

**Keywords:** marking estoppel, license, licensing, 35 U.S.C. § 292, false marking, extrajudicial admission, royalty payments

**General:** There is no equitable doctrine of marking estoppel in patent law. Improper marking, however, may constitute a rebuttable extrajudicial admission that an article is covered by a patent.

*Frolow v. Wilson Sporting Goods Co.*

*(Fed. Cir. 2013)*

*Decided March 15, 2013*

**I. Facts**

Wilson Sporting Goods Company (“Wilson”) licensed U.S. Patent No. RE 33,372 (the ‘372 patent) from Mr. Frolow. Per this agreement, Wilson agreed to pay royalties to Mr. Frolow for all “Licensed Article(s)”, defined as “tennis rackets which are covered by one or more unexpired or otherwise valid claims” of the ‘372 patent. Upon conducting an audit, Mr. Frolow concluded Wilson was not paying all royalties due, and filed suit for breach of the license agreement as well as infringement of the ‘372 patent.

At dispute were which of Wilson’s rackets were licensed articles. With respect to 42 of the rackets, Wilson produced evidence that 37 of these rackets did not meet the terms of the ‘372 patent and were, therefore, not licensed articles. Mr. Frolow contested Wilson’s test data and countered that 14 of the rackets were marked with the ‘372 patent number and therefore raised a genuine issue of material fact. The district court rejected the marking argument and stated that such markings had “no bearing” on whether infringement had occurred, either literally or under the doctrine of equivalents. The district court also declined to hold that Wilson’s marking of the rackets at issue prevented Wilson from challenging whether the articles were licensed articles. Therefore, the district court granted summary judgment in part for Wilson with respect to the 37 rackets for which evidence was offered.

After pre-trial conference, Mr. Frolow alleged that 299 additional rackets were licensed articles. With respect to these additional rackets, Wilson offered evidence that 82 of the rackets did not meet the terms of the claims of the ‘372 patent. With respect to these 299 rackets, Mr. Frolow noted that Wilson had been paying royalties on the 299 rackets models. Wilson argued that such payments were inadvertent and based on mistaken belief that the models were covered by the ‘372 patent. The district court granted summary judgment in favor of Wilson based, at least in part, on the opinion that Mr. Frolow had failed to provide evidence that the 299 rackets fell within the scope of the ‘372 patent.

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**II. Issues**

- A. Is there an equitable doctrine of “marking estoppel”?
- B. Did the District Court err in granting summary judgment without giving weight to Mr. Frolov’s marking argument?
- C. Are past royalty payments evidence that an article is covered under a license?
- D. Did the District Court err in granting summary judgment without giving weight to Wilson’s past royalty payments?

**III. Discussion**

- A. No. The panel declined to create or recognize an equitable doctrine of “marking estoppel” (although it had previously been recognized in the 2<sup>nd</sup>, 6<sup>th</sup>, and 8<sup>th</sup> Circuits). In particular, the panel noted the enactment and recent amendment of 35 U.S.C. §292 covering false marking (reproduced as Appendix A) and expressed the opinion that this legislative act addressed the harm envisioned here and provided an appropriate remedy. In view of this legislative relief, the majority expressed the opinion that adoption of a broader, equitable remedy would be inappropriate.
- B. Yes. Though not adopting an explicit doctrine of marking estoppel, the panel agreed that Wilson’s act of marking their products with the ‘372 patent number supported the allegation that the marked products fell within the patent claims. In particular, the act of marking the rackets with the patent number constituted an “extrajudicial admission” that the marked goods fell within the patent claims. Such an admission may be controverted or explained by the party making the admission. In the present instance, these extrajudicial admissions raised a genuine issue of material fact, making summary judgment improper.
- C. Yes. In this instance, Wilson’s past history of making royalty payments for certain of the rackets constituted evidence that the rackets in question were covered by the license agreement.
- D. Yes. As with the marking evidence, the evidence of royalty payments constituted admissible evidence that the rackets at issue fell within the terms of the patent claims. As such, these payments raised a genuine issue of material fact, making summary judgment improper.

**IV. Conclusion**

At this time, there is no doctrine of “marking estoppel” recognized by the Federal Circuit. It is worth noting that Judge Newman, in her concurrence, argues that the majority’s rationale under 35 U.S.C. § 292 is inappropriate and that this statute is unrelated to the patent license and breach issues at hand.

## Appendix A:

## 35 U.S.C.C. § 292

(a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, offered for sale, or sold by such person within the United States, or imported by the person into the United States, the name or any imitation of the name of the patentee, the patent number, or the words “patent,” “patentee,” or the like, with the intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made, offered for sale, sold, or imported into the United States by or with the consent of the patentee; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word “patent” or any word or number importing that the same is patented, for the purpose of deceiving the public; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words “patent applied for,” “patent pending,” or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—

Shall be fined not more than \$500 for every such offense. Only the United States may sue for the penalty authorized by this subsection.

(b) A person who has suffered a competitive injury as a result of a violation of this section may file a civil action in a district court of the United States for recovery of damages adequate to compensate for the injury.

(c) The marking of a product, in a manner described in subsection (a), with matter relating to a patent that covered that product but has expired is not a violation of this section.