

**IN UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

ARCH CHEMICALS, INC.,)	
)	
Plaintiff,)	C. A. No. _____
)	
v.)	
)	
THE SHERWIN-WILLIAMS COMPANY)	<u>JURY TRIAL DEMANDED</u>
and THE VALSPAR CORPORATION,)	
)	
Defendants.)	

COMPLAINT

Plaintiff Arch Chemicals Inc. (“Arch Chemicals”), by and through its undersigned counsel, for its Complaint against Defendant Sherwin-Williams Company (“Sherwin-Williams”) and Defendant The Valspar Corporation (“Valspar”), states and alleges:

NATURE OF THE CASE

1. This is an action for patent infringement arising under the Patent Laws of the United States, 35 U.S.C. § 1 *et seq.*, arising from Defendants’ infringement of one or more claims of U.S. Patent No. 9,723,842 (“the ’842 Patent”) through the manufacture and sale, among other things, of certain compositions for paint and paint products.

PARTIES

2. Plaintiff Arch Chemicals is a subsidiary corporation organized and existing under the laws of Virginia, with its principal place of business at 90 Boroline Road, Allendale, New Jersey 07401.

3. On information and belief, Defendant Sherwin-Williams is a corporation organized and existing under the laws of Delaware, with its principal place of business at 101 Prospect Avenue NW, Cleveland, Ohio 44115.

4. On information and belief, Defendant Valspar is a corporation organized and existing under the laws of Delaware and, on information and belief, Defendant Valspar was acquired on or about June 1, 2017 by Defendant Sherwin-Williams and is a wholly owned subsidiary of Defendant Sherwin-Williams.

5. On information and belief, Defendant Valspar has a principal place of business in Minneapolis, Minnesota with an address at P.O. Box 1461 Minneapolis, MN 55440-1461.

6. On information and belief, Defendants are manufacturers and/or distributors of paint, coatings and related products and are in the business of developing, making, having made, importing, marketing, distributing, offering to sell, and selling compositions for paint, coatings and related products for home and industry use.

JURISDICTION AND VENUE

7. This Court has original and subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

8. This Court has personal jurisdiction over each Defendant because, upon information and belief, each Defendant is incorporated in the State of Delaware, maintains a registered agent for service of process in Delaware, and has continuous and systematic contacts with this forum.

9. Venue is proper in this judicial district, pursuant to 28 U.S.C. §§ 1391 and 1400(b) because Sherwin-Williams and Valspar each reside in this District by virtue of, among other things, the incorporation of each Defendant under the laws of the State of Delaware.

FACTS

I. Arch Chemicals and the Patents-in-Suit

10. Arch Chemicals traces its lineage back to 1892. Since then, it has grown into a global company providing innovative solutions to destroy or inhibit the growth of harmful microorganisms. It offers industrial biocides, which are chemicals used to control the growth of microorganisms in paints, architectural coatings, metal working fluids, and marine paint applications.

11. As a result of its on-going research, development, and innovation in biocide technology, Arch Chemicals holds a patent portfolio that covers a wide range of biocides that are used in paint applications and technologies.

12. On August 8, 2017, the United States Patent and Trademark Office (“USPTO”) duly and legally issued the ’842 Patent, entitled “Isothiazolinone Biocides Enhanced by Zinc Ions.” Arch Chemicals is the owner of all right, title, and interest in and to the ’842 Patent by assignment and therefore has the full right to sue and recover for infringement thereof. The ’842 Patent’s claims are directed to antimicrobial compositions, functional fluid compositions, and coating compositions comprising at least one isothiazolin and at least one zinc compound. A true and correct copy of the ’842 Patent is attached hereto as Exhibit A.

II. Arch Chemicals Had A Longstanding Relationship with Sherwin-Williams

13. On information and belief, Defendant Sherwin-Williams is a leading manufacturer and seller of protective paints and coatings for home and industrial use. Its products include home and industrial coatings, decorative fashion paints, primers, stains, and

wood/concrete finishes and protective coatings.¹

14. Arch Chemicals and Defendant Sherwin-Williams had a long-standing supply relationship whereby Sherwin-Williams purchased innovative biocides from Arch Chemicals in order to deliver its products to consumers.

