

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMERICAN FUJI SEAL, INC.,
Petitioner

v.

BROOK & WHITTLE LIMITED
Patent Owner

IPR2025-01176
Patent No. 11,961,422

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL

TABLE OF CONTENTS

I.	Introduction and Relief Requested	1
II.	Background.....	3
A.	Overview of the ’422 Patent.....	3
B.	Prosecution History of the ’422 Patent	3
C.	Fuji’s IPR Petition	4
D.	MCC’s PGR Petition	4
III.	Discretionary Denial is Warranted	5
A.	The <i>Fintiv</i> factors weigh in favor of denial of institution	5
1.	Factor 1	5
2.	Factor 2	6
3.	Factor 3	6
4.	Factor 4	7
5.	Factor 5	9
6.	Factor 6	10
B.	The Petition is an impermissible serial attack on the ’422 Patent	10
1.	Factor 1: Relationship Between Petitioners and Knowledge of Prior Proceedings	11
2.	Factor 2: Knowledge of the Art at Time of First Petition.....	12
3.	Factor 3: Fuji Benefitted from the PGR Briefing	13
4.	Factors 4 and 5: Timing and Lack of Explanation for Delay	13
5.	Factors 6 and 7: Waste of PTAB Resources and Inefficiency	14

C.	All grounds rely on the same or substantially the same art and arguments that were considered by the Office	14
a.	Schurr.....	15
b.	Kitano and Lee.....	17
D.	Additional Factors Support Discretionary Denial.....	19
1.	The Petition is Weak and Relies Extensively on Conclusory Argument.....	19
2.	The Relatively Early Challenge is not a Significant Factor.....	20

LISTING OF EXHIBITS

EX	DESCRIPTION
2001	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 1 (Complaint)
2002	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 46 (Fuji Reply to Motion to Dismiss)
2003	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, FSI Resp. to Plaintiff's Interrogatories
2004	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 50 (Defendants' Unopposed Motion for Leave to Supplement Invalidity Contentions Under P.R. 3-6(b))
2005	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 51 (Order granting D.I. 50)
2006	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Docket Report, generated Sept. 4, 2025
2007	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 16 (Docket Control Order)
2008	<i>American Fuji Seal, Inc. v. Brook + Whittle LTD</i> , 1:24-cv-01215-MN, D.I. 24 (Order granting motion to stay)
2009	<i>American Fuji Seal, Inc. v. Brook + Whittle LTD</i> , 1:24-cv-01215-MN, D.I. 13 (Motion to dismiss)
2010	E.D. Tex. Median Time to Trial Statistics
2011	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 80 (Report and Recommendation recommending denying motion to dismiss for improper venue)
2012	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 87 (Order adopting Report and Recommendation and denying motion to dismiss)
2013	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Invalidity Contentions
2014	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 61
2015	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 62
2016	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 64
2017	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 71

2018	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 72
2019	<i>Brook + Whittle LTD v. Nestle USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP, Dkt. 83 (Joint claim construction and prehearing statement).
2020	Stipulation of American Fuji Seal, Inc.
2021	Stipulation of Nestle USA, Inc.
2022	Stipulation of Fuji Seal International, Inc.
2023	Deposition Transcript of Dr. Robson F. Storey, <i>Brook + Whittle LTD v. Nestle' USA, Inc. et al.</i> , 2:24-cv-00735-JRG-RSP (September 16, 2025, rough).

I. INTRODUCTION AND RELIEF REQUESTED

Under the bifurcated procedure established by the Interim Processes for PTAB Workload Management (“USPTO Guidance”), the Director should exercise her discretion to deny institution because of the following deficiencies:

