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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

TROLL BUSTERS© LLC,

Plaintiff,

vs.

ROCHE DIAGNOSTICS GMBH; ROCHE
MOLECULAR SYSTEMS (RMS); ROCHE
DIAGNOSTICS CORP. d/b/a/ ROCHE
APPLIED SCIENCES; EUROGENTEC NORTH
AMERICA, INC.; CLONTECH
LABORATORIES, INC.; INTEGRATED DNA
TECHNOLOGIES (IDT); LIFE
TECHNOLOGIES CORPORATION;
QUIAGEN NV.; THERMO FISHER
SCIENTIFIC, INC.; GENE LINK, INC.;
GENSCRIPT USA, INC.; EMD CHEMICALS
INC.; TRILINK BIOTECHNOLOGIES INC.;
AND CEPHEID,,

Defendants.

CASE NO. 11cv56-IEG(WMc)

Order Granting Defendants’ Motions
to Dismiss for Failure to State a Claim¹
[Doc. Nos. 90, 91, 92, 94, 96, 102, 103,
105, 107, 111, 114]; Denying
Defendant Roche Diagnostics GmbH’s
Motion to Dismiss for Insufficient
Service of Process [Doc. 92]; Granting
Defendant Qiagen NV’s Motion to
Dismiss for Lack of Personal
Jurisdiction [Doc. 111]; Granting
Defendant EMD Chemical Inc.’s
Motion to Dismiss [Doc. 114]

Defendants have moved to dismiss Plaintiff’s First Amended Complaint (“FAC”) for
failure to state a claim under Fed. R. Civ. P. 12(b)(6), arguing that the FAC fails to plead with

¹Defendants Integrated DNA Technologies, Thermo Fisher Scientific, Inc., and Life
Technologies Corp. did not separately move to dismiss, but instead filed notices of joinder with
regard to the motion filed by Roche Diagnostics Corp.[Doc. Nos. 100, 101, 113.]

1 sufficient particularity either (i) the conduct constituting false marking in violation of 35 U.S.C.
2 § 292 or (ii) that defendant acted with intent to deceive.² Several Defendants have also filed
3 motions for dismissal on other grounds. Defendant Roche Diagnostics GmbH moves to dismiss
4 under Fed. R. Civ. P. 12(b)(5) for insufficient service of process. Defendant Qiagen NV moves to
5 quash service of process under Fed. R. Civ. P. 12(b)(5), and to dismiss under Fed. R. Civ. P.
6 12(b)(2) for lack of personal jurisdiction. Defendant EMD Chemicals, Inc. moves to dismiss for
7 lack of standing, arguing a previous *qui tam* relator settled and released claims against it based
8 upon the same conduct alleged in the FAC.

9 The Court held oral argument on Defendants' motions on August 12, 2011. Based upon all
10 the parties' arguments, for the reasons explained herein, the Court GRANTS IN PART AND
11 DENIES IN PART the Defendants' motions.

12 Background

13 Troll Busters LLC provides a "freedom to operate service to invalidate patent claims that
14 are likely not valid, and is active in invalidating molecular diagnostic patents that artificially drive
15 up health care costs." [FAC, ¶ 9.] Plaintiff alleges each of the Defendants "has and continues
16 (and/or have and continue to require others) to mark upon, affix to, and/or use expired patents in
17 advertising, sales and promotion through online sales channels and in providing their products
18 through Internet websites." [FAC, ¶ 45.] Plaintiff alleges such conduct violates the false marking
19 provisions of 35 U.S.C. § 292.

20 Plaintiff identifies 22 expired U.S. Patents allegedly used by Defendants to mark various
21 products. [Id.; FAC, ¶¶ 46-70.] Plaintiff alleges that

22 Defendants' respective Internet catalogs contain statements or other patent marking
23 language that (a) certain products are marked with one or more of the Expired
24 Patents and/or (b) product categories are either allegedly protected by an Expired
Patent or require the customer to obtain a license to practice the invention of an
Expired Patent from one or more of the defendants.

26 ²Defendants also move to dismiss under Fed. R. Civ. P. 12(b)(1), arguing the *qui tam*
27 provisions are unconstitutional. The Court stayed that portion of the motions pending decision by
28 the Federal Circuit on United States ex rel. FLFMC, LLC v. Wham-O, Civ. No. 2011-1067 (Fed.
Cir. 2011), which was argued in that court on July 7, 2011. The stay remains in effect until the
earlier of the date on which the Federal Circuit files its decision in the FLFMC case, or
November 14, 2011.

1 [FAC, ¶ 70.] As to each Defendant, Plaintiff identifies particular products and particular expired
2 patents. [See, e.g., FAC ¶ 71.] Plaintiff alleges “[u]pon information and belief” that each
3 Defendant “has advertised on its online catalog” at least those products identified in the tables, and
4 “either marked these products with, or required that the customers obtain licenses for” such
5 expired patents.³ [See, e.g., FAC ¶ 71.]

6 In attempting to demonstrate intent as required by the statute, Plaintiff alleges Defendants
7 “did not have, and could not have had, a reasonable belief their products were properly marked,
8 particularly in light of Defendants Roche and Life requiring its licensees to mark its products or
9 requiring its licensees to advise its customers of the need for each customer to obtain a license to
10 an expired patent from either or both of Roche and Life.” [FAC, ¶ 96.] Defendants “are large,
11 sophisticated companies” which “have, or regularly retain, legal counsel, who are experienced in
12 patent matters.” [FAC, ¶¶ 97-98.] Further, “Defendants know that a patent expires and that an
13 expired patent cannot protect any product.” [FAC, ¶ 100.] All Defendants “are licensors and/or
14 licensees of the Expired Patents” and based thereon “defendants were acutely aware of when the
15 patents expired as that would stop the payment of royalties.” [FAC, ¶ 101.] Plaintiff alleges it
16 was common knowledge in the industry, based upon published articles, that several of the patents
17 expired in 2005 and 2006, and Defendants, as businesses in the industry, were aware of the
18 expiration of the patents. [FAC, ¶ 105.] Finally, Plaintiff alleges, “[u]pon information and belief,”
19 that most of the Defendants⁴ have not changed their website since being served with the original
20 complaint, “indicating a continuing intent to deceive the public and chill competition from
21

22 ³In addition to the form allegation that Defendant Life Technologies Corporation (“Life”) marked products with or required customers to obtain licenses for expired patents, [FAC, ¶ 82.],
23 Plaintiff also alleges “[u]pon information and belief” that Life “acted as agent for Defendant
24 Roche and required licensees to mark products with specific lists of patents according to required
25 language.” [FAC, ¶ 81.] “The required language included Expired Patents, and there were no
26 provisions to require licensees to ... remove patents that had expired” Plaintiff goes on to list
the particular patents “upon information and belief” with which Life required its licensees to
falsely mark licensed products, and the product categories upon which those patents were marked.
[Id.]

