Trials@uspto.gov
571-272-7822

Paper 9
Date: September 13, 2023

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NESPRESSO USA, INC.
Petitioner,

v.

K-FEE SYSTEM GMBH,
Patent Owner.

IPR2023-00485
Patent 11,230,430 B2

Before GRACE KARAFFA OBERMANN, JON B. TORNQUIST, and JAMES J. MAYBERRY, *Administrative Patent Judges.*

TORNQUIST, *Administrative Patent Judge*.

DECISION
Granting Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

A. Background and Summary

Nespresso USA, Inc. ("Petitioner") filed a Petition (Paper 1, "Pet.") requesting an *inter partes* review of claims 1–10 of U.S. Patent No. 11,230,430 B2 (Ex. 1001, "the '430 patent"). K-fee System GmbH ("Patent Owner") filed a Preliminary Response to the Petition. Paper 6 ("Prelim. Resp."). With authorization, Petitioner subsequently filed a reply to the Preliminary Response (Paper 7, "Prelim. Reply") to which Patent Owner filed a sur-reply (Paper 8, "Prelim. Sur-reply").

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314 (2018); 37 C.F.R. § 42.4(a) (2022). The standard for institution is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted "unless the Director determines . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."

For the reasons set forth below, Petitioner demonstrates a reasonable likelihood of prevailing with respect to claims 1–10 of the '430 patent. Accordingly, we institute an *inter partes* review.

B. Real Parties in Interest

Petitioner identifies itself, Nestlé USA, Inc., Nestlé Nespresso SA, and Société Des Produits Nestlé SA as the real parties in interest. Pet. 82.

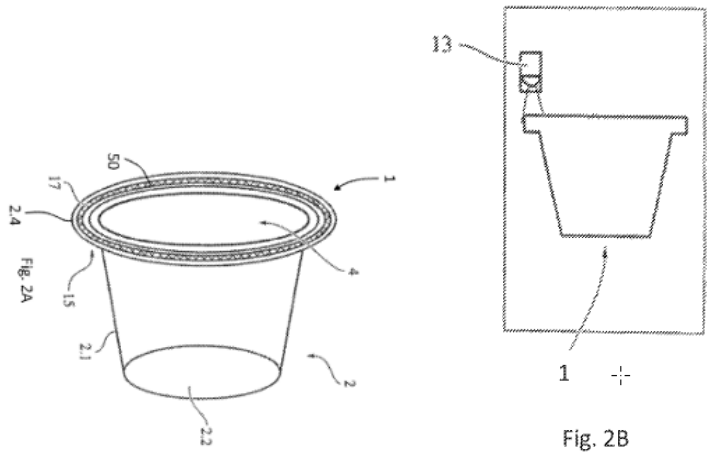
Patent Owner identifies itself as the real party in interest, and notes that it is "a wholly owned subsidiary of Kruger GmbH & Co. KG, along with Kruger North America, Inc." Paper 3, 2.

C. Related Matter

The parties identify the following district court proceeding as a related matter: *K-fee System GmbH v. Nespresso USA, Inc.*, No. 2:22-00525-GW (C.D. Cal.). Pet. 82; Paper 3, 2.

D. The '430 Patent

The '430 patent is titled "Portion Capsule Having an Identifier," and issued January 25, 2022, from an application filed July 26, 2021. Ex. 1001, codes (22), (45), (54). Figures 2A and 2B of the '430 patent are reproduced below.

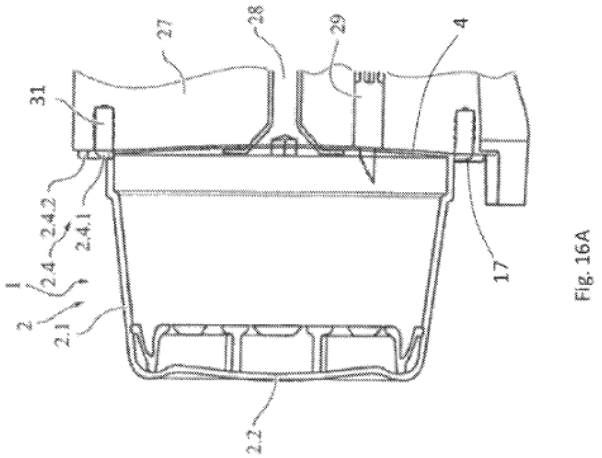


Figures 2A and 2B depict "a portion capsule containing a barcode." *Id.* at 7:31–32.[1] As shown in Figure 2A above, portion capsule 1 includes base element 2 with wall region 2.1, bottom area 2.2, and membrane 4. *Id.* at 8:11–13, 8:44–47. Membrane 4 is attached to edge region 2.4 and seals the cavity of the capsule. *Id.* at 8:11–13. Barcode 50 is placed "in the area of the membrane's top surface." *Id.* at 8:47–48. Alternatively, as shown by arrow 15, the barcode "can be attached to the base element's edge region

[1] We have rotated Figures 2A and 2B by 180 and 90 degrees, respectively, for ease of reference.

being averted from the membrane 4." *Id.* at 8:54–56. This barcode is used as an identifier and is read by detector 13 (Figure 2B), which is placed, for example, in a media chute. *Id.* at 8:56–58.

Figures 16A and 17A are reproduced below.



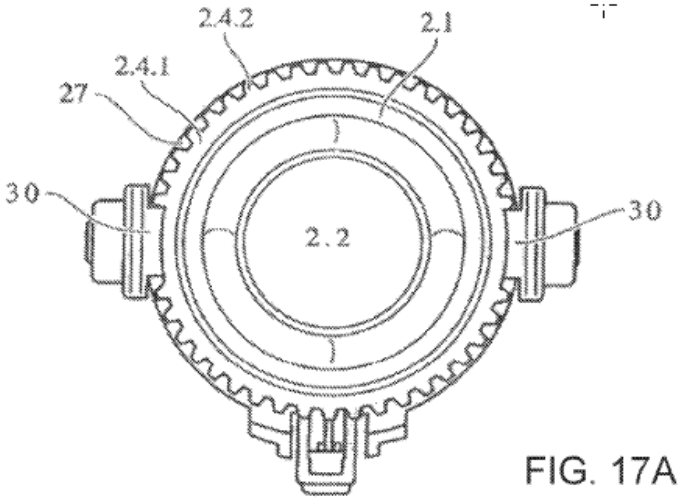


FIG. 17A

Figure 16A[2] depicts "a portion capsule with a gearwheel placed in the brewing chamber," and Figure 17A depicts a different embodiment of the portion capsule of Figure 16A. Ex. 1001, 7:58–61. These figures show "flange 17/edge region 2.4, which is preferably circular," and includes a

[2] Figure 16A has been rotated 90 degrees for ease of reference.

"means for fit locking, friction locking and/or detection 2.4.2 in the outer area (outer circumference)." *Id*. at 10:19–24. In Figure 16 and Figure 17A, means 2.4.2 is a gearwheel that is formed by several recesses/bulges evenly arranged in the edge region of portion capsule 1. *Id*. at 10:24–28. Holding arms 30 (Figure 17A) hold portion capsule 1 in place and interact with means 2.4.2. *Id*. at 10:42–45. The '430 patent explains that without means 2.4.2 the holding arms will not hold the portion capsule, the portion capsule cannot be inserted into the brewing chamber, and the capsule will instead "fall through it into a dropping box." *Id*. at 10:45–48.

