

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE SCOTTS COMPANY LLC
Petitioner

v.

ENCAP, LLC.
Patent Owner

Patent No. 6,209,259

Issued: April 3, 2001

Filed: July 10, 1998

**Inventors: Daniel Paul Madigan; Michael Dennis Krysiak;
Ronald Dean Eichhorn**

Title: SEEDING TREATMENTS

CASE IPR: IPR2013-00110

**ENCAP'S PRELIMINARY RESPONSE TO: SCOTT'S INTER PARTES
REVIEW PETITION**

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Encap LLC's Preliminary Response to Scotts' Inter Partes Review Petition

Pursuant to §42.107, Encap, LLC ("Encap") respectfully submits this preliminary response to the Petition for Inter Partes Review ("Petition") filed by The Scotts Company, LLC ("Scotts") to the United States Patent and Trademark Appeals Board ("PTAB") pursuant to 35 U.S.C § 314 to initiate review of U.S. Patent No. 6,209,259 ("259 Patent"), owned by Encap,. For the reasons set forth below, Scotts' Petition for Inter Partes Review should not be granted and the Petition should be dismissed in its entirety.

First, pursuant to § 42.108c, [i]nter partes review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable." Scotts failed to meet this burden of proof. Scotts failed to demonstrate a reasonable likelihood that it will prevail with proving that any challenged claim of the '259 patent is unpatentable under 35 U.S.C. § 102 or § 103. Indeed Scotts did not establish the relevance of the prior art references it cited against the '259 Patent.

Second, Encap's '259 Patent is the subject of the pending Ex Parte Reexamination Control No. 90/012,183. Scotts requested that Ex Parte Reexamination on March 9, 2012, over thirteen months ago. Scotts' Petition for Inter Partes Review is essentially an improper tactical maneuver by Scotts to participate in the Ex Parte Reexamination of the '259 Patent, which it cannot not do. Now, in the eleventh hour of the Ex Parte Reexamination proceeding, apparently anticipating the issuance of a

reexamination certificate for the '259 Patent, Scotts seeks to derail the reexamination and have the examination of the '259 Patent claims start all over again, with basically the same prior art references, and the same arguments.

Scotts Improperly Filed a Response to its Ex Parte Reexamination of the '259 Patent and Not a Proper Inter Partes Review Petition

The rules governing reexamination proceedings unequivocally provide that a third party requester is excluded from participating in the Ex Parte Reexamination proceeding. Pursuant to 37 C.F.R. §1.535 “[t]he third party requestor is not permitted to file any further papers after its initial filings, and any other papers will not be considered and returned to the requester.” Under 37 C.F.R. §1.550(g), [t]he active participation of the Ex Parte Reexamination requester ends with the reply pursuant to 1.535, and no further submissions on behalf of the reexamination requester will be acknowledged or considered. Further, no submissions on behalf of any third parties will be acknowledged or considered unless such submissions are: 1) in accordance with 1.510 or 1.535; or 2) entered in the patent file prior to the date of the order for Ex Parte Reexamination pursuant to 1.525.”

Here, Scotts has blatantly violated the rules governing Ex Parte Reexamination proceedings under the guise of filing a petition for Inter Partes Review of the '259 Patent. Tellingly, in a veiled attempt to circumvent the reexamination rules, throughout its Petition for Inter Partes Review, Scotts improperly responded to submissions in the Ex Parte Reexamination of the '259 Patent, including Encap’s responses to Office Actions, Declarations, filed by Encap, and additional new claims that Encap filed in

response to the Ex Parte Reexamination of the '259 Patent requested by Scotts. Clearly Scotts has wrongly attempted to interject and participate in the Ex Parte Reexamination of the '259 Patent, conduct that is clearly prohibited under the rules governing Ex Parte Reexamination.

The '259 patent has fourteen claims. All other claims referred to by Scotts in the Petition for Inter Partes Review are newly added claims by Encap in the Ex Parte Reexamination. In the Petition, Scotts has improperly argued against the new claims Encap has added to the '259 Patent during the Ex Parte Reexamination. (See Petition pgs 18-32). In fact, Scotts stated in the Petition that the Evans patent is being cited against the '259 Patent because Encap in the Ex Parte reexamination added claims to "water holding properties" (Id. At p. 42). A reexamination certificate has not been issued yet. As such, Scotts clearly has no right to challenge any claims added during the Ex Parte Reexamination.

