1 COMPLAINT FOR PATENT INFRINGEMENT 2 Plaintiff Free-Flow Packaging International, Inc. ("FPI"), by and through the 3 undersigned counsel, hereby brings its Complaint for Patent Infringement against 4 Defendant Automated Packaging Systems, Inc. ("Automated Packaging"), and 5 alleges as follows: 6 INTRODUCTION 7 This is a civil action for injunctive and monetary relief to remedy 1. 8 patent infringement by Automated Packaging of patents assigned to and owned by 9 FPI. The infringed FPI patents asserted in this Complaint are U.S. Patent No. 10 8,323,774 ("'774 Patent," Exhibit A hereto) and U.S. Patent No. 9,003,743 ("'743 11 Patent," Exhibit B hereto). 12 THE PARTIES 13 Plaintiff FPI is a corporation existing under the laws of the State of 2. 14 Delaware, with its principal place of business at 34175 Ardenwood Blvd., Suite 15 201, Fremont, CA 94555. 16 3. Defendant Automated Packaging is a corporation existing under the 17 laws of the State of Ohio, with its principal place of business at 10175 Philipp 18 Parkway, Streetsboro, OH 44241. Automated Packaging makes, uses, has used, 19 sells, and has sold a system combining a machine and webs, for the manufacturing 20 of inflated webs, to be used for the cushioning of objects transported in containers. 21 4. FPI and Automated Packaging are direct competitors. 22 **JURISDICTION AND VENUE** 23 This Court has original subject matter jurisdiction over the claims 5. 24 alleged in this Complaint pursuant to 28 U.S.C. §§ 1331 & 1338(a), and 35 U.S.C. 25 § 1 et seq. 26 6. This Court has personal jurisdiction over Automated Packaging 27 pursuant to the California Long Arm Statute, Cal. Code Civ. Proc § 410.10, and the

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laws of the United States.

1	7. Automated Packaging regularly solicits business and maintains a		
2	persistent course of conduct by conducting business in the Central District of		
3	California. Automated Packaging also maintains an established distribution		
4	network for offering for sale, selling and shipping products into the Central Distric		
5	of California, including a sales, support, and distribution center in Santa Fe		
6	Springs, California. The marketing and sale of the products at issue in this action		
7	infringes FPI's patent rights within this State and elsewhere in the United States.		
8	Also, Automated Packaging's conduct as described herein will cause tortious		
9	injury to FPI, a resident of this state, and permit Automated Packaging to		
10	wrongfully derive substantial revenue from activities within this state. Upon		
11	information and belief, Automated Packaging derives substantial revenue from		
12	activities within this state and has sold a substantial amount of products into this		
13	state.		
14	8. Venue is proper in this judicial district pursuant to 28 U.S.C.		
15	§ 1400(b) because Automated has committed acts of infringement and has a		

§ 1400(b) because Automated has committed acts of infringement and has a regular and established place of business in this District. Automated's website (http://www.autobag.com/about/our-locations) lists the West Region Sales Office in Santa Fe Springs, which is within the Central District of California. Automated leases its building in Santa Fe Springs, which contains office supplies; computers; furnishings; and inventory consisting of spare parts, machines, and film product. Automated is licensed to do business in California and currently has twenty-one employees in California with positions in sales, customer service, and management. Several employees in management positions for Automated are based in its Santa Fe Springs office, including its sales supervisor and its service manager. Purchase orders for many Automated sales are sent to this office, and many of Automated's product shipments also originate from this office.