E. Illustrative Claim

Petitioner challenges claims 1–10 of the '430 patent. Pet. 1. Claim 1, reproduced below, is illustrative of the challenged claims:

1. A beverage system for making a beverage, comprising:

a single-serve capsule comprising: a base element with a cavity, in which a raw beverage material is provided; a flange extending outwardly from the base element, the flange comprising a top side and an opposing bottom side; a cover that is fastened to the top side of the flange to close the cavity; and a barcode provided on the bottom side of the flange; and

a beverage machine comprising: a sensor/detector configured to read the barcode; a brewing chamber configured to receive the base element of the single-serve capsule and having an end portion that opposes the bottom side of the flange; and a pump controlled to supply water into the single-serve capsule;

wherein the single-serve capsule is free of a filter that is located inside of the cavity, the single-serve capsule also comprises:

i. an upper end portion that has an annular convexity and a lower end portion that has an annular concavity relative to a central axis of the base element; and

ii. a barrier layer to prevent moisture or aroma from escaping out of the single-serve capsule;

wherein the beverage machine also comprises:

i. a mandrel that is configured to pierce the cover in a region that is offset from the central axis of the base element;

ii. a seal that that is configured to seal against the cover in a region between a peripheral edge of the flange and the region of the cover that is pierced by the mandrel;

iii. a pair of holding arms for engaging the single-serve capsule; and

iv. a dropping box for the single-serve capsule to fall into;

wherein the pump is controlled to push the water into the single-serve capsule only upon a determination that the read barcode agrees with a stored reference.

Ex. 1001, 12:58–13:28.

F. Prior Art and Asserted Ground

Petitioner asserts that claims 1–10 of the '430 patent would have been unpatentable on the following ground (Pet. 33):

Claims Challenged	35 U.S.C. §[3]	Reference(s)/Basis
1–10	103	Yoakim[4], Jarisch[5], Rossi[6], Castellani[7]

[3] The Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. § 103, effective March 16, 2013. The parties assert that the challenged claims have an earliest effective filing date of either July 22, 2011, or September 2, 2010. Pet. 38–39; Prelim. Resp. 31–32. Accordingly, on this record, we apply the pre-AIA version of § 103. *See* 35 U.S.C. § 100(i)(1)(B).
[4] US 2010/0239734 A1, filed May 7, 2010, and published September 23, 2010. Ex. 1004 ("Yoakim").
[5] US 2013/0064937 A1, filed May 12, 2011, and published March 14, 2013. Ex. 1005 ("Jarisch").
[6] WO 2010/099806 A1, filed March 6, 2009, and published September 10, 2010. Ex. 1041 ("Rossi").
[7] US 2008/0105131 A1, filed December 21, 2007, and published May 8, 2008. Ex. 1009 ("Castellani").

In support of its ground of unpatentability, Petitioner relies upon the declaration of Mr. Michael Jobin. Ex. 1003.

II. ANALYSIS

A. Claim Construction

In this proceeding, the claims of the '430 patent are construed "using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. [§] 282(b)." 37 C.F.R. § 42.100(b). Under that standard, the words of a claim are generally given their "ordinary and customary meaning," which is the meaning the term would have had to a person of ordinary skill at the time of the invention, in the context of the entire patent including the specification. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (en banc).

Petitioner asserts that no claim terms require express construction for purposes of this decision. Pet. 33.

Patent Owner asserts that Petitioner argued successfully before the district court that the term "barcode" means a "machine readable code consisting of parallel bars of different widths that encode more than only two unique binary characters such as 0 or 1." Prelim. Resp. 17 (citing Ex. 1052, 7, 9–12). Although Patent Owner "does not agree" with this construction of "barcode," it asserts that Petitioner should not be permitted to argue for a "broad, ordinary meaning" construction in this proceeding. *Id.*

As discussed below, we do not understand Petitioner to be advocating for a construction of "barcode" that differs from its ordinary meaning in the art, or that differs from the construction adopted by the district court. *See* Pet. 57 (asserting that Yoakim expressly discloses using a "barcode"); Prelim. Reply 2–3; Ex. 1052, 13 (construing "barcode" to have "its plain and ordinary meaning (*i.e.*, a code having bars of variable width, which includes

the lines and gaps)," as understood by the "unequivocal statements K-fee made to the EPO (*i.e.*, the scope of barcode does not include the type of bit code disclosed in Jarisch/D1)"). As such, we determine that no claim terms require express construction for purposes of this decision. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) ("[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.")).

B. Level of Ordinary Skill in the Art

Petitioner contends that a person of ordinary skill in the art "would have a bachelor's degree in engineering plus five years of experience in design of mechanical beverage systems, or similar products." Pet. 31 (citing Ex. 1003 ¶ 40).

Patent Owner contends that a person of ordinary skill in the art "would have a bachelor's degree in engineering plus five years of experience in design of mechanical beverage systems, or similar products, as well as experience with sensors for recognizing an identifier." Prelim. Resp. 18.

The parties' proposed definitions differ only in that Patent Owner would require experience with sensors for recognizing an identifier. Pet. 31; Prelim. Resp. 18. Because each independent claim of the '430 patent includes an "identifier," in the form of a "barcode," and a "sensor/detector," on this record, we agree with Patent Owner that one of ordinary skill in the art would have experience with sensors for recognizing an identifier, based on the current record. Ex. 1001, 12:66–67, 14:1–2 (each independent claim of the '430 patent requiring an "identifier" in the form of "a barcode"). As such, we adopt Patent Owner's definition of a person of ordinary skill in the art for the purposes of this Decision.

C. Priority Date of the '430 Patent

The '430 patent claims priority to a series of United States patent applications, the earliest of which was filed July 22, 2011. Ex. 1001, code (60). The '430 patent also claims priority to three German patent applications. *Id.* at code (30). The first German priority application was filed July 22, 2010, the second German priority application was filed September 2, 2010 ("second German priority application"), and the third German priority application was filed February 7, 2011. *Id.*

Jarisch was filed May 12, 2011, and published March 14, 2013. Ex. 1005, codes (22), (43); Pet. 35. Thus, to the extent that the '430 patent is not entitled to receive the benefit of the priority date of one or more of the three German priority applications, Petitioner contends that Jarisch is prior art to the challenged claims under at least 35 U.S.C. § 102(e). Pet. 33–35.

In this case, the parties' dispute focuses on whether the challenged claims are entitled to the benefit of the filing date of the second German priority application. *Id.* at 38–46; Prelim. Resp. 36–56. We address this issue below.

1. Legal Framework

"It is elementary patent law that a patent application is entitled to the benefit of the filing date of an earlier filed application only if the disclosure of the earlier application provides support for the claims of the later application, as required by 35 U.S.C. § 112." *In re Chu*, 66 F.3d 292, 297 (Fed. Cir. 1995). One may show support for the claims of a later application by showing that the earlier application provides written description support for the claims. *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1306 (Fed. Cir. 2008). This written description requirement serves an important purpose "[i]n a patent system which allows claim amendments

and continuation applications long after an initial application is filed" because it ensures "that the patent owner may only exclude others from what they had actually invented *as of the priority date*." *Columbia Insurance Co. v. Simpson Strong-Tie Co., Inc.*, No. 2021-2145, 2023 WL 2733427, at *3 (Fed. Cir. Mar. 31, 2023) (non-precedential).

"To satisfy the written description requirement the disclosure of the prior application must 'convey with reasonable clarity to those skilled in the art that, as of the filing date sought, the inventor was in possession of the invention.'" *PowerOasis*, 522 F.3d at 1306 (quoting *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1563–64 (Fed. Cir. 1991) (brackets and emphasis omitted)). One may show possession of the invention through "such descriptive means as words, structures, figures, diagrams, formulas, etc., that fully set forth the claimed invention." *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). "Although the exact terms need not be used *in haec verba*, . . . the specification must contain an equivalent description of the claimed subject matter. A description which renders obvious the invention for which an earlier filing date is sought is not sufficient." *Id.*

2. The Parties' Arguments

a) Petitioner's Arguments

Petitioner contends that the second German priority application fails to disclose the inventions claimed in the '430 patent because this application lacks any disclosure of a capsule with "an upper end portion that has an annular convexity and a lower end portion that has an annular concavity relative to [a] central axis of the base element," as recited in independent claims 1 and 7. Pet. 42. According to Petitioner, the figures in this

application only disclose a capsule with a flat cover that has no convexity. *Id.* at 42–43.

