
Current State of Patent False Marking Litigation

By R. Mark McCareins and Peter Slawniak

From intellectual property law journals to the *Wall Street Journal*,¹ everyone seems to know that patent false marking suits have become an anathema to US businesses over the last year.² The Federal Circuit gave new life to this once toothless statute in December 2009 when it held that false marking penalties are to be calculated on a per article basis of up to \$500 per article.³ This past summer, the Federal Circuit threw fuel on the fire by holding that “any person,” and not just competitors, can bring an action under this *qui tam* law.⁴ With the evisceration of a standing requirement, a cottage industry of false marking police has emerged, as predicted and feared by the Federal Circuit itself.⁵

Patent False Marking Statute

The patent false marking statute provides that:

Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word ‘patent’ or any word or number importing that the same is patented, for the purpose of deceiving the public . . . shall be fined not more than \$500 for every such offense.⁶

In order to succeed on a claim of false patent marking, the plaintiff must plead and prove four elements:

1. That a marking indicating that an article is patented;
2. That the marking is on, affixed to, or used in advertising for that article;

3. That the article is unpatented; and
4. That the marking was done with an intent to deceive the public.⁷

According to one source, there were more than 600 *qui tam* cases filed in 2010.⁸ There is no slowdown in sight for the immediate future to a great degree (*i.e.*, next six months or so) because the Federal Circuit has not yet ruled on preliminary issues, much less explained what facts sufficiently establish liability on the merits, and Congress has not treated reform as a high priority, burying it in the omnibus Patent Reform bill.

Who Has Been Subject to False Marking Lawsuits?

So who has been subject to these false marking lawsuits? Congress intended to punish individuals that mark their products with patent numbers that do not apply in an effort to scare off competitors or confuse consumers. However, this target group has not been the focus of the recent spate of false marking cases. Those being hauled into court are most frequently businesses marking their products with once-applicable, but now-expired, patents. Such markings arguably run afoul of this statute as technically “false marks.”⁹

The defendants to these suits run the gambit of sophistication (from a large multi-national conglomerate to three person companies¹⁰). The *qui tam* plaintiffs are overwhelmingly limited liability corporations formed within the last year. They are incorporated in jurisdictions such as the Eastern District of Texas for the exclusive purpose of filing false marking claims. They have lofty names like “Patent Group,” “Promote Innovation,” “Patent Protect,” etc. They appear to be represented by a handful of small specialty law firms.

On the defense side, no company appears safe; Fortune 500 companies as well as small novelty manufacturers¹¹ alike have been dragged into court

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over these false marking claims. Accordingly, risk managers at all firms must be cognizant of these issues that permeate the intellectual property, manufacturing, and advertising departments.

Exposure

This area of law is very rapidly developing, leaving CEOs, GCs, and risk managers with questions as to what will protect their companies from a judgment and, more preferably, what will keep them out of court entirely. While the former seems to become clearer with each passing day and case, the latter remains elusive and is difficult to speak of in terms of specifics. However, a few broad principles have emerged.

The threshold issue is: What is a false mark? Clearly, an expired patent now constitutes a false mark. Not so obviously, conditional disclaimers that a product “may be covered by one or more of the following patents” have likewise been held to be technically false marks by the Federal Circuit in *Pequignot v. Solo Cup*.¹² It appears that an expired patent, no matter the disclaimer, will be a false mark if included in advertising.

While not insulating from exposure, conditional marks may nonetheless be useful as they can further a finding of a lack of deceptive intent. In *Pequignot*, the Federal Circuit found the marks to be technically false as explained earlier, but it also found the defendant to not have any bad faith intent based on (1) the high cost for retooling, (2) the good faith reliance on advice of counsel to use the “may be covered” formula, and (3) the truthful nature of the “may be covered” language.¹³

Understandably, patentees are placed in a Catch-22 as the patent term expires: A patentee needs to mark the product with the patent number until the end of the term to fend off potential infringers,¹⁴ but not a day longer lest it be exposed to false marking. The realities of production and distribution lag times mean that manufacturers should develop a marking policy well before the last retooling. Demonstrative solutions at market include adjusting the markings prior to retooling or repackaging; some allege that they have gone as far as to hire temporary workers to file patent numbers off stock.¹⁵