27 ⁴Plaintiff does not allege that Defendants GenLink, TriLink Biotechnologies, or Cepheid
28 failed to change their website. In addition, Plaintiff alleges that Defendant Life “has not
successfully changed its website” noting that although it “apparently attempted to disable some
links within its website ... the falsely marked expired patents still appear.” [FAC, ¶ 83.]

1 potential competitor companies.” [See, e.g., FAC, ¶ 72, 103, 104.]

2 Plaintiff sues on its own behalf and on behalf of the United States, seeking an award of
3 monetary damages of not more than \$500 for each instance of Defendants’ violations of § 292(a),
4 one half of which is to be paid to the United States. [FAC, ¶ 95.]

5 **Discussion**

6 **I. Defendants’ Motion to Dismiss for Failure to State a Claim**

7 Defendants argue Plaintiff’s FAC should be dismissed under Fed. R. Civ. P. 12(b)(6)
8 because it fails to plead with particularity the facts demonstrating Defendants violated § 292 as
9 required by Fed. R. Civ. P. 9(b). “To survive a motion to dismiss, a complaint must contain
10 sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’”
11 Ashcroft v. Iqbal, --- U.S. ----, ----, 129 S.Ct. 1937, 1949 (2009) (quoting Bell Atl. Corp. v.
12 Twombly, 550 U.S. 544 (2007)). “Determining whether a complaint states a plausible claim for
13 relief [is] a context-specific task that requires the reviewing court to draw on its judicial
14 experience and common sense.” Id. at 1950. “[W]hile the court assumes that the facts in a
15 complaint are true, it is not required to indulge in unwarranted inferences in order to save a
16 complaint from dismissal.” Metzler Inv. GmbH v. Corinthian Colls., Inc., 540 F.3d 1049, 1064-65
17 (9th Cir.2008).

18 Although § 292 provides for a civil fine, it is a criminal statute. Pequignot v. Solo Cup Co.,
19 608 F.3d 1356, 1363 (Fed. Cir. 2010). A false marking claim under 35 U.S.C. § 292 requires an
20 intent to deceive the public, and sounds in fraud. Juniper Networks, Inc. v. Shipley, 643 F.3d
21 1346, 1350 (Fed. Cir. 2011). Thus, “false marking claims must satisfy the heightened pleading
22 standard of Fed. R. Civ. P. 9(b), which provides that ‘a party must state with particularity the
23 circumstances constituting fraud or mistake’.” Id. “Rule 9(b) requires a plaintiff alleging
24 violation of § 292 to plead in detail ‘the specific who, what, when, where, and how’ of the alleged
25 fraud.” In re BP Lubricants USA, Inc., 637 F.3d 1307, 1309 (Fed. Cir. 2011). In order to survive
26 dismissal, Plaintiff must “set forth *more* than the neutral facts necessary to identify the
27 transaction” and instead must set forth the particularized factual bases demonstrating Defendants
28 violated § 292. Juniper Networks, Inc., 643 F.3d at 1350 (quoting Kearns v. Ford Motor Co., 567

1 F.3d 1120, 1124 (9th Cir. 2009)). “The Rule acts as a safety valve to assure that only viable claims
2 alleging fraud or mistake are allowed to proceed to discovery. By eliminating insufficient
3 pleadings at the initial stage of litigation, Rule 9(b) prevents relators from using discovery as a
4 fishing expedition.” *Id.* at 1310. Where a complaint is grounded in fraud, and its allegations fail
5 to satisfy the heightened pleading standard of Rule 9(b), the court properly dismisses such
6 complaint under Fed. R. Civ. P. 12(b)(6). Vess v. Ciba-Geigy Corp., 317 F.3d 1097, 1107 (9th Cir.
7 2003).

8 In relevant part, the false marking statute provides:

9 Whoever marks upon, or affixes to, or uses in advertising in connection with any
10 unpatented article, the word “patent” or any word or number importing that the
11 same is patented for the purpose of deceiving the public; ... [s]hall be fined not
12 more than \$500 for every such offense.

13 35 U.S.C. § 292(a). The “two elements of a § 292 false marking claim are (1) marking an
14 unpatented article and (2) intent to deceive the public.” Forest Group, Inc. v. Bon Tool Co., 590
15 F.3d 1295, 1300 (Fed. Cir. 2009). An article covered by an expired patent is “unpatented” within
16 the meaning of § 292. Pequignot, 608 F.3d at 1361. Conduct violating the “marks upon, or affixes
17 to” portions of the statute is relatively easy to identify – use of the word “patent” or any word or
18 number directly marked on or affixed to a product, conveying that an article is patented, is
19 prohibited. See Oakley, Inc. v. Bugaboos Eye Wear Corp., 757 F. Supp. 2d 1050, 1054 (S.D. Cal.
20 2010); Hollander v. Timex Group USA, Inc., 2011 WL 1399806, *5 (E.D. Pa., Apr. 13, 2011). In
21 order to fall under the “uses in advertising” portion of § 292, the offending conduct “must have
22 occurred in a medium or through a channel designed to promote the unpatented product to
23 consumers.” Presidio Components, Inc. v. Am. Tech. Ceramics Corp., 723 F. Supp. 2d 1284, 1334
24 n.41 (S.D. Cal. 2010); see also Timex Group, 2011 WL 1399806 at*5 (“the term ‘advertising’
25 implies an act soliciting the general public regarding the product.”).

26 *A. Does Plaintiff’s FAC sufficiently allege conduct violating § 292?*

27 Upon review, the Court concludes the FAC sufficiently alleges the “who” of Plaintiff’s
28 claim under § 292. Although Defendants argue Plaintiff must identify the specific individual
responsible for the conduct constituting false marking, the Federal Circuit has rejected such a
requirement. In re BP Lubricants, 637 F.3d at 1312 (“the naming of specific individuals is not the

1 only way to set forth facts upon which intent to deceive can be reasonably inferred”); see also
2 Luka v. Procter & Gamble Co., ___ F. Supp. 2d ___, 2011 WL 1118689, *4 (N.D. Ill. Mar. 28, 2011)
3 (“imposition of a requirement that a plaintiff identify in his complaint particular individuals
4 responsible for false marking effectively would make it impossible to plead a violation of section
5 292, except perhaps in a case involving an internal whistleblower.”)⁵

6 However, the FAC does not sufficiently alleges “when” the false marking occurred.
7 Plaintiff alleges Defendants’ false marking is ongoing [FAC, ¶ 45.] Plaintiff identifies each of the
8 patents and their expiration dates. [FAC, ¶ 69 (identifying 22 patents and their dates of
9 expiration).] However, the FAC gives Defendants no notice of when, within that time period,
10 Plaintiff alleges they engaged in false marking in violation of § 292. Plaintiff pleads much of its
11 complaint “on information and belief” and based upon its “knowledge through searching the
12 Internet web sites of the foregoing Defendants.” [FAC, ¶ 1.] Plaintiff does not identify when this
13 search occurred, and therefore states no factual basis for the conclusion the false marking is
14 ongoing. In addition, neither the Court nor the Defendants may assume the alleged false marking
15 occurred from the date the patent expired, as Plaintiff has alleged no facts to support such a claim.⁶

16 Similarly, the FAC does not sufficiently identify “where” the false marking occurred. All
17 of the allegations as to each Defendant are made “on information and belief” and in the alternative
18 (i.e. Defendant “either marked these products with, or required that the customers obtain licenses
19 for” such expired patents). At the time of the hearing, Plaintiff conceded it is unaware of any
20 place that the expired patents are actually marked upon or affixed to any product, and also that

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22 ⁵Defendant Roche cites U.S. ex rel. Heathcote Holdings Corp. v. Wm. K. Walthers, Inc., ___
23 F. Supp. 2d ___, 2011 WL 874148 (N.D. Ill. Mar. 11, 2011) for the proposition that Plaintiff must
24 identify, at the pleading stage, a particular individual at the Defendant corporations, with authority
25 to speak on behalf of the corporation, who possessed an intent to deceive. The court in that case,
however, was ruling upon cross-motions for summary judgment, and had received affirmative
evidence that no one employed by the defendant corporation was aware of the offending patent
marking.

