**Nos. 15-2082, -2084**

# In the
# United States Court of Appeals
## for the Federal Circuit

INTERCONTINENTAL GREAT BRANDS LLC,

*Plaintiff-Appellant,*

v.

KEEBLER COMPANY, KEEBLER FOODS COMPANY, KELLOGG NORTH AMERICA COMPANY, KELLOGG SALES COMPANY, KELLOGG USA, INC.,

*Defendants-Cross-Appellants.*

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Appeal from the United States District Court
for the Northern District of Illinois, Case No. 1:13-cv-00321.
The Honorable **Matthew F. Kennelly**, Judge Presiding.

## REPLY BRIEF OF DEFENDANTS-CROSS-APPELLANTS

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Dated: October 14, 2016

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## I. INTRODUCTION

The District Court incorrectly held that IGB met its burden on summary judgment of showing that Kellogg failed to raise any genuine issue of material fact that the '532 patent is not unenforceable due to IGB's inequitable conduct. Both the District Court and IGB misconstrued the nature of Kellogg's inequitable conduct counterclaims by focusing on the wrong actors, the wrong acts, and the wrong law. This Court reviews the District Court's grant of summary judgment of no inequitable conduct *de novo*, drawing all reasonable inferences in Kellogg's favor. *See Ohio Willow Wood Co. v. Alps S., LLC*, 735 F.3d 1333, 1341-42 (Fed. Cir. 2013).

IGB's inequitable conduct during the reexamination of the '532 patent arises out of IGB and its counsel repeatedly, consistently, knowingly, ***and*** intentionally (1) misrepresenting to the PTO the teachings of the *Packaging News* and *Machinery Update* articles; and (2) withholding from the PTO material information showing that *Machinery Update* and *Packaging News* disclosed ***all*** of the limitations of the Claims. The District Court (and IGB in its responsive brief to this Court) incorrectly focused their inequitable conduct analyses on the fact that the reexamination petitioner submitted both the *Packaging News* and the *Machinery Update* references to the PTO. But the mere disclosure of those articles ignores the specific wrong acts that form the gravamen of Kellogg's inequitable

conduct claim and is not enough to render harmless IGB's and its counsel's carefully orchestrated conduct. Instead, the District Court should have focused on IGB's and its counsel's affirmative misrepresentations of material facts to the PTO and their repeated submissions of materially false information to the PTO, actions which constitute affirmative egregious misconduct that is *per se* material.

IGB's inequitable conduct during the original prosecution of the '532 patent arises out of IGB's consistent knowledge, coupled with the intentional withholding of material, anticipating prior art from the PTO, namely the Fuji Package (which the District Court found both *Machinery Update* and *Packaging News* disclosed and discussed). The District Court erred by focusing on the wrong actors whose conduct Kellogg does not contend forms the basis of IGB's inequitable conduct. Specifically, the District Court (and IGB in its responsive brief to this Court) raise and knock down a straw man by focusing on the conduct of individuals who are not subject to the duty of candor with respect to the '532 patent. But Kellogg based its inequitable conduct claim on the conduct of the lead inventor of the '532 patent and IGB's in-house patent prosecution counsel; two individuals who indisputably are subject to, and violated, that duty.

The law does not require Kellogg to prove inequitable conduct at the summary judgment stage—Kellogg need only show that IGB's and IGB's counsel's actions and inactions demonstrate the existence of genuine issues of

material fact regarding the materiality and intent prongs of inequitable conduct, ***when viewing the evidence in a light most favorable to Kellogg***. *Ohio Willow*, 735 F.3d at 1351 (holding that to prevail at summary judgment when responding to a patentee's summary judgment motion on claimant's inequitable conduct claim, claimant need only show that any misrepresentations or misleading statements are "directly refuted by credible evidence that [the patentee] did not otherwise disclose.") Kellogg has more than satisfied this showing, and this Court should reverse the District Court's grant of summary judgment in IGB's favor on Kellogg's unenforceability counterclaims based on inequitable conduct.

## II. THE DISTRICT COURT'S FACTUAL FINDINGS REGARDING IGB'S INEQUITABLE CONDUCT.

The District Court granted IGB's motion for summary judgment on Kellogg's counterclaims for a declaratory judgment that the '532 patent is unenforceable based on IGB's inequitable conduct. The District Court disagreed that IGB committed inequitable conduct by failing to identify, and by affirmatively relying on, a misprint in the *Packaging News* prior art reference during the reexamination of the '532 patent. (A35.) The District Court noted the following undisputed facts regarding the *Packaging News* misprint:

- "During reexamination, the patent examiner was presented with the 2002 *Machinery Update* article. . . ." (A8.)
- "[t]he examiner wrote his initials next to that article's listing." (A8 (citing (A679).)

- The examiner did not mention *Machinery* Update in his decision when he rejected the claims of the '532 patent as obvious. "This was probably because, when granting reexamination, the examiner stated that '*Machinery Update* [] is substantially equivalent to the disclosure of *Packaging News*,' a 2001 article in a trade journal." (A8 (citing A1003-1019, A673).)

- "But *Packaging News* and *Machinery Update* are ***not*** substantially the same." (A8 (emphasis added).)

- "Both articles describe a resealable food package called the Re-Seal It system (also known as the Fuji Package). The *Packaging News* article says that the Re-Seal It system 'operates *without* conventional wrapping film,' whereas the *Machinery Update* article says that '[t]he Re-Seal It system operates *with* conventional wrapping film.'" (A8 (citing *compare* A4713 *with* A4424 (emphasis added by District Court)).)

- "Although IGB claims that '[t]here is no evidence of any misprint in *Packaging News*,' the record contradicts this." (A8.)

