UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MULTI-COLOR CORPORATION,
Petitioner,

v.

BROOK & WHITTLE LIMITED,
Patent Owner.

Case PGR2025-00025
U.S. Patent No. 11,961,422

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

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Exhibit 1001:	U.S. Patent No. 11,961,422
Exhibit 1002:	The Prosecution History of the '422 Patent
Exhibit 1003:	Petitioner's Gatorade Label
Exhibit 1004:	Petitioner's Febreze Label
Exhibit 1005:	PET-CG-02 – Critical Guidance protocol for clear PET articles with labels and closures
Exhibit 1006:	PET Standard Laboratory Processing Practices
Exhibit 1007:	PET-S-04 – PET Package Materials Balance Test
Exhibit 1008:	PET-S-01 – Labels for PET - Wash Water Test
Exhibit 1009:	Shrink Sleeve Labels on PET Containers APR Resource Document
Exhibit 1010:	Evaluation of the Near Infrared (NIR) Sorting Potential of a Whole Plastic Article (SORT-B-01)
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Exhibit 1015:	ASTM D2732
Exhibit 1016:	SKC inc. EL62 Product Description
Exhibit 1017:	Brook+Whittle webpage print, retrieved from

	https://brookandwhittle.com/recyclable-light-blocking-shrink-sleeves/
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Exhibit 1019:	Watson Standard Technical Data Sheet
Exhibit 1020:	U.S. Patent Publication No. 2017/0223879 to Mitchell et al.
Exhibit 1021: (NEW)	Second Declaration of Mr. Craig Bushman
Exhibit 1022: (NEW)	*Brook + Whittle LTD v. Nestle USA, Inc. et al.*, 2:24-cv-00735-JRG-RSP, D.I. 63 (Defendant's Motion to Stay Pending Resolution of Related Declaratory Judgment Action)
Exhibit 1023: (NEW)	*Brook + Whittle LTD v. Nestle USA, Inc. et al.*, 2:24-cv-00735-JRG-RSP, D.I. 18 (Defendant Nestlé USA, Inc.'s Motion to Dismiss for Improper Venue)
Exhibit 1024: (NEW)	*Brook + Whittle LTD v. Nestle USA, Inc. et al.,* 2:24-cv-00735-JRG-RSP, D.I. 32 (Defendant Fuji Seal International, Inc.'s Motion to Dismiss for Lack of Personal Jurisdiction). Motion is sealed and not publicly available; see *American Fuji Seal, Inc. v. Brook + Whittle LTD*, 24-1215-MN, D.I. 23
Exhibit 1025: (NEW)	*Brook + Whittle LTD v. Nestle USA, Inc. et al.*, 2:24-cv-00735-JRG-RSP, D.I. 1 (Complaint)
Exhibit 1026: (NEW)	U.S. Appln. No.: 18/667,677, "Recyclable heat shrink film for recyclable container," (Prosecution History)

I. INTRODUCTION

Patent Owner's request for discretionary denial ("Paper 7") should be denied. Denial is not appropriate under *Fintive, Advanced Bionics*, Section 325(d), or the additional factors set forth in the March 2025 Interim Processes for PTAB Workload Management ("March 2025 Memorandum"). In addition, as explained below, denial would serve to manipulate several marketplace factors and be extremely prejudicial to Petitioner in the competitive landscape in which Patent Owner, Petitioner, and Petitioner's direct competitor conduct their businesses.

First, contrary to Patent Owner's argument, all of the *Fintiv* factors weigh heavily against discretionary denial. Despite Patent Owner's desperate argument suggesting that Petitioner is affiliated with parties involved in parallel litigation involving the '422 patent ("the BW Litigation")[1], Petitioner is not a party to the parallel BW Litigation and is not in any manner affiliated with the parties involved. In fact, Petitioner is a direct competitor of the primary defendant in the BW Litigation, and denial would prejudice Petitioner and provide a marketplace advantage to the competitor.

Almost no substantive investment has occurred in the BW Litigation, and the court has not issued any substantive decisions. There is also minimal overlap

[1] *Brook + Whittle Ltd. v. Nestlé USA, Inc.* (E.D. Tex. No. 2:24-cv-00735).

between the invalidity arguments raised here and those asserted in the BW Litigation.

Further, a motion to stay and two motions to dismiss are pending in the BW Litigation. As a result, the trial date remains speculative and at the earliest would occur only a few months before the Board issues its decision in this matter.

Second, under *Advanced Bionics* and § 325(d), the prior art, arguments, and combinations presented in the Petition materially differ from those previously considered by the Office. The Gatorade Label, which is the primary basis for the Petition, was never before the Examiner. Patent Owner's argument that the disclosure of the Gatorade Label was already before the Examiner through the Mitchell reference is meritless. In fact, the Gatorade Label discloses the precise claim limitation missing from the Mitchell reference and the very reason the claims of the '422 patent were ultimately allowed. It follows directly that the Petition presents combinations and arguments that were never previously addressed by the Office. Further, institution is warranted under *Advanced Bionics* Part 2 because material error occurred during prosecution when the Examiner failed to consider the Gatorade Label and related arguments.

Third, with respect to the indefiniteness issue raised in Ground 4 of the Petition, Patent Owner's assertion that these arguments were previously considered is incorrect. The Examiner allowed the challenged claims without addressing

indefiniteness of the claim term "recyclable" in any manner whatsoever. In particular, the Examiner did not mention, much less recognize or address, the multiple conflicting definitions and inconsistent tests identified in the '422 patent for determining whether a shrink label is "recyclable." That failure constitutes material error. That failure has also effectively been confirmed by the Examiner's subsequent § 112(b) rejection of substantively similar claims in a Continuation application in the same patent family.

Fourth, the additional factors outlined in the March 2025 Memorandum weigh against discretionary denial. The Petition presents compelling merits that are fully supported by extensive technical evidence and expert testimony. Contrary to Patent Owner's argument, the Petition's use of expert analysis is standard practice and entirely appropriate for addressing the technical issues presented by the '422 patent and the analysis of the Gatorade Label. This also presents precisely the type of dispute that Congress intended the PTAB to adjudicate under the AIA.

For these reasons, and for the additional reasons set forth below, Petitioner respectfully requests that the Director deny Patent Owner's request for discretionary denial.

II. STATEMENT OF MATERIAL FACTS

Pursuant to 37 C.F.R. § 42.22(c), Petitioner submits the following material facts:

1. Petitioner manufactures the recyclable shrink sleeve label ("RecycLABEL") shown in EX2003. *See* EX1021, ¶10.
2. Petitioner sells labels to Nestlé USA, Inc., which is a customer of Petitioner. *See* EX1021. The labels Petitioner sells to Nestlé USA, Inc. are unrelated to this proceeding. *See* EX1021, ¶11.
3. Fuji Seal International, Inc. is a direct competitor to Petitioner. *See* EX1021, ¶12.
4. Nestlé USA, Inc. and Fuji Seal International, Inc. are the named Defendants in *Brook + Whittle Ltd. v. Nestlé USA, Inc.* litigation (E.D. Tex. No. 2:24-cv-00735), the BW Litigation. *See* EX1021, ¶13.
5. There is no legal or factual relationship between Petitioner as a corporate entity and Nestlé USA, Inc. as a corporate entity. *See* EX1021, ¶14.
6. There is no legal or factual relationship between Petitioner as a corporate entity and Fuji Seal International, Inc. as a corporate entity. *See* EX1021, ¶15.
7. Petitioner is not a party to the BW Litigation, and is not involved in the BW Litigation in any manner. *See* EX1021, ¶16.
8. Neither Nestlé USA, Inc. nor Fuji Seal International, Inc. represent any of Petitioner's interests in the BW Litigation. *See* EX1021, ¶17.

III. ARGUMENTS

There is no good reason for the Director to exercise her discretion to deny institution. In fact, there are many reasons why the Director should reject Patent Owner's arguments.

