

*In the Matter of*

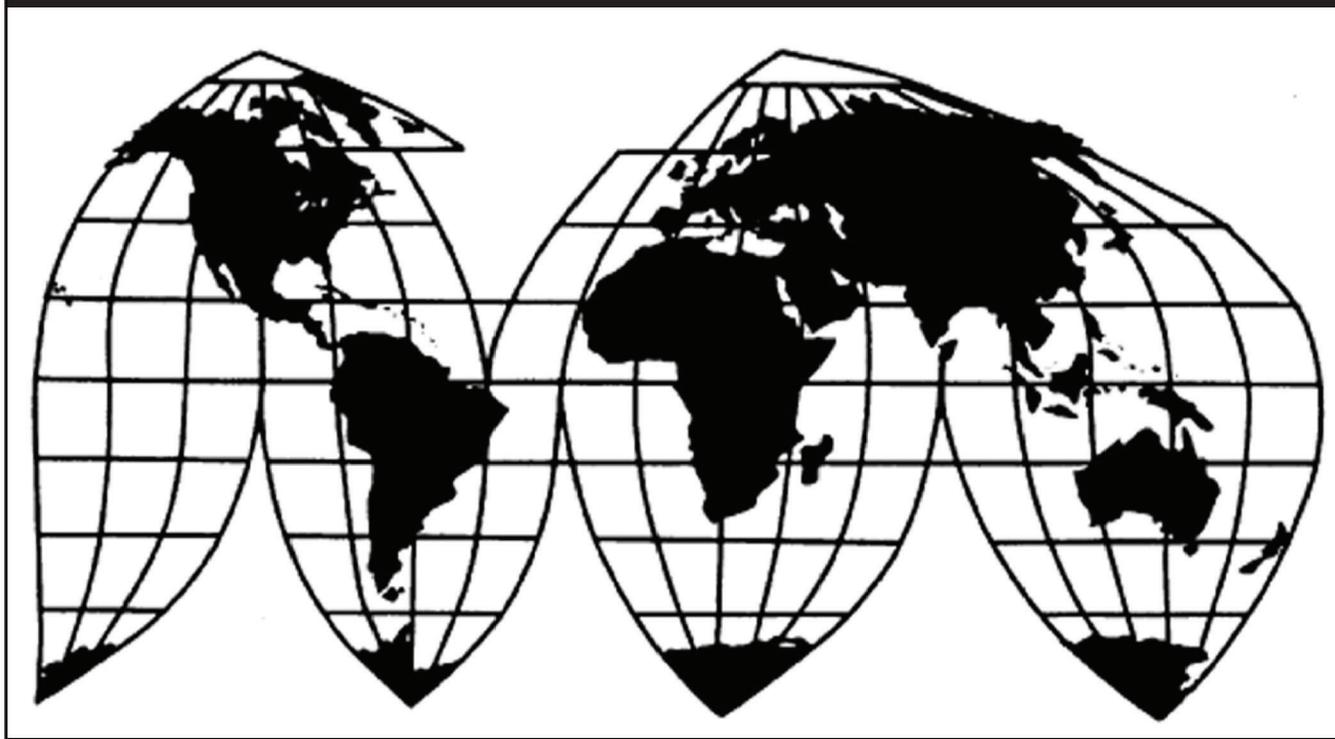
**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE SAME**

337-TA-929

Publication 4873

February 2019

**U.S. International Trade Commission**



Washington, DC 20436

# **U.S. International Trade Commission**

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**United States International Trade Commission**  
**Washington, DC 20436**

# U.S. International Trade Commission

Washington, DC 20436  
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*In the Matter of*

**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE SAME**

337-TA-929



**UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.**

**In the Matter of**

**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE  
SAME**

**Investigation No. 337-TA-929  
(Rescission Proceeding)**

**NOTICE OF COMMISSION DETERMINATION TO INSTITUTE A  
RESCISSION PROCEEDING; TEMPORARY RESCISSION OF THE  
REMEDIAL ORDERS; TERMINATION OF THE PROCEEDING**

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined to institute a rescission proceeding, to temporarily rescind a March 17, 2016 limited exclusion order and three cease-and-desist orders (“the remedial orders”), and to terminate the rescission proceeding.

**FOR FURTHER INFORMATION CONTACT:** Robert Needham, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW, Washington, D.C. 20436, telephone (202) 708-5468. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW, Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** The Commission instituted the original investigation on September 9, 2014, based on a complaint filed by Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc. (collectively, “ARM”). 79 FR 53445-46. The complaint alleged that several respondents, including Eko Brands, LLC (“Eko”) Evermuch Technology Co., Ltd. and Ever Much Company Ltd. (together, “Evermuch”), violated section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by infringing certain claims of U.S. Patent No. 8,720,320 (“the ’320 patent”). *Id.* Eko Brands and Evermuch did not respond to the complaint and notice of investigation, and

were found in default. Notice (May 18, 2015). On March 17, 2016, the Commission issued a limited exclusion order prohibiting Eko and Evermuch from importing certain beverage brewing capsules, components thereof, and products containing same that infringed claims 8 or 19 of the '320 patent, and also issued three cease-and-desist orders against Eko and the two Evermuch entities prohibiting the sale and distribution within the United States of articles that infringe claims 8 or 19. 81 FR 15742-43.

On April 2, 2015, Eko filed in district court for declaratory relief stating, *inter alia*, that Eko does not infringe certain claims of the '320 patent and that certain claims of the '320 patent are invalid. *Eko Brands v. Adrian Rivera Maynez Enterprises Inc. et al.*, Case No. 2:15-cv-00522, Dkt. #1 (W.D. Wash.). On June 14, 2018, the district court issued an order finding that claims 5, 8, 18, and 19 of the '320 patent are invalid as obvious. *Id.* at Dkt. #251.

On June 28, 2018, Eko petitioned the Commission to rescind the March 17, 2016 remedial orders based on the district court's invalidity judgment. On July 9, 2018, ARM filed a response that did not dispute Eko's petition, but argued that any rescission be temporary pending the resolution of ARM's appeal of the district court invalidity judgment.

Having considered the petition and response, the Commission has determined to institute a rescission proceeding, and has determined that the circumstances warrant temporarily rescinding the remedial orders pending the appeal of the district court invalidity judgment. The rescission proceeding is hereby terminated.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.



Lisa R. Barton  
Secretary to the Commission

Issued: July 30, 2018

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929  
(Modification Proceeding)**

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, Jeffrey Hsu, Esq., and the following parties as indicated, on **July 31, 2018**.



\_\_\_\_\_  
Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**On Behalf of Complainants Adrian Rivera and ARM  
Enterprises, Inc.:**

Sudip Kundu, Esq.  
**KUNDU PLLC**  
1300 I Street NW, Suite 400E  
Washington, DC 20005

- Via Hand Delivery
- Via Express Delivery
- Via First Class Mail
- Other: \_\_\_\_\_

**On Behalf of Respondent Eko Brands, LLC:**

Andrew F. Pratt  
**VENABLE LLP**  
575 7<sup>th</sup> Street NW  
Washington, DC 20004

- Via Hand Delivery
- Via Express Delivery
- Via First Class Mail
- Other: \_\_\_\_\_

**UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.**

**In the Matter of**

**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE  
SAME**

**Investigation No. 337-TA-929  
(Rescission Proceeding)**

**COMMISSION ORDER TEMPORARILY RESCINDING  
THE REMEDIAL ORDERS**

The Commission instituted the original investigation on September 9, 2014, based on a complaint filed by Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc. (collectively, "ARM"). 79 FR 53445-46. The complaint alleged that several respondents, including Eko Brands, LLC ("Eko") Evermuch Technology Co., Ltd. and Ever Much Company Ltd. (together, "Evermuch"), violated section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by infringing certain claims of U.S. Patent No. 8,720,320 ("the '320 patent"). *Id.* Eko Brands and Evermuch did not respond to the complaint and notice of investigation, and were found in default. Notice (May 18, 2015). On March 17, 2016, the Commission issued remedial orders: a limited exclusion order prohibiting Eko and Evermuch from importing certain beverage brewing capsules, components thereof, and products containing same that infringed claims 8 or 19 of the '320 patent, and three cease-and-desist orders against Eko and the two Evermuch entities prohibiting the sale and distribution within the United States of articles that infringe claims 8 or 19. 81 FR 15742-43.

On April 2, 2015, Eko filed in district court for declaratory relief stating, *inter alia*, that Eko does not infringe certain claims of the '320 patent and that certain claims of

the '320 patent are invalid. *Eko Brands v. Adrian Rivera Maynez Enterprises Inc. et al.*, Case No. 2:15-cv-00522, Dkt. #1 (W.D. Wash.). On June 14, 2018, the district court issued an order finding that claims 5, 8, 18, and 19 of the '320 patent are invalid as obvious. *Id.* at Dkt. #251.

On June 28, 2018, Eko petitioned the Commission to rescind the March 17, 2016 remedial orders based on the district court's invalidity judgment. On July 9, 2018, ARM filed a response that did not dispute Eko's petition, but argued that any rescission be temporary pending the resolution of ARM's appeal of the district court invalidity judgment.

Having considered the petition and response, the Commission has determined that the circumstances warrant temporarily rescinding the remedial orders pending the appeal of the district court invalidity judgment. Pursuant to 19 U.S.C. § 1337(k)(1) and 19 C.F.R. § 210.76, the Commission may rescind a remedial order if the conditions that led to the remedial orders no longer exist, such as by a changed condition of fact, law, or the public interest. The Commission finds that the district court invalidity judgment is a changed condition that merits temporary rescission.

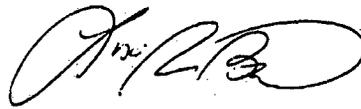
The Commission finds that the facts here are analogous to those in *Composite Wear Components and Products Containing the Same*, Inv. No. 337-TA-644 ("*Composite Wear Components*"). There, after the Commission found a violation of section 337 and issued relief, a district court issued a declaratory judgment that the patent claims at issue were invalid. *Composite Wear Components*, Comm'n Op. at 3-4 (Feb. 10, 2011). On petition by respondents in that investigation, the Commission determined to temporarily rescind its remedial orders pending resolution of the appeal of the district

court invalidity judgment. *Id.* at 9. The rescission was temporary to take into account the possibility that the invalidity judgment would be reversed on appeal. *Id.* Because the Commission remedial orders at issue here also involve patent claims that were subsequently found invalid by a district court, the Commission has determined that it is appropriate to temporarily rescind the remedial orders pending the resolution of any appeal of the district court invalidity judgment.

It is hereby ORDERED that:

- (1) Pursuant to 19 U.S.C. § 1337(k)(1) and 19 C.F.R. § 210.76, the remedial orders are temporarily rescinded pending the resolution of any appeal of the district court invalidity judgment; and
- (2) This Order shall be served on the parties to this investigation.

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', enclosed within a large, loopy oval shape.

Lisa R. Barton  
Secretary to the Commission

Issued: July 30, 2018

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929  
(Modification Proceeding)**

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **ORDER, COMMISSION** has been served by hand upon the Commission Investigative Attorney, Jeffrey Hsu, Esq., and the following parties as indicated, on **July 31, 2018**.



\_\_\_\_\_  
Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**On Behalf of Complainants Adrian Rivera and ARM  
Enterprises, Inc.:**

Sudip Kundu, Esq.  
**KUNDU PLLC**  
1300 I Street NW, Suite 400E  
Washington, DC 20005

- Via Hand Delivery  
 Via Express Delivery  
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 Other: \_\_\_\_\_

**On Behalf of Respondent Eko Brands, LLC:**

Andrew F. Pratt  
**VENABLE LLP**  
575 7<sup>th</sup> Street NW  
Washington, DC 20004

- Via Hand Delivery  
 Via Express Delivery  
 Via First Class Mail  
 Other: \_\_\_\_\_

**UNITED STATES INTERNATIONAL TRADE COMMISSION**  
**Washington, D.C.**

**In the Matter of**

**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE  
SAME**

**Investigation No. 337-TA-929**  
**(Enforcement and Rescission Proceeding)**

**NOTICE OF COMMISSION DETERMINATION FINDING NO VIOLATION OF THE  
REMEDIAL ORDERS; DETERMINATION NOT TO RESCIND THE REMEDIAL  
ORDERS; TERMINATION OF THE CONSOLIDATED ENFORCEMENT AND  
RESCISSION PROCEEDING**

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined that enforcement complainants Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc. (collectively, "ARM") have not shown that respondents Eko Brands, LLC, and Espresso Supply, Inc., violated a limited exclusion order and a cease and desist order (together, "remedial orders"). The Commission has also determined not to rescind the remedial orders. The consolidated enforcement and rescission proceeding is hereby terminated.

**FOR FURTHER INFORMATION CONTACT:** Robert J. Needham, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW, Washington, D.C. 20436, telephone (202) 205-3438. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** The Commission instituted the original investigation on September 9, 2014, based on a complaint filed by ARM. 79 FR 53445-46 (Sept. 9, 2014). The complaint alleged violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain beverage brewing capsules, components thereof, and products containing the same, by reason of infringement of claims 5-8 and 18-20 of U.S. Patent No. 8,720,320 ("the '320 patent"). *Id.* The notice of institution of the investigation named as

respondents Solofill, LLC (“Solofill”); DongGuan Hai Rui Precision Mould Co., Ltd. (“DongGuan”); Eko Brands, LLC (“Eko”); Evermuch Technology Co., Ltd. and Ever Much Company Ltd. (together, “Evermuch”); and several additional respondents that were terminated by reason of consent order or settlement. 79 FR 53445. The Office of Unfair Import Investigations (“OUII”) was also named as a party to the investigation. *Id.* The Commission found Eko and Evermuch in default for failure to respond to the complaint and notice of investigation. Notice (May 18, 2015).

On March 17, 2016, the Commission found no violation of section 337 by Solofill and DongGuan because claims 5-7, 18, and 20 of the ’320 patent were invalid for a lack of written description and claims 5 and 6 were invalid as anticipated. 81 FR 15742-43 (Mar. 24, 2016). The Commission, however, presumed that the allegations in the complaint were true with respect to the defaulted parties Eko Brands and Evermuch, and thus concluded that they violated section 337 with respect to claims 8 and 19. *Id.* at 15743. The Commission issued a limited exclusion order prohibiting Eko Brands and Evermuch from importing certain beverage brewing capsules, components thereof, and products containing the same that infringed claims 8 or 19 of the ’320 patent. *Id.* The Commission also issued cease and desist orders against Eko Brands and Evermuch prohibiting the sale and distribution within the United States of articles that infringe claims 8 or 19. *Id.*

On June 1, 2016, ARM filed a complaint requesting that the Commission institute a formal enforcement proceeding under Commission Rule 210.75(b) to investigate alleged violations of the March 17, 2016, remedial orders by Eko and its purchaser, Espresso Supply, Inc. (collectively, “Eko”). The Commission instituted a formal enforcement proceeding on July 1, 2016. 81 FR 43242-43.

On September 12, 2016, Eko file a second petition requesting the Commission to rescind its remedial orders, and to terminate the enforcement proceeding. On November 25, 2016, the Commission instituted a rescission proceeding, and consolidated it with the enforcement proceeding. 81 FR 85264-65.

On January 31, 2017, Eko petitioned the Commission to rescind the remedial orders based on a lack of a domestic industry. The Commission denied the petition on June 8, 2017, because Eko failed to show changed circumstances with respect to the domestic industry. Notice of Commission Determination to Deny a Petition Requesting the Rescission of Remedial Orders (June 8, 2017).

On March 27, 2017, the presiding ALJ issued the subject enforcement initial determination (“EID”), which found that the remedial orders cannot be enforced due to a lack of domestic industry, and issued a recommended determination that the remedial orders be rescinded due to an intervening district court summary judgment of noninfringement. OUII petitioned for review of the EID on April 6, 2017, and ARM petitioned for review on April 7, 2017. On April 13, 2017, ARM and Eko filed a response to OUII’s petition, and OUII filed a response to ARM’s petition. On April 14, 2017, Eko filed a response to ARM’s petition. On May 11, 2017, the Commission determined to review the EID.

The Commission has determined that ARM has not shown that Eko violated the remedial orders. The Commission reverses the EID's finding that the remedial orders cannot be enforced against Eko due to a lack of domestic industry, but finds that ARM has failed to show that Eko had the intent necessary to induce or contribute to the infringement of claims 8 and 19 of the '320 patent. The Commission has also determined not to rescind the remedial orders. This consolidated enforcement and rescission proceeding is hereby terminated, and a Commission opinion will issue shortly.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', with a stylized flourish at the end.