- "The *Packaging News* article includes an image that appears to show wrapping film, and the text states that the technology 'allows flow-wraps of bacon, sliced cooked meat, cheese and similar food products.'" (A8 (citing A4713).)

- "This suggests, contrary to IGB's assertion, that the article's statement that the system operates 'without' conventional wrapping film is a misprint." (A8-9.)

There is no evidence of record that *Packaging News* does ***not*** contain a misprint.

The District Court also noted the following undisputed facts regarding the Board's failure to consider the *Machinery Update* article (***without*** the material misprint), the Board's consideration of the *Packaging News* article (***with*** the material misprint), and the effect that had on the Board's decision:

- "it is undisputed that the Board, in its opinion reversing the examiner's finding of obviousness, did not consider *Machinery Update*." (A9 (citing A1905-1907).)

- "Instead, the Board considered *Packaging News*. Based on the statement in *Packaging News* that the Re-Seal It package did not have conventional wrapping film [i.e., a wrapper], the Board concluded that the article teaches *away* from using a wrapper surrounding a frame." (A9 (citing A1912-1915).)

- "Based primarily on the conclusion that a wrapperless version of the Re-Seal It package taught away from combining the elements, the Board declared the patent valid as non-obvious." (A9 (citing A1912-1916).)[1]

- The "Graham [reference] was also considered by the Board of Patent Appeals and Interferences, although the Board concluded that it would not have been obvious to combine Graham with *Packaging News* because *Packaging News* teaches away from the use of conventional wrapping film." (A15-16 (citing A1915).)

- "As the Court has discussed, the article stated that the Re-Seal It technology did not include conventional wrapping film, which was almost certainly a misprint. Not realizing this, the Board of Patent Appeals and Interferences considered that article and concluded that the article teaches away from combining the package with overwrap. The Board did not consider the *Machinery Update* article[] that described the Re-Seal It package as including overwrap." (A35.)

The District Court expressly chastised IGB's reexamination counsel while explaining how the Board erred:

> **[a]lthough IGB's attorney during the reexamination proceedings should have notified the Board that the Machinery Update [article] described the same packaging [as Packaging News] as**

[1] IGB concedes that the District Court made this factual finding. (Opening Brief at 57-58.)

> **including conventional wrapping, he merely restated the contents of the misprinted article**.

(A36 (emphasis added).)

The District Court nevertheless rejected Kellogg's inequitable conduct claim for failing to raise any genuine issue regarding the intent prong of inequitable conduct because "[t]here is no evidence that the attorney knowingly failed to identify the inconsistency between the two articles." (A36.)

The District Court also rejected Kellogg's inequitable conduct claim on the basis of IGB's withholding of material information about the Fuji Package during the original prosecution of the '532 patent. (A36-37.) The District Court found that "IGB offered evidence that a[n] [IGB] employee in Germany obtained the Fuji Package at a 2001 trade show in Europe and sent an e-mail about the package to another German [IGB] employee named Ron Exner shortly thereafter. The inventor of the '532 patent contacted Exner to ask about prior art before applying for the patent in 2003." (A37.) The District Court held that Exner did not have a duty to disclose information to the inventor or the PTO and that there is no evidence that Exner intended that "the inventor [] withhold relevant prior art from the PTO." (A37.)

## III. ARGUMENT

### A. Viewing The Evidence In A Light Most Favorable To Kellogg, Kellogg Raised Genuine Issues Of Material Fact That IGB Committed Inequitable Conduct During The Reexamination Of The '532 Patent.

IGB's and its counsel's knowledge of, and intentional misrepresentations about, the teachings of *Packaging News* (and the Fuji Package discussed and disclosed therein) and their knowledge and intentional withholding of material information showing that *Packaging News* discloses the limitations of the Claims constitutes inequitable conduct. Simply put, IGB intentionally withheld from the PTO that *Packaging News* disclosed a wrapper to be able to claim that *Packaging News* taught away from the use of a wrapper. The fact that the reexamination petitioner submitted the *Machinery Update* (***without*** the material misprint) and the *Packaging News* (***with*** the material misprint) articles to the PTO does not compel a finding under binding Federal Circuit precedent that the '532 patent is not unenforceable based on inequitable conduct.

Drawing all reasonable inferences in favor of Kellogg, there are (at a minimum) genuine disputes over whether: (1) the information withheld from, and the misrepresentations made to, the PTO were material to patentability; (2) IGB and its counsel intended to deceive the PTO by misrepresenting the teachings of *Packaging News* and by withholding material information regarding *Packaging News* (and the Fuji Package discussed and disclosed therein); and (3) IGB's and its

counsel's actions amount to affirmative egregious misconduct.

### 1. *Ohio Willow* Confirms That IGB's And Its Counsel's Conduct Amounts To Inequitable Conduct Even Though *Packaging News* And *Machinery Update* Were Before The PTO.

Here, it is undisputed that the reexamination petitioner submitted the *Packaging News* and *Machinery Update* references to the PTO. But it is IGB's and its counsel's ***withholding of*** information relating to the *Packaging News* misprint (and the Fuji Package discussed and disclosed therein), and ***their subsequent misrepresentations*** regarding the content of *Packaging News* (and the Fuji Package discussed and disclosed therein), that constitute the acts of inequitable conduct. Put simply, withholding *Packaging News* and/or *Machinery Update* from the PTO are not the alleged acts of inequitable conduct that form the bases of Kellogg's inequitable conduct claims.