SUMMARY OF THE DISPUTE

- 1 Founded in 1967, FPI is a pioneer and award-winning manufacturer of 2 9. innovative, protective packaging products and packaging systems. FPI's 3 innovative products include a wide range of packaging technologies, including 4 5 PMOS (Packaging-Made-On-Site), biodegradable, sustainable and 6 environmentally friendly packaging, void fill air cushions, and Kraft Bubble 7 mailers. FPI's industry-leading and best-in-class products allow customers to 8 easily and reliably utilize cost efficient effective solutions for all packaging needs. 9 FPI's air cushion packaging systems help reduce damage claims resulting from broken or damaged products, and offer environmentally-friendly technology to 10 11 create a smaller carbon footprint. FPI also designs and installs custom dispensing 12 storage systems for air cushions. 13 14 of innovation. FPI has been granted over 85 U.S. patents to protect various 15
 - FPI invests heavily in research and development and has a rich history innovative proprietary systems and methods, such as its patented "double cushion" technology, which allows for more efficient use of air-filled bagging materials.
 - 11. Automated Packaging was founded in 1962 and also sells packaging systems. Unable to compete by developing its own packaging technology, however, Automated Packaging took FPI's patented technologies without permission. Automated Packaging's use, sale, offer for sale, and/or importation of infringing products is damaging and will continue to damage FPI's business, causing irreparable harm, for which there is no adequate remedy at law, unless Automated Packaging's wrongful acts are enjoined by this Court.

ACCUSED AUTOMATED PACKAGING WEBS

- 12. Automated Packaging uses, has used, offers to sell, sells, and has sold in the United States a line of webs called "Bubbles on Demand." This line of films includes at least five products:
 - DuraClear 2000TM Bubbles on Demand

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1	AirPouch FastWrap HD Bubbles on Demand			
2	AirPouch FastWrap Anti-Static Bubbles on Demand			
3	EarthAware® DuraClear 2000™ Biodegradable Bubbles on			
4	Demand			
5	 ■ DuraClear 2000TM High Loft Biodegradable Bubbles on 			
6	Demand			
7	 DuraClear 2000™ High Loft Bubbles on Demand 			
8	EarthAware® Recycled EZ-Tear AirPouch Bubbles on Demand			
9	Recycled High Loft Bubbles on Demand			
10	13. Automated Packaging uses, has used, offers to sell, and, on			
11	information and belief, intends to sell in the United States a line of webs called			
12	"AirPouch Twin Pillows."			
13	14. The complaint collectively refers to all Automated Packaging			
14	products referred to in Paragraphs 12 and 13—along with all products with similar			
15	relevant functionality—as the "Accused '774 Products."			
16	15. Each Accused '774 Product is a type of film that can be inflated on			
17	demand, meaning that it is not inflated until it is used by a consumer. For example,			
18	according to Automated's brochure, the Accused '774 Products include a			
19	"wrapping protective packaging solution" that can be "inflate[d] on demand."			
20	Some Accused '774 Products allow "multi-directional wrapping" of a variety of			
21	products as needed by the user (see http://www.autobag.com/Media/Autobag/			
22	Autobag-AirPouch/Technical-Datasheets/Materials-Film/USA%20(English)/			
23	AirPouch-Wrapping-Brochure.pdf). These products are described in greater detail			
24	on Automated's website at http://www.autobag.com/protective-packaging/			
25	wrapping-solutions.			
26	16. Automated Packaging uses, has used, offers to sell, sells, and has sold			
27	in the United States a line of webs called "EZ-Tear Pillows." This line of films			
28	includes five products:			

1	EarthAware® Recycled EZ-Tear Pillows			
2	EarthAware® Biodegradable EZ-Tear Pillows			
3	EarthAware® XD Blend TM Biodegradable Premium EZ-Tear			
4	Pillows			
5	• DuraClear 2000 TM EZ-Tear Pillows			
6	Anti-Static EZ-Tear Pillows			
7	17. This complaint collectively refers to these Automated Packaging			
8	products as the "Accused Automated EZ-Tear Webs."			
9	18. The Accused Automated EZ-Tear Webs are a type of film that can be			
10	inflated on demand. The Accused Automated EZ-Tear Webs are a "protective			
11	packaging product" that helps "ensure products remain damage free" when shipped			
12	(see http://www.autobag.com/Media/Autobag/Autobag-AirPouch/Technical-			
13	Datasheets/Materials-Film/USA%20(English)/AirPouch-Void-Fill-Brochure.pdf).			
14	19. The Accused Automated EZ-Tear Webs are described in greater detail			
15	on Automated's website at http://www.autobag.com/protective-packaging/void-			
16	fill-solutions.			
17	ACCUSED AUTOMATED PACKAGING SYSTEM			
18	20. Automated Packaging uses, has used, offers to sell, sells, and has sold			
19	in the United States a machine called the AirPouch® Express 3 [™] .			
20	21. The AirPouch® Express 3 [™] is a void-fill inflation machine. For			
21	example, Automated's brochure for the AirPouch® Express 3 [™] states that "The			
22	AirPouch Express 3 Tabletop Void-fill System provides on-demand, easy-to-use			
23	air pillows for high packing productivity." (see http://www.autobag.com/Media			
24	/Autobag/Autobag-AirPouch /Technical-Datasheets/Machinery/USA-English			
25	/AirPouch-Express-3-Void-fill-System-Technical-Data-Sheet.pdf).			
26	22. The AirPouch [®] Express 3 [™] can be used in combination with the			
27	Accused Automated EZ-Tear Webs to create a system for manufacturing void-fill			
28	units. The combination of these elements is referred to herein as the "Accused			

