BRYAN CAVE
A Broader Perspective
Bulletin

Intellectual Property Client Service Group

To: Our Clients and Friends March 17, 2011

In re BP Lubricants – False Patent Marking Claims Must Be Pled With Particularity

On March 15, 2011, the United States Court of Appeals for the Federal Circuit ("Federal Circuit") held "that [Federal] Rule 9(b)'s particularity requirement applies to false marking claims and that a complaint alleging false marking is insufficient when it only asserts conclusory allegations that a defendant is a 'sophisticated company' and 'knew or should have known' that the patent expired." *In re BP Lubricants*, Misc. No. 960, slip op. at 2, (Fed. Cir. Mar. 15, 2011).

The patent false marking statute, 35 U.S.C. § 292(a), creates a cause of action against a company or manufacturer who, for the purpose of deceiving the public, falsely marks unpatented products as patented. Damages can be awarded in an amount up to $500 *per falsely marked article* and any person may sue to collect the damages, with half of the proceeds going to the Federal Government.

Prior to *BP Lubricants*, there was a split among the district courts as to whether Federal Rule 9(b) should apply to false marking claims. A number of district courts applied Federal Rule 9(b) in granting a motion to dismiss because the plaintiffs failed to plead their false marking claim with particularity. *See, e.g., Brinkmeier v. BIC Corporation*, 2010 U.S. Dist. LEXIS 87656, *26 (D. Del. 2010); *Hollander v. Etymotic Research, Inc.*, 2010 U.S. Dist. LEXIS 71071, *18 (E.D. Pa. July 14, 2010) ("The Court is persuaded by the law of other district courts holding that false marking claims are fraud-based claims subject to Rule 9(b)'s heightened pleading standards.").

Other district courts determined that plaintiffs were not required to plead false marking with particularly. *See, e.g., Promote Innovation LLC v. Ranbaxy Labs., Inc.*, 2010 U.S. Dist. LEXIS 79833, *7 (E.D. Tex. July 14, 2010); *Third Party Verification, Inc. v. SignatureLink, Inc.*, 492 F. Supp. 2d 1314, 1327 (M.D. Fla. 2007) ("There is no case law that has required the Rule 9 level of pleading to claims for false marking."). Still other district courts refused to decide the issue. *See, e.g., EMD Crop Biosciences, Inc. v. Becker Underwood, Inc.*, 2010 U.S. Dist. LEXIS 116626, *36-38 (W.D. Wis. October 29, 2010).

In resolving this issue, the Federal Circuit reasoned that "[p]ermitting a false marking complaint to proceed without meeting the particularity requirement of Rule 9(b) would sanction discovery and

adjudication for claims that do little more than speculate that the defendant engaged in more than negligent action." *In re BP Lubricants* at 6. The Federal Circuit noted that false marking claims should be treated no differently than other claims sounding in fraud. *Id.* at 5-6.

The Federal Circuit also provided some guidance as to what should be included in a complaint alleging false marking under 35 U.S.C. § 292(a). "[A] complaint must provide some objective indication to reasonably infer that the defendant was aware that the patent expired." *Id.* at 7. Mere general allegations that the defendant is a "sophisticated company" and that it "knew or should have known" that the patent-at-issue expired are insufficient to meet the requirements of Federal Rule 9(b).

After determining that the Federal Rule 9(b) standard applies to false marking claims, the Federal Circuit noted that complaints dismissed under Federal Rule 9(b) are ordinarily dismissed with leave to amend. The Federal Circuit held that allowing the *BP Lubricants* plaintiff to amend its complaint is particularly appropriate because "this court has not previously opined on the applicability of Rule 9(b) to false marking claims." *Id.* at 11.

If you would like to discuss how the Federal Circuit's decision in *In re BP Lubricants* may affect your business, please contact any of the following members of Bryan Cave's Intellectual Property Client Service Group:

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