As explained in more detail below, the well-established *Fintiv* factors aim to "balance efficiency, fairness, and patent quality." If the Director denies institution in favor of the BW Litigation, the result is that Petitioner's direct competitor is enabled to purloin Petitioner's defense in the marketplace against the '422 patent. This would not only arbitrarily manipulate market forces, but would also serve to prejudice Petitioner in favor of its direct competitor. In sum, Petitioner would be penalized for acting promptly in raising its validity challenge in the Petition. Such a result cannot in any manner be deemed "fair" and would therefore be directly contrary to the policies favoring this proceeding.

In addition, the March 2025 Memorandum provides that the Director will exercise discretion in institution of AIA proceedings. The considerations for parties to address in their discretionary denial briefing include, among others, "[w]hether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims" and "[t]he strength of the unpatentability challenge."

The validity of challenged claims 1-19 of the '422 patent has not been adjudicated in any other AIA proceeding or the BW Litigation. Notably, however,

the Office *has* adjudicated and effectively confirmed Petitioner's challenge of claims 1-19 as being indefinite under 35 U.S.C. § 112 for failing to identify the manner of specifying "wherein the recyclable shrink label is recyclable." Specifically, the ***same*** Examiner who allowed the challenged claims of the '422 patent rejected very similar claims in a related Continuation application, and did so based on 35 U.S.C. § 112, as does the Petition. *Compare* EX1026, 4-6 to Pet. 53-58. This not only demonstrates that the Examiner's earlier allowance of claims 1-19 of the '422 patent was a plain mistake amounting to material error, but it also strongly supports if not confirms the merits of Ground 4 of the Petition.

A. The *Fintiv* Factors Favor Institution Because The Validity Challenge Raised By The Petition Has Not Been And Will Not Be Adjudicated In Any Other AIA Proceeding Or The BW Litigation

As explained below, challenged claims 1-19 of the '422 patent are not involved in any other AIA proceeding. In addition, the validity challenges raised by the Petition have not yet been, and will not be, adjudicated in the parallel BW Litigation.

While Patent Owner invokes *Fintiv* to urge the Board to exercise its discretion to deny institution based on the parallel BW Litigation, such a denial is not warranted based on the facts of this case. Specifically, the BW Litigation offers only limited relevance under a fair and balanced application of the *Fintiv* factors, as set forth below. Although the BW Litigation involves the '422 patent, Petitioner

is not a party to the BW Litigation–a critical distinction that significantly reduces the weight the BW Litigation carries across multiple *Fintiv* factors. This distinction also confirms that the evidence relied upon by Petitioner to challenge the validity of the '422 patent will not be, and in fact cannot be, raised in the BW Litigation. Therefore, the Board should decline to exercise its discretion under 35 U.S.C. § 324(a) because the *Fintiv* factors strongly favor institution.

In exercising the discretion afforded under 35 U.S.C. § 324(a), the Director may consider "events in other proceedings related to the same patent, either at the Office, in district courts, or the ITC." Patent Trial and Appeal Board Consolidated Trial Practice Guide, 58 & n.2 (Nov. 2019).[2] The Board's precedential order in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 5–6 (PTAB Mar. 20, 2020) ("*Fintiv*") identifies several factors ("*Fintiv* factors")[3] related to the Director's discretion to deny institution in view of co-pending litigation.

The *Fintiv* factors aim to "balance efficiency, fairness, and patent quality." *Id.* at 5. In applying the *Fintiv* factors, the Board takes "a holistic view of whether

[2] Available at https://www.uspto.gov/TrialPracticeGuideConsolidated.

[3] The *Fintiv* Factors are: "1. [W]hether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted; 2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision; 3. investment in the parallel proceeding by the court and the parties; 4. overlap between issues raised in the petition and in the parallel proceeding; 5. whether the petitioner and the defendant in the parallel proceeding are the same party; and 6. other circumstances that impact the Board's exercise of discretion, including the merits." *Id.*

efficiency and integrity of the system are best served by denying or instituting review," while recognizing that "there is some overlap among these factors" and that "[s]ome facts may be relevant to more than one factor." *Id.* at 6. While Petitioner addresses the *Fintiv* factors as originally articulated, Petitioner recognizes that these factors are now considered under the framework of the March 2025 Memorandum.

As set forth below, all of the *Fintiv* factors weigh in favor of institution. In addition, exercising discretion under § 324(a) would not serve the goals of efficiency, fairness, or patent quality, and would leave Petitioner unfairly vulnerable to future enforcement without the ability to fully contest the asserted claims. At the same time, Petitioner's direct competitor would directly benefit through its assimilation of Petitioner's extensive validity challenge. The Director should therefore decline to exercise her discretion under 35 U.S.C. § 324(a) and allow this proceeding to move forward on the merits.

1. Factor 1: The Court is Likely to Issue a Stay or Dismiss the BW Litigation

Factor 1 weighs strongly in favor of institution.

Patent Owner correctly notes that a stay has yet to be granted in the parallel BW Litigation. *See* Paper 7, 11. However, Patent Owner's assertion that a stay is "unlikely" is speculative at best. *Id.* at 12. That is because a fully briefed motion to

stay is pending before Judge Gilstrap (EX1022), and Judge Gilstrap routinely grants such motions in view of pending IPR and PGR proceedings. *See, e.g., Foras Techs. Ltd. v. Aptiv PLC*, No. 2:23-CV-314, 2024 U.S. Dist. LEXIS 238343, *8 (E.D. Tex. July 25, 2024); *Commc'n Techs., Inc. v. Samsung Elecs. Am., Inc.*, No. 2:12-CV-444, 2025 U.S. Dist. LEXIS 101626, *2-3 (E.D. Tex. May 29, 2025); *Netlist, Inc. v. Micron Tech., Inc.*, No. 1:22-CV-136, 2024 U.S. Dist. LEXIS 106857, *4-5 (W.D. Tex. 1:22-CV-136) (noting that "In Netlist III [pending before Judge Gilstrap], the court recently stayed the case pending resolution of IPRs"); *Uniloc United States v. Avaya Inc.*, No. 6:15-CV-1168, 2017 U.S. Dist. LEXIS 168855, *11-12 (E.D. Tex. April 19, 2017).

The cases cited by Patent Owner do not support their argument that Judge Gilstrap is unlikely to grant a stay; instead, those decisions strongly suggest that Judge Gilstrap will grant a stay under the facts of this proceeding. *See, e.g., Intell. Ventures I LLC v. T Mobile USA, Inc.*, No. 2:17-CV-00577-JRG, 2018 WL 11363370, at *9 (E.D. Tex. Dec. 13, 2018) (Judge Gilstrap denying motion to stay pending completion of the various instituted IPRs before the PTAB because the "case is at an advanced stage. Discovery and claim construction have concluded. The Parties have filed initial and supplemental expert reports and deposed such experts. Dispositive and *Daubert* motions have been filed, and the Court has expended material judicial resources to prepare for the January 4, 2019 pretrial.");

Gesture Tech. Partners, LLC v. Huawei Device Co., No. 2:21-CV-00040-JRG, 2022 WL 22883301, at *9 (E.D. Tex. Jan. 19, 2022) (Judge Gilstrap denying motion to stay due to "the absence of any estoppel binding on [Petitioner] as a result of [the IPR]"). None of the facts relied upon to support the stays granted in these cases are present here.

The pending motion to stay (EX1022) demonstrates that the Defendants in the BW Litigation, Nestlé USA, Inc. and Fuji Seal International, Inc., are merely customers and resellers of the accused shrink-sleeve labels. *Id.* The motion to stay is further supported by credible declaratory evidence, which appears to be unchallenged, that the accused shrink-sleeve labels are manufactured by a separate company, American Fuji Seal, Inc. *Id.* American Fuji Seal, Inc., the manufacturer, is not a party to the BW Litigation. *Id.*

Perhaps recognizing this important distinction, Patent Owner does not identify the pending declaratory judgment action, *American Fuji Seal, Inc. v. Brook + Whittle LTD*. (D.Del. No. 1:24-cv-01215-MN) ("AFS Litigation"). The pendency of the AFS Litigation (involving the manufacturer) and the BW Litigation (involving customers and resellers) presents a classic "customer suit exception," whereby a patent infringement action against customers and resellers is nearly universally stayed pending resolution of a suit by or against the manufacturer of the infringing product. EX1022, 3-9. The fact that the Defendants

in the BW Litigation have also agreed to be bound by the outcome of the AFS Litigation nearly confirms that the BW Litigation will follow the classic "customer suit exception" and will be stayed. EX1022, 7-8. Also, no trial date has been scheduled or even contemplated by the AFS Litigation.

