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Protect Your Rights by Marking Your Web Site



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How patents relate to Web site products or services

Many companies now use Web sites to offer their services and/or products to the public. For example, software companies routinely sell their software on the Internet: sometimes by download, sometimes by mailing the ordered product. In fact, it is rare for a software company today to not offer its products or services online to supplement more traditional forms of marketing. And of these companies offering their products and services on the Internet, some have obtained one or more patents on the technology underlying their product or service.

As discussed in previous articles, a patent gives its holder the right to exclude others from making or using the invention protected by the patent. Some competitors may be discouraged from copying the product or service by the implied threat that the patent holder could sue for patent infringement. But some competitors are less intimidated by the threat, and are willing to risk a suit for patent infringement.

One of the obligations on the patent holder is to mark the product or service in question to show that it is covered by one or more patents, and to identify those patents. This requirement is codified in Section 287(a) of Title 35 of the U.S. Code. The reason for this requirement is simple: to give the public notice of the patent's existence. It was long ago decided that it would be unfair to require businesses to acquaint themselves with the patents that might exist protecting a particular product or service before copying the product or service in question, when it would be easy enough for the patent holder to identify the protecting patent(s). If a patent holder does not mark the product or service to identify the patent, then the patent holder cannot recover damages for infringement that occurred before the infringer was told he was infringing.

So how does this relate to companies offering products or services on a Web site, particularly where the product or service includes the Web site? Is a Web site sufficiently "tangible" to require marking? One can imagine arguments going both ways. On the one hand, the Web site is not the product or service itself, but merely a way for a customer to interact with the product or service. On the other hand, Web sites can include essentially unlimited information about the product or service, so adding information about patents that protect the product or service is easily accomplished.

Case of IMX vs. LendingTree

A recent case in federal court in Delaware addressed this issue. On November 24, 2003, IMX, Inc., filed suit against LendingTree, LLC. IMX accused LendingTree of infringing U.S. Patent No. 5,995,947, which covered a system for real-time trading of loans and loan applications. IMX had previously sold software protected by this patent under the name "IMX Exchange," and in 2000, IMX began offering a Web-based version of this software. IMX accused LendingTree of infringing the patent with its LendingTree Exchange software.

One of LendingTree's arguments was that the IMX Web site did not properly mark IMX Exchange as protected by the patent. The IMX Web site included a link titled "Patent", which indicated that IMX Exchange was covered by a patent, but did not indicate the number of the patent. The IMX Web site also included a "Patent Press Release" page, which identified the patent by number and referred to the IMX Exchange product.

The judge decided that the Web site was intrinsic to the patented system. The Web site was a "tangible item," and should be marked according to the statute. The judge held that the references to "IMX

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Exchange” on the pages where the patent was mentioned were references to the corporate entity, and not the patented system. The judge therefore felt that IMX had not made sufficiently clear that the service offered via the Web site was protected by the patent. As a result, the jury only considered infringement by LendingTree that occurred after IMX notified LendingTree of the patent covering IMX Exchange.

Did the judge’s decision that IMX had failed to properly mark the Web site affect the case as a whole? Probably. A jury decided that LendingTree infringed IMX’s patent, and awarded IMX \$5 million. This award might well have been larger had the judge allowed the jury to consider infringement from 1999, when the patent was awarded, rather than 2003, when IMX filed the patent infringement suit.

Implications for Oregon companies

What are the implications of this case? For companies doing business in Oregon, it would be worthwhile to at least be aware of the judge’s ruling. It is true that this case is the decision of a single judge in another state. The decision isn’t even a decision by a court of appeals, which might apply in other jurisdictions such as Oregon: the decision is limited to cases in Delaware. But on the other hand, the case was decided in Delaware, where many companies incorporate. And the judge’s analysis appears to be well-reasoned: judges in other jurisdictions, like Oregon, might follow the example of the judge in this case. Further, at the time of writing, LendingTree had indicated it would ask the judge to set aside the verdict and, if necessary, appeal the case to the Court of Appeals for the Federal Circuit. If the Federal Circuit does eventually rule on this question, that decision could affect all companies in the U.S. If the Federal Circuit agrees with the judge’s reasoning in IMX, then all companies in the U.S. would have to mark their Web sites offering services to comply with the statute.

In light of this case, companies should include on their Web site an indication that the products and services the Web site offers are covered by patents, and identify those patents, as required by the statute. These notices should be placed with the product or service, rather than on a separate page of the Web site.

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