First, denial is warranted under 35 U.S.C. § 314(a) because the validity of the challenged claims will be resolved by the Eastern District of Texas (“E.D. Tex.”) (*Brook + Whittle LTD v. Nestle USA, Inc.*, 2:24-cv-00735-JRG-RSP) (EX2001), where trial is set for May 18, 2026—five months before the deadline for the anticipated final written decision (“FWD”) (October 2026). The case is pending against Petitioner’s parent company and ultimate controlling entity: Fuji Seal International (“FSI”). Petitioner’s very late petition—which it waited to file until thirteen months after it first learned of the ’422 patent (EX2003), and over nine months after Brook + Whittle (“Patent Owner” or “B+W”) filed in E.D. Tex.—all but guarantees the E.D. Tex. will resolve validity for the challenged claims prior to FWD. Proceeding with a parallel PTAB trial is inefficient and unnecessary and Petitioner’s inexplicable delay warrants denial of institution. *NKT Photonics Inc. v. Omni Continuum LLC*, IPR2025-00839, Paper 10 at 2-3 (P.T.A.B. Sept. 4, 2025).

Second, an earlier post grant review (“PGR”) petition (PGR2025-00025) was filed by Multi-Color Corporation (“MCC”) on January 16, 2025 and thus this Petition is a second bite at the apple under the *General Plastic* and *Valve II*

framework. *See General Plastic Indus. Co., v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper No. 19 (P.T.A.B. 2017) (precedential); and *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062, Paper No. 11 (P.T.A.B. 2019) (precedential) (applying *General Plastic* to second petition filed by different petitioner). Although MCC and American Fuji Seal (“Petitioner” or “Fuji”) are not formally related, they are direct competitors with each other and with B+W. Fuji was aware of the earlier PGR and timed its petition to benefit from PO’s Preliminary Response (POPR), effectively seeking a second bite at the apple. Allowing institution would waste PTAB resources and encourage unfair, serial attacks on the patent. The timing of Fuji’s petition illustrates a larger strategy of delay—lying in wait, studying B+W’s Discretionary Denial brief and POPR and, when strategically favorable, filing a second-bite-at-the-apple petition—that further supports denial under § 314(a).

Third, denial is also appropriate under 35 U.S.C. § 325(d) because all grounds are based on the same or substantially the same art and arguments that were previously presented to, and rejected by, the Office without error.

Fourth, the Petition is substantively weak, relying almost entirely on (flawed) expert testimony to fill gaps in the applied art and offering only conclusory analysis of the knowledge and motivation of a POSA.

II. BACKGROUND

A. Overview of the '422 Patent

The '422 Patent concerns a recyclable shrink label with a light blocking layer, where the label is recyclable along with a container. EX1001, Abstract. In the packaging industry—particularly for dairy, food, and nutraceutical markets—there is a need for labels that protect contents from light exposure, which can affect shelf life and product quality. EX1001, 1:14-19. Traditional solutions, such as color impregnated bottles or containers with shrink films, often either fail to provide adequate light blocking or cannot be recycled with the container. EX1001, 1:20-25. The '422 Patent addresses these issues by disclosing recyclable, light blocking, heat shrink labels, with the key feature that the claimed labels are recyclable together with the containers. EX1001, 1:36-3:3, 5:4-43, 18:25-30, Figs. 1A-1E, 2.

B. Prosecution History of the '422 Patent

The '422 Patent issued from Application No. 18/103,234. During examination, the Examiner issued multiple rejections based on prior art references, including Mitchell (EX1002, 224) and Sasaki (EX1003, 113). In response, B+W amended the claims to require a heat shrink film comprising PET and to specify that the label is “recyclable with a PET container.” EX1003, 82. The Examiner ultimately allowed the claims after considering B+W’s amendments and arguments. A more detailed discussion of the prosecution history is set forth in Section III.C below, in the context of the § 325(d) analysis.

C. Fuji's IPR Petition

The instant IPR was filed by Fuji on June 24, 2025, and asserts three patents: (i) US Patent No. 11,358,363 (Schurr); (ii) JP 2017-114041 (Kitano); and (iii) US Patent Publication No. 2022/0389214 (Lee), all of which were publicly available patents discoverable by the Patent Examiner. The grounds asserted include:

Ground	Claims	Basis	Art
1	1-19	§ 103	Schurr + alleged POSA knowledge
2	1-10	§ 103	Kitano, Lee + alleged POSA knowledge