*Ohio Willow* is directly on-point. In that case, the Federal Circuit reversed the District Court's grant of summary judgment of no inequitable conduct. *Ohio Willow*, 735 F.3d at 1341. The allegations of inequitable conduct related to Ohio Willow's "conduct during the reexamination proceedings," specifically regarding "information made known to [Ohio Willow's] counsel in the course of litigation that was allegedly either withheld or misrepresented in order to improperly obtain issuance of the '237 patent during the reexamination proceedings." *Id.* at 1345. The acts at issue in *Ohio Willow* were two-fold: (i) the patentee's withholding of

evidence that corroborated a witness' testimony and (ii) counsel's knowingly false misrepresentations to the PTO. Both acts bore upon whether, and to what extent, the witness had an interest in the outcome of the dispute. *Id.* at 1345-47. As in *Ohio Willow*, here there is considerable evidence that IGB and its counsel have committed both acts: (i) withholding material information from the PTO and (ii) misrepresenting material information to the PTO.[2]

Accordingly, IGB's threshold argument that IGB cannot have committed inequitable conduct as a matter of law because the reexamination petitioner submitted both *Machinery Update* and *Packaging News* to the PTO fails. (*See, e.g.,* IGB Responsive / Reply Brief at 3 ("The district court was correct, however, in granting summary judgment on Kellogg's inequitable conduct defense. The district court correctly held that Kraft [IGB] did not improperly withhold the *Machinery Update* reference, for the simple reason that *Machinery Update* was manifestly disclosed to the PTO."); *see also id.* at 34-37 (same).) If IGB were correct, then the fact that the PTO had *Packaging News* (and *Machinery Update*) before it would (and did) give IGB *carte blanche* to intentionally misrepresent and withhold information about their contradictory content. Federal Circuit law,

[2] IGB's tellingly thin treatment of *Ohio Willow* misses the mark. Here again, IGB focuses on the fact that "*Machinery Update* was undisputedly before the examiner." (IGB Responsive / Reply Brief at 39.) As discussed above, that is irrelevant to Kellogg's inequitable conduct claims, where the Examiner expressly assumed that the disclosures of *Machinery Update* were consistent with the disclosures of *Packaging News* when they were not.

specifically the *Ohio Willow* case, does not support that result. And the cases cited by IGB on this point are inapposite.

In IGB's cited cases, this Court held that a patentee engaged in inequitable conduct by failing to disclose a certain reference to the PTO and that a patentee does not have any obligation to highlight certain references to the PTO to avoid inequitable conduct liability. *See, e.g., Aventis Pharma S.A. v. Hospira, Inc*., 675 F.3d 1324, 1336 (Fed. Cir. 2012) (affirming holding that failure to disclose two material references constituted inequitable conduct); *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1179-82 (Fed. Cir. 1995) (affirming holding that failure to disclose a material reference constituted inequitable conduct); *Fiskars, Inc. v. Hunt Mfg. Co.*, 221 F.3d 1318, 1326-27 (Fed. Cir. 2000) (holding that examiner's failure to consider prior art reference submitted to the PTO did not obligate patentee to stress importance of reference to Examiner to avoid inequitable conduct).

Kellogg does not dispute those points of law. But there is a difference between failing to disclose a reference (or failing to stress the importance of a disclosed reference) and ***knowingly and intentionally withholding material information regarding a reference from the PTO or misrepresenting material information regarding a reference to the PTO***. This is particularly true because the entire basis for patentability revolved around a distinction between the two references known only to IGB, where the Examiner missed the distinction (as

confirmed by the District Court). Indeed, IGB's own caselaw recognizes this distinction: "[i]nequitable conduct includes affirmative misrepresentation of a material fact, failure to disclose material information, or submission of false material information, coupled with intent to deceive." *Molins*, 48 F.3d at 1178.[3]

Here, the evidence of record shows that IGB knew that: (i) both *Packaging News* and *Machinery Update* disclose a wrapper; (ii) both *Packaging News* and *Machinery Update* discussed and disclosed the Fuji Package; and (iii) the Fuji Package disclosed a wrapper. Yet, IGB intentionally withheld material information regarding *Packaging News* and its misprint from the PTO and misrepresented material information regarding *Packaging News* to the PTO. Those actions constitute inequitable conduct even though the reexamination petitioner submitted the *Packaging News* and *Machinery Update* articles to the PTO.

**2. IGB's And Its Counsel's Withholding Of Information And Misrepresentations Regarding *Packaging News* Were Material To Patentability.**

The materiality of the *Packaging News* misprint is beyond dispute. The Board ***expressly cited*** the *Packaging News* ***misprint*** as the primary basis for its decision upholding the patentability of the claims of the '532 patent. (A6949-A6950 (citing A1912).) In the Board's own words:

[3] *See also Fiskars*, 221 F.3d at 1326 ("A ruling of inequitable conduct in patent prosecution requires the threshold findings that the applicant withheld material information from the PTO during examination of the patent or submitted material false information.")

> Whereas we do not disagree with the Examiner's contention that it would be desirable to provide the package of Gilley with resealability [cite omitted], the Examiner's articulated rationale does not appear to account for the fact that Packaging News teaches to not utilize conventional wrapping film (FF 2B), and that its mere use of a tray in conjunction with a flap/label is sufficient (FF 2B-2D). This teaching by Packaging News which specifically "***operates without conventional wrapping film***" (FF 2B) would lead a person of ordinary skill in the art away from using a wrapper surrounding a frame, that is, in "a direction divergent from the path that was taken by the applicant." *In re Gurley*, 27 F.3d at 553; *In re Wesslau*, 353 F.2d at 241.

(A1912 (emphasis added).) Indeed, the District Court correctly found that "based primarily on the conclusion that a wrapperless version of the Re-Seal It package taught away from combining the elements, the Board declared the patent valid as non-obvious." (A9 (citing A1912-A1916).)