26 ⁶Additionally, the court notes four of the patents expired more than five years before
27 Plaintiff filed the Complaint in this case. [FAC, ¶ 69 (listing expiration dates of the patents).]
28 Pursuant to 28 U.S.C. § 2462, any action for enforcement of a civil fine or penalty must be
commenced within five years after the claim first accrued. Thus, absent more particularity
regarding when the false marking occurred, some of Plaintiff’s claims may be time-barred.
See Juniper Network, 643 F.3d at 1351 (noting the statute of limitations provision of 28 U.S.C.
§ 2462 applies to false marking claims).

1 requiring customers to obtain licenses for expired patents does not violate § 292. Therefore, the
2 conduct at issue is “patent number markings in online product catalogs denoting that the advertised
3 products are protected by one of more expired patents.” [See, e.g., Plaintiff’s Response in
4 Opposition to Motion to Dismiss by Defendants Roche Molecular Systems and Roche Diagnostics
5 Corp., Doc. No. 123, p. 6.] Nonetheless, Plaintiff identifies not a single website it viewed.

6 Most troubling, however, is Plaintiff’s failure to allege with particularity “what” statements
7 by Defendants constitute false marking and “how.” Plaintiff argues the offending conduct is the
8 use of the expired patents “in advertising in connection with any unpatented article.” It is
9 ordinarily insufficient to allege claims sounding in fraud “on information and belief.” Shroyer v.
10 New Cingular Wireless Services, Inc., 622 F.3d 1035, 1042 (9th Cir. 2010). Pleading “on
11 information and belief” suffices under Rule 9(b) only where such allegations are accompanied by a
12 statement of the facts on which the belief is founded. Id. Here, however, the only factual basis
13 supporting Plaintiff’s allegation that Defendants “marked these products with” expired patents is
14 that Plaintiff “search[ed] the Internet web sites of the foregoing Defendants.” [FAC, ¶ 1.]
15 Plaintiff’s FAC identifies no particular website (or location on a website) where the false marking
16 may be found, and no particular statement from the Defendants’ online catalog constituting false
17 marking.

18 Plaintiff argues, in opposition to the motions to dismiss, that the use of an expired patent in
19 connection with a product in a catalog on a website may constitute advertising in violation of
20 § 292. See Presidio Components, Inc., 723 F. Supp. 2d at 1334 (S.D. Cal. 2010) (liability may be
21 imposed under § 292 for using an expired patent in advertising); Timex Group, 2011 WL 1399806
22 at*5 (“the term ‘advertising’ implies an act soliciting the general public regarding the product.”).
23 However, a defendant does not violate § 292 merely by using an expired patent somewhere on the
24 internet or in a product manual or catalog. Bugaboos Eye Wear Corp., 757 F. Supp. 2d at 1057
25 (advertising under § 292 requires that the patent be used in such a manner as to call attention to it
26 before the product is purchased); Presidio Components, Inc., 723 F. Supp. 2d at 1334 n.41 (“[t]o
27 be used ‘in advertising’ the false marking must have occurred in a medium or through a channel
28 designed to promote the unpatented product to consumers.”). However, Plaintiff has failed to

1 identify any particular language from any of the Defendants' online catalogs or websites that
2 constitute "advertising." Plaintiff does not identify any particular publication or website where the
3 allegedly offending statements may be found, and does not plead any facts showing Defendants
4 used the expired patents in a manner "importing" or suggesting the products were covered by
5 those patents. Plaintiff's FAC merely identifies the neutral facts necessary to identify the
6 allegedly offending marks and then alleges "on information and belief" that Defendants have
7 "advertised" those products "on its online catalog."⁷ These allegations fall short of the specificity
8 required to plead a violation of the false marking statute. Therefore, Defendants are entitled to
9 dismissal of the FAC based purely on Plaintiff's failure to allege with specificity the conduct
10 which constitutes false marking.

11 *B. Intent to deceive the public*

12 Even assuming the FAC alleges sufficient facts regarding Defendants' conduct, Plaintiff
13 has not pleaded facts with sufficient particularity to support the allegation that Defendants engaged
14 in false marking with an intent to deceive. The mismarking of an article does not trigger liability
15 under § 292 in the absence of intent to deceive. Clontech Laboratories, Inc. v. Invitrogen Corp.,
16 406 F.3d 1347, 1353 (Fed. Cir. 2005). "Intent to deceive is a state of mind arising when a party
17 acts with sufficient knowledge that what it is saying is not so and consequently that the recipient of
18 its saying will be misled into thinking that the statement is true." Id. At the pleading stage, a
19 relator must do more than simply aver the existence of intent to deceive. Exergen Corp. v. Wal-

20 _____
21 ⁷In support of its motion to dismiss, Defendant TriLink attaches excerpts from its online
22 catalog and web page. TriLink directs the Court to references to patents contained in the catalog
23 and web page, all of which appear to be disclaimers regarding the licensing of those products. In
24 deciding a motion under Fed. R. Civ. P. 12(b)(6), the court may only consider evidence which was
25 not attached to the complaint but upon which the complaint "necessarily relies" where "(1) the
26 complaint refers to the document; (2) the document is central to the plaintiff's claim; and (3) no
27 party questions the authenticity of the document." United States v. Corinthia Colleges, ___ F.3d ___,
28 2011 WL 3524208 (9th Cir. Aug. 12, 2011). Here, Plaintiff's FAC broadly refers to TriLink's
"online catalog" such that the Court cannot determine whether the specific statements referenced
by TriLink in its motion are those which Plaintiff contends constitutes false marking. Therefore,
the Court concludes it may not properly consider the materials submitted by TriLink in ruling on
the motion under Rule 12(b)(6). Nonetheless, the Court notes, upon cursory review, that the
statements identified by TriLink do not appear to constitute statements "used in advertising" in
violation of § 292. This underscores the need for Plaintiff to identify, with particularity, the
conduct and statements it asserts constitutes false marking, so that Defendants may properly
defend against such allegations.