Lisa R. Barton  
Secretary to the Commission

Issued: June 27, 2017

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929  
(Enforcement Proceeding)**

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, Monisha Deka, Esq., and the following parties as indicated, on **June 27, 2017**.



\_\_\_\_\_  
Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**On Behalf of Complainants Adrian Rivera and ARM  
Enterprises, Inc.:**

Sudip Kundu, Esq.  
**KUNDU PLLC**  
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Washington, DC 20005

- Via Hand Delivery
- Via Express Delivery
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- Other: \_\_\_\_\_

**On Behalf of Respondents Eko Brands, LLC and Espresso  
Supply, Inc.:**

Andrew F. Pratt, Esq.  
**VENABLE LLP**  
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Washington, DC 20001

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**UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.**

**In the Matter of**

**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE  
SAME**

**Investigation No. 337-TA-929  
(Enforcement and Rescission Proceeding)**

**COMMISSION OPINION**

This opinion sets forth the Commission's final determination in the consolidated enforcement and rescission proceeding. As explained more fully below, the Commission has determined to: (1) reverse the finding in the enforcement initial determination ("EID") that the remedial orders cannot be enforced due to a lack of domestic industry; (2) find that the complainants failed to show that the respondents possessed the intent necessary to violate the remedial orders; (3) decline to rescind the remedial orders; and (4) terminate the consolidated enforcement and rescission proceeding.

**I. BACKGROUND**

**A. Violation Investigation**

The Commission instituted the underlying violation investigation on September 9, 2014, based on an amended complaint ("Violation Complaint") filed by Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc. (collectively, "ARM"). 79 Fed. Reg. 53445-46 (Sept. 9, 2014). The scope of the investigation covered certain beverage brewing capsules, components thereof, and products containing the same that were alleged to infringe one or more of claims 5-8 and 18-20 of U.S. Patent No. 8,720,320 ("the '320 patent") and were imported and sold in the United States in violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337

(“section 337”). *Id.* The named respondents included Eko Brands, LLC (“Eko”), Evermuch Technology Co., Ltd. and Ever Much Company Ltd. (together, “Evermuch”), Solofill, Inc. (“Solofill”), and DongGuan Hai Rui Precision Mould Co. (“DongGuan”). *Id.* The amended complaint alleges, *inter alia*, that Eko induced and contributed to the infringement of claims 5, 6, 8, and 18-20 through its sale of its EkoBrew Elite and EkoBrew (China) products, and that ARM satisfies the domestic industry requirement with respect to claims 1, 5, 10, and 18. Amended Complaint (Aug. 14, 2014) at ¶¶ 4, 52-57, 94-98, and Exs. 7, 30, 31.

On September 25, 2014, Eko informed ARM that it had no intention of responding to the amended complaint or participating further in the investigation.<sup>1</sup> On October 10, 2014, ARM moved for the presiding administrative law judge (“ALJ”) to order Eko and Evermuch to show cause why they should not be found in default for failing to respond to the amended complaint, the notice of investigation, and discovery requests.<sup>2</sup> The ALJ issued the show cause order on October 28, 2014. Order No. 9. No response was filed. On March 24, 2015, ARM moved for the ALJ to find Eko and Evermuch in default.<sup>3</sup> The ALJ found Eko and Evermuch in default on April 22, 2015. Order No. 19, *not reviewed*, Notice (May 18, 2015).

Meanwhile, the investigation continued with respect to Solofill and DongGuan.<sup>4</sup> On March 13, 2015, ARM withdrew its allegations that Solofill and DongGuan infringed claims 8 and 19 of the ’320 patent, but maintained its allegations that Eko and Evermuch infringed those claims. *See* Notice (Apr. 21, 2015). On September 4, 2015, the ALJ issued his final initial

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<sup>1</sup> ARM’s Motion for an Order Directing Eko and Evermuch to Show Cause Why They Should Not Be Held In Default (Oct. 10, 2014).

<sup>2</sup> *Id.*

<sup>3</sup> ARM’s Motion for Entry of an Initial Determination of Default Against Eko and Evermuch (Mar. 24, 2015).

<sup>4</sup> The investigation originally included additional respondents, but those respondents were terminated by consent order or settlement agreement.

determination, finding that Solofill and DongGuan did not violate section 337 because they did not indirectly infringe claims 5-7, 18, and 20 of the '320 patent due to a lack of pre-suit knowledge of the patent. Final Initial Determination of No Violation (Sept. 4, 2015). On March 17, 2016, the Commission reversed the ALJ's lack of pre-suit knowledge finding, but determined that Solofill and DongGuan did not violate section 337 because claims 5-7, 18, and 20 are invalid under 35 U.S.C. § 112 for a lack of an adequate written description. 81 Fed. Reg. 15742-43 (Mar. 17, 2016). On May 23, 2017, the Federal Circuit affirmed the Commission's invalidity determination in *Rivera v. ITC*, No. 16-1841, 2017 WL 2233501 (Fed. Cir. May 23, 2017).

The Commission also determined that ARM had established the requirements of section 337(g)(1) against Eko and Evermuch with respect to claims 8 and 19; thus, the Commission presumed as true the facts alleged against Eko and Evermuch in the amended complaint. 81 Fed. Reg. at 15743; *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, USITC Inv. No. 337-TA-929, Comm'n Op. at 83 (Mar. 17, 2016). Consequently, the Commission issued a limited exclusion order ("LEO") prohibiting Eko and Evermuch from importing beverage brewing capsules, components thereof, and products containing same that infringed claims 8 or 19 of the '320 patent, and also issued cease and desist orders ("CDOs") against Eko and Evermuch prohibiting, *inter alia*, the importation and sale within the United States of articles that infringe claims 8 or 19. *Id.*

#### **B. District Court Proceedings**

On April 2, 2015, Eko filed a complaint in the U.S. District Court for the Western District of Washington ("district court") that sought, *inter alia*, a declaration that claims 5, 6, 8, 10, and 18-20 of the '320 patent are invalid, in a case styled *Eko Brands v. Adrian Rivera Maynez Enterprises Inc. et al.*, Case No. 2:15-cv-00522-RSL (W.D. Wash.). Adrian Rivera counterclaimed that Eko infringed the '320 patent through its Eko Brew 1.0, Eko Brew 2.0, Eko

Brew Elite, and Brew and Save products. Defendant Adrian Rivera's Answer, Counterclaims (Jun. 30, 2015).

On February 24, 2016, the district court issued an order construing claim terms in the '320 patent. Order Construing Claims (Feb. 24, 2016). On August 17, 2016, based on one of its claim constructions, the district court issued a summary judgment that Eko's accused products do not infringe the '320 patent. Order Granting in Part Plaintiff's Motion for Summary Judgment (Aug. 17, 2016). The district court explained that, given its construction of "passageway," Eko's noninfringement was "patently obvious." *Id.* at 3. On November 3, 2016, the court ruled that ARM's pursuit of its infringement claim after the issuance of the claim construction order was frivolous and unreasonable, and, accordingly, awarded Eko attorney's fees. Order Awarding Plaintiff Attorney's Fees (Nov. 3, 2016)

### **C. Enforcement and Rescission Proceedings**

Meanwhile, on June 1, 2016, ARM filed a complaint requesting that the Commission institute a formal enforcement proceeding under Commission Rule 210.75(b) to investigate alleged violations of the LEO and CDO (together, "the remedial orders") by Eko and Espresso Supply, Inc., the entity that subsequently purchased Eko (together, "Eko"). Complaint for Enforcement Proceeding Pursuant to Commission Rule 210.75 (Jun. 1, 2016) ("Enforcement Complaint") at ¶ 4 and Ex. 5. The enforcement complaint alleged, *inter alia*, that Eko violated the remedial orders by selling its Brew & Save, Ekobrew Elite, Ekobrew, and Ekobrew paper filter products. *Id.* at ¶¶ 7, 36-70. The Commission instituted a formal enforcement proceeding on July 1, 2016. 81 Fed. Reg. 43242-43 (Jul. 1, 2016).

On September 12, 2016, Eko petitioned the Commission to rescind the remedial orders based on, *inter alia*, the district court summary judgment that Eko's products do not infringe

the '320 patent.<sup>5</sup> On November 25, 2016, the Commission instituted a rescission proceeding, delegated the proceeding to the presiding administrative law judge (“ALJ”), and consolidated the rescission proceeding with the enforcement proceeding. 81 Fed. Reg. 85264-65 (Nov. 25, 2016).

On January 31, 2017, Eko filed a second petition requesting that the Commission rescind the remedial orders based on a lack of a domestic industry. The Commission denied the petition on June 8, 2017, because Eko failed to show changed circumstances with respect to the domestic industry. Notice of Commission Determination to Deny a Petition Requesting the Rescission of Remedial Orders (June 8, 2017).

On March 27, 2017, the ALJ issued the EID in the consolidated enforcement and rescission proceeding, finding that the remedial orders cannot be enforced due to a lack of a domestic industry, and a recommended determination (“RD”) recommending that the Commission rescind the remedial orders based on the district court’s summary judgment of noninfringement.<sup>6</sup> The Office of Unfair Import Investigations (“OUII”) petitioned for review of the EID on April 6, 2017,<sup>7</sup> and ARM petitioned for review of the EID on April 7, 2017.<sup>8</sup> On April 13, 2017, ARM<sup>9</sup> and Eko<sup>10</sup> responded to OUII’s petition, and OUII responded to ARM’s

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<sup>5</sup> Eko’s Petition to Rescind the Commission’s March 17, 2016 LEO and CDOs and to Terminate the Enforcement Proceeding.

<sup>6</sup> Initial Determination on Enforcement of Limited Exclusion and Cease and Desist Orders, and Recommended Determination on Rescission (Mar. 27, 2017) (“EID/RD”).

<sup>7</sup> Office of Unfair Import Investigation’s Petition for Review of the Enforcement Initial Determination and Recommendation on Rescission (Apr. 6, 2017) (“OUII Pet.”).

<sup>8</sup> Complainants Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc.’s Petition for Review of the Enforcement Initial Determination (Apr. 7, 2017) (“ARM Pet.”).

<sup>9</sup> Complainants Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc.’s Response to the Staff’s Petition for Review (Apr. 13, 2017) (“ARM Resp.”)

<sup>10</sup> Respondents Eko Brands LLC’s and Espresso Supply, Inc.’s Response to the Staff’s Petition for Review of the Enforcement Initial Determination (Apr. 13, 2017) (“Eko Resp. to OUII Pet.”).

petition.<sup>11</sup> Eko responded to ARM's petition on April 14, 2017.<sup>12</sup> On May 11, 2017, the Commission determined to review the EID. Notice (May 11, 2017). The Commission herein explains its determination on review of the EID and its determination on rescission.

## II. DISCUSSION

### A. Domestic Industry

The EID found that the remedial orders could not be enforced because ARM failed to show that it satisfied the technical prong of the domestic industry requirement that is necessary to establish a violation of section 337 in an original investigation. EID at 12-14. Although no party had argued that the remedial orders could not be enforced due to a lack of a domestic industry,<sup>13</sup> the ALJ reasoned that his final initial determination on violation found that ARM had satisfied the technical prong of the domestic industry requirement with respect to claim 5 only, and therefore the Commission's final determination that claim 5 is invalid left ARM without a domestic industry. *Id.* at 13-14.

ARM argues that the EID erred by failing to take notice that the Commission had deemed the facts alleged in the Violation Complaint against Eko to be true. ARM Pet. at 9-10. Section 337(g)(1) requires that the Commission presume as true the facts alleged against a defaulted respondent. Accordingly, the Commission found in the underlying investigation that ARM

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<sup>11</sup> Office of Unfair Import Investigation's Reply to Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc.'s Petition for Review of the Enforcement Initial Determination of Limited Exclusion and Cease and Desist Orders, and Recommended Determination on Rescission (Apr. 13, 2017) ("OUII Resp.").

<sup>12</sup> Respondents Eko Brands LLC's and Espresso Supply, Inc.'s ("Eko's") Response to ARM's Petition for Review of the Enforcement Initial Determination (Apr. 14, 2017) ("Eko Resp. to ARM Pet.").

<sup>13</sup> Although Eko had raised the domestic industry issue in its January 31, 2017 petition to rescind the remedial orders, that petition was not delegated to the ALJ. Rather, as noted above, the Commission retained consideration of the petition and ultimately denied it.

satisfied the domestic industry requirement with respect to claims 1 and 10 of the '320 patent.

*Id.* Eko contends to the contrary that the EID correctly found that the remedial orders could not be enforced due to a lack of a domestic industry. Eko Resp. to ARM Pet. at 3-7. OUII argues that ARM's petition for review should not be granted, but urges the Commission to find that the remedial orders were not violated on different grounds. OUII Resp. at 3-5.

The Commission has determined to reverse the EID's finding that ARM lacks a domestic industry. Section 337(g)(1) provides that, if a complainant can establish the factors of section 337(g)(1)(A) through (E), "the Commission shall presume the facts alleged in the complaint to be true and shall, upon request, issue an exclusion from entry or a cease and desist order, or both, limited to that person . . . ." 19 U.S.C. § 1337(g)(1). Here, the Commission found that ARM established the factors in section 337(g)(1)(A)-(E) with respect to Eko.<sup>14</sup> While the Commission found that claims 5 and 18 are invalid in the underlying investigation, the Commission presumed that ARM's remaining allegations in its Violation Complaint were true,<sup>15</sup> including its allegation that it satisfied the domestic industry with respect to claims 1 and 10 of the '320 patent.<sup>16</sup> The Commission also previously determined that Eko had not shown any changed circumstances in the domestic industry that affected the remedial orders. *See* Notice of Commission Determination to Deny a Petition Requesting the Rescission of Remedial Orders (June 8, 2017). Accordingly, ARM's enforcement allegations do not fail because of a lack of a domestic industry.

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<sup>14</sup> Order No. 19 (Apr. 22, 2016), *not reviewed*, Notice (May 18, 2016); *see also* Notice (Mar. 17, 2016) (stating that the Commission had previously found that the statutory requirements for default had been met).

<sup>15</sup> ARM alleged that it satisfied the domestic industry requirement with respect to claims 1, 5, 10, and 18 of the '320 patent. Violation Complaint at ¶ 96 (incorporating Public Exhibits Ex. 30 and Ex. 31).

<sup>16</sup> Commission Opinion (Mar. 17, 2017) at 24-34, 81-83.

Eko's and OUII's arguments to the contrary are not persuasive. Both Eko and OUII argue that the presumption of truth under section 337(g)(1) should not apply to domestic industry allegations because the relevant information is in the possession of the complainant. Eko Resp. to ARM Pet. at 5; OUII Resp. at 3. Neither party, however, cites any authority for this proposition, which is contrary to the statute's mandate that "the Commission shall presume the facts alleged in the complaint to be true . . . ." 19 U.S.C. § 1337(g)(1). Nothing in the statute suggests that domestic industry allegations should be treated differently from other types of allegations pertaining to the elements of a section 337 violation.

Eko also contends that the Commission cannot issue relief under section 337(g)(1) against a defaulted respondent when another respondent participates in the investigation, because section 337(g)(1) requires that the relief sought be "limited to that [defaulted] person." Eko Resp. to ARM Pet. at 5-6. That language, however, simply provides that the relief granted under section 337(g)(1) (*i.e.*, an LEO and/or CDO) must be limited to the defaulted party, as opposed to the relief granted under section 337(g)(2) (*i.e.*, "a general exclusion from entry"), which requires additional evidence and affects nonparties. Here, ARM properly sought relief limited to each of the three defaulted parties, which was independent of ARM's pursuit of relief against Solofill and DongGuan under section 337(d) and (f).

