

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

NATIONAL PASTEURIZED EGGS, INC.)	
and NATIONAL PASTEURIZED EGGS, LLC,)	
)	
Plaintiffs,)	
)	
v.)	CIVIL ACTION NO. 10-cv-646
)	
MICHAEL FOODS, INC., ABBOTSFORD)	JURY TRIAL REQUESTED
FARMS, INC., CRYSTAL FARMS)	
REFRIGERATED DISTRIBUTION)	
COMPANY, and M.G. WALDBAUM)	
COMPANY,)	
)	
Defendants)	

SECOND AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiffs, National Pasteurized Eggs, LLC and National Pasteurized Eggs, Inc.

("National"), for their Second Amended Complaint allege as follows:

NATURE OF THE ACTION

1. This is a civil action for patent infringement of U.S. Patent Nos. 6,165,538, 6,322,833; 6,632,464; 5,916,617; 5,993,886 and 6,113,961 (collectively referred to herein as "the National patents"); trademark infringement of U.S. Trademark Registration Nos. 3,487,479; 3,200,868; and 3,186,176 (collectively referred to herein as "National's registered trademarks"); unfair competition under 15 U.S.C. § 1125(a); for declaratory judgment that National does not infringe any valid claim of U.S. Patent Nos. 6,004,603; 6,303,176 B1; and 6,974,599 B2 to Vandepopuliere (the "Vandepopuliere patents"); for declaratory judgment that each claim of the Vandepopuliere patents is invalid; for declaratory judgment that defendants, Michael Foods, Inc., Abbotsford Farms, Inc., Crystal Farms Refrigerated Distribution Company and M. G. Waldbaum

Company (collectively referred to herein as "Michael Foods"), lack standing to sue for infringement of the Vandepopuliere patents; for declaratory judgment that Michael Foods is estopped, in whole or in part, from seeking damages for any alleged infringement of the Vandepopuliere patents by the doctrine laches; for declaratory judgment that Michael Foods is barred from asserting any claim of infringement of the Vandepopuliere against National by the doctrine of equitable estoppel; for declaratory judgment that the Vandepopuliere patents are unenforceable due to inequitable conduct and/or unclean hands.

THE PARTIES

2. Plaintiff, National Pasteurized Eggs, Inc., a Delaware corporation, is a privately owned company having a principal place of business at 2963 Bernice Road, Lansing, IL 60438. National Pasteurized Eggs, Inc. develops technology for the pasteurization of shell eggs and is in the business of pasteurizing shell eggs and selling pasteurized shell eggs.

3. Plaintiff, National Pasteurized Eggs, LLC, is an Illinois limited liability company having a principal place of business at 2963 Bernice Road, Lansing, IL 60438, and is a wholly-owned subsidiary of National Pasteurized Eggs, Inc. National Pasteurized Eggs, LLC is the owner of all rights and title to the National patents, all National's registered trademarks, and all common law rights in a "Red P" trademark.

4. National Pasteurized Eggs, Inc. is the exclusive licensee of the National patents, all National's registered trademarks, and all common law rights in a "Red P" trademark. National Pasteurized Eggs, LLC and National Pasteurized Eggs, Inc. are collectively referred to herein as "National."

5. Upon information and belief formed after a reasonable inquiry under the circumstances, defendant, Michael Foods, Inc., is a Delaware corporation with its place of

business at 301 Carlson Parkway, Suite 400, Minnetonka, MN 55305. Michael Foods, Inc. is a food processor and seller of cheese, dairy, potato, egg, and other products, including pasteurized shell eggs.

6. Upon information and belief formed after a reasonable inquiry under the circumstances, defendant, Abbotsford Farms, Inc., is a Minnesota corporation with its place of business at 920 E. Spruce Street, Abbotsford, WI 54405. Abbotsford Farms, Inc. is owned by Michael Foods, Inc. and sells egg products, including pasteurized shell eggs.

7. Upon information and belief formed after a reasonable inquiry under the circumstances, defendant, M.G. Waldbaum Company, is a Nebraska corporation with its place of business at 58535 Hwy. 35, Wakefield, NE 68784. M.G. Waldbaum Company is owned by Michael Foods, Inc. and, among other activities, produces pasteurized shell eggs.

8. Upon information and belief formed after a reasonable inquiry under the circumstances, defendant, Crystal Farms Refrigerated Distribution Company, is a Minnesota corporation with its place of business at 480 N. CP Avenue, Lake Mills, WI 53551. Crystal Farms Refrigerated Distribution Company is owned by Michael Foods, Inc. and sells cheese, dairy, potato, and egg products, including pasteurized shell eggs.

9. The defendants, Michael Foods, Inc., Abbotsford Farms, Inc., Crystal Farms Refrigerated Distribution Company and M. G. Waldbaum Company, are collectively referred to herein as "Michael Foods."

JURISDICTION AND VENUE

10. Upon information and belief formed after a reasonable inquiry under the circumstances, each of the defendants, Michael Foods, Inc., Abbotsford Farms, Inc., Crystal Farms Refrigerated Distribution Company and M. G. Waldbaum Company, has made, used,

offered for sale and/or sold pasteurized eggs that infringe the National patents, National's registered trademarks, and/or National's common law rights in a "Red P" trademark in interstate commerce, including in the State of Wisconsin and in this District and continue to conduct this infringing activity.

11. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a) because this action arises under the Patent Laws of the United States including 35 U.S.C. §§ 271, 281, 283, 284 and 285.

12. This Court also has subject matter jurisdiction under 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1338(a) and (b) because this action also arises under the Trademarks Laws of the United States, including 15 U.S.C. §§ 1114-1118 and 1125(a).

13. Upon information and belief formed after a reasonable inquiry under the circumstances, each of the defendants, Michael Foods, Inc., Abbotsford Farms, Inc., Crystal Farms Refrigerated Distribution Company, and M.G. Waldbaum Company, has been conducting business and consistently sells many products in Wisconsin and in this District, has engaged in substantial and not isolated activities within Wisconsin and this District, has purposefully availed itself of the privilege of conducting activities within Wisconsin and this District; has established minimum contacts with Wisconsin and this District, and at least a portion of the infringement claims alleged herein arises out of or is related to one or more of the foregoing activities. This court has personal jurisdiction over defendants under Wis. Stats. § 801.05.

