



IN THE SUPREME COURT OF THE  
STATE OF DELAWARE

MIRTECH, INC.,  
Defendant Below/Appellant,

v.

DECCO U.S POST HARVEST, INC  
Plaintiff Below/Appellee.

CASE NO. 627, 2018

Court Below: Court of Chancery  
of the State of Delaware

C.A. No. 2018-0100-JTL

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**APPELLANT'S REPLY BRIEF**

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## **NATURE OF PROCEEDINGS**

The civil action commenced with the filing of Decco's Petition for Dissolution on February 12, 2018 seeking the expeditious judicial dissolution of Essentiv (the "Company") pursuant to 6 Del. C. § 18-802. Decco claimed that the Company had lost its value and was no longer "reasonably practicable" due to it ceasing production of a single product ("Trupick"). MirTech filed its Answer and Counterclaim to Decco's petition. The Chancery Court struck MirTech's counterclaim following the Decco's Motion to Strike.

Witness depositions were taken. Trial was held on August 27, 2018. In the subsequent months, the parties filed their post-trial briefs and responses thereto. On November 28, 2018, the Honorable Judge J. Travis Laster of the Chancery Court entered his Post-Trial Memorandum Opinion granting Decco's Petition for Dissolution pursuant to 6 Del. C. § 18-802. MirTech appealed the Memorandum Opinion of November 28, 2018 showing this Court the multiple ways the trial court erred in granting Decco's petition. Decco filed its Answering Brief. Currently, MirTech submits its response thereto as follows.

## SUMMARY OF ARGUMENT

1. Now that the 216 Patent has been invalidated, is Essentiv now reasonably practicable to continue its production of the product, TruPick, and carry on business as per the LLC Agreement, and pursuant to 6 Del. C. § 18-802.

2. Did the trial court err since the Patent Office invalidation of 216 Patent removed any material impact that the MirTech Settlement Agreement with AgroFresh had on the operation of Essentiv.

3. Essentiv has licensed technology to develop 1-MCP Products outside of Patent 216:

- (a) Licensed technology has 3 components, component (a), component (b) and component (c), where component (c) is “MirTech’s know-how and trade secrets for processing and forming products incorporating 1-MCP that meet the impurity standards of US EPA and foreign regulatory agencies.” (License Agreement Section 1). A-192
- (b) It is established that Mir entered into an interim consulting services with AgroFresh dated January 1, 2010. (Page 2 of memorandum opinion)
- (c) The Final Consent Judgement clearly stipulates “The MirTech Defendants acknowledge and agree that all such inventions, discoveries, and/or improvements have been automatically assigned to AgroFresh pursuant to the Commercial Agreement and Consulting Agreement between the Parties, both dated as of January 1, 2011.” (Page 10)
- (d) Mir testified in his deposition that Mir still holds the rights to licensed technology “c” as they were developed during his 1-MCP research from 1999 to 2009, more specifically in 2003 (Mir

Deposition page 200). Mir further testified in his deposition that Essentiv can conduct MCP just using section “c” (Mir Deposition page 201).

If licensed technology includes “know-how and trade secrets for processing and forming products incorporating 1-MCP”, Dr. Mir clearly testified he has been doing work on 1-MCP from 1999, and worked on the know-how process in 2003, and his “agreement with AgroFresh is from January 1, 2010 to June 30, 2016,” which is supported by the final consent judgement and the facts.

As component (c) of License Agreement is still valid, the LLC can conduct 1-MCP business as defined in the LLC agreement.

## STATEMENT OF FACTS

### **I. DECCO AND MIRTECH AGREE TO FORM A JOINT VENTURE FOR THE PURPOSE OF COMMERCIALIZING PRODUCTS BASED ON MIRTECH'S 1-MCP TECHNOLOGY**

In October 2014, Decco solicited Dr. Mir during Produce Marketing Association Conference in Anaheim, CA.

Lynn Oakes and Francois Girin met with Dr. Mir at Rutgers University to discuss potential collaboration and evaluate next steps

At the time of these discussions, Decco knew Mir and MirTech has an ongoing relationship with Agrofresh as Lynn Oakes during his employment at AgroFresh as Global Marketing Manager oversaw all the functions of MirTech for AgroFresh. AgroFresh marketed Dr. Mir's 1-MCP technology under the tradename "RipeLock." A23 (8:9-14).