Automated System."

AUTOMATED'S INFRINGEMENT OF FPI'S PATENTS COUNT 1 (Direct Infringement of U.S. Patent No. 8,323,774

- 23. FPI incorporates by reference the allegations in paragraphs 1-22 above.
- 24. On December 4, 2012, the United States Patent & Trademark Office issued U.S. Patent No. 8,323,774 for "Apparatus for Inflating and Sealing Pillows in Packaging Cushions." A copy of the '774 Patent is attached hereto as Exhibit A. By assignment from the inventors in August of 2011, FPI is the sole owner of the '774 Patent.
- 25. On information and belief, Automated Packaging has infringed and continues to infringe one or more claims of the '774 patent, including claim 1, literally or under the doctrine of equivalents, by making, using, selling, and/or offering to sell in the United States without authority, at least the Accused '774 Products.
- 26. Automated manufactures preconfigured plastic film products, such as the Accused '774 Products. Automated's entire product line takes the form of preconfigured plastic films that are inflated at customer sites using inflator machines (see http://www.autobag.com/protective-packaging/protective-packaging-overview). The Accused '774 Products, when inflated, take the form of air-filled packaging cushions. The Accused '774 Products are formed from a web of material having a leading end and a trailing end (for example, the AirPouch FastWrap HD Bubbles are a film that has a leading and trailing end with a number of chambers as shown in the image below). In their uninflated state, the Accused '774 Products contain a channel with unsealed openings into the film's chambers that allows air to enter the chambers as the film is passed through an inflation machine (for example, as explained in Paragraph 15, the AirPouch FastWrap HD Bubbles are a film that can be continuously inflated by an inflation machine).

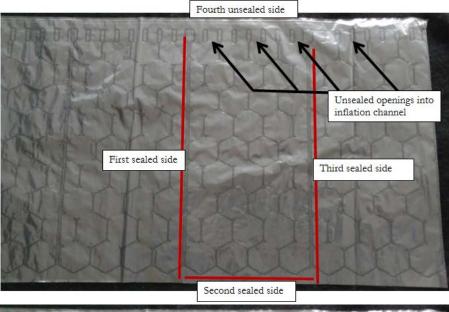
Leading end
Trailing end

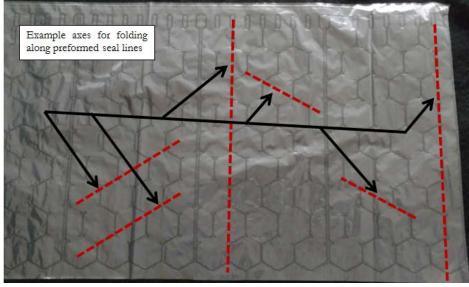
27. The Accused '774 Products have a channel extending the entire length of the film that is open at the leading end to allow loading of the film onto a guide member of an inflation machine for inflation (for example, the AirPouch FastWrap HD Bubbles have a longitudinal channel at the top of the material as shown below).