D. MCC's PGR Petition

Prior to the present IPR, on January 16, 2025, Fuji's strategic competitor, MCC, filed a PGR related to the same claims of the '422 Patent, PGR2025-00025. MCC's petition relied on its own Gatorade and Febreze product labels ("Prior Art Labels"), in combination with patents that had been considered and overcome during examination. The PGR asserted the following grounds:

Ground	Claims	Basis	
1	1-3, 5-19	§ 102	Gatorade label
2	4	§ 103	Gatorade label + alleged POSA knowledge (e.g., Mitchell)
3	4	§ 103	Gatorade label + Febreze label
4	1-19	§ 112	Indefiniteness

B+W filed a Request for Discretionary Denial on May 21, 2025 and its POPR on June 23, 2025, the day before the present petition was filed. The Director referred the Petition to the Board to consider the merits of the Petition and POPR, in part because MCC is not a party in the E.D. Tex. PGR2025-00025, Paper 10 at 2.

III. DISCRETIONARY DENIAL IS WARRANTED

A. The *Fintiv* factors weigh in favor of denial of institution

1. Factor 1

Given the very delayed timing of this petition relative to the advanced posture of the E.D. Tex. case, it is highly unlikely that Judge Gilstrap will stay the District Court case from reaching trial in May 2026. The E.D. Tex. litigation started over a year ago on September 8, 2024. EX2001. Indeed, the parties have already exchanged substantial discovery (including over 194,000 pages of documents), conducted several depositions, and are approaching deadlines of the close of claim construction discovery (September 23, 2025), and a substantial completion of document discovery (October 7, 2025), all of which would occur well in advance of any potential institution of this IPR (on or around January 2026). EX2007, 4; EX2006. The E.D. Tex. regularly denies stays in such circumstances. *See, e.g., Intell. Ventures I LLC v. T Mobile USA, Inc.*, 2018 WL 11363370, at *4 (E.D. Tex. 2018) (denying stay pending completion of instituted IPRs); *Gesture Tech. Partners, LLC v. Huawei Dev. Co.*, 2022 WL 22883301, at *2 (E.D. Tex. 2022) (similar).

Petitioner filed a copy-cat litigation in the District of Delaware (“D. Del.”), seeking declaratory judgment (“DJ”) of the same relief PO sought in its much earlier filed E.D. Tex. case, but failed to show any exception to the first-to-file rule. EX2008. Accordingly, the D. Del. case has been stayed pending resolution of the

E.D. Tex. matter. *Id.* As the E.D. Tex. will resolve all issues in Fuji's DJ request, EX2009, 7, the first factor weighs in favor of discretionary denial.

2. Factor 2

According to the scheduling order in the E.D. Tex., EX2007, jury selection for trial is set for May 18, 2026—approximately five months before the deadline for the anticipated IPR FWD (October 2026). This trial date aligns with the median time to trial statistics for patent cases in E.D. Tex. of 640 days. EX2010. Thus, the E.D. Tex. trial will likely precede the FWD, heavily favoring discretionary denial.

3. Factor 3

The parties and Court have invested substantial effort into the parallel proceeding. In addition to the substantial document and deposition discovery discussed in Section III.A.1 above, the parties have engaged in substantial motion practice and claim construction exchanges. Both the Magistrate Judge and District Court Judge have considered and denied co-defendant Nestle's motion to dismiss. EX2011; EX2012. B+W filed two discovery motions against Defendants, both of which were eventually stipulated to, resulting in substantial additional document productions. EX2006 (Dkt. 53); EX2014; EX2015; EX2016; EX2017; EX2018.

B+W served infringement contentions (November 7, 2024). The parties have complied with the standing order on eligibility contentions and Defendants served invalidity contentions, both on January 2, 2025. The parties have exchanged claim

construction materials and expert reports, and depositions of each party's claim construction experts are set to take place contemporaneously with this filing. EX2007; EX2019. Prior to the anticipated institution decision in the IPR, the parties will have completed the claim construction process including oral argument at the *Markman* hearing. EX2007. Additionally, fact discovery will have been completed, opening expert reports will have been served, and the close of expert discovery will be about two weeks away. *Id.* Thus, the third factor weighs heavily in favor of discretionary denial. *See Cellco P'ship v. Pegasus Wireless Innovation LLC*, IPR2025-00137, Paper No. 17 (P.T.A.B. 2025) (granting discretionary denial citing likelihood the E.D. Tex. trial would occur before the FWD and the significant investment in the district court proceeding).

