

LICENSING AND SETTLEMENT AGREEMENTS PATENT MARKING COMPLIANCE CHECKLIST

This checklist, which reflects the holding and reasoning of [VDPP, LLC v. Volkswagen Group of America, Inc.](#) and related authority, is intended for use when drafting, reviewing, or auditing patent license agreements and settlement agreements containing a license grant. It is organized by drafting stage: (1) portfolio audit, (2) drafting the marking clause, (3) handling licensee objections, and (4) litigation-readiness. It is a practice aid, not a substitute for legal analysis of any specific agreement or fact pattern. Items should be tailored to the specific patent, license structure, and jurisdiction involved.

1. Portfolio Audit (Before Drafting or Litigating)

- ☐ Determine whether the patent contains apparatus or article claims and whether those claims will be asserted. Section 287(a) reaches only patented articles, so a patentee asserting method claims alone has no marking obligation and the remainder of this checklist does not apply.
- ☐ Identify every agreement in the portfolio that grants a license, covenant not to sue, or release touching the patent(s) at issue — including agreements entered into solely to settle litigation.
- ☐ For any patent acquired from a prior owner, obtain and review every license, covenant not to sue, release, and settlement agreement granted by each predecessor in interest. The marking obligation travels with the patent, so a predecessor's licensing history can defeat pre-suit damages in the current owner's hands.
- ☐ For each agreement, determine whether it is framed as a license (rather than a bare release of past claims), since the Federal Circuit has held there is no substantive difference between a settlement-based license and any other patent license for marking purposes.
- ☐ For each license identified, determine whether the licensee makes, uses, offers for sale, sells, or imports a product covered by the licensed patent.
- ☐ For each such licensee, determine whether the agreement contains an express marking obligation, an express marking waiver, or is silent on marking.
- ☐ Where the agreement is silent or contains a waiver, determine (to the extent possible) whether the licensee's covered products were in fact marked during the license period.
- ☐ Confirm whether the licensee's denial of infringement (if any) is recorded in the agreement, and note that such denials do not excuse the marking obligation — for marking compliance purposes, the focus is on the patentee's own conduct and its own asserted infringement position, not the licensee's subjective view.
- ☐ Document any efforts already taken to monitor or encourage licensee marking (communications, compliance certifications, audits), since "reasonable efforts" short of a contractual marking clause may be relevant. Such efforts must be evidenced with facts, not conclusions.
- ☐ Flag any patent nearing or past expiration where only pre-suit (back) damages will be available, since a marking failure in that scenario can eliminate all recovery rather than merely reducing it.

2. Drafting the Marking Clause in New Agreements

- ☐ Include an express marking obligation in every license or settlement agreement that grants rights to make, use, or sell a product under the patent — regardless of whether the licensee admits its products practice the patent.
- ☐ Require the licensee to impose equivalent marking obligations on sublicensees, affiliates, and manufacturers making licensed products on its behalf.
- ☐ State the marking obligation as a freestanding covenant, not contingent on or cross-referenced to any admission or denial of infringement elsewhere in the agreement.
- ☐ Where the licensee insists on a denial-of-infringement clause, pair it with language requiring marking of covered products notwithstanding that denial, so the denial does not operate (or is not later argued) as a waiver of the marking duty.
- ☐ Specify the marking mechanics: which products must be marked, the manner of marking (e.g., "patent" or "pat." plus patent number, or a virtual/website marking reference), and the timeframe for compliance after execution.
- ☐ Consider requiring periodic written certification from the licensee confirming ongoing marking compliance, to create a documentary record of "reasonable efforts."
- ☐ Include an audit or inspection right allowing the patentee to verify marking compliance during the license term.
- ☐ Address remedies for non-compliance (e.g., notice-and-cure period, indemnification for lost pre-suit damages caused by the licensee's failure to mark).

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3. Addressing Licensee Concerns About Marking

- ☐ If the licensee is concerned that marking could be read as an admission of infringement, add a clause stating that marking is performed solely to comply with the patentee's obligations under 35 U.S.C. § 287 and does not constitute an admission that the marked product practices any claim of the patent.
- ☐ If the licensee raises false-marking exposure under 35 U.S.C. § 292, confirm current law limits standing to competitors alleging competitive injury (following the America Invents Act's elimination of qui tam suits), and consider addressing residual risk contractually (e.g., patentee indemnification for good-faith marking undertaken at the patentee's direction).
- ☐ Where a marking obligation is genuinely non-negotiable from the licensee's side, document in the agreement (or in side correspondence) what alternative reasonable efforts the patentee undertook, since the absence of a marking clause is not automatically fatal but requires an evidentiary substitute.

4. Litigation-Readiness (Enforcement Actions Seeking Pre-Suit Damages)

- ☐ Before filing suit, confirm whether the patentee itself, or any current or former licensee, makes or sells a covered product; if so, confirm marking compliance or actual notice before asserting a claim for pre-suit damages.
- ☐ Identify and be prepared to disclose all license and settlement agreements touching the asserted patent, including older settlement agreements that may not appear central to the current dispute.
- ☐ Plead marking compliance (or reasonable efforts) with specific supporting facts — identify the licensees, the marking provisions or efforts at issue, and the basis for concluding compliance occurred. Conclusory statements that the patentee is a non-practicing entity with "no products to mark" or that "all conditions precedent are met" will not withstand a motion to dismiss.
- ☐ If damages are sought on an expired patent, confirm that either marking or actual notice occurred before expiration, since no future injunctive relief or ongoing royalty will be available to offset a marking failure.



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