

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMERICAN FUJI SEAL, INC.,

Petitioner,

v.

BROOK + WHITTLE LTD.,

Patent Owner.

Case No.: IPR2025-01176

U.S. Patent No. 11,961,422

**PETITIONER'S CORRECTED OPPOSITION TO PATENT OWNER'S
REQUEST FOR DISCRETIONARY DENIAL**

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PETITIONER'S EXHIBIT LIST

NO.	DESCRIPTION	REFERRED TO AS
1001	U.S. Patent No. 11,961,422	'422 Patent or Challenged Patent
1002	File History for '422 Patent (Part I)	'422 Patent File History
1003	File History for '422 Patent (Part II)	'422 Patent File History
1004	Declaration of Dr. Robson F. Storey, Ph.D.	Storey Decl. or EX-1004
1005	CV of Dr. Robson F. Storey, Ph.D.	Storey CV or EX-1005
1006	US 11,358,363 B2	Schurr or EX-1006
1007	JP 2017-114041 A	Kitano or EX-1007
1008	JP 2004-250040 A	Ohta or EX-1008
1009	U.S. Pat. Pub. No. 2016/0361939	Keulders or EX-1009
1010	U.S. Pat. Pub. No. 2022/0389214	Lee or EX-1010
1011	Tamma, Paola; Schaart, Eline; Gurzu, Anca (11 December 2019). "Europe's Green Deal plan unveiled". <i>POLITICO</i> .	Tamma or EX-1011
1012	Schyns, Zoé OG, and Michael P. Shaver. "Mechanical recycling of packaging plastics: a review." <i>Macromolecular rapid communications</i> 42.3 (2021): 2000415.	Schyns or EX-1012
1013	Ügdüler, Sibel, et al. "Towards closed-loop recycling of multilayer and coloured PET plastic waste by alkaline hydrolysis." <i>Green chemistry</i> 22.16 (2020): 5376-5394	Ügdüler or EX-1013

NO.	DESCRIPTION	REFERRED TO AS
1014	Limbo, Sara, et al. "Storage of pasteurized milk in clear PET bottles combined with light exposure on a retail display case: A possible strategy to define the shelf life and support a recyclable packaging." <i>Food chemistry</i> 329 (2020): 127116.	Limbo or EX-1014
1015	JP 2017-114041 A	Japanese Version Kitano
1016	JP 2004-250040 A	Japanese Version Ohta
1017	<i>Brook + Whittle LTD v. Nestlé USA, Inc., et al.</i> , Case No. 2:24-cv-735 (E.D. Tex.), Dkt. 35 (Fuji Seal International, Inc.'s Motion to Dismiss)	-
1018	<i>Brook + Whittle LTD v. Nestlé USA, Inc., et al.</i> , Case No. 2:24-cv-735 (E.D. Tex.), Dkt. 63 (Fuji Seal International, Inc. and Nestlé USA, Inc.'s Motion to Stay)	-
1019	<i>Brook + Whittle LTD v. Nestlé USA, Inc., et al.</i> , Case No. 2:24-cv-735 (E.D. Tex.) (Compilation of Deposition Notices)	-
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1021	District Courts' Time to Trial Statistics	-
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I. INTRODUCTION

Patent Owner's ("PO") request for discretionary denial is not warranted under *Fintiv*, *Advanced Bionics*, *General Plastic*, or any other consideration PO could muster. Petitioner and the real parties in interest have executed *Sotera stipulations* and intend to move to stay concurrent district court cases if IPR is instituted here, eliminating duplicative litigation. The Petition is based on *new prior art* and arguments not considered during examination. And there is *no connection* between Petitioner and Multi-Color Corporation ("MCC"), petitioner in an already instituted PGR ("MCC proceeding"), negating any concern of coordinated serial attacks.