IGB knew that Packaging News depicted and disclosed a wrapper. Even a cursory review of *Packaging News* compels that conclusion. (A4713.) According to *Packaging News*:

- "A reclosure system with a low cost filmic label, designed to give ***flow-wrapped*** food longer 'larder life', is being shown for the first time in Britain by Paramount Packaging Systems, newly-appointed UK agent for the systems' developer, Re-Seal It Sweden."
- "To be shown mounted on a Fuji FW 3710B ***flow-wrapper***, Re-Seal It allows flow-wraps of bacon, sliced cooked meat, cheese and similar food products eaten over a period of time to be opened and then resealed, to avoid drying out in the fridge."
- "The ***flow-wrapper*** can also run at the normal speed of the product involved."
- "A filmic label is then applied over the flap and sealed into place under

> pressure by the existing pinch rollers of the Fuji ***flow-wrapper's*** film feed system."

(A4713 (emphases added).) The picture of the Fuji Package shown in *Package News* also confirms the existence of a wrapper:




(*Id.*) IGB's expert confirmed that *Packaging News* discloses both conventional flow-wrap film and a wrapper surrounding a tray. Specifically, IGB's technical expert testified as follows during his deposition regarding *Packaging News*:

> And, Counsel, just for the reference and for the record, this picture is in very obscure failure terms, it's a two-dimensional picture, does not clearly define and discuss all the components. I've read the paragraph, I've examined this portion of the document several times, but for lack of clarity and a two-dimensional imagine [sic], that does not show the three-dimensional issues associated with this package, I will try in my best judgment to answer what you're asking. Does it show a film completely surrounding? My answer is yes, there seems to be, based on the discussion written, that it's a flow-wrapped food package.

(A6948 (citing A6810).)

Several other IGB witnesses agree. (*See, e.g.,* A6811, A6804, A4832 (citing

A4487, A4706-A4713, A4488).)

Tellingly, the same picture used in *Packaging News* was also used in an earlier *Machinery Update* article (from September/October 2001) that was referenced by the District Court and unequivocally confirms that the package shown in *Packaging News*, to the extent it was not already certain, discloses a wrapper:




**Paramount Packaging:** *Re-Seal It flow-wraps provide longer 'larder life'*

(A4708.) The picture shown above has the following subtitle: "Paramount Packaging: Re-Seal It flow-wraps provide longer 'larder life.'" (*Id.*)

In addition to the content of *Packaging News* itself, *Machinery Update* also confirms that *Packaging News*' statement that "[t]he system operates without conventional wrapping film" was a misprint. (A4713.) According to *Machinery Update* (March/April 2002):

- "However, a reclosure system to give ***flow-wrapped*** food longer 'larder life' using a low cost filmic label, has also been launched in Britain by

Paramount Packaging, which is agent for Re-Seal It Sweden, the company that developed and patented the concept." (A4423-24 (emphasis added).)

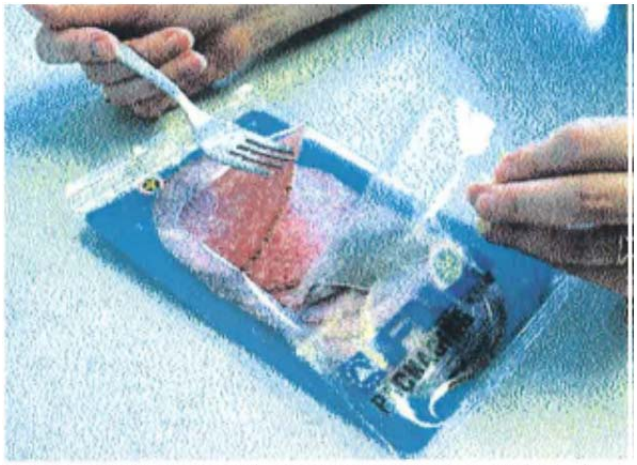
- "The Re-Seal It system allows ***flow-wraps*** of bacon, sliced cooked meat, cheese and similar food products that are consumed over a period of time to be opened, then reclosed to avoid drying out in the refrigerator." (A4424 (emphasis added).)

- "The ***flow-wrapper*** can also run at its normal speed for the product involved." (A4424 (emphasis added).)

- "The Re-Seal It system operates ***with conventional wrapping film***, first die-cutting three sides of a rectangle to produce a flap, which is held in place by small notches." (A4424 (emphasis added).)

- "A filmic label with peelable adhesive is then applied over the flap and sealed into place under pressure by the existing pinch rollers of the Fuji ***flow-wrapper's*** film feed system." (A4424 (emphasis added).)

As with *Packaging News*, the picture and subtitle of the Fuji Package shown in *Machinery Update* also confirms the existence of a wrapper:



**Longer 'larder life':** *Re-Seal-It system from Paramount Packaging allows flow-wraps to be reclosed*

(A4423 ("Longer 'larder life': Re-Seal-It system from Paramount Packaging allows flow-wraps to be reclosed").)

That IGB withheld such information from the PTO is also beyond dispute.

The record evidence confirms that IGB withheld information demonstrating that *Packaging News* contained a misprint. Of particular note, the inventor of the '532 patent withheld from the PTO a document in IGB's and her own possession depicting the very same Fuji Package[4] disclosed and discussed in the *Packaging News* and *Machinery Update* articles, as shown below:



(A6867; A6866 ("Odette, Have you seen this? Flow wrapped tray with label reclose. http://www.reseal-it.se/") (March 22, 2005, email to inventor Odette Sierra-Gomez (née Moncayo)); A6941-A6944 (citing A6888, A6906-A6915, A6918-A6919, A6879, A6900-A6902); A6951 (citing A6907 and A6909).)

