

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

PATENT GROUP LLC,  
Relator

v.

ULTIMATE SPORTS CO.,  
Defendant.

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Civil Action No.6:10-cv-00407-MHS

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DEFENDANT'S REPLY IN SUPPORT OF MOTION  
TO DISMISS FOR PLAINTIFF'S FAILURE TO STATE A CLAIM

Relator failed to properly plead the scienter necessary to support a claim for false marking under 35 U.S.C. § 292, specifically the "intent to deceive the public." In the absence of appropriate factual allegations, Relator's claims fail under Fed. R. Civ. P. 9(b), 12(b)(6), and current Federal Circuit case law, *In re BP Lubricants USA Inc.*, 2011 WL 873147 (Fed. Cir., Mar. 15, 2011) (issuing writ of mandamus directing lower court to dismiss a false marking claim for failing to plead appropriate facts under 12(b)(6) and 9(b)). Relator's opposition to Defendant's dismissal motion did not address *BP Lubricants* at all, nor did it address any cases decided after *BP Lubricants*.

**Introduction**

1. Relator is PATENT GROUP LLC; defendant is ULTIMATE SPORTS CO. (Ultimate Sports).
2. Relator sued defendant for false patent marking under 35 U.S.C. § 292.
3. Ultimate Sports filed a motion to dismiss for failure to state a claim.
4. Relator opposed the motion to dismiss, but made no attempt to amend its pleading to more specifically state its claim, or to address the controlling case law laid out in *BP Lubricants*.

### Argument

#### ***Relator Failed to State a Claim Under Federal Rules of Civil Procedure 12(b)(6) and 9(b)***

5. Relator's Complaint should be dismissed under Rule 12(b)(6) because Relator fails to allege that Ultimate had an intent to deceive the public, with the particularity required under Rule 9(b).
6. On March 15, 2011, the Federal Circuit clarified that the proper pleadings standard for the "intent to deceive" element of false marking cases is that set forth in Rule 9(b). See *In re BP Lubricants USA Inc.*, 2011 WL 873147 (Fed. Cir. Mar. 15, 2011).
7. In analyzing *BP Lubricants* the Court examined the pleading, which contained language that is almost exactly the same as Relator's pleading and opposition in this case, specifically, that the *BP Lubricants* Defendant was a "sophisticated company and has experience applying for, obtaining, and litigating patents." *Id.* at \*4.
8. Here, Relator states that the Defendant is "a sophisticated company with many decades of experience applying for, obtaining, maintaining, and litigating patents..." Complaint at 18-19.
9. To directly quote the *BP Lubricants* Court,

"That bare assertion provides no more of a basis to reasonably distinguish a viable complaint than merely asserting the defendant should have known the patent expired. Conclusory allegations such as this are not entitled to an assumption of truth at any stage in litigation." *In re BP Lubricants USA Inc.*, 2011 WL 873147, \*4. (Fed. Cir. Mar. 15, 2011).
10. The *BP Lubricants* Court went on to identify ways that a Relator could identify the

intent to deceive the public, for instance, “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.*

11. The Relator in this case made no such allegations, and instead relies on the Court to infer from formulaic language, relating to no actively deceptive conduct, that Ultimate Sports intended to deceive the public.
12. The Relator also relies on the concept of a rebuttable presumption of deceptive intent outlined in *Pequignot v. Solo Cup Co.*, 608 F.3d 1356, 1362-63 (Fed. Cir. 2010) to justify the continuation of this suit.
13. However, the Federal Circuit discussed this exact issue in *BP Lubricants*. Specifically, the Court wrote that although there may be a rebuttable presumption of deceptive intent, the Relator must show a “purpose of deceit” rather than a mere “knowledge that a statement is false.” *BP Lubricants* at \*4.
14. The *BP Lubricants* Court went on to state “[t]hat relator pled the facts necessary to activate the *Pequignot* presumption is simply a factor in determining whether Rule 9(b) is satisfied; it does not, standing alone, satisfy Rule 9(b)'s particularity requirement.” *Id.*
15. Relator relies on several pre-*BP Lubricants* cases to support its opinion, but references no cases decided after *BP Lubricants*. In the one Texas case<sup>1</sup> Ultimate Sports was able to discover which analyzed *BP Lubricants*, the Court wrote about a company manufacturing toy cars. *North Texas Patent Group, Inc. V. Manhattan Group LLC*, 2011 WL 1457373 (N.D. Tex. April 15, 2011). Under

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<sup>1</sup>This case would not have been available to Relator, as it was announced four days after Relator’s Opposition was filed.

the fact pattern there, the actual co-inventor was involved in the business of marketing and distributing the toy cars, and the business had allegedly mis-marked more than twenty products. *Id.* at \*3.

16. Notwithstanding the argument that the co-inventor of the patent would know when his patent expired and what it covered, and that he was involved with the “brand creation” and “corporate identity” of the marked products, the Court held that no allegations supporting the requirement of an “intent to deceive” had been made. *Id.* at \*2.
17. The *North Texas Patent Group* Court also noted that the argument regarding “sophisticated compan[ies]” hiring “sophisticated legal counsel” was “squarely foreclosed” by *BP Lubricants*. *North Texas Patent Group, Inc.*, at \*3, n. 3.
18. The Federal Circuit was very clear about the requirements of a false marking claim under 35 U.S.C. § 292. Relator has not met its burden of pleading with particularity in relying on the “sophisticated company” with “sophisticated counsel” argument, or in the “rebuttable presumption” argument. As both these grounds for retaining a false marking claim have been squarely foreclosed by the Federal Circuit, this suit should be dismissed.

### **Conclusion**

Because the Relator did not state a claim upon which relief can be granted, the court should dismiss the suit. For the foregoing reasons, Ultimate Sports respectfully requests that this Court grant Ultimate Sports’ motion to dismiss under Rule 12(b)(6) with prejudice. In the alternative, Ultimate Sports respectfully requests that this Court grant Ultimate Sports’ motion for relief from Rule 12(g) and grant Ultimate Sports’ Rule

12(b)(6) motion with prejudice.

Respectfully submitted, *MOSSER LAW PLLC*

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**Certificate of Conference**

I certify that I have conferred with Mr. Good, the attorney for Plaintiff, and he does not object to the filing of this reply, however, he does oppose the dismissal of the case.

**Certificate of Service**

I certify that a copy of this document was served on May 13, 2011, via the CM/ECF system, which will automatically serve a Notice of Electronic Filing on the following attorney in charge for Plaintiff:

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