Finally, Eko argues that the Commission must make "more fulsome factual findings" in order to issue relief against a defaulted respondent when other respondents participate in the investigation. Eko Resp. to ARM Pet. at 5-7. Nothing in section 337(g)(1), however, requires any factual findings predicated on a fully developed record on the merits of the complainant's allegations against a defaulted respondent, and Eko cites no authority to the contrary. Eko cites *Certain Ground Fault Circuit Interrupters*, but there the Commission merely declined to issue

orders against defaulted respondents with respect to two patents because the complainant's domestic industry allegations relied upon claims that the Commission found invalid. *Certain Ground Fault Circuit Interrupters and Products Containing Same*, Inv. No. 337-TA-739, Comm'n Op., 2012 WL 2394435 at \*46-48 (Jun. 8, 2012). Thus, while the Commission does not issue relief against defaulted respondents when the allegations of the complaint would be inconsistent with its findings regarding the participating respondents, as in *Ground Fault Circuit Interrupters*, the statute does not require that the Commission make additional findings with respect to a defaulted respondent merely because other respondents have chosen to participate. Here, it was not necessary for the Commission to make factual findings regarding the domestic industry requirement with respect to claims 1 and 10 when it made the findings on whether Solofill and DongGuan violated section 337. Rather, the Commission relied upon the domestic industry allegations against Eko in the Violation Complaint regarding the claims that were not found invalid, as required by section 337(g)(1). Thus, the Commission's determination in *Ground Fault Circuit Interrupters* is not inconsistent with the Commission's presumption in the underlying investigation that the domestic industry requirement is satisfied with respect to claims 1 and 10 based on Eko's default.

#### **B. Indirect Infringement**

ARM alleges that Eko violated the March 17, 2016 remedial orders based on induced and contributory infringement. OUII urges the Commission to find that Eko did not violate the remedial orders because ARM failed to show that Eko had the knowledge of infringement required to indirectly infringe claims 8 and 19 of the '320 patent. OUII Pet. at 9-11. According to OUII, the evidence shows that Eko reasonably determined that it did not infringe based on the district court's February 24, 2016 claim construction order, which eventually led to the district court's August 17, 2016 summary of judgment of noninfringement. *Id.* at 11. Eko agrees with

OUII. Eko Resp. to OUII Pet. at 6-9.

ARM argues that OUII's position is contrary to the record and the law. ARM Resp. at 4-15. ARM, however, does not argue that the facts show that Eko had the intent to infringe, but instead argues that Eko intended to infringe as a matter of law. *Id.* at 8-9. Specifically, ARM argues that Eko must have had the intent to infringe because it continued to import and sell products that are structurally identical to the products that ARM had alleged were infringing in the underlying investigation. *Id.* ARM further argues that the district court claim construction is unreasonable and that Eko's attempts to comply with the remedial orders show that Eko knew that its products infringed. ARM Resp. at 9-12.

The Commission finds that ARM has not shown that Eko violated the remedial orders. After the Commission found Eko in default in the underlying investigation, the Commission issued an LEO and a CDO that prohibit, *inter alia*, the importation and sale after importation of certain products that infringe claims 8 and 19 of the '320 patent by Eko. ARM does not allege that Eko violates the remedial orders by directly infringing claims 8 and 19, but instead contends that Eko induces and contributes to infringement by others by instructing end users to combine Eko products with a single serve brewer, such as the Keurig brewer. Enforcement Complaint at ¶¶ 40-41, 51-52, 70-71. Because both induced and contributory infringement require "knowledge of the patent in suit and knowledge of patent infringement," *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S.Ct. 1920, 1926 (2015), ARM must show that Eko knew that it was infringing claims 8 and 19 of the '320 patent to establish a violation of the remedial orders. As ARM acknowledges, a determination on whether there is an intent to infringe is a question of fact. ARM Resp. at 9 (citing *Smith & Nephew Inc. v. Arthrex, Inc.*, 603 Fed. Appx 981, 989-90 (Fed. Cir. 2015)).

OUII argues that Eko's lack of intent to infringe is supported by the district court's claim construction order and two Eko witness statements testifying that they did not believe that Eko infringed based on the district court's claim construction order and summary judgment of noninfringement. OUII Resp. at 11 (citing RX-28 (claim construction order), RX-52C at Q/A29 and 40, and RX-56C at Q/A32). The district court judgment covered the same products at issue in the enforcement investigation,<sup>17</sup> and there is no credible dispute that Eko does not infringe claims 8 and 19 of the '320 patent under the district court's claim construction. See ARM Resp. (presenting no such argument); see also Order Granting in Part Plaintiff's Motion for Summary Judgment (Aug. 17, 2016) (finding that Eko's noninfringement was "patently obvious"). ARM, on the other hand, presented no evidence that Eko intended to infringe,<sup>18</sup> and instead argues that Eko's default in the underlying violation investigation establishes its knowledge of infringement for the enforcement investigation. ARM Resp. at 8.

ARM argues that the district court rulings cannot affect the Commission's claim constructions and infringement determinations in the violation investigation, and therefore are irrelevant here. ARM Resp. at 8. Although the Commission presumed that Eko infringed in the underlying investigation based on its default, the present enforcement proceeding is a separate investigation to determine whether Eko subsequently infringed claims 8 and 19 of the '320 patent in violation of the Commission's remedial orders. See *VastFame Camera, Ltd. v. Int'l Trade Comm'n*, 386 F.3d 1108, 1113 (Fed. Cir. 2004) (holding that Commission enforcement proceedings are investigations under section 337(b)). Because ARM alleges induced and

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<sup>17</sup> Both the district court action and the enforcement proceeding involved the Eko Brew, Eko Brew Elite, and Brew & Save products. Compare Defendant Adrian Rivera's Answer, Counterclaims (Jun. 30, 2015) to Enforcement Complaint at ¶¶ 7, 36-70.

<sup>18</sup> ARM presented evidence that Eko knew that it was purchasing screens and o-rings, but not that Eko knew that it was infringing. See ARM Resp. at 8-9 (citing evidence of screen and o-ring purchases).

contributory infringement, ARM must show Eko's intent to infringe after the issuance of the remedial orders. *See Commil* 135 S.Ct. at 1926. The district court rulings and witness statements are relevant to Eko's intent. And while ARM argues that Eko's infringement is law of the case, that doctrine does not apply to default rulings. *See Charles Alan Wright et al.*, FEDERAL PRACTICE & PROCEDURE § 4478 (2017) ("Actual decision of an issue is required to establish the law of the case.").<sup>19</sup>

ARM further argues that Eko cannot rely upon the district court rulings because the district court's claim construction of "passageway" is unreasonable. ARM Resp. at 9-10. The ALJ construed "passageway" to mean "path, channel, or source by which something passes" in the underlying investigation,<sup>20</sup> whereas the district court construed "passageway" to mean "a narrow space of some depth or length connecting one place to another."<sup>21</sup> ARM argues that the district court construction is unreasonable solely because it differs from the ALJ's construction. ARM Resp. at 10. Different tribunals may reach different constructions of the same term,<sup>22</sup> and ARM failed to demonstrate that the district court's construction is unreasonable. ARM additionally argues that Eko should have been required to produce an opinion of counsel in order to establish its reasonable belief that it did not infringe claim 8 and 19 of the '320 patent. ARM

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<sup>19</sup> To the extent that ARM is arguing that the Commission's default finding on violation establishes Eko's intent to infringe by issue preclusion, case law establishes that default judgments do not create issue preclusion. *See Charles Alan Wright et al.*, FEDERAL PRACTICE & PROCEDURE § 4442 (2016) ("many federal cases have ruled in various circumstances that default judgments do not support issue preclusion"); *Sharp Kabushiki Kaisha v. ThinkSharp, Inc.*, 448 F.3d 1368, 1370 (Fed. Cir. 2006) (holding that a default cannot create issue preclusion because no issue was "litigated and decided").

<sup>20</sup> Final Initial Determination of No Violation at 27, *not reviewed* Notice (November 9, 2015).

<sup>21</sup> Order Construing Claims at 12.

<sup>22</sup> *See Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S.Ct. 831, 839 (2015) (holding that different tribunals may have divergent claim constructions).

Resp. at 10-11. There is no affirmative requirement to obtain an opinion of counsel to establish a lack of intent to infringe. *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 699 (Fed. Cir. 2008).

Finally, ARM argues that Eko's attempts to comply with the remedial orders by moving portions of its manufacturing to the United States is evidence that Eko did not have a good-faith belief that it did not infringe. ARM Resp. at 11-12. We do not view Eko's additional efforts to comply with the remedial orders as evidence that it knew that it infringed. Eko's changes in manufacturing practice are in no way inconsistent with its belief that it did not infringe.

Accordingly, for the reasons stated above, we find that ARM has not shown that Eko violated the remedial orders based on its failure to show that Eko intended to induce or contribute to the infringement of claims 8 or 19 of the '320 patent.

### **C. Rescission**

The ALJ recommends that the remedial orders be rescinded because the district court's summary judgment of noninfringement changed the circumstances under which the remedial orders were issued. EID/RD at 20. ARM argues that the remedial orders should not be rescinded because the summary judgment has no bearing on the conditions that led to the remedial orders and is based on a flawed claim construction. ARM Pet. at 10-16. Eko and OUII argue that the ALJ properly found that summary judgment warranted rescission. Eko Resp. to ARM Pet. at 12-19; OUII Resp. at 5-8.

The Commission has determined not to rescind the remedial orders. Commission remedial orders "shall continue in effect until the Commission finds . . . that the conditions which led to such exclusion from entry or order no longer exist." 19 U.S.C. § 1337(k)(1). There is no basis under the statute for rescission. First, the condition that led to the remedial orders is Eko's failure, in the underlying violation investigation, to respond to the amended complaint and

notice of investigation regarding allegations that Eko infringed a valid patent. Eko has not shown that the conditions relating to its default no longer exist.

Second, while the parties and the ALJ cite instances in which the Commission has rescinded remedial orders based on another tribunal's ruling that a subject patent is invalid,<sup>23</sup> they fail to cite any instance in which the Commission has rescinded remedial orders based on a district court ruling that certain articles do not infringe a subject patent.<sup>24</sup> See EID/RD at 20 (acknowledging that the cited authority does not involve a finding of noninfringement). A district court patent invalidity ruling is substantially different from a noninfringement ruling. An invalidity ruling precludes other tribunals from finding that the patent is infringed. *Soverain Software LLC v. Victoria's Secret Direct Brand Management, LLC*, 778 F.3d 1311, 1315 (Fed. Cir. 2015) (citing *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 349-50 (1971) ("a defense of issue preclusion applies where a party is 'facing a charge of infringement of a patent that has once been declared invalid'")). A noninfringement ruling with respect to certain products, however, does not preclude a later ruling that other products do infringe. See

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<sup>23</sup> See *Certain Composite Wear Components and Products Containing Same*, Inv. No. 337-TA-644, Comm'n Op. at 9 (Feb. 10, 2011) (public version) (rescinding remedial orders based on a district court's ruling that the orders' subject patent is invalid); *SSIH Equip. S.A. v. U.S. Int'l Trade Comm'n*, 718 F.2d 365, 370 (Fed. Cir. 1983) (holding that the Commission acted properly in partially rescinding a remedial order based on district court's finding that two of the order's subject patents are invalid); *Certain Miniature Plug-In Blade Fuses*, Inv. No. 337-TA-114, Notice (Mar. 20, 2002) (modifying a remedial order based on a district court ruling that the order's subject trade dress is invalid);

<sup>24</sup> None of the cases cited by the parties involve terminating remedial orders based on a district court ruling of noninfringement. See *Certain Agricultural Vehicles and Components Thereof*, Inv. No. 337-TA-487, Notice (Jun. 20, 2006) (rescinding remedial orders with respect to certain products based on a direct appeal to the Federal Circuit that held that those products do not infringe the relevant trademarks); *Certain Wire Electrical Discharge Machining Apparatus and Components Thereof*, 337-TA-290, Notice, 55 Fed. Reg. 51356 (Dec. 13, 1990) (terminating an enforcement proceeding based on a district court ruling of noninfringement); *Certain Universal Transmitters for Garage Door Openers*, Inv. No. 337-TA-497, Order (Mar. 10, 2004) (barring a Digital Millennium Copyright Act (DMCA) claim based on a previous district court ruling that rejected the DMCA claim).

*Yingbin-Nature (Guangdong) Wood Indus. Co., Ltd. v. Int'l Trade Comm'n*, 535 F.3d 1322, 1333 (Fed. Cir. 2008) (holding that collateral estoppel only applies to noninfringement where there is a “close identity” of “relevant features”). Thus, the district court’s summary judgment of noninfringement by the products before it does not warrant rescinding the remedial orders.

Eko also contends that the district court’s summary judgment of noninfringement warrants relief from the remedial orders under Federal Rule of Civil Procedure 60. Eko Resp. to ARM Pet. at 16. The Commission may rescind remedial orders if the party subject to those orders shows “grounds which would permit relief from a judgment or order under the Federal Rules of Civil Procedure.” 19 U.S.C. § 1337(k)(2). Eko, however, again relies upon cases in which a court provided relief from a judgment based on a finding that a patent is invalid or unenforceable,<sup>25</sup> and fails to cite any case where relief was granted based on a noninfringement finding. Moreover, Eko intentionally defaulted as a matter of strategy,<sup>26</sup> and suffers the consequence of that choice.<sup>27</sup> The Commission therefore declines to rescind the remedial orders.

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<sup>25</sup> See *Life Techs., Inc. v. Promega Corp.*, 189 FRD 334, 337 (D.Md. 1999) (modifying a consent judgment order based on a finding that the underlying patent is unenforceable due to inequitable conduct); *ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349, 1351 (Fed. Cir. 2015) (vacating contempt sanctions for violating an injunction after a finding that the underlying patent is invalid); *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1331 (Fed. Cir. 2013) (vacating a district court judgment of infringement after a finding that the underlying patent is invalid).

<sup>26</sup> As noted above, Eko notified ARM that it had no intention of responding to the amended complaint or participating further in the violation investigation. See ARM’s Motion for an Order Directing Eko and Evermuch to Show Cause Why They Should Not Be Held In Default (Oct. 10, 2014).

<sup>27</sup> See *Wells v. Rockefeller*, 728 F.2d 209, 214 (3d Cir. 1984) (affirming a district court’s refusal to set aside a default judgment because the defendant intentionally defaulted “as a matter of strategy; that being so, he must now live with the consequences”); *Paul Revere Variable Annuity Ins. Co. v. Zang*, 248 F.3d 1, 6 (1st Cir. 2001) (“the discretionary power granted by Rule 60(b)(6) is not for the purpose of relieving a party from such ‘free, calculated, and deliberate’ choices made as a party of a strategy of litigation”); *Ackermann v. U.S.*, 340 U.S. 193, 198 (1950) (“free, calculated, deliberate choices are not to be relieved from”).

### III. CONCLUSION

For the reasons set forth above, the Commission has determined that ARM has not shown that Eko violated the remedial orders, and has determined not to rescind the remedial orders.

The consolidated enforcement and rescission proceeding is hereby terminated.

By order of the Commission.

A handwritten signature in black ink, appearing to read "Lisa R. Barton".

Lisa R. Barton  
Secretary to the Commission

Issued: August 15, 2017

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929  
(Enforcement Proceeding)**

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **COMMISSION OPINION** has been served by hand upon the Commission Investigative Attorney, Monisha Deka, Esq., and the following parties as indicated, on **August 15, 2017**.



\_\_\_\_\_  
Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**On Behalf of Complainants Adrian Rivera and ARM  
Enterprises, Inc.:**

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**On Behalf of Respondents Eko Brands, LLC and Espresso  
Supply, Inc.:**

Andrew F. Pratt, Esq.  
**VENABLE LLP**  
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- Via Hand Delivery  
 Via Express Delivery  
 Via First Class Mail  
 Other: \_\_\_\_\_

**UNITED STATES INTERNATIONAL TRADE COMMISSION**  
**Washington, D.C.**

**In the Matter of**

**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE  
SAME**

**Investigation No. 337-TA-929**  
**(Enforcement and Rescission Proceeding)**

**NOTICE OF COMMISSION DETERMINATION TO REVIEW AN INITIAL  
DETERMINATION, AND ON REVIEW, TO AFFIRM THE INITIAL  
DETERMINATION UNDER MODIFIED REASONING**

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined to review an initial determination (“ID”) (Order No. 33) issued by the presiding administrative law judge (“ALJ”) in the above-referenced investigation, and on review, has determined to affirm the ID under modified reasoning.