Patent Owner also did not mention that two motions to dismiss, one for improper venue and another for lack of personal jurisdiction, are pending in the BW Litigation (EX1023; EX1024). The motion to dismiss for improper venue explains that Nestlé USA, Inc. is a Delaware corporation and does not reside in, and has no regular and established place of business in, the Eastern District of Texas. *See* EX1023 at 1. Therefore, venue is improper. *See id.* The motion to dismiss for lack of personal jurisdiction explains that the BW Litigation cannot proceed against Fuji Seal International, Inc. *See* EX1024. Thus, in addition to the likelihood of a stay, there is also a likelihood that the BW Litigation will be dismissed for improper venue, dismissed for lack of personal jurisdiction, or both.

Under these circumstances, the Board generally "decline[s] to infer…how the District Court would rule should a stay be requested by the parties in the parallel case." *See, e.g., Hulu, LLC v. SITO Mobile, Ltd.*, IPR2021-00298, Paper 11, 10-11 (P.T.A.B. May 19, 2021) (quoting *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15, 12 (P.T.A.B. May 13, 2020) (informative)). Therefore, factor 1

is, at a minimum, neutral because the requested stay and the requested dismissals have not yet been granted in the BW Litigation.

However, the analysis under factor 1 cannot end there, for Patent Owner's argument fails to account for the fact that Petitioner is not a party to the BW Litigation. This is a critical distinction that further undermines the relevance of the BW Litigation under factor 1 of the *Fintiv* framework. The Board has made clear in recent decisions that this distinction matters. *See Owens Corning Roofing & Asphalt, LLC v. Kirsch Research & Dev., LLC*, IPR2020-01389, Paper 11, 10-11 (Feb. 2021) ("*Owens Corning")*; *see also Bose Corp. v. Koss Corp.*, IPR2021-00680, Paper 15, 13-14 (Oct. 2021) ("*Bose Corp.*") (the Board determining that "factor [1] weighs strongly against exercising our discretion to deny institution" because "[p]etitioner is not a party to the [district court] Litigation" and "[n]o evidence of a significant relationship between [district court litigant] and Petitioner exists"). In *Owens Corning*, the Board explained that "there is no indication in the record that Petitioner is a party" to the non-stayed litigations. *Owens Corning*, Paper 11, 11. Litigations that do not involve the Petitioner, even if not stayed, have little to no bearing. *Id.*

Applied here, the fact that the court in the BW Litigation has not yet granted the requested stay and has not yet granted the motions to dismiss does not support discretionary denial. As in *Owens Corning*, this fact does not support discretionary

denial under § 324(a) under factor 1, because Petitioner is not a party to the BW Litigation, nor is Petitioner in privity with any party to the BW Litigation. *See WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1321 (Fed. Cir. 2018) (determining that, as for the parties' legal relationship, purchase agreements as well as relevant business correspondence between the parties is not adequate to establish privity). The Board in *Owens Corning* expressly acknowledged that several related district court cases were active and approaching trial but still found that "*Fintiv* factor 1 weighs strongly in favor of institution" because none of those non-stayed cases involved the Petitioner. *Owens Corning*, Paper 11, 11. This reasoning applies with equal force here. Therefore, *Fintiv* factor 1 weighs strongly in favor of institution.

2. Factor 2: The Trial Date for the BW Litigation is Unknown

Factor 2 weighs strongly in favor of institution.

Fintiv factor 2 looks to the "proximity of the court's trial date to the Board's projected statutory deadline." *Fintiv*, Paper 11, 9. As the Board explained in *Bose Corp.*, "this proximity inquiry is a proxy for the likelihood that the trial court will reach a decision on validity issues before the Board reaches a final written decision." *Bose Corp.*, Paper 15, 15.

Here, the Board's final written decision is expected by September 21, 2026. While the district court's docket control order (EX2007) in the BW Litigation

indicates jury selection will commence on May 18, 2026, this date is speculative at best in view of the pending motion to stay (EX1022) and the pending motions to dismiss (EX1023; EX1024).

Moreover, if the motion to stay (EX1022) is granted, the trial schedule in the AFS Litigation will govern, eliminating any suggestion that a district court trial will conclude earlier than a final written decision from the Board. Indeed, given the early stage of the AFS Litigation, there is no chance that the district court in that proceeding will resolve any validity issues before the Board reaches a final written decision in this proceeding.

Even in the unlikely event that the customer suit exception is not applied and the BW Litigation proceeds to trial, that trial is scheduled to begin only four months before the Board's final written decision. While this suggests that the district court proceeding may theoretically be tried first, such proximity does not weigh heavily in the analysis. *See Bose Corp.*, Paper 15, 14-15. As in *Bose Corp.*, where a district court trial was set for five months prior to the expected final written decision, the Board found that, with respect to *Fintiv* factor 2, "the efficiency and system integrity concerns that animate the *Fintiv* analysis are present but not strong." *Id.*

Once again, however, the analysis under factor 2 cannot end there because Petitioner is not a party to the BW Litigation. This is a critical distinction that

further undermines the relevance of the BW Litigation under factor 2 of the *Fintiv* framework. The Board addressed this precise scenario in *Bose Corp.*, where the Board emphasized that "Petitioner is not a party to the [district court] Litigation," and accordingly determined that *Fintiv* factor 2 "weighs strongly against exercising our discretion to deny institution." *Id.*; *see also Savant Technologies LLC v. Feit Electric Co.*, IPR2024- 01357, Paper 17 (Mar. 2025) (analyzing *Fintiv* factor 2 and giving less weight to litigation not involving petitioner). That same reasoning applies here. Therefore, *Fintiv* factor 2 weighs strongly in favor of institution.

3. Factor 3: There has Been Little Litigation Investment and no Substantive Court Decisions

Fintiv factor 3 considers "the amount and type of work already completed in the parallel litigation by the court and the parties *at the time of the institution decision*." *Fintiv*, Paper 11, 9. (emphasis added). "If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution." *Id.* at 10 (citing *Facebook, Inc. v. Search and Social Media Partners, LLC*, IPR2018-01620, Paper 8, 24 (PTAB Mar. 1, 2019)) (district court proceeding in its early stages, with no claim constructions having been determined).

Factor 3 strongly favors institution because the parties to the BW Litigation will have expended few resources by the expected institution date of September 21,

2025 ("the Institution Date"). Indeed, the opening claim construction briefs in the BW Litigation are not even due until October 7, 2025, with the *Markman* hearing scheduled more than a month later on November 18, 2025, both of which would occur after the Institution Date. EX2007. As of the Institution Date, no claim construction ruling will have been issued.

Moreover, little to no fact and expert discovery would have taken place by the Institution Date. Fact discovery in the BW Litigation is not set to close until December 29, 2025, more than three months after the Institution Date. *Id.* Expert discovery will not even begin until after the Institution Date. That means that expert reports will not have even been contemplated, much less prepared by the Institution Date. Both fact and expert discovery are in their infancy in the BW Litigation.

There also will have been no *Daubert* briefing, summary judgment motions, or trial preparation as of the Institution Date. This further confirms that no substantive rulings related to the '422 patent will have been issued in the BW Litigation as of the Institution Date, and Patent Owner does not contend otherwise. The procedural exchanges Patent Owner relies upon, such as the exchange of proposed claim terms for construction and preliminary claim constructions, are merely preliminary disclosures and do not represent meaningful judicial engagement or resource commitment. *See* Paper 7, 13.