While the retooling and repackaging are at least theoretically in the control of the manufacturer, the false marking statute also punishes the offer for

sale of falsely marked goods, making retail shelf-life a necessary, but more difficult, aspect of the marking policy to address. While a fair number of the marking defendants had been mismarking for years after expiration, just one day can and has triggered a lawsuit. For example, on September 30, 2010, a false marking LLC filed a complaint against Procter and Gamble alleging that the manufacturer had been marking certain Gillette razors with expired patent numbers.¹⁶ The two patents in question expired September 28, 2010, two days before the suit.¹⁷

A close monitoring of patent expiration term, an advertising phase-out, and a retooling schedule commensurate with patent term expiration are all best practices that should be executed as to minimize exposure. Additionally, marking policy should vary by the media through which the marking is advertised: tool and dye first, but Web site last. Where not economically feasible, documentation explaining the decisions and the good faith reasons for the delay are important to limit liability. Absent a total recall of all unsold products, no company will ever have zero litigation exposure. Accordingly, all those responsible for risk management in this area should understand how this area of law has been applied.

Motions to Dismiss

Overwhelmingly, defendants have filed preliminary motions in these cases with mixed success.¹⁸ Most complaints are boilerplate, copied and reused repeatedly. After alleging the defendant has marked its products with expired patents, these complaints generally aver that the defendant had the intent to deceive the public and that the defendants had knowledge that their patents had expired. As for facts supporting the *mens rea* averment, some complaints simply allege only that the defendant is legally sophisticated and therefore should have known better. Others go further to articulate that the defendants had in-house intellectual property managers, that the defendant marked the products after the patent was held invalid in court, or that the product went through several redesigns.¹⁹ One creative plaintiff has alleged that the defendant intended to deceive the public because it did not remove the false markings six months after being served with the original false marking complaint.²⁰

The Federal Rules of Civil Procedure have two alternative standards for pleading facts in a

complaint. The lower hurdle of Rule 8(a) applies in most cases and requires that a plaintiff plead only “a short and plain statement of the claim showing that the pleader is entitled to relief.” Rule 9(b) presents a much higher standard, but applies only in cases of fraud. That rule requires the plaintiff to explain with particularity “the time, place and contents of the false representations, as well as the identity of the person making the misrepresentations[.]” The false marking statute at issue in *qui tam* actions requires the plaintiff to allege and prove that the defendant intentionally marked its products with an inapplicable or expired patent number *with the intent to deceive the public* into purchasing the defendant’s product. Frustrating for many courts and litigants, both the statute and the Federal Circuit are silent as to whether Rule 8(a) or Rule 9(b) applies.

Defendants lead by arguing that the intent-to-deceive element cannot be read as anything other than fraud, triggering Rule 9(b). Most make an analogy to inequitable conduct, which must be pleaded with particularity under Rule 9(b).²¹ Indeed, a false marking claim has similarities with a claim of inequitable conduct because an inequitable conduct claim requires a showing of intent to deceive the Patent and Trademark Office (PTO) and a false marking claim requires intent to deceive the public.

Although intent may be averred “generally” under Rule 9(b), the Federal Circuit nonetheless requires an accompanying allegation of sufficient facts regarding an intent to deceive from which the court may reasonably infer that a party acted with the requisite state of mind.²² When determining whether the averments of fraud meet the requirements of Rule 9(b), the Federal Circuit requires that the plaintiff identify the “specific who, what, when, where, and how” of the misrepresentation.²³ In the absence of specific factual allegations, a court is correct to not draw any permissive inference of deceptive intent.

Defendants often point to some potentially favorable language from the Federal Circuit’s August 2009 decision in *Stauffer v. Brooks Brothers, Inc.*²⁴ In *Stauffer*, the Federal Circuit ruled on the standing of the plaintiff but on remand stated that the district court should consider the defendant’s motion to dismiss for failure to comply with Rule 9(b). While not given the full force of binding law, this *dicta* indicates that the heightened Rule 9(b) might apply.

