

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

OMEGA LINER COMPANY, INC.,

Petitioner

v.

BUERGOFOL GmbH,

Patent Owner.

IPR2023-01372

Patent 9,657,882 B2

**PETITIONER’S MOTION FOR SANCTIONS
UNDER 37 C.F.R. §§ 42.11, 42.12 and 42.51(b)(1)(iii)**

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I. Introduction

To support its claim that a POSITA would have no knowledge of a “sticking or tearing problem” with inner film in CIPP liners, Patent Owner (“PO”) submitted inventor testimony asserting no prior knowledge of any customer reporting “a problem with inner film tearing when it was pulled out of the cured liner because the inner film stuck to the cured resin.” (EX2003, ¶24; EX2004, ¶18.) However, PO and the inventors knew this statement was false; they were aware of “massive” adhesion problems with the inner film sticking to the cured resin. (EX1063, p. 4.) Despite multiple notices from Petitioner and opportunities to correct, PO persists in unethical conduct and poor judgment. (EX1057; EX1080.)

In support of its alleged “unexpected results,” PO submitted testimony claiming that examples B4, B5, and B6 of its patent specification contained 1%, 4%, and 6% of “wax” in the form of Constab® PE-SA 270 as the “migrating compound.” However, PO, its expert and Dr. Boutrid knew these statements were false. For instance, the datasheet for Constab® PE-SA 270, produced by PO in the lawsuit, reveals it consists mainly of non-migrating compounds—primarily polyethylene and calcium carbonate—with only an unspecified amount of an unknown “slow migration antiblock additive.” (EX1051.) Thus, it is impossible for examples B4, B5, and B6 to contain the specific percentages 1%, 4% and 6% of wax content merely adding Constab® PE-SA 270.

In furtherance of the fraud, PO attempted to coerce lead inventor Dr. Kurt Stark into signing a false declaration, threatening legal action and “damages” if he refused. (EX1068-EX1071.) Dr. Stark declined, identifying numerous false statements to Petitioner. (EX1072.) Undeterred, PO submitted co-inventor declarations replicating these false statements, even improperly asserting knowledge to Dr. Stark on adhesion issues, his former employer’s products, and testing. Contrary to PTAB authority, PO now attempts to improperly shield the unfavorable declaration that Dr. Stark marked up identifying the false statements as “work product” while using the submitted inventor declarations as a sword. (EX1080.)

Instead of disclosing inconsistent information, as required under Rule 42.51(b)(1)(iii) and Rule 42.11(a), PO has wasted significant PTAB resources advancing frivolous theories and procedural requests in hopes of deflecting attention away from its wrongdoing. (EX1057; EX1080.) PO and its counsel have knowingly and repeatedly violated their Duty of Candor & Good Faith under Rule 42.11(a), withheld inconsistent documents in breach of Rule 42.51(b)(1)(iii), and engaged in sanctionable misconduct under Rule 42.12(a). The severity of PO’s misconduct exceeds that of the PO in *Spectrum Solutions LLC v. Longhorn Vaccines & Diagnostics, LLC*, IPR2021-00847, Paper No. 142 (PTAB July 11, 2024).

Given the pervasive and brazen nature of PO’s scheme, entry of judgment against PO is in order. Alternatively, Petitioner should be awarded its fees incurred

in responding to PO's frivolous motions in Papers 28, 33, 34, 35, 48, and 55, which directly result from PO's misconduct and deliberate efforts to conceal it.

II. Legal Standard

Rule 42.11(a), entitled "Duty of Candor," provides that "[p]arties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of a proceeding." 37 C.F.R. § 42.11(a). "The duty of candor and good faith is of utmost importance to the Office." *Spectrum Solutions*, IPR2021-00847, Paper No. 142 at 10. "[T]he Board reasonably relies on the representations made by the parties and witnesses to the Board." *Id.* "Moreover, requiring that the Board confirm the accuracy and completeness of all evidence would run counter to the goals of the AIA by substantially increasing the complexity and cost of AIA proceedings." *Id.*

Rule 42.51(b)(1)(iii) requires a party to "serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency." 37 C.F.R. § 42.51(b)(1)(iii). "Because of limited discovery, parties practicing before the Board must provide the Board with information necessary to fairly conduct a trial, consistent with the Board's rules." *Spectrum Solutions*, IPR2021-00847, Paper No. 142 at 33.