Pursuant to the MPEP, Encap has the right to modify any and all claims of the "259 Patent through the Ex Parte Reexamination process. The Reexamination Unit has already favorably responded to such proposed/potential limitations by Encap with respect to the '259 Patent, and is presently considering further clarifications made by Encap on these limitations. Encap has the right to proceed with these discussions with the Reexamination Unit, in which the initial claims and the added claims are being examined and discussed with the Examiner in the Ex Parte Reexamination. Moreover, based on what happens in the Ex Parte Reexamination, the Inter Partes Review may be moot.

The current Ex Parte Reexamination of the '259 Patent is being completed in an expeditious and timely fashion. The Federal Register, Vol. 77, No. 157, Part V, dated August 14, 2012 states that matters relating to Ex Parte reexamination proceedings fall outside the jurisdiction of the Board and thus are treated separately, except as ordered by the Board.

Scotts filed an Ex Parte Reexamination on March 12, 2012. Three (3) of the prior art references cited by Scotts in the Ex Parte Reexamination, all of which were overcome by Encap in the original prosecution of the '259 patent, are once again being asserted by Scotts in its Request for Inter Partes Review. Moreover, Scotts had knowledge of the other references it identifies in its Petition, as those references were before the USPTO during the initial examination of the application leading to the '259 Patent. Tellingly, Scotts could have filed this action in September of 2012, but instead waited until January 11, 2013, after the Examiner had made a final decision during the reexamination, and after Encap, the patent owner, had added new claims to the '259 Patent. Encap was making headway in the Ex Parte Examination to having claims allowed. Scotts should not be granted a second bite at the apple by challenging Encap's '259 Patent with basically the same references and same arguments that it presented during the Ex Parte Reexamination.

Therefore, Encap respectfully requests that the Reexamination Unit be allowed to rule in favor of allowing the henceforth commenced Ex Parte Reexamination of Encap's '259 Patent to proceed, and that the Petition be rejected.

Scotts already decided their desired course of action on March 9, 2012

1) On March 9, 2012, Defendants filed an Ex Parte Reexamination on the '259 Patent.

In deciding to Request an Ex Parte Reexamination, The Scotts Company:

a) Elected to challenge the validity of the '259 patent under 35 U.S.C §§ 302-307 and 37 C.F.R. 510-570 (Ex Parte Reexamination), rather than under 35 U.S.C. §§ 311-319 and 37 C.F.R. 41.1-.80, 42.100-.123 (Inter Partes Review). Congress introduced Ex Parte Reexamination in 1980 to provide a vehicle for a third party to obtain reexamination of a patent. Ex Parte Reexamination of patents, and the procedures for the same, were established by Congress to serve as an expedited, low-cost alternative to patent litigation for reviewing only certain aspects of patent validity.

i) 37 CFR 1.501 and 1.502 provide for Ex Parte Reexamination of patents.

Pursuant to these rules, a third party may submit to the USPTO prior art consisting of patents or printed publications that it contends are pertinent to the patentability of any claim of a patent, and request reexamination of any claim in the patent on the basis of the cited prior art. Consistent with 35 U.S.C. §§ 302–307, Ex Parte Reexamination rules provide a different threshold for initiation, require the proceeding to be conducted by an examiner with a right of appeal to the Patent Trial and Appeal Board, and allow for limited participation by third parties.

ii) All Ex Parte Reexamination proceedings, including any appeals to the Board of Patent Appeals and Interferences, will be conducted with special dispatch

within the Office. After issuance of the Ex Parte Reexamination order and expiration of the time for submitting any responses, the examination will be conducted in accordance with §§ 1.104 through 1.116 and will result in the issuance of an Ex Parte Reexamination certificate under § 1.570.

- b) Elected to utilize a lower burden of proof standard of evaluation and consideration by the USPTO for unpatentability. Whereas Ex Parte Reexamination only requires that a “Substantial New Question of Patentability” be raised, the Inter Partes Review institutes a higher standard Scotts chose to avoid – a reasonable likelihood that the petitioner will prevail on at least one claim.
- c) Elected to utilize a reexamination process that does not allow the Requestor’s input beyond the initial Request, thereby selecting a process that was less costly and time consuming.
- d) Elected to utilize a timeframe that is different (in some ways more expeditious) than the Inter Partes Review.
- e) Elected to allow over 10 months of action to occur at the Reexamination Unit before submitting its Petition for Inter Partes review. This resulted in significant resources being invested by both Encap and the USPTO. Scotts’ course of conduct should be viewed as intended to harass or cause unnecessary delay or unnecessary increase in the cost of the proceedings.