Indeed, *compelling considerations* weigh against discretionary denial. The '422 Patent is a new patent already subject to PGR based on completely different prior art than the current Petition—*two independent challenges* so close in time to examination should be allowed to proceed to resolve questions of unpatentability before expectations in the '422 Patent's rights are strongly settled. Also, this Petition presents a *compelling case of unpatentability* as two of the references presented disclose *structurally identical* labels to those claimed in the '422 Patent.

If the Director institutes IPR here, the district courts presiding over the concurrent litigations would have a *strong basis* to stay those cases to allow two independent post-grant proceedings to resolve the patentability of the single patent-in-suit. Petitioner requests that PO's request for discretionary denial be rejected.

II. BACKGROUND

The '422 Patent issued April 16, 2024. (EX-1001.) It is already subject to two petitions challenging the patentability of its claims. Petitioners in both proceedings are competitors with each other and with PO. MCC has no legal or factual relationship to Petitioner or the other real parties in interest here. (PGR2025-00025, Paper 9, at 4.) Petitioner and MCC did not collaborate in preparing each other's respective petitions. PO has not sued MCC for infringement of the '422 Patent. Moreover, the two petitions are based on completely different prior art. MCC's petition is based on its own prior art labels. By contrast, the Petition here is based on three prior art patents or printed publications (Schurr, Kitano, and Lee). None of the prior art in either petition was before the Examiner during prosecution.

The '422 Patent is the sole patent at issue in two federal court litigations. The first was filed by PO in the Eastern District of Texas ("the Texas case"). Petitioner is not a named party in the Texas case, which is ripe for dismissal or to be stayed based on multiple pending motions. Indeed, instead of suing Petitioner directly, PO sued Petitioner's Japanese parent holding company (Fuji Seal International, Inc., or "FSI") and Petitioner's Delaware-incorporated customer (Nestlé USA, Inc., or "NUSA")—neither of which has any responsibility for manufacturing the accused products or has a physical presence in that jurisdiction.

The Texas court has yet to rule on two motions filed by the defendants:

(i) FSI's motion to dismiss for lack of personal jurisdiction (EX-1017); and (ii) FSI and NUSA's motion to stay based on the customer-suit exception and traditional equitable principles (EX-1018)—which asks the Texas court to stay the case to allow PO's infringement claims to play out between PO (owner of the '422 Patent) and Petitioner (manufacturer of the accused product, i.e., "true defendant") in the other litigation, a declaratory judgment action for non-infringement that Petitioner filed in Delaware ("the Delaware case"). The Delaware case is currently stayed. (EX-2008.)

Little progress has been made in the Texas case, with much more work ahead. Discovery is in the early stages. Depositions conducted thus far have been directed to electronic discovery (merely to identify document custodians and search terms) and claim construction. (EX-1019.) Claim construction, however, is not complete, with a *Markman* hearing more than a month away. Expert discovery has not yet begun. And no dispositive motions directed to the merits have been filed.

Importantly, Petitioner and the real parties in interest have executed *Sotera* stipulations, stating they "will not pursue in the [Texas case] any grounds raised or any grounds that reasonably could have been raised before the PTAB in the instituted IPR." (EX-2020; EX-2021; EX-2022.) Also, if this IPR is instituted, FSI and NUSA will move the Texas court for a stay based on the pendency of two post-issuance challenges to the '422 Patent: the MCC proceeding and this proceeding.

III. THE BOARD SHOULD NOT EXERCISE DISCRETIONARY DENIAL

A. 35 U.S.C. § 325(d)—*Advanced Bionics*

The Examiner never considered prior art like the references relied on in the Petition, which disclose the same structural limitations as the claimed labels. Under *Advanced Bionics LLC v. MED-EL Elektromedizinische Gerate GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (precedential), the Director first determines "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." *Id.* at 8. If either condition is satisfied, the Director then determines "whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims." *Id.*

The following non-exclusive factors are also considered: (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 prior art or arguments. *Becton, Dickinson and Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8, at 17-18 (PTAB Dec. 15, 2017) (precedential).

