclusive intellectual property rights in the TWP patents to CAIS, including the '446 patent, based on the language of their agreement. The TWP patents consisted of patents already issued, those listed in Appendix I of the agreement, and "all subsequent modifications, divisions, continuations, reissues, extensions . . . or otherwise arising from such patents or applications." At the time the 1996 Agreement was created, the '596 patent was listed in Appendix I as a pending application; therefore, it was covered by the licensing agreement. Since there can be no dispute that the '446 patent is a continuation of the '596 patent, CAIS' license to sell or offer for sale, products covered by the TWP patents, unquestionably included products covered by the '446 patent.

⁷ See D.I. 492, Ex. JJ (Termination/Nonexclusive License Agreement (June 1, 2001)).

⁸ Inline practically stated, or at the very least strongly suggested, that the HHC entities were infringing. By its comment, it further implied that CAIS' activities were in violation of the 2001 "termination agreement." Inline's emphasis on the word "termination" in the title of the 2001 Agreement is at best a misnomer and, at worst, a misrepresentation of the content of that agreement.

On page two of its motion for reconsideration, Inline claims that use is never employed in determining whether there is an obligation to mark. Inline is wrong. *Maxwell v. J. Baker, Inc.*, provides that “[a] patentee who makes, uses or sells its own invention is obligated to comply with the marking provisions to obtain the benefit of constructive notice.”⁹ The Federal Circuit extended this obligation to licensees of the patentee.¹⁰ Since *Maxwell* involved a system’s claim, the findings in the opinion applied to the licensees’ use of the system, as evidenced by the Federal Circuit’s acknowledgment of Target’s (Maxwell’s licensee) duty to comply with the marking statute.¹¹ The court, however, in recognizing the difficulty of ensuring compliance by a third party not related to the patentee, applied a “rule of reason” to determine whether the patentee made reasonable efforts to ensure compliance.¹² Because the patentee demonstrated that she made “extensive and continuous” efforts to ensure Target’s compliance, who had marked at least 95% of the shoes sold using the patented system, the court held that she had satisfied the requirements of §287(a).¹³

Unlike the plaintiff in *Maxwell*, Inline made no attempt to mark, in that it never required its licensee, CAIS, to mark tangible articles of the system.¹⁴ It is the burden of

⁹ 86 F.3d 1098, 1111 (Fed. Cir. 1996); see *American Med. Sys. v. Medical Eng’g Corp.*, 6 F.3d 1523, (Fed. Cir. 1993); 35 U.S.C. §287(a).

¹⁰ *Maxwell*, 86 F.3d at 1111 (noting that the marking provisions apply “to persons making or selling any patented article for or under [the patentee]”); see also *Amsted Indus., Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 185 (Fed. Cir. 1994) (noting that § 287(a) applies to express and implied licensees).

¹¹ *Maxwell*, 86 F.3d at 1111 (The defendant argued that Target failed to instruct its manufacturers (or users of the system) to mark.).

¹² *Id.*

¹³ *Id.* at 1111-12.

¹⁴ CAIS was never required to mark the systems it sold, offered for sale, or installed with any of the TWP patents, which include ‘596 and ‘446. Inline does not dispute its obligation and failure to mark systems embodying the ‘596 patent, which is also a “system’s” patent.

the patentee to show that either actual or constructive notice occurred and that it complied with the statutory requirements.¹⁵

Lastly, Inline contends that the court mistakenly concluded that it had a duty to mark when in fact the '446 patent contains only system, and not method, claims. As noted above, this argument is without merit. In referring to the sale of the highspeed internet and the OverVoice system, the court simply analogized between system and method claims, an analysis not dissimilar to that of the *Maxwell* case. Inline does not cite any affirmative case law which suggests that a patentee may avail itself of the benefits provided by § 287(a), yet does not have a duty to mark merely because its patent contains a system, and not a "method." Moreover, the case law requires, "where there is a tangible item to mark by which notice of the asserted patent can be given," a party is required to do so in order to satisfy the requirements of § 287(a)."¹⁶

In conclusion, for the reasons stated herein, Inline's motion for reconsideration (D.I. 586) is DENIED.


UNITED STATES MAGISTRATE JUDGE

Dated: January 12, 2007

¹⁵ See *Motorola, Inc. v. United States*, 279 F.2d 765, 770 (Fed. Cir. 1984); *Dunlap v. Schofield*, 152 U.S. 248 (1894).

¹⁶ *IMX, Inc. v. Lendingtree, LLC*, No. 03-1067-SLR, 2005 U.S. Dist. LEXIS 33179 (D. Del. Dec. 14, 2005). As noted by the inventor, the wall jack is one such tangible component of the OverVoice system that is covered by the '596 and the '446 patents. D.I. 443, Ex. F at 878:5-879:5 (Goodman Dep. Tr. dated Mar. 21, 2003); D.I. 443, Ex. D, CAIS Prospectus. Further, as defendants suggest, Inline could have provided notice of the patent on the OverVoice log-in screen or CAIS' Internet Promotional home page. D.I. 590 at 3-4.