- f) Elected to forgo the opportunity to request document requests, interrogatories, depositions, and a trial, in lieu of the stream lined Ex Parte Reexamination they requested.
 - g) Elected to leave The Scotts Miracle-Gro and OMS Investments out of the Ex Parte Review by not including them as "Real Parties of Interest".
 - h) Elected to comply with the requirements that they could no longer respond to the Office on related prior art matters cited in their Ex Parte Reexamination, beyond their initial, allowable response.
 - i) Elected to comply with the understanding that, once ordered, a reexamination proceeding will normally be conducted to its conclusion.
- 2) Therefore, Encap respectfully requests that the Petition requesting Inter Partes Review for Encap's '259 Patent be rejected in its entirety.

Effects of Concurrent Litigation

- 1) Time is of the essence. The Petitioner continues to sell hundreds of millions of dollars of infringing products each year. At the present time, the litigation is stayed pending the resolution of the '259 Ex Parte Reexamination, which is proceeding well. The effects of a newly instituted Inter Partes Review will delay all matters relating to the related patent infringement issues, and cause undue harm and financial hardship to Encap.
- 2) Irreparable Harm. The ability for a small, innovation company such as Encap to endure an added delay by the institution of an Inter Partes Review, after it has already endured much of the Ex Parte Reexamination process, and then be forced to

withstand the large costs and time required to proceed with a trial at the Patent Office, and then once again in the civil suit would be unjust and cause irreparable harm to Encap and its customers.

3) Concurrent Office Actions: After the request for reexamination, including the entire fee for requesting reexamination, is received in the Office, no abandonment, withdrawal, or striking of the request is possible, regardless of who requests the same. (MPEP § 2286). This is true with the current Ex Parte reexamination filed by Scotts.

4) Harassment or Delay: When faced with the specter of multiple reexamination requests, a patent owner may consider filing a petition with the USPTO arguing that subsequent reexamination requests are being filed for the purposes of harassment or to delay prosecution of a pending request. Encap believes such potentially motivational factors and actions taken by Scotts in the filing of this Petition for Inter Partes review should be seriously considered in the Boards decisions.

5) Therefore, Encap respectfully requests that the Petition for Inter Partes Review be rejected.

Mandatory Notices Absent from the Petition

The Petition failed to set forth a number of mandatory notices required under the duty of candor and good faith. The following mandatory notices were absent from the Petition: On March 9, 2012, The Scotts Company, LLC filed a Request for Ex Parte Reexamination for Encap's '259 Patent, only identifying itself, Scotts, as the "real party of interest." Thus, Scotts elected to leave The Scotts Miracle-Gro and OMS

Investments out of the Ex Parte Reexamination by not including those companies as “Real Parties of Interest.” However, on January 11, 2013, Scotts filed the Petition for Inter Partes Review, identifying Defendants (The Scotts Miracle-Gro Company, LLC, OMS Investments, Inc., and The Scotts Company) as the “real parties of interest”.

According to the Inter Partes Review rules, Scotts must provide the names of the “real parties of interest” on the petition or be denied the petition.

Scotts has not filed the petition within the one year period since it had notice of the litigation several months prior to being served.

On July 18, 2011, Encap filed a Complaint against The Scotts Miracle-Gro Company, LLC, OMS Investments, Inc., and The Scotts Company (collectively the “Defendants”) alleging, *inter alia*, that Defendants’ products infringe the claims of a number of Encap patents including Encap’s ‘259 Patent. In addition to filing the Complaint, Encap notified Scotts of Scotts alleged infringement of Encap’s ‘259 Patent more than one year in advance of Scotts’ submittal of the Petition during several in person discussions between the parties.

Pending Court Actions and Jury Trial

During the Wisconsin litigation, on March 12, 2012, Defendants filed a motion to stay the litigation pending reexamination of all three Encap patents including the Ex Parte Reexamination ‘259 Patent asserted against Defendants in the action. On August 31, 2012, the Court granted Defendants’ motion to stay the action with respect to the issues of patent infringement, despite the fact that the United States Patent and Trademark Office (“USPTO”) had denied one of the three reexamination requests filed

by Defendants. In its Order, the Court stated: "The parties are directed to notify the Court when the PTO issues its decision on re-examination or if circumstances change materially such that the stay may be lifted."