IGB's and the inventor of the '532 patent's knowledge, and subsequent

[4] The District Court found at summary judgment that the packages depicted in the *Machinery Update* and *Packaging News* articles, and shown herein are the same. (A8 ("Both articles describe a resealable food package called the Re-Seal It system (also known as the Fuji Package)."); A30 ("the sample of the Re-Seal It technology, also referred to as the Fuji Package . . . ").)

withholding, of information regarding the Fuji Package disclosed and discussed in *Packaging News* and *Machinery Update* came ***before*** IGB and its counsel began making misrepresentations to, and withholding additional information from, the PTO regarding *Packaging News* (and the Fuji Package discussed and disclosed therein).

For example, the record evidence confirms that IGB and its counsel knowingly misrepresented *Packaging News* to the PTO by claiming that it did not disclose wrapping film or a wrapper. In particular, during the reexamination of the '532 patent, the patentee made the following submissions and misrepresentations:

- During an interview with the Examiner, the inventor Gladys Odette Sierra-Gomez, Plaintiff's reexamination counsel Jon Birmingham, and Plaintiff's in-house counsel Thomas Marcoux "discussed that Packaging News teaches away from the combination with Gilley because Packaging News ***teaches away from use of conventional wrapping film***." (A728 (June 5, 2008, interview summary) (emphasis added).)

- In response to the USPTO's first office action in the reexamination, the '532 patent owner and its reexamination counsel Jon Birmingham stated: "Indeed, the Packaging News article ***teaches away*** from the proposed combination by its depiction of a tray that is performing a protection function, its statement that ***it 'operates without conventional wrapping film'*** …" and "One passage in the Packaging News Article that leads the reader away from flow wrapping a tray is as follows: '[t]the system operates without conventional wrapping film.'" (A871 (June 13, 2008, response to office action) (emphasis added).)

- The '532 patent owner and its reexamination counsel, Jon Birmingham, submitted a declaration from lead inventor Gladys Sierra-Gomez in support of Plaintiff's response to the USPTO's first

office action in the reexamination of the '532 patent, in which Ms. Sierra-Gomez stated that "I have studied the Packaging News article ("Packaging News"). I agree with the portion of the rejection noting that ***Packaging News does not disclose a wrapper surrounding a frame***." (A897 (June 12, 2008, declaration of the same inventor who previously received an email with pictures of the Fuji Package) (emphasis added).)

- The '532 patent owner and its reexamination counsel, Jon Birmingham, submitted a declaration from lead inventor Gladys Sierra-Gomez in support of its response to the USPTO's first office action in the reexamination of the '532 patent, in which Ms. Sierra-Gomez stated that "Packaging News specifically touts cost advantages through the elimination of unnecessary materials. For example, Packaging News states that ***'[t]the system operates without conventional wrapping film***.' Taking this statement in context with the picture clearly teaches that ***when a tray is used it is not to be used with a complete wrapper***." (A898 (June 12, 2008, declaration of the same inventor who previously received an email with pictures of the Fuji Package) (emphases added).)

- The '532 patent owner and its reexamination counsel, Jon Birmingham, also submitted a declaration from alleged expert Stephen W. Cornell in support of its response to the USPTO's first office action in the reexamination of the '532 patent, in which Mr. Cornell stated that ***"[t]he Packaging News Article says that the container 'operates without conventional [over]wrapping film***…'"; "[o]ne reading this article would not choose to employ a convention [sic] flow-wrapping system to wrap the tray depicted in the article"; and "[t]he Packaging News article also leads the reader away from flow wrapping a tray by stating that ***'[t]he system operates without conventional wrapping film***.' The lid stock depicted in the article photograph is not conventional flow wrapping film and, therefore, one would not flow wrap with it." (A903-A909 (June 12, 2008, declaration) (emphasis added).)

IGB's counsel also knowingly made the following misrepresentations to the Board during the June 15, 2011, oral argument of IGB's appeal of the

reexamination rejection:

- During the oral argument before the Board the '532 patent owner's reexamination counsel Jon Birmingham stated, "if I could direct your attention to the bottom paragraph in the left, it says '***The system operates without conventional wrapping film***.' When you read this—taking that, the picture and all of the little pieces of this article together, it's clear it's not a flow wrap …" (A2932 (emphasis added).)

- During the oral argument before the Board, the following exchange occurred between the panel and Jon Birmingham, Plaintiff's reexamination counsel:

> JUDGE SONG: In looking at this photograph that's reproduced in this "Packaging News" document, it appears that there is something on the – below the tray, meaning a wrap of some sort, that goes underneath the tray. Is that a correct characterization?
>
> MR. BIRMINGHAM: ***No, Your Honor. There's no evidence that there is any sort of surrounding wrapper***.
>
> JUDGE SONG: So what is that on the – I guess that would be on the left side of the page?
>
> MR. BIRMINGHAM: In the upper left corner?
>
> JUDGE SONG: Yes.
>
> MR. BIRMNGHAM: We believe that that is just a portion of the lid film that extends upward a little bit, so it's kind of a flange of the film on the top that is just hanging over the top edge.
>
> JUDGE SONG: How is that consistent with the provision of a tab for grabbing?
>
> MR. BIRMINGHAM: You're right, Your Honor. There is – the tab would be on the label that's stuck on top. What you're seeing in the upper left, we believe, is

> the lid. So that's the top portion of the lid film that's sealed around the periphery of the tray. There's just some excess material hanging off. But all of this is in the top plane, on top of the thermal-formed –
>
> JUDGE SONG: Nothing extends to the bottom plane of the tray or the side of the tray –
>
> MR. BIRMINGHAM: ***There's no evidence of anything extending to the bottom of the tray, and the Examiner has admitted that what's missing from this is an outer wrapper surrounding the tray***.
>
> JUDGE SONG: Okay. (A2928-A2929 (emphases added).)