Petitioner also asserts that the second German priority application fails to disclose placing a barcode on the bottom side of a flange in a device having each of the remaining limitations of independent claims 1 and 7. With respect to Figure 1, Petitioner asserts that this figure teaches or suggests a capsule with an identifier that can be used to determine whether the capsule is suitable for use with the machine, but contends the disclosed embodiment "does not disclose at least the claimed holding arms, dropping box, barcode under the flange, a capsule with an annular convexity and annular concavity, or seal." *Id.* at 40 (citing Ex. 1047, 37:27–30, 37:14–19[8]; Ex. 1003 ¶ 149). With respect to Figure 2, Petitioner contends this figure discloses "an alternative embodiment of a capsule with a barcode on the edge area of the base element facing away from the membrane," but fails to disclose "at least the claimed holding arms, drop box, annular convexity and concavity, seal, and indentations on the side wall of the capsule." *Id.* at 41 (citing Ex. 1047, 38:11–27; Ex. 1003 ¶ 151).

Petitioner further contends that Figures 16 and 17 (along with the accompanying text) describe another embodiment of a capsule that is designed with a "toothed ring" around the "outer region" of the flange, which Petitioner asserts is neither a barcode nor located on the bottom side of the flange. *Id.* at 41–42. Petitioner acknowledges that the text describing Figure 1 explains how the identifier would influence the machine's

[8] The parties cite to the page numbers in the lower right corner of the reference, which were added for purposes of this proceeding. Our citations are to the native page numbers of the application, which begins at page 30 of the Exhibit.

operation, and that the specification clarifies that this disclosure "applies to all other examples," but contends the text does not indicate to a person of ordinary skill in the art that multiple identifier embodiments would be combined with one another, such that the identifier disclosure of Figures 1 and 2 would be incorporated into the embodiments of Figures 16–18. *Id.* at 40–41, 45 (citing Ex. 1047, 37:38–38:9; Ex. 1003 ¶ 150). Rather, according to Petitioner, a person of ordinary skill in the art would have to cherry-pick features from disparate embodiments to arrive at the subject matter of the claims of the '430 patent. *Id.* at 45.

Finally, Petitioner notes that the dependent claims of the second German priority application recite various components of the claimed portion capsule, but contends these multiple-dependent claims fail to disclose the claimed invention. *Id.* (asserting that the multiple-dependent claims "are only directed to a portion capsule, and fail to disclose any details of the brewing system claimed in the '430 Patent").

b) Patent Owner's Arguments

Patent Owner contends the Office has already settled the very same priority issue Petitioner now raises. Prelim. Resp. 32–33. In particular, Patent Owner contends that during prosecution of "related U.S. Application No. 17/547,363 . . . , Examiner Chou initially concluded that the German application did not provide support." *Id.* at 32. But, after the Examiner was directed to the disclosure that "the identifier applies to all other examples," as well as the disclosure of the embodiment described in Figure 16, the Examiner withdrew the priority notification. *Id.* at 33–34 (citing Ex. 2010, 11).

Patent Owner asserts that the Examiner's conclusion with respect to priority was correct and applies equally to the challenged claims of the '430

patent. First, Patent Owner contends Figures 16–18 of the second German priority application alone demonstrate possession of the claimed inventions. *Id.* at 37. Patent Owner notes that in the description of Figure 16 the identifier can be "a . . . detection means to be sensed by a detector" and used to determine "whether the respective portion capsule is suitable for the respective coffee machine." *Id.* at 37–38 (quoting Ex. 1047, 34–36, 41). Patent Owner further notes that the second German priority application generally states in another portion of the disclosure that "[t]he identifier is further preferably a machine-readable print" such as a "barcode." *Id.* at 43. Thus, according to Patent Owner, one of ordinary skill in the art would have understood that the "detection means" in Figures 16 and 17 could be a barcode that is located on the bottom side of the flange. *Id.* at 37–38, 42–43.

Patent Owner also contends that the explanations of Figures 1–18 are expressly stated to "not have a limiting effect on the general concept of the invention," and after the general description of the invention, the application states that "[w]hat has been said in relation to the identifier applies to all other examples." *Id.* at 38 (citing Ex. 1047, 38). Accordingly, Patent Owner concludes that one of ordinary skill in the art would have understood that the "detection means" in Figures 16–18 could be a barcode, as disclosed in Figure 2. *Id.* at 38, 42–43.

Patent Owner also asserts that the claims of the second German priority application provide written description support for the challenged claims of the '430 patent. *Id.* at 38–39. According to Patent Owner, the substance of the multiple-dependent claims demonstrates that the inventors "contemplated that features from one embodiment were not confined solely to that individual embodiment," but rather "features of one illustrative

embodiment had applicability to other embodiments" and were therefore "combinable." *Id.* at 39.

3. Analysis

On this record, we agree with Petitioner that Figures 1 and 2 of the second German priority application do not disclose every limitation of independent claims 1 and 7 of the '430 patent. Figure 1 does not depict a barcode under the flange, but rather the use of raised areas on the side of the capsule that act as an identifier. Ex. 1047, Fig. 1. Figure 2, coupled with its associated description, might suggest that the barcode could be on the portion of the base element facing away from the membrane,[9] but this figure does not disclose many of the other elements of the claim, including holding arms, a drop box, annular convexity and concavity, and a pump to supply water to the single-serve capsule. Pet. 41; Ex. 1047, 9:21–24, Fig. 2.

We also determine that Patent Owner does not sufficiently demonstrate that Figures 16–18 of the second German priority application provide adequate disclosures showing that the inventors were in possession

[9] We question whether the second German priority application supports placing a barcode under the flange. The application states that the barcode could "be provided on that side of the peripheral region of the basic element which is directed away from the membrane." Ex. 1047, 9:21–24. This statement is rather ambiguous as to where the "peripheral region" is that is "directed away from the membrane." The text goes on to explain, however, that "[t]his barcode," i.e., the barcode that is "directed away from the membrane," "is read by a detector 13," which in Figure 2 is oriented to read a barcode on the top surface of the flange. *Id.* at 9:25–26, Fig. 2. This suggests that the barcode is not on the bottom side of the flange and that arrow 15 is pointing to the outer portion of the peripheral region that is not covered by the membrane, and not necessarily the bottom of the flange.

of the inventions set forth in independent claims 1 and 7 of the '430 patent.[10] First, the second German priority application describes the use of "an identifier" that is read by a "sensor/detection means" and then compared to a stored identifier. Ex. 1047, 2:29–31. In Figure 2 the *identifier* may be a barcode and the detection means is detector 13. *Id.* at 9:11–26. In Figures 16–18, however, element 2.4.2 is not an *identifier*, but rather a "a form-fitting and/or friction-fitting means and/or a *detection means*." *Id.* at 12:22–24 (emphasis added). As such, it is unclear how this disclosure would demonstrate possession of the disputed claim limitation, when combined with the other limitations of claims 1 and 7 as a whole.

Second, it is not evident that the toothed rings of Figures 16–18 are on the underside of the flange, as asserted by Patent Owner. Prelim. Resp. 42 (asserting that a barcode "could be located on the bottom side of the flange instead of the toothed ring"); Prelim. Sur-reply 4. The second German priority application states that the "form-fitting and/or friction-fitting means and/or detection means 2.4.2" is located in the "outer region" of the peripheral region 2.4. Ex. 1047, 12:22–24. We are directed to no evidence that this "outer region" is on the bottom of the flange, and Figures 16–18 each appear to depict means 2.4.2 on, or forming, the outer circumference of the flange.[11] *Id.* at Figs. 16–18, 6:8–11 (noting that the toothed ring is provided "on the outer circumference of the periphery").

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[10] The parties dispute whether Figure 16 of the second German priority application discloses annular convexity and concavity. Pet. 42–43; Prelim. Resp. 45–46; Prelim. Reply 4–5; Prelim. Sur-reply 4. At most, the parties identify a material issue of fact with respect to these two claim elements that is best resolved on a full trial record.

[11] At first blush, Figure 17A appears to show means 2.4.2 under a portion of element 27 of the capsule. Ex. 1047, Fig. 17A; Prelim. Sur-reply 4

Finally, it is not clear how a barcode could be used in the devices depicted in Figures 16–18, which rely on toothed rings physically interacting with either the chamber, retaining arms, or a pinion. Ex. 1047, 12:22–31, 13:8–18. The second German priority application explains that means 2.4.2 physically interacts with retaining arms 30 (embodiments of Figures 16 and 17) or a pinon (embodiment of Figure 18), and if means 2.4.2 were not present in these embodiments, the capsule would either "drop through into a waste container" or could not be inserted through the insertion shaft. *Id.* at 12:22–27, 13:9–12, 13:16–35 (noting that in the embodiment disclosed in Figure 18 a pinon interacts with means 2.4.2 and only when means 2.4.2 "is formed complementary to the teeth of the means" can the capsule be inserted). Patent Owner does not sufficiently explain how a barcode could replace means 2.4.2 in these embodiments and still retain the capsule within the device or allow the capsule to enter the insertion shaft.