4. **Factor 4**

In the E.D. Tex., Defendants asserted the same three prior art references asserted here—Schurr, Kitano, and Lee—in Defendants' invalidity contentions. EX2013. In addition, Defendants sought a motion for leave to supplement their invalidity contentions with the "Prior Art Labels" "first learned about" from MCC's PGR, which the district court granted. EX2004; EX2005. Thus, there is substantial overlap between validity related issues in the E.D. Tex. and in this IPR.

On September 9, 2025, Petitioner, Nestle, and FSI served stipulations agreeing not to pursue in the parallel litigation any grounds raised or any grounds

that reasonably could have been raised before the PTAB if the IPR proceeding is instituted “consistent with the stipulation made by the petitioner in *Sotera*.” EX2020; EX2021; EX2022. The stipulations, however, do not eliminate the inefficiencies and burdens imposed on the parties, the Board, and the E.D. Tex. by concurrently litigating validity issues in multiple proceedings. *See e.g., Shenzhen TuoZhu Tech. Co. v. Stratasy, Inc.*, IPR2025-00354, Paper No. 11 (P.T.A.B. 2025). For example, Fuji’s and Nestlé’s invalidity arguments in the E.D. Tex. are broader and include combinations of the prior art asserted here with unpublished system prior art that will not be mooted by Petitioner’s stipulation. *See Ingenico Inc. v. IOENGINE, LLC*, 136 F.4th 1354, 1367 (Fed. Cir. 2025) (citing *Motorola Sols. v. Stellar, LLC*, IPR 2024-01205, Paper 19 at 3-4) (IPR estoppel does not apply to “grounds that could not be raised during an IPR”). Indeed, in the E.D. Tex., Defendants assert Schurr, Kitano, and Lee as well as the Gatorade and Febreze system art and explicitly state that a POSITA “would have been motivated to modify and/or combine the disclosures of any prior art reference identified in...these Invalidity Contentions...in view of and/or with any other prior art reference identified.” EX2013 at 20, 5-6; EX2004 (motion to supplement invalidity contentions to add system art combinations); EX2005 (order granting motion). Given the high likelihood that the E.D. Tex. litigation would not be stayed even if this IPR is instituted (*see* Section III.A.1 above), there is a strong likelihood that both

the Board and the jury in the E.D. Tex. would decide similar issues of validity. Thus, consistent with the Director's guidance, the *Sotera* stipulations do not ensure that this IPR proceeding will be a "true alternative" to E.D. Tex. *Motorola*, Paper 19 at 3-4. Any potential efficiencies from the stipulations are outweighed by the investment in the E.D. Tex. and its earlier trial date. *Id.* Accordingly, the stipulations deserve little weight, and this factor weighs in favor of discretionary denial.

5. Factor 5

Petitioner American Fuji Seal, Inc. is effectively the same entity as FSI, the Defendant in the E.D. Tex. FSI owns 100% of Petitioner, EX2009, 9, and has stated in public briefs that "it is the parent holding company of [a group of companies including Petitioner] *responsible for strategic and managerial functions...*" EX2002, 4 (emphasis added). Petitioner concedes that it is merely an "overseas office" of FSI and that its CEO is an "Executive Officer" of FSI. EX2009, 9. Petitioner also does not have its own website, but rather FSI's website states that "Staff of the Intellectual Property Division visit each Business base to exchange opinions with idea proposers and managers." *Id.* Thus, Petitioner and Defendant FSI are effectively the same entity. See *Rovi Corp. v. Haier Grp. Corp.*, 2013 WL 4534641, at *1, *4 (D. Del. Aug. 23, 2013) (finding agency relationship where parent wholly owned subsidiary and all IP, both had overlapping directors, and shared similar names). This factor therefore weighs in favor of discretionary denial.

6. Factor 6

As will be detailed in the forthcoming POPR and highlighted below in Section III.D.1, the merits presented in the Petition fall woefully short of compelling.