Petition Lacks Identification of Challenge

- 1) Scotts failed to set forth adequate evidence of specific constructions for terms in the claims at issue. Instead, Scotts merely cited a single reference or two wherein the claim terms were referenced in the specification. Significantly, the meaning of the terms is critical in determining whether the prior art references disclosed the particular limitation of a claim.
- 2) Scotts is required to provide a statement of the precise relief requested for each claim challenged.
 - a) When considering the construction of the claims based on the specification, Roth's chemical carrying, film coated seed patent is rendered immaterial; Matthew's symmetrically round, hard-coated, ease-in-handling coated seed is rendered immaterial; Roth in view of Lowe's product that is nothing more than an agglomeration of material without a specialized seed center is rendered immaterial; Schreiber, Schreiber in view of Roth, and Schreiber in view of Lowe wherein Schreiber is engineered to create a germination delay are rendered immaterial; Evans is a dry, dusted product, and therefore rendered immaterial; and Simmons is a thin powdered layer of dry material utilizing latex as a binder is also rendered immaterial.

b) By another example, the term soil conditioning material has similar aspects that the Petition was lacking in clarity of definition in light of the '259 Patent specification that render the prior art references immaterial.

c) Related matters are substantiated by simple review of the office actions and related Encap responses as to the importance of the claim construction.

Additional evidence of the Petition's lack of complete term definition can be found in comparing the added definitions in the Request for Ex Parte Reexamination that is not included in the Petition for Inter Partes Review. An essential purpose of the broadest reasonable claim interpretation standard in the amendment process is to encourage a patent owner to fashion clear, unambiguous claims. Only through the use of the broadest reasonable claim interpretation standard can the USPTO ensure that uncertainties of claim scope are removed or clarified.

3) Therefore, because the Petition lacks adequate identification of the specific portions of the specification, Encap respectfully requests the Petition requesting Inter Partes Review for Encap's '259 Patent be rejected in its entirety.

Petition lacking substantive argument for unpatentability

1) The Petition's arguments for unpatentability clearly do not meet the threshold of allowability of "a reasonable likelihood that the petitioner would prevail." Scotts raised grounds for unpatentability under both §102 and §103 based upon three references which Encap had already cited and overcome during the original prosecution of the application resulting in the '259 patent. In determining whether to institute the Inter Partes Review, the Board may take into account whether, and

deny the petition because, the same or substantially the same prior art or arguments were previously presented to the USPTO. The other patents are certainly identifiably different than the "combination seed capsule" claimed in the claims of Encap's '259 Patent.

- 2) With respect to the § 102 grounds, Scotts' Petition and the claim charts therein, failed to explain how individual elements found in the prior art references are recited in any claims of the '259 Patent.
- 3) The claim charts within the Petition are entirely unclear in how to map stated claim limitations of the '259 Patent to the prior art references Scotts contends should lead to a § 102 or § 103 rejection of the '259 Patent claims.
- 4) Therefore, because Scotts has not established a reasonable likelihood that claims are anticipated by any reference, Encap respectfully requests the Petition requesting inter partes review for Encap's '259 Patent be rejected in its entirety.

Petition lacking substantive arguments for obviousness

- 1) The Board should reject Scotts' obviousness (§103) arguments. In its Petition, Scotts offered obviousness as an alternative to anticipation on a number of combination prior art references. Scotts does not teach any motivation for combining the teachings, as there is none.
- 2) Scotts did not present an obviousness analysis based on the Graham factors. Synopsys v. Mentor Graphics, Case IPR 2012-00021 (PTAB 2013), suggests that such incomplete presentation of obviousness arguments for purposes of an Inter Partes Review is inadequate.

- 3) Scotts has not provided sufficient reasoning or facts on which to base a conclusion that a person of ordinary skill in the art would have found the referenced claims obvious. Scotts failed to present any such statements from one of ordinary skill in the art. Nor does Scotts explain why a person of ordinary skill in the art would have found the claimed subject matter obvious in spite of the lack of certain claim elements.
- 4) Scotts does not address proper secondary considerations to their obviousness claims. In 2008, Scotts began to sell products that infringe the '259 Patent; its sales were in the millions of dollars, and now hundreds of millions per year. Encap's '259 invention changed the way Scotts now sells grass seed to the lawn and garden market. Scotts substantiates this change by stating its product fulfills a long term, long felt need. If any of the prior art was obvious, the seed market, including Scotts, would have been fulfilling this long felt need a long time ago.
- 5) Therefore, because Scotts has not established substantive arguments for obviousness, Encap respectfully requests the Petition requesting inter partes review for Encap's '259 Patent be rejected in its entirety.