15. Over the course of this relationship, Arch Chemicals has guided Sherwin-Williams on how to make certain biocidal compositions using Arch Chemicals' ingredients *in situ* including formulations covered by the '842 patent.

16. Upon information and belief and following Sherwin-Williams' acquisition of Valspar, Sherwin-Williams initiated a Request For Proposal ("RFP") in 2017 to Arch Chemicals and various competitors of Arch Chemicals.

17. Arch Chemicals responded to the RFP providing competitive pricing for its innovative solutions that would have secured access to Arch Chemicals' innovation for Sherwin-Williams while also providing it significant cost savings.

18. After receiving Arch Chemicals' response to the RFP and after, on information and belief, having actual notice of the '842 Patent, Sherwin-Williams informed Arch Chemicals that it would be moving its business that related to the patented technology away from Arch Chemicals.

19. Arch Chemicals made Sherwin-Williams—and Valspar through Sherwin-Williams—aware of the '842 Patent. After which, Sherwin Williams and Arch Chemicals undertook discussions, which did not bear fruit.

¹<https://www.sec.gov/Archives/edgar/data/89800/000119312517156507/d369433d424b5.htm#suptx369>.

20. During those discussions, even though Arch Chemicals lost the RFP and, consequently, significant business, Arch Chemicals continued to support and aid Sherwin-Williams in its business by providing emergency supplies, among other things. For example, when the company awarded the RFP was unable to deliver the chemicals that Sherwin-Williams needed, Sherwin-Williams called Arch Chemicals. In swift response, Arch Chemicals sent the requested chemicals to Sherwin-Williams without delay. Arch Chemicals has continued to assist Sherman-Williams even after being cast aside.

21. As discussions continued, Sherwin-Williams, in correspondence from its Vice President of Procurement Global Supply Chain, admitted on May 11, 2018 that Sherwin-Williams uses “isothiazolin-3-one and zinc oxide as individual substrates in paints,” which are the very components of the compounds claimed in the ’842 Patent.

22. Nonetheless, on May 11, 2018, Sherwin-Williams stated that it considered the patent discussions closed.

23. Thereafter, Arch Chemicals commenced a lawsuit against Sherwin Williams on the ’842 Patent and U.S. Patent No. 9,717,250 (“the ’250 Patent”) in this District on or about July 2, 2018 (“Initial Complaint”) and amended that complaint on or about December 5, 2018 to identify specific accused paint products (“Amended Complaint”).

24. On December 13, 2018, counsel for Sherwin-Williams provided to counsel for Arch Chemicals a letter making factual assertions related to non-infringement and invalidity defenses of some claims of the ’842 Patent, including relevant admissions about the accused Sherwin-Williams products. For example, through counsel, Sherwin-Williams stated that “a majority” of the products identified as examples of accused products in the Amended Complaint “do not contain zinc oxide,” thereby acknowledging that some do incorporate the zinc oxide

component required by many of the claims of the '842 Patent. Sherwin-Williams' counsel did not specify which of the accused products did not meet the claim limitations as Sherwin-Williams was interpreting them.

25. Sherwin-Williams, through counsel, also articulated a non-infringement position in response to the allegations of infringement in the Amended Complaint based on the representation that none of Sherwin-Williams products were made with an antimicrobial composition concentrate. Through counsel, Sherwin-Williams admitted "... the isothiazoline-3-one and zinc compound are added separately and sequentially in Sherwin-Williams' manufacturing process." Sherwin-Williams has thereby admitted that the two components required by many of the claims of the '842 Patent are in its products in arguing that its products are non-infringing because, according to Sherwin-Williams, the '842 Patent (at issue here and in the prior complaint) and the '250 Patent (which was at issue in the prior complaint only) are limited to concentrates that are added to functional fluids like paints instead of the functional fluid itself.

26. Based on Sherwin-Williams representations and its admissions about the composition of its products, and that they are made without the use of a concentrate, Arch Chemicals did not reassert the '250 Patent here.