14. Venue is proper pursuant to 28 U.S.C. §§ 1391(b) and (c) and 1400(b).

STATEMENT OF FACTS

15. National and its predecessors have developed shell egg pasteurization methods and systems that reduce Salmonella species potentially present in egg yolks by at least a 5 log

reduction such that the shell egg is fully pasteurized. The methods employed by National are approved by the FDA and exceed FDA standards for shell egg pasteurization without compromising egg taste or functionality.

16. Over the course of many years and with significant investment and effort, National and its predecessors have developed, installed and operated pasteurization equipment capable of pasteurizing shell eggs on a commercial scale. National has been and continues to be a pioneer in the business of pasteurizing shell eggs and selling and distributing pasteurized shell eggs on a commercial scale.

17. National owns many patents directed to egg pasteurization. National's U.S. Patent No. 6,165,538 ("the '538 patent"), entitled "Pasteurized In-Shell Chicken Eggs," by Leon John Davidson, issued on December 26, 2000. The '538 patent is owned by plaintiff, National Pasteurized Eggs, LLC, and is licensed to plaintiff, National Pasteurized Eggs, Inc. A copy of the '538 patent is attached hereto as Exhibit A.

18. National's U.S. Patent No. 6,322,833 ("the '833 patent"), entitled "Pasteurized In-Shell Chicken Eggs and Method for Production Thereof," by Leon John Davidson, issued on November 27, 2001. The '833 patent is owned by plaintiff, National Pasteurized Eggs, LLC, and is licensed to plaintiff National Pasteurized Eggs, Inc. A copy of the '833 patent is attached hereto as Exhibit B.

19. National's U.S. Patent No. 6,632,464 ("the '464 patent"), entitled "Method for Production of Pasteurized In-Shell Chicken Eggs," by Leon John Davidson, issued on October 14, 2003. The '464 patent is assigned to plaintiff, National Pasteurized Eggs, LLC, and is owned by plaintiff, National Pasteurized Eggs, Inc. A copy of the '464 patent is attached hereto as Exhibit C.

20. National's U.S. Patent No. 5,916,617 ("the '617 patent"), entitled "Process for Heat Treating Food Product," by Louis S. Polster, issued on June 29, 1999. The '617 patent is owned by plaintiff, National Pasteurized Eggs, LLC, and is licensed to plaintiff, National Pasteurized Eggs, Inc. A copy of the '617 patent is attached hereto as Exhibit D.

21. National's U.S. Patent No. 5,993,886 ("the '886 patent"), entitled "Method and Control System for Controlling Pasteurization of In-Shell Eggs," by Louis S. Polster, issued on November 30, 1999. The '886 patent is owned by plaintiff, National Pasteurized Eggs, LLC, and is licensed to plaintiff National Pasteurized Eggs, Inc. A copy of the '886 patent is attached hereto as Exhibit E.

22. National's U.S. Patent No. 6,113,961 ("the '961 patent"), entitled "Apparatus and Methods for Pasteurizing In-Shell Eggs," by Louis S. Polster, issued on September 5, 2000. The '961 patent is owned by plaintiff, National Pasteurized Eggs, LLC, and is licensed to plaintiff, National Pasteurized Eggs, Inc. A copy of the '961 patent is attached hereto as Exhibit F.

23. National sells pasteurized shell eggs covered by various claims of the National patents. A flat of shell eggs pasteurized by National is illustrated in the photograph attached hereto as Exhibit G. All shell eggs pasteurized and sold by National are stamped with a trademark comprising a red P located within a circle on the shell of the pasteurized egg (herein the "Red P" trademark).

24. National has successfully marketed, distributed, and sold pasteurized eggs throughout the country both to retail consumers and through distributors to leading foodservice providers such as restaurants, hospitals, colleges and universities, healthcare facilities, and the like.

25. National sells many pasteurized shell eggs under the Davidson Safest Choice[®] or Safest Choice[™] brand, although some of its pasteurized eggs are not sold in connection with the Davidson Safest Choice[®] or Safest Choice[™] brand. The common brand for all pasteurized shell eggs sold by National is that each pasteurized egg is stamped with the "Red P" trademark.

26. National also owns several trademark registrations, U.S. Trademark Registration Nos. 3,487,479; 3,200,868; and 3,186,176 (collectively referred to herein as "National's registered trademarks"), and a pending trademark application, U.S. Trademark Application No. 85/157,725.

27. U.S. Trademark Registration No. 3,487,479 ("the '479 trademark registration") registered on August 19, 2008, is owned by National Pasteurized Eggs, LLC and is licensed exclusively to National Pasteurized Eggs, Inc. A copy of the '479 trademark registration is attached hereto as Exhibit H.

28. U.S. Trademark Registration No. 3,200,868 ("the '868 trademark registration") registered on January 23, 2007, is owned by National Pasteurized Eggs, LLC and is licensed exclusively to National Pasteurized Eggs, Inc. A copy of the '868 trademark registration is attached hereto as Exhibit I.

29. U.S. Trademark Registration No. 3,186,176 ("the '176 trademark registration") registered on December 19, 2006, is owned by plaintiff, National Pasteurized Eggs, LLC, and is licensed exclusively to National Pasteurized Eggs, Inc. A copy of the '176 trademark registration is attached hereto as Exhibit J.

30. U.S. Trademark Application No. 85/157,725 ("the '725 application") filed on October 21, 2010, is owned by plaintiff, National Pasteurized Eggs, LLC, and is licensed

exclusively to National Pasteurized Eggs, Inc. A copy of the '725 application is attached hereto as Exhibit K.

31. National has advertised and promoted its trademarks, including National's registered trademarks and its common law "Red P" trademark, extensively and has made substantial sales of pasteurized eggs stamped with the "Red P" trademark. The "Red P" trademark is also prominently used throughout National's marketing literature and is incorporated within other trademarks owned and used by National.