- During oral argument before the Board, the following exchange occurred between the panel and Jon Birmingham, Plaintiff's reexamination counsel:

> JUDGE LEBOVITZ: Well, they do call it … flow wrapper. Allows flow wraps to be shown mounted on a Fuji flow wrapper reseal. IT allows flow wraps of bacon, sliced cooked meat, cheese and similar food to be opened and then resealed. What is that talking about there? They're talking about flows wraps –
>
> MR. BIRMINGHAM: We understand that to – they're talking about the types of foods that would have normally been flow wrapped; now they're using this new technology. (A2931-A2932.)

Moreover, IGB's and its counsel's misrepresentations to the PTO are tantamount to filing an unmistakably false affidavit, as in *Ohio Willow*. Thus, materiality is presumed. *See Therasense, Inc. v. Becton, Dickinson and Co*., 649

F.3d 1276, 1292 (Fed. Cir. 2011). Indeed, the District Court has already found that IGB's counsel should have disclosed the misprint to the PTO. (A36.)

IGB barely contests that its and its counsel's actions were "but-for material" to the patentability of the '532 patent. (IGB Responsive / Reply Brief at 39-40.) The two reasons offered why IGB's withholding of information and its misrepresentations were not but-for material are: (1) Kellogg never asserted *Packaging News* as a prior art reference in the underlying litigation and (2) the patentee, during reexamination provided "additional reasons why *Packaging News* did not disclose the patented invention, in addition to the article's statement that it operated 'without conventional wrapping film.'" (*Id.*) Both arguments are without merit.

First, the reasons underlying Kellogg's choice ***not*** to assert *Packaging News* as an invalidating reference in this case are both unknown and irrelevant to IGB and its inequitable conduct before the PTO. Unlike IGB, Kellogg ultimately chose not to rely on a reference that contains a misprint.

Second, the PTO's ruling in favor of the patentee during the reexamination of the '532 patent makes clear that *Packaging News'* alleged failure to disclose wrapping film led to the Board's conclusion. (A6949-A6950 (citing A1912).) The District Court concurs that the alleged failure of *Packaging News* (with its discussion and disclosure of the Fuji Package) to disclose a wrapper ***is what led*** to

the Board's decision. (A9 (citing A1912-A1916).) The fact that the patentee, not the Board, provided additional purported reasons why Packaging News did not disclose the patented invention, is irrelevant to the Board's ultimate conclusion. IGB has not pointed to any record evidence that the District Court failed to consider, and there is no reason to disturb the District Court's findings on this issue.

### 3. IGB And Its Counsel Intended To Deceive The PTO By Withholding Information And By Misrepresenting *Packaging News* To The PTO.

The District Court failed to view the evidence in a light most favorable to Kellogg when it granted IGB's motion for summary judgment of no inequitable conduct, holding that Kellogg had not raised a genuine issue regarding the intent prong of inequitable conduct.

IGB, inventor Sierra-Gomez (née Moncayo), and IGB's counsel intended to deceive the PTO during the reexamination of the '532 patent based on their misrepresentations and/or withholding of information: (i) in response to office actions; (ii) in declarations offered to the PTO; and (iii) during oral argument before the Board. For the reasons noted in Sec. III(A)(2), *supra*, the inventor and reexamination counsel knew of the Fuji Package and knew that *Packaging News*

and *Machinery Update* disclosed and discussed the Fuji Package.[5] In addition, IGB's reexamination counsel admitted that he read and understood the *Packaging News* article (A6942 (¶¶41-43), 6943-6944 (¶¶ 46-48)).[6] IGB's reexamination counsel also admitted that his firm conducted legal research regarding "vague and ambiguous prior art references" and that such research related to *Packaging News*. (A6941-6943 (¶¶ 38-40, 44).) Yet, IGB and its counsel repeatedly cited to and relied on the *Packaging News* misprint to support IGB's claim for patentability. (*See* A6945-6948 (¶¶ 50-57).) IGB and its counsel never disclosed the existence of the misprint to the PTO. When questioned by the Board about the appearance of a wrapper, IGB's counsel created a nonsense argument that he knew to be false—that some "excess material" existed on the lid cover. (A2928-29.)

Viewing all of this evidence, including the District Court's factual findings

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[5] Further demonstrating IGB's knowledge, IGB also concedes that the reexamination requester highlighted that a wrapper was disclosed in *Machinery Update* and stated that it was *Machinery Update* that "simply illustrates the wrapper of the *Packaging News* container more clearly." (IGB Responsive / Reply Brief at 35 (quoting A7002 ¶ 136; A618).)

[6] The record confirms that *Packaging News* contains a misprint. As the District Court concluded, "[a]lthough [IGB] claims that '[t]here is no evidence of any misprint in *Packaging News*,' the record contradicts this. … The *Packaging News* article ***includes an image that appears to show wrapping film, and the text states that the technology 'allows flow-wraps of bacon, sliced cooked meat, cheese and similar food products.***'" (A8 (emphasis added).) Thus, for IGB's counsel to say to the Board that *Packaging News* does not show or discuss flow wrap or a wrapper is indefensible. (*See* Sec. III (A) (2), *supra*.) And counsel certainly was not merely "restat[ing] the contents of the misprinted article," as the District Court concluded. (A36.)

relating to the contents of the *Packaging News* article, in a light most favorable to Kellogg, the single most reasonable inference to draw is that IGB, inventor Sierra-Gomez (née Moncayo), and IGB's counsel intended to deceive the PTO through: (i) their repeated oral misrepresentations and withholding of information regarding *Packaging News* during oral argument; (ii) their written misrepresentations regarding *Packaging News* in responses and in declarations; and (iii) their withholding of information in IGB's possession showing that the Fuji Package discussed and disclosed in the *Packaging News* article had consistently used and described wrapping film, i.e., the use of a wrapper. As *Ohio Willow* confirms, smoking gun evidence of an intent to deceive is ***not*** required. 735 F.3d at 1351 ("The specific intent to commit inequitable conduct may be inferred from indirect and circumstantial evidence.")

