

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 SUR-REPLY

TABLE OF CONTENTS

Petitioner’s Blatantly Inconsistent Arguments	1
Patent Owner’s Possession of the Invention Prior to Jarisch	3
The Examiners’ Thorough Examination of the Art	4

TABLE OF AUTHORITIES

	Page(s)
CASES	
<i>Chanel v. Molo Design</i> , IPR2022-00543, Paper 7 (PTAB Aug. 12, 2022).....	1
<i>Ex parte Yoon</i> , Appeal 2018-007021 (Feb. 7, 2020) 2020.....	3
<i>Fidelity Information Services, LLC v. Groove Digital, Inc.</i> , IPR2019-00050, Paper 65 (Apr. 30, 2020), 2020.....	3
<i>Plexxikon Inc. v. Novartis Pharm. Corp.</i> , 525 F. Supp. 3d 1104 (N.D. Cal. 2021).....	3
<i>Trs. in Bankr. of N. Am. Rubber Thready Co., Inc. v. United States</i> , 593 F.3d 1346 (Fed. Cir. 2010)	2
<i>Unisense Fertilitech A/S v. Bd. of Trs. of Stanford</i> , Appeal 2017-007658 (Dec. 1, 2017), 2017	3
RULES	
Rule 131	3
OTHER AUTHORITIES	
37 C.F.R. § 1.131	3
37 C.F.R. § 42.6(e).....	6
37 C.F.R. § 42.8	6

LIST OF EXHIBITS

Exhibit	Description
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

Petitioner’s Blatantly Inconsistent Arguments. Petitioner seeks to have it both ways. As explained in the Patent Owner Preliminary Response, Petitioner advocated for a particular claim construction of “barcode” in the District Court and obtained a final judgment of non-infringement applying that construction. POPR at 11-12, 36-41. Now, before the Board, Petitioner accepts the broader plain and ordinary meaning that it fought against in the District Court to cover an identical disclosure found in Yoakim. Petitioner’s positions are clearly inconsistent and, due to its own conduct in the face of Patent Owner’s consistent assertions that plain and ordinary meaning applies, Petitioner should not benefit from this inconsistency. To suggest otherwise, Petitioner first argues that “a party may advance a more detailed meaning of a term in district court...while also asserting that the Board need not expressly construe the term to resolve patentability.” Reply at 1-2 (citing *Chanel v. Molo Design*, IPR2022-00543, Paper 7 at 9-10 (PTAB Aug. 12, 2022)). But Petitioner did not elaborate on a meaning of the term “barcode” at the District Court consistent with the meaning it presents here. There, Petitioner advocated for a narrow scope of the term in order to avoid reading on an explicit disclosure of “barcode.” In contrast here, Petitioner seeks the plain and ordinary meaning of the term to cover a purported disclosure of “barcode” in the prior art. That is not a mere difference in detail—rather, according to Petitioner before the District and Appellate courts, it is a material difference in scope. Moreover, the circumstances here are distinguishable from those

in *Chanel*. In *Chanel*, the district court action had been stayed and thus did not (and would not) reach a final judgment. *Chanel*, IPR2022-00543, Paper 7 at 2. Thus, there was no concern of conflicting claim scope for the same term being applied across the district court and the PTAB. The Patent Owner in *Chanel* also failed to identify how the Petitioner's differing claim construction would impact the present issues before the Board. *See id.* at 10. Here, however, Patent Owner has specifically described how the single ground of unpatentability proposed by Petitioner would fail if Petitioner were held to its district court claim construction.

Petitioner's second argument is that its positions here are not inconsistent because Petitioner relies on Yoakim for disclosure of a "barcode"—not Jarisch. Petitioner misses the point. Petitioner previously advocated that K-fee's patent claims requiring a "barcode" did not cover Petitioner's Vertuo product, even though Petitioner (in a manner akin to the disclosure of Yoakim) publicly represented that the Vertuo product contains a "barcode." POPR at 58. Petitioner now argues that Yoakim's cursory and passing mention of "barcode" satisfies the same scope. Those positions are clearly inconsistent. Petitioner should not be able to arbitrarily decide when a mention of "barcode" means "barcode" within the Patent Owner's patents and when it does not.