27. Based on various investigations of Valspar and Sherwin-Williams products, and the admissions made by Sherwin-Williams, and further on information and belief, the Sherwin-Williams and Valspar products, including those identified herein, infringe one or more claims of the '842 Patent, which cover paints containing a claimed biocide, and zinc compound, and in some claims an additional co-biocide compound, and are not limited to concentrates.

III. Defendants' Infringing Activities

28. On information and belief, Defendants are manufacturers and distributors of compositions of paint and related products, including compositions that include specific biocides to control the growth of microorganisms along with zinc compounds in paints, architectural coatings, and metal working fluids, as recited by the claims in the '842 Patent.

29. Sherwin-Williams has admitted that its products contain both a zinc compound and the specific biocide known as BIT, as taught and claimed in the '842 Patent, and further that it uses zinc oxide, as also specifically taught and claimed in the '842 Patent. These admissions were made in 2018, after the acquisition of Defendant Valspar and when Valspar was a wholly owned subsidiary of Sherwin-Williams.

30. On information and belief, Defendants sell and offer for sale their products to numerous retail stores such as Lowe's, Sherwin-Williams stores, and other retail stores nationwide comprising the infringing compositions.

31. On information and belief, Sherwin-Williams has sold in the United States the following paint products that contain, as required by one or more of the '842 patent claims, (i) the biocide BIT present between 5 and 500 parts per million, (ii) a zinc compound like zinc oxide present between 5 and 500 parts per million, (iii) a BIT-to-zinc compound ratio of between 1:100 and 100:1, and (iv) a claimed pyrithione co-biocide compound:

- “Harmony Paint Interior Acrylic White Flat,” Batch # KM1037JV–01901–JWO;
- “Emerald,” Batch #WM3367LY–8 NSG;
- “SnapDry,” Batch # DT0978UK–2187–CB BEB;
- “Super Paint”, Batch # KM2378ZA–05299–JWO;
- “Eminence”, Batch # KM2188GG–02853–EXR MLY;
- “Duration,” Batch # KM2228AK–03299–VTS;
- and “Infinity.”

32. On information and belief, other batches of the paint products listed in Paragraph 31, as well as additional paint products, made, used, sold and offered for sale by Defendants also infringe one or more claims of the '842 Patent.

33. On information and belief, Valspar, a wholly-owned subsidiary of Sherwin-Williams, has sold in the United States the following paint products that contain, as required by one or more of the '842 patent claims, (i) the biocide BIT present between 5 and 500 parts per million, (ii) a zinc compound like zinc oxide present between 5 and 500 parts per million, (iii) a BIT-to-zinc compound ratio of between 1:100 and 100:1, and (iv) a claimed pyrrithione co-biocide compound:

- “Valspar Simplicity Paint,” B1060-18;
- “Valspar Season Flex Paint,” B1065-18;
- “Valspar Signature Paint,” B1061-18;
- “Valspar Primer Sealer,” B1062-18;
- “ Valspar Ultra Paint,” B1063-18; and
- “Valspar Duramax Paint,” B1064-18

34. On information and belief, other batches of the paint products listed in Paragraph

33, as well as additional paint products, made, used, sold and offered for sale by Defendants also infringe one or more claims of the '842 Patent.

35. Defendants have been on actual notice of the '842 Patent since at least September 18, 2017, when Plaintiff informed Sherwin-Williams, which at that time wholly owned Valspar, that it makes, sells, uses and markets in the United States compositions for paint covered by Plaintiff's exclusive rights.

36. On information and belief, Defendants have acted and continue to act without a reasonable basis for believing that they would not be liable for infringing the '842 Patent.

37. As a direct and proximate consequence of these infringing activities by Defendants, Plaintiff has been irreparably harmed and injured in its business and property rights, which harm and injury will continue unless the infringement is enjoined by this Court, and Plaintiff has suffered and will continue to suffer such harm and injury for which it is entitled to relief.

