

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

THE SHERWIN-WILLIAMS COMPANY,

Plaintiff/Counterclaim
Defendant,

v.

PPG INDUSTRIES, INC.,

Defendant/Counterclaim
Plaintiff.

Case No. 2:17-cv-01023-JFC
Chief Judge Joy Flowers Conti

**REPORT AND RECOMMENDATION OF THE SPECIAL MASTER
ON PPG’S MOTION TO PARTIALLY EXCLUDE TESTIMONY OF
PLAINTIFF’S EXPERT WITNESS DR. F. JOSEPH SCHORK**

Defendant PPG Industries, Inc.’s (“PPG’s”) motion (Doc. [349](#)) to partially exclude testimony of Sherwin’s expert witness, Dr. F. Joseph Schork is currently pending before the court in this patent infringement action. PPG seeks to exclude the opinions set forth at ¶¶ 94-117 of Dr. Schork’s Rebuttal Report because Sherwin is bound by its admission to the USPTO that the Perez Patent discloses a BPA-free coating and for the additional reasons set in its briefing. (Doc. [349](#)). PPG has also further briefed this issue at Doc. 559. Sherwin responded at Doc. 563.

The Special Master heard oral argument on May 27, 2020 via video conferencing. Her Honor Judge Conti also attended. For the reasons that follow, it is recommended that PPG’s motion to exclude the opinions set forth at ¶¶ 94-117 of Dr. Schork’s Rebuttal Report be granted.

I. FACTUAL BACKGROUND

A. Sherwin’s Asserted Patents

Sherwin currently asserts twelve claims from U.S. Patent Nos. [8,617,663](#), [8,835,012](#), [9,242,763](#), [9,415,900](#), and [9,862,854](#) against PPG (collectively, the “Asserted Claims” of the “Asserted Patents”). The Asserted Claims are directed, generally, to “[a] coating composition for

a food or beverage can” that is substantially free of bisphenol A (“BPA”). (Doc. [368](#), ¶ 1 (Asserted Patents at Abstract)).

B. Remaining Issues After Opinion on Summary Judgement Motions

On March 18, 2020, this court issued an opinion on the parties’ motions for summary judgment. (Doc. [530](#)) One of the issues discussed at length was whether the Covenant Not to Sue unilaterally written by Sherwin granted PPG an implied license to the Asserted Patents. The court concluded that “the circumstances clearly show that no license, whether express or implied, was granted for the Asserted Patents.” (Doc. [530](#), p. 4)

In light of the court’s opinion on the summary judgment motions (Doc. [530](#)), and because PPG has stipulated to infringement (Doc. 341 ¶ 3), the remaining issues to be tried in two phases as per the court’s Case Management Order (Doc. [550](#)), and to the extent not resolved before trial, are: (1) whether the Asserted Patent claims are invalid, (2) whether infringement was willful, and (3) the amount of damages and the propriety of injunctive relief. As per Judge Conti’s Case Management Order, “[t]he trial will be bifurcated into two phases: (1) invalidity; to be followed immediately (if necessary) by (2) willfulness and damages.” (Doc. [550](#), ¶ 7). For ease of reference, this Report and Recommendation will refer to the phases of trial as “Phase I” and “Phase II,” respectively.

C. Requested Additional Briefing

The September 9, 2019 order of the Federal Circuit vacated the Board’s final decisions, and ordered the Patent Office to dismiss the reexamination proceedings (of the unasserted parent patents) without issuing a reexamination certificate. *Valspar II*. The Federal Circuit stated that the leading case law “instruct[s] us to protect all parties from the collateral effects of a case that is mooted before an appellate determination on the merits. Accordingly, our duty is to use our

vacatur powers to dispose of the *whole case*, wiping the slate clean for future re-litigation of the issues without prejudice to either party.” *Id.* (emphasis original).

PPG would like to rely on statements that Sherwin made to the Patent Office during reexamination in characterizing the Perez Patent, as per the present Motion (Doc. [349](#)), seeking to exclude portions of Dr. Schork’s testimony wherein Dr. Schork presents testimony that allegedly directly contradicts Sherwin’s statements to the USPTO. On June 5, 2020, the Special Master asked PPG for new briefing to address the scope of the “collateral effects” statement by the Federal Circuit. (Doc. [552](#)) PPG briefed this issue at Doc. 559. Sherwin briefed this issue at Doc. 563.

D. The Present Motion to Exclude Relates to Invalidity

As background, PPG retained Dr. Robson Storey and Dr. Leon Perez to offer expert opinions regarding Sherwin’s allegation of the invalidity of the five Asserted Patents. Sherwin, likewise, has two technical experts, Dr. Schork and Dr. Iezzi to rebut these allegations and opinions.

