

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

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| PACTIV CORPORATION, | : |
| | : |
| Plaintiff, | : |
| | : |
| -against- | : |
| | : |
| THE DOW CHEMICAL COMPANY, | : |
| | : |
| Defendant. | : |
| -----X | |

Civil Action No.:

DEMAND FOR JURY TRIAL

COMPLAINT

Plaintiff, Pactiv Corporation (“Pactiv”), through its attorneys Smith & Ozalis, LLP and Kenyon & Kenyon state as follows for its Complaint against The Dow Chemical Company (“Dow”):

JURISDICTION

1. This is an action brought pursuant to the Declaratory Judgment Act and Jurisdiction is founded under 28 U.S.C. Sections 2201, 2202, 1331 and 1338 relating to the validity, enforceability and infringement of United States Patent Nos. 5,424,016 (“the ‘016 Patent”) and 5,585,058 (the ‘058 Patent”). This Court also has jurisdiction

over the state law claims arising under the statutes and common law of the State of Illinois pursuant to this Court's pendent jurisdiction.

2. Venue is proper in this district pursuant to 28 U.S.C. Section 1391(b) in that the events giving rise to plaintiff's claims occurred in this district and/or that both plaintiff and defendant Dow regularly conduct business in this district.

PARTIES

3. Plaintiff, Pactiv, is a corporation organized under the laws of the State of Delaware, that has a regular and established place of business in Glens Falls, New York, and is the successor-in-interest to Tenneco Protective Packaging, Inc. ("Tenneco") and Astro-Valcour, Inc. ("AVI"), as described below.

4. Upon information and belief, Dow is a corporation organized under the laws of the State of Delaware with its principal place of business in Midland, Michigan, that has a regular and established place of business in the State of New York.

FACTUAL BACKGROUND

5. Beginning in the 1980's, Astro-Valcour, Inc. ("AVI"), a predecessor-in-interest to Pactiv, regularly made foam products using an isobutane blowing agent with a permeability modifier and perforated its foam sheet products at its Glens Falls, New York, facility.

6. On April 30, 1991, Dow filed a patent application in the United States Patent and Trademark Office relating to the perforation of foam products which application was abandoned. On October 13, 1992, Dow filed a divisional application of the April 30, 1991 application that was also abandoned. On December 1, 1993, Dow

filed a continuation application of the October 13, 1992 application that finally issued on June 13, 1995 as United States Patent No. 5,424,016 (“the ‘016 Patent” attached hereto as Exhibit A).

7. On April 25, 1995, Dow filed a continuation-in-part application relating to the December 1, 1993 application, relating to the perforation of foam, that issued on December 17, 1996 as United States Patent No. 5,585,058 (“the ‘058 Patent” attached hereto as Exhibit B).

8. Dow is also the owner of United States Patent Nos. 4,640,933 (the ‘933 Patent), 4,663,361 (the ‘361 Patent”), and 4,694,027 (the ‘027 Patent)(collectively “the isobutane patents”), all of which issued in 1987. The isobutane patents asserted claims relating to the use of an isobutane blowing agent and permeability modifier in the production of foam. The ‘933 Patent was the subject of a reexamination proceeding in the United States Patent and Trademark Office from February 1994 through September 1996, which resulted in reexamination certificate B1 4,640,933.

9. On September 21, 1995, Dow commenced an action in the United States District Court, Northern District of New York, against AVI for patent infringement of the ‘016 Patent (hereinafter referred to as “the Dow/AVI litigation”). In the Fall of 1995, AVI asserted counterclaims against Dow seeking a judgment that the ‘016 patent was invalid, unenforceable and not infringed. In October 1996, AVI amended its answer to assert counterclaims seeking a declaratory judgment that the isobutane patents were invalid and unenforceable. In 1997, Dow amended its complaint to assert claims of infringement against AVI relating to the ‘058 Patent.

10. On April 27, 1997, Tenneco acquired substantially all of the assets of AVI from AVI's parent company KNP Buhrmann Teterode, N.V. ("Buhrmann") and Buhrmann retained substantially all of the shares of AVI's stock. By agreement, Tenneco assumed all liability for Dow's claims of infringement against AVI from April 27, 1997 forward and Buhrmann retained liability for the time period preceding April 27, 1997 relating to Dow's claims of infringement against AVI. On August 19, 1997, United States Magistrate Judge David N. Hurd, of this Court, granted Tenneco's motion to intervene in the lawsuit between Dow and AVI.

11. Discovery was conducted following Tenneco's entry into the litigation. In February 1998, following production of documentation by Dow regarding the validity and enforceability of its isobutane and perforation patents and repeated representations made by Dow as to the validity of the isobutane and perforation patents, Tenneco and Dow orally agreed to settle all claims against Tenneco relating to such patents.

12. On April 21, 1998, Judge Hurd entered a Joint Stipulation of Dismissal dismissing all claims by Tenneco against Dow and all claims against Dow by Tenneco. Such Stipulation did not address the validity or enforceability of the five patents asserted against Tenneco or any issues of infringement of the five patents. Dow's claims of infringement against AVI relating to the isobutane and perforation patents that predated April 27, 1997 remained in the action.

13. In mid-November 1998, a Markman hearing was held in the AVI/Dow litigation regarding the construction of certain claims of the perforation and isobutane patents before Chief Judge Thomas J. McAvoy of this Court.