Advanced Bionics Prong 1: As noted, none of the prior art references in the Petition (Schurr, Kitano, and Lee) were cited during prosecution. (Paper 1; EX-1002; EX-1003.) Nor were the arguments in the Petition the same as, or substantially similar to, the arguments raised during prosecution. (*Id.*; EX-1004, ¶¶ 50-55.) PO's arguments to the contrary are unavailing, primarily because PO picks and chooses snippets from the file history to paint an incomplete picture of the references relied on by the Examiner and the reasons PO was able to overcome them.

Original claim 1 read:

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1. A recyclable shrink label comprising:
a heat shrink film having a first surface and a second surface opposite of the first surface, the heat shrink film having a thickness from 15 μm to 100 μm or 30 μm to 80 μm ; and
a light blocking layer disposed adjacent the first surface and comprising a light blocking component, the light blocking layer being constructed for the recyclable shrink label to block at least 80 % of incident light having wavelengths in a range of 200 nm to 900 nm.
-

(EX-1002, 45). As discussed in the Petition (Paper 1, at 17), the First Office Action rejected claims 1-11 and 13-18 as obvious over Mitchell I. (EX-1002, 224.) The Examiner found that Mitchell I disclosed the structural features of claim 1 and determined that the term "recyclable" was not afforded patentable weight, either because it was a proposed use or because Mitchell I's labels were inherently

"recyclable." (*Id.*, 225.) Original claim 19, which recited a heat shrink film comprised of PET, was not rejected over Mitchell I because the Examiner found Mitchell I did not disclose PET heat shrink film. (*Id.*, 63, 224.) In response, PO amended claim 1 to explicitly recite that the heat shrink film ***comprises PET*** and that the label is "recyclable with a PET container":

-
1. **(Currently Amended)** A recyclable shrink label comprising:
a heat shrink film comprising polyethylene terephthalate (PET) and having a first surface and a second surface opposite of the first surface, the heat shrink film having a thickness from 15 μm to 100 μm ; and
a light blocking layer disposed adjacent the first surface and comprising a light blocking component, the light blocking layer being constructed for the recyclable shrink label to block at least 80 % of incident light having wavelengths in a range of 200 nm to 900 nm,
wherein the recyclable shrink label is recyclable with a PET container.
-

(EX-1003, 82). (*See also id.*, 90, 94.) Applicant argued that the cited prior art failed to teach a PET heat shrink film and, importantly, that the limitation regarding the labels being "recyclable with a PET container" was disclosed by the cited art. (*Id.*, 89-94.) Specifically, PO noted that Mitchell I taught a shrinkable film comprised of propylene terpolymer or propylene random copolymer. (*Id.*, 89.)

Applicant also attempted to distinguish its claimed invention by asserting that the cited art was not recyclable because it needed to be removed from the container prior to the container entering the recycling stream. (*Id.*, 89-90, 92, 94.) Relying on an APR document that identified two methods of recycling shrink films, Applicant

stated that its film fell within the *second* category while Mitchell I did not:

The shrink labels taught by Mitchell '879 are not made of PET and would not be recyclable with a PET container. Labels made of other materials, including polypropylene, polyethylene, and paper, are considered contaminants in a PET recycling stream and need to be removed for the PET container to be recycled. This is supported by a Resource Document by the Association of Plastic Recyclers (APR), provided herewith. The APR document states:

“APR recommends films that are compatible with PET recycling such as:

1. Films that float in water and that can be **separated from PET** that sinks in water, or,
2. **PET based films** that crystallize and **can be recovered with the PET stream.**”

See APR document page 2, emphasis added.

The Mitchell '879 film does not fall into the second category and is not recyclable with the PET stream. If the film floats (despite its metal content), it may fall into the first category because it can be separated from PET.