According to Sherwin, it is offering Dr. Schork to render the following four general opinions in his Rebuttal Report. (Doc. [452](#), p. 2). Dr. Schork opines that Perez does not disclose a BPA-free coating. (Doc. 452-2, Shorck Reb. Rep., ¶¶ 95–117). First, he explains that “Perez does not disclose a complete coating formulation” at all, much less one that is BPA-free. *Id.* ¶ 98. Indeed, PPG admits that Perez discloses 18 examples of latexes (which can possibly be formulated with other ingredients to form coatings), but does not disclose the complete recipe (or formulation) for these possible coatings. Ex. 3 (Merlo Dep. Tr.) at 111:4–17. Second, he explains that “Perez’s lack of reference to BPA is not an affirmative disclosure of a composition that” is substantially free of BPA. *Id.* ¶ 99. Third, Dr. Schork notes PPG’s decision not to cite Perez as

prior art when applying for its own BPA-free coating patent. *Id.* ¶ 100. Fourth, Dr. Schork shows that when PPG formulated the example latexes disclosed in Perez into coatings, the coatings PPG made contained BPA. *Id.* ¶¶ 101–115.

II. LEGAL STANDARDS

Federal Rule of Evidence 702 governs the admissibility of expert testimony. Under Rule 702, the court acts as a gatekeeper of all “scientific testimony or evidence.” *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 589 (1993). Rule 702 “embodies a trilogy of restrictions” that expert testimony must meet for admissibility: qualification, reliability, and fit. *Schneider ex rel. Estate of Schneider v. Fried*, 320 F.3d 396, 404 (3d Cir. 2003). The party offering the expert testimony has the burden of establishing each of these requirements by a preponderance of the evidence. *In re TMI Litig.*, 193 F.3d 613, 663 (3d Cir. 1999). Irrelevant expert testimony should be excluded under both FRE 401 and as part of the Court’s gatekeeping function regarding expert witnesses. *Pineda v. Ford Motor Co.*, 520 F.3d 237, 243 (3d Cir. 2008).

“[T]he expert testimony must fit the issues in the case. In other words, the expert’s testimony must be relevant.” *Id.* (citation omitted); see also *Daubert*, 509 U.S. at 591. And even if evidence is relevant, it is excludable “if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury.” *Daubert*, 509 U.S. at 595 (quoting Fed. R. Evid. 403).

“Thus, even if an expert’s proposed testimony constitutes scientific knowledge, his or her testimony will be excluded if it is not scientific knowledge for purposes of the case.” *In re Paoli R.R. Yard PCB Litig.*, 35 F.3d 717, 743 (3d Cir. 1994) (emphasis in original). Also, an expert

“must have ‘good grounds’ for his or her belief”; an opinion cannot be based on “‘subjective belief or unsupported speculation.’” *Id.* at 742 (quoting *Daubert*, 509 U.S. at 590).

In the Third Circuit, “evidence that is highly probative is exceptionally difficult to exclude.” *Coleman v. Home Depot, Inc.*, 306 F.3d 1333, 1344 (emphasis added). There “is a strong presumption that relevant evidence should be admitted, and thus for exclusion under Rule 403 to be justified, the probative value of the evidence must be ‘substantially outweighed’ by the problems in admitting it.” *Id.* (emphasis added); see also *Blancha v. Raymark Indus.*, 972 F.2d 507, 516 (3d Cir. 1992) (evidence should be excluded under Rule 403 “only sparingly since the evidence excluded is concededly probative. The balance of the rule should be struck in favor of admissibility.”).

Courts regularly deny Rule 403 motions when they are premature. In advance of trial, courts have found that it is premature to exclude an expert’s concededly relevant testimony before any other testimony is actually heard. See, e.g., *Royal Bahamian Ass’n, Inc. v. QBE Ins. Corp.*, No. 10-21511-CIV, 2010 WL 4225947, at *2 (S.D. Fla. Oct. 21, 2010) (denying Rule 403 motion as “premature”); *Koninklijke Philips Elecs. N.V. v. Zoll Lifecor Corp.*, No. 12-1369, 2017 WL 3140798, at *6 (W.D. Pa. July 25, 2017) (denying Rule 403 motion with “caution” that “complimentary rather than redundant testimony would be allowed”); *FTC v. Innovative Designs, Inc.*, No. 2:16-cv-01669, 2018 WL 3611510, at *5 (W.D. Pa. July 27, 2018) (noting that “the Court will exercise its discretion to limit the expert testimony at trial to the extent it is cumulative” but not excluding any testimony prior to trial) (emphasis added). The strong presumption for admitting relevant evidence is properly balanced with an opposing party’s right to object at trial, should any Rule 403 issues actually arise.

