

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NESPRESSO USA, INC.,
Petitioner,

v.

K-FEE SYSTEM GMBH,
Patent Owner.

Case No. IPR2023-00502
U.S. Patent 10,994,923

PATENT OWNER PRELIMINARY RESPONSE

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Ex. 2001	Declaration of Marc Kruger
Ex. 2002	Applicant-Initiated Interview Summary for Appl. No. 16/538,752
Ex. 2003	<i>K-fee System GmbH v. Nespresso USA, Inc.</i> , Case No. 2:21-cv-3402 GW(AGRx), Dkt. No. 126-1 (Apr. 1, 2022)
Ex. 2004	<i>K-fee System GmbH v. Nespresso USA, Inc.</i> , Case No. 2:21-cv-3402 GW(AGRx), Dkt. No. 211 (June 17, 2022)
Ex. 2005	<i>K-fee System GmbH v. Nespresso USA, Inc.</i> , Case No. 2:21-cv-3402 GW(AGRx), Dkt. No. 71 (January 19, 2022)
Ex. 2006	Excerpts from file history of Appl. No. 16/538,752
Ex. 2007	Examiner-Initiated Interview Summary for Appl. No. 17/324,182
Ex. 2008	Examiner-Initiated Interview Summary for Appl. No. 17/108,175
Ex. 2009	File History of U.S. Patent No. 10,800,600
Ex. 2010	Excerpts from file history of Appl. No. 16/860,441
Ex. 2011	Applicant-Initiated Interview Summary for Appl. No. 17/963,392
Ex. 2012	Notice of Allowance for Appl. No. 17/330,572
Ex. 2013	Excerpts from Appl. No. 17/670,629

I. Introduction

Petitioner Nespresso USA, Inc. (“Nespresso” or “Petitioner”) filed this Petition for *inter partes* review (the “Petition”) of Claims 1-16 of U.S. Patent No. 10,994,923 (Ex. 1001, the “’923 Patent”), which issued on May 4, 2021. The Board accorded a filing date of January 24, 2023. Pursuant to 37 C.F.R. § 42.107(a), Patent Owner K-fee System GmbH (“K-fee” or “Patent Owner”) submits the following Preliminary Response, filed within three months of the March 16, 2023 notice according a filing date, setting forth reasons why an *inter partes* review should not be instituted.

The Board should deny institution for three independent reasons. First, the file history makes clear that every reference the Petitioner identifies in support of the single ground was squarely presented to and considered by the Examiner during prosecution of the ’923 Patent. Indeed, Petitioner concedes on page 23 of the Petition that “Yoakim, Jarisch, and Rapparini . . . were cited among IDSs” during the prosecution of the ’923 Patent.

But these references were not just cited in an IDS. These references were also previously cited in IPRs challenging related patents. The Board determined not to institute those IPRs under 325(d), stating:

Specific to our Decision, we made the following findings:

1. “Yoakim, Jarisch, Pansear, and a reference substantially the same as Rapparini were identified on an [Information Disclosure Statement (IDS)]

entered during the prosecution of the application that matured into the '177 patent.” Dec. 12 (footnote added).

2. “Jarisch ‘was previously considered and distinguished during prosecution of the '176 and '531[] [p]atents, which are family members of the '177 [p]atent.” Dec. 12 (quoting Prelim. Resp. 8) (alterations in original).

5. “Petitioner advances the same disclosure (Figure 4) in the same reference (Jarisch) to make out the same claim limitation (the specified barcode location) as previously considered by the Office,” during the prosecution of the application that matured into the '176 patent. Dec. 20 (citing Pet. 29–30, 34; IPR2021-01221, Ex. 1002, Part 1, 98, 145, 273–274, 397, 403–404).

IPR2021-01221, -01222, -01223 at 4-5. The '923 Patent is also a family member of the '176, '531 and '177 patents, the Examiners were the same for the '923, '531 and '176 patents, and Petitioner is once again advancing the same disclosure (Figure 4) in the same reference (Jarisch) to make out the same claim limitation (the specified barcode location) as previously considered by the Office.

Petitioner argues that Examiner error is attributable to the number of references submitted in the IDS submissions during prosecution. But Petitioner conveniently omits that one of the reasons for the volume of references is the significant number of references *Petitioner cited* in parallel proceedings between the parties. To cite an obvious example, the present IPR Petition includes *sixty-four* exhibits, the vast majority of which are references that do not appear in the grounds. Perhaps more troubling, however, is that Petitioner argues that the number of citations caused the Examiner to overlook the references in the grounds, and then takes its argument one step further by stating that the “Examiner never asserted any rejection using references

in the Grounds of this Petition.” Petitioner knows better. In the IPRs for the ’176, ’531 and ’177 patents, the Board found that “Jarisch ‘was previously considered and distinguished during prosecution of the ’176 and ’531[] [p]atents.” IPR2021-01221, -01222, -01223 at 4-5. Not only are those patents related to the ’923 Patent, but they also share the very same examiner – Chaim Smith. Because the Examiner already considered Petitioner’s references and arguments, the Board should exercise its discretion to deny institution under 35 U.S.C. § 325(d).

Second, Petitioner’s single Ground fails because it relies on a reference that is not prior art. Based on the German priority applications, the ’923 Patent is entitled to a priority date that predates the Jarisch reference upon which Petitioner relies in the Petition. Ex. 1005, Jarisch. Even if the ’923 Patent is not entitled to a foreign priority date, the inventor of the patent has sworn behind the Jarisch reference. Because Jarisch is not prior art to the claims of the ’923 Patent, Petitioner’s challenge must fail. For this independent reason, the Board should not institute the Petition.

Third, the Petition fails to show that *any* of the cited references disclose certain features recited in the ’923 Patent claims. For example, Petitioner chose to withhold from the Board the arguments that it made with respect to the Jarisch reference to the District Court in its motion for summary judgment of non-infringement. If the Board were to adopt the Petitioner’s construction of “barcode” that it convinced the District Court to apply in its finding of non-infringement than its combination fails. Petitioner

has also failed to show *any* teaching of a feature in a beverage production machine whereby an identifier makes it possible to “individualize the respective single-serve capsule,” or that the machine generates turbulence of water in the cavity. In addition, although Petitioner relies on a three-reference combination, the Petition fails to show a motivation to combine the references.

Petitioner has failed to meet its “burden for proving a proposition of unpatentability by a preponderance of the evidence.” 35 U.S.C. § 316(e). For these and the additional reasons provided in this Preliminary Response, the Petition should be denied.

II. Overview of the '923 Patent

The claims of the '923 Patent are generally directed to a portion capsule for producing a beverage. Ex. 1001 at Abstract. The portion capsule includes a base element with a cavity in which a beverage raw material is provided and closed by a membrane fastened to the base element. *Id.* An object of the '923 Patent is to “provide a portion capsule which only is suitable for a specific coffee machine” to avoid the security issues and potential damage that might result from the use of capsules designed by other manufacturers that are not suited for use in a particular

beverage machine. *Id.* at 1:11-24. The '923 Patent has two independent claims (Claims 1 and 9) and 14 dependent claims (Claims 2-8 and 10-16).¹

The '923 Patent is part of a family of U.S. patent applications owned by Patent Owner as shown in the table below:

Table 1 – K-fee Patent Family

Appl. No.	Filing Date	Examiner	Patent No.	IPR Status
13/744,623	01/18/13	Drew Becker	Abandoned	
15/211,823	07/15/16	Chaim Smith	Abandoned	
15/646,980	07/11/17	Chaim Smith	11,554,910	
16/438,818	06/12/19	Chaim Smith	10,994,923	IPR2023-00502 (Pending)
16/538,752	08/12/19	Chaim Smith	10,858,176	IPR2021-01221 (Institution Denied)
16/860,432	04/28/20	Brian Jennison	10,858,177	IPR2021-01222 (Institution Denied)
16/860,441	04/28/20	Chaim Smith	10,870,531	IPR2021-01223 (Institution Denied)
17/108,175	12/01/20	Brian Jennison	Allowed	
17/324,182	05/19/21	Brian Jennison	11,667,465	
17/330,572	05/26/21	Brian Jennison	Allowed	
17/383,951	07/23/21	Brian Jennison	11,254,491	IPR2022-01574 (Instituted)
17/385,109	07/26/21	Brian Jennison	11,230,430	IPR2023-00485

¹ The Parties are in litigation in which Patent Owner contends the Petitioner's VertuoLine system meets the claim requirements, and nothing in this Preliminary Response shall be regarded as a disclaimer of claim scope.