(*Id.*, 89). (*See also id.*, 90, 92, 94.) Petitioner's expert, Dr. Storey, confirms that Schurr and Kitano disclose what was missing during prosecution. For example, he notes: (i) "Schurr teaches that its film is polyester-based, specifically including PET as a suitable material" (EX-1004, ¶ 52 (citing EX-1006, 2:50-55; 3:4-6)); and (ii) "Thus, Kitano itself provides teachings of a PET-based heat shrink film" (*id.*, ¶ 53). For its part, Lee "is specifically directed to solving the technical problem of achieving integrated recyclability for PET-based shrink labels with PET containers." (*Id.*, ¶ 53.) "Lee teaches formulating PET/copolyester blends with controlled crystallizability such that the label 'can be reused while attached to a PET container' and processed within standard PET recycling streams without issues like fusion." (*Id.* (citing EX-1010, Abstract, [0004], [0010], [0020]).)

Schurr, Kitano, and Lee are also not "cumulative" of the references considered for the First Office Action. Unlike Mitchell I, these references disclose shrink film ***made from PET***. Dr. Storey explains how Schurr, Kitano, and Lee disclose teachings not found in the prior art considered by the Examiner. (*Id.*, ¶¶ 50-55.) Dr. Storey also notes that Schurr and Kitano disclose the same structural elements of the claimed label (*id.*, ¶¶ 69-72 (Schurr); ¶¶ 73-76 (Kitano)) and explains why a POSITA would understand that the PET-based films disclosed in these references would be recyclable either by removing them prior to recycling the container ***or without removing them*** from the container (*id.*, ¶¶ 110-15 (Schurr); ¶¶ 212-15 (Kitano/Lee)).

In a Second Office Action, the Examiner cited Sasaki and rejected numerous claims, including amended claim 1, as anticipated or obvious. (EX-1003, 114, 116, 119, 121.) The Examiner found that Sasaki disclosed all of the features of amended claim 1, again noting that "wherein the recyclable shrink label is recyclable with a PET container" is functional language that adds no patentable weight or that Sasaki's disclosed structure would inherently perform the recited use. (*Id.*, 114-15.)

In response, PO alleged that Sasaki's incorporating light blocking particles into the shrink film would result in an unrecyclable label and that Sasaki taught away from the claimed invention by using void spaces within the film for light blocking, rather than particulates in an adjacent layer. (*Id.*, 184-85.) Nonetheless, PO amended claim 1 to include the limitations of then-pending claims 12 and 13, which recited

light blocking components in the light blocking layer having a size between 0.1 μ m and 100 μ m and being comprised of metal, metal oxide, reflective pigment, carbon black, mica, or a combination thereof. (*Id.*, 177-78.) PO also added claim 27 (now issued claim 19), which recited all the features of claim 1, except it replaced the light blocking particles with a high-opacity layer comprising white pigment, arguing Sasaki also taught away from such a layer. (*Id.*, 180, 185.)

In allowing the claims, the Examiner accepted PO's arguments distinguishing Sasaki. (*Id.*, 197; EX-1004, ¶ 49.) The Examiner appeared satisfied that the prior art failed to teach a label with a heat shrink film comprising PET and a separate, adjacent layer having specific light blocking particles (or a high-opacity layer) that was also "recyclable with a PET container." (EX-1004, ¶ 49.) By contrast, Schurr, Kitano, and Lee disclose light-blocking achieved by using metallic particles, located in a layer separate from the shrink film itself. Again, Petitioner's expert discusses this in his declaration. (*Id.*, ¶ 52 (Schurr); ¶ 53 (Kitano/Lee).) PO faults Lee for not containing light-blocking particulate (Paper 6, at 18), but Petitioner does not rely on Lee for that teaching (Kitano discloses that)—rather, Lee's teachings are "specifically directed to solving the technical problem of achieving integrated recyclability for PET-based shrink labels with PET containers." (*Id.*, ¶ 53.) "Lee teaches formulating PET/copolyester blends with controlled crystallizability such that the label 'can be reused while attached to a PET container' and processed within standard PET

recycling streams without issues like fusion," which is the very type of recycling process to which Applicant alleged that its purported invention was drawn. (*Id.* (citing EX-1010 (Lee), Abstract, [0004], [0010], [0020])).