Given that the trial in the E.D. Tex. is scheduled to predate the FWD by five months and the parties have invested substantial resources in that proceeding, the Director should exercise discretion and deny institution under § 314(a) after weighing all of the factors and taking a holistic view of the relevant circumstances.

B. The Petition is an impermissible serial attack on the '422 Patent

The Director should also decline to institute the Petition under § 314(a) in view of the earlier-filed PGR petition challenging the same patent. The present petition is a transparent attempt by strategically aligned competitors to obtain a second bite at the apple by lying in wait until PO filed its Discretionary Denial Request and POPR to the PGR petition. For example, MCC's PGR petition treats "recyclable" as an allegedly indefinite term but fails to address this issue in light of the '422 prosecution history or to directly engage with the specific claim construction of "recyclable with a PET container." Instead, the PGR petition interprets "recyclable" in general terms, referencing the '422 specification and purported industry standards, but does not discuss the prosecution history as it relates to the meaning of "recyclable with a PET container." In response, both the PO's Discretionary Denial Request (at 7-10, 28, and 42) and POPR (at 11-14) argue that

“recyclable with a PET container” must be construed in light of the ’422 specification and file history, and that B+W distinguished the applied art by amending the claims to clarify that labels are “recyclable with a PET container.”

Given the timing of the IPR petition, it appears that Petitioner benefitted from review of the Discretionary Denial brief and the POPR. In contrast to the PGR petition, the IPR petition addresses the claim construction issue directly, provides a detailed analysis of the prosecution history, articulates its position regarding the construction of “recyclable with a PET container,” and incorporates this position into its asserted grounds. The contrast between the PGR’s and IPR’s treatment of the term “recyclable with a PET container” suggests that the IPR petition was drafted with a clear awareness of PO’s positions in the PGR Discretionary Denial brief and POPR, and the need to address it directly—something the PGR petition failed to do.

Furthermore, Petitioner was undisputedly aware of the ongoing PGR as it included it within the “Related Matters” section. Pet. at 11-12. Thus, it is clear from the timing that Petitioner strategically waited until after B+W filed its Discretionary Denial and POPR in the PGR to glean advantages from B+W’s responses.

1. Factor 1: Relationship Between Petitioners and Knowledge of Prior Proceedings

There is a clear competitive relationship among MCC and Fuji, and PO as all are direct competitors in the shrink label market. As explained in Section III.A.4 above, Fuji, FSI, and Nestlé were aware of MCC’s PGR petition prior to filing this

IPR and used it to gain advantage. Even where petitioners are not the same entity, a significant relationship or shared interest—such as competitors targeting the same patent—can weigh against institution, especially when the later petition leverages the earlier proceeding to mount a more effective challenge, as is the case here. *See Valve II* at 9-10; *General Plastics* at 21. The Board has found that coordinated, serial attacks raise concern of fairness and favor denial. *See id.*

2. Factor 2: Knowledge of the Art at Time of First Petition

At the time MCC filed its PGR petition, *Petitioner knew about* the references now asserted in the IPR—Schurr, Kitano, and Lee—indeed FSI charted them in its invalidity contentions and FSI and Petitioner are represented by the same counsel in both proceedings. *Compare* EX2004, 3 (listing Frost Brown Todd LLP as counsel for Defendants), *with* Pet. at 75 (same); *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1287 (Fed. Cir. 2007) (finding knowledge of attorney is imputed to client). It is no surprise that Petitioner knew of these references since all three are patents and published applications that a reasonably diligent search by MCC at the time of the PGR would likely have uncovered. Indeed, the '422 patent shares overlapping fields of classification with both Schurr and Kitano. All three are classified under B32B (layered products/multilayer films). *Compare* EX1002, 182, *with* EX1006 (cover page), *and* EX1007, 2. The '422 patent and Kitano also relate to B65D (packaging/containers). *Compare* EX1001 (cover page), *with* EX1007, 2.

That Fuji now relies on Schurr, Kitano, and Lee—references that were found and could have been asserted by MCC in the PGR—demonstrates an impermissible attempt to stage prior art and arguments across multiple proceedings.