				(Pending)
17/547,363	12/10/21	Jimmy Chou	11,542,094	
17/670,629	02/14/22	Jimmy Chou	11,465,829	
17/670,765	02/14/22	Jimmy Chou	11,465,830	
17/844,372	06/20/22	Jimmy Chou	11,548,722	
17/963,392	10/11/2022	Jimmy Chou	Allowed	

The family claims priority to PCT No. PCT/EP2011/003677 (“the PCT application”) which was filed on July 22, 2011. The PCT application, in turn, claims priority to three German patent applications: DE 10 2010 031 988.0 filed on July 22, 2010 (Ex. 1046 or “the first German application”); DE 10 2010 044 251.8 filed on September 2, 2010 (Ex. 1047 or “the second German application”); and DE 10 2011 010 534.4 filed on February 7, 2011 (Ex. 1045 or “the third German application”) (collectively, “the German applications”).

A. The German Priority Applications

The first German application teaches a “portion capsule” which contains a beverage raw material, such as ground coffee, wherein the portion capsule has an “identifier” that “makes it possible to individualize the respective portion capsule.” Ex. 1046 at 22. In one embodiment, the portion capsule “is provided with an electrically conductive coating, for example...an aluminum foil.” Ex. 1046 at 30:21-25. The identifier indicates that the portion capsule is “suitable only for a specific coffee machine.” Ex. 1046 at 3. The disclosed invention thus prevents “serious safety problems and/or damage to the coffee machine” that may arise

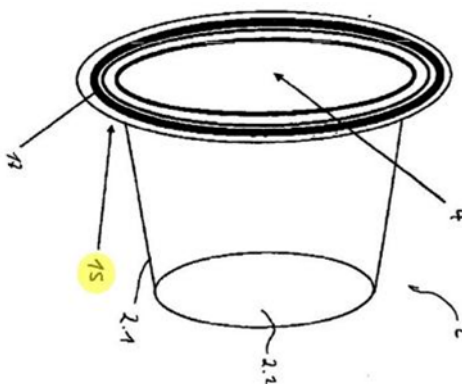
from the use of a capsule that is “not suitable” for a particular coffee machine. *Id.*

The first German application specifies the invention as follows:

A sensor/detection medium provided on the coffee machine detects this identifier and preferably compares it with a stored identifier. Preferably, ***the coffee machine can only be put into operation***, especially its pressure pump, which provides the water, ***if the determined identification corresponds to the reference identification***. Otherwise, the coffee machine cannot be put into operation.

Id. at 4 (emphasis added).

The identifier may take a variety of forms, including a barcode. *Id.* at 5, 7, Fig. 2. “[T]he barcode can be provided on the side of the edge area of the base element facing away from the membrane [4], as symbolized by arrow 15.” *Id.* at 7 (emphasis added).



Ex. 1046 and Ex. 1047 at Fig. 2 (annotated). The identifier can be used to control the operation of the coffee machine:

With the portion capsule according to the invention, it is possible to prevent that portion capsules, which are not intended for a certain coffee machine, are introduced into this machine. Furthermore, it is

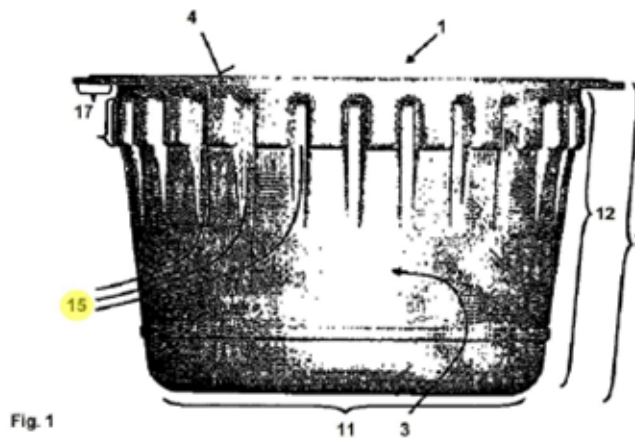
possible for the coffee maker to recognize which type of capsule is in its brewing chamber and to adjust the beverage or food production process, for example the amount of water, its pressure and/or its temperature accordingly.

Id. at 5.

The second German application introduces an additional embodiment of the identifier that relies on a mechanical feature of the capsule. In particular, the second German application discloses teeth on the rim of the capsule with a corresponding detector on the coffee machine that interacts with the capsule and/or provides support via two holding arms. Ex. 1047 at 8-9. The second German application also describes an optional filter element for the portion capsule. *See id.* at 12:17-19 (“The raw material and, *if appropriate*, inserts, in this case a filter, are provided in this basic element.”) (emphasis added).

The third German application discloses that the cavity of the portion capsule may be closed by a metal cover Ex. 1045 at 28:32-33 (“The membrane 4 preferably comprises...an aluminum foil.”). The third German application further discloses a plurality of vertical grooves that are designed to (1) prevent buckling of the walls of the capsule and (2) optimize the extraction of the liquid that results from the production process. Ex. 1045 at 2:14- 3:9; *see also id.* at 3:26-35 (the grooves “optimize the flow of the extraction liquid along the basic-element region” and allow for “more pronounced turbulence of the extraction liquid in the cavity”). The “grooves 15 are formed in particular as grooves which are introduced into the wall

region 12 and extend substantially longitudinally between the flange 17 and the base region 11 in the form of grooves which face the cavity 3 (i.e. extend substantially perpendicularly in the representation according to Figure 1).” *Id.* at 8:21-25. As pictured at least in Figure 1, the grooves do not extend entirely to the bottom region of the capsule.



Id. at Fig. 1 (annotated).

B. Prosecution of the '923 Patent

During prosecution of the '923 Patent, Examiner Smith considered each of the three references Petitioner relies upon here. In complying with its duty of candor to the USPTO throughout the course of examination, Patent Owner submitted all of the information concerning validity that Petitioner asserted against patents related to the '923 Patent. *See* Ex. 1002, Part 1 at 51, 86; Part 3 at 46, 301, Part 4 at 329, Part 6 at 36 (showing references from previous related examinations in the patent family, including foreign prosecution and observation documents, opposition documents, suggestions for interference, and cited documents and exhibits). Examiner Smith

indicated that he had considered all of these submissions by signing the IDSs with a statement that “ALL REFERENCES CONSIDERED EXCEPT WHERE LINED THROUGH. /B.W.J/.” *See* Ex. 1002, Part 2 at 348-351, 356-82.

Examiner Smith was well aware of the prior art landscape, including the now-cited art, in the '923 Patent application and related applications. Shortly after the application resulting in the related '176 Patent was transferred to Examiner Smith from a different Examiner, Applicant called him to discuss claim 26 of the pending application, “and to advise that they intended to file a translation of their foreign priority document to overcome the Jarisch reference.” Ex. 2002 at 2. Independently of Patent Owner bringing Jarisch to his attention during the interview, Examiner Smith had relied on a prior publication of Jarisch in combination with other references to reject claims of the related pending '531 Patent application as obvious months before he mailed the Notice of Allowance for the '923 Patent at issue here. Ex. 1062 at 15 (explaining that “Jarisch further discloses that it was well established to place barcodes...on the bottom side of the flange of a portion capsule (fig. 2 and 3).”). A few days later, on July 17, 2020, the Applicant called Examiner Smith “to discuss the claims of the '923 Patent application in general and particularly the placement of the barcode on the peripheral region...of the basic element prior to the submission of an amendment.” Ex. 1002, Part 2 at 384. Applicant amended the claims to include, among other limitations, radially spaced and vertically oriented

grooves and ribs. Ex. 1002, Part 2 at 338. The Examiner then allowed the claims based on the amendments and arguments and issued a Notice of Allowance on November 4, 2020. Ex. 1002, Part 6 at 48.