1 Mart Stores, Inc., 575 F.3d 1312, 1326-27 (Fed. Cir. 2009). “[A] complaint must in the § 292
2 context provide some objective indication to reasonably infer that the defendant was aware that the
3 patent expired.” In re BP Lubricants, 637 F.3d at 1311.

4 In BP Lubricants the court held plaintiff/relator’s allegations were insufficient to
5 demonstrate scienter under § 292. In particular, the relator in BP Lubricants alleged, “upon
6 information and belief,” that:

7 (1) BP knew or should have known that the patent expired; (2) BP is a sophisticated
8 company and has experience applying for, obtaining, and litigating patents; and (3)
9 BP marked the CASTROL products with the patent numbers for the purpose of
deceiving the public and its competitors into believing that something contained or
embodied in the products is covered or protected by the expired patent.

10 637 F.3d at 1309. The court concluded these averments were insufficient under Rule 9(b), because
11 they were “only generalized allegations rather than specific underlying facts from which we can
12 reasonably infer the requisite intent.” Id. at 1312.

13 Since BP Lubricants, a number of district courts have reviewed allegations of scienter
14 under § 292 and found those allegations lacking. In Promote Innovation LLC v. Roche
15 Diagnostics Corp., 2011 WL 2181243 (S.D. Ind. June 3, 2011), the plaintiff/relator’s second
16 amended complaint generally alleged defendant was a sophisticated company which knew or
17 should have known the patent expired. Beyond this general allegation, plaintiff asserted, based
18 purely upon information and belief, the existence of a license agreement. “Because patent licenses
19 terminate with the expiration of the patent, upon information and belief, the license agreement
20 between Quadrant ... and Roche included the date of expiration of the ‘319 Patent.” Id. at *7. The
21 court found this allegation bereft of factual content – “this paragraph only invites the Court to
22 engage in speculation based on the existence of a licensing agreement; it in no way establishes
23 intent or knowledge.” Id.

24 Similarly, in Brown v. Kraft Foods, Inc., 2011 WL 1131516 (E.D. Mo. Mar. 28, 2011), the
25 plaintiff alleged “Defendant is a sophisticated business with experience with patents; that
26 Defendant owns, or has licenses under, a substantial number of patents, and patent applications;
27 and that Defendant has in-house or outside counsel responsible for managing its intellectual
28 property.” Id. at *2. The court concluded that “as in BP Lubricants, those allegations do no more

1 than allege Kraft should have known the patents expired. They do not suffice to present specific
2 facts from which this Court can infer Kraft knew the ‘695 and ‘696 Patents had expired.” Id.

3 Here, Plaintiff’s complaint contains many of the types of speculative allegations, on
4 information and belief, which were rejected by the Federal Circuit in BP Lubricants. [See FAC,
5 ¶¶ 97-98 (Defendants “are large, sophisticated companies” which “have, or regularly retain, legal
6 counsel, who are experienced in patent matters.”); ¶ 100 (“Defendants know that a patent expires
7 and that an expired patent cannot protect any product.”); ¶ 101 (All Defendants “are licensors
8 and/or licensees of the Expired Patents” and based thereon “defendants were acutely aware of
9 when the patents expired as that would stop the payment of royalties.”] Based upon these
10 speculative allegations, Plaintiff asks the Court to infer intent to deceive as follows:

- 11 (1) Roche was licensor of the Roche Expired Patents; (2) Roche collected royalties
12 related to the Roche Expired Patents; (3) Roche notified its licensees that the Roche
13 Expired Patents had expired; (4) Roche stopped receiving royalties for the Roche
14 Expired Patents once they expired; (5) Roche was aware that it stopped receiving
15 royalties for the Roche Expired Patents; (6) despite such notice and adjustment to
16 the royalty payments, Roche continued to falsely mark products with the Roche
17 Expired Patents; (7) Roche required licensees to continue to mark products with the
18 Roche Expired Patents; (8) Roche was complicit in a strategy to prevent or
19 diminish market competition; (9) Life, another Defendant, acted as an agent of
20 Roche and required licensees to mark products with specific lists of patents
21 according to required language; and (10) the patent licenses at issue did not require
22 licensees to remove patent marking language once the patents had expired.

17 [Plaintiff’s Response in Opposition to Motion to Dismiss by Defendants Roche Molecular Systems
18 and Roche Diagnostics Corp., Doc. No. 123, p.10⁸.] As Defendants point out in their motions,
19 however, the inferential steps Plaintiff asks this Court to make are gigantic. The FAC lacks facts
20 demonstrating how Plaintiff would “know or believe” the terms of the licensing agreements
21 between Roche, Life, and the other Defendants contained the expiration dates of the relevant
22 patents. There are no facts upon which Plaintiff bases its belief the alleged licenses called for
23 ongoing royalty payments (rather than a one-time payment or some other manner of
24 compensation) which in fact terminated. Although Plaintiff alleges some Defendants have
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27 ⁸Plaintiff incorporates by reference its argument regarding the reasonable inferences to be
28 raised by its allegations of licensor/licensee relationships into the other opposition briefs,
modifying the argument to fit the particular Defendant. Those differences are not significant for
purposes of evaluating the existence of a factual basis for the allegation Defendants engaged in
false marking with an intent to deceive.

1 modified the markings on their websites after expiration of the patents at issue [FAC, ¶ 103], the
2 FAC contains no underlying *facts* regarding those purported amendments which would allow an
3 inference that any particular Defendant knew the patents had expired.

4 Plaintiff alleges it was common knowledge in the industry, based upon published articles,
5 that several of the patents expired in 2005 and 2006 [FAC, ¶ 105], but Plaintiff identifies no other
6 company which purportedly learned of the expiration of the patents (and changed its practices) due
7 to these publications. In addition, the existence of publications in 2005 and 2006 in no way
8 establishes intent with regard to the vast majority of the patents which expired after that time.

9 Finally, Plaintiff alleges, “[u]pon information and belief,” that most of the Defendants⁹
10 have not changed their website since being served with the original complaint, “indicating a
11 continuing intent to deceive the public and chill competition from potential competitor
12 companies.” [See, e.g., FAC, ¶ 72, 103, 104.] However, as discussed above, even the FAC fails to
13 allege with factual specificity the conduct which Plaintiff asserts constitutes false marking. The
14 original complaint alleged, with far less particularity, the factual basis of the false marking claim.
15 Thus, it is questionable whether the original complaint put Defendants on notice of the alleged
16 false marking. Therefore, the Court GRANTS Defendants’ motion to dismiss the FAC for failure
17 to state a claim under Fed. R. Civ. P. 12(b)(6) and 9(b).

18 C. Leave to Amend

19 The Court will grant Plaintiff leave to further amend. “As with Rule 12(b)(6) dismissals,
20 dismissals for failure to comply with Rule 9(b) should ordinarily be without prejudice.” Vess, 317
21 F.3d at 1108. Thus, leave to amend should be granted “if it appears at all possible that the plaintiff
22 can cure the defect.” Id (quoting Balistreri v. Pacifica Police Dep’t, 901 F.2d 696, 701 (9th Cir.
23 1988)). Here, both the content of Plaintiff’s opposition papers and representation made by counsel
24 at the hearing, lead the Court to believe it is possible Plaintiff can cure the defects of the FAC.