Rule 42.11(c), which incorporates 37 C.F.R. § 11.18(b)(2), provides that an attorney who presents a paper to the Board attests that, after an inquiry reasonable under the circumstances and to the best of their knowledge, information, and belief, “[t]he allegations and other factual contentions [in the paper] have evidentiary support.” 37 C.F.R. §§ 42.11(c), 11.18(b)(2).

The Board may impose sanctions for misconduct, including “[f]ailure to comply with an applicable rule or order in the proceeding,” “[a]dvancing a misleading or frivolous argument,” “[m]isrepresentation of a fact,” or “[a]buse of discovery.” *Id.* § 42.12(a). Failure to comply with the certification requirement of Rule 42.11(c) may also result in sanctions. 37 C.F.R. §§42.11(d)(1)–(d)(3). Sanctions may include an order of judgment in the trial. 37 C.F.R. § 42.12(b)(8).

III. Argument

A. Sanctions Are Warranted Due to PO’s Egregious Misconduct.

1. False Claims of No Knowledge of Adhesion Issues.

PO falsely claimed that a POSITA would have no knowledge of a “sticking or tearing problem” with inner film. (Paper 13, pp. 11-12, 29-33.) In support thereof, PO submitted inventor declarations falsely representing they had no knowledge, prior to the “spring of 2012,” of any customer reporting “a problem with inner film tearing when it was pulled out of the cured liner because the inner film stuck to the

cured resin.”¹ (EX2003, ¶24, *see also*, ¶¶21-23; EX2004, ¶18, *see also*, ¶¶12, 14, 19.)

However, Dr. Stark, the lead inventor, identified this same statement as being false in the declaration PO attempted to coerce him into signing. (EX1072, ¶32.)

In addition, on February 26, 2009, Dr. Boutrid received an email (“2009 Complaint Email”) from Saertex, complaining that “[d]uring several construction projects, our customers complained on a *massive scale* because the inner foil you supplied was **extremely difficult to remove from the liner after installation.**” (EX1060, p. 2; EX1061-EX1063.) The email Dr. Boutrid received further stated, “I will send you a sample of the following foil by post to investigate this issue.” (*Id.*)

This was hardly an isolated incident as years prior, on February 27, 2006, PO entered into a “Quality Agreement” (“2006 Quality Agreement”) with its customer Saertex multiCom GmbH (“Saertex”). (EX1058; EX1059.) The 2006 Quality Agreement included a section titled “Processing of Complaints by Buergofol” that specifically identified “**[s]trong adhesion of the film to the laminate after curing**” as one of four problems with PO’s inner film. (EX1058, p. 6 at §7.) Dr. Boutrid, acting as PO’s “QM/Quality Officer,” signed the 2006 Quality Agreement, as did PO’s owner, Dr. Franz Schleicher (EX1059, p. 1, §1). Petitioner obtained the 2006

¹ The ’882 Patent says “poor release effect” of the prior art “causes the inner tube film to tear off owing to excessive adhesion to the resin.” (EX1001, 2:34-38.)

Quality Agreement from PO's public filings in its cancellation proceeding against DE202010016048U1 and its opposition to EP11730556A, in which both Dr. Boutrid and Dr. Schleicher were listed as testifying witnesses as to the statements in the agreement. (EX1082, pp. 19-20; EX1083, pp. 18-19.)

PO, Dr. Boutrid and Gregor Schleicher were plainly aware of these issues and, therefore, knowingly submitted false testimony that they somehow were "not aware" of these "strong adhesion" issues with its inner film that resulted in tearing of the inner film upon removal leaving film fragments inside the pipe prior to the "spring of 2012." At the very least, a reasonable investigation as required by Rule 42.11(c) would have uncovered these and other complaints revealing the adhesion problems prior to the "spring of 2012."

In the underlying lawsuit, PO designated a number of customer complaints as "Highly Confidential – Attorney's Eyes Only" pursuant to the Court's protective order preventing their use in this IPR. Furthermore, PO has explicitly stated in the underlying litigation that it would not search for "all documents relating to issues, problems, and/or defects with inner tubular film supplied by PO to Saertex prior to March 11, 2013." (EX1079, 10:26-11:2.) Although PO claims it is "not withholding" complaints in the lawsuit, Petitioner's independent acquisition of the 2009 Complaint Email (EX1060) shows PO is likely concealing numerous complaints from both Petitioner and the Board.

