

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

TONERHEAD, INC.,	)	
	)	
Plaintiff,	)	
v.	)	Case No. 1:10-CV-02420
	)	
INKTEC ZONE AMERICA	)	
CORPORATION, RETAIL	)	Honorable James F. Holderman
INKJET SOLUTIONS, INC.,	)	
PHOENIX INK CORPORATION,	)	Magistrate Judge Sheila Finnegan
COSTCO WHOLESALE	)	
CORPORATION,	)	
JEWEL FOOD STORES, INC. AND	)	
OFFICEMAX INCORPORATED,	)	
	)	
Defendants.	)	

PLAINTIFF'S REPLY TO COUNTERCLAIMS  
SET FORTH IN THE ANSWER FILED BY DEFENDANTS  
RETAIL INKJET SOLUTIONS, INC. AND COSTCO WHOLESALE  
CORPORATION TO THE SECOND AMENDED COMPLAINT

Plaintiff, TonerHead, Inc. ("TonerHead") hereby replies to the counterclaims set forth by Retail Inkjet Solutions, Inc. ("RIS") and Costco Wholesale Corporation ("Costco"), in their Answer, Affirmative Defenses, and Counterclaims to Plaintiff TonerHead's Second Amended Complaint, as follows:

PARTIES

44. Counterclaimant RIS is a corporation organized and existing under the laws of the State of Delaware, and has a place of business at 2445 Impala Drive, Carlsbad, CA 92010.

REPLY:

TonerHead admits the allegations of this paragraph.

45. Upon information and belief, Counterdefendant TonerHead is a corporation organized and existing under the laws of the State of Illinois and has its principal place of business at 1809 South Route 31, McHenry, Illinois 60050.

REPLY:

TonerHead admits the allegations of this paragraph.

46. This is an action for declaratory judgment that U.S. Patent No. 7,089,973 ("the '973 patent") and U.S. Patent No. 7,628,181 ("the '181 patent") (collectively, "the Patents-In-Suit") are invalid, unenforceable and/or not infringed by Defendants.

REPLY:

TonerHead admits the allegations of this paragraph.

47. This action is based on an actual controversy between the parties concerning the validity, enforceability and/or non-infringement of the Patents-In-Suit.

REPLY:

TonerHead admits the allegations of this paragraph.

48. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(a), 2201 and 2202.

REPLY:

TonerHead admits the allegations of this paragraph.

49. This Court has personal jurisdiction over Counterdefendant TonerHead on the basis of, *inter alia*, its contacts with this District relating to the subject matter of this action, including having filed this suit.

REPLY:

TonerHead admits the allegations of this paragraph.

50. In view of the foregoing, an actual case or controversy exists between Counterclaimant RIS and Counterdefendant TonerHead with respect to the validity, enforceability, and/or infringement of the Patents-In-Suit.

REPLY:

TonerHead admits the allegations of this paragraph.

First Counterclaim  
Declaration of Noninfringement

51. RIS repeats and realleges paragraphs 44-50 as if set forth specifically herein.

REPLY:

For its responses to paragraph 51 of Defendants' counterclaims, TonerHead realleges and incorporates by reference each of TonerHead's responses to paragraphs 44-50 as if fully set forth herein.

52. RIS does not infringe, either directly, through contributory infringement or by inducement, any valid and/or enforceable claim of the '973 patent or the '181 patent.

REPLY:

TonerHead denies the allegations of this paragraph.

Second Counterclaim  
Declaration of Invalidity

53. RIS repeats and realleges paragraphs 44-52 as if set forth specifically herein.

REPLY:

For its responses to paragraph 53 of Defendants' counterclaims, TonerHead realleges and incorporates by reference each of TonerHead's responses to paragraphs 44-52 as if fully set forth herein.

54. The claims of the '973 patent and the '181 patent are invalid for failure to satisfy one or more provisions of 35 U.S.C. §§ 101, 102, 103 and/or 112.

REPLY:

TonerHead denies the allegations of this paragraph.

Third Counterclaim  
Declaration of Unenforceability of the '181 Patent

55. RIS repeats and realleges paragraphs 44-54 as if set forth specifically herein.

REPLY:

For its responses to paragraph 55 of Defendants' counterclaims, TonerHead realleges and incorporates by reference each of TonerHead's responses

to paragraphs 44-54 as if fully set forth herein.

56. The attorney that prosecuted the '181 patent, Christopher Moreno ("Moreno"), made materially false and misleading statements to the U.S. Patent and Trademark Office ("PTO") during the examination of the '181 patent and did so with an intent to deceive the Examiner into issuing the '181 patent.

REPLY:

TonerHead denies the allegations of this paragraph.