**FOR FURTHER INFORMATION CONTACT:** Robert J. Needham, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW, Washington, D.C. 20436, telephone (202) 205-3438. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** The Commission instituted the original investigation on September 9, 2014, based on a complaint filed by Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc. (collectively, “ARM”). 79 FR 53445-46 (Sept. 9, 2016). The complaint alleged violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain beverage brewing capsules, components thereof, and products containing the same, by reason of infringement of claims 5-8 and 18-20 of U.S. Patent No. 8,720,320 (“the ’320 patent”). *Id.* The notice of institution of the investigation named as respondents Solofill, LLC (“Solofill”); DongGuan Hai Rui Precision Mould Co., Ltd. (“DongGuan”); Eko Brands, LLC (“Eko Brands”); Evermuch Technology Co., Ltd. and Ever

Much Company Ltd. (together, “Evermuch”); and several additional respondents who were terminated by reason of consent order or settlement. 79 FR 53445. The Office of Unfair Import Investigations (“OUII”) was also named as a party to the investigation. *Id.* The Commission found Eko Brands and Evermuch in default for failure to respond to the complaint and notice of investigation. Notice (May 18, 2015).

On March 17, 2016, the Commission found no violation of section 337 by Solofill and DongGuan because claims 5-7, 18, and 20 were invalid for a lack of written description and claims 5 and 6 were invalid as anticipated. 81 FR 15742-43 (Mar. 24, 2016). The Commission, however, presumed that the allegations were true with respect to the remaining allegations against the defaulted parties Eko Brands and Evermuch, and thus concluded that they violated section 337 with respect to claims 8 and 19. *Id.* at 15743. The Commission issued a limited exclusion order prohibiting Eko Brands and Evermuch from importing certain beverage brewing capsules, components thereof, and products containing the same that infringed claims 8 or 19 of the ’320 patent. *Id.* The Commission also issued cease and desist orders against Eko Brands and Evermuch prohibiting the sale and distribution within the United States of articles that infringe claims 8 or 19. *Id.*

On June 1, 2016, ARM filed a complaint requesting that the Commission institute a formal enforcement proceeding under Commission Rule 210.75(b) to investigate alleged violations of the March 17, 2016, limited exclusion order and cease and desist order by Eko Brands and Espresso Supply, Inc. (collectively, “Eko”). The Commission instituted a formal enforcement proceeding on July 1, 2016. 81 FR 43242-43.

On September 12, 2016, Eko petitioned the Commission to rescind its limited exclusion order and cease and desist orders, and to terminate the enforcement proceeding. On November 25, 2016, the Commission instituted a rescission proceeding, and consolidated it with the enforcement proceeding. 81 FR 85264-65.

On October 7, 2016, ARM moved for a summary determination that Eko cannot establish its collateral estoppel defense as a matter of law. On October 20, 2016, Eko opposed ARM’s motion, and OUII partially opposed and partially supported ARM’s motion.

On December 1, 2016, the ALJ issued the subject ID granting a summary determination that Eko cannot establish its collateral estoppel defense. On December 8, 2016, Eko filed a timely petition for review of the ID. On December 16, 2016, ARM and OUII filed untimely responses to Eko’s petition. The Commission has not considered these responses.

The Commission has determined to review the subject ID, and on review, has determined to affirm the ID under modified reasoning. A Commission opinion explaining its reasoning will issue shortly.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', written in a cursive style.

Lisa R. Barton  
Secretary to the Commission

Issued: January 12, 2017

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929  
(Enforcement Proceeding)**

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, Monisha Deka, Esq., and the following parties as indicated, on **January 12, 2017**.



\_\_\_\_\_  
Lisa R. Barton, Secretary  
U.S. International Trade Commission  
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**On Behalf of Complainants Adrian Rivera and ARM  
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- Via Express Delivery
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**On Behalf of Respondents Eko Brands, LLC and Espresso  
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**PUBLIC VERSION**

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**Washington, D.C.**

**In the Matter of**

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929  
(Enforcement and  
Rescission Proceeding)**

**ORDER NO. 33: INITIAL DETERMINATION GRANTING COMPLAINANTS'  
MOTION FOR SUMMARY DETERMINATION THAT  
RESPONDENTS CANNOT PROVE ITS COLLATERAL  
ESTOPPEL DEFENSE AS A MATTER OF LAW**

(December 1, 2016)

On October 7, 2016, Complainants Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc. (collectively "ARM") filed Motion Number 929-034 seeking summary determination that Respondents Eko Brands, LLC and Espresso Supply, Inc. (collectively "Eko" or "Respondents") cannot prove its collateral estoppel defense as a matter of law. (Mot. Dkt. No. 929-034 ("Mot.")<sup>1</sup> at 1 (Oct. 7, 2016).) On October 20, 2016, Respondents filed an opposition to ARM's motion. (*See Resp. Opp.*) On the same day, the Commission Investigative Staff ("Staff") filed its views regarding ARM's motion. (*See Staff Resp.*)

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<sup>1</sup> Combined with ARM's motion, is a memorandum in support of the motion. The motion and memorandum each have sequential pagination beginning with a page 1. For clarity, this determination cites to "Mot." when referring to the motion and "Mem." when referring to the memorandum in support of the motion.

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Subsequently, on October 27, 2016, ARM filed Motion Number 929-035 seeking leave to file a reply to Respondents' opposition to its motion for summary determination on the collateral estoppel defense. (*See* Mot. Dkt. No. 929-035 ("Mot. for Reply") (Oct. 27, 2016).) Exhibit A to ARM's motion for a reply is its proposed Reply. (*See id.* at Ex. A ("Reply").) On November 7, 2016, Respondents filed a response opposing ARM's motion to file a reply on the collateral estoppel issue.

As of the date of this Order, no other filings have been received regarding the pending summary determination motion. For the reasons discussed herein, the Administrative Law Judge ("ALJ") hereby **DENIES** ARM' motion for leave to file a reply and **GRANTS** ARM's motion for summary determination.

### **I. Background**

#### **A. Procedural History at the ITC**

On September 9, 2014, the Commission instituted the violation phase of this investigation with respect to U.S. Patent No. 8,720,320 ("the '320 patent") to determine:

whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain beverage brewing capsules, components thereof, and products containing the same by reason of infringement of one or more of claims 5–8 and 18–20 of the '320 patent, and whether an industry in the United States exists as required by subsection (a)(2) of section 337

79 Fed. Reg. 53445 (September 9, 2014). The Notice of Investigation named as respondents Solofill LLC of Houston, TX; DongGuan Hai Rui Precision Mould Co., Ltd. of GuangDong Province, China; Eko Brands, LLC of Woodinville, WA; Evermuch Technology Co., Ltd. of New Territories, Hong Kong; Ever Much Company Ltd. of Shenzhen, China; Melitta USA, Inc. of North Clearwater, FL; LBP Mfg. Inc. of Cicero, IL; LBP Packaging (Shenzhen) Co. Ltd. of

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Guangdon China; Spark Innovators, Corp. of Fairfield, NJ; B. Marlboros International Ltd. (HK) of Hong Kong; and Amazon.com, Inc. of Seattle, WA. (*Id.*)

On October 28, 2014, the ALJ ordered Respondents Eko Brands, LLC, Evermuch Technology Co., and Ever Much Company Ltd., to show cause why they should not be found in default. *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Order No. 9 (Oct. 28, 2014). On April 22, 2015, the ALJ issued an ID finding those parties in default. *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Order No. 19 (Apr. 22, 2015). The Commission determined not to review that ID. *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Notice of Commission Decision Not to Review an Initial Determination Finding Three Respondents in Default (May 18, 2015). Thereafter, with the exception of Solofill, LLC and DongGuan Hai Rui Precision Mould Co., all other respondents named in the investigation were terminated, either by consent order or settlement agreement.

Notwithstanding its failure to respond to the ALJ's show cause order, Respondent Eko Brands file a "Notice to Commission Regarding Status of Patents" on September 3, 2015. (*Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Notice to Commission Regarding Status of Patents (Sep. 3, 2016).) Through that notice, Eko Brands acknowledged that "counsel for Eko Brands withdrew from representation of Eko Brands and stated that Eko Brands no longer intended to participate in the investigation." (*Id.* at 1.) Notwithstanding that acknowledgment, the notice went on to state that "[r]ather than set aside the default, Eko Brands filed suit in United States District Court in the Western District of Washington (Cause No. 2:15-cv-00522-RSL) on April 2, 2015." (*Id.*) The

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notice further stated that “[r]ather than make the same arguments twice and engage in unnecessary and expensive litigation, Eko Brands opted to obtain legal determinations straight from United States District Court.” (*Id.*) The notice goes on to describe the routine introductory conduct of civil litigation in a district court, including the filing and service of a complaint, the exchange of documents, and the issuance of a scheduling order. (*Id.* at 2.) The notice concludes by asserting that “there are open issues as to the validity of the ’320 Patent currently pending before the U.S. District Court in this matter.” (*Id.*) The notice neither requests nor suggests any action from the ALJ or the Commission. (*See id.*)

On March 24, 2015, the ALJ granted ARM’s motion for partial termination of the investigation of dependent claims 8 and 19 of the ’320 patent against Solofill, LLC and DongGuan Hai Rui Precision Mould Co. *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Order 18 (Mar. 24, 2015). On June 15–16, 2015, an evidentiary hearing was held with ARM, respondents Solofill LLC and DongGuan Hai Rui Precision Mould Co., and Staff participating.

On September 4, 2015, the ALJ issued his final initial determination. *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bond (Sept. 4, 2015). That ID concluded that no violation of section 337 had occurred. *Id.* at ii. The ALJ also found that respondents Solofill and DongGuan were not liable for induced or contributory infringement. *Id.* at 62–68. Additionally, the ALJ found that, when combined with a Keurig single-serve brewing machine, the respondents’ products directly infringe claims 5–7, 18, and 20 of the ’320 patent. *Id.* at 40–61. And, the ALJ found that the

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respondents had not shown that the asserted claims were invalid by clear and convincing evidence. *Id.* at 68–94.

On November 19, 2015, the Commission issued notice that it would review portions of the ALJ’s final initial determination. Specifically, the Commission determined to review:

- (1) the ID’s findings on the construction, infringement, and technical prong of the domestic industry requirement for the limitation “a needle-like structure, disposed below the base”;
- (2) the ID’s findings on induced and contributory infringement;
- (3) the ID’s findings that the asserted claims are not invalid for a lack of written description, as anticipated by Beaulieu and the APA, or as obvious; and
- (4) the ID’s findings on the economic prong of the domestic industry requirement.

80 Fed. Reg. 70834–35 (Nov. 16, 2015). In its review, the Commission reversed the ALJ’s finding of no invalidity, and determined that the asserted claims were invalid for lack of written description. *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Commission Opinion (“Comm’n Op.”) at 24–34. (Mar. 17, 2016). Based on that determination, the Commission “terminate[d] the investigation with a finding of no violation of section 337 by Solofill and DongGuan because all of the asserted claims are invalid.” *Id.* at 83. However, the Commission did “issue a limited exclusion order and cease and desist orders against defaulted parties Eko Brands, LLC; Evermuch Technology Company Co., Ltd.; and Ever Much Company, Ltd., based on their infringement of claim 8 and 19.” *Id.* The Commission went on to explain: “We do not find that claims 8 and 19 are invalid, and presume that ARM’s allegations in its complaint against these parties are true.” *Id.* (citing 19 U.S.C. § 1337(g)(1); 19 C.F.R. § 210.16(c)(1)).

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On June 1, 2016, ARM filed an enforcement Complaint, which gave rise to the instant proceedings. *See* Fed. Reg. 43242–43. On July 18, 2016, Respondents each filed answers<sup>2</sup> to the enforcement Complaint. (*Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Respondent Eko Brands LLC’s Response to Complaint (July 18, 2016); *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Respondent Espresso Supply, Inc.’s Response to Complaint (July 18, 2016).) Those answers asserted, among others, a collateral estoppel defense. (*See* Enf. Answers at p. 12.) Specifically, Respondents asserted:

### **Third Defense: Collateral Estoppel**

4. Complainant should be collaterally estopped from enforcing claims 8 and 19 of the ‘320 patent at least based upon the Commission’s Opinion invalidating the independent claims from which the asserted claims depend. Collateral estoppel applies to prohibit a patentee from enforcing claims that were previously invalidated as well as claims that are not materially different from the invalidated claims. *Ohio Willow Wood Co. v. Alps S., LLC*, 735 F.3d 1333 (Fed. Cir. 2013); *Amgen, Inc. v. Genetics Institute, Inc.*, 98 F.3d 1328 (Fed. Cir. 1996).

5. Here, the dependent asserted claims 8 and 19 include the same claim limitation (“a container... adapted to hold brewing material”) that the Commission found was not supported by the specification of the asserted patent, and therefore, the asserted claims are invalid on their face for the same reasons already found.

(*Id.*) Those answers also contained the following paragraph regarding the manner in which

Respondents would address later discovered defenses:

### **Eighth Defense: Other Defenses**

10. Respondents are continuing to obtain and review information related to the Asserted Patents. As such, Respondents reserve the right to amend its Response to include other defenses that it may learn of during the course of this Investigation.

(*Id.* at 14.)

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<sup>2</sup> For the sake of simplicity, because Respondents’ answers are substantially identical with respect to the collateral estoppel defense at issue, this determination refers to both answers jointly and interchangeably as “Enf. Answers.”

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On September 12, 2016, and in light of decisions rendered in the related litigation in the United States District Court for the Western District of Washington (the “district court litigation”), described *infra*, Respondents petitioned the Commission to rescind the limited exclusion and cease and desist orders in this investigation, and to terminate the instant enforcement proceeding. (*Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Respondent Eko Brands LLC’s Petition to Rescind the Commission’s March 17, 2016 Limited Exclusion and Cease and Desist Orders and to Terminate the Enforcement Proceeding (“Rescission Petition”) (Sep. 12, 2016).) On November 25, 2016, the Commission initiated rescission proceedings, delegated authority to conduct those proceedings to this ALJ, and directed that the proceedings be consolidated with the instant enforcement proceedings. Fed. Reg. 85264–65 (Nov. 25, 2016).

On September 19, 2016, the ALJ granted ARM’s motion to strike certain affirmative defenses of Respondents. *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Order 30 (Sep. 19, 2016). Specifically, the ALJ struck the “affirmative defenses of non-infringement and invalidity” and precluded Respondents from raising those defenses during the enforcement proceeding. (*Id.* at 7.) The Order remains in force to date.

### **B. Procedural History in District Court**

Concurrently with this proceeding, Respondents are seeking declaratory judgment of non-infringement and invalidity with respect to the ’320 patent in the United States District Court for the Western District of Washington. *See Eko Brands, Inc. v. Adrian Rivera Maynez Enterprises, Inc.*, Case No. C15-522-RSL (W.D. Wash. 2015). On August 17, 2016, the district court granted partial summary judgment in Respondents’ favor. *Eko Brands, Inc.*, 2016 WL

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4399597 (Aug. 17, 2016). Specifically, the district court ruled that “Plaintiff is entitled to a declaration that its accused products do not infringe the ’320 patent because they do not contain a ‘passageway.’” *Id.* at \*2 (Aug. 17, 2016). The district court’s ruling relied in part on its conclusion that the claim term “passageway” should be construed to mean “a narrow space of some depth or length connecting one place to another.” *Id.*

The district court’s construction of “passageway” differs from that adopted by the ALJ in the violation phase of this investigation: “a path, channel or course by which something passes.” *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-929, Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bond at 25.<sup>3</sup> In reaching that construction, the ALJ declined to incorporate the additional limitations “long and narrow,” as then proposed by Respondents. The ALJ reasoned that the long and narrow limitations were not supported by the intrinsic evidence, and, in some cases, would exclude embodiments explicitly disclosed in the ’320 patent specification. *Id.* at 26–27.

## II. Positions of the Parties

### A. ARM’s Positions

ARM seeks summary determination that Respondents cannot prove their collateral estoppel defense. (Mem. at 1.) ARM characterizes Respondents’ collateral estoppel defense as an allegation that ARM cannot enforce claims 8 and 19 of the ’320 patent because the Commission determined that the independent claims from which claims 8 and 19 depend are invalid for failure to comply with the written description requirement of 35 U.S.C. § 112. (*Id.*)

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<sup>3</sup> The Commission did not review the ALJ’s construction of “passageway.”

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Moreover, ARM asserts that “[n]o other basis for collateral estoppel was pled, or even suggested,” by Respondents. (*Id.*)

ARM asserts that “Respondents’ third defense of collateral estoppel is another attempt by Respondents to challenge the validity of claims 8 and 19.” (*Id.* at 3.) In ARM’s view, Respondents’ collateral estoppel defense must be dismissed because the Commission “has already found [those] claims not invalid (and infringed) and issued remedial orders based on [those] findings,” (*id.* (citing Comm’n Op. at 83)), and because “the ALJ has stricken the Respondents’ defenses of invalidity and non-infringement.” (*Id.* (citing Order 30).) Elaborating, ARM submits that “there is no question that the Commission has adjudicated claims 8 and 19 to be valid,” and that the ALJ acknowledged as much in his order striking Respondents’ invalidity and noninfringement defenses. (*Id.* at 3–4.) ARM accordingly concludes that, because claims 8 and 19 were not found invalid by the Commission during the violation phase of this investigation, Respondents’ collateral estoppel defense must fail. (*Id.* at 4.)