Since August 27, 2024, Petitioner repeatedly requested that PO’s counsel withdraw or correct these false statements, yet all such requests have been refused. Even if PO’s initial submissions were excusable (they are not), the continued false assertions are deliberate fraud on the agency. PO and its counsel knowingly misled the Board regarding POSITA knowledge, fully aware that adhesion problems existed years earlier. This intentional misrepresentation was designed to preserve invalid patent claims and shows a blatant disregard for the truth and their Duty of Candor.

2. False Claims of “Migrating Compound” in Examples B4-B6.

PO’s testimonial evidence of “unexpected results”—and the ’882 Patent itself—rely entirely on the false representation that examples B4, B5, and B6 contain 1%, 4%, and 6% of “wax” as the “migrating compound.” (EX1001, 15:15-18, 16:4-50, 18:9-18, 19:58-67; Paper 13, pp. 65, 66, 67:1-11; Ex. 2001, ¶¶69–72; Ex. 2004, ¶¶36, 41–43, 48, 58.) For example, PO’s inventor declaration states that “**the addition of 6% wax** (example B6) increases elasticity.” (EX2004, ¶58, emphasis added; *see also*, ¶¶ 41–43.) PO’s expert’s declaration states that examples B4, B5 and B6 contained “**1% release wax**,” “**4% release wax**,” and “**6% release wax**,” respectively, in the external layer. (Dr. Brant Decl., ¶72; *see also*, ¶¶69-71.) PO’s expert further testified:

Similarly, a person having ordinary skill in the art would not have reasonably expected using **different amounts of migrating compound** to provide dramatically different mechanical properties,

other than the use of **far less than the 1% used in Example B4**, or **far more than the 6% used in Example B6**.

(EX2001, ¶72, emphasis added; *see also*, Paper 13, 67:6-9.)

For examples B4-B6 to contain 1%, 4%, and 6% of wax or migrating compound, Constab® PE-SA 270—the added “release wax”—would need to be entirely wax or migrating compound, which it is not. (EX1051; EX1050, p. 14, 1:49-2:12.) The datasheet for Constab® PE-SA 270, recently de-designated in the lawsuit, reveals it is primarily made of **non-migrating compounds (polyethylene and calcium carbonate)**, with an unspecified amount of an unknown “slow migration antiblock additive.” (EX1051.) Despite knowing this, PO concealed the datasheet and true composition of Constab® PE-SA 270 from the Board, perpetuating a deceptive representation about the amount (if any) of “migrating compound” in examples B4-B6 and its role with the alleged “unexpected results.”

PO’s counsel even concealed the Constab® PE-SA 270 datasheet from their own expert who admitted he had never seen the datasheet. (EX1052, Tr., 168:14-169:9; 182:9-22.) PO’s expert conceded that he had no knowledge of whether the Constab® PE-SA 270 added in examples B4-B6 contained ***any wax at all***, nor did he even know its composition. (EX1052, Tr., 166:12-167:7, 179:16-180:2.) PO’s expert also admitted that examples B4, B5 and B6 likely do not contain 1%, 4% and 6% of “wax” or “migrating compound.” (EX1052, Tr., 177:9-178:21, 180:20-181:4.) After reviewing the datasheet (EX1051) and the additive handbook listing

the Constab® PE-SA family the expert uses (EX1050, p. 14, 1:49-2:12), PO's expert opined that Constab® PE-SA 270 could contain "88 percent polyethylene" as a non-migrating compound (EX1052, Tr., 184:2-18, 199:21-200:17).

Furthermore, on September 5, 2024, PO's lead counsel, Patrick Doody, openly admitted he knew Constab® PE-SA 270 was not entirely wax or migrating compound before filing PO's opposition brief. (EX1074, Tr., 18:3-8, 19:14-17.) When pressed as to why he did not investigate the actual composition of Constab® PE-SA 270, Mr. Doody's dismissive response was: **"Why do I care?"** (EX1074, Tr., 18:19-22.) He further admitted, **"I'm sure the patent has more than one false statement. I'm sure my patent owner response has multiple false statements."** (EX1074, 19:4-6.) Despite admitting the '882 Patent has false statements, he then attempted to justify his representations to the Board by stating, **"I quoted from the patent what the patent said: 6 percent wax."** (EX1074, Tr., 19:22-23.) When pressed on whether PO's opposition brief and declarations were "100 percent truthful," Mr. Doody responded, **"No, I can't tell you that."** (EX1074, Tr., 23:1-5.)