Patent Owner contends the disclosure at the end of the description of Figure 1, specifically, "[w]hat has been said in relation to the identifier applies to all the other examples," demonstrates that the inventor contemplated using a barcode on the bottom side of the flange in every embodiment, including those depicted in Figures 16–18. Prelim. Resp. 38, 42–43. The problem with this argument is that "what has been said" up until this statement is only that a barcode or other identifier may be used; there is no disclosure of using a barcode on the bottom side of the flange. And,

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(asserting that Figure 17a "irrefutably depicts a view of the repeated toothed ring identifier on the bottom side of the flange"); *see also* Ex. 1001, Fig. 17A (providing a clearer depiction of the capsule). The text makes clear, however, that element 27 is part of the brewing chamber, and not the capsule. Ex. 1047, 12:27–31, 13:5–8, 13:21–26, 15:36. Thus, it is not evident that the toothed ring is in fact on the bottom side of the flange.

given that this statement comes at the bottom of the description of Figure 1, on the current record, it appears logical that it is the description of using an identifier in Figure 1 to establish whether a portion capsule is suitable for use in a particular brewing chamber that is applicable to all the other examples, not that every discussion of identifiers or their location found in the application applies equally to every embodiment.

Finally, Patent Owner's argument that the claims of the second German priority application suggest that the inventors contemplated various combinations of disclosed elements, such as the barcode of Figures 1 and 2 and the beverage-machine elements of Figures 16–18, is unavailing. The multiple-dependent claims of the second German priority application create a complex web of combinations that provides few clear "blaze marks" leading one of ordinary skill in the art to the claimed inventions. In addition, we are directed to no combination of claims in the second German priority application that would lead one of ordinary skill in the art to place a barcode on the underside of the flange in the claimed beverage systems.

4. Conclusion with Respect to Written Description Support

For the reasons discussed above, Patent Owner has not demonstrated that the second German priority application provides written description support for the challenged claims. Thus, on this limited record, Patent Owner has not demonstrated that the '430 patent is entitled to the benefit of the priority date of the second German priority application.[12] S*ee In re NTP*, 654 F.3d 1268, 1276 (Fed. Cir. 2011) (noting that "a patent's claims are not

[12] This determination is preliminary. The parties may further develop the record during trial on the issue of whether any of the German priority applications provide sufficient written description support for the challenged claims.

entitled to an earlier priority date merely because the patentee claims priority . . . Rather, for a patent's claims to be entitled to an earlier priority date, the patentee must demonstrate that the claims meet the requirements of 35 U.S.C. § 120"). Accordingly, we apply Jarisch as prior art to the '430 patent.

D. Claims 1–10 over Yoakim, Jarisch, Rossi, and Castellani

Petitioner contends the subject matter of claims 1–10 would have been obvious over the combined disclosures of Yoakim, Jarisch, Rossi, and Castellani. Pet. 46–81.

1. Yoakim

Yoakim is titled "Method for Preparing a Beverage or Food Liquid and System Using Brewing Centrifugal Force" and published September 23, 2010, from an application filed May 7, 2010. Ex. 1004, codes (54), (43), (22). Yoakim "relates to a capsule, device, system and method for preparing a beverage or food liquid from a food substance which is brewed or extracted by using centrifugal forces exerted on a capsule which contains the substance." *Id.* ¶ 2.

Yoakim's beverage device includes a sensor to read an identifier that is used to select predetermined parameters for a particular capsule. *Id.* ¶ 25. For example, "a capsule recognition system" may "recognize the types of capsules, i.e., espresso, lungo, cappuccino, long coffee (e.g., 180-400 ml), latte, tea, etc., and . . . adjust the speed and/or other brewing parameters (e.g., water temperature)" based on the type of capsule inserted into the device. *Id.* ¶ 192. The identifier may be a code on the capsule, "such as a color, a barcode, an RFID, a magnetic code, ferromagnetic micro-wires or labels, shapes and combinations thereof." *Id.*

We reproduce Yoakim's Figure 1, below.

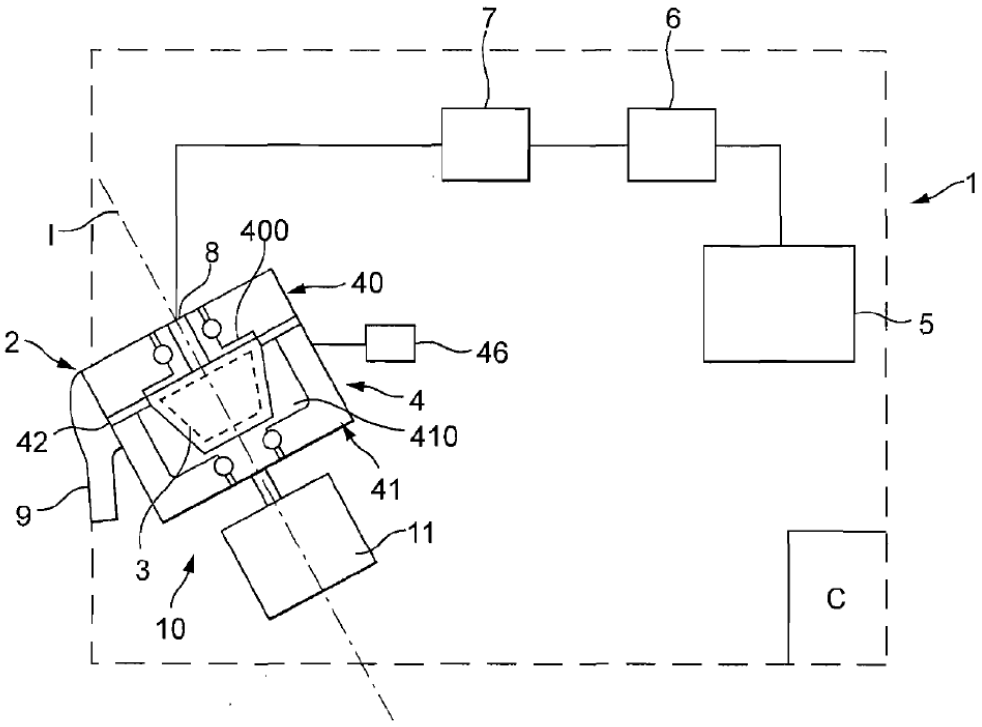

FIG. 1

Figure 1 depicts "a schematic representation of [Yoakim's] system." Ex. 1004 ¶ 30. System 1 includes device 2 and capsule 3, with device 2 having brewing module 4 that receives capsule 2 for brewing. *Id.* ¶ 180. Module 4 is connected to water reservoir 5, with the water delivered to module 4 by low pressure pump 6. *Id.* Water heater 7 heats the water to the desired temperature for the capsule. *Id.* After brewing is complete, the capsule is removed and discarded. *Id.*

Figures 6 and 27 of Yoakim are reproduced below:

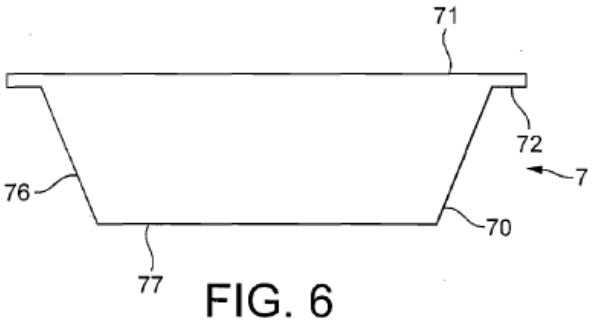

FIG. 6

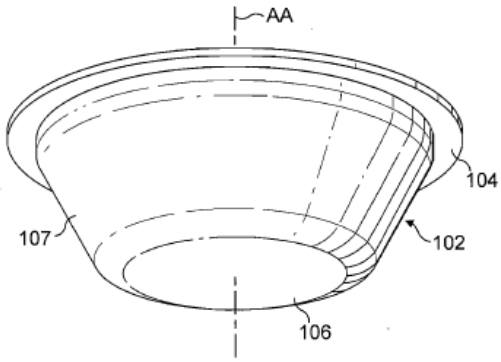

FIG. 27

Figure 6 depicts a sealed capsule that can be used in the invention and Figure 27 is a perspective view from below of the capsule of the invention. *Id.* ¶¶ 35, 56. In Figure 6, capsule 7 comprises a cup-shaped body 70 having upwardly oriented sidewall 76 and a bottom wall 77. *Id.* ¶ 197. "The body terminates by an upper edge 72 raising outwards onto which is sealed a lid 71," which may be "a flexible pierceable membrane of several microns in aluminum and/or plastic." *Id.*

In Figure 27, the capsule comprises a dished body 102, onto which sealing foil 103 (not shown) is sealed to peripheral rim 104 of the body. *Id.* ¶ 414. Yoakim explains that "rim 104 can extend outwards forming a small annular portion, e.g., of about 2–5 mm." *Id.*

Figure 4 of Yoakim is reproduced below:

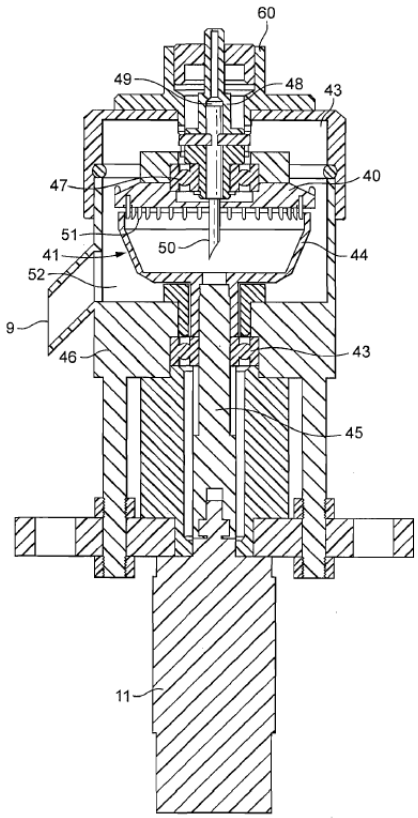

FIG. 4

Figure 4 is a detailed cross-sectional view of the system of one invention of Yoakim. *Id.* ¶ 33. In the device depicted in Figure 4, capsule holder 41 is associated with a central rotating rod 45 mounted along a lower bearing 43. *Id.* ¶ 187. A series of needles 51 are positioned on lid 40 to form small perforations at the periphery of the upper side of a capsule. *Id.* When the needles are engaged in the capsule, the lid is driven in rotation by the capsule and rotor 45. *Id.* Yoakim explains that the higher the rotational speed, the more radial pressure is exerted in the capsule by the liquid and the more the substance is compacted on the sidewall of the capsule. *Id.*

2. Jarisch

Jarisch is titled "Capsule, System and Method for Preparing a Beverage by Centrifugation" and published March 14, 2013 from an

application filed May 12, 2011. Ex. 1005, codes (22), (43), (54). Jarisch is directed to the preparation of a beverage using a capsule and, in particular, "focuses on the detection of the capsule." *Id.* ¶ 1.

Jarisch notes that various prior art methods have been disclosed for identifying a capsule using a code, but proposes "an improved way to identify the capsule within a beverage production machine." *Id.* ¶¶ 4–14. In a preferred embodiment, a "bit code" is used to identify the capsule and "is present on the bottom of the rim of the capsule which is opposed to the lid of the capsule." *Id.* ¶¶ 17, 22. Jarisch explains that this position is preferable because the bottom of the rim "is sufficiently away from the liquid injection and beverage delivery areas so that there is a lower risk for the code to become unreadable . . . [due to] beverage residues." *Id.*

3. Rossi

Rossi is titled "System of Edible-Product Making Machine and Load Element and Process for Control of Machine" and published September 10, 2010. Ex. 1041, codes (54), (43). Rossi "relates to a system of an edible-product making machine and a load element [(e.g., a capsule containing coffee powder)], and a process for controlling the operation of the edible-product making machine." *Id.* at 1.[13]

Rossi states that using the wrong capsule or operating conditions "may cause the machine to malfunction and can prejudice the safety and integrity of the machine and may harm the user." *Id.* at 3. To address this and other concerns, Rossi discloses a process for controlling the operation of an edible-product making machine, with a first step of recognizing both an

[13] We reference the pagination for the WO document, rather than the exhibit. For example, we cite to "Ex. 1041, 1" for page 1 of the publication, which appears on page 3 of the exhibit.

identifying element and a validation element, a second step of validating the validation element, and a third step of operating the machine only if the identifying element is recognized and the validation element is validated. *Id.* at 4. Rossi explains that

> The use of an identification element and recognition means, as well as the step of recognising the identification element allows the machine to recognise the load element and, hence, its contents. This in turn enables the machine to automatically select the operating conditions appropriate for that specific load element. This prevents the user from having to verify the contents of the load element, and from having to know and select the operating conditions appropriate therefor. It also helps to prevent the safety hazard associated with the use of inappropriate operating conditions.

Id. at 5.

4. Castellani

Castellani is titled "Delivery Head for Espresso Coffee Machines" and published May 8, 2008. Ex. 1009, codes (54), (43). Relevant to Petitioner's unpatentability positions, Castellani provides "a delivery head, in which the single-use or disposable capsule loading and unloading operations can be performed in a very easy and safe manner, from a user standpoint." *Id.* ¶ 10.

Figure 2 of Castellani is reproduced below.

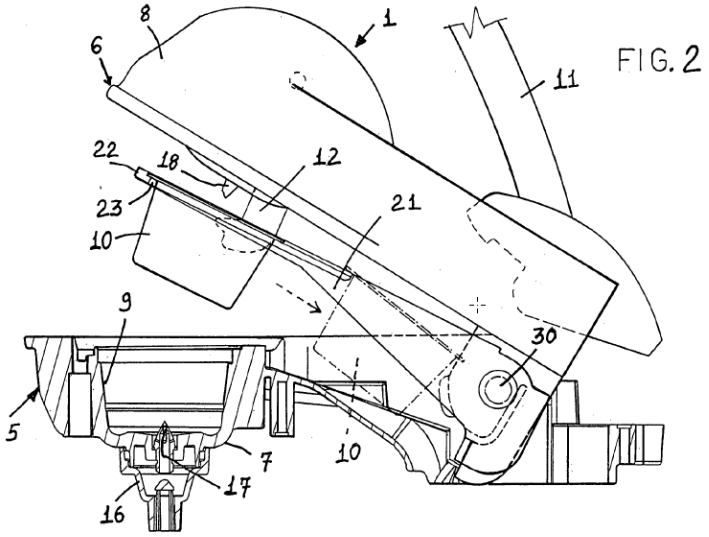

Figure 2 is a side elevation view, as partially longitudinally cross-sectioned, of the delivery head of Castellani. *Id.* ¶ 15. As shown in Figure 2, delivery head 1 includes top supporting element 6, pivot pin 30, and bottom supporting element 5. *Id.* ¶ 28. Recess 9 is provided in bottom supporting element 5 for holding capsule 10. *Id.* ¶ 30, 38.

A coffee capsule ejecting means is provided that includes capsule ejecting fork elements 21. *Id.* ¶ 43. In operation, when top supporting element 6 is raised after coffee is brewed from capsule 10, "capsule 10 will slide on the fork element 21 and, after having passed the annular portion 22, will fall inside the fork element 21 and, through a specifically designed passage, will be collected in a collecting vessel." *Id.* ¶ 54.