25
26 ⁹Plaintiff does not allege that Defendants GenScript, TriLink, or Cepheid failed to change
27 their website. In addition, Plaintiff alleges that Defendant Life “has not successfully changed its
28 website” noting that although it “apparently attempted to disable some links within its website ...
the falsely marked expired patents still appear.” [FAC, ¶ 83.] Plaintiff does not explain how the
changes to Life’s website gives rise to an inference those changes were made based upon
knowledge that the patents had expired or with an intent to deceive.

1 The Court notes there are issues of both conduct and intent unique to several of the
2 individual Defendants, which Plaintiff fails to address in its allegations in the FAC. For example,
3 one of Plaintiff's primary allegations against Life Technologies is that in its capacity as agent for
4 Roche, Life Technologies "required licensees to mark products with specific lists of patents
5 according to required language ... and there were no provisions to require licensees to either
6 remove patents that had expired" [FAC, ¶ 81.] However, it is not at all clear that an agent or
7 licensor can be held liable for false marking under § 292 based upon marking done by its
8 licensees. Similarly, Plaintiff alleges all Defendants are "large, sophisticated companies" but goes
9 on to specifically include only "Roche, Qiagen, Thermo, EMD, Ceipheid and Life." [FAC, ¶ 97.]
10 Thus, it may be inferred that Eurogentec, Clontech, Integrated DNA Technologies, Quanta
11 Biosciences, Gene Link, and TriLink Biosciences are not necessarily "large, sophisticated
12 companies" and subject to all of Plaintiff's inferences regarding intent to deceive. In amending its
13 complaint, Plaintiff must tailor its allegations regarding Defendants' offending conduct and intent
14 to deceive to more closely track the conduct and position of the individual companies.

15 Throughout its oppositions to the motions to dismiss, Plaintiff states it has not identified
16 with more particularity the exact language used with regard to each of the alleged false markings
17 "as to do so would bury the court in a needless mountain of paper at this early stage of the
18 proceedings." The Court does not believe meeting the heightened pleading standard would require
19 Plaintiff to produce such a "mountain" of paper.¹⁰ In a single paragraph (or perhaps 2) as to each
20 Defendant, Plaintiff could identify the website (or online publication) it reviewed, the date on
21 which it was reviewed, and identify one or more of the statements it contends constitutes false
22 marking. Pleading with this level of specificity with regard to one or more of the alleged instances
23 of false marking as to each Defendant would provide a factual basis for alleging "on information
24 and belief" that such Defendant has engaged in similar acts of false marking.

25 **2. Defendant Roche Diagnostics GmbH motion to dismiss under Fed. R. Civ. P. 12(b)(5)**
26 **for insufficient service of process**

27 Defendant Roche Diagnostics GmbH ("RDG"), a German corporation, also moves to

28 ¹⁰If Plaintiff wishes to shorten its second amended complaint, it can omit the copies of the
22 allegedly expired patents which were attached to the original and amended complaints.

1 dismiss the FAC under Rule 12(b)(5) for failure to effect proper service of process.¹¹ According to
2 the FAC, “Defendant Roche Diagnostics GmbH is a German corporation, with its principal place
3 of business at Freidrich-Ebert Strasse 100, D-68298 Mannheim, Germany and having United
4 States operations at 9115 Hague Road, Indianapolis, IN 50457 [sic].” RDG disputes it has offices
5 in or conducts business from the Roche Diagnostics Corporation (“RDC”) offices located at 9115
6 Hague Road, in Indianapolis, IN. [Declaration of Steve Oldham, Doc. No. 92-3, ¶ 3(c).]

7 On January 18, 2011, Plaintiff’s process server delivered a copy of its original complaint to
8 Steve Oldham, General Counsel for RDC, at RDC’s offices in Indianapolis, IN.¹² [Proof of
9 Service, Doc. No. 54, p.3.] At the time, Mr. Oldham told the process server he would accept
10 service only on behalf of RDC and Roche Applied Sciences, but not on behalf of RDG. [Oldham
11 Decl., Doc. No. 92-3¶ 3(e).] Mr. Oldham is not designated as RDG’s agent for service of process,
12 and RDG has not authorized RDC to act as its agent for service of process within the United
13 States. [Id., ¶ 3(d) and (f).] Based thereon, RDG moves to dismiss for insufficient service of
14 process pursuant to Fed. R. Civ. P. 12(b)(5).

15 Where a defendant challenges the method of service of process under Fed. R. Civ. P.
16 12(b)(5), plaintiff bears the burden of establishing service was valid under Rule 4. Brockmeyer v.
17 May, 383 F.3d 798, 801 (9th Cir. 2004). Where factual issues are presented on a motion under
18 Rule 12(b)(5), the court may hear evidence and determine the facts. Old Republic Ins. Co. v.
19 Pacific Financial Svcs., 301 F.3d 54, 57 (2d Cir. 2002). “Service of process is the means by which
20 a court asserts its jurisdiction over the person.” SEC v. Ross, 504 F.3d 1130, 1138 (9th Cir. 2007);
21 see also Fed. R. Civ. P. 4(k) (“[s]ervice of a summons or filing a waiver of service is effective to
22 establish jurisdiction over the person of a defendant”). “[I]n the absence of proper service of
23 process, the district court has no power to render any judgment against the defendant’s person or

24
25 ¹¹RDG does not challenge personal jurisdiction. See American Ass’n of Naturopathic
26 Physicians v. Hayhurst, 227 F.3d 1104, 1107 (9th Cir. 2000) (distinguishing between motion to
dismiss for insufficiency of service of process under Rule 12(b)(5) and one based on lack of
personal jurisdiction under Rule 12(b)(2)).

27 ¹²In addition, Plaintiff attempted to serve the original complaint upon RDG on January 17,
28 2011 by delivering a copy to an individual by the name of Gene Chowardy-Shakim. [Proof of
Service, Doc. No. 54, p.2.] Plaintiff apparently concedes service on Mr. Chowardy-Shakim was
not proper, as they do not mention it in their opposition papers.

1 property” *Id.* at 1138-39. Thus, service of process “must be ‘notice reasonably calculated ... to
2 apprise interested parties of the pendency of an action and afford them an opportunity to present
3 their objections’.” *Id.* at 1138 (quoting Mullane v. Cent. Hanover Bank & Trust Co., 339 U.S.
4 306, 314 (1950)).

5 Pursuant to Fed. R. Civ. P. 4(h)(1)(B), a corporation may be served “by delivering a copy
6 of the summons and of the complaint to an officer, a managing or general agent, or any other agent
7 authorized by appointment or by law to receive service of process.” Service may also be effected
8 by any method authorized under the law of the state in which the district court is located or in
9 which service was made. Fed. R. Civ. P. 4(h)(1)(A) (authorizing service pursuant to Rule 4(e)(1),
10 which looks to state law). California Code of Civil Procedure provides for service of process on
11 corporations through its officers, including any “general manager.” “Service of process under
12 Rule 4 is not limited solely to officially designated officers, managing agents, or agents appointed
13 by law for the receipt of process.” Direct Mail Specialists v. Eclat Computerized Techs., Inc., 840
14 F.2d 685, 688 (9th Cir. 1988).