Courts have routinely denied motions to exclude expert testimony when the challenging party's own expert opines on the very same subject matter. See, e.g., *Greatbatch Ltd. v. AVX Corp.*, No. 13-723, 2015 WL 9171042, at *4 (D. Del. Dec. 11, 2015) (denying motion to exclude expert opinion “to the extent it relies on photographs [of] DPAs” where the challenger’s “own expert relies on photographs of DPAs in his expert report”); *Abbott Labs. v. Sandoz, Inc.*, 743 F. Supp. 2d 762, 767–68 (N.D. Ill. 2010) (denying Abbott’s motion to exclude expert testimony based on settlement agreements on which its own expert relied).

III. Dr. Schork’s Opinions as to the Perez Patent Should be Precluded

Dr. Schork opines that U.S. Patent No. 5,714,539 (“the Perez Patent”) does not disclose a BPA-free coating. (Doc. 452-2, Shork Reb. Rep., ¶¶ 94–117). PPG argues that Dr. Schork’s opinion that the Perez Patent does not disclose a BPA-free coating should be excluded because: (1) Sherwin unequivocally admitted before the USPTO in 2012 (over six years before Dr. Schork’s contrary opinions) that “Perez . . . is a BPA-free coating.” (Doc. 350, p. 1) PPG argues, “[t]hat admission is binding on Sherwin, and therefore any testimony to the contrary is irrelevant, misleading, and unreliable.” *Id.* Further, PPG argues that “Dr. Schork’s opinion should also be excluded because it is based solely on materials that are extrinsic to Perez (i.e., a commercial product).” *Id.* Finally, PPG states that “[Dr. Schork’s] opinion is also untimely, as his theory was not disclosed during fact discovery.” *Id.*

“It is well settled that an applicant’s admission as to the relevant art—both in terms of available sources and in terms of scope of the art—will be accepted as binding upon him.” 2 Chisum, D. A Treatise on Law of Patentability, Validity, and Infringement § 5.03[3][e] (1981). “A patentee’s representations to the PTO during the prosecution of its patent application about the scope of the prior art is a binding admission and should ‘be accepted at face value’ during subsequent litigation over the patent.” *Procter & Gamble Co. v. Nabisco Brands, Inc.*, 711 F.

Supp. 759, 770 (D. Del. 1989) (citing *In Re Nomiya*, 509 F.2d 566, 570–71 (C.C.P.A. 1974)).

Likewise, statements made in a post-issuance proceeding, such as a reexamination, are part of the prosecution history, and therefore also bind the patent owner.¹ *Spectrum Int'l, Inc. v. Sterilite Corp.*, 164 F.3d 1372, 1379-80 (Fed. Cir. 1998).

PPG argues that Dr. Schork's opinions as to the Perez Patent contradict Sherwin's 2012 binding admission to the USPTO, and thus Sherwin should be estopped or barred, as a matter of law, from offering testimony to the contrary. (Doc. 350, p. 3-4)²

PPG brought the Perez Patent to the USPTO's attention in its requests for reexamination of Sherwin's '047 and '876 patents. (Doc. 350, p. 2) The examiner, at the time, agreed with PPG and used the Perez Patent as a basis for a rejection of the '047 and '876 patents, "[s]ince Perez makes no teaching as to the presence of bisphenol A or aromatic glycidyl ethers, it is the position of the examiner that they are not present." (Doc. 350, p. 3) Specifically, in response to this rejection, Sherwin stated that "Perez... is a BPA-free coating (Valspar agrees with the Office's finding in this regard)." *Id.* (citing [Sherwin's] Responses to Office Action dated Aug. 27, 2012).

The Special Master notes that Dr. Storey, one of PPG's technical experts, relies on this 2012 admission in formulating his opinions. See e.g., (Doc. 361-1, Storey's Opening Report, ¶ 90, 112) ("I understand further that Sherwin agrees with me and has admitted that Perez discloses BPA-free coating compositions – i.e., coating compositions that are 'substantially free'

¹ The Asserted Patents claim priority to the '047 patent; thus, the prosecution of the '047 patent, including the Reexamination, is considered part of the prosecution history of the Asserted Patents. *Texas Instruments Inc. v. U.S. Int'l Trade Comm'n*, 988 F.2d 1165, 1173-75 (Fed. Cir. 1993) (prosecution history of grandparent application created an estoppel of claim in continuation application).