3. Factor 3: Fuji Benefitted from the PGR Briefing

Fuji filed the present IPR petition on June 24, 2025, one month after B+W filed its Discretionary Denial Request and the day after B+W filed its POPR in the PGR. This highly suspect timing is indicative of strategic behavior. As explained in Section III.B.1 above, Petitioner used this delay strategy to (ineffectively) prebut PO's claim construction arguments by adopting a construction similar to the construction B+W proposed in its pre-institution briefing. This change in tactic—MCC attempted to argue that no construction is necessary in order to capture prior art labels that are separated from the bottle prior to or during recycling—was enabled by reviewing B+W's briefs, a tactic unfair to the PO and which undermines the integrity of the IPR process. *See Valve II* at 9-10; *General Plastics* at 21.

4. Factors 4 and 5: Timing and Lack of Explanation for Delay

Petitioner's delay in filing the present IPR is a transparent strategic tactic and therefore this factor favors discretionary denial. The Petition does not explain when Petitioner first learned of Schurr, Kitano, and Lee. However, Defendants in E.D. Tex. included all three references in their January 2, 2025 invalidity contentions. EX2013. Moreover, Defendants are represented by the same counsel as Petitioner

here, *Compare* EX2004, 3, *with* Pet. at 75; *Immunocept*, 504 F.3d at 1287 (finding knowledge of attorney is imputed to client). As explained above in Section III.B.2., Petitioner inexplicably waited thirteen months to file after it first learned of the '422 patent, and over nine months after B+W sued Petitioner's parent company for Petitioner's infringement in the E.D. Tex. Petitioner's delay tactics warrant denial.

5. Factors 6 and 7: Waste of PTAB Resources and Inefficiency

Allowing institution would waste the PTAB's finite resources. The Board's mandate is to efficiently resolve patent validity disputes, but serial petitions challenging the same patent—particularly by competitors aware of each other's proceedings—undermine this goal. The present IPR is not a simultaneous, independent challenge, but a staggered, follow-on attack that exploits PO's briefing in the PGR (*see* Section III.B.3 above) and introduces prior art that could have been asserted earlier. The Board has recognized serial and repetitive attacks foster harassment and piecemeal litigation rather than a “quick and cost-effective alternative[] to litigation.” *See Valve II* at 9-10; *General Plastics* at 17.

C. All grounds rely on the same or substantially the same art and arguments that were considered by the Office

Schurr, Kitano, and Lee are substantially the same as, and cumulative of, references that were considered during '422 prosecution. Petitioner's art and arguments are also cumulative of the Examiner's and warrant discretionary denial.

a. **Schurr**

Petitioner's arguments based on Schurr are cumulative of the Examiner's reliance on Mitchell. For example, the Examiner rejected B+W's claims as obvious over Mitchell because Mitchell "teaches an electromagnetic radiation blocking label arrangement and a container comprising the radiation blocking label arrangement thereon." EX1002, 224. The Examiner explained that Mitchell's label includes, among other layers, a first skin layer (heat shrink film) and a metallization layer (light blocking layer). EX1002, 224 (citing Mitchell Figs. 3-7; [0004-0014, 0091-0109, 0112, 0138, 0149, 0176-0177, 0179, 0185-0187]). Likewise, Petitioner contends Schurr discloses a label with shrink and light blocking layers. Pet., 35-37.

The Examiner further asserted that Mitchell's light blocking layer comprises "aluminum (light blocking component) and exhibits UV light and visible light transmittance below 5%—that is, it blocks at least 80% of incident light in the 200nm to 900nm range). EX1002, 224 (citing Mitchell [0101-0106]). Similarly, Petitioner contends that Schurr discloses a light blocking component that blocks at least 80% of light in the 360 to 750 nm range. Pet. at 37-38.