Plaintiffs counter that all that is required of them is to aver an intent to deceive and allege that defendants had knowledge that the patents expired. Plaintiffs allege that, by pleading that the defendants know that the patents are expired, they invoke the rebuttable presumption of deceptive intent under *Pequinot*, thereby shifting the burden to the defendants to prove their innocence. While this arguably confuses the summary judgment standard with the pleading standard, some courts have found this reasoning persuasive enough to not close the courtroom doors.²⁵

Plaintiffs have had marked success on these motions in the jurisdictions in which they have been filing suit. The Eastern District of Texas, which is home to 40 percent of false marking litigation in 2009,²⁶ has mostly denied motions to dismiss, holding that Rule 8(a) applies.²⁷ The runner up, the Northern District of Illinois,²⁸ is split with half of the cases decided finding these complaints to be sufficient²⁹ and half to be insufficient.³⁰

Defendants have had some success as well, with several courts having held that a boilerplate complaint does not allege sufficient facts under Rule 9(b) from which the court may properly infer a fraud, rather than innocent mistake or negligence, had occurred.³¹ Even a few have held that these types of complaints fail the lesser Rule 8(a) standard for not pleading a sufficient cause of action,³² though few complaints are then dismissed with prejudice.³³

The Federal Circuit may hear this pleading issue soon. Recently, the defendant in *Simonian v. BP Lubricants*³⁴ petitioned that court for a writ of mandamus to determine whether Rule 9(b) or 8(a) applies and whether boilerplate sophisticated corporation language suffices to plead intent to deceive the public. Interestingly, the Department of Justice has filed an *amicus* brief in the *BP* matter, urging the court to adopt a Rule 9(b) standard and hold that general averments that the defendant is “sophisticated” to be insufficient to meet that standard.³⁵ It is unlikely that the Federal Circuit will decide whether it will hear the case soon because of the high standard for mandamus.

Guilty Until Proven Innocent

Perhaps more surprising than an inability to eliminate exposure is the seeming anomaly that a defendant is often put in the position of proving

its innocence in these expired-patent cases.³⁶ Due to the difficulty of proving deceptive intent by a corporation, the Federal Circuit has held that false marking combined with the knowledge of false marking (*i.e.*, the knowledge that the patent is expired) creates a rebuttable presumption of “intent to deceive.”³⁷ Not to make the defense insurmountable, the Federal Circuit noted that, when “the false markings at issue are expired patents that previously covered the marked products, the presumption of intent to deceive is weaker.”³⁸

While the burden on the defense appears intimidating, a cursory review of the false marking cases recently resolved show that defendants have been able to meet this standard. In the last two years, only two false marking plaintiffs have prevailed on the merits, and neither of those dealt with expired patents.³⁹ At the same time, with the weaker presumption of deceptive intent applicable in expired patent cases, the few remaining defendants that have reached the merits have rebutted this presumption by pointing to the high cost for retooling, the good faith reliance on advice of counsel to use “may be covered” language, and the truthful nature of the “may be covered” language.⁴⁰

The Trouble with Settling

A cursory review of the false marking suits over the last two years shows that many defendants have been sued multiple times under this statute, although generally for different products.⁴¹ The courts seem to be in uniformity that only one *qui tam* plaintiff may recover for false marking on a particular product, and that sole plaintiff will be the first-filer.⁴² The reality is that companies may have other falsely marked products, not all of which may be at issue in a given case. Even more troublesome, since the false marking statute makes each act of “offering for sale” a punishable offense, each day there is outstanding inventory potentially constitutes an entirely new false marking violation. Accordingly, two primary reasons defendants may not want to settle⁴³ are (1) fear of being pegged an easy target for future law suits and (2) the uncertainty that arises as no settlement has ever been challenged, much less upheld.

There is no Federal Circuit law addressing the scope of settlements for false marking claims, and the false marking statute is silent as to the government’s involvement. In light of this uncertainty, the

questions that any settlement document or order should address are whether:

- The settlement should be filed with the court;
- The complaint will be amended to disclose all falsely marked products;
- The settlement should be broad enough to absolve liability for unasserted products;
- The *qui tam* settlement will be submitted to the Department of Justice for review and objection; and
- The issue of outstanding inventory will be addressed.