15 The rules are to be applied in a manner that will best effectuate their purpose of
16 giving the defendant adequate notice. Thus, the service can be made “upon a
representative so integrated with the organization that he will know what to do with
17 the papers.”

18 *Id.* As a general matter, “[t]he determination of whether a given individual is a ‘managing or
19 general agent’ depends on a factual analysis of that person’s authority within the organization.”

20 *Id.* (citing 2 *Moore’s Federal Practice* ¶ 4.22[2], at 4-205).

21 Plaintiff argues it effectively served RDG by delivering the summons and complaint to Mr.
22 Oldham, as General Counsel of RDC. Plaintiff points to the close relationship between the two
23 companies. Both companies are subsidiaries of Roche Holding AG, both do business under the
24 name Roche Applied Science, and the companies share the same website ([www.roche-applied-](http://www.roche-applied-science.com)
25 [science.com](http://www.roche-applied-science.com)).¹³ As General Counsel for RDC, Mr. Oldham would have known what to do with the

26
27 ¹³An individual visiting the website is asked to indicate the country where he or she is
28 located. If the customer selects the United States, the contact information directs customers to
RDC (d/b/a/ Roche Applied Science), in Indianapolis, IN. If the customer selects Germany, the
contact information directs customers to Roche Diagnostics Deutschland GmbH (d/b/a/ Roche
Applied Science), in Mannheim, Germany.

1 summons and complaint directed to RDG. Moreover, Mr. Oldham in fact notified RDG of the
2 complaint.

3 Based upon these facts, the Court concludes Mr. Oldham can be considered a “general
4 agent” for service of process upon RDG under federal law or Cal. Civ. Code. There is ample
5 authority for the proposition that a domestic corporation may be considered the “general agent” of
6 a foreign corporation for purposes of service of process. Wells Fargo & Co. v. Wells Fargo Exp.
7 Co., 556 F.2d 406, 423 (9th Cir. 1977) (based upon relationship between companies, district court
8 correctly concluded Nevada corporation was the “general agent” of German corporation, for
9 purposes of service of process, under the Nevada long-arm statute); Chan v. Society Expeditions,
10 Inc., 39 F.3d 1398 (9th Cir. 1994) (Washington corporation was the general agent of a foreign
11 corporation for purposes of service of process on the foreign corporation); Khachatryan v. Toyota
12 Motor Sales, Inc., 578 F. Supp. 2d 1224, 1226 (N.D. Cal. 2006) (“case law clearly allows for an
13 organization to function as a general manager for service of process purposes”); Yamaha Motor
14 Co. v. Superior Court, 174 Cal. App. 4th 264, 271 (2009) (service upon foreign subsidiary may be
15 effected through domestic subsidiary). Given the close relationship between RDC and RDG, RDC
16 can be considered the domestic general agent for purposes of service of process. As General
17 Counsel of RDC, RDG’s domestic operating arm, Mr. Oldham would “stand[] in such a position as
18 to render it fair, reasonable and just to imply the authority on his part to receive service.”

19 Defendant argues RDG has not designated Mr. Oldham to accept service of process, and
20 has not (for at least the past two years) authorized RDC or any of its personnel to receive service
21 of process on its behalf. [Declaration of Martin Meisiek, Doc. 92-2, ¶ 4.] In fact, RDG has not
22 authorized any agent in the United States to accept service of process. [Id., ¶ 5.] Thus, Defendant
23 argues Plaintiff may only correctly effect service by serving RDG in Germany through the Hague
24 Convention. However, the Ninth Circuit has rejected rigid reference to “official” designations in
25 favor of a more practical approach focused on fairness and reason. Direct Mail Specialists, 840
26 F.2d 685 at 688. Given the relationship between RDC and RDG, and Mr. Oldham’s position, it is
27 reasonable to conclude service of process upon Mr. Oldham was reasonably calculated to provide
28 notice to RDG. RDG’s motion to dismiss for insufficient service of process is DENIED.

1 **3. Defendant Qiagen NV's motion to dismiss for insufficient service of process and lack of**
2 **personal jurisdiction**

3 Defendant Qiagen NV moves to dismiss the FAC for lack of personal jurisdiction under
4 Fed. R. Civ. P. 12(b)(2) and for insufficient service of process under Fed. R. Civ. P. 12(b)(5).
5 According to the FAC, Qiagen NV “is a Dutch corporation with its principal place of business at
6 Spoorstraat 50, Venlo 59111KJ, the Netherlands.” [FAC, ¶ 24.] Although Plaintiff alleges Qiagen
7 NV has a United States operation as Qiagen, Inc., a Delaware corporation, with its principal place
8 of business in Valencia, California, Qiagen disputes such allegation. According to Defendant,
9 Qiagen NV is a publicly traded Dutch holding company that does not manufacture or distribute
10 any products. [Declaration of Jürgen Schneider (“Schneider Decl.”, Doc. 111-2, ¶ 2.] Qiagen NV
11 has three direct subsidiaries: (1) Qiagen U.S. Financial Holding Company (“Qiagen
12 Luxembourg”), a Luxembourg corporation and wholly-owned subsidiary, (2) Qiagen Deutschland
13 Holdings GmbH, a German corporation and wholly-owned subsidiary, and (3) Qiagen GmbH, a
14 German corporation, which Qiagen NV co-owns with Qiagen Deutschland Holding GmbH.
15 [Schneider Decl., ¶ 3.] Qiagen Luxembourg owns Qiagen North American Holdings, Inc., which
16 owns Qiagen Gaithersburg, Inc. [Id.] Qiagen Gaithersburg, Inc. is the parent to two wholly-
17 owned subsidiaries: Qiagen Inc. and Qiagen Sciences LLC. Each U.S. entity has its primary place
18 of business in Germantown, Maryland. [Id.]

19 Qiagen GmbH, with offices located in Germany, is the primary manufacturer and
20 distributor of products relating to sample and assay technologies, and also develops the printed
21 materials for those products. [Schneider Decl., ¶ 6.] Qiagen NV is not a party to any licenses with
22 the third party entities that manufacture and distribute the products. [Id., ¶ 7.] Plaintiff in this case
23 effected service of process upon Qiagen NV by serving Qiagen Inc. (also referred to by Plaintiff as
24 Qiagen-CA) through its designated agent for service of process. [Doc. No. 50.] Qiagen NV
25 argues it has no contacts with the state of California such that the Court lacks personal jurisdiction.