Regarding the "recyclable" claim limitation, the Examiner argued that, because Mitchell "teaches all the structural features of claim 1," it would therefore "be capable of performing in the manner claimed [i.e., be recyclable]." EX1002, 225. The Examiner further argued that Mitchell "teaches that the shrinkable labels

provide easy separate [*sic*] during recycling processes.” *Id.* (citing [0235-0252]). In response, B+W explained that “[n]ot all combinations of shrink films and light blocking materials are capable of being recycled” and that “removing the label before or during the recycling process is not evidence of the recyclability of the label.” EX1003, 88. B+W also amended the ’422 claims to clarify that “the recyclable shrink label is recyclable with a PET container.” *Id.*, 82. The Examiner accepted B+W’s argument, indicating in the subsequent office action that B+W’s arguments were “moot because the new ground of rejection does not rely on any reference applied in the prior rejection of record.” *Id.* at 121.

Schurr suffers from the same deficiencies as Mitchell. Petitioner does not allege or provide any evidence that Schurr discloses a shrink label that is recyclable with the container. Indeed, Schurr discloses the opposite. Schurr’s disclosure contains just five sentences relating to recycling a label affixed to a container. EX1006, 15:43-63. Like Mitchell, Schurr discloses that its label should be *separated* from the container prior to recycling. For example, Schurr discloses that “[t]he film ... wraps the object, for example a bottle or can” and “[w]hen the object [i.e., bottle or can] is recycled, the material of the films ... can be separated from the material of the transparent object.” EX1006, 15:40-60 (emphasis added). According to Schurr, the ability of the label to be separated from the object allows “the transparent material of the object [to] be used again...after the recycling process.” *Id.* at 15:60-

63 (emphasis added). Thus, Schurr discloses only a recycling process in which the label is removed from the container before recycling. This same argument was previously considered and rejected by the Examiner. EX1003, 121.

Similarly, Petitioner’s conclusory assertion that “ensuring Schurr’s label was ‘recyclable with a PET container’ would be obvious” simply because “[a] POSITA would understand this term in the context of established industry practices...aimed at preventing contamination of the PET recycling process” (Pet. at 40) was previously considered and rejected during ’422 prosecution. The Examiner agreed that “[n]ot all combinations of shrink films and light blocking materials are capable of being recycled” and “removing the label before or during the recycling process is not evidence of the recyclability of the label.” EX1003, 88, 121.

b. Kitano and Lee

Similarly, in Ground 2, Petitioner’s obviousness arguments based on Kitano and Lee are cumulative of the art and argument previously considered. As described above in Section III.C.1.a, the Examiner rejected the Applicant’s claims as obvious over Mitchell. EX1002, 224. Kitano suffers from the same deficiencies as Mitchell. Petitioner admits that Kitano discloses a label that is removed from a container prior to entering the recycling stream and acknowledges that Kitano *praises* the label’s separability. Pet. at 60 (citing EX1007, [0009]). Thus, like Mitchell, Kitano fails to teach “a recyclable label that is recyclable with a PET container.”

Petitioner relies on Lee to cure this deficiency, but Lee, too, is cumulative of art asserted by the Examiner. Notably, the Examiner cited Sasaki's (JP2009-214535) disclosures of a "heat shrinkable synthetic resin film that may be colored transparently or opaquely with a coloring agent," where the "crystalline polymeric film contains a polymer (light blocking component), cavities, and has a transmittance for light of a wavelength selected from 300nm to 780nm of 5% or less," and indicates that its label can be "easily recycled."¹ EX1003, 195.

Similarly, Petitioner cites Lee for disclosing "a polyester resin blend and films made therefrom, specifically for heat-shrinkable labels that are compatible with PET container recycling streams." However, like Sasaki, Lee does not disclose a light

¹ In his E.D. Tex. deposition, Dr. Storey questioned Lee's disclosure of recyclability. Although he opined in his IPR declaration that Lee discloses a PET blended label that can be recycled in a PET stream (EX1004 ¶ 80, *see also* ¶¶ 53, 79, 215), when asked about the veracity of this statement in his deposition, he testified "I don't have an opinion on that, really. I just know that some folks, the APR document for example, says that this cannot be used. Lee says it can." EX2023, 174:13-24. When asked "[s]o you have no opinion on whether Lee's disclosed heat shrinkable label can be processed within a standard PET recycling stream. Is that right?," he responded, "That's correct." *Id.*, 175:3-8.