Letter of Intent was signed on November 30, 2014 wherein Decco demanded the relationship be kept confidential and make no disclosures to any 3<sup>rd</sup> party especially AgroFresh in this regard. A89 (74:10-15); A182-85.

Decco, did not ask for MirTech's agreements with AgroFresh, as Dr. Oakes of Decco by way of working at AgroFresh and its parents for almost 30 years and being the global marketing manager at AgroFresh for RipeLock Technology represented Mir's, AgroFresh agreements only restricted MirTech from working



with others on technology involving 1-MCP used in combination with modified atmosphere packaging. A24 (8:15-9:5); A28-29 (13:21-14:11).

Decco did not ask for looking into the AgroFresh contracts, which Dr. Mir would have consented as he had no reason to hide or mislead Decco on his intentions. Additionally, Dr. Mir gave unrestricted access to Decco for seeking any information or document from MirTech attorney's as and when they needed.

After forming Essentiv on April 19, 2016, the parties entered into the LLC Agreement of Essentiv LLC on June 30, 2016.

## **II. MIRTECH'S SUPPORT TO DECCO ON 1-MCP TECHNOLOGY**

As part of the three phases in the letter of intent, MirTech developed the technology with its support from US SBIR Grant and collaboration with Rutgers and Michigan State University.

MirTech supported Decco on the scale-up manufacturing process, which Decco currently owns.

MirTech in collaboration with Rutgers University supported Decco on the registration process by developing methods for 1-MCP and impurity analysis, which has to be modified from AgroFresh methods as TruPick is a gel or semi-solid product different from all existing powder or gas technologies (the District Court found that the MOF technology used in connection with TruPick is distinct from the technology

that MirTech had developed with AgroFresh. B356-57). The registration is currently owned by Decco.

### **III. DECCO'S KNOWLEDGE OF AGROFRESH'S LITIGATION**

In July 2016, Francois Girin met with Nanci Dicciani, AgroFresh acting CEO at the time, where he intimated that he could not continue to work with Mir and MirTech as it violated AgroFresh rights.

On August 03, 2016, AgroFresh filed litigation in the U.S. District Court for the District of Delaware against Mir, MirTech, Decco, the Company, and their affiliates. AgroFresh claimed it owned the 216 Patent.

### **IV. DECCO'S DECISION TO MARKET TRUPICK AFTER REVIWING MIR and MIRTECH CONTRACTS WITH AGROFRESH**

Decco sought the MirTech-AgroFresh agreements in July of 2016 and had them reviewed by their Law Firm: Finnegan, Henderson, Farabow, Garret & Dunner, LLP.

After the review of MirTech-AgroFresh agreements, Decco continued to proceed with the registration, marketing and sales of TruPick.

Decco utilized Dr. Mir's expertise and his collaboration with Michigan and Rutgers Universities to evaluate TruPick performance.

Decco utilized the Dr. Mir's expertise to optimize application in the field and projected Decco as a technology innovation company.

**V. IN LIGHT OF THE SETTLEMENT AGREEMENT AND FINAL CONSENT JUDGMENT, DECCO FILED FOR INTER-PARTES REVIEW TO VOID '216 PATENT WHEN MIR and MIRTECH WAS CONTEMPLATING AN APPEAL AND HAD NOT ENTERED INTO SETTLEMENT AGREEMENT WITH AGROFRESH**

On June 30, 2017, Judge Robinson ruled in favor of AgroFresh on Counts I and IV, stripping MirTech of its rights to the '216 Patent and declaring AgroFresh its sole owner. B373. Although the District Court found that the MOF technology used in connection with TruPick is distinct from the technology that MirTech had developed with AgroFresh, it nonetheless concluded that MirTech's agreement with AgroFresh (the "AgroFresh Agreement") in connection with the RipeLock technology required MirTech to disclose and assign the MOF technology to AgroFresh. B356-57. Specifically, the District Court held that the '216 Patent relating to the MOF technology had been assigned to AgroFresh pursuant to the AgroFresh Agreement. B373.

