

IS QUI TAM THE NEW BLACK IN PATENT LITIGATION?

Intellectual Property Litigation Alert
August 5, 2010

Practices & Industries

Intellectual Property Litigation

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

Qui tam is a writ allowing a private individual to assist in prosecution of a fraud and receive a part of any penalty. Notably, there is a *qui tam* provision in 35 U.S.C. § 292. 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.”

The most recent false marking case decided by the Federal Circuit is *Pequignot v. Solo Cup Co.*, 608 F.3d 135-6 (Fed. Cir. 2010).

On June 28, 2010, the Federal Circuit held that Solo Cup 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, the company suffered monetary damages due to the cost of litigating through the district court, obtaining an opinion of counsel, and appealing through the Federal Circuit simply because it maintained an expired patent number on its cups.

In *Solo Cup*, the *qui tam* plaintiff was a patent attorney who accused Solo Cup of falsely marking 21,757,893,672 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 the damages reward \$5.4 trillion dollars.

Just last month Pfizer, Abbott, Celgene, and Schering Corp. were sued for falsely marking their products with expired patent numbers.

Seeing these cases on the rise should be a reminder to all companies with expired patents: remove that number!