32. National has conducted an extensive "Look for the P" marketing campaign to increase awareness and recognition of its trademarks, including National's registered trademarks and its common law "Red P" trademark, among regulators, egg customers and egg consumers. As a result of such use and promotion, National's "Red P" trademark has developed into a strong symbol indicating that eggs marked with the "Red P" trademark have been pasteurized by National and emanate from National.

33. National has spent significant effort and investment educating customers and potential customers about the advantages of using pasteurized shell eggs (which are safe for consumers even if not fully cooked) and in particular shell eggs pasteurized by National (which have uncompromised taste and performance) as indicated by its common law "Red P" trademark on the pasteurized shell egg.

34. As a result of its long use and the great success of its pasteurized shell eggs, National has achieved invaluable goodwill associated with its trademarks, including National's registered trademarks and its common law "Red P" trademark.

35. Defendant, Michael Foods, produces and sells pasteurized shell eggs, including eggs under the brand names Crystal Farms®, Abbotsford™ Farms, and Papetti's® and otherwise.

Historically, Michael Foods has stamped its pasteurized eggs with the word "Pasteurized" along with a distinctive stylized "P" logo. Now abandoned U.S. Trademark Application No.

77/152,822 ("the '822 application") to Michael Foods of Delaware, Inc. shows the historical trademark used by Michael Foods on shell eggs and packaging. A copy of the drawing page submitted in the '822 application is attached as Exhibit L.

36. The pasteurized shell eggs sold by Michael Foods bearing its "Pasteurized" stamp and stylized "P" logo were of substantially inferior quality and performance to pasteurized shell eggs marketed and sold by National at different times under its various trademarks, including National's registered trademarks and its common law "Red P" trademark. Even though Michael Foods sold its pasteurized eggs at a substantially lower price than National, the poor quality and performance of the Michael Foods eggs prevented Michael Foods from effectively competing with pasteurized shell eggs from National.

37. Upon information and belief formed after a reasonable inquiry under the circumstances, Michael Foods has adjusted its pasteurization process in an alleged attempt to produce pasteurized eggs with better functionality.

38. Michael Foods has been, is, and will continue infringing National's '538 patent by making, using, selling and/or offering for sale in Wisconsin and elsewhere pasteurized shell eggs embodying claims 1, 2, 3, 4, 5, 6 and 7 of the '538 patent.

39. Upon information and belief formed after a reasonable inquiry under the circumstances, Michael Foods has been, is, and will continue infringing National's '833 patent, '464 patent, '617 patent, '886 patent and '961 patent by using the methods, processes, systems and/or apparatuses, and by making, using, selling and/or offering for sale pasteurized shell eggs treated and/or pasteurized by methods, processes, systems and/or apparatuses, embodied by, at

least, claims 1, 2, 3, 4, 6 and 7 of the '833 patent; claims 1, 2, 3, 4 and 5 of the '464 patent; claims 1, 4, 5, 8, 14, 15, 16, 22, 23, 24, 25, 26, 27, 34, 36, 37, 38, 39, 40 and 41 of the '617 patent; claims 35 and 36 of the '886 patent; and claims 1, 3, 4, 5, 6, 7, 8, 9, 20, 25, 26, 27 and 28 of the '961 patent.

40. Michael Foods has also recently started marking its eggs with a red P that is substantially similar in appearance and connotation to National's "Red P" trademark, and has embarked on a campaign to confuse customers and end-user consumers as to the source of pasteurized eggs sold and distributed by Michael Foods.

41. Pasteurized shell eggs sold by Michael Foods bear a red P stamped on each egg, and are contained in packaging bearing logo consisting of a P enclosed in an egg-shaped circle. A photograph of a pasteurized egg sold by Michael Foods bearing the confusingly similar red P stamp is annexed hereto as Exhibit M, and a photograph of a package bearing the confusingly similar circle P logo is annexed hereto as Exhibit N.

42. The red P stamp and circle P logo used by Michael Foods is confusingly and deceptively similar to National's trademarks, including National's registered trademarks and its common law "Red P" trademark. Due to the similarity between Michael Foods red P stamp and circle P logo and National's previous and continued use of its trademarks, including National's registered trademarks and its common law "Red P" trademark, and the identical nature of the goods, customers, potential customers and end-user consumers would likely believe that Michael Foods pasteurized eggs originated from National, or are otherwise endorsed, affiliated, sponsored, or approved by National, thereby resulting in likelihood of confusion in the marketplace and damage to National.

COUNT I - FEDERAL PATENT INFRINGEMENT

43. Plaintiff National hereby incorporates paragraphs 1-42 above as if fully set forth herein.

44. Michael Foods has been, is, and will continue infringing National's '538 patent by making, using, selling and/or offering for sale pasteurized shell eggs embodying claims 1, 2, 3, 4, 5, 6 and 7 of the '538 patent, including, without limitation, Crystal Farms[®] brand pasteurized shell eggs, Abbotsford[™] Farms brand pasteurized shell eggs, and Papetti's[®] brand pasteurized shell eggs, and threatens to, and will continue to infringe the '538 patent, causing plaintiffs great and irreparable damage unless enjoined by this Court, said infringement being without consent of National.

45. Upon information and belief formed after a reasonable inquiry under the circumstances, Michael Foods has been, is, and will continue infringing National's '833 patent, '464 patent, '617 patent, '886 patent and '961 patent by using the methods, processes, systems and/or apparatuses, and by making, using, selling and/or offering for sale pasteurized shell eggs treated and/or pasteurized by methods, processes, systems and/or apparatuses, embodied by, at least, claims 1, 2, 3, 4, 6 and 7 of the '833 patent; claims 1, 2, 3, 4 and 5 of the '464 patent; claims 1, 4, 5, 8, 14, 15, 16, 22, 23, 24, 25, 26, 27, 34, 36, 37, 38, 39, 40 and 41 of the '617 patent; claims 35 and 36 of the '886 patent; and claims 1, 3, 4, 5, 6, 7, 8, 9, 20, 25, 26, 27 and 28 of the '961 patent, including, without limitation, Crystal Farms[®] brand pasteurized shell eggs, Abbotsford[™] Farms brand pasteurized shell eggs, and Papetti's[®] brand pasteurized shell eggs, which are treated and/or pasteurized, at least, by M.G. Waldbaum Company, and threatens to, and will continue to infringe National's '833 patent, '464 patent, '617 patent, '886 patent and '961

patent, causing plaintiffs great and irreparable damage unless enjoined by this Court, said infringement being without consent of National.