COUNT I

INFRINGEMENT OF THE '842 PATENT

38. The allegations contained in the paragraphs 1 through 37 are incorporated by reference as if fully set forth herein.

39. Defendants have directly infringed and continue to directly infringe one or more claims of the '842 Patent, either literally or under the doctrine of equivalents, by making, using, selling, and/or offering to sell within the United States, and/or importing into the United States, at least the infringing compositions in paint products comprising the infringing composition, which embodies one or more claims of the '842 Patent in violation of 35 U.S.C § 271.

40. Defendants are and have been on notice of the alleged infringement of one or more claims of the '842 Patent since at least September 18, 2017.

41. On information and belief, Defendants have had constructive notice of the '842 Patent since at least August 8, 2017, the date the '842 Patent was issued, and actual notice no later than September 18, 2017.

42. On information and belief, Defendants have had constructive and actual notice of the '842 Patent in light of their own active general involvement in seeking patent protection for their paint products and technologies in the United States and internationally.

43. Despite Defendants' knowledge and notice of the '842 Patent and their ongoing infringement, Defendants continue to use, sell, offer for sale, and/or import the infringing composition and/or paint products comprising the infringing composition in a manner that infringes one or more claims of the '842 Patent. Defendants lacks a justifiable belief that they do not infringe one or more claims of the '842 Patent, or that the '842 Patent is invalid, and they have acted recklessly in its infringing activity, justifying an award of enhanced damages pursuant to 35 U.S.C. § 284.

44. At least Defendants' willful infringement of the '842 Patent renders this an exceptional case, justifying an award to Plaintiff of its reasonable attorneys' fees in accordance with 35 U.S.C. § 285.

45. Plaintiff has no adequate remedy at law for Defendants' acts of infringement. As a direct and proximate result of Defendants' acts of infringement, Plaintiff has suffered and continues to suffer damages and irreparable harm. Unless Defendants' acts of infringement are enjoined by this Court, Plaintiff will continue to be damaged and irreparably harmed.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Arch Chemicals requests that this Court enter a judgment in its favor and award it relief including, but not limited to, the following:

A A judgment that Defendants have directly infringed one or more claims of the '842 Patent;

B A judgment that Defendants infringement has been willful;

C A judgment permanently enjoining Defendants, their respective officers, directors, agents, servants, and employees, affiliates, subsidiaries, or others controlled by them, and all persons in active concert or participation with any of them, from infringing the '842 Patent;

D A judgment and order that requires Defendants to pay damages to Plaintiff adequate to compensate Plaintiff for Defendants' wrongful infringing acts, in accordance with 35 U.S.C. § 284;

E A judgment and order that requires Defendants to pay increased damages up to three times, in view of its willful, deliberate, infringement with knowledge of the '842 Patent, in accordance with 35 U.S.C. § 284;

F A finding in favor of Plaintiff that this is an exceptional case under 35 U.S.C. § 285, and an award to Plaintiff of its costs, including its reasonable attorney fees and other expenses incurred in connection with this action;

G A judgment and order that require Defendants to pay to Plaintiff pre-judgment interest under 35 U.S.C. § 284, and post-judgment interest under 28 U.S.C. § 1961 on all damages awarded;

H Any and all such other and further relief as this Court may deem appropriate.

DEMAND FOR JURY TRIAL

Plaintiff Arch Chemicals respectfully demands a jury trial pursuant to Rule 38(b) of the Federal Rules of Civil Procedure on all issues so triable.

Of Counsel:

Anne Elise Herold Li
James K. Stronski
Preetha Chakrabarti
CROWELL & MORING LLP
590 Madison Avenue, 20th fl.
New York, NY 10022
Telephone: 212-223-4000
ali@crowell.com
jstronski@crowell.com
pchakrabarti@crowell.com

/s/ Chad M. Shandler
Chad M. Shandler (#3796)
Travis S. Hunter (#5350)
Renée M. Mosley (#6442)
Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801
Telephone: 302-651-7700
shandler@rlf.com
hunter@rlf.com
mosley@rlf.com

Attorneys for Plaintiff Arch Chemicals, Inc.

Dated: December 21, 2018