March 16, 2011

Resources

JW Intellectual Property Practice Area

JW Intellectual Property Attorneys

JW Intellectual Property Publications

Contact JW

www.jw.com

Offices

Austin
100 Congress Avenue
Suite 1100
Austin, TX 78701

Dallas
901 Main Street
Suite 6000
Dallas, TX 75202

Fort Worth
777 Main Street
Suite 2100
Fort Worth, TX 76102

Houston
1401 McKinney Street
Suite 1900
Houston, TX 77010

San Angelo
301 W. Beauregard Avenue
Suite 200
San Angelo, TX 76903

San Antonio
112 E. Pecan Street
Suite 2400
San Antonio, TX 78205

False Marking Fastidiousness: Federal Circuit Determines That False Marking Allegations Must Be Particularly Pleaded

By Matt Acosta

The Federal Circuit finally resolved a hotly contested issue that has plagued false marking litigation under 35 U.S.C. s. 292 since the landmark decision in *Piquenot v. Solo Cup Company*. The issue: Are so-called *qui tam* plaintiffs, bringing false marking claims on behalf of the federal government, required to plead those claims with particularity under the Federal Rules of Civil Procedure? In *In re BP Lubricants USA, Inc.*, **Misc. Docket No. 960** (Fed. Cir. March 15, 2011), the Federal Circuit determined that Rule 9(b)'s heightened pleading standard does apply to false marking claims.

Rule 9(b) of the Federal Rules of Civil Procedure requires that plaintiffs who assert claims for "fraud" plead those claims with particularity in the complaint. However, like many other false marking claims around the country, the complaint in *In re BP* only alleged that BP Lubricants was a "sophisticated company" that "knew or should have known" that the patent marked on their well-known CASTROL products had expired. Id. at p. 1. The complaint also affirmatively alleged that "BP marked the CASTROL products with the patent numbers for the purpose of deceiving the public." Id. at p. 2. The district court decided that this pleading satisfied Rule 9(b) by alleging the "who, what, when, where, and how" of the alleged false marketing. Id. at 4. The Federal Circuit disagreed.

First, in a question of first impression, the Federal Circuit determined that the false marking statute was a claim of "fraud" and was subject to the heightened pleading requirements of Rule 9(b). Id. at 5-6. Next, the appellate court held that conclusorily alleging "intent to deceive" was insufficient to satisfy Rule 9(b)'s heightened pleading standard. Id. at 7. In so holding, the Court explained that "[a] plaintiff is not empowered under the Rules to plead the bare elements of his cause of action, affix the label 'general allegations,' and expect his complaint to survive a motion to dismiss." Id. (internal quotations and citations omitted). Rather, "a complaint must in the s. 292 context provide some objective indication that the defendant was aware that the patent expired." Id.

In addition, a plaintiff cannot avoid the particularity requirement "through a general averment that defendants 'knew' earlier what later turned out badly." Id. at 8 (internal quotations and citations omitted). The Federal Circuit found the Plaintiff's arguments unpersuasive, and ultimately, granted BP Lubricants' writ of mandamus directing the district court to dismiss the complaint with leave to replead.

The *BP Lubricants* decision is likely to cause many district judges to reconsider the sufficiency of plaintiffs' pleadings in the plethora of

false marking cases filed around the country. Particularly in the Eastern District of Texas, where numerous false marking cases have been filed, many judges have previously held that Rule 9(b) did not apply to false marking claims. See *Promote Innovation LLC v. Runbacks Laboratories Inc.*, 2:10cv00121 (E.D. Tex. July 14, 2010); *Astec America Inc. v. Power-One, Inc.,* 2008 WL 1734833, at *12 (E.D. Tex. Apr. 11, 2008).

It remains to be seen how false marking plaintiffs will uncover and allege underlying facts sufficient to support the intent to deceive requirement. Additionally, it is still uncertain whether the mandamus remedy will be available in other cases now that the Rule 9(b) question has been settled. While *In re BP Lubricants* takes a large step in clarifying outstanding issues related to false marking, much concerning the maintenance and ultimate disposition of these cases du jour is still unknown.

If you have any questions regarding this e-Alert, please contact **Matt Acosta** at 214.953.5806 or **macosta@jw.com** or **John Jackson** at 214.953.6109 or **jjackson@jw.com**.

---

*If you wish to be added to this e-Alert listing, please **SIGN UP HERE**. If you wish to follow the JW Intellectual Property group on Twitter, please **CLICK HERE**.*

Austin Dallas Fort Worth Houston San Angelo San Antonio

JW | JACKSON WALKER L.L.P.

I.P. e-Alert is published by the law firm of Jackson Walker L.L.P. to inform readers of relevant information in intellectual property law and related areas. It is not intended nor should it be used as a substitute for legal advice or opinion which can be rendered only when related to specific fact situations. For more information, please call 1.866.922.5559 or visit us at **www.jw.com**.

901 Main Street, Suite 6000 | Dallas, Texas 75202