Despite repeated requests from Petitioner since August 23, 2024 to withdraw or correct these false statements, PO and its counsel took no action. Their continued assertion that 1-6% "migrating compound" was added to examples B4-B6 to fabricate "unexpected results" shows deliberate deception. PO and its counsel

knowingly misled the Board, fully aware that Constab® PE-SA 270 consists mainly of non-migrating compounds (polyethylene and calcium carbonate). This intentional misrepresentation was aimed at preserving invalid patent claims and reflects a blatant disregard for both the truth and their Duty of Candor.

3. Failure to Disclose Inconsistent Documents.

In addition, PO concealed the following inconsistent documents from the Board: (a) the 2009 Saertex email (EX1060), (b) the 2006 Quality Agreement (EX1058), (c) the Constab® PE-SA 270 (EX1051) datasheet, and (d) the additive handbook (EX1050) used by PO's expert. Rather than complying with its duty to disclose inconsistent information, PO concealed this evidence which contradicts PO's core arguments regarding POSITA knowledge and "unexpected results."

4. PO's Scheme to Conceal and Obstruct.

As demonstrated above, PO and its counsel concealed and obstructed access to critical inconsistent information. Their ongoing efforts to hide relevant inconsistent information persist unabated.

a) PO's Improper Use of Work Product as Sword/Shield.

PO attempted to coerce lead inventor Dr. Kurt Stark into signing a false declaration for this proceeding, allowing him only three business days and threatening legal action and "damages" if he did not sign. (EX1068-EX1071.) Dr. Stark refused, instead providing the false declaration to Petitioner's counsel and identifying numerous false statements. (EX1072.) Undeterred, PO submitted co-

inventor declarations that replicated these false statements, even improperly attributing to Dr. Stark knowledge of adhesion issues, his former employer's products, and related testing. (EX2003, ¶¶17-18; EX2004, ¶¶16-17, 20, 23, 32-36.)

Despite clear PTAB authority in *Spectrum Solutions* and eerily similar facts, PO repeats the same failed “sword/shield” arguments. *Spectrum Solutions*, IPR2021-00847, Paper No. 142 at 21-32. Here, PO wields favorable declarations as a sword while hiding behind “work product” to shield the unfavorable declaration Dr. Stark marked up, exposing numerous false statements mirroring those in PO's submitted declarations. (EX1080.) However, the Board has made clear that work product is no escape from the Duty of Candor & Good Faith or the duty to disclose inconsistent information. *Spectrum Solutions*, IPR2021-00847, Paper No. 142 at 21-32.

Regardless of PO's duties, no work product immunity applies here: PO intentionally disclosed these documents to Dr. Stark, an “adverse” third party involved in “a dozen lawsuits” with PO, as PO itself admits.² (Paper 25, 17:14-16.) PO also had no expectation of confidentiality with Dr. Stark, whom it repeatedly labels as untrustworthy.

² Numerous other grounds prevent work product immunity, including but not limited to PO's injection of false testimony here and the crime-fraud exception.

b) PO's Civil and Criminal Threats to Dr. Stark.

Knowing that Dr. Stark, the lead inventor, holds critical facts related to the invalidity and unenforceability of the '882 Patent, PO and its counsel have taken extreme and improper measures to obstruct Omega's communication with him. On November 29, 2022, PO filed a motion for a protective order to prevent Petitioner's counsel from even contacting Dr. Stark, which the Court denied. *Buergofol GmbH v. Omega Liner Company, Inc.*, Case No. 22-cv-04112-KES, Dkt. 56 (D. S.D.) On January 30, 2023, further escalating their attempts to silence this key fact witness, PO threatened both Dr. Stark and Petitioner's counsel with civil and *criminal liability* if Dr. Stark communicated with Petitioner's counsel in any way. (EX1075, highlighting added; EX1076, highlighting in original.)

c) PO's Silencing of Witness After Petitioner's Reply.

Immediately after Petitioner filed its reply on October 7, 2024, Dr. Franz Schleicher, CEO of Buergofol, called and emailed Saertex's Managing Director with a veiled threat questioning Saertex's cooperation with Petitioner. The tactic was effective—Saertex has since refused to authorize Petitioner to disclose Dr. Schleicher's email.

d) PO Attempts to Blame Petitioner's Counsel.