Indeed, viewing this evidence in a light most favorable to Kellogg, the ***only*** inference to make is that IGB and its counsel knowingly withheld and relied on the *Packaging News* misprint to deceive the PTO into believing that *Packaging News* did not disclose a wrapper. The District Court either ignored the evidence noted above or, worse yet, considered it in a light favorable to IGB, the movant. Either way, the District Court incorrectly concluded that "[t]here is no evidence that the attorney knowingly failed to identify the inconsistency between the two articles."

(A36.) Kellogg's circumstantial evidence of intent to deceive is sufficient to overcome summary judgment.

At a minimum, taken in a light most favorable to Kellogg, these facts present a genuine dispute regarding whether IGB's, inventor Sierra-Gomez's (née Moncayo), and IGB's counsel's withholding of material information and their material misrepresentations were committed with an intent to deceive the PTO.

### B. Viewing The Evidence In A Light Most Favorable To Kellogg, Kellogg Raised Genuine Issues Of Material Fact That IGB Also Committed Inequitable Conduct During The Prosecution Of The Underlying '532 Patent.

#### 1. IGB's Knowledge Of The Fuji Package And Subsequent Withholding Of That Package From The PTO.

IGB also committed inequitable conduct while prosecuting the original '532 patent application. IGB deliberately withheld material, ***anticipating*** prior art from the PTO during the original prosecution (and during the reexamination). Before IGB filed the '532 patent application, the Fuji Package had been created. (A4870-A4878 (citing A4506, A4509 (A4638-A4643), A4510 (A4638-A4643), A4511, A4515 (A4638-A4643), A4518 (A4638-A4643), A4517 (A4638-A4643), A4519 (A4638-A4643), A4508 (A4638-A4643), A4512, A4513 (A4638-A4643), A4514 (A4638-A4643)); A6932-A6933 (citing A6829-A6830).) The Fuji Package anticipates the Asserted Claims. (*See* Kellogg Opening/Responsive Brief at 68-72.)

The Fuji Package was displayed and distributed in 2001 and 2002. (A4870-A4871 (citing A4509 (A4638-A4643)); A4872-A4873 (citing A4515 (A4638-A4643); A4873-A4874 (citing A4517 (A4638-A4643)).) The creator of the Fuji Package specifically recalls distributing the Fuji Package to Mr. Scheuch of Kraft Foods R&D, Inc. ("Kraft Foods") at the 2001 IFFA tradeshow. (A6933 (citing A6832); A6938 (citing A6894).) And, following the IFFA tradeshow, Mr. Scheuch and Mr. Exner, also of Kraft Foods, discussed the Fuji Package in a 2001 email—years before IGB filed the '532 patent application. (A6933-A6934 (citing A6836-A6838); A6934 (citing A6843).)

Inventor Sierra-Gomez (née Moncayo) subsequently reached out to Mr. Exner of Kraft Foods in 2003 to discuss the '532 patent application and any resealable technology of which Mr. Exner was aware. (A6936 (citing A6877); A6936 (citing A6886); A6936-A6937 (citing A6884).) The District Court concurs: "[IGB] offered evidence that a [Kraft Foods] employee in Germany obtained the Fuji Package at a 2001 trade show in Europe and sent an e-mail about the package to another German [Kraft Foods] employee named Ron Exner shortly thereafter. The inventor of the '532 patent contacted Exner to ask about prior art before applying for the patent in 2003." (A37.) Indeed, IGB's witnesses testified that

packaging information is freely shared among IGB's employees and affiliates.[7] (A4864-A4865 (citing A4329 (A4638-A4643)); A6934 (citing A6817); A6934 (citing A6818 and A6845-A6864); A6935 (citing A6820).)

The Fuji Package was also distributed at the 2002 Interpack tradeshow. (A4870-A4871 (citing A4515 (A4638-A4643)); A4872-A4873 (citing A4509 (A4638-A4643).) IGB's employees and employees of IGB's affiliate Kraft Foods attended the 2002 Interpack in large numbers. (A4867-A4868 (citing A4496); A6937-A6938 (citing A6893).) IGB obtained samples of the Fuji Package from the 2002 Interpack show and circulated pictures of those packages amongst numerous employees, including the lead inventor of the '532 patent, in 2005, while the original application was being prosecuted, ***long before*** the reexamination was initiated. (A4870-A4871 (citing A4509 (A4638-A4643)); A4871-A4872 (citing A4510 (A4638-A4643)); A4872 (citing A4510 (A4638-A4643)); A4872-A4873 (citing A4515 (A4638-A4643)); A4874-A4875 (citing A4508 (A4638-A4643)); A4877 (citing A4514 (A4638-A4643); A4877-A4878 (citing A4514 (A4638-A4643)); A4878-A4880 (citing A4500 (A4716-A4717 and A4638-A4643)); A4865 (citing A4682 (A4638-A4643)); A4866-A4867 (citing A4498-A4499 (A4638-A4643)); A4867-A4868 (citing A4496 (A4638-A4643)); A4873 (citing

[7] "The probative value of routine business practice to show the performance of a specific act has long been recognized." *See, e.g., In re Hall*, 781 F.2d 897, 899 (Fed. Cir. 1986) (citations omitted).