In sum, the BW Litigation remains in its early stages, with minimal investment by the parties, particularly with respect to the invalidity issues raised in the Petition. In addition, no substantive rulings related to the '422 patent will have been issued in the BW Litigation by the time of the Board's institution decision. Accordingly, factor 3 favors institution. *See Unified Patents, LLC v. Monarch Networking Solutions LLC*, IPR2020-01708, 2023 Pat. App. LEXIS 2664, *17 (Aug. 17, 2023).

4. Factor 4: The Lack of Overlap Strongly Favors Institution

Fintiv advises that "if the petition includes materially different…arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution." *Fintiv*, Paper 11, 12-13. Here, Patent Owner has not shown any meaningful overlap between the Petition and the BW Litigation. To the extent it attempts to do so, Patent Owner disregards the fact that the arguments and evidence, when considered as a whole, are materially different from those presented in the Petition.

As an initial matter, Patent Owner only cites to a recent Motion for Leave to Supplement Invalidity Contentions (EX2008) filed by Defendants in the BW Litigation as support for its argument that factor 4 weighs in favor of denying institution. *See* Paper 7, 13-14. In doing so, Patent Owner unwittingly demonstrates that the *evidence* that supports the Petition will not and cannot be addressed in the

BW Litigation. Specifically, the Petition advances materially different arguments and evidence based on a detailed claim-by-claim analysis supported by expert testimony that is unique to this proceeding. Petitioner's expert is not involved in the BW Litigation, and is not relied upon to support the defense of the allegations made against Petitioner's direct competitor. Neither are Petitioner's expert's testing, analysis, and conclusions. Perhaps more importantly, Patent Owner has not even argued, much less demonstrated, that any expert testimony or analysis presented in the Petition will be introduced or relied upon in the BW Litigation.

Indeed, the Petition presents a focused challenge that is distinct from the BW Litigation that will not result in inefficient or duplicative adjudication. As the Board emphasized in *Fintiv*, "if the petition includes materially different… arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution." Paper 11, 12-13. That is precisely the situation here. The lack of overlap in supporting evidence, particularly given the fact that Petitioner is not a party to the BW Litigation, makes clear that the two proceedings will follow separate tracks and will be based on different evidence.

In addition, although the Defendants in the BW Litigation purloined the Gatorade and Febreze Labels without Petitioner's authorization to bolster their litigation position, those references constitute only a small part of the Defendants'

broader invalidity case. Specifically, the Defendants challenge the validity of the '422 patent based on 26 different prior art references across a total of 333 distinct invalidity grounds. *See* EX2008 at 4-15. Notably, the Gatorade and Febreze Labels comprise just 3 of the 333 grounds, or less than 1% of the total invalidity theories advanced by Defendants in the BW Litigation. Thus, the Defendants in the BW Litigation assert numerous additional prior art references, legal theories, and arguments that are not raised in the Petition. It is therefore unlikely that the precise invalidity challenge raised in the Petition will be addressed in the BW Litigation.

While the above sufficiently demonstrates that this factor weighs strongly in favor of institution, Petitioner also stipulates that it will not pursue the grounds raised in the Petition in a parallel district court litigation should the present proceeding proceed to the Board's final written decision. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12, 18-19 (P.T.A.B. Dec. 1, 2020) (precedential). Petitioner submits that this *Sotera* stipulation eliminates any risk of duplication and potentially conflicting decisions. *Id.*

For each of the reasons set forth above, *Fintiv* Factor 4 favors institution.

5. Factor 5: Petitioner is Not a Defendant in the BW Litigation

The Board in *Fintiv* stated that "[i]f a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution." *Fintiv*, Paper 11, 13-14. Petitioner is not a party to

the BW Litigation, nor is Petitioner in privity with any party in the BW Litigation. On this basis alone, factor 5 weighs strongly in favor of institution. *See Savant Technologies LLC v. Feit Electric Co.*, IPR2024- 01357, Paper 17, 14-15 (Mar. 2025) (finding that *Fintiv* factor 5 favors institution when petitioner is not a party to litigation).

As set forth above, the BW Litigation remains in its early stages, and there is only superficial overlap at best between the BW Litigation and the present proceeding. Specifically, although the Gatorade and Febreze Labels are now (only recently) cited in the BW Litigation, they constitute only a minor overlap, representing less than 1% of the entire invalidity theories advanced in the BW Litigation. Moreover, the Petition presents materially different evidence, and expert testimony, that will not be presented in the BW Litigation. The lack of meaningful overlap between the BW Litigation and the Petition, especially in arguments and supporting evidence, demonstrates that the Petition raises distinct issues that have not been and will not be litigated in the BW Litigation.

Importantly, Patent Owner is likely to continue asserting the ‘422 patent beyond the BW Litigation, including potentially against Petitioner. Because Petitioner is not a party to the BW Litigation, Petitioner has no opportunity to challenge the validity of the asserted claims of the ‘422 patent in that forum. Nor

does the BW Litigation resolve potential litigation against Petitioner involving the '422 patent.

If the Board were to exercise its discretion under 35 U.S.C. § 324(a) and deny institution, Petitioner would be deprived of its opportunity to challenge the validity of the '422 patent under the procedures Congress provided in the America Invents Act, while allowing the Patent Owner to insulate the '422 patent from scrutiny by Petitioner through litigation against parties other than Petitioner. Moreover, Defendants in the BW litigation gain bargaining power from the use of arguments and materials taken from Petitioner's Petition.

Denying institution would be unfairly prejudicial. It would leave Petitioner unable to challenge the validity of the '422 patent, while providing its direct competitor the ability to rely upon Petitioner's challenge in order to navigate, and potentially resolve under favorable terms, its dispute against Patent Owner in the BW Litigation. Resolution for Petitioner's direct competitor would not only leave Petitioner exposed to the threat of future enforcement action by Patent Owner, but could also serve to place it at a great marketplace disadvantage.

Denying institution would therefore be fundamentally unfair and inconsistent with public policy. *See Fintiv*, Paper 11, 5 (factors aim to "balance efficiency, fairness, and patent quality.").

For each of the reasons set forth above, factor 5 weighs in favor of institution.

6. Factor 6: The Compelling Merits of the Petition Favor Institution

Board precedent provides that the Director should only consider the compelling merits factor if the first five *Fintiv* factors favor discretionary denial. *CommScope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23, 4-5 (PTAB Feb. 27, 2023) (precedential). As explained above, the Director need not consider the compelling merits because all five *Fintiv* factors weigh against discretionary denial.

Regardless, the compelling merits of the Petition outweigh any concerns that might arise under Factors 1-5. Patent Owner's argument otherwise, for example that Petitioner's Grounds "fall woefully short of constituting compelling merits" rests on several flawed and largely unsupported assertions, none of which withstand scrutiny. Paper 7, 14-15; *See also* Paper 7, Section IV.D.2. Indeed, Patent Owner completely misapprehends the Petition and the evidence relied upon in support.

First, Patent Owner argues that Petitioner presents no evidence that the Gatorade Label is recyclable with the bottle as required by the claims. This is simply incorrect. As detailed in the Petition, Petitioner provides extensive evidence

demonstrating that the Gatorade Label is recyclable with PET containers. For example, Petitioner demonstrated that label 3191157 is a Gatorade Label (*see* EX1014, ¶62 (image of Gatorade Label is labelled 3191157)) and that label 3191157 satisfies the limitation of "…and where in the recyclable shrink label is recyclable with a PET container." *Id.* at ¶¶71-79, specifically analyzing label 3191157. Separately, Petitioner demonstrated that the Gatorade Label is recyclable with the bottle as required by the claims. *See* EX1013, ¶¶52–57; EX1018; EX1019. This evidence directly addresses and establishes that the Gatorade Label satisfies the "recyclable" limitations of claims 1 and 19. Patent Owner's argument otherwise is plainly wrong.