5. Analysis: Claim 1

Petitioner contends the combination of Yoakim, Jarisch, Rossi, and Castellani teaches or suggests every limitation of independent claim 1. Pet. 54–73. In particular, Petitioner contends that Yoakim discloses a brewing system that includes a brewing device, single-serve capsule, water heater, pump, and water reservoir, with the single-serve capsule comprising a base element with a cavity, a flange extending outwardly from the base element,

and a cover that is fastened to the top side of the flange to close the cavity. *Id.* at 54–56. Petitioner further contends that Yoakim discloses a sensor/detector that may identify and read a barcode on the capsule. *Id.* at 57–58.

Petitioner contends Jarisch discloses an optical code detector that is designed to read a code positioned on the underside of the flange, and Yoakim discloses controlling the pump based on the detection of the identifier by a sensor. *Id.* at 57, 61–62. Petitioner further contends that Castellani discloses a pair of holding arms for engaging the single-serve capsule and a dropping box for the single-serve capsule to fall into. *Id.* at 70–71. Finally, Petitioner contends that Rossi discloses operating the brewing machine and pump only when there is a determination that a barcode on a single-serve capsule agrees with a stored reference. *Id.* at 72.

With respect to the reason to combine these references, Petitioner contends that one of ordinary skill in the art would have placed the barcode of Yoakim on the bottom side of the flange of its single-serve capsule because Jarisch expressly indicates that this location is "sufficiently away from the liquid injection and beverage delivery areas" to avoid being hidden or soiled by beverage residues. *Id.* at 47–48 (quoting Ex. 1005 ¶ 22). Petitioner further contends that one of ordinary skill in the art would have implemented the capsule recognition process of Rossi in the device of Yoakim and Jarisch in order to both increase safety and provide improved accuracy of brewing conditions. *Id.* at 49 (citing Ex. 1003 ¶ 185). Finally, Petitioner contends that one of ordinary skill in the art would have used the holding arms and waste container of Castellani in the device of Yaokim, Jarisch, and Rossi, because the holding arms would facilitate capsule unloading operations and the waste container would allow users to avoid

handling dirty or high temperature capsules after extraction. *Id.* at 52 (citing Ex. 1009 ¶¶ 7–8, 10; 1003 ¶¶ 191–193).

Patent Owner contends Petitioner's arguments do not support institution because: (1) Petitioner fails to demonstrate that Yoakim discloses a "barcode," or that one of ordinary skill in the art would have placed such a barcode under the flange of the capsule; (2) the art fails to disclose the pump control limitation of claim 1; (3) a person of ordinary skill in the art would not have been motivated to combine Rossi with Yoakim and Jarisch; and (4) a person of ordinary skill in the art would not have been motivated to combine Yoakim, Jarisch and Rossi with Castellani. We address these arguments in turn.

a) Barcode and its Location

Patent Owner contends that the term "barcode" was construed by the district court—at the urging of Petitioner—to have its plain and ordinary meaning of "a code having bars of variable width, which includes the lines and gaps," and was found to exclude "a binary code," such as that disclosed in Jarisch. Prelim. Resp. 57 (citing Ex. 1052, 9–10, 14). Given Petitioner advocated for this construction before the district court, Patent Owner contends Petitioner is now judicially estopped from arguing a different claim construction in this proceeding. *Id.* at 59–60.

As to the merits, Patent Owner contends the argument that Yoakim in combination with Jarisch discloses a barcode on the bottom side of the flange fails "for at least two reasons." *Id.* at 60. First, according to Patent Owner, "the Petition addresses only the plain and ordinary meaning of 'barcode,'" and fails to demonstrate that Yoakim's "barcode" satisfies the construction adopted by the district court, i.e., a series of parallel bars of different widths that encode more than only two unique binary characters

such as 0 or 1. *Id.* Second, Patent Owner contends that one of ordinary skill in the art presented with only the bare disclosure of a "barcode" in Yoakim "would be equally if not much more likely to employ the [bitcode] of Jarisch under the flange." *Id.* at 61.

On this preliminary record, Patent Owner's arguments are unavailing. First, Yoakim expressly states that the capsule may use a "barcode," and the plain and ordinary meaning of this term is a code that satisfies the construction adopted by the district court. To the extent Patent Owner has reason to believe that Yoakim does not apply the plain and ordinary meaning of the term "barcode," and that one of ordinary skill in the art would have understood this fact, it is encouraged to present such evidence during trial. Second, in this obviousness inquiry the question is not whether a person of ordinary skill in the art is more likely to adopt a barcode or a bitcode, but whether one of ordinary skill in the art would have seen a benefit to applying the "barcode" of Yoakim under the flange of the capsule. *See Intel Corp. v. Qualcomm Inc.*, 21 F.4th 784, 800 (Fed. Cir. 2021) ("Our case law is clear. It's not necessary to show that a combination is 'the *best* option, only that it is a *suitable* option.'"). On that point, Jarisch expressly discloses the benefits of doing so. Ex. 1005 ¶ 22 (noting that applying the code at the bottom of the rim lowers the risk of the code becoming unreadable). As such, we determine that Petitioner sufficiently identifies where Yoakim discloses a barcode and explains why one of ordinary skill in the art would have placed such a "barcode" on the bottom of the capsule's flange.

Patent Owner's judicial estoppel arguments are not persuasive as we do not understand Petitioner to be advocating for a claim construction that differs from the one adopted by the district court. Prelim. Reply 2–3.

Petitioner merely argues that the "barcode" disclosure of Yoakim teaches or suggests a "barcode," absent some evidence to the contrary. *Id.* at 2.

As noted by Patent Owner, Petitioner demonstrated before the district court that, although various marketing materials described the code placed on the allegedly infringing capsules as a "barcode," in actuality the identifier used in the commercial products was a "bitcode." *See* Prelim. Resp. 58 (describing the "vertuo" technology of the accused device); Ex. 2004, 6, 9–11 (asserting that the "vertuo" system does not actually use a "barcode" as that term was construed by the district court). Accordingly, the district court granted summary judgment of non-infringement. Ex. 1054, 1 (granting summary judgement). Patent Owner contends that if the bare disclosure of a "barcode" in the marketing materials was not sufficient for purposes of infringement, then it should also not be sufficient for purposes of demonstrating obviousness over Yoakim. Prelim. Resp. 60. We disagree.

During the district court infringement proceeding, the question was what the allegedly infringing device or system actually uses as an identifier, not what the "barcode" disclosure of the marketing materials would teach or suggest to one of ordinary skill in the art. As the evidence showed that the allegedly infringing system actually used a "bitcode," as opposed to a "barcode," summary judgement was granted by the district court. *See K-fee Sys. v. Nespresso USA, Inc.*, No. 21-3402, 2022 WL 2826441, at *7–9 (C.D. Cal. June 17, 2022). Here, the issue is not infringement, but rather obviousness. Thus, the question is not what type of "barcode" is actually used in Yoakim, but what Yoakim's "barcode" disclosure would teach or suggest to one of ordinary skill in the art. On this point, the district court noted in its claim construction decision that Patent Owner argued before the European Patent Office (EPO) that when the term barcode is used in a prior

art reference a "person skilled in the art then knows that this always and exclusively refers to the 'classic Barcode,'" and not a bitcode constructed of two binary symbols. *See* Ex. 1052, 12; *see also K-fee Sys.*, 2022 WL 2826441 at * 7 (noting that K-fee asserted during prosecution before the EPO that a barcode is "always constructed of bars having variable widths, and therefore contains ***more than only two binary symbols***, such as '0' and '1'").

In view of the foregoing, we determine that Patent Owner's judicial estoppel arguments are not on point, Petitioner does not appear to be taking inconsistent positions, and Patent Owner's attempts to limit or question the meaning of the term "barcode" in Yoakim appear to directly conflict with its previous representations before the EPO.

b) Pump Control

Claim 1 requires "wherein the pump is controlled to push the water into the single-serve capsule only upon a determination that the read barcode agrees with a stored reference." Ex. 1001, 13:26–28.