57. The '181 patent was filed as U.S. Patent Application No. 12/025,487 ("the '487 application") on February 4, 2008. The '487 application was filed as a continuation of U.S. Application No. 11/463,995 ("the '995 application"), which was filed on August 11, 2006 as a continuation of U.S. Application No. 10/918,307 ("the '307 application") on August 13, 2004. The '307 application claims priority, under 35 U.S.C. §1119(e) [sic], to Provisional Application Serial No. 60/495,262 ("the '262 provisional application") filed on August 14, 2003.

REPLY:

Assuming that the reference to "35 U.S.C. §1119(e)" should be "35 U.S.C. §119(e)", TonerHead admits the allegations of this paragraph.

58. The disclosure of the '487 application contains material not contained in either the '995 application or the '307 application.

REPLY:

TonerHead denies the allegations of this paragraph.

59. The disclosure of the '487 application thus contains new matter not contained in either the '995 application or the '307 application.

REPLY:

TonerHead denies the allegations of this paragraph.

60. During the prosecution of the '487 application, in a document entitled "Preliminary Remarks" filed February 4, 2008, Moreno stated, "[t]he specification of the instant application has been amended to include, among other things, paragraph [0077] comprising the subject matter originally disclosed in the '262 provision application" and that "new FIG. 10 summarizes the subject matter taken from the '262 provisional application." Moreno represented that "no new subject matter has been added to the instant disclosure."

REPLY:

TonerHead admits the allegations of this paragraph.

61. Upon information and belief, Moreno prosecuted the '307 application and the '995 application and knew that the disclosure of the '307 application did not expressly incorporate by reference the disclosure of the '262 provisional application.

REPLY:

TonerHead denies the allegations of this paragraph.

62. Upon information and belief, Moreno knew that any disclosure present in the '262 application, but omitted from the disclosure of the '307 application, was not part of the '307 application or the '995 application.

REPLY:

TonerHead denies the allegations of this paragraph.

63. Upon information and belief, Moreno knew that the addition of paragraphs [0077] and Fig. 10 to the '487 application constituted new matter not present in either the '307 application or the '995 application.

REPLY:

TonerHead denies the allegations of this paragraph.

64. Upon information and belief, through the statements contained in the "Preliminary Remarks", Moreno intentionally misled the PTO and the Examiner into believing that the additional disclosure in the '487 application did not add new matter and, thus, the '487 application was entitled to claim priority to the '995 application.

REPLY:

TonerHead denies the allegations of this paragraph.

65. The added material in paragraph [0077] and FIG. 10 provide the only disclosure in the '487 application for the concept that, upon completion of the emptying, cleaning and refilling process, the display prompts the operator to remove the cartridge and insert it into a print-testing station.

REPLY:

TonerHead denies the allegations of this paragraph.

66. The added material in paragraph [0077] and FIG. 10 provide the only disclosure in the '487 application for a print testing station separate from the station where emptying, cleaning, and refilling of the ink cartridges occur.

REPLY:

TonerHead denies the allegations of this paragraph.

67. At least Claims 5, 8, 9, 12 and 13 of the '181 patent claim subject matter disclosed in paragraph [0077] and FIG. 10, but not present in any other portion of the disclosure of the '487 application.

REPLY:

TonerHead denies the allegations of this paragraph.

68. The addition of paragraph [0077] and FIG. 10 to the disclosure of the '487 application is material to patentability for at least the reason that claims 5, 8, 9, 12 and 13 of the '181 patent require the added material in paragraph [0077] and FIG. 10 for written description support under 35 U.S.C. § 112.

REPLY:

TonerHead denies the allegations of this paragraph.

69. Moreno misled the PTO into granting the '487 application the benefit of priority to the '995 application. As a result of Moreno's actions, prior art known, used, or described between August 14, 2003 (the filing date of the '267 provisional application), to February 3, 2008 (the day before the filing date of the '181 application), was not considered when assessing the novelty and non-obviousness of the claims of the '181 patent. Accordingly, the priority date of the '487 application was material to patentability.

REPLY:

TonerHead denies the allegations of this paragraph.

70. Upon information and belief, the '181 patent is unenforceable for the additional reason that a named inventor on the '481 patent, Harry Nicodem ("Nicodem") intentionally withheld a material reference from the PTO during the examination of the '181 patent, and did so with an intent to deceive the Examiner into issuing the '181 patent.



REPLY:

TonerHead denies the allegations of this paragraph.

71. Upon information and belief, Nicodem was aware of information material to patentability of the claims of the '181 patent, but withheld or failed to submit such information in accordance with 37 C.F.R. §§ 1.97 and 1.98 with an intent to deceive the PTO in violation of the duty of disclosure set forth in 37 C.F.R. § 1.56.

REPLY:

TonerHead denies the allegations of this paragraph.