Claim Construction

Encap has previously set forth its claim construction in the Ex Parte Reexamination of the '259 Patent shown below. In that regard, the '259 patent specification defines a "Combination Seed Capsule" as:

"at least one soil conditioner and a seed capsule made by physically combining the respective soil conditioner and seed with one other, and providing cooperative and

beneficial effects of the soil conditioner, working together in a controlled intimate relation with the seed to enhance germination and growth processes of the seed and the plant emergent therefrom, greater than when the soil conditioner and seed are applied to the soil separately whereby the respective materials cooperate with each other in support of germination and plant growth."

The '259 patent specification defines "Soil Conditioning materials"

as:

"a particulate powder, fibrous material, or suspension of a powder or fibrous material in a liquid carrier which is inherently bound to the seed by a coating process and inherently assists the seed in achieving desired germination and strong early growth wherein the soil conditioning materials beneficially modify soil to which they are applied and provides soil conditioning value to the seed so coated, and in intimate association with the seed irrespective of the general tilth condition of the growth medium into or onto which the seed capsule is applied."

The '259 patent specification describes the "solid state at time of coating" of the soil conditioning materials as: *"The soil conditioning raw material may be a particulate powder, or may be fibrous, or may be a suspension of a powder or fibrous material in a liquid carrier."*

No new arguments

Scotts' Petition does not set forth new/different arguments than what are currently being considered by the Reexamination Unit for the Roth, Lowe and Matthews patents. The argument set forth in the petition regarding the Schreiber patent is consistent with what was addressed during the initial '259 patent prosecution. And the arguments for

unpatentability regarding Evans and Simmons are immaterial to the claims and teaching of the '259 patent.

Matthews

*Matthews states that: "In accordance with the present invention it has been discovered that seeds may be treated with a suitable water-soluble plastic, such as, for example, methyl cellulose, polyvinyl alcohol, sodium alginate, **and a suitable powdered or dust material**, to coat the individual seeds and produce seed pellets of uniform size, hardness and germination characteristics." (pg. 2, L. 41-49). Matthews further states: "The pellets or prills are of such hardness, as to be resistant to crushing during packaging, shipping, storage or planting operations, yet sufficiently porous and water-absorptive as to soften readily on contact with soil moisture to permit germination and sprouting." (pg. 2, L. 54- 61). Thus, Matthews discloses a seed pellet that merely "permits" germination, but does not promote or support germination and plant growth. This is because a suitable powdered or dusted material with desired formative effects (pg. 9, L. 99-100) does not disclose a soil conditioning material to one of ordinary skill in the art, even in the broadest definition.*

Matthews' desired formative effects resulting from the application of fly-ash, feldspar, or acid-activated earth as "dust" or "finely divided material" have nothing to do with soil conditioning or with providing cooperative and beneficial effects of a soil conditioner to a seed in a controlled intimate relation within a combination seed capsule.

Scotts attorney argument that Matthews teaches fly ash, therefore it anticipates, is patentably wrong, since not all fly ash materials are made the same and some cannot operate as soil conditioners. It would not have been obvious to one of ordinary skill in the art reading the Matthews patent prior to the '259 invention to utilize fly ash as a soil conditioning material.

Scotts attorney argument that Matthews teaches feldspar, therefore it anticipates, is patentably wrong, since not all feldspar materials are made the same and some cannot operate as soil conditioners. It would not have been obvious to one of ordinary skill in the art reading the Matthews patent prior to the '259 invention to utilize feldspar as a soil conditioning material.

Scotts attorney argument that Matthews teaches acid activated earth materials, therefore it anticipates, is patentably wrong, since not all acid-activated earth materials are made the same and some cannot operate as soil conditioners. It would not have been obvious to one of ordinary skill in the art reading the Matthews patent prior to the '259 invention to utilize acid-activated earth as a soil conditioning material.

The shell of Matthews becomes sufficiently porous, and softens readily on contact with soil moisture to permit germination and sprouting. Thus, Matthews discloses a seed pellet that permits germination but does not support or promote germination.