At least one plaintiff has offered a settlement that addresses all of those issues. One recent suit brought by Texas’ Patent Group LLC was resolved with an order dismissing the case with prejudice and providing that:

1. All claims of false marking brought “by or on behalf of the United States” were dismissed as to any product manufactured or sold by defendant;
2. Defendant was given a “reasonable period of time” to sell off its inventory without further liability; and
3. Patent Group had authority to act on behalf of the US and “was in privity” with the government.⁴⁴

While any duly executed settlement should presumably prevent another plaintiff from suing for false marking over the products asserted (under either the first-filer rule or *res judicata*), it is uncertain whether a global settlement for all products or patents will be upheld when it is eventually tested. Likewise, the ability of a *qui tam* relator to dismiss future claims for not-yet-arising violations has not been affirmed and would likely test the limits of what a *qui tam* relator may do.

Accordingly, the more specific the complaint is as to what are the falsely marked products, the more likely any subsequent case is to be dismissed as duplicative. However, this requires disclosing other falsely marked products that subsequent plaintiffs

may seek to use as evidence of a habit of falsely marking products. As such, there are risks even in disclosing other false markings.

Proposed Legislation to Amend the False Marking Statute

Many have turned to Congress for changes to the false marking statute, but despite attempts during the last two sessions, no reprieve seems to be on the immediate horizon as all pending legislation has since lapsed for inactivity.

The omnibus Patent Reform Act of 2010⁴⁵ introduced in May 2010 attempted to reform the false marking act but failed to make it beyond the committee phase. More recently, Ohio Representative Robert Latta introduced House Resolution 6352 to change the false marking statute to reflect how it was originally interpreted. H.R. 6352, introduced on September 29, 2010, would change the law to (1) alter the standing requirement to provide a remedy only to those who have suffered “a competitive injury;” (2) define a violation on an aggregate basis rather than a per-article basis; and (3) cap the damages at \$500 “in the aggregate, for all offenses in connection with such articles.” This bill was referred to the House Judiciary Committee but lapsed for lack of resolution prior to the end of the term.

Finally, the Senate’s attempt at changing the *qui tam* law seems to be gaining some steam, having been referred by the Judiciary Committee to a general vote of the Senate. Part of the Patent Reform Act of 2011 introduced by Senator Leahy (D-VT), Senate Bill 23 proposed to the following amendment to false marking:

(1) IN GENERAL—Section 292 of title 35, United States Code, is amended—

(A) in subsection (a), by adding at the end the following:

‘Only the United States may sue for the penalty authorized by this subsection.’; and

(B) by striking subsection (b) and inserting the following:

‘(b) Any person who has suffered a competitive injury as a result of a violation of this section may file a civil action in a district court of the United States for recovery of damages adequate to compensate for the injury.’

(2) EFFECTIVE DATE—The amendments made by this subsection shall apply to all cases, without exception, pending on or after the date of the enactment of this Act.

This bill removes the *qui tam* element, providing that only the government has standing to bring an action for statutory damages. Competitors remain protected by preserving their ability to sue for actual damages.

Absent legislative action, this statute may even be stricken from the books as unconstitutional, at least according to one court. On February 23, 2011, a court in the Northern District of Ohio in *Unique Prod. Solutions, Ltd. v. Hy-Grade Valve, Inc.*, found the statute unconstitutional for failure to comply with the Take Care Clause of the Constitution.⁴⁶ As of this writing, no appeal has yet been filed. While either Congress or the Federal Circuit will make some determinations, it is unclear exactly what those decisions will be. In the mean time, risk managers should be wary of these suits and consider updates to their marking policies, where necessary.

Notes

1. Dionne Searcey, “Will Anything Stem the Pending Flood of Patent Marking Suits?,” Sept. 1, 2010, <http://blogs.wsj.com/law/2010/09/01/will-anything-stem-the-pending-flood-of-patent-marking-suits> (last visited Feb. 15, 2011).
2. Justin E. Gray, “False Marking—Over 500 Suits Filed in 2010; New Bill Proposed to ‘Fend Off’ Such Suits,” *Gray on Claims*, Oct. 20, 2010, <http://www.grayonclaims.com/home/2010/10/20/false-marking-over-500-suits-filed-in-2010-new-bill-proposed.html> (last visited Feb. 15, 2011); McDonnell Boehnen Hulbert & Berghoff LLP, “District Court Cases,” *False Patent Marking*, www.false-marking.net/district.php (last visited Feb. 15, 2011).
3. *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1304 (Fed. Cir. 2009).
4. *Stauffer v. Brooks Brothers, Inc.*, 619 F.3d 1321 (Fed. Cir. 2010).
5. *Forest Group*, 590 F.3d 1303, “Forest argues that interpreting the fine of §292 to apply on a per article basis would encourage ‘a new cottage industry’ of false marking litigation by plaintiffs who have not suffered any direct harm. This, however, is what the clear language of the statute allows.”
6. 35 U.S.C. § 292.
7. *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1351 (Fed. Cir. 2005).