28. As shown in the graphic below, the Accused '774 Products have multiple rectangular inflatable chambers, where each chamber has three sides closed and a fourth side with an unsealed opening into the channel (for example, each chamber of the AirPouch FastWrap HD Bubbles has four sides, one of which has an unsealed opening). The Accused '774 Products also contain multiple preformed seal line elements within the interior of the chambers that permit the

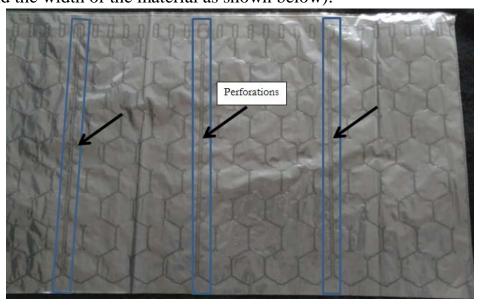
chambers to be folded along a line extending through the seal line elements (for example, each chamber of the AirPouch FastWrap HD Bubbles has preformed elements within the chambers that permit the chambers to be folded along the preformed seal line elements).





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29. The Accused '774 Products have multiple rectangular chambers, which are separated by laterally extending perforations (for example, the AirPouch FastWrap HD Bubbles has lateral perforations separating chambers of the film, which extend the width of the material as shown below).



30. Automated Packaging has constructive knowledge of FPI's rights under the '774 patent by virtue of FPI's website http://www.fpintl.com/patent.aspx, which identifies the Cell-O air cushions, the POWER PAK'RTM air cushions, the PRO PAK'RTM air cushions, and the MINI PAK'RTM air cushions with the '774 patent. Furthermore, Automated has had actual knowledge that its activities

- infringe the '774 patent since at least April 4, 2017, when FPI served a complaint filed in the Northern District of California on Automated setting out Automated's infringement of the '774 patent. Proof of Service of Complaint filed March 31, 2017, *Free-Flow Packaging Int'l, Inc. v. Automated Packaging Sys., Inc.*, No. 3:17-cv-01803-SK (N.D. Cal. April 12, 2017), ECF No. 16.
- 31. Upon information and belief, Automated Packaging has profited from and will continue to profit from its infringing activities. FPI has been and will be damaged by Automated Packaging's infringing activities and is entitled to recover damages adequate to compensate it for such infringement, but, in no event, less than a reasonable royalty. The amount of monetary damages FPI has suffered by the acts of Automated Packaging set forth above cannot be determined without an accounting.
- 32. The harm to FPI within this judicial district and elsewhere in the United States resulting from the acts of infringement of the '774 Patent by Automated Packaging is irreparable, continuing, not fully compensable by money damages, and will continue unless Automated Packaging's infringing activities are enjoined.
- 33. Automated Packaging's infringing activities relating to the Accused '774 Products make this an exceptional case entitling FPI to the recovery of its reasonable attorneys' fees under 35 U.S.C. § 285 or other applicable law.

COUNT 2 (Direct Infringement of U.S. Patent No. 9,003,743)

- 34. FPI incorporates by reference the allegations in paragraphs 1-33 above.
- 35. On April 14, 2015, the United States Patent & Trademark Office issued U.S. Patent No. 9,003,743 for "Apparatus for Inflating and Sealing Pillows in Packaging Cushions." A true and correct copy of the '743 Patent is attached hereto as Exhibit B. By assignment from the inventors in May of 2009, FPI is the sole owner of the '743 Patent.

- 1 36. FPI asserted a separate patent that it does not assert here, U.S. Patent No. 7,536,837 ("837 Patent"), in a separate lawsuit eight years ago. A jury found 3 the asserted claims of the '837 Patent invalid, and neither the district court nor the Federal Circuit disturbed the jury's verdict. *Pregis Corp. v. Kappos*, 700 F.3d 4 1348, 1352-53, 56 (Fed. Cir. 2012). During the prosecution of the '743 Patent, FPI 5 provided the Patent Office Examiner documents from that litigation, including 6 expert reports and the judgment of invalidity that the district court entered. The 7 8 Examiner issued the '743 Patent over these explicit disclosures. The claims of the '743 Patent differ from the claims of the '837 Patent 9 37. 10 at issue in this prior litigation. The '743 Patent made a narrowing change to exclude perforations "separating each chamber or multiple chambers." It further 11 12 contains a "feed mechanism" limitation that was not present in the relevant claims
 - 38. On information and belief, Automated Packaging has infringed and continues to infringe one or more claims of the '743 patent, including claim 1, literally or under the doctrine of equivalents, by making, using, selling, and/or offering to sell in the United States without authority, at least the Accused Automated EZ-Tear Webs.
 - 39. The Accused Automated System is a system for manufacturing air cushions for use as packaging dunnage (for example, the AirPouch® Express $3^{\text{\tiny TM}}$, as shown below, in combination with the Accused Automated Films is a system for making packaging dunnage).