A4518 (A4638-A4643)); A4874 (citing A4519 (A4638-A4643)); A6927-A6928 (citing A6802 (A4716-A4717)); A6928 (citing A6802-A6803 (A4716-A4717)); A6928-A6929 (citing A6797 (A6823-A6824)); A6929-A6930 (citing A6799 (A4806-A4811)); A6930-A6931 (citing A6800 (A4806-A4811)); A6931-A6932 (citing A6801 (A4806-A4811)); A6935 (citing A6866-A6868)); A6935 (citing A6870-A6874)); A6936 (citing A6870-A6874).)

Several years after the IFFA 2001 and Interpack 2002 trade shows, IGB filed the '532 patent application, in essence claiming the structurally identical Fuji Package as its own design. (A6928-A6940 (citing A6797 (A6823-A6824)); A6799 (A4806-A4811); A6800 (A4806-A4811); A6801 (A4806-A4811); A6829-A6830; A6832; A6836-A6838; A6843; A6817; A6818 (A6845-A6864); A6820; A6866-A6868; A6870-A6874; A6877; A6886; A6884; A6885; A6893; A6894; A6881; A6887; A6897-A6898; A593-A658.)

While IGB had knowledge of the Fuji Package all along, IGB withheld the Fuji Package from the PTO. Discussions from 2005 confirm that IGB had concerns over the prior art status of the anticipatory Fuji Package during the prosecution of the '532 patent application. (A4858-A4859 (citing A4716-A4717); A6935 (citing A6866-A6868); A6935 (citing A6870-A6874); A6937 (citing A6885); A6938-A6939 (A6881); A6939 (citing A6887); A6939-A6940 (citing

A6897-A6898).)[8]

### 2. The District Court And Now IGB Raises And Then Knocks Down A Strawman To Conclude That IGB Did Not Commit Inequitable Conduct During The Original Prosecution Of The '532 Patent.

Kellogg's second basis for inequitable conduct, namely, IGB's and inventor Sierra-Gomez's (née Moncayo) failure to disclose the Fuji Package (disclosed and discussed in both *Packaging News* and *Machinery Update*) during the original prosecution of the '532 patent, should survive summary judgment. The District Court incorrectly focused almost exclusively on the actions of Mr. Ron Exner. (A37.) Mr. Exner was not a named inventor of the '532 patent, prosecution counsel, or otherwise involved in the preparation or prosecution of the application. (*Id.*) But Kellogg is not accusing Mr. Exner of committing an act of inequitable conduct. Rather, Kellogg has accused ***inventor Sierra-Gomez (née Moncayo) and prosecution counsel*** of failing to comply with their duties of candor by withholding the Fuji Package from the PTO. There is no dispute that those individuals are bound by a duty of candor to the PTO. *See* MPEP § 2001.01; 37 C.F.R. § 1.56. The District Court's summary judgment opinion does not address that issue. (*See* A36-37.)

[8]Plaintiff's in-house counsel disclaims ever having received any information regarding the Fuji Package. (A6939-A6940 (citing A6897-A6898).)

IGB's failure to disclose the existence of the Fuji Package to the PTO was committed with the intent to deceive the PTO and was material to the patentability of the '532 patent. The ***only*** reasonable inference to take from IGB's failure to disclose the Fuji Package is that IGB had the intent to deceive given IGB's repeated exposure to the Fuji Package both before and during the prosecution of the '532 patent application and IGB's internal concerns regarding the prior art status and anticipatory nature of the Fuji Package. IGB's failure to disclose the Fuji Package is material because IGB concedes that the Fuji Package discloses all of the ***structural*** limitations of the Asserted independent Claims. (*See* A4924-4926.) The PTO would not have issued the '532 patent but for the omissions of information regarding the Fuji Package.[9]

At a minimum, upon reviewing the evidence of record in a light most favorable to Kellogg, there are numerous genuine issues of material fact relating to the materiality and intent to deceive prongs of inequitable conduct relating to IGB's withholding of the Fuji Package from the PTO.

[9] IGB's claim that the Fuji Package is not material because it is cumulative of *Packaging News* and *Machinery Update* is wrong. (IGB Responsive / Reply Brief at 44.) The Fuji Package was not cumulative of the art of record because *Packaging News* and *Machinery Update* were not submitted during the original prosecution of the '532 patent. And the fact that the Claims of the '532 patent issued over *Packaging News* and *Machinery Update* during reexamination does not render the Fuji Package cumulative because the issuance of the '532 patent after reexamination is the direct result of IGB's and its counsel's inequitable conduct as discussed *supra*.

## IV. CONCLUSION

Kellogg need not prove inequitable conduct on summary judgment. The record confirms that, at a minimum, there are genuine issues of material fact relating to Kellogg's inequitable conduct claims. Accordingly, Kellogg respectfully requests that the Court reverse the District's Court's grant of IGB's motion for summary judgment on Kellogg's counterclaims and defenses for unenforceability based on inequitable conduct.

October 14, 2016

Respectfully submitted,

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## CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7). The brief contains 6,899 words, excluding parts exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii). This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). The brief has been prepared in proportionally spaced typeface using Microsoft Office Word 2010 with 14 point Times New Roman type style.

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## CERTIFICATE OF SERVICE

I hereby certify that, on this 14th day of October 2016, I filed the foregoing Cross-Appellants' Reply Brief with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system, which will send notice of such filing to all registered CM/ECF users.

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