Petitioner's final argument is that judicial estoppel does not apply. But Petitioner's cases do not overcome the binding authority in the Preliminary

Response. Indeed, Petitioner cites no binding authority that judicial estoppel should not apply in Board proceedings or to the facts here. The Federal Circuit has explained “[j]udicial estoppel applies just as much when one of the tribunals is an administrative agency as it does when both tribunals are courts.” *Trs. in Bankr. of N. Am. Rubber Thready Co., Inc. v. United States*, 593 F.3d 1346, 1353 (Fed. Cir. 2010). Importantly, each of the three factors is met here. POPR at 58-59. It is clearly inconsistent for Petitioner to prevail on non-infringement based on a claim construction of “barcode” where its product is depicted in marketing materials as having a “barcode,” but then to advocate that three passing references to a “barcode” (without more) in the Yoakim reference satisfies the same limitation. This is a clear case of judicial estoppel, and the Petition should be denied on this basis alone.

Patent Owner’s Possession of the Invention Prior to Jarisch. Petitioner’s attempt to discredit the line of cases anchored by *In re Stempel* ignores the fact that the Patent Office continues to regularly rely on this case and its progeny in its current practice. Indeed, as described in the Preliminary Response, courts recognize that the Patent Office continues to apply this standard. POPR at 31 (citing *Plexxikon Inc. v. Novartis Pharm. Corp.*, 525 F. Supp. 3d 1104, 1112-15 (N.D. Cal. 2021)). In contrast to the decades-old cases that Petitioner cites to argue that *In re Stempel* contradicts Federal Circuit precedent, the Board has specifically explained in recent years that “[a] declaration under 37 C.F.R. § 1.131 can be used by an inventor to

antedate a reference that qualifies as prior art . . . by showing that the inventor made ***that portion of the claimed invention that is disclosed in the prior art reference.***” *Unisense Fertilitech A/S v. Bd. of Trs. of Stanford*, Appeal 2017-007658 (Dec. 1, 2017), 2017 Pat. App. LEXIS 11067, at *19 (citing *In re Stempel*); *see also Ex parte Yoon*, Appeal 2018-007021 (Feb. 7, 2020) 2020 Pat. App. LEXIS 9075, at *9 (citing *In re Stempel*); *Fidelity Information Services, LLC v. Groove Digital, Inc.*, IPR2019-00050, Paper 65 (Apr. 30, 2020), 2020 Pat. App. LEXIS 13160 at *37-38. Applying the *Stempel* principle that the Patent Office regularly utilizes, Patent Owner has shown unequivocally through a Rule 131 Declaration that the inventor of the ’923 Patent conceived of the use of a barcode identifier on the underside of a capsule flange prior to the effective filing date of Jarisch. Thus, Patent Owner has shown that the ’923 Patent antedates Jarisch.

The Examiners’ Thorough Examination of the Art. Patent Owner’s interactions with Examiners of this and related patents directly counter Petitioner’s insinuations of nefarious conduct leading to Examiner error (factor (c)). Indeed, it was Petitioner who first lodged the accusation that Patent Owner’s “bury[ing] PTO examiner[] with a deluge of prior art references” resulted in Examiner error by impairing the Examiner’s ability to properly evaluate the prior art. Pet. at 24-25. Not so. Communications with Examiner Jennison regarding a related patent confirm that the number of references was not excessive or unduly burdensome. POPR at 19-20.

Rather than “bury” the Examiner with references, Patent Owner’s recent communications show that not only has Patent Owner drawn multiple Examiners’ attention to the most relevant art, but they also show that Examiners have been well aware of their relevance to this family of patents. *See* POPR at 29 (acknowledging that “these [references] seem to be the most relevant to the co-pending applications”). The Examiner of the ’923 Patent has been presented with and considered references such as Jarisch in related prosecutions. POPR at 25-26. Multiple Examiners have had ample opportunity to consider the references at issue here, and have still elected to allow the claims, showing that not only was the asserted art thoroughly evaluated, but that any “error” in overlooking them is highly improbable.

Moreover, the ’923 Patent was identified by Petitioner’s affiliate Societe des Produits Nestle S.A. in its efforts to provoke an interference with its own patent application, and presumably received additional scrutiny from Examiner and his Supervisors as a result. *Ex. 2009* at 6002. The Board should thus exercise its discretion and deny institution.

Date: July 24, 2023

Respectfully submitted,

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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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