Matthews specifically discloses that a water soluble plastic material must be added to the tough outer shell to allow for germination (pg. 3, L. 5-11), and that

failure to add a water soluble plastic material results in a coating that fails to permit the ready passage of moisture during planting, yielding unsatisfactory germination. (Pg. 1, L. 82-85). Therefore, Matthews discloses the combination of the water soluble plastic material with the dust material to form the hard outer coating, and this hard outer coating is not a soil conditioning material.

Thus, Matthews fails to disclose a "soil conditioning material" as defined in the '259 patent because there is absolutely no disclosure that the dust materials beneficially modify the soil, nor do they assist the seed in achieving desired germination.

Roth

The Roth reference was previously addressed during original prosecution and thus the question of patentability was decided previously. Roth 's coating product (methanol activated sludge: MAS) with only 0.05 to 1.75% solids is not a slurry in the required solid state required by the claims since few seeds would be coated, or come in contact, with the "solid" constituent. MAS is a "pudding" which is considered to lack solids.

In an Office Action dated June 18, 1999, the Examiner rejected the claims as being anticipated by Roth and refers to Claim 9 of Roth, which states in part "methanol treated activated sludge solids in an amount of from about 0.006% to about 2.5% by weight of said composition." Therefore, the Examiner was well aware of the "solids content" taught by Roth when the Examiner allowed the claims of the '259 patent.

On August 21, 2000, Mr. Weiss, applicant's attorney sent a fax which included a Draft Amendment to Examiner Grunberg. The Draft Amendment showed Amended Claim 77 stating "said soil conditioning being in a solid state at the time of coating" was added. Mr. Weiss argued in the Amendment that Roth does not anticipate or make obvious the above claim. The argument further continued that Roth teaches the coating is liquid and viscous at time of coating. In the proposed argument, Mr. Weiss specifically referred to Col. 3, lines 50-51 which stated "the solids content of viscous product should be in the range of 0.1 to 2.5%". Mr. Weiss cited to several other sections of the Roth patent which further teach Roth using a viscous liquid.

On September 8, an interview was conducted with the Examiner discussing that the soil conditioning materials may be in the form of a particulate powder, or may be fibrous, or may be a suspension of a powder or fibrous material in a liquid carrier at time of application as defined in col. 8, lines 1-3 of the '259 patent. As a result, the Examiner stated: "[b]ased on the proposed draft amendment and arguments recited therein, the prior art is overcome." A Notice of Allowability was subsequently entered by the Examiner that further included an Examiner's amendment to add the language *"said soil conditioning materials being in a solid state at time of coating"* to application claims 77 and 85, which ultimately issued as patent claims 1 and 7.

It is clearly shown that Examiner Grunberg reviewed the section of the Roth patent which describes the "solids content" and therefore there is no substantial

new questions since the arguments were considered by the Examiner of the '259 patent.

The same issue involving the Roth reference was previously addressed during the original prosecution of the '259 patent, and the claim language "*said soil conditioning materials being in a solid state at time of coating*" was found sufficient to distinguish over Roth. M.P.E.P. § 2242; *In re Recreative Technologies Corp.*, 83 F.3d 1394, 1396, 38 USPQ2d at 1777 (Fed. Cir. 1996) ("[O]nce it becomes apparent that there is no new question of patentability, it is improper to conduct reexamination on an old question that had been finally resolved during the initial examination."); see also *In re NTP, Inc.*, 654 F. 3d 1268, 1278 (Fed. Cir. 2011). Patent Owner should not now be forced to re-argue the same issue that was previously allowed by the Patent Office.

The key distinguishing characteristic of the present claims is that the claims recite "*said soil conditioning materials are in a solid state at time of coating*". The coating of Roth is liquid and viscous at time of coating (Roth at Col. 3, L.48-49) and is applied as a sprayable solution (col. 3, L.67), viscous gel (col. 4, L. 25) or dip/spray coat (col. 4, L. 32). Moreover, Roth defines MAS to have a solids content of 0.1% to 2.5%. Roth further teaches that this MAS is diluted to form a final wet mixture that is applied to form a film. (col. 5, L. 15-24). In all examples offered by Roth, the MAS is diluted to a 50% concentration with the addition of a solvent. This results in a solids content of 0.05% to 1.75% of polymeric coating material. A viscous solution of 98.25% to 99.95%

non-solids (i.e. 98 to 99.9% liquid) is not a slurry in the required solid state at the time of coating as required by claims of the '259 patent. Such a liquid solution would result in the vast majority of seeds coated to NOT come into contact with the miniscule solid constituent present.