72. The withheld information includes knowledge of ink cartridge refilling machines made, used, and sold by TonerPlus, Inc. and/or TonerPlus, L.P. (collectively "TonerPlus") known as RAMORA™ Automated Ink Jet Cleaning, Filling, and Recovery Systems, which include the RAMORA™ X model and related software and/or internet webpages that provide instructions for refilling various cartridges using the RAMORA™ X ink refilling machines (the "RAMORA Prior Art"). The RAMORA Prior Art was described in a printed publication, in public use, or on sale in the United States prior to August 14, 2002.

REPLY:

TonerHead denies the allegations of this paragraph.

73. Upon information and belief, TonerHead supplied TonerPlus with products manufactured and/or distributed by TonerHead, including the TonerHead™ Inkjet Printer TestMessenger, as early as June 2003. Upon information and belief, Tonerhead and Nicodem had knowledge of TonerPlus as well as TonerPlus' ink cartridge refilling machines, including the RAMORA Prior Art, at least as early as June 2003. The RAMORA Prior Art constitutes information material to the patentability of at least claims 1, 2, 4, 6, 10, 12 and 13 of the '181 patent.

REPLY:

TonerHead admits that it and Nicodem had knowledge of a RAMORA ink cartridge refilling machine at least as early as June of 2003, but denies the remaining allegations of this paragraph.

74. Upon information and belief, during prosecution of the application that led to the '181 patent, Nicodem was aware of the RAMORA Prior Art. Nonetheless, Nicodem intentionally failed to disclose this material prior art during prosecution of the '181 patent with an intent to deceive the PTO. This withholding of information material to patentability, with an intent to deceive the PTO, is in violation of the uncompromising duty of candor under 37 C.F.R. § 1.56 and constitutes inequitable conduct.

REPLY:

TonerHead denies the allegations of this paragraph.

Fourth Counterclaim  
Declaration of Unenforceability of the '973 Patent

75. RIS repeats and realleges paragraphs 44-74 as if set forth specifically herein.

REPLY:

For its responses to paragraph 75 of Defendants' counterclaims, TonerHead realleges and incorporates by reference each of TonerHead's responses to paragraphs 44-74 as if fully set forth herein.

76. The '973 patent is unenforceable because Nicodem intentionally withheld a material reference from the PTO during the examination of the '973 patent, and did so with an intent to deceive the Examiner into issuing the '973 patent.

REPLY:

TonerHead denies the allegations of this paragraph.

77. Upon information and belief, Nicodem was aware of the RAMORA Prior Art. Upon information and belief, Nicodem was aware that the RAMORA Prior Art was material to the patentability of the claims of the '973 patent, but withheld or failed to submit such information in accordance with 37 C.F.R. §§ 1.97 and 1.98 with an intent to deceive the PTO in violation of the duty of disclosure set forth in 37 C.F.R. § 1.56.

REPLY:

TonerHead denies the allegations of this paragraph.

78. The RAMORA Prior Art constitutes information material to the patentability of claims 1 to 15 of the '973 patent.

REPLY:

TonerHead denies the allegations of this paragraph.

79. Upon information and belief, during prosecution of the application that led to the '973 patent, Nicodem was aware of the RAMORA™ Prior Art. Nonetheless, upon information and belief, Nicodem intentionally failed to disclose this material prior art during prosecution of the '973 patent with an intent to deceive the PTO. This withholding of information material to patentability, with an intent to deceive the PTO, is in violation of the uncompromising duty of candor under 37 C.F.R. § 1.56 and constitutes inequitable conduct.

REPLY:

TonerHead denies the allegations of this paragraph.

PRAYER FOR RELIEF

WHEREFORE plaintiff TonerHead prays for entry of judgment:

- (a) Dismissing the counterclaims of RIS and Costco in their entirety;
- (b) Declaring that the asserted claims of the '973 patent and the '181 patent have been infringed;
- (c) Declaring that the asserted claims of the '973 patent and the asserted claims of the '181 patent are not invalid;
- (d) Declaring that this case is exceptional within the meaning of 35 U.S.C. § 285;
- (e) Awarding to TonerHead its reasonable attorney fees incurred in their defense of the counterclaims of RIS and Costco;
- (f) Awarding to TonerHead its costs incurred in the defense of the counterclaims of RIS and Costco; and

- (g) Granting to TonerHead such other and further relief as this Court deems just and proper.

Respectfully submitted,

/s/ Keith V. Rockey

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CERTIFICATE OF SERVICE

The undersigned counsel for plaintiff hereby certifies that on October 25, 2010, a true and correct copy of PLAINTIFF'S REPLY TO COUNTERCLAIMS SET FORTH IN THE ANSWER FILED BY DEFENDANTS RETAIL INKJET SOLUTIONS, INC. AND COSTCO WHOLESALE CORPORATION TO THE SECOND AMENDED COMPLAINT was filed electronically with the Clerk of the Court through the Court's CM/ECF System, which will provide electronic notification of such filing to the following counsel of record for defendants:

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