46. Michael Foods, by its infringing activity, is causing National irreparable damage and will continue to do so unless enjoined by this Court.

COUNT II - FEDERAL TRADEMARK INFRINGEMENT

47. Plaintiff, National, hereby incorporates paragraphs 1-46 as if fully set forth herein.

48. Michael Foods' conduct, including its use of the red P stamp and circle P logo, constitutes trademark infringement of National's registered trademarks in violation of 15 U.S.C. §§ 1114-1118.

49. Michael Foods' infringement of National's registered trademarks is an intentional attempt to trade on the goodwill associated with pasteurized eggs sold by National.

50. As a direct and proximate result of Michael Foods' actions, National has been damaged, including damage to its business and reputation.

COUNT III - UNFAIR COMPETITION

51. Plaintiff, National, hereby incorporates paragraphs 1-50 as if fully set forth herein.

52. Michael Foods' conduct, including its use of the red P stamp and circle P logo, constitutes unfair competition in violation of 15 U.S.C. § 1125(a) and the common law.

53. Michael Foods' infringement of National's common law "Red P" trademark is an intentional attempt to trade on the goodwill associated with pasteurized eggs sold by National.

54. As a direct and proximate result of Michael Foods' actions, National has been damaged, including damage to its business and reputation.

DECLARATORY JUDGMENT

55. National hereby incorporates paragraphs 1-54 as if fully set forth herein.

56. On April 15, 2011, Michael Foods, Inc. filed suit in the United States District Court for the District of Minnesota (the "Minnesota suit") against National Pasteurized Eggs, Inc.

57. The Minnesota suit alleges that National Pasteurized Eggs, Inc. has engaged in activities which constitute direct infringement, contributory infringement, and/or induced infringement of the Vandepopuliere patents. A copy of the initial filings in the Minnesota suit are attached hereto as Exhibit O.

58. The Minnesota suit also alleges that Michael Foods, Inc. has been damaged as a result of the alleged infringement; and seeks preliminary and permanent injunctions, an award of damages pursuant to 35 U.S.C. § 284, and an award of attorneys' fees, expenses, and costs pursuant to 35 U.S.C. § 285.

59. National Pasteurized Eggs, Inc. denies these allegations, and therefore, there is an actual controversy between Michael Foods, Inc. and National Pasteurized Eggs, Inc. as to the non-infringement and/or invalidity of the Vandepopuliere patents.

60. There is also an actual controversy between Michael Foods, Inc. and National Pasteurized Eggs, Inc. as to whether Michael Foods, Inc. has standing to sue for infringement of the Vandepopuliere patents.

61. There is also an actual controversy between Michael Foods, Inc. and National Pasteurized Eggs, Inc. as to whether Michael Foods, Inc. is estopped, in whole or in part, from seeking damages for any alleged infringement of the Vandepopuliere patents by the doctrine laches.

62. There is also an actual controversy between Michael Foods, Inc. and National Pasteurized Eggs, Inc. as to whether Michael Foods, Inc. is barred from asserting any claim of infringement of the Vandepopuliere against National by the doctrine of equitable estoppel.

63. There is also an actual controversy between Michael Foods, Inc. and National Pasteurized Eggs, Inc. as to whether the Vandepopuliere patents are unenforceable due to inequitable conduct and/or unclean hands.

64. Michael Foods, Inc. will continue to wrongfully assert the Vandepopuliere patents against National Pasteurized Eggs, Inc. and thereby cause injury to National Pasteurized Eggs, Inc., absent a declaration of non-infringement and/or invalidity of the Vandepopuliere patents, or a declaration that Michael Foods, Inc. does not have standing to sue for infringement of the Vandepopuliere patents, or a declaration that Michael Foods, Inc. is estopped, in whole or in part, from seeking damages for any alleged infringement of the Vandepopuliere patents by the doctrine laches, or a declaration that Michael Foods, Inc. is barred from asserting any claim of infringement of the Vandepopuliere against National by the doctrine of equitable estoppel, or a declaration that the Vandepopuliere patents are unenforceable due to inequitable conduct and/or unclean hands.

65. This action arises under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-02, Rule 57 of the Federal Rules of Civil Procedure, and the Patent Laws of the United States, 35 U.S.C. §§ 1 *et seq.*, to resolve an actual and justiciable controversy now existing between the parties within the jurisdiction of this Court.

66. This Court has subject matter jurisdiction over this dispute pursuant to 28 U.S.C. §§ 1331, 1338(a) and 2201.

67. This Court has personal jurisdiction over Michael Foods, Inc., at least in view of the fact that Michael Foods has submitted to the jurisdiction of this Court in their Answer to National's First Amended Complaint.

68. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391 and 1400.

COUNT IV - DECLARATORY JUDGMENT OF
NON-INFRINGEMENT OF THE VANDEPOPULIERE PATENTS

69. National hereby incorporates paragraphs 1-68 as if fully set forth herein.

70. National is entitled to a declaration that it has not infringed and does not infringe any valid and enforceable claim of the Vandepopuliere patents.

71. A declaration by this Court establishing National's non-infringement of the Vandepopuliere patents is reasonably calculated to prevent needless litigation in this and other jurisdictions between National and Michael Foods.

COUNT V - DECLARATORY JUDGMENT OF
INVALIDITY OF THE VANDEPOPULIERE PATENTS

72. National hereby incorporates paragraphs 1-71 as if fully set forth herein.

73. The claims of the Vandepopuliere patents are invalid for failure to comply with one or more provisions of Title 35 of the United States Code, including without limitation 35 U.S.C. §§ 101, 102, 103 and 112, at least in view of U.S. Patent Nos. 5,431,939 and 5,589,211 to Cox et al and WO 93/03622 (Cox et al).