III. Claim Construction

Curiously, Petitioner’s claim construction section focuses on “apparent interpretations that Patent Owner offered in District Court,” while ignoring claim constructions that *Petitioner* proposed. Despite the narrow claim constructions that it argued to the District Court, Petitioner ultimately concludes that, “for this proceeding, no claim terms require formal construction.” Pet. at 33. Petitioner took a very different position before the District Court, advocating for narrow constructions for the terms “barcode” and “wall region with electrically conductive section.”

A. Barcode

During the claim construction proceedings in the District Court, Petitioner argued that the term “barcode” means “machine readable code consisting of parallel bars of different widths that encode more than only two unique binary characters such as 0 or 1.” Ex. 1057 at 7. Petitioner urged the District Court to adopt its proposed construction because according to Petitioner this narrow construction was required by alleged statements made by Patent Owner to the EPO. The District Court

was convinced, adopting a construction of “[p]lain and ordinary meaning, as further explained before the EPO.” *Id.* at 11-13.

After convincing the District Court of the alleged importance of Patent Owner’s explanations to the EPO, Petitioner moved for summary judgment of non-infringement, arguing that it’s products – *as evidenced by the disclosure of the Jarisch reference* – use a “bit code,” not a “barcode,” as that term was construed by the Court. Ex. 2003 at 7, 11-12. The District Court agreed, granting summary judgment of non-infringement in favor of Petitioner. Ex. 2004.

Patent Owner does not agree with the District Court claim construction, and the Court’s finding of summary judgment is currently on appeal to the Federal Circuit. But Petitioner should not be permitted to argue for an exceedingly narrow construction before the District Court, and then propose a broad, ordinary meaning here. In addition, the fact that Petitioner specifically invoked the Jarisch reference as providing evidence in its summary judgment motion for non-infringement based on the “barcode” limitation should preclude Petitioner from relying on that same reference for purposes of invalidity here.

B. Wall region has an electrically conductive section

In the District Court action Petitioner argued that “wall region has an electrically conductive section” should be construed to mean “wall region where some but not all of the wall region is electrically conductive.” Ex. 2005 at 15. Again,

Petitioner is shielding this previously proposed construction from the Board because it is fatal to the arguments it makes with respect to claim 5 of the '923 Patent.

IV. Level of Ordinary Skill in the Art

A person having ordinary skill in the art (“POSITA”) of the '430 Patent would have a bachelor’s degree in engineering plus five years of experience in design of mechanical beverage systems, or similar products, as well as experience with sensors for recognizing an identifier. Additional education might substitute for some of the experience, and substantial experience might substitute for some of the educational background.

V. The Board Should Exercise Its Discretion to Deny Institution Under 35 U.S.C. § 325(d)

As will be discussed later, the Petition fails to demonstrate obviousness because, *inter alia*, it ignores both proof of entire elements and proof of any motivation to combine the cited art. The Petition is also incorrect about the priority of the '923 Patent. A correct analysis of priority removes Jarisch as prior art, which is fatal to the entirety of Petitioner’s argument for unpatentability. However, the Board need not reach those issues if it properly exercises its discretion under 35 U.S.C. § 325(d).

A. The Examiner was Acutely Aware of the Prior Art Asserted in the Present Petition

Jarisch, Yoakim, and Rapparini² are all cited on the face of the '923 Patent. Additionally, Jarisch³ was previously considered by the same Examiner during contemporaneous examinations of the related '531 and '176 Patents. For example, during the prosecution of the related '176 Patent application, the Applicant called Examiner Smith to discuss claim 26 of the pending application, “and to advise that they intended to file a translation of their foreign priority document to overcome the Jarisch reference.” Ex. 2002 at 2. The Examiner from whom the case was transferred had relied upon Jarisch as purportedly disclosing a sensor 62 directing a beam toward the bottom side 72 of the flange 73 to reject the applied-for claims. Ex. 2006 at 57 (“Jarisch et al. teach a method for making coffee by reading a code located on the flange bottom (Figure 4, #62, 72) and the capsule sealed by a foil lid (paragraph 0036).”).

² The face of the '923 Patent cites to WO 2011/047836, which is the publication of PCT/EP10/006389, to which Rapparini (US 2011/0269933) claims priority. These references are substantively identical to one another and each contain the same disclosure as relied upon by Petitioner.

³ The Examiner cited WO 2011/141532, which is the publication of PCT/EP11/057657, to which Jarisch (US 2013/0064937, Ex. 1005) claims priority.

In response, Patent Owner argued on January 23, 2020 that Jarisch was not prior art due to the fact that the German priority applications antedate Jarisch. Ex. 2006 at 48 (“Without conceding the validity of this alleged teaching in Jarisch, Applicant submits Jarisch is not prior art to Applicant’s pending application. Applicant is entitled to a priority date of July 22, 2010, which is earlier than the Jarisch priority date.”). Examiner Smith argued that the German priority applications and other US applications in the chain of priority do not contain sufficient support for the applied for claims, and stood on the rejection that relied upon Jarisch. Ex. 2006 at 22-23. Patent Owner then cited where the applied-for claims find support in the German priority applications (Ex. 2006 at 11) and that the combination of prior art references that includes Jarisch does not disclose a barcode located on the bottom side of a circumferential flange. *Id.* at 17-18. Examiner Smith allowed the claims to issue after this thorough back-and-forth regarding Jarisch’s disclosures. *Id.* at 1-5.

A prior publication of Jarisch (WO 2011/141532) was further cited by Examiner Smith in a rejection of the ’531 Patent. The Examiner relied upon Jarisch during the ’531 Patent prosecution for the same disclosure of a “code” under the flange. Patent Owner offered arguments and amendments, similar to those in the ’176 Patent prosecution, to overcome Jarisch.

Petitioner argues that the Examiner never asserted a rejection based on the references Petitioner now cites in the Petition, but that is irrelevant. Pet. at 24. The

Examiner was clearly aware of the references and their alleged relevance. The fact that the Examiner chose not to assert those references in a rejection during the prosecution of the '923 Patent application only reinforces the deficiencies in the Petition and the reasons for exercising discretion to deny institution.

B. Petitioner's Challenges of Related K-fee Patents Are Based on the Same Prior Art and Arguments

Beyond Examiner Smith, the Board itself has also considered the three asserted references in connection with the three Petitions for *inter partes* review of patents related to the '923 Patent—and in each case the Board denied institution. The arguments Petitioner presents add nothing new from what was already known and considered by the Board previously, as well as by Examiner Smith during prosecution of the '923 Patent, and Petitioner has not shown that Examiner Smith committed a specific material error. Indeed, the Board has already established that these references are not new and were considered by the Examiner. This was clearly stated in the Board's decision on Petitioner's requests for re-hearing for the IPRs of the '177, '176 and '531 Patents. In that decision, the Board enumerated several specific findings, including:

1. "Yoakim, Jarisch, Pansear, and a reference substantially the same as Rapparini were identified on an [Information Disclosure Statement (IDS)] entered during the prosecution of the application that matured into the '177 patent." Dec. 12 (footnote added).

2. “Jarisch ‘was previously considered and distinguished during prosecution of the ’176 and ’531[] [p]atents, which are family members of the ’177 [p]atent.” Dec. 12 (quoting Prelim. Resp. 8) (alterations in original).

5. “Petitioner advances the same disclosure (Figure 4) in the same reference (Jarisch) to make out the same claim limitation (the specified barcode location) as previously considered by the Office,” during the prosecution of the application that matured into the ’176 patent. Dec. 20 (citing Pet. 29–30, 34; IPR2021-01221, Ex. 1002, Part 1, 98, 145, 273–274, 397, 403–404).

IPR2021-01221, -01222, -01223 at 4-5.

The ’923 Patent is similarly related to the ’177, ’176 and ’531 Patents, and the Examiner was the same for the ’923, ’531 and ’176 Patents. For these reasons, the Board should exercise its discretion to deny institution of *inter partes* review.