26 In evaluating the existence of personal jurisdiction, the court determines whether the
27 exercise of jurisdiction (1) satisfies the requirements of the state’s long-arm statute, and
28 (2) comports with due process. Bauman v. DaimlerChrysler Corp., 644 F.3d 909, 919 (9th Cir.
2011). Because California “permits the exercise of personal jurisdiction to the full extent

1 permitted by due process,” this Court need only determine whether the exercise of jurisdiction
2 over Qiagen NV in this case comports with due process. Id. (citing Bancroft & Masters, Inc. v.
3 Augusta Nat. Inc., 223 F.3d 1082, 1086 (9th Cir. 2000).

4 Personal jurisdiction may be general or specific. General jurisdiction exists over a
5 nonresident defendant where the defendant “engage[s] in ‘continuous and systematic general
6 business contacts,’ ... that ‘approximate physical presence’ in the forum state.” Schwarzenegger v.
7 Fred Martin Motor Co., 374 F.3d 797, 801 (9th Cir. 2004). By contrast, specific jurisdiction exists
8 where the non-resident defendant has sufficient “minimum contacts” arising from, or related to,
9 the conduct which gives rise to the suit. Id. at 801-02; see also Boschetto v. Hansing, 539 F.3d
10 1011, 1016 (9th Cir. 2008) (setting forth a three-prong test for judging existence of specific
11 jurisdiction).

12 Plaintiff argues exercise of general jurisdiction over Qiagen NV is appropriate based upon
13 the following “substantial, continuous, and systematic contacts in California”:

- 14 • In its 2006 SEC Form 20-F, Qiagen NV admitted that it operates “U.S. facilities in
15 ... Valencia, California (customer service and technical service) ... and San
16 Francisco, California (manufacturing and research and development)” [Plaintiff’s
17 Exhibit I, Doc. 126-9];
- 18 • In the same document, Qiagen NV states that it operated a facility in Fremont,
19 California; and
- 20 • Qiagen’s website directly solicits business in California and even invites California
21 residents to apply for employment positions within the company.

22 Plaintiff also argues this Court may exercise of specific jurisdiction over Qiagen NV based upon
23 the allegation in its FAC that Qiagen has engaged in false marking based upon statements made on
24 its online catalog, which is accessible by Internet everywhere including California. Finally,
25 Plaintiff argues the Court may exercise personal jurisdiction over Qiagen NV based solely upon
26 the California contacts of its related company, Qiagen Inc.

27 As indicated above, Qiagen NV has submitted a declaration demonstrating (contrary to
28 Plaintiff’s unsupported allegations in the FAC based upon information and belief) that it is a Dutch
holding company with no business in California. Qiagen NV also establishes, by declaration, that
the contacts upon which Plaintiff relies to establish personal jurisdiction over Qiagen NV (i.e. the
statements in its SEC filings and on its website), occurred through its U.S. sub-subsidary
companies. In its opposition to Qiagen’s motion to dismiss, Plaintiff comes forth with no

1 additional evidence to support its bare allegation that Qiagen NV operates in the United States
2 through Qiagen Inc.

3 Given the lack of evidence of Qiagen NV’s contacts with the State of California, the Court
4 must decide whether the contacts of its sub-subsidary companies in the United States may be
5 attributed to Qiagen NV for purposes of establishing personal jurisdiction. The Ninth Circuit in
6 Bauman recently re-addressed the standards to be applied in determining whether the exercise of
7 personal jurisdiction over a foreign parent company, by virtue of its relationship to a subsidiary
8 that has continual operations in the forum, comports with due process. The contacts of a
9 subsidiary may form the basis of exercise of personal jurisdiction over a foreign parent corporation
10 under the “alter ego” test or the “agency” test.

11 The two prongs of the ‘alter ego’ test are as follows:

12 (1) that there is such unity of interest and ownership that the separate
13 personalities of the two entities no longer exist and (2) that failure to
14 disregard their separate identities would result in fraud or injustice.
15 The first prong of this test has alternatively been stated as requiring a
16 showing that the parent controls the subsidiary to such a degree as to
17 render the latter the mere instrumentality of the former.

18 Bauman, 644 F.3d at 920 (quoting Doe v. Unocal, 248 F.3d 915, 928 (9th Cir. 2001)). Under the
19 “agency” test, the important inquiry is the “special importance of the services performed by the
20 subsidiary.” Id. “The agency test is satisfied by a showing that the subsidiary functions as the
21 parent corporation’s representative in that it performs services that are sufficiently important to the
22 foreign corporation that if it did not have a *representative* to perform them, the corporation’s own
23 officials would undertake to perform substantially similar services.” Unocal, 248 F.3d at 928.

24 There is no evidence to suggest Qiagen NV is the alter ego of its U.S. sub-sub-subsidiaries.
25 Furthermore, the Court concludes Plaintiff has not demonstrated the contacts of Qiagen NV’s U.S.
26 sub-sub-subsidiary companies with the state can be attributed to Qiagen NV under the “agency” test.
27 The annual business reports of a foreign parent company often recites facts regarding the operation
28 of its subsidiaries. “[C]onsolidating the activities of a subsidiary into the parent’s reports is a
common business practice” which does not justify the conclusion the U.S. subsidiaries are
“representative” of the foreign holding company. Unocal, 248 F.3d at 929. Leaving aside the
statements in the SEC forms, that Qiagen has business facilities in California, the only evidence

1 offered by Plaintiff in support of the exercise of personal jurisdiction over Qiagen NV is the
2 existence of allegedly false markings on its website, which may be accessed by individuals in
3 California. However, the website is maintained by Qiagen GmbH, Qiagen's Netherlands affiliate,
4 not Qiagen NV or its sub-subsidiaries in the United States [Schneider Decl., ¶ 3.]

5 Plaintiff asks the Court to make too great a leap to find that Qiagen NV, a foreign holding
6 company which does not manufacture, distribute, package, or sell any products, is subject to
7 personal jurisdiction in California. Therefore, the Court GRANTS Qiagen NV's motion to dismiss
8 based on lack of personal jurisdiction.¹⁴ Qiagen's motion to dismiss for insufficient service of
9 process under Rule 12(b)(5) is DENIED AS MOOT.

10 **4. Defendant EMD Chemicals Inc.'s motion to dismiss under the first-filed rule for qui**
11 **tam actions**

12 Defendant EMD Chemicals seeks dismissal of Plaintiff's claims against it based upon the
13 first-filed suit rule for *qui tam* actions or, alternatively, under the doctrine of res judicata.
14 Defendant argues Plaintiff's claims are duplicative of claims already asserted against it earlier this
15 year by a company called Tex Pat in the Eastern District of Texas. Tex Pat filed suit against
16 Merck KGaA and EMD Chemicals on January 9, 2011, alleging those defendants falsely marked
17 products with expired patent numbers. The parties in that case entered into a settlement agreement,
18 releasing all claims relating to EMD's alleged false marking of certain products specified therein.
19 Each of the products listed in Plaintiff's FAC in this case were included in the schedule of
20 products and expired patents for which Tex Pat released its claims in Texas. The Texas case was
21 dismissed on March 15, 2011.