ARM also challenges the authority cited in Respondents’ answers in support of the collateral estoppel defense. (*Id.*) Summarizing, ARM submits that the cases cited in Respondents’ answers involve either claims that had been held invalid, or claims that had yet to be adjudicated. (*Id.*) Specifically, ARM distinguishes *Thompson-Hayward Chemical Co. v. Rohm and Haas Co.*, 745 F.2d 27 (Fed. Cir. 1984) from the instant investigation by noting that *Thomson-Hayward* case involved a prior decision of the Federal Circuit that the claims at issue were invalid. (*Id.*) By contrast, ARM notes that Respondents did not appeal the Commission’s decision regarding claims 8 and 19 to the Federal Circuit, nor did it plead that claims 8 and 19 were invalid for failure to comply with the written description requirement of § 112. (*Id.*)

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ARM also distinguishes *Ohio Willow Wood Co. v. Alps S., LLC*, 735 F.3d 1333 (Fed. Cir. 2013) from the instant investigation by noting that the claims in *Ohio Willow* were unadjudicated, whereas here, “claims 8 and 19 have been adjudicated to be valid.” (*Id.* at 4–5.) ARM further notes that “*Ohio Willow* involved obviousness, not written description.” In a similar vein, ARM distinguishes *Amgen, Inc. v. Genetics Institute, Inc.* 98 F.3d 1328 (Fed. Cir. 1996) on the grounds that *Amgen* involved enablement, and not written description, and also because the claims subject to estoppel had yet to be adjudicated.

In sum, the crux of ARM’s argument is that collateral estoppel cannot apply in this instance because the Commission has already rendered a decision on the issue for which Respondents’ seek estoppel, *i.e.*, the validity (or lack thereof) of claims 8 and 19 in the ’320 patent.

### **B. Respondents’ Positions**

For their part, Respondents submit that the collateral estoppel defense pled in Respondents’ answers is separate and distinct from the invalidity and non-infringement defenses that the ALJ struck in Order 30. (Resp. Opp. at 1.) Respondents argue that a ruling of non-infringement in the concurrent district court proceeding, as well as the Commission’s own decision invalidating the independent claims from which claims 8 and 19 depend, are independent bases for preventing the enforcement of the exclusion and cease and desist orders against them. (*Id.* at 1–2). Respondents further assert that “[n]either of these judgments had issued during the original investigation in this case.” (*Id.* at 2.)

Respondents assert that ARM’s motion for summary determination does not address collateral estoppel of non-infringement. (*Id.*) While Respondents acknowledge that “it is correct that Respondents’ Response to the Enforcement Complaint did not expressly mention the

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separate summary judgment adjudication of non-infringement because it had not yet issued as of the date of the Response,” (*id.* at 2 n.1), they now assert that they made their intention to assert collateral estoppel based on the district court’s non-infringement ruling known through their discovery actions, and through their petition to the Commission to rescind the exclusion and cease and desist orders in this matter. (*Id.* at 2.) Respondents cite 19 C.F.R. § 210.14(c) in support of this assertion. (*Id.* at 2 n.1.)

Respondents identify two rulings which, in their opinion, estop ARM from enforcing the Commission’s exclusion and cease and desist orders. The first ruling, Respondents characterize as a “Collateral Ruling of Invalidity.” (*Id.* at 3 (title of § I(A) in Respondents’ opposition).) This ruling, according to Respondents, is the Commission’s own opinion invalidating independent claims 5 and 18 of the ’320 patent for failure to comply with the written description requirement of 35 U.S.C. § 112. (*Id.* (citing Commission Op. at 34).) Respondents argue that, because, by definition, dependent claims include all of the limitations of the claims from which they depend, *see* 35 U.S.C. § 112, claims 8 and 19, which depend from claims 5 and 18, respectively, are also invalid for failure to comply with the written description requirement. (*Id.*)

Respondents characterize the second ruling as a “Collateral Ruling of Noninfringement.” (*Id.* (title of § I(B) in Respondents’ opposition).) This ruling, according to Respondents, is the United States District Court for the Western District of Washington’s order granting summary judgment of non-infringement with respect to the claims of the ’320 patent, including claims 8 and 19. (*Id.* at 3–4 (citing *Eko Brands, Inc. v. Adrian Rivera Maynez Enterprises, Inc. and Adrian Rivera*, Case No. C-15-522, Order, at 4 (W. D. Wash. Aug. 17, 2016).) Respondents assert that “[t]he accused products in the proceeding in the Western District of Washington were Eko’s Ekobrew, Ekobrew 2.0, Ekobrew Elite, Brew & Save and Brew & Save 2.0.” (*Id.* at 4.)

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Further, Respondents acknowledge that “The district court thus held that the **same** products that are accused of violating the LEO and CDO in this investigation are not infringing as a matter of law.” (*Id.* (emphasis in original).)

Respondents divide their collateral estoppel arguments into two categories—“Collateral Estoppel as Applied to Invalidity,” and “Collateral Estoppel as Applied to Noninfringement.” (*See id.* at §§ II(A), II(B).) In support of its invalidity-based arguments, Respondents cite *Mississippi Chem. Corp. v. Swift Agricultural Chems. Corp.*, 717 F.2d 1374 (Fed. Cir. 1983) for the proposition that “where a patent has been declared invalid in a proceeding in which the ‘patentee has had a full and fair chance to litigate the validity of his patent,’ the patentee is collaterally estopped from relitigating the validity of the patent.” 717 F.2d at 1376 (quoting *Blonder-Tongue Labs, Inc. v. Univ. of Illinois Foundation*, 402 U.S. 313 (1971)); *see also* Resp. Opp. at 4. Relatedly, Respondents rely on *Ohio Willow Wood Co. v. Alps S., LLC*, 735 F.3d 1333 (Fed. Cir. 2013) for the proposition that collateral estoppel “applies to claims explicitly invalidated as well as to other claims ‘substantially similar’ to those having been adjudicated to be invalid.” (Resp. Opp. at 4.)

In further support of its invalidity-based estoppel arguments, Respondents assert that the Commission’s opinion in the violation stage of this investigation did not include a determination that claims 8 and 19 are valid. This assertion is based on the Commission’s word choice, which stated “[w]e do not find that claims 8 and 19 are invalid . . . .” (*Id.* at 5 (quoting Commission Op. at 83).) Notwithstanding that word choice, however, Respondents assert that “even an explicit finding of validity is no more than a holding that a particular patent challenger failed to carry the burden of proving invalidity based on the particular set of facts and arguments asserted in a given case.” (*Id.* (citing *Environmental Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 699

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n.9 (Fed. Cir. 1983).) Respondents go on to assert that “the same claims may later be found invalid based on a different record, or in a different forum, or based on different challenges.”

(*Id.*)

Despite asserting that nothing about the Commission’s determination that claims 8 and 19 *are not* invalid “has any bearing on the applicability of collateral estoppel in the present action,” (*id.*), Respondents nonetheless assert that the Commission’s determination that claims 5 and 18 *are* invalid is the lynchpin of collateral estoppel in this enforcement proceeding. By asserting that claims 8 and 19 are “substantially similar” to claims 5 and 18 by virtue of their respective dependence, Respondents invoke *Ohio Willow* to argue that the Commission’s determination that claims 5 and 18 are invalid is sufficient to form the basis of collateral estoppel with respect to claims 8 and 19, notwithstanding the Commission’s finding that claims 8 and 19 are not invalid.

With respect to ARM’s attempts to distinguish *Amgen, Inc. v. Genetics Institute, Inc.*, 98 F.3d 1328 (Fed. Cir. 1996) on the grounds that the claims there at issue were unadjudicated, Respondents submit that “claims can only be held invalid once,” and therefore, “every case applying collateral estoppel in this fashion will be directed to claims that have not previously been adjudicated to be invalid.” (*Id.* at 6.) Respondents also submit that “ARM cannot cite *any* decisions holding that collateral estoppel does not apply to a claim that was previously adjudicated to be ‘not invalid.’” (*Id.* (emphasis in original).) Respondents also dispute ARM’s distinction of *Amgen* due to the fact that the case involved the enablement requirement of § 112, as opposed to the written description requirement, which formed the basis of the Commission’s determination that claims 5 and 18 were invalid. Respondents assert that the same logic underlying the *Amgen* court’s application of collateral estoppel to invalidate claims for lack of enablement applies equally to claims invalidated for lack of written description. (*Id.* (citing

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*LizardTech, Inc. v. Earth Res. Mapping, Inc.*, 424 F.3d 1336, 1343-47 (Fed. Cir. 2005); *Stored Value Solutions, Inc. v. Card Activation Techs. Inc.*, 499 Fed. Appx. 5, 22 (Fed. Cir. 2012)). Respondents also criticize ARM for implying that there is a difference between enablement and written description invalidity, arguing that ARM has submitted no authority to support that proposition, and asserting that Respondents are aware of none. Finally, Respondents note that ARM has failed to advance any argument as to why such a difference matters in the current proceeding. (*Id.* at 6–7.) In total, Respondents characterize ARM’s attempts to distinguish *Amgen* as “distinction[s] without a difference.” (*Id.*)

Respondents also invoke a footnote from *Environmental Designs* for the proposition that “any claim can be held invalid or unenforceable, even after previously being held valid,” but contrastingly, “when a claim is adjudicated to be invalid, that claim (and all ‘substantially similar’ claims) are also invalid once and for all.” (Resp. Opp. at 7; *see also Environmental Designs*, 713 F.2d at 699 n.9.) Respondents then conclude that, “[u]nder *Blonder-Tongue*, ARM cannot relitigate this question because it is collaterally estopped from doing so, and the conclusion renders claims 8 and 19 unenforceable as a result.” (Resp. Opp. at 7; *see also Blonder-Tongue Labs, Inc. v. Univ. of Illinois Foundation*, 402 U.S. 313 (1971).) Finally, Respondents disagree with ARM’s efforts to distinguish *Thomson-Hayward* by pointing to Respondents’ failure to appeal the Commission’s opinion in this investigation to the Federal Circuit, and also the fact that this enforcement proceeding does not involve the issue of invalidity.<sup>4</sup> In Respondents’ view, neither of those points is germane to its collateral estoppel defense. (Resp. Opp. at 7–8.)

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<sup>4</sup> The ALJ notes that, in many sections of Respondents’ Opposition, there appear to be discrepancies between the arguments presented in ARM’s motion for summary determination and Respondents’ restatements of those arguments. Here, for example, Respondents suggest that ARM attempts to distinguish *Thomson-Hayward* by noting that “this case” does not involve an assertion of invalidity. (Resp. Opp. at 7 (“ARM also contends that *Thompson-*

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On the issue of non-infringement-based collateral estoppel, Respondents argue that because ARM's motion does not address the Western District of Washington's noninfringement ruling, ARM does not challenge the point. (Resp. Opp. at 8.) Respondents specifically criticize ARM for overlooking the arguments it made in its petition to the Commission, which included noninfringement arguments for collateral estoppel. (*Id.*)

In addition to its rebuttal of ARM's arguments, Respondents cite several decisions from the Commission in support of its collateral estoppel defense. (*Id.* at 8–9.) For example, Respondents cite *Certain EEPROM, EEPROM, Flash Memory and Flash Microcontroller Semiconductor Devices and Products Containing Same*, Inv. No. 337-TA-395, USITC Pub. 3136, Comm'n Op. at 4-6 (Oct. 1998) and *Certain Digital Set-Top Boxes and Components Thereof*, Inv. No. 337-TA-712, Comm'n Op. (Sept. 23, 2011) to demonstrate prior instances in which the Commission has applied collateral estoppel in reaching its determinations on violation. (Resp. Op. at 8–9.) Respondents also cite *Certain Agricultural Vehicles and Components Thereof*, Inv. No. 337-TA-487, USITC Commission Notice, DOC ID 256910 at 3 (June 20, 2006) as an example of the Commission modifying a general exclusion order in response to a Federal Circuit ruling of non-infringement. Respondents cite *Certain Wire Electrical Discharge Machining Apparatus and Components Thereof* (Inv. No. 337-TA-290) as a similar example in the context of a district court, as opposed to an appellate, ruling of noninfringement. *See also Notice of Termination of Formal Enforcement Proceeding*, 55 Fed. Reg. 51356 (Dec. 13, 1990).

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*Hayward* does not apply because there is no challenge to invalidity in this case . . . .") ARM, however, in its discussion of *Thomson-Hayward*, distinguished the case by noting that Respondents "chose not to plead the invalidity of claims 8 and 19 for lack of written description in the related district court action." (Mem. at 4.) While Respondents may well have meant to refer to the district court matter as "this case," it is not clear from the briefing.

Complicating the issue significantly is the fact that Respondents' brief is largely devoid of particular citations to ARM's motion, leaving the ALJ to hunt for the portions of ARM's motion that support Respondents' characterizations of ARM's arguments. In the interest of clarity and fairness, the ALJ has looked to ARM's motion for the definitive statement of its positions, and not to Respondents' characterizations. To the extent this determination includes Respondents' characterizations of ARM's arguments, it is for the purposes of completeness and providing context to Respondents' own arguments opposing ARM's motion.

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And, Respondents cite *Composite Wear Components and Welding Products Containing Same*, Inv. No. 337-TA-644, Notice (Jan. 18, 2011) as an example where the Commission granted a defaulting respondent's petition to temporarily rescind a limited exclusion and cease and desist order in light of a district court determination of invalidity.

Respondents also assert that the Western District of Washington district court's ruling "should be given estoppel effect even though ARM may still appeal that ruling." (*Id.* at 9 (citing *SSIH Equipment S.A. v. Int'l Trade Comm'n*, 718 F.2d 365, 370 (Fed. Cir. 1983); *Pharmacia & Upjohn Co. v. Mylan Pharms., Inc.*, 170 F.3d 1373, 1381 (Fed. Cir. 1999)).) In light of these citations, Respondents assert that "ARM's motion does not actually dispute that collateral estoppel is a viable defense, nor that it applies in this forum under the appropriate facts." (*Id.*)

Ultimately, Respondents' position is that collateral estoppel prevents ARM from enforcing claims 8 and 19 of the '320 patent, and that the basis of that estoppel derives from the Commission's determination that claims 5 and 18 are invalid, and also from the District Court for the Western District of Washington's decision granting summary judgment of non-infringement to Respondents against ARM for the same accused products that are the subject of the Commission's exclusion and cease and desist orders against Respondents.

### C. Staff's Positions

Staff opposes ARM's motion. Staff's opposition appears to be based on an interpretation of ARM's motion such that ARM contends that "the Commission's statement that the dependent claims 8 and 19 are not invalid bars the Respondents from invoking, through the doctrine of collateral estoppel, the Commission's finding that the independent claims are invalid."<sup>5</sup> (Staff

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<sup>5</sup> As with Respondents' Opposition, there appear to be discrepancies between the arguments raised in ARM's motion, and Staff's characterization of those arguments. Here, for example, Staff characterizes ARM's position as seeking to bar Respondents from invoking the Commission's determination that certain independent claims are invalid. However, that characterization is misleading inasmuch as it suggests Respondents seek to deny or avoid the

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Resp. at 1–2 (citing Memo. at 3.) Staff submits that, “as a matter of law, the doctrine of collateral estoppel bars Complainant from re-litigating the issue of whether the claim term ‘a container... adapted to hold brewing material’ does not satisfy the written description requirement of 35 U.S.C. § 112, and that claims containing the term are invalid.” (*Id.* at 2.) At the same time, Staff concedes that, “if Respondents were to seek a finding from the ALJ that dependent claims 8 and 19 are invalid, the Staff notes that the ALJ has already determined that the Respondents are barred by the doctrine of *res judicata* from asserting that claims 8 and 19 of the ‘320 patent are invalid.” (*Id.* (citing Order No. 30 at p. 5).) In light of these observations, Staff argues “that at this stage of the investigation it remains unclear whether Respondents’ affirmative defense will have any effect on the outcome of the enforcement investigation before the ALJ.” (*Id.*)

Staff asserts that Respondents have yet to “substantively present[] the defense of collateral estoppel and/or its evidence supporting the defense in this enforcement investigation.” (*Id.* at 8.) As a result of that assertion, Staff has indicated that it is not taking a position “on whether Eko has met its burden of proving the elements of collateral estoppel, or whether this defense would have any practical effect on the issues before the ALJ in the enforcement investigation.” (*Id.*) Instead, Staff seeks only to comment on, what it describes as, “the question of law of whether the doctrine of collateral estoppel may be applied to bar Complainant from re-litigating the Commission’s determination that the claims term is unsupported, and thus, claims containing the term are invalid.” (*Id.*) Staff summarizes its views as follows:

Staff is of the view that collateral estoppel may bar ARM from re-litigating the Commission’s finding of invalidity in the violation investigation. Accordingly, the Staff technically opposes Complainant’s motion. However, to the extent Respondents’ affirmative defense is essentially a reformulation of its already

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Commission’s ruling of invalidity with respect to claims 5 and 18 of the ‘320 patent. The ALJ can find no support for that suggestion in ARM’s motion, including in the portion cited by Staff.