The Board has established a two-part test to determine whether it should exercise its § 325(d) discretion: “(1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and (2) if either condition of the first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.” *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (designated precedential Mar. 24, 2020).

The Board considers several factors, including (a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during

examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art; (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments. *Id.* at 9, n.10 (citing *Becton, Dickinson and Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 17-18 (P.T.A.B. Dec. 15, 2017) (designated precedential as to § III.C.5, first paragraph Aug. 2, 2019) (“*Becton*”)).

Factors (a), (b), and (d) pertain to whether the same or substantially same art or arguments were previously presented, and factors (c), (e), and (f) pertain to whether the USPTO made a material error. *Id.* at 10.

As Petitioner concedes, “Yoakim, Jarisch, and Rapparini...were cited among IDSs” which is “sufficient under Part 1 of the *Advanced Bionics* framework to require analysis of Part 2.” Pet. at 23 (citing IPR2021-01221, Paper 9, 16 (PTAB May 6, 2022)). Petitioner’s concession of Part 1 comes as no surprise because the Examiner did not overlook the three asserted references. Indeed, the Examiner indicated that they were specifically considered during prosecution by noting that “ALL REFERENCES CONSIDERED EXCEPT WHERE LINED THROUGH.

/B.W.J/.” See, e.g., Ex. 1002, Part 2 at 348, 382, Part 6 at 68, 72, 77, 80; see also *J&M Indus. v. Raven Indus.*, 574 F. Supp. 3d 941, 955-56 (D. Kan. 2021) (“Raven’s elaborate theory of how the Patent Examiner did not really consider the Western Ag prior art, or did not do so before allowing the [] claims, fails to refute evidence that the Examiner’s notations indicate Western Ag was in fact considered along with the other IDS references in the Examiner’s decision to allow the claims.”).

With respect to Part 2 of the *Advanced Bionics* inquiry, however, Petitioner argues that during prosecution, the Examiner committed errors “material to the patentability of the challenged claims” by “misapprehending or overlooking specific teachings in the relevant prior art” that, had they been properly considered, would have led the Examiner to conclude that the challenged claims are not patentable. However, rather than identify any specific error, Petitioner speculates that the Examiner misapprehended the relevance of certain references because of the number of prior art references submitted during prosecution. In doing so, Petitioner fails to acknowledge that the volume of references was due in-part to Petitioner’s own assertion of voluminous art in litigation and opposition proceedings of related patents. Petitioner has filed more than ten adversarial proceedings against Patent Owner, and in each one makes voluminous assertions about the state of the art in efforts to undermine the validity of the patents arising from this family. Regardless of the source of the references, another Examiner of applications in this family has

rebuffed Petitioner’s claim of “burying” and has “acknowledge[d] the number of references filed in the IDS documents is not excessive or overly burdensome.” Ex. 2007 at 2; Ex. 2008 at 2; Ex. 2012 at 6. Indeed, that same Examiner noted that “the amount of references cited, a significant portion being filings from a third party, are not considered an undue burden.” Ex. 2012 at 6.

The ’923 Patent at issue here is part of the same patent family as the ’176, ’177, and ’531 Patents. *See generally* Table 1. Petitioner unsuccessfully challenged all three of these other patents in previous petitions for *inter partes* review. In every case, the Board denied institution under § 325(d) (and their rehearing requests were denied as well). *See* IPR2021-01221, Papers 9, 11; IPR2021-01222, Papers 9, 11; IPR2021-01223, Papers 9, 11. Because Petitioner presents substantially the same arguments and references as in its three previous unsuccessful Petitions, the Board should decline Petitioner’s request at a fifth and sixth bite at the apple (an *eighth* or *ninth* bite if Petitioner’s requests for rehearing are counted) and deny institution.

1. Becton Factors (a), (b), and (d): Petitioner Presents the Same References and Arguments as Presented During Prosecution

As to (a) and (b) of the *Becton* factors, there is no dispute that the same references were previously presented to the USPTO. Petitioner admits as much when it states that “Yoakim, Jarisch, and Rapparini...were cited” during the prosecution of the ’923 Patent. Pet. at 23. As explained above in Section V.A., Patent Owner identified Yoakim, Jarisch, and Rapparini in an IDS, and the Examiner

acknowledged consideration of these references by not crossing them out. *See, e.g., Roku, Inc. v. Universal Electronics, Inc.*, IPR2019-01619, Paper 11 at 1, 2021 WL 2123912, at *1, *3 (P.T.A.B. May 25, 2021) (finding art submitted on an IDS and not crossed through had been previously considered by Examiner). These same references were previously relied upon in Petitioner’s unsuccessful challenge of several claims of the ’531 Patent. *See generally* IPR2021-01223, Paper 1 at 26.

Not only does Petitioner rely on the same prior art that it has repeatedly cited in previous unsuccessful challenges, but as to factor (d), there is also tremendous “overlap between the arguments made during examination and the manner in which petitioner relies on the prior art.” *Advanced Bionics* at 9, n.10 (citation omitted). Several of the arguments in the Petition seem to be copied directly from other petitions for review of related patents. *Compare, e.g.,* Pet. at 28-31 *with* IPR2021-01223, Paper 1 at 45-48. At least Jarisch formed the basis of rejections during the prosecution of related applications (including, for example, the ’176 and ’531 Patents), which the Board is entitled to consider. *See, e.g., II-VI, Inc. v. Soto*, IPR2021-01361, Paper 10 at 26, 2022 WL 494813, at *10 (P.T.A.B. Feb. 15, 2022) (explaining that “[t]he asserted art (in the case of Brede) or art cumulative to the asserted art (in the case of Halgren) was evaluated extensively during prosecution of the grandparent patent, including forming a basis for multiple rejections by the Examiner, as evaluated by *Becton, Dickinson* factor (c)’”); *Volkswagen Grp. of Am.*,

Inc. v. Stratosaudio, Inc., IPR2021-00718, Paper 16 at 21, 23, 2021 WL 5194887, at *9-*10 (explaining that because the prior art reference “was also cited during prosecution of the parent application . . . and the grandparent application,” “[b]ased on Patent Owner’s arguments, the Examiner was familiar with the substance of [the reference] because the same Examiner examined both the grandparent and parent applications”).

Not only is the record clear that Examiner Smith specifically considered the Jarisch reference during the prosecution of the K-free patents, including arguments concerning the operative dates for the innovations disclosed in each, but Petitioner made repeated efforts to make sure that the PTO was well aware of the Jarisch reference.

The application which led to the Jarisch publication (U.S. Application No. 13/697,297) had an original assignee of Nestec S.A., and was further assigned to Societe des Produits Nestle S.A., both of which are affiliates of the Petitioner, Nespresso USA, Inc. Accordingly, it was essentially Petitioner who prosecuted the Jarisch reference. During prosecution of the Jarisch reference, Petitioner repeatedly requested the PTO to consider Jarisch as prior art to the K-free family of patents, by attempting to invoke interference proceedings. For example, on July 19, 2019, Petitioner filed a “Suggestion for Declaration of Interference” as part of the prosecution of the Jarisch application. Ex. 2009 at 778. Petitioner made another

attempt on September 30, 2019 (*id.* at 3222) with a follow- up reminder on September 30, 2020 (*id.* at 1318). The Examiner who received each of these requests is the same Examiner for all but one of the K- fee family of applications prosecuted until that date. (*id.* at 6002.) However, to this day the PTO has not invoked any interference proceeding between Jarisch and any of the K-fee family of patents.

The PTO was aware of the Jarisch reference, it allowed each of the K-fee patents over the Jarisch reference, and it declined to invoke an interference between the parent to the '531 Patent and the Jarisch reference. Rather than error or mistake, there was careful and repeated consideration of the Jarisch reference – consideration resulting from the prompting of Petitioner – and an ultimate conclusion that the Jarisch reference did not render the claims unpatentable.