Petitioner contends that Yoakim discloses controlling the operation of the pump based on recognition of an identification code, including controlling the pump to adjust the flow rate depending on the type of coffee to be delivered. Pet. 72; Ex. 1004 ¶¶ 25, 192, 477. Petitioner further contends that Rossi discloses identifying and validating a barcode before a brewing machine can be activated. Pet. 72; Ex. 1041, 11; Ex. 1003 ¶ 265 (Mr. Jobin testifying that one of ordinary skill in the art would have understood that "unless there is a determination that the identifier agrees with the stored reference," the pump of Rossi would not be operated, as the pump is a component of the brewing cycle). Petitioner asserts that one of ordinary skill in the art would have implemented the control process of

Rossi in Yoakim and Jarisch in view of Rossi's disclosure that this technique improves the performance and safety of a brewing system. Pet. 49–50.

Patent Owner contends that Petitioner provides no evidentiary support for its assertion that Yoakim "suggests relying upon identifier detection for the purposes of controlling a pump, particularly as a safety measure." Prelim. Resp. 63. Patent Owner further contends that Petitioner has not demonstrated that the validation element of Rossi "has anything to do with the operation of the machine, and certainly not the control of a pump" or involves a determination that a single-serve capsule belongs to a group of single serve capsules operable for use with the beverage machine. *Id.* at 61, 64. According to Patent Owner, the validation element of Rossi is used to ensure that "the load element is used a single time, and only serves to unlock the machine so that it can be used at all." *Id.* at 64 (asserting that Petitioner has not even demonstrated that Rossi has a pump).

Yoakim discloses a brewing machine with a pump, as well as controlling the pump to adjust flow rates depending on the type of capsule used. Ex. 1004 ¶¶ 25, 192, 218, 477. Rossi discloses using an identifier and validation element to ensure that only a recognized capsule is used in the brewing machine, and activates the brewing machine only if it recognizes, or validates, the capsule. Ex. 1041, 11. The identifier and validation element in Rossi may be identical and are preferably in the form of a "barcode." *Id.* at 7, 9. Thus, Petitioner sufficiently explains where Yoakim and Rossi, in combination, teach or suggest the disputed claim term.

As noted by Patent Owner, one purpose of the validation element and validation means is to "prevent the use of an already-used single use load element in the machine." Ex. 1041, 5. The validation element is not limited to this purpose, however, and is also used to avoid "a potential health hazard

if the machine is not used correctly or malfunctions" due to the use of the wrong operating conditions for a particular load element. *Id.* at 3, 5. And, if the identification/validation element is not recognized, the machine will not operate.

c) Motivation to Combine Rossi with Yoakim and Jarisch

Patent Owner contends the Petition fails to persuasively explain why one of ordinary skill in the art would have combined Rossi with Yoakim and Jarisch. Prelim. Resp. 64–65. In particular, Patent Owner contends that the Petition fails to take into account the nature of the validation element disclosed in Rossi, which is

> (1) separate from the identification element that is used to control the operation of the machine, (2) used to determine whether a load element has already been used, (3) preferably takes the form of the mechanical destruction of the validation element, (4) is described as advantageous if the validation is visible to the user, such that it is clear that the load element is validated and cannot be reused, (5) is generally described as taking place outside of the machine, and (6) is used for purposes of "unlocking" the machine.

Id.

Contrary to Patent Owner's arguments, we do not understand Petitioner to be arguing for a bodily incorporation of Rossi's specific identifier/validation element and process in the device of Yoakim and Jarisch. Pet. 72. Rather, we understand Petitioner's position to be that Yoakim discloses a barcode and that Rossi teaches or suggests that such a barcode can be used to allow activation of the machine (including the pump) only when the barcode on the capsule is recognized. *Id.* at 49–50, 72 (citing Ex. 1041, 11; Ex. 1003 ¶ 263). And, Mr. Jobin testifies that implementing Rossi's method of identification and control based on the use of a barcode

would not require modification of the brewing machine of Yoakim and Jarisch. Ex. 1003 ¶ 187.

Patent Owner also argues that Petitioner is the owner of Jarisch and argued during prosecution of a similar Jarisch reference that the parent application of Yoakim—Yoakim '601—would not be combined with another reference "to arrive at a capsule comprising a code arranged on a bottom of the flange-like rim." Prelim. Resp. 65 (citing IPR2021-01222, Exhibit 2002-1 at 393). And, given that Petitioner argued in that prosecution that "different references describing single-serve coffee capsules were non-combinable," Patent Owner contends "Petitioner should not be permitted to argue the opposite now." *Id.* at 66.

As Patent Owner concedes, the disclosures of Yoakim and Yoakim '601 are not identical, and Patent Owner presents no evidence that the same prior art references or arguments raised in the Petition were asserted by the Examiner during prosecution of the similar Jarisch reference. Prelim. Resp. 66 ("Patent Owner acknowledges that Yoakim (Ex. 1004) is a continuation-in-part of the Yoakim '601 reference and that the references have different disclosures."). Thus, Patent Owner's general citations to the past prosecution of a different patent application having different claims and addressing different prior art references does not dissuade us from instituting trial.

Patent Owner also contends that the detector used to read the code on the capsule in Jarisch is on the opposite side of the capsule than the detector used in Yoakim. *Id.* at 66–67. And, given the "significant redesign of the elements" necessary to implement Jarisch's disclosures in Yoakim, Patent Owner contends a person of ordinary skill in the art "would not have been motivated to combine the teachings of the two references." *Id.* at 67.

Mr. Jobin testifies that because Jarisch expressly discloses how to modify a centrifugal brewing chamber to read a code on the bottom side of the capsule flange, one of ordinary skill in the art would not perceive any difficulty in combining the identified disclosures of Yoakim and Jarisch. Ex. 1003 ¶ 184. Patent Owner's attorney argument is not sufficient to call this testimony, which relies on specific citations to Jarisch, into question.

Finally, Patent Owner contends the "bitcode" disclosure of Jarisch "teaches away from Petitioner's proposed combination." Prelim. Resp. 68. Patent Owner reasons that Yoakim uses the bare term "barcode," without providing any information as to what that code would actually be, "and certainly does not provide the narrow strictures offered in Petitioner's construction for that term." *Id.* As a result, Patent Owner contends one of ordinary skill in the art would have used the "bit code" described in Jarsich as an identifier, which the district court has found is not a "barcode," as recited in claim 1. *Id.*

On this record, Patent Owner's argument is not persuasive because, absent some reason to conclude otherwise, we presume that the "barcode" of Yoakim is a "barcode" as that term is ordinarily used in the art. That plain and ordinary meaning satisfies the district court's construction of the term. Ex. 1052, 11 (district court noting Patent Owner's assertion made during prosecution before the EPO that "when reference is only made it [sic] to a 'Barcode', the person skilled in the art then knows that this always and exclusively refers to the 'classic Barcode'").

6. Reason to Combine Yoakim, Jarisch, and Rossi with Castellani

Petitioner contends one of ordinary skill in the art would have sought to add the ejection mechanism and drop box of Castellani to the brewing

device of Yoakim, Jarisch, and Rossi because Castellani explains that its capsule unloading operation "can be performed in a very easy and safe manner," and the ejection forks of Castellani allow a user to avoid touching a hot and wet used capsule. Pet. 52 (citing Ex. 1009 ¶¶ 7–8, 10, 54).

Patent Owner contends Petitioner's arguments regarding the combination with Castellani are "conclusory" and "insufficient." Prelim. Resp. 68. We disagree. On this record, Petitioner provides a reasoned argument, supported by specific citations to Castellani, to explain why one of ordinary skill in the art would have seen a benefit to using Castellani's ejection forks and capsule removal mechanism in the combined system. Pet. 52. As such, Petitioner's arguments are sufficient to support institution.

7. Conclusion with Respect to Independent Claim 1

Petitioner identifies where Yoakim, Jarisch, Rossi, and Castellani teach or suggest every limitation of claim 1. Petitioner also provides a reasoned explanation supported by factual underpinnings as to why one of ordinary skill in the art would have combined the four references to arrive at the subject matter of independent claim 1. Accordingly, Petitioner demonstrates a reasonable likelihood that claim 1 would have been obvious over the combined disclosures of Yoakim, Jarisch, Rossi, and Castellani.

8. Independent Claim 7 and Dependent Claims 2–6 and 8–10

Petitioner identifies where it contends Yoakim, Jarisch, Rossi, and Castellani teach or suggest every limitation of independent claim 7 and dependent claims 2–6 and 8–10. Pet. 73–81. Patent Owner does not address Petitioner's arguments with respect to these claims, apart from its arguments related to independent claim 1.