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stricken affirmative defense that claims 8 and 19 of the '320 patent are invalid, the Staff is of the view that denying Complainant's motion does not open the door for Respondent to relitigate the finding that these particular claims are not invalid.

(*Id.* at 8–9.)

In support of its views, Staff asserts that ARM should not be allowed to relitigate the validity of claims 5 and 18 in this enforcement proceeding. (*Id.* at 9.) Staff also notes that collateral estoppel is not among the defenses that would be barred by claim preclusion in this enforcement proceeding. (*Id.* at 9 n.3.) Additionally, Staff argues that, because claims 8 and 19 depend from claims 5 and 18, respectively, “collateral estoppel may be applied to the claims at issue in the enforcement investigation.” (*Id.* at 10.) In sum, “Staff is of the view that the doctrine of collateral estoppel may be applied to preclude Complainant from re-litigating the Commission’s finding that a claim term is unsupported and that claims containing the term are invalid.”

Staff also notes that collateral estoppel does not apply to default judgments. Staff submits that the Commission’s determination that claims 8 and 19 are not invalid is based on a finding of default, as opposed to a judgment on the merits. Based on that premise, Staff suggests that “the Commission’s statement that claims 8 and 19 [are] not invalid is not necessarily conclusive in subsequent actions between the parties.” (*Id.* at 11.) Staff then concludes that *Respondents*<sup>6</sup> are not precluded “from asserting the affirmative defense of collateral estoppel based on the Commission’s finding that the independent claims were invalid.” (*Id.*) At the same time, Staff submits that, even if the ALJ denies ARM’s summary determination motion, “[t]o the

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<sup>6</sup> The ALJ notes that Staff’s briefing introduces some confusion into the present summary determination question to the extent that it addresses whether *Respondents* are precluded or estopped from asserting certain issues in this enforcement proceeding. Neither ARM’s original motion, nor Respondents’ response indicate that ARM is pursuing a theory of collateral estoppel or issue preclusion against Respondents. Rather, the instant motion, and Respondents’ own Answers to the Complaint, indicates that Respondents are pursuing collateral estoppel against ARM. Thus, Staff’s analysis as to whether ARM may assert a collateral estoppel defense is inapposite. Notwithstanding the conclusions detailed in Order 30, the ALJ declines to consider, *sua sponte*, what other issues, if any, Respondents are precluded from asserting by operation of collateral estoppel.

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extent that the Respondents affirmative defense [of collateral estoppel] is fundamentally a reformulation of its affirmative defense that claims 8 and 19 of the '320 patent are invalid," Respondents may not revive the invalidity defense stricken by the ALJ in Order 30. (*Id.*) Staff further acknowledges that the ALJ is bound by the Commission's determination that claims 8 and 19 are not invalid, and accordingly that the validity of claims 8 and 19 is not before the ALJ in this proceeding. (*Id.* at 11–12.)

**III. Law**

**A. Summary Determination**

Pursuant to Commission Rule 210.18, summary determination “. . . shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a summary determination as a matter of law.” 19 C.F.R. § 210.18(b); *see also DeMarini Sports, Inc. v. Worth, Inc.*, 239 F.3d 1314, 1322 (Fed. Cir. 2001); *Wenger Mfg., Inc. v. Coating Machinery Systems, Inc.*, 239 F.3d 1225, 1231 (Fed. Cir. 2001). The evidence “must be viewed in the light most favorable to the party opposing the motion . . . with doubt resolved in favor of the nonmovant.” *Crown Operations Int'l, Ltd. v. Solutia, Inc.*, 289 F.3d 1367, 1375 (Fed. Cir. 2002); *see also Xerox Corp. v. 3Com Corp.*, 267 F.3d 1361, 1364 (Fed. Cir. 2001) (“When ruling on a motion for summary judgment, all of the nonmovant's evidence is to be credited, and all justifiable inferences are to be drawn in the nonmovant's favor.”). “Issues of fact are genuine only ‘if the evidence is such that a reasonable [fact finder] could return a verdict for the nonmoving party.’” *Crown Operations Int'l, Ltd.* 289 F.3d at 1375 (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)). The trier of fact should “assure itself that there is no reasonable version of the facts, on the summary judgment record,

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whereby the nonmovant could prevail, recognizing that the purpose of summary judgment is not to deprive a litigant of a fair hearing, but to avoid an unnecessary trial.” *EMI Group North America, Inc. v. Intel Corp.*, 157 F.3d 887, 891 (Fed. Cir. 1998). “Where an issue as to a material fact cannot be resolved without observation of the demeanor of witnesses in order to evaluate their credibility, summary judgment is not appropriate.” *Sandt Technology, Ltd. v. Resco Metal and Plastics Corp.*, 264 F.3d 1344, 1357 (Fed. Cir. 2001) (Dyk, C.J., concurring). “In other words, ‘[s]ummary judgment is authorized when it is quite clear what the truth is,’ [citations omitted], and the law requires judgment in favor of the movant based upon facts not in genuine dispute.” *Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc.*, 984 F.2d 1182, 1185 (Fed. Cir. 1993).

A violation of Section 337 may not be found unless supported by “reliable, probative, and substantial evidence.” 5 U.S.C. § 556; *see also Certain Sildenafil or any Pharmaceutically Acceptable Salt Thereof, Such as Sildenafil Citrate and Products Containing Same*, Inv. No. 337-TA-489, Com. Op. Remedy, the Public Interest, and Bonding at 4–5 (July 2004).

### **B. The Law of Preclusion**

A fundamental precept of common-law adjudication, embodied in the related doctrines of collateral estoppel and *res judicata*, is that a “right, question or fact distinctly put in issue and directly determined by a court of competent jurisdiction . . . cannot be disputed in a subsequent suit between the same parties or their privies . . .”

*Montana v. United States*, 440 U.S. 147, 153 (1979) (quoting *Southern Pacific R. Co. v. United States*, 168 U.S. 1, 48–49 (1897)). Indeed, the doctrine of preclusion in civil litigation enjoys a long history in U.S. courts, and serves the important purposes of protecting litigants from the expense and vexation attendant to repetitious litigation, conserving judicial and public resources,

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and “foster[ing] reliance on judicial action by minimizing the possibility of inconsistent decisions.” *Montana*, 440 U.S. at 153–54.

Preclusion is a broad label encompassing a variety of sub-genres that, in some form or another, define the extent to which a prior judgment may preclude a litigant from advancing a related argument in a later proceeding. The most common of these genres are claim preclusion, and issue preclusion.<sup>7</sup> “Claim preclusion generally refers to the effect of a prior judgment in foreclosing successive litigation of the very same claim, whether or not relitigation of the claim raises the same issues as the earlier suit.” *New Hampshire v. Maine*, 532 U.S. 742, 748 (2001). “Issue preclusion generally refers to the effect of a prior judgment in foreclosing successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment, whether or not the issue arises on the same or a different claim.” (*Id.* (citing Restatement (Second) of Judgments §§ 17, 27, pp. 148, 250 (1980))). Issue preclusion is the only preclusive doctrine addressed in ARM’s summary determination motion. (*See generally* Mem.) Similarly, issue preclusion, referred to as collateral estoppel, is the only preclusive doctrine raised as an affirmative defense in Respondents’ answers to the enforcement complaint. (*See* Enf. Answers at 11–14 (pleading affirmative defenses).) Accordingly, the only question before the ALJ on ARM’s motion for summary determination is whether there exist undisputed facts such that Respondents’ collateral estoppel defense fails as a matter of law.

Issue preclusion “bars successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment.” *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008); *see also In re Freeman* 30 F.3d 1459, 1465 (Fed. Cir. 1994) (“Under the

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<sup>7</sup> Consistent with modern legal practice, the ALJ uses the terms claim preclusion and issue preclusion throughout this determination. “These terms have replaced a more confusing lexicon. Claim preclusion describes the rules formerly known as ‘merger’ and ‘bar,’ while issue preclusion encompasses the doctrines once known as ‘collateral estoppel’ and ‘direct estoppel.’” *Taylor v. Sturgell*, 553 U.S. 880, 892 n.5 (2008).

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doctrine of issue preclusion, also called collateral estoppel, a judgment on the merits in a first suit precludes relitigation in a second suit of issues actually litigated and determined in the first suit.”). Unlike claim preclusion, which is effective only when the underlying claims or causes of action share an identity, issue preclusion focuses instead on precluding the repetitious litigation of issues of law or fact. *See Freeman*, 30 F.3d at 1465. To invoke an issue preclusion defense, a party must establish four elements:

(1) the issue is identical to one decided in the first action; (2) the issue was actually litigated in the first action; (3) resolution of the issue was essential to a final judgment in the first action; and (4) plaintiff had a full and fair opportunity to litigate the issue in the first action.

*Id.*

#### IV. Analysis

As an initial matter, in light of the briefing, the ALJ finds that it is necessary to clearly define the scope of the present dispute before addressing its merits. As recited in its motion for summary determination, ARM seeks a determination that Respondents cannot prevail on the collateral estoppel defense asserted in the response to the enforcement complaint. As presented in Respondents’ answers to the complaint, their collateral estoppel defense is based on an assertion that claims 8 and 19 of the ’320 patent are invalid in light of the Commission’s prior determination that the independent claims from which claims 8 and 19 depend are invalid. There is no indication in Respondents’ answers that its collateral estoppel defense is also based on the assertion that claims 8 and 19 cannot be enforced by virtue of the United States District Court for the Western District of Washington’s determination of noninfringement in that proceeding.

Regardless of the fact that both ARM and Respondents were aware of the district court proceeding at the time ARM filed the instant summary determination motion, it is unreasonable to require ARM to address defenses yet to be pled simply because it has knowledge they may be

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viable. While it is true that Respondent's collateral estoppel defense, as pled, includes the phrase "at least based upon the Commission's Opinion invalidating the independent claims from which the asserted dependent claims depend," (Enf. Answers at p. 12, ¶ 4 (emphasis added)), such hedging language does not give Respondents *carte blanche* to expand the basis of its collateral estoppel defense without amending its pleadings. Moreover, Respondents' contemporaneous representation that they "reserve[d] the right to amend its Response to include other defenses that it may learn of during the course of this Investigation" demonstrates that Respondents were aware that defenses supported by then unavailable evidence would nonetheless need to be added to its Response via amendment.

Here, ARM's motion for summary determination is limited to the only theory of collateral estoppel included in Respondents' response to the enforcement complaint. While Respondents have now moved to amend their Response, that action comes too late to derail consideration of ARM's motion as originally filed. Moving the goal posts is not a legitimate tactic for avoiding summary determination. As such, the ALJ finds that collateral estoppel based on invalidity is the only collateral estoppel defense currently at issue. This determination shall be accordingly limited to that issue.<sup>8,9</sup> Consistent with that finding, ARM's motion for a reply, is **DENIED** as moot. The ALJ will address Respondents' pending motion to amend its Response to the enforcement complaint in a separate order.

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<sup>8</sup> The ALJ notes that issues of procedural fairness also weigh against considering and determining the viability of Respondents' noninfringement based collateral estoppel defense. Particularly, ARM has not had an opportunity to be heard on the merits of that defense.

<sup>9</sup> Nothing in this determination should be construed as addressing the separate and distinct question of whether the district court's infringement determination constitutes a changed circumstance meriting rescission of the Commission's limited exclusion and cease and desist orders.

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### A. Collateral Estoppel – Invalidation of Claims 8 and 19

#### 1. Identity of Issues

The first element required to establish issue preclusion is an identity of issues between two actions. Here, Respondents point to the Commission's finding that claims 5 and 18 of the '320 patent are invalid for failure to satisfy the written description requirement of 35 U.S.C. § 112 as the basis for preclusion in this enforcement proceeding. (Resp. Opp. at 3–8.) However, as already determined, invalidity is not an issue in this enforcement proceeding. *See* Order 30. Moreover, ARM, which would be the party affected by issue preclusion, has not raised invalidity in this proceeding. Indeed, nowhere in the enforcement complaint does ARM address the validity of claims 8 and 19. Instead, ARM merely relies on the Commission's opinion as to the validity of claims 8 and 19. Indeed, given that the Commission's determination on that point is in ARM's favor, it is unsurprising that ARM does not attempt to relitigate the issue in this enforcement proceeding.

To the extent Respondents submit that “[t]here is no need for a separate assertion of invalidity in this action,” (Resp. Opp. at 7), the ALJ disagrees. Issue preclusion, which is designed to prevent relitigation of the same issue in multiple forums, requires that identical issues be raised in two separate actions. Put simply, Respondents' issue preclusion defense must fail because ARM is not attempting to relitigate the invalidity issue. Ironically, if any of the parties is attempting to relitigate an issue from the violation phase of this proceeding, it is Respondents, not ARM.

Moreover, Respondents' reliance on the concept that “collateral estoppel is a distinct defense” is unavailing. First, Respondent's briefing clearly and repeatedly ties its collateral estoppel defense to the validity of claims 8 and 19. (*See, e.g.*, Resp. Opp. at § II(A) (section titled “Collateral Estoppel as Applied to Invalidity).) In this instance, the defense is inextricably

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intertwined with the validity of claims 8 and 19, not separate and distinct from it. More to the point, however, Respondents' argument is self-defeating. In order to establish issue preclusion, Respondents must show that there is an identity of issues between two actions. Arguing that its collateral estoppel defense is distinct and separate from the previously determined validity issues is tantamount to a concession that there is no identity of issues here. Respondents cannot have it both ways.

Finally, Respondents' reliance on *Thompson-Hayward Chemical Co. v. Rohm and Haas Co.*, 745 F.2d 27 (Fed. Cir. 1984), is unavailing. While accused infringer Thompson-Hayward argued that patentee Rohm should be "collaterally estopped" from recovering damages because Rohm's patent had been invalidated in another case for fraud on the Patent Office, the Federal Circuit did not adopt Thompson-Hayward's collateral estoppel rationale in precluding enforcement of the Rohm patent. Rather, the Federal Circuit predicated its determination on a consideration of public policy, namely, "the strong public interest in not countenancing fraud in the PTO, and accordingly refusing to award damages for infringement of an invalid patent." *Id.* at 32. Absent the unique fact that the Rohm patent was procured via the use of falsified affidavits, the competing "public interest in an efficient and effective administration of justice" likely would have required "adherence to the Federal Rules of Civil Procedure, and to the general proposition that conceded or unappealed issues are not reviewable." *Id.*

*Thompson-Hayward* simply was not decided on collateral estoppel grounds. Indeed, the only portions of the opinion dealing with collateral estoppel are those summarizing the parties' arguments, which are neither controlling nor persuasive. *See id.* at 31–32 (summarizing party contentions in § I(4)). With respect to the instant dispute, the facts are markedly different. Fraud and a patentee's duty of candor to the PTO are not at issue, and there is no other unique

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circumstance that might trump adherence to the traditional, and controlling, requirements for applying collateral estoppel as enunciated by the Supreme Court, and reiterated by the Federal Circuit.

The ALJ finds that there are no genuine issues of material fact regarding the absence of an identity of issues between the violation and enforcement phases of this investigation. ARM seeks to enforce the Commission's determinations from the violation phase of this investigation. It has not raised the issue of validity as to dependent claims 8 and 19, which the Commission did not find invalid, or to independent claims 5 and 18, which the Commission did find invalid.<sup>10</sup> Accordingly, because the issue on which Respondents seek preclusion has not been—and cannot be, *see* Order 30—raised in the enforcement phase of this investigation, Respondents cannot satisfy the first element of their collateral estoppel defense. Because each element must be satisfied to prevail on assertion of collateral estoppel, Respondents' collateral estoppel defense fails as a matter of law.