74. The claims of the Vandepopuliere '176 patent are invalid for non-statutory, obvious-type double patenting.

75. A declaration by this Court establishing that the claims of the Vandepopuliere patents are invalid is reasonably calculated to prevent needless litigation in this and other jurisdictions between National and Michael Foods.

COUNT VI - DECLARATORY JUDGMENT OF LACK OF STANDING

76. National hereby incorporates paragraphs 1-74 as if fully set forth herein.

77. National is entitled to a declaration that Michael Foods, Inc. does not have standing to sue for infringement of the Vandepopuliere patents.

78. A declaration by this Court establishing that Michael Foods, Inc. does not have standing to sue for infringement of the Vandepopuliere patents is reasonably calculated to prevent needless litigation in this and other jurisdictions between National and Michael Foods.

COUNT VII - DECLARATORY JUDGMENT OF LACHES

79. National hereby incorporates paragraphs 1-77 as if fully set forth herein.

80. National is entitled to a declaration that Michael Foods, Inc. is estopped, in whole or in part, from seeking damages for any alleged infringement of the Vandepopuliere patents by the doctrine laches.

81. A declaration by this Court establishing that Michael Foods, Inc. is estopped, in whole or in part, from seeking damages for any alleged infringement of the Vandepopuliere patents by the doctrine laches is reasonably calculated to prevent needless litigation in this and other jurisdictions between National and Michael Foods.

COUNT VIII - DECLARATORY JUDGMENT OF EQUITABLE ESTOPPEL

82. National hereby incorporates paragraphs 1-80 as if fully set forth herein.

83. National is entitled to a declaration that Michael Foods, Inc. is barred from asserting any claim of infringement of the Vandepopuliere against National by the doctrine of equitable estoppel.

84. A declaration by this Court establishing that Michael Foods, Inc. is barred from asserting any claim of infringement of the Vandepopuliere against National by the doctrine of

equitable estoppel is reasonably calculated to prevent needless litigation in this and other jurisdictions between National and Michael Foods.

COUNT IX - DECLARATORY JUDGMENT OF
UNENFORCEABILITY OF THE VANDEPOPULIERE PATENTS FOR
INEQUITABLE CONDUCT AND/OR UNCLEAR HANDS

85. National hereby incorporates paragraphs 1-84 as if fully set forth herein.

86. National is entitled to a declaration that the Vandepopuliere patents are unenforceable due to inequitable conduct and/or unclean hands for at least the reasons set forth in the following paragraphs.

87. A declaration by this Court establishing that the Vandepopuliere patents are unenforceable due to inequitable conduct and/or unclean hands is reasonably calculated to prevent needless litigation in this and other jurisdictions between National and Michael Foods.

88. U.S. Patent No. 6,004,603 (the "'603 patent") contains claims to methods of producing a pasteurized chicken shell egg by "selecting a predetermined time and predetermined temperature so as to achieve at least a 5D reduction in Salmonella within the yolk of said chicken shell egg."

89. U.S. Patent No. 6,303,176 B1 (the "'176 patent") and U.S. Patent No. 6,974,599 B2 (the "'599 patent") both contain composition claims directed to "thermal treated shell eggs" that have "received a thermal treatment sufficient to cause at least about a 5D reduction in Salmonella enteritidis in the albumen and in the yolk of said shell egg but insufficient to cause more than insignificant coagulation of the albumen and the yolk of said shell egg."

90. The Vandepopuliere '603, '176, and '599 patents contain the same disclosure.

91. The Vandepopuliere '603 patent was filed on December 19, 1996 and is a continuation of Application No. 08/178,734.

92. The Vandepopuliere '176 patent was filed on August 11, 1999 and is a continuation of Application No. 08/769,579, now U.S. Patent No. 6,004,603.

93. The Vandepopuliere '599 patent was filed on August 6, 2001 and is a continuation of Application No. 09/372,512, now U.S. Patent No. 6,303,176 B1.

94. The Vandepopuliere '603, '176, and '599 patents and related prosecution histories all treat the disclosures in U.S. Patent No. 5,431,939 to Cox, et al. (the "Cox 939 patent") as admitted prior art.

95. The Cox '939 patent was disclosed as prior art by applicants of the Vandepopuliere '603 patent (Ex. P, p. 2). A copy of applicants' Supplemental IDS dated December 5, 1995 is attached hereto as Exhibit P.

96. The Vandepopuliere '603 patent was filed on December 19, 1996 with 23 claims.

97. Original application claim 17 ultimately resulted in issued claim 1 of the Vandepopuliere '603 patent. As originally filed application claims 17 recited:

A method of producing a pasteurized shell egg comprising:
heating the shell egg in an aqueous solution of a predetermined temperature;
maintaining the shell egg in the aqueous solution for a predetermined time;
wherein said predetermined time and said predetermined temperature define a point above the apparent F_0 line of Figure 1 and wherein said predetermined time and temperature are insufficient to cause coagulation of the albumen or the yolk of the shell egg.

98. In response to a rejection of application claim 17 over Cox et al U.S. Patent 5,431,939, applicants amended application claim 17 for the fifth time with an Amendment dated June 12, 1998 to recite:

A method of producing a pasteurized chicken shell egg comprising:

heating the chicken shell egg in an aqueous solution of a predetermined temperature;
holding the chicken shell egg in the aqueous solution for a predetermined time;
wherein said predetermined time and said predetermined temperature define a point above the "Apparent F₀" line of Figure 1 and below the "Expected Salmonella" line of Figure 1 and wherein said predetermined time and temperature are insufficient to cause more than insignificant coagulation of the albumen of the chicken shell egg and insufficient to cause more than insignificant coagulation of the yolk of the chicken shell egg.

99. In a final office action mailed August 4, 1998, application claim 17 was again rejected under 35 U.S.C. § 102(e) over Cox et al U.S. Patent 5,431,939. The examiner specifically noted that "the instant claims are broad enough to encompass the process disclosed by Cox et al."