Roth is further distinguished from the claims of the '259 patent because MAS is not a soil conditioner. While sewage sludge is listed as a soil conditioner in the '259 specification, the methanol activated sludge of Roth is a transformed material that is not disclosed or claimed to be a soil conditioner anywhere. Both Roth and the underlying Davis and Wallen fail to disclose that the methanol activated sludge is a soil conditioner, or even that the treated sludge has any soil conditioning properties. It is not adequate to assume that, if sewage sludge may be considered a soil conditioner, that the chemically altered and fermented MAS would be the same. Moreover, rather than operating to support germination and plant growth, the referenced MAS is explicitly defined as a "carrier substance." (col. 3, L. 24-25). Thus, from reading the information provided in Roth, Davis and Wallen, one skilled in the art would not understand the methanol-activated sludge to be a soil conditioner within the meaning of the '259 patent.

Thus, Roth explains: "[i]t was unexpectedly discovered that MAS provided excellent carrier and controlled release properties when combined with agricultural chemicals." (col. 3, L. 55-57). Furthermore, as noted, Roth discloses that sewage sludge must be pre-activated with a chemical (methanol), through a lengthy fermentation process, in order to transform the sewage sludge into the

new polymer product that is the subject of the invention and that is described as "black pudding." (Col. 3, L. 26-31)

Not all sewage sludge is the same, as properties and material concentrations can vary based on source material and treatment strategy employed. And therefore, not all sewage sludges can be considered soil conditioners.

Therefore, Roth does not anticipate or make obvious utilizing sewage sludge as a soil conditioning material. Based on the source of the waste material and treatment methods of the sewage sludge, some of the resultant treated sewage sludge cannot be used as soil conditioning material.

The '259 Patent teaches the use of sewage sludge materials, but does not go so far as to include all sewage sludge materials. The Roth Patent teaches the use of sewage sludge materials, but does not go so far as to include all sewage sludge materials.

MAS is treated sewage sludge that has undergone a transformation induced by a fermentation process wherein methanol is added to the sewage sludge in order to transform the sludge material into a new polymer based substance. The material characteristics between these two products, pre- and post-transformation, are vastly different.

With these grossly different material properties pre- and post- the fermentation process, along with the potentiality that the fermentation processes' source material may be unfit to be a soil conditioning material, it would not have been obvious to one

of ordinary skill in the art reading the Roth patent prior to the '259 invention to utilize MAS as a soil conditioning material.

Roth teaches that the MAS is a controlled release carrier for agricultural chemicals. MAS, a transformation of activated sludge, does not inherently possess properties that assist the seed in achieving desired germination and early growth. (col. 2 lines 3-8; col. 1 lines 6-10; col. 2 lines 48-52; col. 5 lines 35-43; col. 4 lines 8-9; col. 4 lines 12-17; col. 3 lines 23-26; col. 2 lines 13-44) Rather, Roth cites a report (col. 3, lines 23-31) that the invention of Roth teaches that the dried MAS film with incorporated pesticides has been found to be effective slow release agent (pg. 205, col. 1 lines 30-32 of report by Davis and Wallen). The MAS taught in Roth is not a soil conditioning material. It is a black pudding like product. MAS is a chemically treated sludge that transforms the state of the activated sludge material into a black, pudding like state through fermentation. Further, Roth does not teach that the soil conditioning materials are in a solid state at time of coating. Roth teaches a viscous liquid product. As found by the original Examiner of the '259 patent, who recommended the language to the patent owner that the soil conditioning materials be in a solid state at time of coating to overcome anticipation and obviousness of the Roth patent, Roth does not teach this limitation based on all of the teachings of the Roth patent including the range of solids disclosed at col. 3 lines 23-63, which was examined by the original Examiner.

Lowe

Agglomeration, as defined in the '259 patent specification, involves the process used to "bind or agglomerate a plurality of types of particles and/or materials into coated seed capsules" (col 14, lines 62-64).

Lowe teaches a form of agglomeration technology that combines various particles and/or fibers together to form individual granules consisting of said particles and/or fibers. In particular, Lowe teaches "The granule is formed by the agitative agglomeration of a plant fiber slurry and resembles a clay granules in all respects..." (Abstract). Lowe goes on to state that "During agitation, the fibers begin to interlock and bond together to form the granules" (col 3, lines 21-22).