Upon review of the parties' arguments and supporting evidence, we determine that Petitioner demonstrates a reasonable likelihood that independent claim 7 and dependent claims 2–6 and 8–10 would have been obvious over the combined disclosures of Yoakim, Jarisch, Rossi, and Castellani.

III. DISCRETIONARY DENIAL

Patent Owner contends we should exercise our discretion and not institute trial under both 35 U.S.C. § 325(d) and 35 U.S.C. § 314(a). We address both arguments below.

A. Discretionary Denial under 35 U.S.C. § 325(d)

Patent Owner contends that we should exercise our discretion under 35 U.S.C. § 325(d) to deny the Petition, applying our precedential decisions in *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (precedential) ("*Advanced Bionics*"), and *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017) (precedential as to § III.C.5, first paragraph) ("*Becton, Dickinson*"). Prelim. Resp. 18–27. For the reasons provided below, we do not exercise our discretion to deny institution under § 325(d).

1. Applicable Framework

Section 325(d) provides that, in determining whether to institute an *inter partes* review, "the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office." 35 U.S.C. § 325(d). The Board uses a two-part framework in determining whether to exercise its discretion under § 325(d), specifically:

> (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and
>
> (2) if either condition of [the] first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.

Advanced Bionics, Paper 6 at 8.

In applying the two-part framework, we consider several non-exclusive factors from *Becton, Dickinson*, which provide "useful insight into how to apply the framework" (*Advanced Bionics*, Paper 6 at 9): (a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art; (e) whether Petitioner has pointed out sufficiently how the examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments. *Becton, Dickinson*, Paper 8 at 17–18. If, after review of factors (a), (b), and (d), we determine that the same or substantially the same art or arguments previously were presented to the Office, we then review factors (c), (e), and (f), which relate to whether Petitioner demonstrates that the Office erred in a manner material to the patentability of the challenged claims. *Advanced Bionics*, Paper 6 at 10.

2. Analysis

Petitioner acknowledges that Yoakim and Jarisch were cited on an Information Disclosure Statement (IDS) during prosecution of the '430 patent and that Rossi and Castellani were mentioned in the *inter partes* reviews that were cited on the IDS. Pet. 19; Prelim. Resp. 23. We need not determine whether Part 1 of the *Advanced Bionics* framework is satisfied based on these disclosures, however, as Part 2 of the analysis, which we address below, is dispositive.

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

The Examiner did not issue any rejections during prosecution of the '430 patent. Ex. 1002, 232–234. As the reasons for allowance, the Examiner stated:

> [A]llowance of claims 1 and 21–29 is indicated as none of the cited prior art discloses or suggests the flange comprising a top side and an opposing bottom side; a cover that is fastened to the top side of the flange to close the cavity; and an identifier provided on the bottom side of the flange, the identifier being a barcode, wherein the beverage machine, by reading or detecting the identifier with the sensor/detector, is configured to determine if the single-serve capsule belongs to a group of single serve capsules operable for use with the beverage machine, and only if the beverage machine determines that the single-serve capsule belongs to the group of single serve capsules operable for use with the beverage machine is the pump controlled to push the water into the single-serve capsule.

Id. at 233.

In arriving at this conclusion, the Examiner did not cite or discuss the disclosures of Yoakim, Jarisch, Rossi, or Castellani. *Id.* at 232–234. Yet, these references appear, based on the current record, to expressly teach or

suggest each of the elements listed by the Examiner in the reasons for allowance, including a "flange comprising a top side and an opposing bottom side" (Ex. 1004 ¶ 197, Fig. 6); "a cover that is fastened to the top side of the flange to close the cavity" (Ex. 1004 ¶¶ 128–129, 197, 414); "an identifier provided on the bottom side of the flange" (Ex. 1005 ¶ 22) that is "a barcode" (Ex. 1004 ¶¶ 496, 525); and "reading or detecting the identifier with the sensor/detector . . . to determine if the single-serve capsule belongs to a group of single serve capsules operable for use with the beverage machine" (Ex. 1004 ¶¶ 25, 192, 477, 494–496, 525; Ex. 1005 ¶ 82; Ex. 1041, 3, 11). As such, to the extent the asserted *combination* of prior art references was evaluated during prosecution of the application that matured into the '430 patent, we determine that such evaluation was minimal.

In view of the foregoing, we determine that this factor weighs against exercising our discretion to deny institution.

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

Petitioner contends the Examiner erred in allowing the claims of the '430 patent because the limitations outlined in the reasons for allowance are shown to be disclosed in Yaokim, Jarisch, Rossi, and Castellani. Pet. 24–28. We agree.

As noted above, Petitioner identifies where the prior art teaches or suggests every limitation of the challenged claims, including those identified by the Examiner in the reasons for allowance. Petitioner also presents an argument as to why one of ordinary skill in the art would have combined the various disclosures of the cited references to arrive at the subject matter of

the challenged claims. *Id.* at 46–53. Accordingly, this factor weighs against exercising discretion to deny institution.

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

Petitioner contends that the strength of the Petition alone supports the Board not exercising discretion, but asserts that the declaration of Mr. Jobin further explains why the Examiner erred in allowing the challenged claims, including the fact that the '430 patent is not entitled to claim priority to its foreign applications. Pet. 29–30.

Patent Owner contends that no additional facts would warrant reconsideration of the cited art or arguments. According to Patent Owner, the same references (and oftentimes the exact same passages) were presented in past examinations, and the only avenue for Petitioner "is to argue that the Examiner and the Board were unscrupulous in indicating that they had reviewed the references." Prelim. Resp. 31.

On this record, we determine that this factor is neutral. Although Mr. Jobin provides testimony regarding obviousness and priority, absent new references or analysis, this is typically not the kind of "additional evidence" or facts that tend to tip the scales for or against discretionary denial. It is instead the type of additional evidence that is part of most *inter partes* review proceedings.

3. Conclusion: Discretion under 35 U.S.C. § 325(d)

Taking a holistic view of the totality of the information presented, we determine that Petitioner sufficiently demonstrates material Examiner error during prosecution of the application that matured into the '430 patent.

Accordingly, we do not exercise our discretion under § 325(d) to not institute an *inter partes* review.

B. 35 U.S.C. § 314(a)

Patent Owner contends that "[t]he parties have been embroiled in disputes involving substantive claims for infringement for both the '430 Patent and the Jarisch 929 reference," and "it is unnecessary to open up yet another front in this dispute." Prelim. Resp. 68–69. As such, Patent Owner requests that we deny institution under 35 U.S.C. § 314(a). *Id.*

Patent Owner directs our attention to no case in which the Director has exercised discretion to deny a petition merely because the same patent was the subject of a co-pending district court infringement action. Indeed, 35 U.S.C. § 315(b) specifically contemplates such a scenario. Accordingly, we decline to exercise discretion to deny the Petition under 35 U.S.C. § 314(a).

IV. CONCLUSION

For the reasons discussed above, Petitioner demonstrates a reasonable likelihood of prevailing in showing that at least one claim of the '430 patent would have been obvious.

V. ORDER

Accordingly, it is:

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review of claims 1–10 of the '430 patent is instituted with respect to all grounds set forth in the Petition; and

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4(b), *inter partes* review of the '430 patent shall commence on the date of this Decision, and notice is hereby given of the institution of trial.

PETITIONER:

B. Clayton McCraw
Amanda S. Bonner
MAYER BROWN LLP
cmcraw@mayerbrown.com
asbonner@mayerbrown.com

PATENT OWNER:

Michael P. Chu
Douglas Carsten
Ian B. Brooks
MCDERMOTT WILL & EMERY LLP
mchu@mwe.com
dcarsten@mwe.com
ibrooks@mwe.com

S. Benjamin Pleune
ALSTON & BIRD LLP
ben.pleune@alston.com

Eric M. Dobrusin
Paul J. Palinski
THE DOBRUSIN LAW FIRM P.C.
edobrusin@patentco.com
ppalinski@patentco.com