The first prong of *Advanced Bionics* is not satisfied because the Petition relies on prior art and arguments that are not the same or substantially similar to those considered during prosecution. *Oticon Medical AB v. Cochlear LTD*, IPR2019-00975, Paper 15, at 20 (PTAB Oct. 16, 2019) ("There is new, noncumulative prior art asserted in the Petition . . . [f]or at least this reason, we determine not to exercise our discretion under §325(d)."). And the perceived gap in the prior art considered by the Examiner is addressed by the references presented in the Petition. (EX-1004, ¶ 50.) Specifically, Schurr (EX-1006), and the combination of Kitano (EX-1007) with Lee (EX-1010), provide clear teachings for this combination of elements—a PET-based heat shrink film, separate adjacent light-modifying layers, and disclosed recyclability. (EX-1004, ¶¶ 51-54.)

Neither condition of the first prong of the *Advanced Bionics* framework is satisfied, which weighs strongly against discretionary denial.

Advanced Bionics Prong 2: Discretionary denial likewise is not warranted in view of the second *Advanced Bionics* prong and *Becton Dickinson* factors. The Examiner allowed the claims based on the mistaken view that "the prior art does not teach or render obvious the claimed invention of the instant application." (EX-1003,

94.) As shown in the Petition, with reference to Dr. Storey's declaration, however, the Examiner's failure to consider the obviousness of the claims over the uncited references relied on in the Petition constitutes material error.

Each of the *Becton Dickinson* factors weighs against discretionary denial. For the reasons discussed above, ***factor (a)*** (similarities/differences between the asserted art and the art involved during examination), ***factor (b)*** (cumulative nature of the asserted art and art evaluated during examination), and ***factor (d)*** (extent of the overlap between the arguments made during examination and the manner in which petitioner relies on the asserted art or patent owner distinguishes the prior art) ***all weigh against discretionary denial***. Schurr, Kitano, and Lee are not the same or cumulative to the prior art the Examiner relied on during prosecution. Put simply, the gaps the Examiner perceived in the prior art considered during prosecution are addressed by Schurr, Kitano, and Lee.

Factor (c) (extent to which the asserted art was evaluated during examination, including whether it was the basis for rejection), ***factor (e)*** (whether petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted art), and ***factor (f)*** (whether additional evidence and facts presented in the petition warrant reconsideration of prior art or arguments) ***also weigh against discretionary denial***. Schurr, Kitano, and Lee were not evaluated during prosecution.

Thus, PO's request for discretionary denial under § 325(d) should be rejected.

B. 35 U.S.C. § 314(a)—*General Plastic*

There is *absolutely no connection* between MCC and Petitioner, or their respective petitions, and, therefore, the *General Plastic* factors *weigh strongly against discretionary denial*. *General Plastic Industrial Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19, at 16 (PTAB Sept. 6, 2017).

Factors 1, 2, 4, and 5: Where, as here, "there is no indication of a significant relationship under *Valve* and factor 1 between Petitioner and the" prior petitioner, it is proper to determine that "Petitioner did not file a second petition following-on to a first petition under factors 2, 4, and 5." *Volkswagen Group of America, Inc. v. Neo Wireless, LLC*, IPR2022-01537, Paper 8, at 11 (PTAB May 5, 2023). MCC's petition and the current one were filed by separate, unrelated parties (with separate, unrelated real parties in interest) and rely upon completely different prior art. Neither company collaborated nor had any input into preparing the other's petition. And PO has not sued MCC for infringing the '422 Patent. As such, this is not a case like *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062, Paper 11, at 9-10 (PTAB Apr. 2, 2019) (precedential), where the two petitioners were co-defendants in an underlying infringement case and had a significant commercial relationship, where one sold products incorporating technology licensed from the other. *Id.*

