

REMBRANDT WIRELESS TECHNOLOGIES, LP v. SAMSUNG ELECTRONICS CO. LTD.,
Appeal No. 2016-1729 (Fed. Cir. April 17, 2017). Before Taranto, Chen and Stoll. Appealed
from E.D. Tex. (Gilstrap, J.)

Background:

Rembrandt sued Samsung for infringement of two data communication patents: the '580 and '228 patents. Before trial, Samsung moved to limit Rembrandt's potential damages award based on its licensee's failure to mark products covered by asserted claim 40 of the '580 patent.

Eight days later, Rembrandt withdrew claim 40 from the infringement allegations and filed a statutory disclaimer of claim 40 at the USPTO. After trial, the jury found that Samsung infringed Rembrandt's patents, and that the patents were not invalid over the prior art Samsung presented. The jury awarded Rembrandt \$15.7 million in royalty damages.

In denying Samsung's motions (before and after trial) to limit liability for pre-notice damages, the district court accepted Rembrandt's argument that any prior obligation to mark products embodying claim 40 vanished once it disclaimed claim 40. Samsung appealed.

Issues/Holdings:

Did the district court err in denying Samsung's motion(s) on limiting damages? Yes, vacated and remanded.

Discussion:

Regarding pre-notice damages, the district court reasoned that the now-disclaimed claim 40 should be treated as if it "never existed" (citing *Genetics Inst., LLC v. Novartis Vaccines & Diagnostics, Inc.*). However, the Federal Circuit reasoned that Rembrandt's position, adopted by the district court, effectively provides an end-run around the marking statute and is irreconcilable with the statute's purpose. In this respect, the Federal Circuit held that allowing Rembrandt to use a disclaimer to avoid the consequence of its failure to mark undermines the marking statute's public notice function. In denying Samsung's motion, the district court relied on the proposition that a disclaimed patent claim is treated as if it "had never existed in the patent," and allowed Rembrandt's disclaimer to retroactively excuse its failure to mark. However, the Federal Circuit held that patent disclaimer relinquishes the rights of the patentee—not the public.

Samsung also argued that because Rembrandt's licensee sold a product embodying one claim of the '580 patent (claim 40), Rembrandt may not recover pre-notice damages for any infringed claim of the '580 patent. Contrary to Samsung's patent-by-patent approach, Rembrandt argued that marking should attach via a claim-by-claim approach. The Federal Circuit vacated and remanded for further consideration by the district court because the patent-by-patent versus claim-by-claim marking dispute between the parties raises a novel legal issue not squarely addressed by its past decisions or the district court.