IMPORTANT REMINDER TO POLICE YOUR PRODUCTS: FALSE PATENT MARKING LAWSUITS ARE SKYROCKETING

Intellectual Property Litigation Alert
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Recent activity at the Federal Circuit and in district courts is revealing a rise in false patent marking lawsuits, initiated as *qui tam* actions.

Qui tam is a writ allowing a private individual to bring an action on behalf of the United States and to receive a part of any penalty. Notably, there is a *qui tam* provision in 35 U.S.C. § 292, covering claims that goods or services have been marked with expired, invalid, or inapplicable patents. Under 35 U.S.C. § 292(b), "any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States."

Two recent cases identify reasons why all markings of patent numbers for expired, invalid, or inapplicable patents must be removed from products and associated marketing materials (including website advertising). Most recently, in *Raymond E. Stauffer v. Brooks Bros. Inc.*, the Federal Circuit held that the plaintiff — a patent attorney with no relationship to Brooks Brothers — had standing to bring this *qui tam* action, and that the government appropriately intervened to prosecute the action. The Court held that the government has a concrete interest in enforcement of its laws and in one-half the fine that plaintiff claims. The Court noted that the government would not be able to recover a fine from Brooks Brothers if plaintiff lost, due to *res judicata*. Therefore, "the United States' ability to protect its interest in this particular case would be impaired by disposing of this action without the government's intervention."

On June 28, 2010, the Federal Circuit issued its opinion in *Pequignot v. Solo Cup* Co. In this case, the Court held that Solo Cup Company was not liable for false marking of expired patents on its plastic cups because it did not possess the requisite intent for liability. To be liable for false marking, a party must mark an "unpatented article." An article covered by an expired patent is "unpatented" under 35 U.S.C. § 292. Additionally, an article that was once protected by a now-expired patent is considered the same as one that was never patented because both are in the public domain. Although the Federal Circuit ultimately held Solo Cup was not liable under 35 U.S.C. § 292, because it did not possess the requisite level of intent, the company was forced to bear the expense of litigating through the district court and Federal Circuit simply because it maintained an expired patent number on its cups.

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In *Solo Cup*, the *qui tam* plaintiff was a patent attorney who accused Solo Cup of falsely marking over 21 billion cups, seeking $500 per article. According to 35 U.S.C. § 292(b), the attorney who brought this *qui tam* action could have been entitled to half of any the damages award in this case the amount sought was $5.4 trillion.

In recent months, Pfizer, Abbott, Celgene, and Schering Corp. have also been sued for falsely marking their products with expired patent numbers.

These two Federal Circuit cases, in conjunction with the flurry of district court activity, have prompted us to once again remind our potentially affected clients to remove all expired, invalid, or inapplicable patent numbers from your products and associated marketing materials (including website advertising).