Second, Patent Owner suggests that Petitioner relies exclusively on the Febreze Label to demonstrate the "recyclable" limitations of claims 1 and 19, despite the contention that an obviousness combination involving both the Gatorade and Febreze Labels has not been raised. *See* Paper 7, 22-25. Patent Owner is, once again, decidedly wrong.

Ground 1 clearly relies solely on the Gatorade Label as anticipating claims 1-3, 5-19. Ground 3 relies on the Gatorade Label in view of the Febreze Label to demonstrate obviousness of claim 4. And, the Petition does not rely on a combination of the Gatorade and Febreze Labels to meet independent claims 1 and

19; instead, the Gatorade Label alone satisfies the limitations of independent claims 1 and 19.

In particular, as explained above, Petitioner provides extensive evidence demonstrating that the Gatorade Label is recyclable with PET containers. Petitioner demonstrated that label 3191157 is a Gatorade Label (*See* EX1014, ¶62 (image of Gatorade Label is labelled 3191157)) and that label 3191157 satisfies the limitation of "…and where in the recyclable shrink label is recyclable with a PET container." *Id.* at ¶¶71-79, specifically analyzing label 3191157. Additional evidence (separate from any analysis of the Febreze Labels) establishes that the Gatorade Label satisfies the "recyclable" limitations of claims 1 and 19. *See* EX1013, ¶¶52–57; EX1018; EX1019.

Third, Patent Owner asserts that "Petitioner's evidence regarding the Febreze Label is insufficient to meet the claims," but that ignores that Petitioner relies upon the Febreze Label to demonstrate obviousness of dependent claim 4. Paper 7, 42-43. Again, the Febreze Label is not relied upon to challenge independent claims 1 and 19.

Fourth, Patent Owner's generic argument that Petitioner failed to prove its Grounds ignores the extensive, detailed record presented in the Petition. This includes expert analysis, physical testing, product documentation, and technical

literature. This record satisfies Petitioner's burden and presents compelling unpatentability grounds warranting institution.

Moreover, and as set forth below, because the Gatorade Label, the Febreze Label, combinations of them, and associated arguments were not previously considered by the Office, and because the art is not cumulative, Factor 6 weighs in favor of institution.

B. The Pending Rejection Of Nearly Identical Claims Further Demonstrates That The Petition's Merits Are Strong

Claims in a Continuation application of the '422 patent (Application Serial No. 18/667,677 ("the '677 application")) incorporate nearly the same claim limitation that is challenged in the Petition as being indefinite. EX1026, 138-144. Certain of those claims have been rejected as failing to satisfy the requirements of 35 U.S.C. § 112(b). *Id.* at 4-6. As explained below, this determination by the Office that certain claims in the '677 application are indefinite underscores the merits of the Petition, as well as the importance of addressing Petitioner's patentability challenge to claims 1-19 of the '422 patent in this proceeding.

The '422 patent issued from Application No. 18/103,234 ("the '234 Application"). Application No. 18/595,094 is a Divisional Application of the '234 Application, and the '677 application is a Continuation Application thereof. There

is a direct overlap between challenged Claim 1 of the ‘422 patent and pending claim 21 of the ‘677 patent as shown in the table below:

Challenged Claim 1 from the ‘422 patent	**Pending Claim 21 from the ‘677 Application (currently rejected)**
A recyclable shrink label comprising:	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 heat shrink film comprising a polyester selected from polyethylene terephthalate (PET), polyethylene terephthalate glycol-modified (PETG), and combinations thereof, and 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 light blocking component comprises a particulate	a light blocking ink layer comprising a light blocking component comprising a particulate, the particulate comprising at least one of metal, metal oxide, a reflective pigment, carbon black, and mica, the light blocking ink layer being constructed for the recyclable shrink label to block at least 80 % of incident light having wavelengths in a range of

having a particle size of 0.1 μm to 100 μm, wherein the particulate comprises metal, metal oxide, a reflective pigment, carbon black, mica, or a combination thereof, and	200 nm to 900 nm.
wherein the recyclable shrink label is recyclable with a PET container.	*wherein the light blocking ink layer is removable in a caustic wash and wherein any inks, pigments, or coating layers on the recyclable shrink label are formulated not to remain on the recyclable shrink label after a caustic wash cycle of a recycling process.*

As can be seen from the table above, both claims generally recite a recyclable shrink label comprising: (1) a heat shrink film layer comprising PET or PET-based material within the same thickness range; (2) a light blocking component comprising particulate materials selected from overlapping lists of metals, metal oxides, pigments, carbon black, and mica; and (3) a light blocking element blocking at least 80% of incident light having wavelengths from 200 nm to 900 nm.

Pending claim 21 of the ‘677 application includes an additional limitation directed to the meaning of the (indefinite) claim term “recyclable” recited in claim 1 of the ‘422 patent. Specifically, claim 21 attempts to clarify the meaning of “recyclable” by further requiring that the light blocking ink layer be removable in a caustic wash and that any inks, pigments, or coating layers be formulated not to remain on the shrink label after a caustic wash cycle of a recycling process.

Patent Owner argues in the present proceeding that the term “recyclable” in the ‘422 patent has a definite meaning. *See, e.g.*, Paper 7, 36. The explanation offered by Patent Owner is nearly identical to the text found in claim 21 of the ‘677 application. Critically, however, the Examiner addressing the ‘677 application (the ***same*** Examiner who previously examined the ‘422 patent) determined that claim 21 fails to satisfy the requirements of 35 U.S.C. § 112(b).

On March 6, 2025, the Examiner issued a Non-Final Rejection rejecting all pending claims in the ‘677 application, including claim 21, under § 112(b). EX1026, 1-29. The Examiner explained that the recyclability limitation, namely, “wherein the light blocking ink layer is removable in a caustic wash and wherein any inks, pigments, or coating layers on the recyclable shrink label are formulated not to remain on the recyclable shrink label after a caustic wash cycle of a recycling process,” remains indefinite. *Id.* at 4

The Examiner's rejection of claim 21 of the '677 application confirms the indefiniteness of claim 1 of the '422 patent. Specifically, if claim 21, which specifies how the recyclability limitation is satisfied, is nevertheless indefinite, it follows that claim 1 of the '422 patent, which broadly recites that the shrink label is merely "recyclable with a PET container," is even more indefinite.

Thus, Patent Owner's attempt to argue here that the claims are definite based on the same basis as has been presented and rejected in connection with claim 21 of the '677 patent application, fails. This also confirms the indefiniteness of the claims of the '422 patent, and that the Petition's indefiniteness challenge is strong.

As discussed further in Section III.C.3, *infra*, this background demonstrates that discretionary denial under 35 U.S.C. § 325(d) is not proper. The Examiner who previously examined and allowed the '422 patent claims did not, at least while the application that issued as the '422 patent was being examined, recognize this fundamental indefiniteness of the claim term "recyclable." Rather, the Examiner allowed claims reciting this term without a proper analysis under § 112(b). Now, in connection with the subsequent prosecution of the '677 application involving similar yet narrower claims, the same Examiner has properly identified and articulated this defect in rejecting those claims under § 112(b).

C. Analysis Of Patent Owner's Request For Discretionary Denial Pursuant to 35 U.S.C. § 325(d) – *Advanced Bionics* Strongly Favors Institution

Denial is not warranted pursuant to 35 U.S.C. § 325(d) because the Office committed multiple material errors in issuing the '422 patent. Therefore, the Director should not exercise her discretion under 35 U.S.C. § 325(d) to deny institution.

Advanced Bionics LLC v. Med-El Elektromedizinische Gerate GmbH, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (precedential) ("*Advanced Bionics*") provides a two-part framework for evaluating whether denial under §325(d) is warranted: (1) whether the same, or substantially the same, prior art or arguments were previously presented to the Office; and (2) if the first prong is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims. *See, e.g.*, *Advanced Bionics*, Paper 6, 7-8 (PTAB Feb. 13, 2020). The factual inquiry is guided by the six *Becton, Dickinson* factors. *Id*. (citing *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017)).