100. In an amendment after final dated October 8, 1998, applicants amended application claim 17 for the sixth time to recite:

A method of producing a pasteurized chicken shell egg comprising:
heating the chicken shell egg in an aqueous solution of a predetermined temperature;
holding the chicken shell egg in the aqueous solution for a predetermined time;
wherein said predetermined time and predetermined temperature are selected so as to achieve at least a 5D reduction in Salmonella within the yolk of said chicken shell egg and wherein said predetermined time and said predetermined temperature define a point above the "Apparent F₀" line of Figure 1 and below the "Expected Salmonella" line of Figure 1 and wherein said predetermined time and temperature are insufficient to cause more than insignificant coagulation of the albumen of the chicken shell egg and insufficient to cause more than insignificant coagulation of the yolk of the chicken shell egg.

101. In the remarks of the Amendment After Final dated October 8, 1998, applicants, through their attorney Karen A. Magri, stated that support for the amendment to application claim 17 was supported by the specification as filed at page 5 line 28 to page 6, line 7.

102. An Advisory Action was submitted on October 16, 1998 refusing to enter the October 8, 1998 amendment.

103. On November 4, 1998, applicants submitted a Continued Prosecution Application (CPA) Request along with a Preliminary Amendment. The Preliminary Amendment amended claim 17 as set forth in the October 8, 1998 Amendment After Final, and included identical remarks.

104. A Supplemental Preliminary Amendment was mailed on December 10, 1998 amending application claim 17 for the seventh time to recite:

A method of producing a pasteurized chicken shell egg comprising:
selecting a predetermined time and a predetermined temperature so as to achieve at least a 5D reduction in Salmonella within the yolk of said chicken egg, and
heating the chicken shell egg in an aqueous solution of [a] said predetermined temperature;
holding the chicken shell egg in the aqueous solution for [a] said predetermined time; and
[wherein said predetermined time and predetermined temperature are selected so as to achieve at least a 5D reduction in Salmonella within the yolk of said chicken shell egg and] wherein said predetermined time and said predetermined temperature define a point above the "Apparent F₀" line of Figure 1 and below the "Expected Salmonella" line of Figure 1 and wherein said predetermined time and temperature are insufficient to cause more than insignificant coagulation of the albumen of the chicken shell egg and insufficient to cause more than insignificant coagulation of the yolk of the chicken shell egg.

105. In the remarks of the Supplemental Preliminary Amendment dated December 10, 1998, applicants, through their attorney Julie H. Richardson, stated that support for the amendment to application claim 17 was supported by the specification at page 8, lines 3-8 and at page 5 lines 28-32, and quoted language from the specification corresponding to the citations.

106. The cited portion of the application at page 5 lines 28-32 corresponds to Col. 3, L 19-22 and does not recite that a 5D kill occurs in the egg yolk.

107. The cited portions of the application specification at page 8, lines 3-8 corresponds to Col. 4, L 26-31. However, the quoted sentence was not complete. The complete sentence is recited at Col. 4, L 26-34:

In selecting the heating temperatures and times to use in carrying out the present invention, any number of methods may be used, including the equivalent point method of thermal evaluation to determine the total thermal treatment at various locations of the shell egg, including the albumen and the yolk, *inoculation studies may be conducted to determine the treatment conditions which yield the desired reduction in SE*, or a F_0 value could be determined for the shell egg which results in the desired SE reduction. (emphasis added)

108. Applicants, through Ms. Richardson, further remarked in the Supplemental Preliminary Amendment dated December 10, 1998 that "All that Applicants can do is to demonstrate that they have succeeded in producing a pasteurized shell egg with undue loss of functional properties...In short, Applicants have presented abundant evidence that they *have produced a pasteurized shell egg by the claimed methods*." (bold and italics added for emphasis; underline in original).

109. In an Office Action dated January 4, 1999, application claim 17 was allowed as previously amended by the December 10, 1998 Supplemental Preliminary Amendment and ultimately issued in that form on December 21, 1999 in U.S. Patent No. 6,004,603.

110. At the time of the sixth and seventh amendments to application claim 17 were made, applicants, through their attorneys, made representations and arguments that selecting a predetermined time and temperature defined by a point above the "Apparent F_0 " line and below the "Expected Salmonella" line of Figure 1 achieved at least a 5D reduction in Salmonella *within*

the yolk of said chicken shell egg, while not causing more than insignificant coagulation of the albumen or the yolk of the chicken shell egg.

111. However, at the time of the sixth and seventh amendments to application claim 17 were made, applicants knew that 1) the disclosure of '603 patent application did not support this claim amendment, and 2) significantly different time and temperatures were necessary to produce a pasteurized shell egg by the claimed methods.

112. The knowledge of the applicants is demonstrated by the intentional withholding from the examiner of a document entitled *Immersion heat treatments for inactivation of Salmonella enteritidis with intact eggs*, authored by J.D. Schuman, B.W. Sheldon, J.M. Vandepopuliere and H.R. Ball Jr. and published in the Journal of Applied Microbiology in 1997, Vol. 83, pp. 438-444 (herein the "Schuman Paper"), annexed hereto as Ex. Q.

113. The Schuman Paper was co-authored by Joseph M. Vandepopuliere, the first named inventor of the '603 patent.

114. The Schuman Paper was co-authored by Hershell R. Ball, Jr., who submitted several declarations in support of allowance of the application that ultimately issued as the '603 patent.

115. In all experiments detailed in the '603 patent to determine the effects of the claimed predetermined time and temperature thermal treatment on shell eggs, the tested shell eggs were inoculated with *Salmonella enteritidis* in the albumen and not in the yolk. See, '603 patent at Col. 5, L45-48; Col. 7, L 27-35.

116. In contrast, during the time the application for the '603 patent was pending, at least one applicant conducted further experiments to determine the effects of predetermined time

and temperature thermal treatment on shell eggs, but inoculated test eggs with *Salmonella enteritidis* in the yolk. See, Schuman paper "Inoculation Protocol" at p. 439.

