

## Federal Circuit Cuts Back False Marking Claims

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The Federal Circuit yesterday issued a ruling in *In re BP Lubricants USA, Inc.*, available here, that is likely to have a significant impact on the recent spate of lawsuits claiming “false marking.” In these lawsuits, a plaintiff alleges that the defendant is marking a product with a patent that does not, in fact, cover the product, and that the defendant is doing so “for the purpose of deceiving the public.”

In yesterday’s ruling, the Federal Circuit held that a false marking plaintiff must comply with the heightened pleading standards in Federal Rule of Civil Procedure 9(b) when making a claim for false patent marking under 35 U.S.C. § 292. The decision was issued in response to a petition for a writ of mandamus filed by defendant BP Lubricants after the Northern District of Illinois denied its motion to dismiss. Rule 9(b) requires that a plaintiff must, in its complaint, provide specifics about allegedly deceptive conduct, including specific facts underlying a general allegation that the defendant intended to deceive the public by marking an article with an expired patent. The Court ruled that it is not enough for a false marking plaintiff to allege that a defendant is a “sophisticated company” that “‘knew or should have known’ that the patent expired.”

The issue is important because, over the past year, the number of false marking suits has increased dramatically, spurred by two recent Federal Circuit decisions. First, the Court held that a company could be liable for \$500 for each falsely marked item. See *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009). Then the Court held that marking a product with an expired patent could constitute false marking. See *Pequignot v. Solo Cup Co.*, 608 F.3d 1356 (Fed. Cir. 2010). These decisions combined to create an enormous potential liability for any company that was slow to remove a mark after a patent expired. Entrepreneurial plaintiffs’ lawyers envisioned large recoveries. Hundreds of false marking suits followed.

Yesterday’s decision has the potential to curtail the number of false marking cases filed nationwide, because many plaintiffs will be unable to provide specific information supporting their allegations of intent to deceive. In yesterday’s ruling, the Court underscored that “[t]he bar for proving deceptive intent [in false marking cases] is particularly high.”

False marking litigation is not dead, however. In its ruling, the Court directed that the plaintiff be allowed to amend his complaint to meet the requirements of Rule 9(b). The plaintiffs in other false marking cases across the country will likely look for grounds to allege deceptive intent in their complaints in response to yesterday’s ruling.

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