1. Neither the Gatorade Label nor the Febreze Label was Previously Presented and They are Not Cumulative of Prior Art Considered by the Examiner

Patent Owner seeks discretionary denial under 35 U.S.C. § 325(d) on the basis that the Petition purportedly relies on prior art and arguments previously

considered by the Examiner. That assertion is wrong. As explained below, the prior art and arguments presented in the Petition differ materially from those considered during prosecution of the '422 patent. Specifically, neither the Gatorade Label nor the Febreze Label was ever presented to or substantively considered by the Examiner. Indeed, these references disclose the precise limitations determined to be missing from the prior art that was considered during examination of the application that issued as the '422 patent.

As a result, the Director need not address part 2 of *Advanced Bionics*. Regardless, institution is still warranted because the Examiner materially erred in failing to consider these references, and they present strong anticipation and obviousness arguments.

a) *Advanced Bionics* Part 1

The first part of the *Advanced Bionics* inquiry considers several non-exclusive *Becton Dickinson* factors, including: "the similarities and material differences between the asserted art and the prior art involved during examination" (Factor (a)); "the cumulative nature of the asserted art and the prior art evaluated during examination" (Factor (b)); and "the extent of the overlap between the arguments made during examination and the manner in which petitioner relies on the prior art" (Factor (d)). *Advanced Bionics*, Paper 6, 9 n.10.

Petitioner addressed each of these factors in the Petition. Regarding Factor (a), the Gatorade and Febreze Labels are materially different from any art considered during prosecution, including the Mitchell reference. *See* Pet. 6–7, 30–31, 56. Indeed, Petitioner demonstrated that the Gatorade Label (*see* EX1014, ¶62 (image of Gatorade Label is labelled 3191157)) satisfies the limitation of "…and where in the recyclable shrink label is recyclable with a PET container." *Id.* at ¶¶71-79, specifically analyzing label 3191157. Separately, Petitioner demonstrated that the Gatorade Label is recyclable with the bottle as required by the claims. *See* EX1013, ¶¶52–57; EX1018; EX1019. And, Patent Owner concedes that this is the precise limitation that was determined by the Examiner to not be present in the Mitchell reference. *See* Paper 7, 21-22.

Regarding Factor (b), the Gatorade and Febreze Labels are not cumulative of the prior art evaluated during examination. As explained immediately above, the Examiner determined that Mitchell does not teach a shrink label recyclable with the container, a fact that Patent Owner now concedes. *See* Paper 7, 22. On the other hand, and as demonstrated in the Petition, the Gatorade Label discloses this precise claim limitation. *See* EX1014, ¶¶62, 71-79; EX1013, ¶¶52–57; EX1018; EX1019.

Turning to Factor (d), the arguments in the Petition do not overlap with those raised during prosecution. *See id.* Neither the Gatorade Label nor the Febreze Label was ever before the Examiner. As a result, there were no arguments

suggesting that the Gatorade Label disclosed a shrink label recyclable with the container. That, however, is precisely what the Petition argues and supports with evidence. Accordingly, the Petition does not present the same or substantially the same art or arguments previously considered, and the *Advanced Bionics* inquiry weighs in favor of institution.

Discretionary denial under *Advanced Bionics* would also be inappropriate under *SAS,* given the existence and compelling merits of Grounds 1-4 advanced in the Petition. *SAS Inst. Inc v. Iancu*, 138 S. Ct. 1348, 1358-59 (2018). As to this point, Petitioner notes that the challenged claims were deemed allowable over just six pieces of prior art cited by the Examiner during examination of the ‘422 patent. This quick review was accelerated by the Patent Owner.

With respect to Grounds 1 and 3 of the Petition, none of the art relied upon by Petitioner was presented to the Examiner, and none is cumulative of the prior art cited. *See* Pet. 6–7, 30–31, 56. The Gatorade Label and the Febreze Label, despite being commercially available products, were not disclosed to, cited by, or evaluated by the Examiner. Thus, the Examiner never had an opportunity to review their composition, structure, or recyclability properties. The Gatorade Label and the Febreze Label are entirely new prior art references based on public sales that pre-date the priority date of the ’422 patent.

As a result, Patent Owner is wrong when it argues that these labels are cumulative of shrink sleeve label art previously considered, including Mitchell. *See* Paper 7, 19-26. First, the Examiner never considered any physical product prior art at all, let alone shrink sleeve labels incorporating the specific light blocking layers, ink systems, particulate compositions, and recyclability performance of the Gatorade Label and Febreze Label.

Second, the Gatorade Label and Febreze Label are not cumulative of Mitchell. Mitchell discloses shrink sleeve label structures and layer ordering, but is not directed to recyclable shrink labels. Mitchell also does not disclose or suggest any wash-off recyclability properties, caustic wash removability, or formulations designed for compatibility with PET recycling processes. Indeed, Patent Owner itself concedes that Mitchell "fails to teach a recyclable label." Paper 7, 21. In contrast, the Petition demonstrates that the Gatorade Label is a commercial shrink label specifically engineered for PET recyclability, and teaches each of the limitations of the challenged claims. *See* EX1014, ¶¶62, 71–79; EX1013, ¶¶52–57; EX1018; EX1019. Therefore, the Petition presents prior art that is not cumulative of prior art considered by the Examiner, including Mitchell. As a direct result, the Gatorade Label and the Febreze Label are materially different art and raise issues that the Examiner never previously evaluated.

Patent Owner also asserts that Petitioner "fails to allege or provide any evidence that the Gatorade Label is recyclable with the container," and that "Petitioner instead relies on Figures depicting a Febreze Label." Paper 7, 21. Petitioner already demonstrated above that this assertion is unfounded. Petitioner clearly demonstrated that the Gatorade Label is recyclable with PET containers. *See* EX1014, ¶62: image of Gatorade Label is labelled 3191157 and satisfies the limitation of "…and where in the recyclable shrink label is recyclable with a PET container"; *Id.* at ¶¶71-79, specifically analyzing label 3191157. Separately, Petitioner demonstrated that the Gatorade Label is recyclable with the bottle as required by the claims. *See* EX1013, ¶¶52–57; EX1018; EX1019.

Petitioner also included analysis of the Febreze Label to show the similarity between it and the Gatorade Label. This demonstrates that a person of ordinary skill would view these labels as addressing the same light blocking and recyclability issues, and would therefore be motivated to consider them in combination. This is particularly important in connection with the demonstrated obviousness of claim 4 of the '422 patent, presented as Grounds 2 and 3.

b) *Advanced Bionics* Part 2

The Director need not reach part 2 of the *Advanced Bionics* framework for the reasons set forth above. Nevertheless, institution would still be warranted because the Office committed material error by failing to consider the Gatorade

Label and the Febreze Label. The Examiner allowed the challenged claims without any consideration of actual commercial shrink sleeve labels that were available, offered for sale, and sold prior to the filing of the '422 patent. The Gatorade and Febreze Labels provide strong anticipation and obviousness evidence that, if considered by the Examiner, would have resulted in a rejection of the claims.

Petitioner addressed each of the *Becton Dickinson* factors (c), (e), and (f) relevant to this inquiry in its Petition. Regarding Factor (c), the Gatorade and Febreze Labels were not evaluated during examination. *See* Pet. 7-8, 10-11, 58. As such, they were not the basis for any rejection.

With respect to Factor (e), Petitioner demonstrated in great detail how the Examiner erred by not considering the Gatorade and Febreze Labels, and why each of the claim limitations are met by the Gatorade Label. *See* Pet. 30-31. Indeed, the Petition demonstrates that the Gatorade Label is a commercial shrink label specifically engineered for PET recyclability, and teaches each of the limitations of the challenged claims. *See* EX1014, ¶¶62, 71–79; EX1013, ¶¶52–57; EX1018; EX1019.

