

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION**

PATENT GROUP LLC	§	
	§	
v.	§	No. 6:10-cv-407
	§	
	§	
ULTIMATE SPORTS CO.	§	

**ORDER GRANTING MOTION TO DISMISS**

This is a patent false marking case. Relator Patent Group LLC accuses Defendant Ultimate Sports Co. of marking its All American Mouthguard products with two expired patent numbers. Defendant moves to dismiss on the basis that Relator has not alleged sufficient facts to support an inference that Defendant marked its products for the purpose of deceiving the public. For the reasons stated, Defendant’s motion (Doc. No. 16) is GRANTED-IN-PART. Relator may amend its complaint within thirty days.

**DISCUSSION**

Defendant produces a sports mouthguard sold under the brand name All American Mouthguard. Printed on the back of the product’s packaging are U.S. Patent Nos. 3,250,272 and 3,411,501. These patents expired on May 10, 1983, and November 19, 1985, respectively.

Patent Group filed suit as a qui tam relator pursuant to 35 U.S.C. § 292. Section 292 prohibits using a patent number on a product for the purpose of deceiving the public. 35 U.S.C. § 292(a). To successfully bring a claim for false marking, a relator must demonstrate that: (1) the product was not patented; and (2) the marking was done with intent to deceive the public. *Forest Grp., Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1300 (Fed. Cir. 2009).

Defendant challenges Relator’s complaint as lacking sufficient allegations from which to

infer an intent to deceive the public. The complaint alleges:

Defendant is a sophisticated company and has many decades of experience applying for, obtaining, maintaining and litigating patents. Defendant also has extensive experience manufacturing products and either marking or not marking them with words or numbers indicating that such products are protected by patents or pending applications.

Compl. at ¶ 18. The complaint further alleges that Defendant received notice of when the patents would expire and that Defendant knew or should have known the patents were expired when it marked the products. Compl. at ¶ 19–47.

Defendant argues that these allegations are insufficient to satisfy Rule 9(b) and support an inference that it marked the product for the purpose of deceiving the public. Defendant relies heavily on the recent Federal Circuit decision *In re BP Lubricants*, 637 F.3d 1307 (Fed. Cir. 2011).

In *BP Lubricants*, the Federal Circuit addressed for the first time the sufficiency of false marking allegations. 637 F.3d at 1310. The court began by confirming that the heightened pleading standard of Rule 9(b) applies to false marking cases. *Id.* at 1311. To satisfy that standard, a complaint must include facts “from which a court may reasonably infer that a party acted with the requisite state of mind.” *Id.* (quoting *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327 (Fed. Cir. 2009)).

The Federal Circuit dismissed conclusory allegations as inadequate to support such an inference. *Id.* at 1312. The court specifically rejected as insufficient a contention that the defendant was a “sophisticated company and has experience applying for, obtaining, and litigating patents.” *Id.*

Something more is necessary before the Court can infer intent. But the appellate court did not explain what would be sufficient. The Federal Circuit acknowledged an argument raised in the

Government's amicus brief that a relator might be able to "allege that the defendant sued a third party for infringement of the patent after the patent expired or made multiple revisions of the marking after expiration." *Id.* But the court stopped short of saying such allegations would have been enough. *Id.* Whatever the allegations, they must add up in a way that enables the Court to reasonably infer Defendant's intent.

Turning to the present complaint, the Court does not find factual allegations from which it can infer Defendant's intent. That Defendant is a sophisticated company is clearly not enough in light of *BP Lubricants*. And Relator's contention that Defendant has experience "maintaining and litigating patents" is conclusory. *Id.* at 1309 ("[A] complaint alleging false marking is insufficient when it only asserts conclusory allegations").

For the same reason Relator's related allegations that Defendant (1) would have received notice of the patents' expiration or (2) would have known the patents were expired because it was not paying maintenance fees are inadequate. Such contentions are inherent in the allegation that Defendant is a sophisticated company that knew or should have known the patent was expired. They do not provide further evidence of Defendant's experience with the patents. Nor do they evidence a conscious decision by Defendant to continue marking the product despite the patents' expiration.

Therefore, Relator's complaint fails to satisfy Rule 9(b) and should be dismissed. But the Court will grant Relator leave to amend in light of the recent *BP Lubricants* opinion. "[D]istrict courts often afford plaintiffs at least one opportunity to cure pleading deficiencies before dismissing a case, unless it is clear that the defects are incurable." *Great Plains Trust Co. v. Morgan Stanley Dean Witter & Co.*, 313 F.3d 305, 329 (5th Cir. 2002); *see also United States ex rel. Adrian v. Regents of Univ. of Calif.*, 363 F.3d 398, 403 (5th Cir. 2004) (stating that "[l]eave to amend should

be freely given” and refusing leave to amend without justification is an abuse of discretion).

**CONCLUSION**

For the reasons stated, Defendant’s motion is GRANTED-IN-PART. Relator may amend its complaint within thirty days.

**SIGNED this 12th day of July, 2011.**

A handwritten signature in black ink, reading "Michael H. Schneider". The signature is written in a cursive style with a large initial "M".

---

MICHAEL H. SCHNEIDER  
UNITED STATES DISTRICT JUDGE