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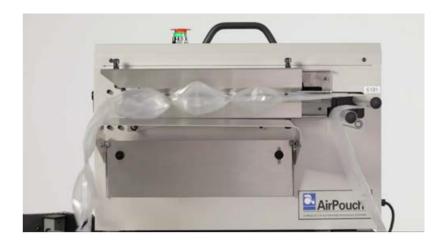
of the '837 Patent.

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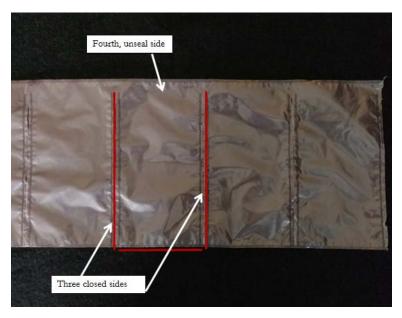
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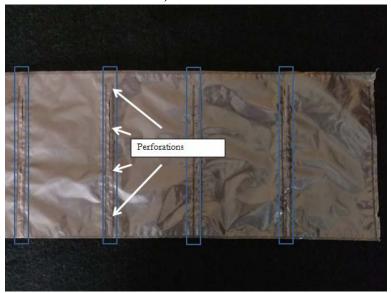
40. As shown in the graphic below, the Accused Automated System utilizes the Accused Automated EZ-Tear Webs, which are a longitudinally extending plastic film comprising a relatively narrow longitudinally extending channel that allows for inflation of the material (for example, the DuraClear 2000 EZ-Tear Pillows).



The Accused Automated EZ-Tear Webs have at least one row of generally rectangular presealed inflatable chambers each having three sides closed and a fourth side with an unsealed opening into the longitudinally extending channel (for example, as shown below, the DuraClear 2000 EZ-Tear Pillows define three closed sides and fourth unsealed side for inflation).



The Accused Automated EZ-Tear Webs have a plurality of laterally extending perforations separating the inflatable chambers, wherein the laterally extending perforations extend the entire width of the film (for example, as shown below, the DuraClear 2000 EZ-Tear Pillows define chambers separated by perforations that extend the entire width of the film).



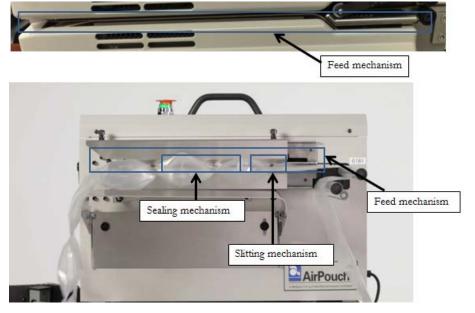
41. The Accused Automated System includes an inflation machine for inflating the inflatable chambers of the plastic film (for example, the AirPouch® Express $3^{\text{\tiny TM}}$, as shown below, is a machine for inflating plastic film).

ATTORNEYS AT LAW

SILICON VALLEY

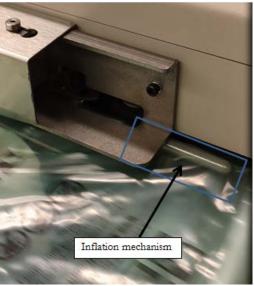


42. The Accused Automated System contains a feed mechanism that causes the plastic film to be gripped at or near the narrow longitudinally extending channel and drawn in a continuous and uninterrupted manner through inflation, sealing and slitting mechanisms in a planar path (for example, the AirPouch® Express 3™, as shown below, contains a feed mechanism that pulls in the film having a sealing and slitting mechanism in a planar path).



43. The Accused Automated System includes an inflation mechanism that comprises a source of inflation gas and an air outlet which together cause inflation gas to be injected into the relatively narrow longitudinally extending channel of the plastic film as the plastic film is drawn through the inflation mechanism (for example, the AirPouch® Express $3^{\text{\tiny TM}}$, as shown below, contains an inflation

mechanism that pumps compressed air into the film material).