blocking layer comprising a light blocking component, wherein the light blocking component comprises a particulate having a particle size of 0.1 micron to 100 micron, wherein the particulate comprises metal, metal oxide, a reflective pigment, carbon black, mica, or a combination thereof. *Id.*, 182; EX1010. Instead, Lee explicitly states that “haze,” defined as “a percentage of the diffuse transmittance to the transmittance,” is “most preferably 0%” and discloses techniques to “**prevent**[] an increase in haze due to precipitation of oligomers during stretching at a high temperature, **maintaining high transparency** after stretching.” EX1010, [0051], [0078], [0110] (emphasis added). As the Notice of Allowance confirms, Sasaki—like Lee—teaches away from including a particulate light blocking component. EX1003, 196. Accordingly, the art and arguments raised in the Petition are cumulative of those considered by the Examiner. *Intel Corp. v. InterDigital, Inc.*, IPR2024-01441, Paper 13 at 16 (P.T.A.B. Apr. 1, 2025).

D. Additional Factors Support Discretionary Denial

1. The Petition is Weak and Relies Extensively on Conclusory Argument

Petitioner relies almost entirely on conclusory expert testimony to support its obviousness grounds, offering little or no substantive analysis in the Petition itself. Petitioner's expert offers minimal analysis based on objective evidence and instead makes unsupported assertions about the knowledge of a POSA to compensate for significant gaps in the asserted art. As just one example, Dr. Storey baldly claims

Schurr's film "using carbon black that already demonstrates >88% blocking in the 360-750nm range would necessarily, inherently exhibit very strong blocking (well exceeding the 80% threshold) across the broader 200-900nm range claimed in the '422 patent, simply due to the inherent, well-known optical absorption characteristics of carbon black pigment." EX1004, ¶ 103; *see also* Section III.C.b, n.1.

2. The Relatively Early Challenge is not a Significant Factor

Consistent with the approach in *Cisco Systems, Inc. v. QPrivacy USA LLC*, IPR2025-00836, Paper No. 11 (P.T.A.B. August 29, 2025) (discretionarily denying a petition challenging patent issued in November 2023), the relatively recent issuance of '422 in April 2024 does not constitute a significant factor in the discretionary denial analysis where, as here: (1) Petitioner strategically chose to lie in wait before filing a second-bite-at-the-apple petition, (2) trial in the E.D. Tex. will occur well before the PTAB's FWD, (3) the parties and the E.D. Tex. have already made substantial investments in the parallel proceeding, and (4) there is no indication that the E.D. Tex. Litigation will be stayed in favor of the IPR.

In such circumstances, the efficiency, avoidance of duplicative proceedings, and respect for the investment in the parallel forum are paramount. The recency of the patent, standing alone, does not outweigh these considerations and should not preclude discretionary denial of institution.

Dated: September 16, 2025

Respectfully submitted,

/s/ W. Todd Baker

W. Todd Baker

Reg. No. 45,265

todd.baker@kirkland.com

Tera Stone

(*pro hac vice* to be submitted)

tera.stone@kirkland.com

Steven Dirks

(*pro hac vice* to be submitted)

steven.dirks@kirkland.com

Kelly Tripathi

(*pro hac vice* to be submitted)

kelly.tripathi@kirkland.com

KIRKLAND & ELLIS LLP

1301 Pennsylvania Ave., N.W.

Washington, D.C. 20004

Telephone: (202) 389-5000

Facsimile: (202) 389-5200

Attorneys For Patent Owner

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Patent Owner's Request for Discretionary Denial was served on September 16, 2025, via electronic mail directed to counsel of record for the Petitioner:

Paul J. Linden
Barry M. Visconte
John H. Bieber

plinden@fbtlaw.com
bvisconte@fbtlaw.com
jbieber@fbtlaw.com

/s/ W. Todd Baker

W. Todd Baker

CERTIFICATE OF COMPLIANCE

This Patent Owner's Request for Discretionary Denial complies with the type-volume limitations as mandated in 37 C.F.R. § 42.24. According to the word processing system used to prepare this document, the brief contains 4,712 words.

/s/ W. Todd Baker

W. Todd Baker