22 Plaintiff concedes that all claims against EMD prior to the dismissal of the Texas case were
23 extinguished. However, Plaintiff argues it may assert a "new cause of action ... for all false

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25 ¹⁴In a footnote, Plaintiff asks that if the Court finds it has not made its prima facie showing
26 of facts establishing personal jurisdiction over Qiagen NV, it should be permitted to conduct
27 jurisdictional discovery to further develop the record. "[W]here a plaintiff's claim of personal
28 jurisdiction appears to be both attenuated and based on bare allegations in the face of specific
denials made by the defendants, the Court need not permit even limited discovery...." Pebble
Beach Co. v. Caddy, 453 F.3d 1151, 1159 (9th Cir. 2006). Plaintiff has made no attempt to identify
pertinent facts (or even a theory) which are disputed and which could be further developed by
discovery. See Herman v. Yellowpages.com, LLC, __ F. Supp. 2d __, 2011 WL 1615078 (S.D.
Cal., Mar. 29, 2011) (JAH) (denying jurisdictional discovery under similar circumstances).

1 marking violations that occurred subsequent to the Tex Pat settlement and EMD dismissal (to wit,
2 all violations occurring after March 15, 2011).” [Plaintiff’s Response in Opposition to Defendant
3 EMD Chemicals, Inc.’s Motion to Dismiss, Doc. 124, p. 11.]

4 The false marking statute provides that “[a]ny person may sue for the penalty, in which
5 event one-half shall go to the person suing and the other to the use of the United States.” Based
6 upon the plain language of the statute, viewed in light of years of caselaw under the False Claims
7 Act, at least two courts in the past year have concluded that a second or subsequent plaintiff lacks
8 standing to assert a *qui tam* claim under § 292. In San Francisco Technology, Inc. v. The Glad
9 Products Co., 2010 WL 2943537 (N.D. Cal. July 26, 2010), the court noted that a *qui tam* relator
10 stands in the shoes of the United States for purposes of a false marking claim under § 292, such
11 claims having been assigned to the relator by virtue of the statute. In that case, the products and
12 expired patents asserted in both actions were the same, but the plaintiff argued it was entitled to
13 proceed with a second action because the packaging upon which the alleged false marking
14 occurred was different. Nonetheless, the court concluded the claims were previously assigned to
15 the relator of the first-filed action, such that the plaintiff in the second-filed case lacked standing to
16 assert them. Id. at *4.

17 The court reached the same conclusion in Simonian v. Quigley Corp., 2010 WL 2837180
18 (N.D. Ill. July 19, 2010). In that case, plaintiff filed an action against the same defendant,
19 asserting identical claims as those filed by another plaintiff hours earlier in New York. In
20 dismissing the second-filed action, the court noted § 292 “contemplates only a single action
21 brought by a private individual on behalf of the United States.” Id. at *2. “Just as the United
22 States could not bring multiple identical actions under the false marking statute, multiple private
23 plaintiffs cannot do so on the government’s behalf.” Id. These cases are consistent with the
24 general line of cases under the False Claims Act (prior to its amendment to add an explicit first-to-
25 file bar), that the statute contemplates only a single action brought by a private individual on
26 behalf of the United States.

27 In its opposition brief, Plaintiff argues the Simonian case is indistinguishable, but does not
28 mention the San Francisco Tech. Inc. case or attempt, generally, to rebut the notion there is a first-

1 to-file rule applicable to cases under § 292. Instead, Plaintiff rests on the contention this action
2 covers conduct different than what was litigated and settled by Tex Pat. Plaintiff argues a new
3 cause of action arose when Tex Pat settled its action against EMD, and EMD thereafter failed to
4 correct its false marking behavior. As Defendant points out in its reply, however, the FAC does
5 not plead a claim for false marking arising after March 15, 2011. Instead, the broad factual
6 allegations contained in Plaintiff's FAC have no boundary in time, place, or manner, making it
7 impossible for the Court to find the claims alleged in this case are separate and distinct from those
8 previously brought, and dismissed, by Tex Pat (and the United States).

9 More importantly, it appears the release in the Tex Pat case covers the allegations in this
10 case, barring Plaintiff from proceeding against EMD:

11 Tex Pat, in its capacity as alleged *qui tam* relator under 35 U.S.C. § 292, hereby
12 releases, acquits, and forever discharges Merck [defined in the agreement to include
13 EMD Chemicals US Holdings Inc and EMD Biosciences Inc.¹⁵] from any and all
claims of liability for false marking under 35 U.S.C. § 292 related to the Accused
Products, including those identified in the Actin and on Schedule A.

14 [Settlement Agreement, filed under seal as Exhibit C to EMD's motion to dismiss, p. 2.] Based
15 upon this broad release, the Court has serious doubts as to whether Plaintiff can state any claim for
16 false marking against EMD. Nonetheless, because the allegations of the FAC are so lacking in
17 specificity, the Court cannot decide as a matter of law whether Plaintiff's claims against EMD are
18 barred. Therefore, the Court GRANTS EMD's motion to dismiss based upon the first-filed rule
19 for *qui tam* actions, but grants Plaintiff leave to amend. To the extent Plaintiff can state a claim
20 under § 292 with sufficient factual particularity to withstand dismissal under Rule 9, the Court will
21 be in a better position to evaluate whether such claim is barred by Tex Pat's prior action.

22 Conclusion

23 For the reasons set forth herein, the Court GRANTS Defendants' Motions to Dismiss for
24 Failure to State a Claim [Doc. Nos. 90, 91, 92, 94, 96, 102, 103, 105, 107, 111, 114]; DENIES
25 Defendant Roche Diagnostics GmbH's Motion to Dismiss for Insufficient Service of Process

26
27 ¹⁵EMD also moves to dismiss because although EMD Chemicals Inc. is named in the
28 caption of the FAC, the body of the complaint contains allegations only against EMD BioScience.
EMD argues EMD BioScience, the party named in the body of the FAC, has been dissolved and
merged into EMD Chemicals, Inc. This is clearly an error in pleading which may be corrected
upon any amendment.


1 [Doc. 92]; GRANTS Defendant Qiagen NV's Motion to Dismiss for Lack of Personal Jurisdiction
2 and DENIES AS MOOT Qiagen NV's Motion to Dismiss based on Insufficient Service of Process
3 [Doc. 111]; and GRANTS Defendant EMD Chemical Inc.'s Motion to Dismiss based on the first-
4 filed rule [Doc. 114]. The Court orders as follows:

- 5 1. Plaintiff's first amended complaint is dismissed as to all Defendants;
- 6 2. Plaintiff's claims against Qiagen NV are dismissed with prejudice based upon lack
7 of personal jurisdiction;
- 8 3. Plaintiff's claims against the remaining Defendants are dismissed without prejudice
9 and with leave to amend.

10 Plaintiff may file a second amended complaint, addressing the deficiencies noted herein, within
11 thirty (30) days of the filing of this order.

12 **IT IS SO ORDERED.**

13 **DATED: August 31, 2011**

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15 **IRMA E. GONZALEZ, Chief Judge**
16 **United States District Court**

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