PO attempts to manufacture the appearance of an improper connection

between MCC and Petitioner (Paper 6)¹ but nothing of the sort has ever existed. PO made the same arguments in the MCC proceeding, but the Director rejected those unsupported contentions. (PGR2025-00025, Paper 10.) The lack of relationship between Petitioner and MCC obviates any concern that Petitioner is, as PO repeatedly alleges in its brief, attempting to take a "second bite of the apple" or staging its Petition for a strategic advantage in cooperation with a previously filed petition. *Id.* (citing *General Plastic*, Paper 19, at 17; *Code200, UAB v. Bright Data, Ltd.*, IPR2022-00861, Paper 18, at 5 (PTAB Aug. 23, 2022) (precedential)). MCC and Petitioner are merely two competitors potentially affected by the wrongful issuance of the '422 Patent that independently moved to have the claims cancelled.

Factor 3: The prior art in this proceeding and the MCC proceeding are entirely different. MCC's petition relies on its own prior art labels. The Petition, here, by contrast, relies on three prior art patents or printed publications, none of which are

¹ In its brief, PO resorts to incendiary phrases referring to Petitioner and MCC as "*strategic* competitor[s]" (Paper 6, at 4) or "*strategically aligned* competitors" (*id.* at 10), suggesting of this Petition that "[t]he *highly suspect* timing is indicative of *strategic* behavior" (*id.* at 13); and referring to this Petition, repeatedly, as "a second bite of the apple" (*id.* at 2, 10, 20). But PO never substantiates any of these allegations because ***no facts*** support them.

at issue in the MCC proceeding. (Paper 1, at 13.) Importantly, ***none*** of the prior art in either petition was before the Examiner during prosecution.

Moreover, PO's suggestion that Petitioner improperly laid in wait to gain some benefit from PO's filings in the MCC proceeding is belied by the fact, again, that there is no relationship between MCC and Petitioner and that each relies on separate and distinct prior art. Accordingly, no benefit should be "gleaned" from the timing of the two petitions, as PO suggests.

Factors 6 and 7: Because this Petition and MCC's petition have no prior art in common and because Petitioner and MCC share no relationship (strategic or otherwise), the rights of Petitioner to pursue this Petition will not be affected by the outcome of the MCC proceeding, and a final written decision in the MCC proceeding will have no impact on the merits of an instituted IPR from this Petition. Although the Board will expend resources necessary to hear this Petition, the expenditure is justified by Petitioner's independent basis for filing this Petition and its right to have its compelling case heard on the merits. Furthermore, PO may very well settle with MCC and seek termination of the MCC proceeding at any time during its pendency. Petitioner's right under § 314 to have the Board consider the patentability of the '422 Patent should not be put in tension with and potentially curtailed by PO and MCC's right to settle their dispute outside of Petitioner's control.

Accordingly, the *General Plastic* factors weigh against discretionary denial.

C. 35 U.S.C. § 314(a)—*Fintiv*

Under 35 U.S.C. § 314(a) and the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) ("*Fintiv*"), PO's request for discretionary denial should be rejected because Petitioner and other real parties in interest have executed *Sotera* stipulations eliminating duplicative litigation in the district court and all factors weigh against denial or are neutral.

Factor 1: Petitioner and the other real parties in interest intend to move for a stay of the district court litigation if the Board institutes IPR here. Until the court decides that motion, any attempt to predict the outcome would require speculation. *Sand Revolution II, LLC v. Continental Intermodal Group Trucking LLC*, IPR2019-01393, Paper 24, at 7 (PTAB June 16, 2020) (informative) ("In the absence of specific evidence, we will not attempt to predict how the district court in the related district court litigation will proceed"); *Fintiv*, Paper 11, at 12 (similar).