Within little over a month, Decco on August 9, 2017, with its parent company UPL, filed for Inter-Partes Review with the clear intention to void the '216 patent, which at trial, Mr. Girin described in the District Court Opinion as the "key patent which was driving our product TruPick." A43 (28:9-14); A48 (33:3-9).

Decco made the decision on its own to void the '216 patent, which they consider the key patent, even before Dr. Mir and MirTech were contemplating appeal.

Decco clearly had made the decision to cut losses and save 1-MCP business for the benefit of Decco, which it now owns the manufacturing and registration. It is important to note that Decco filed for inter-Partes Review even before Dr. Mir and MirTech settled with AgroFresh.

## **VI. MIR and MIRTECH ENTERS INTO SETTLEMENT AGREEMENT WITH AGROFRESH**

Following the District Court Opinion, Dr. Mir contacted Decco to help with the appeal by covering legal costs, based on the indemnification clause in the LLC agreement, which Decco failed to honor. A108-09 (93:21-94:12).

Mir and MirTech entered the Settlement Agreement with AgroFresh and conceded to the Final Consent Judgment as a way to stop their legal fees from mounting and get them out of the District Court litigation, as they were left with no other choice. *Id.*; *see also* B161 (142:12-23)

Decco's CEO, Mr. Girin, testified that upon learning of the Settlement Agreement and the Final Consent Judgment, "[t]he trust was broken" between Decco and MirTech, and he could not continue to work with either MirTech or Dr. Mir. A33 (18:1-8); A45 (30:11-22), yet he continued to talk to Dr. Mir and maintain the relationship.

**VII. IN LIGHT OF THE SETTLEMENT AGREEMENT AND FINAL CONSENT JUDGMENT, ESSENTIV MAY NO LONGER OPERATE AS CONTEMPLATED BY THE LLC AGREEMENT**

In early 2018, Mr. Girin called Dr. Mir to explain that Essentiv has lost its ability to operate, has lost its technology, and that they should mutually agree to dissolve the Company. A46 (31:2-11).

Dr. Mir did not concede as Decco had already obtained the know-how of 1-MCP manufacturing, registration and analysis and dissolving Essentiv would help them go to the market without MirTech. Further the LLC agreement clearly has a 5 year non-compete clause, which is detrimental to Decco and its parent company, UPL. Dissolving Essentiv would allow Decco to sell 1-MCP globally.

**VIII. ESSENTIV COLLABORATION WITH HAZEL TECHNOLOGIES TO SELL 1-MCP**

Mr. Girin testified at deposition in the ongoing District Court action (after the trial below) that Decco had entered into an agreement with Hazel Technologies related to potential 1-MCP products.

The collaboration with Hazel Technologies in light of the sequence of events shows Decco's "unclean" hands and malicious intent to void the '216 Patent, dissolve Essentiv and continue to market 1-MCP with the knowledge transferred from Mir, MirTech, Rutgers and Michigan State Universities, including the manufacturing, registration support, chemistry and analysis and commercial application process.

**IX. THE COURT OF CHANCERY DETERMINED THAT ESSENTIV SHOULD BE JUDICIALLY DISSOLVED, BUT DID NOT TAKE INTO CONSIDERATION THE INTENTION OF FORMING THE COMPANY IN CONJUNCTION WITH THE INTER-PARTES REVIEW**

On August 9, 2017, Mir and MirTech argued the Inter-Partes Review by Decco to the court, and clearly pointed out the malicious intent by Decco to dissolve Essentiv before the conclusion on the Inter-Partes Review.

Further, the intention of forming the company is “to conduct and coordinate all activities related to chemistry and biology R&D, collaboration with universities and government researchers, regulatory support and registration filings, manufacturing, supply chain activities, strategic marketing and marketing communications related to 1-MCP Products (the “1-MCP Business”).”

The success of the Inter-Partes Review and eventual voiding of the ‘216 Patent on March 25, 2019 clearly does not compromise the intention of forming Essentiv and Essentiv is free to market TruPick, if not dissolved.