117. The results detailed in the Schuman Paper indicate that at time and temperatures above the "Apparent F_0 " line of Figure 1, a 5D log kill *is not achieved* in the yolk of shell eggs. For example, at 58 degrees Celsius, the '603 "Apparent F_0 " line of Figure 1 requires a processing time of at least 23.69 minutes to purportedly achieve a 5D kill in the yolk; in contrast the Shuman paper indicates that between 35 and 42.5 minutes is necessary to achieve a 5D kill in the yolk. Similarly, at 57 degrees Celsius, the '603 "Apparent F_0 " line of Figure 1 requires a processing time of at least 31.35 minutes to purportedly achieve a 5D kill in the yolk; in contrast the Shuman paper indicates that between 45 and 55 minutes is necessary to achieve a 5D kill in the yolk.

118. If applicants had disclosed the Shuman Paper during the examination of the application for the '603 patent, applicants and applicants' attorneys could not have argued that the method of application claim 17 was supported by the '603 patent specification. Specifically, the Schuman paper directly refutes applicants' representations that a predetermined time and temperature defined by a point above the "Apparent F_0 " line achieve at least a 5D reduction in *Salmonella* within the yolk of a chicken shell egg. In fact, the Schuman paper demonstrates that the vast majority of points above the "Apparent F_0 " line do not achieve the recited 5D kill.

119. The information in the Schuman paper refutes or is inconsistent with positions that the applicants for the '603 patent took in asserting an argument of patentability and establishes, by itself or in combination with other information, a *prima facie* case of unpatentability of at least application claim 17 (issued claim 1).

120. A substantial likelihood exists that a reasonable examiner would have considered the Schuman paper important in deciding whether to allow the application that resulted in the '603 patent to issue.

121. The Schuman paper is therefore highly material to the patentability of at least application claim 17 (issued claim 1).

122. Upon information and belief, at least one individual associated with the filing or prosecution of the patent application that resulted in the issuance of the '603 patent knew of the high materiality of the Schuman paper and a reasonable inference exists that such individual or individuals withheld the Schuman paper from the United States Patent and Trademark Office with an intent to deceive the United States Patent and Trademark Office.

123. By withholding the Schuman paper, at least one individual associated with the filing or prosecution of the patent application that resulted in the issuance of the '603 patent committed inequitable conduct rendering the '603 patent unenforceable.

124. The '176 and the '599 patents are continuations of the '603 patent application and each of the '176 and '599 patents contain at least one claim directed to a 5D reduction in SE in the albumin and yolk of a shell egg.

125. In the application that resulted in '176 patent, applicants argued in an Amendment dated October 31, 2000 that:

The present application discloses time and temperature ranges for employing thermal treatments so as to achieve the claimed reductions in SE (*e.g.*, at least about a 5D reduction in the albumen **and yolk** and sufficient to assure a Salmonella negative shell egg as determined by U.S.D.A. testing procedures) in intact shell eggs without adversely affecting egg quality and functionality. These **optimized time and temperature conditions** have not previously been appreciated by the art. (emphasis added) (10/31/00 Amendment at p.4).

126. In the application that resulted in '176 patent, applicants further argued in the Amendment dated October 31, 2000 that three publications published after the filing date of the present application "...provide additional evidence that the success of the present invention *in effectively pasteurizing* intact shell eggs would have been *unexpected* to those of ordinary skill in the art at the time of the invention." (emphasis added) (10/31/00 Amendment at p.5).

127. After a Final Rejection, in a Request For Reconsideration dated April 11, 2001, applicants briefly reference the Schuman paper to argue that a shell egg having an internal starting temperature of only 4.4°C, as described in Example 1 of the Cox '939 patent, would have a much lower reduction in *Salmonella* population within the egg than would an egg starting at a higher temperature. Applicants did not explain that the Schuman paper was co-authored by one of the applicants, Dr. Vandepopuliere, did not disclose the Schuman paper in an information disclosure statement and further withheld the information that the Schuman paper demonstrates that the thermal treatments disclosed in the '176 application are insufficient to achieve the claimed 5D log kill in a shell egg yolk and therefore ineffective to pasteurize intact shell eggs.

128. In response to the Request for Reconsideration, the Examiner entered an Advisory Action on May 30, 2001 and maintained the rejection of the all pending claims.

129. Subsequently, applicants filed an Appeal Brief and Amendment After Appeal in the application that resulted in '176 patent on June 11, 2001. On page 12 of the appeal brief, applicants reiterated the argument on the Cox '939 starting temperature from the Request for Reconsideration, again briefly reference the Schuman reference. Despite the opportunity, applicants again failed to explain that the Schuman paper was co-authored by one of the applicants, Dr. Vandepopuliere, and further withheld the information that the Schuman paper demonstrates that the thermal treatments disclosed in the '176 application are insufficient to

achieve the claimed 5D log kill in a shell egg yolk and therefore ineffective to pasteurize intact shell eggs.

130. In a similar manner, applicants argued during the prosecution of the application that resulted in the '599 patent that:

The present application discloses time and temperature ranges for employing thermal treatments so as to achieve the claimed reductions in SE (*e.g.*, at least about a 5D reduction in the albumen **and yolk** and sufficient to assure a Salmonella negative shell egg as determined by U.S.D.A. testing procedures) in intact shell eggs without adversely affecting egg quality and functionality. These **optimized time and temperature conditions** have not previously been appreciated by the art. (emphasis added) (02/25/02 Amendment at pp.13-14).

131. In the application that resulted in '599 patent, applicants further likewise argued in the Amendment dated February 25, 2002 that three publications published after the filing date of the present application "...provide additional evidence that the success of the present invention **in effectively pasteurizing** intact shell eggs would have been **unexpected** to those of ordinary skill in the art at the time of the invention." (emphasis added) (02/25/02 Amendment at p. 14).

132. Again, similar to the prosecution that resulted in the '176 patent, in the prosecution of the application that resulted in the '599 patent, after a Final Rejection applicants filed a Request For Reconsideration dated August 19, 2002, and an Appeal Brief dated February 18, 2003, wherein applicants briefly reference the Schuman paper to argue that a shell egg having an internal starting temperature of only 4.4°C, as described in Example 1 of the Cox '939 patent, would have a much lower reduction in *Salmonella* population within the egg than would an egg starting at a higher temperature. Applicants did not explain that the Schuman paper was co-authored by one of the applicants, Dr. Vandepopuliere, did not disclose the Schuman

paper in an Information Disclosure Statement, and further withheld information that the Schuman paper demonstrates that the thermal treatments disclosed in the '599 application are insufficient to achieve the claimed 5D log kill in a shell egg yolk and therefore ineffective to pasteurize intact shell eggs.

