# Federal Circuit Finds No Violation by Solo Cup in False Patent Marking Case

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The Court of Appeals for the Federal Circuit found no violation by defendant Solo Cup for falsely marking 21 billion cup lids as being covered by expired patents, affirming the Eastern District of Virginia's prior determination as to liability and stating that Solo Cup lacked "the requisite intent to falsely mark its products."

As we have previously blogged here, here, here, and here, *Pequignot v. Solo Cup* was one of many qui tam actions pending in the wake of the Federal Circuit's December decision in *The Forest Group v. Bon Tool*, 590 F.3d 1295 (Fed. Cir. 2009). In *Forest Group*, the CAFC interpreted 35 U.S.C. § 292 to impose a fine for each falsely marked product, as opposed to the singular decision to falsely mark all products.

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In *Solo Cup*, plaintiff Matthew A. Pequignot had charged that the cup lids were "unpatented articles" and that Solo Cup had "falsely marked [them] … for the purpose of deceiving the public[,]" as required under § 292(a) to trigger the fines prescribed by the statute. The CAFC agreed with Pequignot that the cup lids were indeed "unpatented articles," but disagreed that Solo Cup had intended to deceive the public.

Solo Cup had argued that the legislative history of § 292 revealed Congress' rejection of "a proposed amendment to change the word 'unpatented' to 'not at the time secured by a patent'" and that this evidenced Congress' intent to exclude any previously patented articles from its definition of "unpatented articles." The Federal Circuit was unmoved by this argument, agreeing with the EDVA that "an article that is no longer protected by a patent is not 'patented,' and is more aptly described as 'unpatented'" and that the cup lids were, at the time of suit,

unpatented within the meaning of § 292.

With respect to Solo Cup's alleged intent to deceive, Pequignot had argued that the existence of the falsely marked cup lids, combined with Solo Cup's statement on its packaging that the lids "may be covered" by one or more patents, created a rebuttable presumption of an intent to deceive. The Federal Circuit agreed with Pequignot on this point, but held that Solo Cup had "successfully rebutted the presumption" by proffering evidence that (a) it had developed a policy whereby it would gradually replace the mold cavities containing the expired patent numbers, (b) it had obtained a favorable opinion of counsel as to the permissibility of such policy, and (c) it had been advised by counsel to include the "may be covered" language on its packaging.

Solo Cup's good faith reliance on the advice of counsel in this case, the Federal Circuit concluded, amounted to more than mere "blind assertions of good faith" given its plan to replace the molds, albeit gradually so "to reduce costs." Rather, such evidence confirmed that Solo Cup's "purpose was not to deceive the public."

Finally, the Federal Circuit addressed the meaning of the term "offense" as it is used in § 292(a). Depending on the interpretation of the term, Pequignot had argued, Solo Cup may have been liable for multiple offenses based on its awareness of the falsely marked articles, its persistence in spite of such awareness, and its inclusion of the "may be covered" language on its packaging. The Federal Circuit held that, in light of its finding of no violation in this case, this question was moot.

Dennis Crouch has also blogged about the Solo Cup decision here.

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