2. Becton Factors (c), (e), and (f): The USPTO Did Not Make a Material Error in Allowing the Claims

a. Factor (c): the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection

As explained above in Sections II.B and V.A, each reference was evaluated by the Examiner during the prosecution of the '923 Patent. The thorough disclosure of numerous references, many of which were cited in multiple adversarial proceedings initiated by Petitioner, was not a “prosecution tactic[]” meant to “bury” the Examiner as Petitioner contends, Pet. at 21, but rather Patent Owner’s good faith compliance with its duty to disclose information material to patentability. *See, e.g.,*

ESCO Corp. v. Cashman Equip. Co., 158 F. Supp. 3d 1051, 1062-63 (D. Nev. 2016) (finding no deceptive intent in submitting invalidity contentions and 945 pages of non-patent literature containing material prior art references because there was an “equally reasonable inference: that ESCO was attempting to avoid being accused of inequitable conduct for failing to disclose enough references”). Indeed, the Examiner of the applications for the related ’177, ’491, and ’430 Patents stated that “the number of references filed in the IDS documents is not excessive or overly burdensome” in a recent interview with Patent Owner, Ex. 2007 at 2; Ex. 2008 at 2, and noted that “a significant portion [are] filings from a third party.” Ex. 2012 at 6.

Patent Owner filed six IDSs during prosecution of the ’923 Patent, the majority of which were in response to Petitioner’s on-going filings in parallel proceedings against Patent Owner. The following table identifies the parallel proceedings between the parties, which were initiated by Petitioner (or one of the Real Partis in Interest) and where Petitioner or its affiliate identified references that were submitted in the IDSs.

Table 2 – Parallel Proceedings

Proceeding	Date
Opposition filed against EP3023362B1	07/25/18
Opposition filed against EP3521210B1	01/08/20
Opposition filed against EP3521207B1	01/22/20
Opposition filed against EP3521209B1	01/22/20
Opposition filed against EP3521208B1	02/19/20
Nullity suit against French parts of EP3023362B1, EP3521208B1 and EP3521209B1	06/15/21

Petition For Inter Partes Review US 10,858,176	07/12/21
Petition For Inter Partes Review US 10,858,177	07/12/21
Petition For Inter Partes Review US 10,870,531	07/12/21
Third Party Observations against EP3533726A1	08/26/21
Case No. 2:21-cv-3402 (Invalidity Contentions)	09/22/21

In submitting these materials to the Examiner, Patent Owner sought to secure a valid and enforceable patent in the face of attacks lodged elsewhere by Petitioner and its privies, and to demonstrate its good faith fulfillment of its duty to disclose material information. And far from “burying” the relevant references, as Petitioner suggests, Petitioner has made efforts to draw Examiners’ attention to the same references that Petitioners have repeatedly cited against Patent Owner’s patent applications. For example, during an April 6, 2023 applicant-initiated interview with Examiner Jennison regarding co-pending applications in this patent family, Applicant provided him with a list of 15 references (among them all references at issue here) that have been repeatedly relied upon by Petitioner in attacking the patentability of Applicant’s claims. Ex. 2007 at 4; Ex. 2008 at 4. Examiner Jennison acknowledged that “these [references] seem to be the most relevant to the co-pending applications.” Ex. 2007 at 2; Ex. 2008 at 2.

Petitioner concedes that multiple Examiners have considered Jarisch for the disclosure of a code on the bottom of the capsule flange during examination of different applications. Pet. 26. For example, during the examination of the ’176 Patent, Examiner Smith stated that “coffee capsules commonly included a code on

the flange bottom as shown by Jarisch.” Ex. 2006 at 58. And during the examination of the ’531 Patent, the Examiner argued that “Jarisch further discloses that it was well established to place barcode...on the bottom side of the flange of a portion capsule.” Ex. 2010 at 15. Petitioner’s argument that “Applicant never provided any argument as to why this limitation was not disclosed or rendered obvious by Jarisch” falls flat at least because the Examiner, after a thorough assessment of Patent Owner’s arguments regarding Jarisch, *allowed the claims anyway*. Pet. at 26-27. And that the Examiner declined to cite Jarisch during the examination of the ’923 Patent despite his familiarity with it shows the strength of Applicant’s arguments in overcoming it.

b. Factor (e): whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art

Petitioner has failed to point out how the Examiner erred in its evaluation of the asserted art. Rather, Petitioner merely reiterates its same arguments regarding the Examiner “overlooking the specific prior art disclosures.” Pet. at 27. For the same reasons as explained above in Section V.A, it cannot be believed that the Examiner and the Board were unaware of these references because each reference was expressly considered by the Examiner. Moreover, in his reasons for allowance, Examiner concluded that a different prior art reference “does not teach or reasonably disclose the capsule has an identifier that is a barcode provided on a bottom of the

flange which is directed away from the cover,” despite being familiar with the Jarisch reference from co-pending examinations of related patents. Ex. 1002, Part 6 at 55.

The USPTO’s record on this limitation is well-developed, as Jarisch (purportedly disclosing the same bar code limitation) was previously overcome by Patent Owner during prosecution of the related ’176 and ’531 Patents in this patent family. Also, other prior prosecutions and Petitions support patentability – in each of these, the Examiner determined that the patentable features relating to the patent at issue were not disclosed by the same or comparable references asserted here.

c. Factor (f): the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments

Petitioner has presented no additional facts that would warrant reconsideration of the cited art or arguments. Petitioner cites the same references for the same reasons as it has in past examinations and Petitions. Given these similarities, the only avenue for argument available to Petitioner is to argue that the Examiner and the Board were unscrupulous in indicating that they had reviewed the references.

Petitioner states that “[a] full reading and analysis of the Grounds presented in this Petition as supported by Michael Jobin’s declaration demonstrates the strength of this Petition.” Pet. at 32. But the Board has recently found that expert

testimony alone is an insufficient basis for establishing material error. *See* IPR2021-01223, Paper 9 at 30.

VI. The Sole Ground Fails Because Jarisch is not Prior Art

A. Patent Owner's German Priority Applications Antedate Jarisch

In the three previous Petitions filed by Petitioner against this family of patents (IPR2021-01221, IPR2021-01222 and IPR2021-01223), Petitioner argued that the German applications collectively failed to provide priority support. Petitioner continues to advance the same unsuccessful argument when it argues that “[t]he Board has already found that the Office determined Patent Owner should not receive priority to its foreign applications.” Pet. at 39. That is incorrect. At most, the Board made a finding that the examiner of the application leading to the ’176 Patent “expressly considered whether Jarisch was prior art, given the dates of the German priority application, and was not persuaded that Jarisch was not prior art.” IPR2021-01223, Paper 11 at 5. However, when the Examiner of the applications leading to the challenged ’177, ’531, ’491, and ’430 Patents was recently presented with status updates regarding the prior and pending IPRs, the Examiner acknowledged that “[t]he priority dates of the applications, and prior art cited, under Pre-AIA were verified.” Ex. 2007 at 2; Ex. 2008 at 2. Moreover, a different Examiner similarly stated that he “did not find any issue with patent owner’s foreign priority date” after discussing the IPR filings with Applicant on March 24, 2023. Ex. 2011 at 2.

Examiners continue to affirm Patent Owner’s entitlement to the priority date of its German applications.

Specifically, despite an abundance of evidence that Patent Owner was clearly in possession of the claimed invention at the time of the German priority applications, Petitioner nonetheless argued that priority was unavailable because no *single* foreign priority application disclosed each and every feature of the claims. Petitioner makes the same argument here, and does not challenge the fact that each and every limitation of the ’923 Patent claims was conceived of, possessed by the inventor, or is disclosed in the three German priority documents. Even despite Patent Owner’s conception of the subject matter of the ’531 Patent claims before Jarisch, Petitioner argues that Patent Owner should not be entitled to the benefit of this conception, thus allowing Jarisch to be considered as prior art.

1. 37 C.F.R. § 1.131 (“Rule 131”) and *In re Stempel*

Notwithstanding the inequitable result advocated by Petitioner, there has long been a remedy in patent law that allows an inventor to “swear behind” a reference if the inventor had possession of the subject matter disclosed by the reference in question. *In re Stempel*, 241 F.2d 755, 759 (C.C.P.A. 1957) (“We are convinced that under the law all the applicant can be required to show is priority with respect to so much of the claimed invention as the reference happens to show. When he has done that he has disposed of the reference.”). “Rule 131 provides a

procedure by which the applicant is permitted to show, if he can, that his date of invention was earlier than the date of the reference.” *Id.* at 760.