8. Justin E. Gray, "2010 False Marking Year In Review, Looking Forward," Gray on Claims, <http://www.grayonclaims.com/home/2011/1/28/2010-false-marking-year-in-review-looking-forward.html> (last visited Feb. 15, 2011).
9. *Pequignot v. Solo Cup*, 608 F.3d 1356, 1359-1360 (Fed. Cir. 2010).
10. *United States ex rel. FLMC, LLC. v. Wham-O, Inc.*, No. 10-cv-0435 (W.D. Penn. Aug. 3, 2010) (Wham-O being the referred to small corporation having only three employees).
11. *United States ex rel. FLMC, LLC. v. Wham-O, Inc.*, No. 10-cv-0435 (W.D. Penn. Aug. 3, 2010).
12. *Pequignot*, 608 F.3d at 1362. In *Pequignot v. Solo Cup*, the district court held that the "covered by one or more of the following patents" disclaimer to be a false mark of patent protection, and the Federal Circuit, in dicta, agreed. Approvingly discussing the denial of the motion to dismiss, the Federal Circuit explained the conditional disclaimer "clearly suggested the article [is] protected by the patent laws." 608 F.3d at 1359-1360.
13. 608 F.3d at 1360.
14. A different patent statute, the patent marking statute, 35 U.S.C. § 287, allows a patent owner to provide public notice of the owner's patent by marking products or product packaging with the related patent number. If notice is not given, the patent owner cannot recover damages for infringement except on proof that the infringer was actually notified of the infringement and continued to infringe thereafter. Then, the owner may only recover damages arising after the actual notice to the infringer. So, the patent owner needs to keep the mark on the product for the full term to discourage infringers.
15. Glenn G. Lammi, "Target of False Patent Marking Suit to Argue Bounty Hunting Scheme Unconstitutional," <http://blogs.forbes.com/docket/2010/11/19/target-of-false-patent-marking-suit-to-argue-bounty-hunting-scheme-unconstitutional/>.
16. *NDW Patent Innovations LLC v. Proctor & Gamble*, 4:10-cv-00519-MHS-ALM, Complaint at ¶ 18 (E.D. Tex. Sept. 30, 2010).
17. *Id.* at ¶ 22.
18. Many defendants have filed a motion to transfer along with a motion to dismiss with notable success, at least in single-defendant cases where defendant has no real presence in the district. It should be noted that the standard for transfer motions varies among the circuits. In *re Volkswagen of Am., Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009) (*Volkswagen III*). As a general matter, courts have not acted deferential to the plaintiff's choice of forum and have overwhelmingly granted these motions. *Compare* *Promote Innovations, LLC, v. Ortho-McNeil Pharma., LLC*, No. 2:10-CV-109(TJW) (E.D. Tex. Nov. 23, 2010) (order granting transfer to New Jersey); *Promote Innovations, LLC, v. Little Kids, Inc.