

Intellectual Property Client Service Group

To: Our Clients and Friends

June 11, 2010

Pequignot v. Solo Cup Company - - The Federal Circuit puts the lid on false patent marking.

The patent marking statute, 35 U.S.C. § 292(a), creates a cause of action against a company or manufacturer who, for the purpose of deceiving the public, falsely marks unpatented products as patented. Damages can be awarded in the amount of \$500 *per falsely marked article* and any person may sue to collect the damages, with half of the proceeds going to the Federal Government.

In *Pequignot v. Solo Cup Company*, No. 2009-1547 (Fed. Cir., June 10, 2010), patent attorney Michael Pequignot sued Solo Cup Company (“Solo”) for falsely marking over 21 million cup lids with two expired patents, and for falsely marking millions of other items with the phrase “may be covered by one or more U.S. and foreign pending or issued patents” and inviting a visit to “www.solocup.com” for further details. At a rate of \$500 per item, potential damages for the alleged false marking of the ubiquitous plastic cup lids were calculated at upwards of 10 trillion dollars.

Solo asserted that articles marked with an expired patent could not be considered “unpatented” articles under Section 292(a) because they were at one time protected by patents. The Federal Circuit disagreed, holding that an article previously covered by a now-expired patent is “unpatented” within the meaning of the statute. As such, Solo’s products “marked with expired patent numbers are falsely marked.”

With respect to the deceptive intent requirement, Solo admitted knowing that the patents were expired and that the products in some of the “may be covered” packaging were unpatented. The Federal Circuit held that the combination of a false statement and knowledge of the falsity creates a presumption of intent to deceive the public. But, the Federal Circuit further noted that the presumption is rebuttable and the bar for proving deceptive intent is “particularly high.” Making a distinction between “knowledge” and “purpose,” the Federal Circuit emphasized that the statute requires that the false marker act “‘for the purpose of deceiving the public,’ a purpose of deceit, rather than simply knowledge that a statement was false....”

Solo successfully rebutted the presumption by showing that the manner in which it marked its products was done in compliance with the advice of counsel and by explaining its true intent to minimize costs

This Client Bulletin is published for the clients and friends of Bryan Cave LLP. Information contained herein is not to be considered as legal advice. This Client Bulletin may be construed as an advertisement or solicitation. © 2010 Bryan Cave LLP. All Rights Reserved.

and business disruption. For instance, Solo presented credible evidence that it had discontinued manufacturing molds bearing the expired patent numbers, molds which can last 15-20 years, and took the good faith step of replacing worn out molds with unmarked molds.

Solo's use of the "may be covered" language also aided its rebuttal of a presumption of an intent to deceive. The Federal Circuit specifically noted it was "highly questionable" that such a statement could be made "for the purpose of deceiving the public," particularly when Solo did not definitively state that any product was covered by a patent and further provided customers with the ability to verify whether a product was indeed covered by visiting its website.

In summary, in *Pequignot* the Federal Circuit held that marking a product with expired patents constitutes false marking, that knowingly marking a product with expired patents creates a rebuttable presumption of intent to deceive the public, and provided some guidance concerning the kinds of evidence that may be used to rebut this presumption. This decision will undoubtedly significantly affect the many false patent marking cases that have been filed over the past year.

If you would like to discuss how *Pequignot v. Solo Cup Company* may affect your business, please contact any of the following members of Bryan Cave's [Intellectual Property Client Service Group](#):

Kara E.F. Cenar
(312) 602-5019
kara.cenar@bryancave.com

George C. Chen
(602) 364-7367
george.chen@bryancave.com

J. Bennett Clark
(314) 259-2418
ben.clark@bryancave.com

Daniel A. Crowe
(314) 259-2619
dacrowe@bryancave.com

Stephen P. Gilbert
(212) 541-1236
spgilbert@bryancave.com

Stephen M. Haracz
(212) 541-1271
smharacz@bryancave.com

Edward J. Hejlek
(314) 259-2420
edward.hejlek@bryancave.com

Kevin C. Hooper
(212) 541-1266
kchooper@bryancave.com

Lawrence G. Kurland
(212) 541-1235
lgkurland@bryancave.com

Robert G. Lancaster
(310) 576-2239
rqlancaster@bryancave.com

K. Lee Marshall
(314) 259-2135
klmarshall@bryancave.com

Ryan Tyler Pumpian
(404) 572-6851
ryan.pumpian@bryancave.com

Joseph Richetti
(212) 541-1092
joe.richetti@bryancave.com

David A. Roodman
(314) 259-2614
daroodman@bryancave.com

Benjamin J. Sodey
(314) 259-2446
benjamin.sodey@bryancave.com

Charles L. Warner
(404) 572-6718
charles.warner@bryancave.com