As a further example, *In re Scheiber*, in reliance on *In re Stempel*, explains:

[t]he operation of [35 U.S.C.] § 120 differs from the operation of [] Rule 131. The latter provides an applicant a mechanism for overcoming specific prior art references predating his effective filing date. The applicant need show priority with respect to ***only so much of the claimed invention as the references disclose***, *In re Stempel*, 241 F.2 755,760 (1957), or ***only so much as to render the claimed invention obvious***. . . . Unlike Rule 131, § 120 operates independently of the prior art, of which it makes no mention, and it expressly requires an earlier application to disclose the claimed subject matter in compliance with 35 U.S.C. § 112, first paragraph. Thus it is entirely appropriate that the showing required under § 120 differs from that required under Rule 131.

587 F.2d 59, 61-62 (C.C.P.A. 1978) (internal citations omitted) (emphasis added).

The concurring opinion in *In re Scheiber* specifically acknowledges the inequity that can result from the § 112 written description requirement, noting that, in *Scheiber*, “the appeal [was] deficient only in the presentation of the evidence.” *Id.* at 65.

Fortunately, Patent Owner can directly address this inequity by relying on the first German application and a Rule 131 declaration here.

The doctrine of *Stempel* has been infrequently invoked due to the unique set of circumstances required, where priority to a prior application is challenged but the inventor can otherwise show prior possession of the disclosed subject matter of the reference. *Stempel* and its progeny, however, remain good law. See *Biosig Instruments, Inc. v. Nautilus, Inc.*, 783 F.3d 1374, 1381, fn.3 (Fed. Cir. 2014) (citing

In re Clarke, 356 F.2d 987 (C.C.P.A. 1966), which relies upon *Stempel*, as an example of applying a reasonable certainty standard). Indeed, the Federal Circuit cited both *Stempel* and *Scheiber* in explaining that “[i]n order to remove a reference, a Rule 131 declaration must show that prior to the effective date of the reference the applicant had reduced to practice so much of the claimed invention as the reference shows.” *In re Rozmus*, 1991 U.S. App. LEXIS 2379, at *2 (Fed. Cir. Feb. 15, 1991). And in *In re Spiller*, the precursor court to the Federal Circuit also relied on *Stempel* to conclude that “under Rule 131, it is sufficient that appellant has shown a reduction to practice of his basic invention, which showing will also suffice as to claims differing therefrom only in details which are obvious to one of ordinary skill in the art.” *In re Spiller*, 500 F.2d 1170, 1178 (C.C.P.A. 1974).

The Court in *Plexxikon Inc. v. Novartis Pharm. Corp.*, a case on which Petitioner relies to argue for the rejection of the *Stempel* and *Scheiber* line of cases, acknowledges that the PTO continues to apply this standard, despite the Federal Circuit’s purported lack of approval. 525 F.Supp.3d 1104, 1112-15 (N.D. Cal. 2021). Indeed, the Office continues to rely on *Scheiber* and *Spiller* in its decisions. See, e.g., *Ex Parte Pavlansky*, 2019 Pat. App. LEXIS 7165 (PTAB July 30, 2019) (“[T]he Declaration and accompanying Exhibits B and C are sufficient to antedate Ridenour under the standard set forth in *Spiller*.”). Additionally, MPEP 715.01(d) explains with respect to swearing behind a combination of references that “[e]ven if

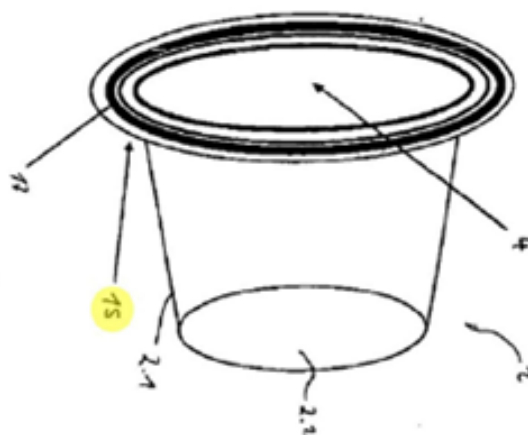
applicant's 37 CFR 1.131(a) affidavit is not fully commensurate with the rejected claim, the applicant can still overcome the rejection by showing that the differences between the claimed invention and the showing under 37 CFR 1.131(a) would have been obvious to one of ordinary skill in the art, in view of applicant's 37 CFR 1.131(a) evidence, prior to the effective date of the reference(s) or the activity."

Patent Owner submits the Declaration of inventor Marc Krüger ("Krüger Declaration" or Ex. 2001) as an exhibit to this Preliminary Response. As declared therein, Mr. Krüger was in possession of at least as much of the subject matter as relied upon by Petitioner from the Jarisch reference, before the effective date of Jarisch. Ex. 2001. Mr. Krüger's Declaration, as corroborated by the German priority applications, establishes that Mr. Krüger had conceived and constructively reduced to practice the concept of using an identifier, such as a code or barcode, and placing that identifier on the underside of a flange of a coffee capsule. Ex. 2001.

2. Comparing the Disclosure of Jarisch with the First German Application

Petitioner relies upon Jarisch as disclosing a barcode located on the bottom side of a flange. Pet. at 56. In particular, Petitioner cites to Figure 5 and ¶¶ [0022], [0014]-[0015], in addition to the Jobin declaration. *Id.* Petitioner argues that this satisfies the [1.j] and [9.h] limitation of claims 1 and 9 of the '923 Patent. As declared by Mr. Krüger and confirmed by the first German application, Patent Owner had possession of what Jarisch discloses. Ex. 2001. For example, Mr. Krüger and the

disclosure of the first German application demonstrate that Patent Owner had conceived of an identifier such as a barcode, located under the flange of the capsule, which could be read by the coffee machine to provide instructions as to coffee machine operation. Ex. 2001 at ¶¶ 10-18; Ex. 1046 at p. 4, ¶ 1 (“A sensor/detection medium provided on the coffee machine detects this identifier and preferably compares it with a stored identifier.”); p. 4, ¶ 2 (“the identifiers are surface areas with different optical properties, for example reflection properties”); p. 5, ¶ 1 (“the imprint is a barcode”); p. 5, ¶ 5 (“Furthermore, it is possible for the coffee maker to recognize what type of capsule is in its brewing chamber and to adjust the beverage or food production process, for example the amount of water, its pressure and/or temperature accordingly”); p. 7, ¶ 2 (describing Figure 2, “the barcode can be provided on the side of the edge area of the base element facing away from the membrane, as symbolized by arrow 15”).



Ex. 1046, Fig. 2 (annotated).

The first German reference discloses a “code” under the flange, specifically a barcode. But even if Petitioner were to argue that the barcode disclosed in the first German application is somehow not a code, “an applicant should not be prevented from obtaining a patent to an invention where a compound described in a reference would have been obvious to one of ordinary skill in the art in view of what the affiant proves was completed with respect to the invention prior to the effective date of the reference.” *In re Clarke*, 356 F.2d 987, 989-992 (C.C.P.A. 1966) (emphasis added). *Stempel*, therefore, may also be invoked where the species possessed by the applicant would have rendered obvious the separate species disclosed by the reference.

As further set forth in *In re Clarke*:

“[A]ntedating affidavits must contain facts showing a completion of the invention commensurate with the extent the invention is shown in the reference, whether or not it be a showing of the identical disclosure of the reference. In our view, where it can be concluded that facts, offered in a Rule 131 affidavit in support of a general allegation of conception and reduction to practice of the invention, would persuade one of ordinary skill in the art to a reasonable certainty that the applicant possessed so much of the invention as to encompass the reference disclosure, then that showing should be accepted as establishing prime facie a case of inventorship prior to the reference, sufficient for the purpose of overcoming the reference.