*, No. 2:10-cv-00135 (TJW) (E.D. Tex.) (Nov. 23, 2010) (order granting transfer to Massachusetts); *Americans For Fair Patent Use, LLC v. The Orvis Co., Inc.*, 2:10-cv-00439 (E.D. Tex. Jan. 19, 2011) (granting transfer to Vermont); *Just Intellectuals, PLLC v. Clorox Co.*, No. 10-12415 (E.D. Mich. Dec. 10, 2010) (granting transfer to the Northern District of California); *Brinkmeier v. Exergen Corp.*, C.A. No. 10-176-SLR (D. Del. Jan. 3, 2011) (granting transfer); *Simonian v. Monster Cable Prods.*, No. 10 C 1269 (N.D. Ill. Nov. 22, 2010) (Bucklo, J.) (granting transfer); *Simonian v. Pella Corp.*, No. 10 C 1253 (N.D. Ill. Aug. 5, 2010) (Bucklo, J.); *with Texas Data Co. L.L.C. v. Target Brands, Inc.*, 10-CV-269 (E.D. Tex. Jan. 12, 2011) (denying transfer). A general trend has been to grant these, at least in single defendant cases where there is no real presence in the forum.
19. *See Brinkmeier v. Graco Children's Products, Inc.*, 684 F. Supp. 2d 548 (D. Del. Feb. 16, 2010).
20. *Baker v. Bausch & Lomb, Inc.*, 2-10-cv-02273 (W.D. Tenn. order of Jan. 21, 2011) (vacating dismissal of plaintiff's complaint after plaintiff amended to allege defendant continued false marking after being served with original complaint).
21. *See, e.g., Exergen Corp.*, 575 F.3d at 1327 (applying Rule 9(b) standards of review to the intent-to-deceive element of inequitable conduct claims).
22. *Exergen Corp.*, 575 F.3d at 1327 & n.4 (explaining the pleading requirements of Rule 9(b) for inequitable conduct).
23. *Exergen Corp.*, 575 F.3d at 1327.
24. 610 F.3d at 1328.
25. *Simonian v. Irwin Indus. Tool Co.*, No. 10 C 1260, 2010 U.S. Dist. LEXIS 89233, *5-6 (N.D. Ill. Aug. 27, 2010); *Hollander v. EUSA Pharma (USA), Inc.*, No. 2:10-CV-00492 (E.D. Pa., August 26, 2010); *Luka v. Revlon*, Case No. 1:10-cv-02059 (N.D. Ill., September 1, 2010).
26. *See Gray supra* n.2, showing that 201 of the 500 false marking suits have been brought in Texas.
27. *See, e.g., Astec Am., Inc. v. Power-One, Inc.*, No. 6:07-CV-464, 2008 WL 1734833, at *12 (E.D. Tex. Apr. 11, 2008) (Love, M.J.) (holding that Rule 9(b) does not apply to claims under 35 U.S.C. § 292); *see also Promote Innovation LLC v. Ranbaxy Laboratories, Inc.*, No. 2:10-cv-121, 2010 WL 3120040 (E.D. Tex. July 14, 2010) (Everingham, M.J.).
28. *See Gray supra* n.2, showing that the Northern District of Illinois ranks second with 68 cases filed there in 2009.