133. If applicants had informed the Examiner of the significance of the Schuman Paper during the examination of the applications for the '176 or '599 patents, applicants and applicants' attorneys could not have argued that claims directed to a 5D reduction in SE in the albumin and yolk of a shell egg were supported by the specification. Specifically, the Schuman paper directly refutes applicants' representations that a predetermined time and temperature defined by a point above the "Apparent F_0 " line achieve at least a 5D reduction in Salmonella within the yolk of a chicken shell egg. In fact, the Schuman paper demonstrates that the vast majority of points above the "Apparent F_0 " line do not achieve the recited 5D kill.

134. The information in the Schuman paper refutes or is inconsistent with positions that the applicants for the '176 and '599 patents took in asserting an argument of patentability and establishes, by itself or in combination with other information, a *prima facie* case of unpatentability of claims directed to a 5D reduction in SE in the albumin and yolk of a shell egg. A substantial likelihood exists that a reasonable examiner would have considered the withheld information in the Schuman paper important in deciding whether to allow the applications that resulted in the '176 and '599 patents to issue. The Schuman paper is therefore highly material to the patentability of such claims.

135. Upon information and belief, at least one individual associated with the filing or prosecution of the patent application that resulted in the issuance of the '176 and the '599 patents knew of the high materiality of the withheld information in the Schuman paper and a reasonable

inference exists that such individual or individuals intentionally withheld the information from the United States Patent and Trademark Office with an intent to deceive.

136. By intentionally withholding highly material information from the Schuman paper, at least one individual associated with the filing or prosecution of the patent application that resulted in the issuance of the '176 and '599 patents committed inequitable conduct rendering the '176 and '599 patents unenforceable.

137. The actions of applicants in prosecuting the '603, '176 and '599 patents demonstrates a pattern of conduct in withholding material information with an intent to deceive the Examiner.

138. Accordingly, pursuant to 37 C.F.R. § 1.56, the Vandepopuliere patents are unenforceable due to inequitable conduct and/or unclean hands for at least the reasons set forth in the preceding paragraphs.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, National, prays for the following relief:

A. That the Court adjudge one or more claims of the National patents infringed by defendant, Michael Foods.

B. That defendant, Michael Foods, its officers, agents, servants, employees, and attorneys, successors and assigns, and all those in active concert or participation with any of them who receive actual notice of the order by personal service or otherwise, be enjoined, pursuant to 35 U.S.C. § 283, from committing further acts of infringement under 35 U.S.C. § 271 of any one or more claims of the National patents for the remainder of the term for which the patent has been granted.

C. That judgment be entered in accordance with 35 U.S.C. § 284 awarding to National damages together with interest adequate to fully compensate for the infringement of the National patents.

D. That this case be deemed exceptional under 35 U.S.C. § 285, entitling National to an award of its reasonable attorney fees, expenses and costs in this action.

E. That defendant, Michael Foods, its officers, agents, servants, employees, and attorneys, successors and assigns, and all those in active concert or participation with any of them who receive actual notice of the order by personal service or otherwise, be enjoined from:

- (1) Using for pasteurized shell eggs any name, mark, trade dress, indication of source or other identifier that is similar in whole or in part to any of National's trademarks, including National's registered trademarks as well as the "Red P" trademark;
- (2) Doing any other act or thing likely to confuse, mislead, or deceive others into believing that Michael Foods, or its business or products, emanate from or are connected with, sponsored by, or approved by National; or
- (3) Aiding or abetting any other person in committing any of the acts prohibited by (1) and (2) above.

F. That Michael Foods be ordered to destroy all products, kits, labels, signs, prints, packages, containers, stationery, promotion materials, advertising and other items, whether in physical, electronic, magnetic or other form, bearing any imitation of any of National's trademarks, including National's registered trademarks and its common law "Red P" trademark.

G. That National be awarded all profits derived by Michael Foods by reason of its infringement of National's trademarks, including National's registered trademarks as well as the

"Red P" trademark, and Michael Foods' unfair competition, and all other sums by which Michael Foods has been unjustly enriched.

H. That National be awarded all damages incurred by reason of Michael Foods' infringement of National's trademarks, including National's registered trademarks as well as the "Red P" trademark, and Michael Foods' unfair competition.

I. That Michael Foods be required, in accordance with Section 34(a) of the U.S. Trademarks Act, 15 U.S.C. § 1116(a), to file with the Court, and serve upon National, a report in writing, under oath, setting forth in detail the manner and form in which Michael Foods has complied with the terms of any injunction entered by this Court.

J. Declaring and entering judgment that National has not infringed and does not infringe any valid claim of the Vandepopuliere patents.

K. Declaring and entering judgment that the claims of the Vandepopuliere patents are invalid for failure to comply with one or more provisions of Title 35 of the United States Code, including without limitation 35 U.S.C. §§ 101, 102, 103 and 112.

L. Declaring and entering judgment that Michael Foods, Inc. does not have standing to sue for infringement of the Vandepopuliere patents.

M. Declaring and entering judgment that Michael Foods, Inc. is estopped, in whole or in part, from seeking damages for any alleged infringement of the Vandepopuliere patents by the doctrine laches.

N. Declaring and entering judgment that Michael Foods, Inc. is barred from asserting any claim of infringement of the Vandepopuliere against National by the doctrine of equitable estoppel.

O. Declaring and entering judgment that the Vandepopuliere patents are unenforceable due to inequitable conduct and/or unclean hands.

P. That this case be deemed exceptional under 15 U.S.C. § 1117(a), and that National be awarded increased damages.

Q. That an assessment of costs and attorneys' fees for this action be made against Michael Foods.

R. That plaintiff be granted such other and further relief as the Court may deem just and proper.

PRAYER FOR RELIEF

Plaintiff demands a jury trial.

Dated this 2nd day of May, 2011.

Respectfully submitted,

s/Aaron T. Olejniczak

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