356 F.2d at 992 (emphasis added). The species that is disclosed by the first German application and Mr. Krüger’s declaration would have at least rendered the specific elements of the species disclosed by Jarisch – a code under the flange of a capsule – obvious from the perspective of a person having ordinary skill in the art. *See also In*

re Stryker, 58 C.C.P.A. 797, 799 (1971) (finding applicant properly antedated a cited reference because “the difference between the claimed invention and the reference disclosure are so small as to render the claims obvious over the reference.”).

Jarisch therefore discloses no more than what was already known by the inventor and Patent Owner, and constructively reduced to practice by virtue of the first German application on July 22, 2010 – more than 9 months before Jarisch’s effective date of May 12, 2011. Under Rule 131, *In re Stempel*, and the numerous decisions following *In re Stempel*, Jarisch should be removed as a reference from Ground 1.

B. Without the Jarisch Reference the Sole Grounds Fails

Petitioner’s Ground 1 hinges on Jarisch. *See, e.g.*, Pet. at 55-56, 58, 65. Accordingly, this Ground fails without Jarisch as prior art.

VII. The Petition Fails to Establish a Prima Facie Case for Obviousness

A. Asserted Ground of Rejection: Claims 1-10 Are Allegedly Rendered Obvious Under 35 U.S.C. § 103 by Yoakim in View of Jarisch and Rapparini

1. The Art Fails to Disclose or Render Obvious a “an identifier[] which makes it possible to individualize the respective single-serve capsule”

Claim 1 requires that “the capsule has an identifier, which makes it possible to individualize the respective single-serve capsule.” Yoakim, the only reference asserted here, fails to disclose this limitation. *See* Pet. at 54-55. The ’923 Patent explains that “individualizing means that...the coffee machine operates *only with*

the corresponding portion capsules.” Ex. 1001 at 2:2-8 (emphasis added). While Yoakim states that its system can “recognize the types of capsules...and [] adjust the speed and/or brewing parameters (e.g., water temperature) according [to] the capsule which is inserted in the device,” it does not disclose that it operates only with the corresponding portion capsules as described in the ’923 Patent.

2. The Petition Cannot Demonstrate That the References Contain a “barcode” Because Petitioner Is Judicially Estopped from Advocating The Term’s Plain and Ordinary Meaning

Independent claims 1 and 7 require a “barcode.” Petitioner and its expert advocate here that the Board apply the plain and ordinary meaning of that term. Pet. at 33; Ex. 1003 at ¶ 141. But Petitioner is judicially estopped from arguing such a construction because it advocated and prevailed in obtaining a different construction of “barcode” before the Central District of California on three related K-fee patents, U.S. Patent Nos. 10,858,176, 10,858,177, and 10,870,531 in the same family as the patent here.

Specifically, Nespresso argued before Judge Wu that the intrinsic record for those patents showed a definition of “barcode” “as excluding a binary system such as the bitcode disclosed in the Jarisch prior art reference.” *K-fee Sys. GmbH v. Nespresso USA, Inc.*, 2022 WL 2826443, at *6 (C.D. Cal. Mar. 10, 2022). Judge Wu agreed and “construe[d] ‘barcode’ as having its plain and ordinary meaning (*i.e.*, a code having bars of variable width, which includes the lines and gaps), the scope of

which is understood by the clear and unequivocal statements K-fee made to the EPO (*i.e.*, the scope of barcode does not include the type of bit code disclosed in Jarisch/D1).” *Id.* at *8.

Petitioner moved for summary judgment of noninfringement based on Judge Wu’s claim construction. *K-fee Sys. v. Nespresso USA, Inc.*, 2022 WL 2826441, at *1 (C.D. Cal. Jun. 17, 2022). In deciding the motion in Petitioner’s favor, Judge Wu further found that “a binary code is not a barcode as claimed” and “barcode,” as construed, excludes codes that encode “0s” and “1s” only. *Id.* at *8. Judge Wu ultimately determined that Nespresso’s Vertuo capsules do not contain a “barcode” under his construction, despite Nespresso’s documents expressly calling the type of code a “barcode.” *K-fee Sys. v. Nespresso USA, Inc.*, 2022 WL 2826441, at *6-9 (C.D. Cal. Jun. 17, 2022).



INNOVATIVE BREWING SYSTEM

Vertuo technology reads the **barcode** on each capsule, automatically adjusting to the perfect settings, so you can brew your favorite type of coffee, time after time, without fail.

⤴

How is vertuo different from other coffees, like filter or instant?

You can precisely prepare your small or large coffee with generous and silky crema, as each Vertuo machines uses **barcode recognition** and a brewing extraction system to create your coffee experience. The **unique barcode** on each capsule adjusts the flow and volume of water, temperature, infusion time and capsule rotation to make the best part of your coffee experience - your perfect coffee, every time.

Nespresso should not now be permitted to advocate a different meaning of “barcode” in order to invalidate K-fee’s patents.

Judicial estoppel applies “where a party assumes a certain position in a legal proceeding, and succeeds in maintaining that position.” *Trustees in Bankruptcy of N. Am. Rubber Thready Co., Inc. v. United States*, 593 F.3d 1346, 1353 (Fed. Cir. 2010). Courts apply three non-exclusive factors in determining whether a party’s inconsistent legal positions constitute judicial estoppel: “(1) whether the party’s later position is clearly inconsistent with its earlier position; (2) whether the party has succeeded in persuading a court to accept that party’s earlier position, so that judicial acceptance of an inconsistent position in a later proceeding would create the

perception that either the first or the second court was misled; and (3) whether the party seeking to assert an inconsistent position would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped.” *Id.* at 1354 (quoting *New Hampshire v. Maine*, 532 U.S. 749, 751 (2001)). “Judicial estoppel applies just as much when one of the tribunals is an administrative agency as it does when both tribunals are courts.” *Id.*

Here, as to factor one, Nespresso’s argument that the Board apply a plain and ordinary meaning of “barcode” or apply K-fee’s claim construction is clearly inconsistent with its earlier position at the district court, which sought to narrow “barcode” from its plain and ordinary meaning to avoid infringement. Factor two is satisfied because Nespresso succeeded in persuading Judge Wu to accept its position, resulting in a final judgment. And the final factor is met because Nespresso would derive an unfair advantage of avoiding infringement based on its construction but having this Board apply a different construction for purposes of determining patent validity. *See TVIIM, LLC v. McAfee, Inc.*, 851 F.3d 1356, 1362 (Fed. Cir. 2017) (“Claim terms must be construed the same way for the purpose of determining invalidity and infringement”). Such a result would be manifestly unfair.

Under a straightforward application of judicial estoppel, Petitioner is estopped from arguing for a construction different than the construction it has previously

successfully advanced in a prior judicial proceeding. Accordingly, based on Nespresso's prior position, its Petition must be denied.

Petitioner argues that Yoakim in combination with Jarisch disclose “the identifier is a barcode provided on a bottom side of the flange which is directed away from the metal cover” (claim 1) and “wherein the capsule has a barcode provided on a bottom side of the flange that opposes the top surface of the flange to which the cover is fastened” (claim 9). This argument fails for at least two reasons. First, the Petition addresses only the plain and ordinary meaning of “barcode.” *See* Pet. at 33; Ex. 1003 at ¶ 141. It fails to show that Yoakim satisfies Judge Wu's construction—the only construction that Petitioner can advance. The Petition relies solely on Yoakim's use of the word “barcode.” But were that enough, then summary judgment of noninfringement should have been denied. Importantly, Yoakim does not disclose a “machine readable code consisting of parallel bars of different widths that encode more than only two unique binary characters such as 0 or 1.” Petitioner pursued this construction because it was narrow, and because Petitioner believed that it would disqualify codes that might appear to be or are otherwise described as a “barcode.” Petitioner specifically advocated for this narrow construction as an *alternative* to the plain and ordinary meaning proposed by Patent Owner. As a result, because Yoakim recites only the term “barcode,” without any of the additional detail that Petitioner

and the District Court believe is required by this term, the Yoakim reference fails to recite the “barcode” limitation and Petitioner’s proposed combination fails.