In a last-ditch attempt to deflect, PO's counsel now baselessly accuses *Petitioner's counsel* of unlawful conduct for unveiling their fraudulent scheme, all while continuing to violate their Duty of Candor. (EX1080.) As raised by

Petitioner’s counsel at the October 24, 2024 hearing (EX1080, Tr., 33:9-34:20), PO’s baseless motion for sanctions filed in the lawsuit falsely implies that its *ex parte* call to a non-attorney P-TACTS administrator was somehow a “successful” legal process involving the PTAB, arguing the following to support their motion:

Buergofol has already successfully removed the confidential information that Mr. Neustel filed with the PTAB from public view in the records of the PTAB. Together these facts reveal that Mr. Neustel and Mr. Bond are both in willful contempt of the Court’s Order (Dkt. 56).

Buergofol v. Omega, Case No. 22-cv-04112-KES, Dkt. 524 at p. 19.

e) PO’s Attempt to Leverage its Own Misconduct.

When confronted with its misconduct, false statements, and the inconsistent documents uncovered by Petitioner, PO also sought to improperly introduce new “evidence” outside the rules rather than correct the record. The Board denied this improper request on September 17, 2024. (EX1057.) PO’s inaction forced Petitioner to address its false statements in the reply brief. (Paper 24, pp. 15-19.)

f) PO’s Improper Motion to Seal.

PO’s latest tactic—a baseless motion to conceal a 2009 customer complaint email from other parties against whom PO asserts the ’882 Patent—includes the blatantly false representation that “Petitioner’s counsel admitted it was purposefully side-stepping the protective order in the litigation by directly contacting PO’s customers.” (Paper 28, 7:4-5.) This claim is not only categorically untrue but is a calculated attempt to deflect from PO’s own deliberate concealment of customer

complaints. Petitioner's outreach to PO's customers was a necessary response to PO's misconduct in concealing inconsistent evidence.

g) PO Sanctioned Seven Times in Lawsuit.

Finally, PO was sanctioned *seven times* for failing to comply with various discovery orders requiring PO to produce documents and information inconsistent with its litigation positions (e.g., prior art sales, composition of film sold before critical date). *Buergofol v. Omega*, Case No. 22-cv-04112-KES, Dkts. 303, 335, 342, 360, 402, 464, 466. These sanctions, most of which include awards of attorney's fees, demonstrate PO's and its counsel's repeated disregard for Court orders and their discovery obligations. With their improper efforts repeatedly shut down, and firmly rebuked (including significant monetary sanctions), the Board should not endorse the attempted migration of this behavior here.

B. Harm Suffered by Petitioner.

PO's misconduct was a "deliberately planned and carefully executed scheme to defraud" not only the Board, but also the public. *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 245 (1944); *Therasense*, 649 F.3d at 1292. Petitioner—and the Board—have been burdened by PO's attempts to shift blame, submit new evidence, and improperly shield unfavorable evidence, with repeated calls to the Board. (EX1057; EX1080.) PO's contamination of the record with false

evidence and refusal to withdraw these statements have forced Petitioner to expend significant resources to date uncovering the truth and filing this motion.

C. Sanctions Are Justified and Proportional.

PO and its counsel deliberately misled the Board by presenting blatant misrepresentations of fact and advancing grossly misleading arguments, all while concealing critical evidence that undermines its false positions and wasting the resources of the Board and Petitioner alike.

Given the pervasive and brazen nature of PO's scheme, entry of judgment against PO is in order. Alternatively, Petitioner should be awarded its fees incurred in responding to PO's frivolous motions in Papers 28, 33, 34, 35, 48, and 55, which directly result from PO's misconduct and deliberate efforts to conceal it.

IV. Conclusion

Petitioner requests entry of judgment against PO, or in the alternative, Petitioner's fees incurred in responding to PO's frivolous motions in Papers 28, 33, 34, 35, 48, and 55 related to the misconduct.

Dated: December 13, 2024

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing *PETITIONER'S MOTION FOR SANCTIONS UNDER 37 C.F.R. §§ 42.11, 42.12 and 42.51(b)(1)(iii)*, was served by filing this document on the date indicated below through the Patent Trial and Appeal Case Tracking System (P-TACTS) and via e-mail to the following attorneys of record for the Patent Owner listed below:

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