With respect to Factor (f), *i.e.*, the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments, the failure to consider the Gatorade and Febreze Labels constitutes material error by the Examiner. Simply, the Examiner allowed the challenged claims based on an

incomplete record, without ever having been presented the Gatorade and Febreze Labels. Had the Examiner evaluated the Gatorade and Febreze Labels, and in particular the fact that the Gatorade Label was specifically engineered to be recyclable and therefore meets the limitation of "…and where in the recyclable shrink label is recyclable with a PET container," the challenged claims would not have been allowed. This is precisely the type of material error recognized under *Advanced Bionics*.

2. The Mitchell Reference Was Considered But, Critically, Not In Connection With The Gatorade Label Or In Connection With The Combinations Presented in the Petition

Patent Owner relies heavily on Mitchell to suggest that discretionary denial under 35 U.S.C. § 325(d) is warranted. However, it is Mitchell and the manner in which it was distinguished during prosecution, that demonstrates that discretionary denial is not warranted. The Examiner also never evaluated Mitchell in combination with the Gatorade Label. And, even if the Director was to reach part 2 of the *Advanced Bionics* analysis, institution remains warranted because the Examiner materially erred by failing to consider the relevant teachings of Mitchell when combined with the Gatorade Label.

a) *Advanced Bionics* Part 1

As to part 1 of *Advanced Bionics,* Mitchell was the basis for rejection in the August 9, 2023 non-final Office Action (EX1002, 227-242), and again in the

November 13, 2023 final Office Action (EX1002, 354-355). However, the Petition presents Mitchell in a new light in combination with the Gatorade Label, a reference that was not previously considered by the Office.

The Petition (Ground 3) presents the combination of the Gatorade Label and knowledge of a POSITA, including Mitchell, as disclosing each element of dependent claim 4. *See* Pet. 48-53. As a direct result, each of the *Becton Dickinson* factors (a), (b), and (d) demonstrate that this proceeding should be instituted.

Regarding Factor (a), the Gatorade Label, in combination with the disclosure of Mitchell, is materially different from any art considered during prosecution. *See* Pet. 6–7, 30–31, 56. That is because the combination demonstrates precisely what was not presented to the Examiner during prosecution–a commercially available shrink label specifically engineered for PET recyclability, which teaches each of the limitations of the challenged claims. *See* EX1014, ¶¶62, 71–79; EX1013, ¶¶52–57; EX1018; EX1019. For Factor (b), the Gatorade Label in combination with the disclosure of Mitchell is not cumulative of the prior art evaluated by the Office because, again, there was no prior art that met the limitation of "…and where in the recyclable shrink label is recyclable with a PET container." *Id.* And for Factor (d), the arguments in the Petition do not overlap with those raised during prosecution, for this same reason. *Id.*

b) *Advanced Bionics* Part 2

In view of the above, the Director need not reach part 2 of the *Advanced Bionics* framework. Nevertheless, institution is warranted under part 2 because the Office committed material error by failing to consider the disclosure of Mitchell in combination with the Gatorade Label.

Neither the Patent Owner nor the Examiner addressed Mitchell's broader teaching regarding shrink sleeve label constructions that incorporate multi-layer arrangements, including light blocking layers, indicia layers, high opacity layers, and film structures compatible with heat shrinking applications. *See* Pet. 41–43. Yet, Mitchell discloses layer ordering configurations and material options that are directly relevant to dependent claim 4 of the '422 patent. And, these disclosures of Mitchell should have been but were not evaluated by the Examiner, either alone or in combination with the Gatorade Label.

The Petition demonstrates that, when Mitchell's disclosures regarding layer structures, compositions, and light blocking arrangements are combined with the Gatorade Label, the resulting combination renders the challenged claim unpatentable. *See* Pet. 42–47. In fact, the Gatorade Label discloses the exact claim limitation that is missing from the Mitchell reference and the very limitation that led to allowance of the claims in the '422 patent. In that regard, Petitioner has shown that the Gatorade Label depicts a shrink label that is recyclable with the

bottle, as required by the claims. *See* EX1013, ¶¶52–57; EX1018; EX1019. Patent Owner itself concedes that this is the precise limitation the Examiner found to be absent from Mitchell. *See* Paper 7, 21-22. Accordingly, the Examiner's failure to consider the Gatorade Label constitutes a material error directly bearing on the patentability of the claims. *See Ecto World LLC v. Rai Strategic Holdings Inc.*, IPR2024-01280, Paper 13, 5 (PTAB May 19, 2025) (precedential) (citing *Advanced Bionics* at 10). The Examiner's failure to consider Mitchell in this combination constitutes material error under *Advanced Bionics* part 2.

3. The Examiner's § 112(b) Rejection of Similar Claims in the '677 Application Confirms Ground 4 and Indefiniteness Raised in Ground 4, and Demonstrates Material Error

Patent Owner argues that the indefiniteness issues raised in Ground 4 of the Petition were previously considered by the Examiner, and for that reason Petitioner has not shown material error. *See* Paper 7, Section IV.C. Both assertions are incorrect. As explained below, the Examiner never addressed indefiniteness of the claim term "recyclable," and therefore did not consider the arguments presented by Petitioner in Ground 4.

Specifically, the Examiner did not even consider, much less evaluate, the multiple, conflicting meanings of "wherein the recyclable shrink label is recyclable" identified in the Petition. Even if the Board reaches part 2 of the *Advanced Bionics* inquiry, institution remains warranted because the Office

materially erred in allowing the challenged claims without addressing the indefiniteness of the claim term "recyclable." As explained above, this has effectively been confirmed by the Examiner's subsequent § 112(b) rejection of similar claims in the related '677 application.

a) *Advanced Bionics* Part 1

As to part 1 of *Advanced Bionics*, Patent Owner suggests that the indefiniteness of challenged claims 1-19 raised in Ground 4 of the Petition is not new and that the Examiner previously considered § 112(b) during prosecution of the '422 patent. *See* Paper 7, 27. That is incorrect. While the Examiner had an obligation under MPEP § 2173.01 to assess compliance with § 112(b) as part of the examination process, the absence of any rejection or discussion of the particular issues raised in the Petition during the prosecution history confirms that the Examiner did not recognize or evaluate this fundamental defect before allowance. Rather, the Examiner allowed the challenged claims without ever raising or addressing the indefiniteness of the claim term "wherein the recyclable shrink label is recyclable."

In connection with Ground 4, Petitioner demonstrated that challenged claims 1-19 are indefinite under § 112(b) for reasons that do not appear anywhere in the prosecution history of the '422 patent. Specifically, the Petition identifies at least 10 different tests and varying interpretations disclosed in the '422 patent for the

claim term "wherein the recyclable shrink label is recyclable." *See* Pet. 53-58. A person of ordinary skill in the art would understand from the '422 patent that multiple, divergent definitions are provided regarding what constitutes a recyclable shrink label, without sufficient guidance as to which standard governs. *Id.* Neither Patent Owner nor the Examiner addressed these issues or explained how a skilled artisan could determine the claim scope with reasonable certainty during examination of the challenged claims. The Examiner's generic duty under MPEP § 2173.01 does not remedy the failure to recognize and reject the indefiniteness of the challenged claims during prosecution.

b) *Advanced Bionics* Part 2

Based on the foregoing, the Director need not reach part 2 of the *Advanced Bionics* framework. Petitioner's Ground 4 arguments were never considered during examination of the '422 patent in any manner.

If the Director reaches part 2 of the *Advanced Bionics* framework, institution is still warranted because the Office committed material error. This is demonstrated in the Petition, and is supported by the Examiner's recent § 112(b) rejection of similar claims in the '677 application. *See* Section IV.B, *supra*.

Patent Owner argues that Petitioner "failed to meet their burden of showing material error and are foreclosed from raising new arguments concerning error in a reply." Paper 7, 38 n.3. Patent Owner is wrong, for multiple, independent reasons.