The opinion by Court of Chancery that “Decco proved at trial that it is not reasonably practicable for [Essentiv] to carry on its business given that MirTech has agreed that it does not own the intellectual property rights the Company was created to commercialize.” Opinion at 1, in the light of the voiding of Patent ‘216, clearly gives Decco the power to take all the knowledge transferred by Dr. Mir, MirTech, Rutgers University and Michigan State to continue selling 1-MCP under TruPick,

using the existing manufacturing and registration, without having to compensate or abide by the non-compete clause.

**X. MIRTECH'S SETTLEMENT AGREEMENT WITH AGROFRESH HAD NO MATERIAL IMPACT ON PATENT 216 AND THE TRUPICK PRODUCT**

As per the agreements between the parties, MirTech licensed various patents to Essentiv. The 216 Patent was one of many, but was the first to be commercially exploited by Essentiv for the TruPick product. On August 3, 2016, Agrofresh challenged the patent in federal court and later entered into a settlement agreement with MirTech on September 15, 2017.

However, prior to MirTech entering the settlement agreement with Agrofresh to end the federal litigation, on August 9, 2017, Decco filed documents to invalidate 216 Patent. Decco was successful in doing so and, in essence, moved unilaterally to invalidate the 216 Patent and once it was done, claimed the Company had lost all substance and was no longer "reasonably practicable." MirTech's agreement with Agrofresh had no material impact on the patent Decco had already moved to invalidate.

It should be noted that MirTech's know-how of forming 1-MCP products was developed by MirTech in 2003. This "know-how" was needed regardless of the patent protection. Both parties stated in their depositions and at trial that MirTech's

know-how was essential to the formation of any 1-MCP products produced by the Company.

In light of the recent patent appeal and trial board decision, at this time Essentiv has approximately \$8 million, possibly more, TruPick inventory that can be marketed and sold. Because the 216 Patent is now invalid and MirTech's non-compete agreement expired on February 1, 2019, Essentiv is free to manufacture, market and sell the TruPick product, and other 1-MCP products and non 1-MCP products as well.



## **ARGUMENT 1**

**IN LIGHT OF THE INVALIDATION OF THE 216 PATENT ON MARCH 6, 2019, ESSENTIV CAN OPERATE AS CONTEMPLATED BY THE LLC AGREEMENT INCLUDING THE MARKETING OF \$8 MILLION OF STORED INVENTORY.**

### **Question Presented**

Now that the 216 Patent has been invalidated, is Essentiv now reasonably practicable to continue its production of the product, TruPick, and carry on business as per the LLC Agreement, and pursuant to 6 Del. C. § 18-802.

### **Standard and Scope of Review**

A de novo review is required because the trial court erred in determining that it was not reasonably practicable for Essentiv to continue to manufacture and market TruPick, as the trial court decision was based on the improper speculation that AgroFresh owned a valid 216 Patent.

Essentiv has approximately \$8 million, possibly more, TruPick inventory that can be marketed and sold. Now that the 216 Patent is invalid and MirTech's non-compete agreement expired on February 1, 2019, Essentiv is free to manufacture, market and sell the TruPick product, other 1-MCP products, and non 1-MCP products as well.

## **ARGUMENT 2**

### **MIRTECH'S SETTLEMENT AGREEMENT WITH AGROFRESH HAD NO MATERIAL IMPACT ON PATENT 216 AND THE TRUPICK PRODUCT.**

#### **Question Presented**

Since the Mirtech's Settlement Agreement with AgroFresh had no material impact on Patent 216 and the TruPick product, did the trial court err since the Patent Office invalidation of 216 Patent removed any material impact that the MirTech Settlement Agreement with AgroFresh had on the operation of Essentiv.

#### **Standard and Scope of Review**

A de novo review is required based on the trial court's erroneous speculation as to the impact of the 216 Patent.

#### **Merits of the Argument**

The trial court and Decco both acted prematurely in pursuing this action when the Patent Trial and Appeal Board action clearly established that Essentiv could continue as contemplated by the LLC Agreement and with the product TruPick.

The inventory of the \$8 million previously mentioned has already been produced and may now be marketed.

## CONCLUSION

For the reasons contained herein, MirTech respectfully asks this Court to overrule the Order dissolving Essentiv by the Honorable J. Travis Laster's Memorandum Opinion of November 28, 2018 and keep the partnership intact.

Dated: April 4, 2019

BY: /s/ Glenn A Brown, DMD

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