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**Federal Circuit Holds That False Marking Must Be Pled  
With Particularity Under Fed. R. Civ. P. Rule 9(b)**

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(March 15, 2011). On March 15, 2011 in *In re BP Lubricants USA Inc.*, Misc. Docket No. 960 (Fed. Cir. 2011), the Federal Circuit continued to chip away at false marking claims, holding that a complaint that alleges false marking must plead the circumstances of the defendant's alleged intent to deceive the public with particularity.

The practical impact of *In Re BP Lubricants* is that a false marking complaint which only alleges that a patent expired and that the patentee either knew or should have known of the expiration, without more, is insufficient to state a claim under the False Marking Statute. Thus, without some facts regarding the intent of the company accused of false marking, it will be difficult for a party to properly plead a false marking complaint.

In this case of first impression, the Federal Circuit held that Federal Rule of Civil Procedure Rule 9(b)'s requirement that allegations of fraud must be pled with particularity applies to False Marking Claims brought under 35 U.S.C. § 292. In so holding, the Federal Circuit found that a complaint alleging false marking based on an expired patent is insufficient when it only asserts conclusory allegations that the defendant is a "sophisticated company" who "knew or should have known" that the patent expired. (Slip op. at 2). *BP Lubricants* raises the bar on the pleading requirements for false marking claims, requiring that a plaintiff plead in detail the specific "who, what, when, where, and how" of the alleged intent to deceive the public in falsely marking unpatented articles with an expired patent.

In this case, patent attorney, Thomas A. Simonian, who has brought numerous false marking claims against many companies, brought a false marking claim against BP Lubricants USA Inc., the manufacturer of CASTROL motor oil products. Simonian's false marking claim was based on the fact that BP continued to mark its bottles of CASTROL motor oil with the patent number of a design patent that covered those bottles after the patent expired on February 12, 2005. The complaint alleged mostly "upon information and belief" that BP knew or should have known that the patent expired, that BP is a sophisticated company and is experienced in the patent arena, and that BP marked its CASTROL products with the patent numbers for the purpose of deceiving the public. (*Id.* at 3).

The District Court below concluded that the complaint stated an adequate claim for relief and met the requirements of Rule 9(b). In particular, the District Court found that Simonian's complaint satisfied the "who, what, when, where, and how" standard for pleading claims with particularity under Rule 9(b), as set forth in the inequitable conduct case, *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327 (Fed. Cir. 2009). In particular, the District Court found that it was sufficient under Rule 9(b) for the false marking plaintiff to summarily allege that defendant had deliberately and falsely marked a particular line of products with an expired patent with intent to deceive.

In response, Defendant BP petitioned the Federal Circuit for a Writ of Mandamus directing the District Court to grant the motion to dismiss the complaint.

The Federal Circuit first addressed the issue of whether the particularity of pleading requirement of Federal Rule of Civil Procedure Rule 9(b) applies to false marking claims brought under § 292. Here, the Federal Circuit noted that claims brought under the analogous False Claims Act (which also allows qui tam relators to bring claims on the behalf of the U.S. government) must meet the requirements of Rule 9(b). The Federal Circuit concluded that it saw no “sound reason” to treat § 292 actions any differently, since, like the False Claims Act, False Marking claims “condemn[] fraudulent or false marking.” (*Id.* at 6).

Next, the Federal Circuit assessed whether the *Exergen* Standard for pleading fraud with particularity was met by Simonian’s Complaint. The Federal Circuit concluded that it was not: “Because the relator’s complaint here provided only the generalized allegations rather than specific underlying facts from which we can reasonably infer the requisite intent, the complaint failed to meet the requirements of Rule 9(b).” (*Id.* at 8). In arriving at this conclusion, the Federal Circuit rejected the argument that asserting in a complaint that a defendant is “a sophisticated company and has experience applying for, obtaining and litigating patents” meets the Rule 9(b) standard. (*Id.* at 8). The Federal Circuit also rejected the Plaintiff’s arguments that false marking inherently shows scienter, and that false marking should be distinguished from the inequitable conduct claim featured in *Exergen* because false marking is a “anonymous and not individualized fraud.” (*Id.* at 9).

Please feel free to contact us to learn more about this decision and its impact on U.S. Patent law.

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