² PPG further argues that Dr. Schork's Opinions are inappropriately based solely on an extrinsic commercial product, not the Perez Patent itself, and that Dr. Schork's Opinions are untimely and not disclosed in Sherwin's validity contentions or responses to PPG's contention interrogatories. (Doc. 350, p. 4-5)

of BPA, bound or mobile, in any component of the coating, including the latex polymer.”). The Special Master also notes that when Sherwin made its 2012 statement regarding the Perez Patent’s disclosure, the Asserted ‘663 Patent was pending before the USPTO. Allowing Sherwin to change its position from August 2012 to Dr. Schork’s opinions in February 2019 to the contrary would be severely prejudicial to PPG.

Sherwin, in opposition, argues that it should not be bound by its Admission before the USPTO on the Perez Patent, because it was, at the time relying on PPG’s representation regarding the Perez Patent’s disclosure, “[w]ithout the benefit of discovery (there is no discovery in reexamination proceedings), Sherwin accepted PPG’s representation to the Patent Office that the Perez ‘coating compositions’ were BPA-free when Sherwin made the statement: ‘Perez, on the other hand, is a BPA-free coating ([Sherwin]) agrees with the Office’s finding in this regard).’” (Doc. 452, p. 3) Sherwin attempts to distinguish the cases cited by PPG in that they “[do] not deal with a situation where the patentee’s prosecution statement was based upon incomplete information and a misrepresentation by the accused infringer.” *Id.*, p. 5. Sherwin states that “[w]ith the benefit of discovery, Sherwin now knows that PPG’s statement to the Patent Office was at best misleading, and that Sherwin should not have relied on that statement.” *Id.*, p. 3.

Sherwin also argues that Dr. Schork’s reliance on an extrinsic commercial product is relevant and admissible because PPG’s expert, Dr. Storey, also relies on this extrinsic evidence. *Id.*, p. 6. Finally, Sherwin argues that it did timely disclose its position that the Perez Patent does not disclose a coating composition that is substantially free of bound BPA. *Id.*, p. 8 (“[t]he portions of Perez cited in PPG’s Prior Art Statement [i.e., invalidity contentions] do not disclose

or render obvious the limitation ‘wherein the coating composition is substantially free of bound bisphenol A.’”).

There remains one final threshold determination in this analysis, namely, now that the reexaminations have been vacated by the Federal Circuit, without any issuance of a reexamination certificate, may the statements that Sherwin made to the USPTO regarding the Perez Patent be used in the present litigation? The Special Master asked for the parties to brief this issue.

PPG argues that

[t]he Federal Circuit’s direction to the PTO makes clear that vacatur of the legal effect of the examiner’s decision—not expungement of the entire almost eight year record of the reexaminations—was the Federal Circuit’s intent. *Valspar II* instructed the PTO to administratively close the reexaminations of the Reexam Patents pursuant to Manual of Patent Examining Procedure (“MPEP”) § 2694(A). That provision, titled “Concluded Reexamination Proceedings,” directs administrative steps for handling a reexamination file after vacatur. Those steps do not include expungement or removal of any portion of the reexamination record. (Doc. 559, p. 3)

PPG argues that “the Federal Circuit, when discussing the ‘collateral effect’ on future litigation, was focused on the preclusive effect of allowing the examiner’s cancellation decision itself regarding the Reexam Patents to have legal effect – not expungement of the entire underlying record.” (Doc. 559, p. 4)

Sherwin argues that in interpreting *Valspar II*, the Federal Circuit stated that “‘both the letter and the spirit’ must be considered in interpreting the scope of our mandate.” (Doc. 563, p. 2) (citing *Valspar II* at 922). Sherwin argues that “the plain language of *Valspar II* demonstrates that the court vacated the entirety of the reexamination proceedings.” *Id.* Further, Sherwin points to *Valspar I*, wherein the court stated that “[i]f a judgment has become moot, this Court may not

consider its merits, but may make such disposition of the *whole case* as justice may require.”
Walling v. James V. Reuter, Inc., 321 U.S. 671, 677 (1944).”

In *Valspar II*, the court stated that “our duty is to use our vacatur powers to dispose of the *whole case*, wiping the slate clean for future relitigation of the issues without prejudice to either party.” *Valspar II* at 921 (emphasis in original). The court went on to say, “the cases cited in this court’s opinion and by the parties stand for the proposition of vacating the whole case below, not a piecemeal approach.... With this context, it was clear that this court’s intent was to nullify the entire inter partes reexamination without any collateral effect on other litigation. *Valspar II* at 922.