### **2. The Remaining Elements of Issue Preclusion**

In the absence of an identity of issues, the remaining elements of collateral estoppel all fail. Because ARM's enforcement complaint does not raise an issue previously decided in the violation phase of this investigation, it necessarily follows that the issues raised in the enforcement complaint were not "actually litigated" in the violation phase. The third and fourth elements of collateral estoppel are absent for logically similar reasons.

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<sup>10</sup> The ALJ understands the apparent inconsistency of finding an independent claim invalid for failure to comply with the written description requirement of 35 U.S.C. § 112, while also finding a claim that depends from that independent claim to be not invalid. While there are certainly some invalidity findings that do not flow from an independent claim to its dependent claims—findings of indefiniteness being the most obvious example—it is not clear that such a scenario can arise in the context of invalidity for lack of written description. Notwithstanding that observation, collateral estoppel is not a suitable tool to effect an appeal of the Commission's determination.

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The ALJ notes that only Staff acknowledged the controlling precedents that generally govern collateral estoppel and issue preclusion. Neither ARM nor Respondents addressed the elements of collateral estoppel in their briefing. Instead, ARM and Respondents' focused heavily on a subset of Federal Circuit cases involving assertions of collateral estoppel. None of these cases, however, compel or suggest a different outcome than the one given by the application of traditional principles of collateral estoppel.

As discussed *supra*, in *Thompson-Hayward*, the Federal Circuit vacated an infringement decision and damages award on appeal in light of a decision in another case finding the asserted patent unenforceable because it had been obtained through fraud on the USPTO. 745 F.2d at 34. However, while the accused infringer in that case presented its argument as rooted in collateral estoppel, the Federal Circuit, acknowledged that “the policy of preventing relitigation of patent validity [was] not precisely involved.” *Id.* at 34. Moreover, the Federal Circuit made clear that its decision to vacate the damages award against the accused infringer, despite the issue of invalidity not being on appeal, was rooted in the “strong public interest in not countenancing fraud in the PTO, and accordingly refusing to award damages for infringement of an invalid patent.” *Id.* at 32. Being there no finding before the ALJ that the '320 patent was procured by fraud, there appears to be no policy rationale that would justify a departure from the established requirements for invoking issue preclusion. Further, unlike *Thompson-Hayward*, here there has been no intervening determination that claims 8 and 19 are invalid. Thus, *Thompson-Hayward* does not assist Respondents.

Respondents rely on *Ohio Willow Wood Co. v. Alps South, LLC*, 735 F.3d 1333 (Fed. Cir. 2013) for the proposition that “[c]ollateral estoppel applies to prohibit a patentee from enforcing claims that were previously invalidated as well as claims that are not materially different from

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the invalidated claims.” (Enf. Answers at ¶ 31.) Essentially, Respondents contend that dependent claims 8 and 19 are substantially similar to the independent claims 5 and 18 from which they depend, and because claims 5 and 18 were invalidated by the Commission, the substantially similar claims 8 and 19 cannot be enforced. (*See id.*)

While the Federal Circuit did not delineate a method for determining whether two claims are substantially similar, the crux of its similarity analysis in *Ohio Willow* turned on whether the distinctions between the claims were material to the issue on which preclusion was sought—invalidity for obviousness in that case. *Ohio Willow*, 735 F.3d at 1333–34. In the instant case, that analysis would normally favor Respondents, as it is unclear how, in the context of invalidity for failure to comply with the written description requirement, the additional limitations of a dependent claim would raise a new issue of invalidity not already attendant to the independent claim from which it depends. Indeed, if the specification is lacking such that a person of ordinary skill in the art would not conclude that the inventor possessed the invention claimed in an independent claim at the time of filing, no number of additional claim limitations in a dependent claim would seem to rectify that deficiency. (*See supra* 26 n.10.) To the contrary, the additional limitations would likely compound the deficiency.

However, there is a key distinction between *Ohio Willow* and the instant action. Here, the Commission has already issued its determination indicating that it did not find claims 8 and 19 to be invalid, regardless of the fact that it did determine claims 5 and 18 to be invalid. *See Comm’n Op.* at 83. In so doing, the Commission saw fit to draw a distinction between claims 8 and 19 and the independent claims from which they depend. If Respondents disagree with that distinction, their recourse was to appeal the Commission’s determination to the Federal Circuit. 19 U.S.C. § 1137(c) (“Any person adversely affected by a final determination of the Commission

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under subsection (d), (e), (f), or (g) may appeal such determination, within 60 days after the determination becomes final, to the United States Court of Appeals for the Federal Circuit for review in accordance with chapter 7 of title 5.”); *see also* 28 U.S.C. § 1295(a)(6).

Here, Respondents opted not to pursue an appeal of the Commission’s determination finding claims 8 and 19 not invalid. Notwithstanding Respondents’ urging, the ALJ lacks the authority to alter or set aside the Commission’s determination as to the validity of claims 8 and 19. Moreover, Respondents’ suggestion that the Commission’s determination, which gave rise to the disputed limited exclusion and cease and desist orders, simultaneously rendered those orders unenforceable is unsupported and unpersuasive.

To find claims 8 and 19 unenforceable based on the Commission’s determination that claims 5 and 18 are invalid would require the ALJ to ignore the portion of the determination explicitly stating that the Commission did not find claims 8 and 19 to be invalid, and also to interpret the Commission’s determination in a way that renders the exclusion order and cease and desist order completely superfluous. The ALJ declines to take either action, just as the ALJ declines to act as an alternate, and unsanctioned, appellate authority for the Commission’s determination.

Respondents invoke *Environmental Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 699 n.9 (Fed. Cir. 1983) for the proposition that, “at most even an explicit finding of validity is no more than a holding that a particular patent challenger failed to carry the burden of proving invalidity based on the particular set of facts and arguments asserted in a given case.” (Resp. Opp. at 5.) Respondents go on to conclude that “nothing about the prior adjudication with respect to validity (or “not invalidity”) has any bearing on the applicability of collateral estoppel

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in the present action.” (*Id.*) The footnote from *Environmental Designs* upon which Respondents rely reads:

It is not necessary that a district court hold a patent valid. In an appropriate case, it is necessary to hold only that the challenger of a patent’s validity failed to carry his burden of proving invalidity. 35 U.S.C. § 282. The result is the same, but the latter holding more accurately dramatizes that it, like all holdings, is based on the record of the case at hand. The latter holding also avoids concern that a patent held valid may be held invalid on a different record in another case. When, however, a challenger has carried his burden of proof it would appear appropriate to hold the patent invalid, for a holding that the burden had been carried is synonymous with invalidity.

*Environmental Designs*, 713 F.2d at 699 n.9. Respondents ask this footnote to do too much. While the footnote reiterates the basic fact that defeating an invalidity challenge in one case and against one challenger does not render a patent claim immune from all future challenges, it is a step too far to say that the Commission’s determination that claims 8 and 19 are not invalid has no bearing on the instant phase of this investigation. For one, but for that determination, there would no enforcement phase at all, as the exclusion and cease and desist orders are based on the Commission’s determination that claims 8 and 19 had not been shown to be invalid during the violation phase. Moreover, Respondents’ “collateral estoppel” defense is more accurately characterized as a collateral attack on that very determination.

The ALJ also notes that *Environmental Design* does not abrogate established principles of preclusion, which prevent Respondents from raising the invalidity of claims 8 and 19 now, when it has already passed on two opportunities to raise that issue, both before the Commission during the violation phase of this investigation, and then before the Federal Circuit after the Commission issued its determination on violation. *See* Order 30. Here again, Respondents’ defense fails not because the Commission’s determination rendered claims 8 and 19 immune from future validity challenges, but because there is no ruling, from any tribunal, that claims 8 and 19 are invalid, and thus no basis to preclude ARM from enforcing those claims.

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Respondents encounter the same difficulty in relying on *Amgen, Inc. v. Genetics Institute, Inc.*, 98 F.3d 1328 (Fed. Cir. 1996). There, the patent holder was precluded from asserting the claims of a continuation patent<sup>11</sup> because they included the same limitation found to be lacking enablement in an earlier case considering the original patent from which the continuation arose. By virtue of being a continuation patent, the specifications were identical, and the Federal Circuit reasoned that, if the specification could not enable the limitation in the original patent, then it could not enable the same limitation in the continuation patent. *Id.* at 1332. Unlike the instant case, however, *Amgen* did not involve a prior determination that certain claims were not invalid. Here, by contrast, the Commission explicitly stated that it did not find claims 8 and 19 to be invalid, notwithstanding the fact that the issue of written description invalidity was before it, and the dependency relationship of claims 8 and 19 to claims 5 and 18 is apparent from the face of the patent. Again, Respondents may believe that the Commission's determination erred in that regard, but the ALJ's authority does not extend to reviewing or modifying the Commission's determinations. Nothing in *Amgen* suggests otherwise.

The Commission precedents cited by Respondents are also distinguishable from the instant investigation. *Certain EEPROM, EEPROM, Flash Memory and Flash Microcontroller Semiconductor Devices and Products Containing Same*, Inv. No. 337-TA-395, USITC Pub. 3136, Comm'n Op. at 4-6 (Oct. 1998), for example, involved a prior determination of invalidity by a United States district court. There, the Commission afforded that decision preclusive effect in line with the comments laid out in the Restatement 2d of Judgments, while simultaneously noting that it was not obligated to give the decision preclusive effect. *Id.* at 7. Affording the district court decision preclusive effect did not contradict any prior Commission determination

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<sup>11</sup> The ALJ notes that the Patent Act does not distinguish between patents issued from a continuation application and those issued from other applications. The use of the phrase "continuation patent" in this determination is simply convenient shorthand for a patent issued from a continuation application.

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on the issue. By contrast, to preclude ARM from enforcing claims 8 and 19 on invalidity grounds in this proceeding, the ALJ would necessarily have to contradict the portion of the Commission's determination that found those claims not invalid. As noted, such action is beyond the scope of the ALJ's authority.

Similarly, *Certain Digital Set-Top Boxes and Components Thereof*, Inv. No. 337-TA-712, Comm'n Op. (Sep. 23, 2011) involved a petition for reconsideration of the Commission's determination not to review the ALJ's final initial determination finding a violation of section 337. *Id.* at 1–2. The petition was based on an intervening district court decision finding an essential claim of the patent at issue invalid as anticipated. In light of the intervening decision, the Commission granted the respondent's motion for reconsideration, and upon reconsideration, applied collateral estoppel to invalidate the asserted claim and find no violation of section 337. *Id.* at 9. Here again, the application of collateral estoppel did not amount to a review of the Commission's own determination regarding validity, but rather was based on a new intervening judgment from the district court. Additionally, to the extent the respondent needed to seek reconsideration of the Commission's decision not to review the ALJ's final initial determination, the respondent did so according to the appropriate procedure—albeit outside the time frame—laid out in the Commission's rules. *Id.* at 3; *see also* 19 C.F.R. § 210.47. The respondent's request did not, as would be the case here, require the ALJ to review, and potentially modify, the Commission's determination. Additionally, the clear findings of invalidity presented by the district courts in both of these investigations form a much stronger basis for invoking preclusion than the instant investigation, where the ruling upon which Respondents' seek to establish preclusion is the same ruling that gave rise to the exclusion and cease and desist orders in the

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first place. The ALJ is weary of making a determination that effectively renders the exclusion and cease and desist orders unenforceable from the moment they issued.

While *Certain Agricultural Vehicles and Components Thereof*, Inv. No. 337-TA-487, Remand and Rescission Order (June 20, 2006) did involve the rescission of certain exclusion and cease and desist orders during the enforcement phase of that investigation, the rescission order was based on the respondent's successful appeal to the Federal Circuit of the Commission's determination on violation. By contrast, Respondents in this investigation opted not to appeal the Commission's determination to the Federal Circuit, and thus *Certain Agricultural Vehicles* fails to support Respondents' assertion that the same determination that gave rise to the exclusion and cease and desist orders can also serve as the basis for their unenforceability. The same problem attends Respondents' reliance on *Certain Wire Electrical Discharge Machining Apparatus and Components Thereof* (Inv. No. 337-TA-290) and *Composite Wear Components and Welding Products Containing Same*, Inv. No. 337-TA-644. Both rescission orders were based on an intervening invalidity determination from a district court, and not on an ALJ's review and modification of the Commission's own determination.

In sum, the ALJ does not find the authorities relied on by Respondents to be persuasive with respect to the particular factual circumstances of the instant investigation.

### V. Conclusion

Upon review of the parties' briefings, Respondents appear to be seeking review and modification of the Commission's determination on violation, particularly as regards its finding that claims 8 and 19 are not invalid. While the ALJ acknowledges the tension between finding claims 8 and 19 not invalid, while simultaneously finding the independent claims upon which they depend invalid for lack of written description, that tension does not give rise to a collateral

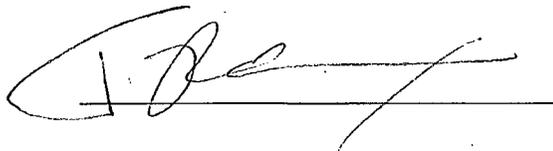
[REDACTED]

estoppel defense. For the reasons given above, ARM's motion for summary determination is **GRANTED.**

Pursuant to 19 C.F.R. § 210.42(h), this initial determination shall become the determination of the Commission unless a party files a petition for review of the initial determination pursuant to 19 C.F.R. § 210.43(a), or the Commission, pursuant to 19 C.F.R. § 210.44, orders on its own motion a review of the initial determination or certain issues contained herein.

Within seven days of the date of this document, each party shall submit to the Office of the Administrative Law Judges a statement as to whether or not it seeks to have any portion of this document deleted from the public version. Any party seeking to have any portion of this document deleted from the public version thereof shall also submit to this office a copy of this document with red brackets indicating any portion asserted to contain confidential business information. The parties' submissions may be made by facsimile and/or hard copy by the aforementioned date. The parties' submissions concerning the public version of this document need not be filed with the Commission Secretary.

**SO ORDERED.**



Theodore R. Essex  
Administrative Law Judge

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929  
(Enforcement Proceeding)**

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **ORDER 33** has been served by hand upon the Commission Investigative Attorney, Monisha Deka, Esq. and the following parties as indicated, on **December 8, 2016**.



Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**On Behalf of Complainants Adrian Rivera and Adrian Rivera Mayanez Enterprises, Inc.  
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 Via Express Delivery  
 Via First Class Mail  
 Other: \_\_\_\_\_

**On Behalf of Respondents Eko Brands, LLC and Espresso Supply, Inc.:**

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 Other: \_\_\_\_\_

**UNITED STATES INTERNATIONAL TRADE COMMISSION**  
**Washington, D.C.**

**In the Matter of**

**CERTAIN BEVERAGE BREWING  
CAPSULES, COMPONENTS THEREOF,  
AND PRODUCTS CONTAINING THE  
SAME**

**Investigation No. 337-TA-929**

**NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART A  
FINAL INITIAL DETERMINATION FINDING NO VIOLATION OF  
SECTION 337; SCHEDULE FOR BRIEFING ON THE ISSUES UNDER  
REVIEW AND ON REMEDY, THE PUBLIC INTEREST, AND BONDING**

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined to review in part a final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”), finding no violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337.