Second, the fact that Petitioner combines Yoakim with Jarisch *proves* that a POSITA would not have arrived at a capsule with Petitioner’s narrowly construed “barcode” under the flange. Petitioner argued that the code disclosed in Jarisch was *not* a barcode. Ex. 1052 at 9-10. But a POSITA having only the bare disclosure of a “barcode” in Yoakim would be equally if not much more likely to employ the code of Jarisch under the flange. If that were the case, then the POSITA would arrive at a combination that Petitioner previously argued does not meet the claim limitation. For both of these reasons, Petitioner does not present a *prima facie* case of unpatentability and institution should be denied.

3. The Art Fails to Disclose or Render Obvious “the wall region has an electrically conductive section”

Claim 5 requires that the “wall region has an electrically conductive section.” In the District Court action, Petitioner was clear that this must be construed to mean that “some but not all of the wall region is electrically conductive.” Ex. 2005 at 15. But Petitioner cites to no such disclosure in Yoakim, the sole reference on which it relies for this limitation.

Petitioner points out that the base element of Yoakim can be made of polymers *or* aluminum, but that refers to the entirety of the base element, not any particular section. Petitioner also points to disclosure of “a magnetic element,” but the

magnetic element is not located on the base element, it is instead located on the sealing membrane as depicted at ID4 and ID5 of Figures 61 and 62. Petitioner ultimately states in conclusory fashion and without any substantive support from the reference that “it would have been obvious to a POSITA to incorporate a *portion of the capsule* to include a section of electrically conductive material” and “it would have been obvious to include an electrically conductive *section on the capsule*.” Pet. at 60. But that is not what the claim requires. The claim requires that the “wall region” has an electrically conductive section. Because Petitioner must re-write the claim in order to apply the Yoakim reference, its arguments for claim 5 fail.

4. The Art Fails to Disclose or Render Obvious “generat[ing] turbulence of water in the cavity”

Claims 7 and 13 require that “the grooves in the cavity generate turbulence of water in the cavity.” Petitioner relies upon Yoakim to establish that fluid is guided and distributed into separate grooves promoting flow while spinning, but Yoakim discloses that the water flow is laminar. Pet. at 63 (citing Ex. 1004 at [0218]); Ex. 1004 at [0509]. Petitioner then argues that it would have been obvious to POSITA that a capsule with Rapparini’s grooves and Yoakim’s water flow would generate turbulent flow. *Id.* (citing Ex. 1003 at ¶¶278-79). In doing so, Petitioner’s expert relies upon references that are not part of the combination for Ground 1 – Sweeney (Ex. 1033) and Rubino (Ex. 1034). Petitioner’s purported expert argues, without factual support or citation, that “[d]iscontinuities such as ribs and grooves of the type

shown in Rapparini would cause the fluid to move in various directions, resulting in turbulence and mixing in the capsule.” Ex. 1003 at ¶ 278. This conclusory statement is made without reference to the underlying structure, direction, speed, pressure, volume flow, or any of the other parameters which determine whether a flow is laminar or turbulent. Petitioner’s purported expert does not cite to any experimentation or modeling he conducted or papers which show, under identical conditions to those disclosed by Yoakim and Rapparini, that turbulent flow necessarily would result.

Petitioner’s expert also failed to address that Yoakim teaches the opposite of turbulent flow, since Yoakim discusses the flow properties of its capsule in terms of laminar flow. Ex. 1004 at [0509] (“Since many perforators are placed evenly at the periphery of the upper wall, liquid can also exit by making a laminar flow of beverage dispersed radially along the whole periphery of the upper wall”) (emphasis added). Rapparini makes no reference whatsoever to either turbulent or laminar flow. Ex.1008. A POSITA reviewing the teachings of Yoakim and Rapparini would have concluded that the resulting capsule generates laminar flow, not turbulent. For these reasons, Petitioners arguments as to claims 7 and 13 must fail.

5. A Person of Ordinary Skill in the Art Would Not Have Been Motivated to Combine Yoakim and Jarisch and Rapparini

Petitioner argues that a POSITA would have combined Yoakim with Jarisch and Rapparini, thus rendering the invention of the '923 Patent obvious. Pet. at 43-48. As discussed above in Section V.B.1, Petitioner is the owner of the Jarisch reference. As noted by Petitioner, Yoakim and Jarisch have a common owner, Societe des Produits Nestle S.A., an affiliate of Petitioner, and a common inventor, Alexandre Perentes. Pet. at 44. During prosecution of the Jarisch reference, however, a parent application to Yoakim was cited against Jarisch (WO 2008/148601, “Yoakim ’601”). In attempting to overcome a rejection based on Yoakim ’601, Petitioner disparaged the ability of Yoakim ’601 to be combined with other references describing single-serve coffee capsules, stating that “the skilled artisan would not have combined these cited references [including Yoakim ’601] to arrive at a capsule comprising a code arranged on a bottom of the flange-like rim.” Ex. 2009 at 393. Petitioner continued, stating that the other references do not “provide any reason or motivation for the skilled artisan to modify Yoakim [’601] alone or in combination with Boyd (even if they are combinable) to include the claimed code on a bottom of the flange-like rim of a capsule as required by independent claim 1.” *Id.* at 395. Patent Owner acknowledges that Yoakim (Ex. 1004) is a continuation-in-part of the Yoakim ’601 reference and that the references have different disclosures. But the fact remains that when prosecuting its own

application, Petitioner argued that different references describing single-serve coffee capsules were non-combinable. Petitioner should not be permitted to argue the opposite now.

In addition, the “bitcode” described in the Jarisch reference teaches away from Petitioner’s proposed combination. Yoakim uses the bare term “barcode,” without providing any information as to what that code would actually be, and certainly does not provide the narrow strictures offered in Petitioner’s construction for that term. A POSITA would therefore be left with the “bit code” described in Jarisch, which Petitioner has clearly and definitely argued to the District Court is not a “barcode.” As a result, a POSITA would not have been motivated to combine the Yoakim and Jarisch references. Even if a POSITA was so motivated, the outcome would be the employment of a “bit code,” which Petitioner previously argued does not meet the “barcode” limitation of the claim.

Petitioner also attempts to argue that Yoakim would be combined with Rapparini to disclose an embodiment whereby turbulent flow is induced in the capsule. Pet. at 63. The disclosure of Yoakim, however, only describes laminar flow (Ex. 1004 at [0509]) and Rapparini does not discuss whether the flow through its capsule would be either laminar or turbulent. The combination of these references would thus teach away from any embodiment that would have turbulent flow, instead favoring an embodiment with laminar flow.

VIII. Institution Should Be Denied Under 35 U.S.C. § 314(a)

The parties have been embroiled in disputes involving substantive claims for infringement for both the '923 Patent and the Jarisch reference. As such, it is unnecessary to open up yet another front in this dispute, and Patent Owner believes that the proper course would be for the Board to deny institution of this IPR, as it has done with the previous three related requests. In addition, the merits of the Petition are not strong. Indeed, the Board has weighed nearly identical asserted grounds, addressing nearly identical arguments by Petitioner and ultimately determined not to institute the Petitions. Finally, Patent Owner has made no stipulation regarding the scope of its challenge here, as compared to what invalidity arguments it will make in the parallel proceeding in the future. That is prejudicial to Patent Owner and will unfairly subject the '923 Patent to serial challenges in different proceedings on identical arguments. For all of these reasons, the Board should exercise its discretion and deny institution.

Date: June 16, 2023

Respectfully submitted,

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CERTIFICATION UNDER 37 C.F.R. § 42.24

Under the provisions of 37 C.F.R. § 42.24, the undersigned hereby certifies that the word count for the foregoing Patent Owner Preliminary Response totals 10,777 words, which is less than the 14,000 allowed under 37 CFR. § 42.24(a)(1)(i), (b)(1).

Date: June 16, 2023

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.8 and 42.6(e), the undersigned hereby certifies that the foregoing Patent Owner's Preliminary Response and its respective exhibits was served on counsel of record for the Petitioner by filing this document through PTAB E2E and by sending this document via electronic mail to the following addresses:

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