Sherwin argues that “PPG’s argument that Sherwin is ‘estopped’ based on the reexaminations is clearly inconsistent with the Federal Circuit’s directive that the reexamination must have no ‘collateral effect on other litigation.’” (Doc. 563, p. 4) (citing *Valspar II*, at 921-22). Finally, Sherwin believes that not only should Dr. Schork be allowed to opine as to the scope of the Perez Patent (i.e., not be precluded from these opinions because of its statement to the contrary in the reexaminations), that *Valspar II* actually precludes PPG from introducing portions of the Reexaminations. (Doc. 563, p. 5).

First, the Special Master agrees that the reexamination record was not expunged by the decision in *Valspar II*. The precedent cited by the Federal Circuit in *Valspar II* focuses on vacatur to prevent legal preclusion due to an agency decision in a mooted case. The decision by the Federal Circuit made it clear that there was to be no issue preclusive effects in the present action as related to the ultimate question of the reexamined patents’ (in)validity. The Special Master believes the Federal Circuit was eliminating any issue preclusion effect of the examiner’s findings or the PTAB’s findings – and why there is reference to the “entire proceeding”.

Therefore, neither party can rely on the interim and thus now vacated examiner's or PTAB's decisions from the reexaminations in the invalidity analysis. Neither party appears to be relying on those now vacated decisions. PPG just simply wants to rely on affirmative statements that Sherwin made on the record in those reexaminations.

The Special Master agrees with PPG that “[n]othing in *Valspar II* affects the record of the reexaminations, or prevents either party from relying on the submissions or sworn statements made therein.” As PPG explained, and the Special Master agrees, “[t]he parties are thus free to rely on any statements submitted in the reexamination record for any permissible purpose (e.g., as an absolute bar, or as relevant, admissible evidence, or for impeachment purposes).” The statements made by each party in the reexaminations are part of the underlying facts of the reexamination. Those statements were made to the USPTO and can be relied upon in this litigation for any relevant and legal purpose.

Next, the Special Master finds that Sherwin's statement to the Patent Office about the Perez Patent disclosing BPA-free coatings is a binding admission. That statement must be accepted at face value during this litigation. Because it was an unfettered statement about a reference and it was not couched in relation to any specific patent claim, it is immaterial whether that statement by Sherwin was ultimately relied upon by the USPTO examiner, the PTAB, or the Federal Circuit. Sherwin's cited authority relates to claim interpretation. See e.g., *Zenith Labs., Inc. v. Bristol-Myers Squibb Co.*, 19 F.3d 1418, 1425 n.8 (Fed. Cir. 1994) (discussing examiner's reliance on patentee's statement in claim construction analysis); *Georgia-Pacific Corp. v. U.S. Gypsum Co.*, 195 F.3d 1322, 1333 (Fed. Cir. 1999) (discussing examiner's reliance on patentee's statement in claim construction analysis). Finally, the Federal Claims Court's decision, *3rd Eye Surveillance, LLC v. United States Elbit Sys. of Am., LLC*, 145 Fed. Cl. 200, 205 (2019), relied

upon by Sherwin, related to issue preclusion from a vacated IPR proceeding. Here, PPG is not relying on a vacated PTAB or examiner decision, but on Sherwin's own binding admission.

Sherwin's statement about the disclosure of the Perez Patent made to the USPTO in August 2012 is one that stands as an underlying fact from the reexamination proceedings. Sherwin could have rejected or challenged the Patent Office's characterization of the Perez Patent's disclosure in 2012 during the reexaminations, but it did not. Instead, it adopted the Patent Office's statements about the Perez Patent's disclosure - a fact that it admits was a mistake. (Doc. 452, p. 3) ("Sherwin should not have relied on that statement.")

It seems unfair that Sherwin gets another bite at characterizing the Perez Patent's disclosure over six years later in Dr. Schork's report, when it so clearly articulated its position in 2012 and PPG and its experts relied on that position from that point forward. Just because the reexamination proceedings never ended in an adjudication one way or another on the parent patents' (in)validity, this statement was not erased by the mootness of the reexaminations. Sherwin should be bound by its 2012 statement to the USPTO regarding the disclosure of the Perez Patent. Dr. Schork's current opinions to the contrary would be unreliable, irrelevant, and confusing to the jury and highly prejudicial to PPG who has relied on that statement in the interim years. Therefore, the Special Master recommends that Sherwin should be precluded from using Dr. Schork's opinions set forth at ¶¶ 94-117 of his Rebuttal Report.

IV. CONCLUSION

It is recommended that PPG's motion (Doc. 349) to exclude the opinions set forth at ¶¶ 94-117 of Dr. Schork's Rebuttal Report be granted.

Dated: November 3, 2020

Respectfully submitted,

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