First, the March 2025 Memorandum expressly introduces a *bifurcated institution decision process* and authorizes separate discretionary denial briefing, including replies. This framework explicitly permits additional targeted arguments and rebuttal evidence pertinent to institution decisions, distinguishing the current process from earlier PTAB practices like that in *Koa Corp.*, incorrectly cited by Patent Owner. Therefore, Petitioner's instant Opposition to Patent Owner's Request for Discretionary Denial, submitted under the sanctioned interim process, is procedurally proper and is not "foreclosed." Indeed, the very purpose of the interim process is to ensure that both parties have a full and fair opportunity to present their positions on discretionary issues to aid the Director's institution determination. Excluding material error arguments in this context would directly undermine that purpose.

Second, Petitioner has already established material error. As explained in Ground 4 of the Petition, challenged claims 1-19 are indefinite under § 112(b) for reasons that were never considered or addressed during prosecution of the '422 patent. Neither Patent Owner nor the Examiner addressed these issues or explained how a skilled artisan could determine the claim scope with reasonable certainty, constituting material error. The Examiner's recent § 112(b) rejection of substantively similar claims in the related '677 application–which was mailed on March 6, 2025, after the filing of the Petition, and therefore could not have been

considered earlier by Petitioner–further confirms that material error occurred in failing to recognize and address the indefiniteness of the claims during prosecution of the '422 patent. *See* EX1026, 1.

D. Additional Considerations Favor Institution

In addition to the fact that the *Fintiv* and *Advanced Bionics* analyses weigh against discretionary denial, "all relevant considerations" outlined in the March 2025 Memorandum similarly weigh against discretionary denial. *See, e.g., Twitch Interactive, Inc. v. Razdog Holdings LLC*, No. IPR2025-00307, Paper 18, *3 (PTAB May 16, 2025).

1. Petitioner Should have Access to this Forum to Efficiently Establish the Unpatentability of the Challenged Claims

"Compelling economic…interests" heavily weigh against discretionary denial here. March 2025 Memorandum at 2. Patent Owner is aggressively asserting the '422 patent, as evidenced by the ongoing BW Litigation. Allowing discretionary denial under these circumstances would undermine the very purpose of AIA proceedings, which is to provide an efficient and cost-effective mechanism to resolve patentability questions outside of costly litigation. It is squarely in the public interest to discourage Patent Owners from leveraging district court litigation while simultaneously insulating questionable patents from meaningful PTAB review. Otherwise, companies like Petitioner and others are forced to incur

significant costs defending against patent infringement allegations, or pursuing declaratory judgment actions, that could have been resolved more efficiently through AIA proceedings. Therefore discretionary denial is directly contrary to the AIA's core objective of offering a streamlined alternative to litigation. *See, e.g.*, *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19, 16–17 (PTAB Sept. 6, 2017) ("[W]e recognize that an objective of the AIA is to provide an effective and efficient alternative to district court litigation.").

Further, "[s]ettled expectations of the parties, such as the length of time the claims have been in force," also weighs against discretionary denial here. March 2025 Memorandum at 2. In that regard, the challenged '422 patent recently issued in 2024. Under similar circumstances, the Director has determined, "[e]arly challenges to patents favor robust, predictable patent rights and weigh against discretionary denial." *Tesla, Inc. v. Charge Fusion Technologies, LLC,* IPR2025-00152, Paper 11, 3 (PTAB June 12, 2025). Accordingly, Petitioner's early challenge of the '422 patent weighs against discretionary denial.

2. Expert Testimony

In addressing the March 2025 Memorandum's fourth factor, "[t]he extent of the petition's reliance on expert testimony," Patent Owner concedes that "the '422 patent requires complex physical examination of the labels requiring expert performance and analysis." Paper 7, 40-41. Patent Owner further acknowledges

that such testing and expert analysis is necessary to "identify whether particular structures or characteristics allegedly meet the claim limitations." *Id*. at 41. Petitioner fully satisfied these requirements by presenting expert testimony and accompanying physical testing to identify where and how each limitation of the challenged claims is disclosed in the cited prior art, as required under 35 U.S.C. § 312(a) (requiring "[a] petition filed under section 311 may be considered **only if**…the petition identifies…the **evidence that supports the grounds** for the challenge to each claim, including…**affidavits or declarations of supporting evidence** and opinions, if the petitioner relies on **expert opinions**" (emphasis added)).

Patent Owner's assertion that Petitioner relies too heavily on expert testimony is without merit. In fact, Patent Owner itself recognizes that expert analysis is essential for evaluating whether the Gatorade and Febreze Labels anticipate or render obvious the claims of the '422 patent. *See* Paper 7, 40. Petitioner's expert does not fill any gaps in the prior art, nor does Patent Owner identify any instance where the expert attempts to substitute analysis for missing disclosures. Rather, Petitioner's expert testimony appropriately explains the understanding and background knowledge of a person of ordinary skill in the art, and analyzes the Gatorade and Febreze Labels in light of that knowledge, supported by detailed physical testing and objective evidence.

As the PTAB recently confirmed in *Irhythm Technologies, Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10, 2-3 (PTAB June 6, 2025), reliance on expert testimony is proper where the expert provides technical context and supports the Petition's element-by-element mapping of the prior art to the claim limitations. That is precisely what Petitioner has done here. The expert testimony accompanying the Petition serves to confirm that the Petition accurately interprets the prior art and appropriately applies the teachings of the references to the challenged claims. This type of expert testimony is entirely routine and consistent with that presented in nearly every IPR and PGR petition, where the expert explains what a person of ordinary skill in the art would have understood from the prior art and how a person of ordinary skill in the art would have applied that understanding to the challenged claim limitations.

Moreover, while Patent Owner acknowledges that expert technical analysis is necessary, Patent Owner simultaneously suggests that this complexity renders the issues inappropriate for PTAB review and more suitable for adjudication before an Article III court. *See* Paper 7, 41. This argument is directly contrary to the purpose of the AIA and the very function of post-grant proceedings. Congress established IPR and PGR proceedings to provide expert administrative adjudication of technically complex patentability issues before a panel of specialized patent judges. The PTAB is uniquely equipped to handle precisely

these types of technical disputes. The fact that technical issues require expert analysis weighs in favor of institution, not against it.

The expert testimony here simply confirms what the Gatorade and Febreze Labels disclose, and explains how those disclosures would have been understood by a skilled artisan. Far from weighing in favor of discretionary denial, Petitioner's reliance on expert testimony is precisely the type of technical analysis that supports institution and assists the Board in evaluating complex subject matter under the March 2025 Memorandum.

IV. CONCLUSION

For the reasons set forth herein, Petitioner respectfully requests that the Director deny Patent Owner's request for discretionary denial.

Respectfully submitted,

Dated: June 23, 2025

/Brett A. Schatz/
Brett A. Schatz, Reg. No. 59,764
Louis H. Sitler, Reg. No. 81,818
Wood, Herron & Evans LLP
600 Vine Street
Suite 2800
Cincinnati, OH 45202
(513) 707-0418

Attorneys for Petitioner

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), the undersigned certifies that on June 23, 2025, a complete and entire copy of Patent Owner's Opposition to Petitioner's Motion to Submit Supplemental Information was provided via email to the Patent Owner by serving the email correspondence addresses of record as follows:

W. Todd Baker, Reg. No. 45,265
Steven Dirks
Kelly Tripathi

KIRKLAND & ELLIS LLP.
1301 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Tel.: (202) 389-3135 Fax: (202) 389-5200
BWhittle_PGR_KE@kirkland.com

/Louis H. Sitler/
Louis H. Sitler
Wood, Herron & Evans LLP
600 Vine Street
Suite 2800
Cincinnati, OH 45202

CERTIFICATION UNDER 37 C.F.R. § 42.24(d)

The undersigned hereby certifies that the foregoing Petitioner's Opposition to Patent Owner's Request for Discretionary Denial contains 10,645 words as measured by the word-processing system used to prepare this paper, and is in compliance with the word limit set forth in 37 C.F.R. § 42.24 and the Director's March 2025 Memorandum on Interim Processes for PTAB Workload Management.

/Brett A. Schatz/
Brett A. Schatz, Reg. No. 59,764
Wood, Herron & Evans LLP
600 Vine Street
Suite 2800
Cincinnati, OH 45202