14. On April 28, 1999, Chief Judge McAvoy made rulings with respect to the interpretation of all disputed claim terms of the perforation and isobutane patents. In August 1999, Dow dismissed all of its claims of infringement relating to the '016 and '058 perforation patents against AVI, as well as certain dependent claims of the isobutane patents, with prejudice. In August 1999, AVI moved for summary judgment pursuant to 35 U.S.C. Section 102(g) that the independent claims of the isobutane patents were invalid based on AVI's prior making of the claimed foam. On August 15, 2000, Judge David N. Hurd granted AVI's motion for summary judgment and ruled that such claims were invalid. On September 28, 2001, Judge Hurd's ruling was upheld by the Federal Circuit Court of Appeals and certiorari was denied by the United States Supreme Court on April 15, 2002.

15. At the time Tenneco entered into the settlement agreement with Dow regarding the isobutane and perforation patents, it also entered into a world wide license agreement for the license of such patents. On or about October 26, 2000, Dow contacted Pactiv, Tenneco's successor-in-interest, and advised it of the August 15, 2000 ruling by Judge Hurd. Under the terms of the license agreement, Tenneco's obligations to pay royalties with respect to the isobutane patents was suspended at that time. By letter dated April 23, 2002, Dow advised Pactiv that Judge Hurd's ruling invalidating the isobutane patents was upheld by the United States Supreme Court and that Tenneco's obligations to make royalty payments with respect to the isobutane patents was ended.

16. In December 2002, January, March, April, June and July 2003 Dow sent letters to Pactiv regarding payment of royalties under the license agreement. In addition, Dow advised Pactiv in April 2003 that if it did not make royalty payments

with respect to the remaining patents listed under the license agreement, including the '016 and '058 patents, it was reserving the right to pursue any and all remedies available to it, including litigation.

17. Pactiv, by this action, states that because it believes that the Dow perforation patents are invalid, no further royalty payments will be made to Dow for these patents.

FIRST CAUSE OF ACTION
(DECLARATORY JUDGMENT RELATING TO '016 PATENT)

18. Plaintiff repeats and realleges each and every allegation contained in paragraphs 1 through 17, inclusive, of this Complaint with the same force and effect as if set forth in full herein.

19. Dow is the owner of the '016 Patent. This is a claim for declaratory judgment arising from a controversy between the parties hereto as to the infringement and validity of the '016 Patent.

20. The '016 Patent is invalid and not infringed on the grounds that it fails to comply with the statutory provisions of 35 U.S.C. Section 102, including but not limited to Sections 102(g) and 102(b).

21. The '016 Patent is invalid and not infringed on the grounds that it fails to comply with the statutory provisions of 35 U.S.C. Section 103.

22. The '016 Patent is invalid and not infringed on the grounds that it fails to comply with the statutory provisions of 35 U.S.C. Section 112.

23. The method claimed in the '016 Patent is not infringed by any method utilized by plaintiff in the making of its products.

24. As a result of the foregoing, plaintiff is entitled to a judgment declaring that the '016 Patent (1) invalid and not infringed under 35 U.S.C. Sections 102, 103 and 112; and (ii) not infringed by any method utilized by plaintiff in the making of its products.

SECOND CAUSE OF ACTION
(DECLARTORY JUDGMENT AS TO '058 PATENT)

25. Plaintiff repeats and realleges each and every allegation contained in paragraphs 1 through 17, inclusive, and 19 through 24, inclusive, of this Complaint with the same force and effect as if set forth in full herein.

26. Dow is the owner of the '058 Patent. This is a claim for declaratory judgment arising from a controversy between the parties hereto as to the infringement, validity and enforceability of the '058 Patent.

27. The '058 Patent is invalid and not infringed on the grounds that it fails to comply with the statutory provisions of 35 U.S.C. Section 102, including but not limited to Sections 102(g) and 102(b).

28. The '058 Patent is invalid and not infringed on the grounds that it fails to comply with the statutory provisions of 35 U.S.C. Section 103.

29. The '058 Patent is invalid and not infringed on the grounds that it fails to comply with the statutory provisions of 35 U.S.C. Section 112.

30. The method claimed in the '058 Patent is not infringed by any method utilized by plaintiff in the making of its products.

31. As a result of the foregoing, plaintiff is entitled to a judgment declaring that the '058 Patent is (1) invalid and not infringed under 35 U.S.C. Sections 102, 103 and 112; and (ii) not infringed by any method utilized by plaintiff in the making of its products.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief as follows:

1. That the Court enter judgment declaring that every claim of United States Patent No. 5,424,016 is invalid and non-infringed;
2. That the Court enter judgment declaring that every claim of United States Patent No. 5,585,058 is invalid and non-infringed;
3. That the Court enter judgment declaring that the method plaintiff uses to make its products does not infringe the '016 Patent;
4. That the Court enter judgment declaring that the method plaintiff uses to make its products does not infringe the '058 Patent;
5. Awarding plaintiff the costs of this action together with reasonable attorneys' fees; and
6. Granting such other and additional relief as this Court deems necessary and proper.

Dated: January 6, 2004

Respectfully submitted,

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| | : |
| Defendant. | : |
| -----X | |

DEMAND FOR A TRIAL BY JURY

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, plaintiff
demands a trial by jury in this action.

Dated: January 6, 2004

Respectfully submitted,

SMITH & OZALIS, LLP

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