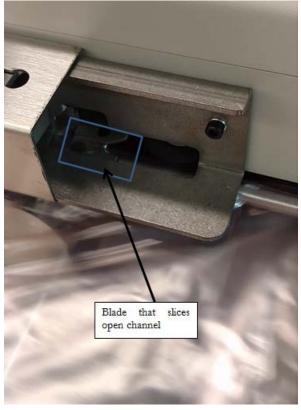


44. The Accused Automated System includes a sealing mechanism that comprises an electrically energized heating element that generates heat to be delivered to the inflation side of one or more of the inflatable chambers to seal the unsealed opening and trap the inflation gas within the inflatable chambers as the plastic film is drawn through the sealing mechanism (for example, the AirPouch® Express 3[™], as shown below, heat seals the edge of the Accused Automated EZ-Tear Webs after they are filled and as they are drawn through the machine).



45. The Accused Automated System includes a slitting mechanism comprising a blade that slices open the relatively narrow longitudinally extending channel of the plastic film as the film is drawn through the slitting mechanism (for

example, the AirPouch® Express $3^{\text{\tiny TM}}$, as shown below, slices open the narrow channel in the film with a blade as it is drawn through the machine).



46. Automated Packaging has constructive knowledge of FPI's rights under the '743 patent by virtue of FPI's website http://www.fpintl.com/patent.aspx, which identifies the Cell-O air cushions, the POWER PAK'RTM air cushions, the PRO PAK'RTM air cushions, and the MINI PAK'RTM air cushions with the '743 patent. Furthermore, Automated has had actual knowledge that its activities infringe the '743 patent since at least April 4, 2017, when FPI served a complaint filed in the Northern District of California on Automated setting out Automated's infringement of the '743 patent. Proof of Service of Complaint filed March 31, 2017, *Free-Flow Packaging Int'l, Inc. v. Automated Packaging Sys., Inc.*, No. 3:17-cv-01803-SK (N.D. Cal. April 12, 2017), ECF No. 16.

47. Upon information and belief, Automated Packaging has profited from and will continue to profit from its infringing activities. FPI has been and will be damaged by Automated Packaging's infringing activities and is entitled to recover

- 48. The harm to FPI within this judicial district and elsewhere in the United States resulting from the acts of infringement of the '743 Patent by Automated Packaging is irreparable, continuing, not fully compensable by money damages, and will continue unless Automated Packaging's infringing activities are enjoined.
- 49. Automated Packaging's infringing activities relating to the Accused Automated System make this an exceptional case entitling FPI to the recovery of its reasonable attorneys' fees under 35 U.S.C. § 285 or other applicable law.

PRAYER FOR RELIEF

WHEREFORE, FPI respectfully requests that this Court enter judgment against Automated Packaging as follows:

- A. That Automated Packaging is liable for infringement of one or more claims of the '774 Patent and the '743 Patent, as alleged herein;
- B. That Automated Packaging and its parents, subsidiaries, affiliates, successors, predecessors, assigns, and the officers, directors, agents, servants and employees of each of the foregoing, customers and/or licensees and those persons acting in concert or participation with any of them, are preliminarily and permanently enjoined and restrained from continued infringement, including but not limited to using, making, importing, offering for sale and/or selling products that infringe each of the Asserted Patents prior to their expiration, including any extensions;
- C. An award of damages adequate to compensate FPI for the infringement that has occurred, pursuant to 35 U.S.C. § 284, including prejudgment and postjudgment interest;

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1	D.	An award of treble damages for willful infringement pursuant to 35				
2	U.S.C. § 284;					
3	E.	An award of attorneys' fees based on this being an exceptional case				
4	pursuant to 35 U.S.C. § 285 and 15 U.S.C § 1117(a), including prejudgment					
5	interest on such fees;					
6	F.	An award of costs and expenses in this action;				
7	G.	An order compelling an accounting for infringing acts not presented at				
8	trial and an award by the Court of additional damages for such acts.					
9	H.	An award of any further relief that this Court deems just and proper.				
10	JURY DEMAND					
11	Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiff					
12	hereby demands a trial by jury of all issues so triable.					
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1	Dated: August 29, 2017	Respectfully submitted,
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3		
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