The agitation agglomeration process employed by Lowe results in homogenous granules of the lime material introduced into the agglomeration equipment. There is no "intelligence" in what material serves as the core or pseudo core of formed agglomerates.

Given the teaching of Lowe, it would not have been obvious, nor anticipated, to one of ordinary skill in the art to apply the agitation agglomeration process of Lowe without seed in combination with the Roth reference to form the combination seed capsule of the '259 patent.

Lowe discloses use of a papermaking byproduct. However, Lowe teaches the use of the papermaking byproduct in forming a granule. Nowhere is a seed disclosed in Lowe. There is no seed, so there cannot be a capsule-type product, as there is no core taught in Lowe.

Roth does not disclose a coating of a composition comprising soil conditioning material. The chemically activated MAS is not a soil conditioning material, but a carrier. Further Roth does not teach that the soil conditioning materials being in a solid state at time of coating. Roth teaches a viscous liquid which was already established in the prosecution of the '259 patent by the original examiner.

Lowe teaches an agglomeration operation which does not have a core or seed as required by the claims. In using the agglomeration operation taught by Lowe, a user may have several seeds in one agglomerate, or may have no seeds in an agglomerate.

Schreiber

In the June 18, 1999 Office Action, the Examiner states on page 13 that "Schreiber, U.S. Patent No. 3,698,133 does not teach a combination seed capsule which can be easily broadcasted and contains nutrients, herbicides, pesticides, a bitter substance, and a soil conditioning substance. Further, the Examiner states that Schreiber teaches a multiple layered coating in which the outer coating delays germination until environmental factors are conducive to growth.

In applicant's response of December 14, 1999, applicant stated that there was a difference between the agglomeration process described in the present application and the coating process described in the prior art. Specifically it was discussed the difference between a tumbling and mixer agglomeration versus a spraying method which is a coating method and not an agglomeration method.

Evans and Simmons

The Petitioner specifically has put these references in based on patent owner's new claims in the Ex Parte Reexamination which add "water-absorbing properties" to the new claims. These references are improperly being cited to the '259 patent claims. Further, Evans is immaterial because it is a dry, dusted product, and Simmons is immaterial because it is a thin powdered layer of dry material utilizing latex as a binder.

Secondary Considerations for Obviousness

In 2009, Scotts began selling products that Encap alleges infringe the claims of Encap's '259 Patent. The Scotts Miracle-Gro Company's 2008 Annual report states: "Among our new offerings in fiscal 2009 will be two innovative grass seed products – EZ Seed™ and Turf Builder® Water Smart™ Grass Seed." In the Complaint, Encap alleges that Defendants' Turf Builder® Water Smart™ Grass Seed products infringe the claims of Encap's '259 Patent.

The Scotts Company and The Scotts Miracle-Gro Company also advertise that the Turf Builder® Water Smart™ Grass Seed products successfully address a long felt need within the market place.

Burden of Proof

The moving party has the burden of proof to establish that it is entitled to the requested relief per 37 CFR 42.20(c). Given the various aforementioned reasons, and/or any combination thereof, Encap respectfully requests that the Petition for Inter Parte Review be rejected, in its entirety.

Management of the Record

Encap respectfully requests that any and all arguments set forth in the '259 Patent Petition requesting an Inter Parte Review be expunged immediately and completely from the record in order that the Examiner in the Ex Parte Reexamination not be biased by these arguments. As set forth above, the MPEP strictly prohibits Scotts from participating in the Ex Parte Reexamination of Encap's '259 Patent. The submittal of arguments set forth in Scotts Petition for Inter Parties Review to the present Examiner of the Reexamination would be a gross violation of the rules expressly prohibiting Scotts from participating in any way whatsoever in the Ex Parte reexamination process. These violation(s) would be worthy of sanction considerations.

Respectfully submitted, this 15th day of April, 2013.

Respectfully submitted,

/philipmweiss/

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the **ENCAP'S PRELIMINARY RESPONSE TO: SCOTT'S INTER PARTES REVIEW PETITION** was filed with the U.S. Patent and Trademark Office on April 15, 2013, was served on April 15, 2013, via electronic mail to the attorney for the third party requestor, at the address provided below:

Jeff B. Vockrodt
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Hunton & Williams LLP
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on this 15th day of April, 2013

/philipmweiss/_____

Philip M. Weiss