But the grounds for a stay would be compelling. When considering whether to stay, the Texas court would be faced with a scenario where all the claims of the single patent-in-suit would be subject to not one, but two concurrently pending post-issuance challenges: the MCC proceeding and this proceeding. This scenario would present a compelling basis for staying the litigation regardless of what stage those cases had reached. *See Zomm, LLC v. Apple Inc.*, 391 F. Supp. 3d 946, 957 (N.D. Cal. 2019) (granting stay despite advanced stage of litigation where two instituted

petitions provided "a real possibility that the IPR process will simplify the case"). Given this scenario, this factor weighs against discretionary denial.

Factor 2: This factor weighs against discretionary denial at least because two instituted post-grant proceedings would cast significant doubt as to whether the trial in the district court would happen at all. Under the current schedule in the Texas case, "jury selection" is set to begin May 18, 2026. (EX-2007.) But that date and ensuing trial will almost surely slip until later in 2026 given the large docket before Judge Gilstrap for that same week, including five trials and multiple pretrial conferences. (EX-1020.) Indeed, the estimated trial date based on time-to-trial statistics for the Eastern District of Texas would place trial more likely to occur, if at all, in August 2026 (23 months) (EX-1021). Thus, the Director should not take any estimated trial date at face value because it is intrinsically infirm. *Progenity, Inc. v. Natera, Inc.*, IPR2021-00279, Paper 12, at 29 (PTAB Jun. 11, 2021). Furthermore, whether the trial happens ***at all*** is speculative because there is a motion pending in the Texas case to dismiss for lack of personal jurisdiction and a motion to stay based both on the customer-suit exception and traditional equitable principles. Under these circumstances, this factor weighs against discretionary denial.

Factor 3: This factor weighs against discretionary denial because little progress has been made in the underlying litigations, with much more work still ahead. The Delaware case was stayed before a scheduling order was put in place.

(EX-2008.) In the Texas case, the only depositions taken to date relate to search terms and custodians for electronic discovery purposes and a deposition aimed at claim construction. (EX-1019.) Claim construction is not complete, however, as the *Markman* hearing is scheduled for November 24, 2025. (EX-1022.) Fact discovery is not complete. (EX-2007.) Expert discovery has not yet begun. (*Id.*) Dispositive motions are not permitted until February 9, 2026. (*Id.*) And, as noted above, whether jury selection actually begins on May 18, 2026, is doubtful. (*Id.*) Thus, at the time the Director is statutorily required to issue an institution decision—presumed to be on or before January 16, 2026—much work will remain in the Texas case, including completing expert discovery, dispositive motion briefing, briefing on a motion to stay, pretrial preparation, trial, and a likely appeal. This factor weighs against denial.

Factor 4: This factor strongly weighs against discretionary denial and deserves significant weight because Petitioner and the other real parties in interest have executed binding *Sotera* stipulations that, should the Director institute IPR, they "will not pursue in the [Texas case] any grounds raised or any grounds that reasonably could have been raised before the PTAB in the instituted IPR." (EX-2020; EX-2021; EX-2022.) These comprehensive stipulations eliminate any possibility of duplicative efforts between forums.

The Board has consistently held that such *Sotera* stipulations are dispositive on this factor and often outweigh other considerations. *Sotera Wireless, Inc. v.*

Masimo Corp., IPR2020-01019, Paper 12, at 19 (PTAB Dec. 1, 2020) (precedential) (holding this factor "weighs strongly in favor of not exercising discretion to deny institution" when a *Sotera* stipulation is present); *see also Sand Revolution*, Paper 24, at 11-12; *Apple Inc. v. Maxell, Ltd.*, IPR2020-00204, Paper 11, at 15-17 (PTAB June 19, 2020). The stipulations here address the core policy concern underlying *Fintiv*—avoiding duplicative efforts between district court and Board proceedings. This factor strongly weighs against discretionary denial.