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29. *Simonian v. Blistex, Inc.*, No. 10 C 1201 (N.D. Ill. order of Feb. 7, 2010) (St. Eve, J.); *Simonian v. Oreck Corp.*, 10-CV-1224, 2010 WL 3385465, at *4 (N.D. Ill. Aug. 23, 2010) (Gettleman, J.).
30. *Simonian v. Edgcraft Corp.*, No. 10 C 1263 (N.D. Ill. Sept. 20, 2010) (Grady, Sen. J.); *McNamara v. Natural Organics, Inc.*, No. 10 C 3544 (N.D. Ill. Sept. 1, 2010) (Shadur, Sen. J.).
31. *See Brinkmeier v. BIC Corp.*, Civ. No. 09-860-SLR, 2010 WL 3360568 at *10 (granting defendant's motion to dismiss pursuant to Rule 9(b) on a similar sophisticated-company boilerplate complaint); *Herengracht Group v. W.M. Wrigley Jr. Co.*, Case No. 10-21784-CIV-GOLD/MCALILEY, slip op. at 11 (granting defendant's Rule 9(b) motion explaining "by failing to allege more than simply Wrigleys sophistication and experience and knowledge regarding patents, [Relator] has failed to plead an actual intent to deceive"); *Advanced Cartridge Techs., LLC v. Lexmark Int'l, Inc.*, No 8: 10-cv-486-T-23TGW, 2010 WL 2640137, at *1; *Simonian v. Cisco Sys., Inc.*, No. 1:10-cv-01306, 2010 WL 2523211, at *3.
32. *Brinkmeier v. Graco Children's Prod., Inc.*, 684 F. Supp. 2d 548 (D.Del. Feb. 16, 2010) (ruling complaint insufficient under Rule 8(a)).
33. *Compare McNamara v. Natural Organics, Inc.*, No. 10 C 3544, slip op. (N.D. Ill. Sep. 1, 2010) (Shadur, Sen. J.).
34. *Simonian v. BP Lubricants*, Misc. Dckt. No. 960 (Fed. Cir. Sept. 15, 2010).
35. "The position of the United States is that, consistent with other cases 'sounding in fraud,' False Marking cases should be subject to the pleading requirements of Rule 9(b) . . . The conclusory allegations pled in this case, i.e., that a defendant is a 'sophisticated company' which 'knows, or should know' that the patent at issue had expired, are insufficient to satisfy Rule 9(b)'s pleading standard, even under its relaxed standard for pleading intent." *Simonian v. BP Lubricants*, Misc. Dkt. No. 960, Amici Brief of the Department of Justice at p.2 (Fed. Cir. Oct. 20, 2010).
36. *Pequignot*, 608 F.3d at 1362-1363.
37. *Clonotech Labs, Inc. v. Invitrogen Corp.*, 406 F.3d 1347 (Fed. Cir. 2005).
38. *Pequignot*, 608 F.3d at 1362-1363.
39. *Custom Designs of Nashville, Inc. v. ALSA Corp.*, 3-08-cv-00665 (M.D. Tenn. July 7, 2008) (defendant claimed patent pending where there was no patent pending); *Forest Group v. Bon Tool*, 590 F.3d 1303 (licensee stopped purchasing goods from patentee, bought very similar goods for resale and labeled them with patentee's patent number, filed declaratory judgment action alleging non-infringement, continued marking after victory on non-infringement).
40. *Id.*
41. *But see Patent Group, LLC v. G.T. Water Prod., Inc.*, No. 6-10-cv-00234 (E.D. Tex. Apr. 30, 2010) (false marking suit over the Master Plunger and Drain King products dismissed on Nov. 23, 2010); and *San Francisco Tech. Inc. v. G.T. Water Prod. Inc.*, No. 2:10-cv-08109 (C.D. Cal. Oct. 27, 2010) (false marking suit over same products filed on Nov. 23, 2010).
42. Courts that have addressed the issue of dual suits over the same marked products recognize that only one plaintiff is allowed to bring a *qui tam* claim on behalf of the government. *Dixit v. Easy Gardner Prod., Inc.*, No. 7:10-cv-00094 (S.D. Tex. order of Aug. 2, 2010) (dismissing case where second false marking suit attempted to recover for same false markings); *see also San Francisco Tech., Inc. v. The Glad Prod. Co.*, No. 5:10-cv-00966 (N.D. Cal. order of July 19, 2009) (dismissing claims against certain defendant because "even assuming standing generally, the claims of the United States government previously were assigned" thereby depriving plaintiff of standing); *Simonian v. Quigley Corp.*, No. 10-c-1259, 2010 U.S. Dist. LEXIS 72590, at *5 (N.D. Ill. July 19, 2010) ("the false marking statute contains no provision allowing multiple private plaintiffs to share in recovery. Rather, it contemplates only a single action brought by a private individual on behalf of the U.S.").
43. Many defendants have settled these cases. Recent reports obtained from the Department of Justice via Freedom of Information Act Requests indicate 112 false marking cases settled last year. *See Justin E. Gray, Summary of False Marking Settlements May—December 2010*, Gray on Claims, <http://www.grayonclaims.com/home/2011/2/13/summary-of-false-marking-settlements-may-december-2010.html> (last visited Feb. 15, 2011).
44. *Patent Group LLC v. P.F. Harris Man. Co., LLC*, No. 6:10-cv-141 (E.D. Tex. Aug. 10, 2010); *Patent Group LLC v. Kness Mfg. Co., Inc.*, No. 6:10-cv-233 (E.D. Tex. order of Oct. 26, 2010).
45. H.R. 1260 in the House, S.515 in the Senate.
46. 5:10-cv-01912-DAP, D.I. 18 (N.D. Ohio order of Feb. 23, 2011).

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