Factor 5: Although Petitioner, the other real parties in interest, and PO are parties in the co-pending district court actions, this factor should be given minimal weight. Party overlap is inherent in the vast majority of IPR proceedings, and this fact does not alone give rise to a likelihood of duplicative efforts and inefficient use of resources. Moreover, because Petitioner and the other real parties in interest have submitted broad *Sotera* stipulations, the concern that typically underlies this factor—duplicative work across forums—is eliminated entirely. *See Nokia v. Soto*, IPR2023-00680, Paper 30, at 13 (PTAB Dec. 3, 2024) (Director agreeing that *Fintiv* factor 5 is "neutral" despite stipulation being a narrower *Sands Revolution* type stipulation rather than a *Sotera* type stipulation present here). Thus, the *Sotera* stipulations here make this factor neutral.

Factor 6: Lastly, under *Fintiv*, it is only necessary to consider other circumstances, including the merits of the petition, where *Fintiv* factors 1-5 weigh

in favor of discretionary denial. *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, at 4-5 (PTAB Feb. 27, 2023) (decision on Director review) (precedential). Here, factors 1-5 weigh against discretionary denial and, thus, there is no need to take into account other considerations for purposes of *Fintiv*.

Nevertheless, other considerations weigh against discretionary denial. For example, the Petition presents particularly strong and compelling arguments for unpatentability. As discussed above, the references Petitioner relies on were not before the Examiner, nor are they the same or substantially similar to prior art that was considered by the Examiner. (Paper 1; EX-1002; EX-1003; EX-1004, ¶¶ 50-55.) Moreover, two of Petitioner's references disclose structurally identical labels as the claimed labels. (EX-1004, ¶¶ 69-72 (Schurr); ¶¶ 73-76 (Kitano).) Petitioner's references are also not the same or substantially similar to prior art relied on in the petition filed in the MCC proceeding. Put simply, this is not a case where Petitioner is attempting to recycle arguments already evaluated by the Examiner or presented by another petitioner in another post-grant proceeding. And although Petitioner's patentability challenges are well-supported by the expert declaration of Dr. Storey (EX-1004), they are not overly reliant on his opinion to fill gaps in analysis.

Moreover, institution of MCC's petition based on different grounds provides an opportunity to comprehensively reevaluate the '422 Patent's patentability in view of the challenges of affected competitors. Allowing both competitors' challenges to

proceed on different grounds serves the public interest and the Board's core mission of eliminating invalid patents. Petitioner's lack of relationship with MCC further distinguishes this situation from others where the Board exercised its discretion to deny institution of serially filed petitions. This is not a case of coordinated, tactical filings to allow petitioners multiple bites at an apple. Rather, it reflects genuine, independent concerns about a patent that has been granted in error.

Finally, the '422 Patent is relatively new, having been issued on April 16, 2024. (EX-1001.) Although challenging patents that have been in force for an extended time is disfavored because such challenges run contrary to "settled expectation" of patent rights (*see iRhythm Technologies, Inc. v. Welch Allyn*, IPR2025-00363, Paper 10 (PTAB June 6, 2025)), inter partes and post-grant reviews that are "close in time to examination" are to be encouraged because they "occur before expectations in the patent rights are strongly settled." *Multi-Color Corp. v. Brook + Whittle, LTD*, PGR2025-00025, Paper 9, at 2-3 (PTAB July 16, 2025) (citing *LifeVac, LLC v. DCSTAR, Inc.*, IPR2025-00454, Paper 11, at 2 (PTAB July 11, 2025)). Here, the '422 Patent is being challenged well before the expectation of the patent rights have been strongly settled.

IV. CONCLUSION

For the reasons above, PO's request for discretionary denial should be rejected.

Dated: October 30, 2025

Respectfully submitted,

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CERTIFICATE OF LENGTH

The undersigned hereby certifies that the foregoing document does not exceed the 20-page limit.

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CERTIFICATE OF SERVICE

The undersigned certifies that a complete and entire copy of the foregoing document was provided via email to the Patent Owner by serving the email correspondence addresses of record as follows:

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