**FOR FURTHER INFORMATION CONTACT:** Robert Needham, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-5468. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** The Commission instituted this investigation on September 9, 2014, based on a complaint filed by Adrian Rivera of Whittier, California, and Adrian Rivera Maynez Enterprises, Inc., of Santa Fe Springs, California (together, “ARM”). 79 *Fed. Reg.* 53445-46. The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain beverage brewing capsules, components thereof, and products

containing the same that infringe claims 5-8 and 18-20 of U.S. Patent No. 8,720,320 (“the ’320 patent”). *Id.* at 53445. The Commission’s notice of investigation named as respondents Solofill LLC of Houston, Texas (“Solofill”); DongGuan Hai Rui Precision Mould Co., Ltd. of Dong Guan City, China (“DongGuan”); Eko Brands, LLC (“Eko Brands”), of Woodinville, Washington; Evermuch Technology Co., Ltd., of Hong Kong, China and Ever Much Company Ltd. of Shenzhen, China (together, “Evermuch”); Melitta USA, Inc. (“Melitta”), of North Clearwater, Florida; LBP Mfg., Inc. of Cicero, Illinois and LBP Packaging (Shenzhen) Co. Ltd. of Shenzhen, China (together, “LBP”); Spark Innovators Corp. (“Spark”), of Fairfield, New Jersey; B. Marlboros International Ltd. (HK) (“B. Marlboros”) of Hong Kong, China; and Amazon.com, Inc. (“Amazon”) of Seattle, Washington. The Office of Unfair Import Investigations was also named as a party to the investigation. *Id.*

The Commission terminated the investigation with respect to Melitta, Spark, LBP, and B. Marlboros based on the entry of consent orders and terminated the investigation with respect to Amazon based on a settlement agreement. Notice (Dec. 18, 2014); Notice (Jan. 13, 2015); Notice (Mar. 27, 2015); Notice (Apr. 10, 2015). The Commission also found Eko Brands and Evermuch in default for failing to respond to the complaint and notice of investigation. Notice (May 18, 2015). Accordingly, Solofill and DongGuan (together, “Respondents”) were the only respondents actively participating in the investigation at the time of the issuance of the final ID.

On September 4, 2015, the ALJ issued his final ID finding no violation of section 337. The ID found that ARM had established every element for finding a violation of section 337 except for infringement. The ID found that Respondents were not liable for direct infringement because direct infringement required the combination of Respondents’ products with a third-party single serve beverage brewer, and that Respondents were not liable for induced or contributory infringement because they did not have pre-suit knowledge of the ’320 patent. The ID did find that Respondents’ products directly infringed when combined with a third-party single serve coffee brewer, that the asserted claims have not been shown invalid by clear and convincing evidence, and that ARM satisfied both the technical and economic prongs of the domestic industry requirement. The ALJ also issued his recommendation on remedy and bonding along with his ID.

On September 21, 2015, Complainants petitioned for review of the ID’s findings that Respondents were not liable for induced and contributory infringement because of a lack of pre-suit knowledge, and Respondents petitioned for review of several of the ID’s findings. On September 29, 2015, the parties opposed each other’s petitions, and the Commission Investigative Attorney opposed both petitions.

Having examined the record of this investigation, including the ALJ’s final ID, the petitions for review, and the responses thereto, the Commission has determined to review the final ID in part. Specifically the Commission has determined to review the following: (1) the ID’s findings on the construction, infringement, and technical prong of the domestic industry requirement for the limitation “a needle-like structure, disposed

below the base”; (2) the ID’s findings on induced and contributory infringement; (3) the ID’s findings that the asserted claims are not invalid for a lack of written description, as anticipated by Beaulieu and the APA, or as obvious; and (4) the ID’s findings on the economic prong of the domestic industry requirement. The Commission has determined not to review the remaining findings in the ID.

In connection with its review, the Commission is interested in briefing only on the following issue:

The Commission recently determined that the “knowledge of the patent” element for contributory infringement can be satisfied through service of a section 337 complaint. *See Commission Opinion in Certain Television Sets, Television Receives, Television Tuners, and Components Thereof*, Inv. No. 337-TA-910, at 41-43 (public version dated Oct. 30, 2015). Please explain how that determination impacts the issues of contributory and induced infringement in this investigation.

The parties have been invited to brief only the discrete issue described above, with reference to the applicable law and evidentiary record. The parties are not to brief other issues on review, which are adequately presented in the parties’ existing filings.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue a cease and desist order that could result in the respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, *see Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or a cease and desist order would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

**WRITTEN SUBMISSIONS:** The parties to the investigation are requested to file written submissions on the issue identified in this notice. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding. The complainants and the Commission Investigative Attorney are also requested to submit proposed remedial orders for the Commission's consideration. The complainants are additionally requested to state the date that the '320 patent expires, the HTSUS numbers under which the accused products are imported, and to supply a list of known importers of the products at issue. The entirety of the parties' written submissions must not exceed 50 pages, and must be filed no later than close of business on November 20, 2015. Reply submissions must not exceed 25 pages, and must be filed no later than the close of business on December 1, 2015. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 C.F.R. § 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-929") in a prominent place on the cover page and/or the first page. (*See* Handbook for Electronic Filing Procedures, [http://www.usitc.gov/secretary/fed\\_reg\\_notices/rules/handbook\\_on\\_electronic\\_filing.pdf](http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf)). Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 C.F.R. Part 210).

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', written in a cursive style.

Lisa R. Barton  
Secretary to the Commission

Issued: November 9, 2015

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

Inv. No. 337-TA-929

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, Jeffrey Hsu, Esq., and the following parties as indicated, on **November 9, 2015**.



\_\_\_\_\_  
Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
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**On Behalf of Respondents Solofill. LLC and DongGuan Hai  
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UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

**In the Matter of**

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

**Inv. No. 337-TA-929**

**INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND  
RECOMMENDED DETERMINATION ON REMEDY AND BOND**

Administrative Law Judge Theodore R. Essex

(September 4, 2015)

**Appearances:**

*For the Complainants Adrian Rivera and Adrian Rivera Maynez Enterprises, Inc.:*

John R. Fuisz, Esq., and Sudip Kundu, Esq. of Fuisz Chen Kundu LLP of Washington, D.C.

*For the Respondents Solofill LLC and DongGuan Hai Rui Precision Mould Co., Ltd:*

Lei Mei, Esq., Reece Neinstadt, Esq., Jeff Pearson, Esq., and Jiwei Zhang, Esq. of Mei & Mark LLP of Washington, D.C.

*For the Commission Investigative Staff:*

Margaret D. Macdonald, Esq., Director; Jeffrey T. Hsu, Esq., Supervisory Attorney; James F. Wiley, Esq., Investigative Attorney of the Office of Unfair Import Investigations (“OUII”), U.S. International Trade Commission, of Washington, D.C.

**PUBLIC VERSION**

Pursuant to the Notice of Investigation, 79 Fed. Reg. 53445 (September 9, 2014), this is the Initial Determination in the matter of *Certain Beverage Brewing Capsules, Components Thereof, and Products Containing the Same*, United States International Trade Commission Investigation No. 337-TA-929. See 19 C.F.R. § 210.42(a).

It is held that no violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, has occurred in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain beverage brewing capsules, components thereof, and products containing the same by reason of infringement of certain claims of U.S. Patent No. 8,720,320.

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The following abbreviations may be used in this Initial Determination:

<b>CDX</b>	Complainant's demonstrative exhibit
<b>CIB</b>	Complainant's initial post-hearing brief
<b>CPB</b>	Complainant's pre-hearing brief
<b>CPX</b>	Complainant's physical exhibit
<b>CRB</b>	Complainant's reply post-hearing brief
<b>CX</b>	Complainant's exhibit
<b>Dep.</b>	Deposition
<b>JX</b>	Joint Exhibit
<b>RDX</b>	Respondent's demonstrative exhibit
<b>RIB</b>	Respondent's initial post-hearing brief
<b>RPX</b>	Respondent's physical exhibit
<b>RPB</b>	Respondent's Pre-hearing brief
<b>RRB</b>	Respondent's reply post-hearing brief
<b>RRX</b>	Respondent's rebuttal exhibit
<b>RX</b>	Respondent's exhibit
<b>SIB</b>	Staff's initial post-hearing brief
<b>SRB</b>	Staff's reply post-hearing brief
<b>Tr.</b>	Transcript

## I. BACKGROUND

### A. Institution and Procedural History of This Investigation

By publication of a notice in the *Federal Register* on September 9, 2014, pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, the Commission instituted Investigation No. 337-TA-929 with respect to U.S. Patent No. 8,720,320 ("the '320 patent") to determine:

whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain beverage brewing capsules, components thereof, and products containing the same by reason of infringement of one or more of claims 5–8 and 18–20 of the '320 patent, and whether an industry in the United States exists as required by subsection (a)(2) of section 337

(79 Fed. Reg. 53445 (September 9, 2014).)

The complainants are Adrian Rivera of Whittier, CA and Adrian Rivera Maynez Enterprises, Inc. (collectively "ARM" or "Complainants") of Santa Fe Springs, CA. (*Id.*) The Notice of Investigation named the respondents as Solofill LLC of Houston; DongGuan Hai Rui Precision Mould Co., Ltd. of GuangDong Province, China; Eko Brands, LLC of Woodinville, WA; Evermuch Technology Co., Ltd. of New Territories, Hong Kong; Ever Much Company Ltd. of Shenzhen, China; Melitta USA, Inc. of North Clearwater, FL; LBP Mfg. Inc. of Cicero, IL; LBP Packaging (Shenzhen) Co. Ltd. of Guangdong China; Spark Innovators, Corp. of Fairfield, NJ; B. Marlboros International Ltd. (HK) of Hong Kong; and Amazon.com, Inc. of Seattle, WA. (*Id.*) The Office of Unfair Import Investigations ("Staff") is also a party in this investigation. (*Id.*)

The investigation was assigned to Administrative Law Judge ("ALJ") Theodore R. Essex. (Notice to the Parties (September 4, 2014).)

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On November 5, 2014, ARM and Respondents LBP Mfg. Inc. and LBP Packaging (Shenzhen) Co. Ltd. (together, the “LBP Respondents”) jointly moved to terminate the investigation with respect to the LBP Respondents based on entry of a consent order. The ALJ issued an Initial Determination (“ID”) granting the motion on November 19, 2014. (Order No. 10.) The Commission determined not review the ID. (Notice of Commission Decision Not to Review an Initial Determination Terminating the Investigation With Respect to Two Respondents Based On an Entry of a Consent Order; Issuance of the Consent Order (December 18, 2014).)

On November 18, 2014, ARM and Respondents Spark Innovators Corp. and B. Marlboros International (HK) Ltd. jointly moved to terminate the investigation with respect to those respondents based on entry of a consent order. The ALJ issued an ID granting the motion on December 16, 2014. (Order No. 12.) The Commission only modified the ID to correct references and dates that were not consistent with the underlying motion to terminate. (Notice of Commission Decision to Review and Modify an Initial Determination Terminating the Investigation With Respect to Two Respondents Based On an Entry of a Consent Order (January 13, 2015).)

On February 2, 2015, Respondent Melitta USA filed an unopposed motion to terminate the investigation based on entry of a consent order. The ALJ issued an ID granting the motion on February 26, 2015. (Order No. 13.) The Commission determined not to review the ID. (*See* Notice of Commission Decision Not to Review an Initial Determination Terminating the Investigation With Respect to Melitta Usa, Inc., Based On an Entry of a Consent Order (March 27, 2015).)

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On February 18, 2015, ARM and Respondent Amazon.com jointly moved to terminate the investigation with respect to Amazon based on a settlement agreement. The ALJ issued an ID granting the motion on March 18, 2015. (Order No. 16.) The Commission determined not to review the ID. (Notice of Commission Decision Not to Review an Initial Determination Terminating the Investigation With Respect to Amazon.Com, Inc., Based on a Settlement Agreement (April 10, 2015).)

On March 19, 2015, the ALJ issued an ID granting Complainants' motion for partial termination of the investigation as to dependent claims 8 and 19 of U.S. Patent No. 8,720,320. (Order No. 18.) The Commission determined not to review the ID. (Notice of Commission Decision Not to Review an Initial Determination Terminating-In-Part the Investigation Based On a Partial Withdrawal of the Complaint (April 21, 2015).)

On October 28, 2014, the ALJ ordered Respondents Eko Brands, LLC, Evermuch Technology Co., and Ever Much Company Ltd., to show cause why they should not be found in default. (Order No. 9.) On April 22, 2015, the ALJ issued an ID finding those parties in default. (Order No. 19.) The Commission determined not to review the ID. (Notice of Commission Decision Not to Review an Initial Determination Finding Three Respondents in Default (May 18, 2015).)

The evidentiary hearing was held from June 15-16, 2015. ARM, respondents Solofill LLC and DongGuan Hai Rui Precision Mould Co., and Staff participated in the hearing.

**B. The Parties**

**1. Complainants**

ARM Enterprises, Inc. is a corporation organized and existing under the laws of the State of California, with a principal place of business located at 9737 Bell Ranch Drive, Santa Fe Springs, CA 90670. *See* Complaint at ¶ 14; CX-1C at Q/A 5 and 9. ARM Enterprises is

engaged in the design, research and development, manufacture, marketing and distribution of coffee products including beverage brewing capsules. *Id.*

Adrian Rivera is an individual and named inventor of the asserted patent. *See* CX-1C at Q/A 26 and 28. Mr. Rivera resides at 14979 Lodosa Dr., Whittier, California 90605. *Id.* Mr. Rivera is the sole owner of Adrian Rivera Maynez Enterprises, Inc. *See* CX-1C at Q/A 10-11.

## 2. Respondents

As set forth *supra*, ARM filed its complaint against eleven (11) respondents. Six (6) respondents have been terminated pursuant to consent order or settlement agreement; three (3) respondents have been found in default; and two (2) respondents remain active as summarized in the following table.

<b>Respondent</b>	<b>Status</b>
Solofill LLC	Active
DongGuan Hai Rui Precision Mould Co., Ltd.	Active
Eko Brands, LLC	In default
Evermuch Technology Co., Ltd.	In default
Ever Much Company Ltd.	In default
Melitta USA, Inc.	Terminated based on consent order
LBP Mfg. Inc.	Terminated based on consent order
LBP Packaging (Shenzhen) Co. Ltd.	Terminated based on consent order
Spark Innovators, Corp.	Terminated based on consent order
B. Marlboros International Ltd. (HK)	Terminated based on consent order
Amazon.com, Inc.	Terminated based on settlement agreement

Respondents Solofill LLC and DongGuan Hai Rui Precision Mould Co. (collectively, “Respondents”) are the only remaining active respondents. Solofill LLC is a Texas limited liability company with a principal place of business at 3515 Avignon Court, Houston, Texas 77082. (*See* Complaint at ¶ 15; Solofill’s and DongGuan’s Amended Joint Response to the Complaint at p. 7, ¶ 15. ) Solofill engages in business via a website [www.solofill.com](http://www.solofill.com). (*Id.*)

DongGuan Hai Rui Precision Mould Co. is a corporation registered in China, with its principal place of business located at No 1 Chuangxing Rd. DaNig Industry HuMen Town, Dong Guan City, GuangDong Province, China 523000. (See Complaint at ¶ 17; Solofill's and DongGuan's Amended Joint Response to the Complaint at p. 7, ¶ 15.)

### C. The Patent at Issue and Overview of the Technology

#### 1. The '320 Patent

U.S. Patent No. 8,720,320 ("the '320 patent") entitled "Pod Adapter System For Single Service Beverage Brewers," issued on May 13, 2014, from U.S. Application No. 11/777,831, filed on July 13, 2007. (See generally CX-5 ('320 patent).) Adrian Rivera is the named inventor. (*Id.*) The '320 patent is directed to a "pod adaptor assembly for use in combination with a single serve beverage brewer." (*Id.* at Abstract.)

The asserted claims of the '320 patent are claims 5, 6, 7, 18, and 20. The asserted claims read as follows:

5. A beverage brewer, comprising:

a brewing chamber;

a container, disposed within the brewing chamber and adapted to hold brewing material while brewed by a beverage brewer, the container comprising:

a receptacle configured to receive the brewing material; and

a cover;

wherein the receptacle includes

a base, having an interior surface and an exterior surface, wherein at least a portion of the base is disposed a predetermined distance above a bottom surface of the brewing chamber, and

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at least one sidewall extending upwardly from the interior surface of the base,

wherein the receptacle has at least one passageway that provides fluid flow from an interior of the receptacle to an exterior of the receptacle;

wherein the cover is adapted to sealingly engage with a top edge of the at least one sidewall, the cover including an opening, and

wherein the container is adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway;

an inlet port, adapted to provide the input fluid to the container; and

a needle-like structure, disposed below the base;

wherein the predetermined distance is selected such that a tip of the needle-like structure does not penetrate the exterior surface of the base.

6. The beverage brewer of claim 5, wherein at least one passageway of the at least one passageway is disposed in the base.

7. The beverage brewer of claim 5, wherein the receptacle also includes at least one extension that raises the at least a portion of the base the predetermined distance above the bottom surface of the brewing chamber

18. A beverage brewer including a brewing chamber configured to receive a brewing cartridge, an inlet port adapted to provide an input fluid, and a needle-like structure fixed in a bottom of the brewing chamber and adapted to puncture a shell of the brewing cartridge to carry an outflow of brewed beverage from the brewing cartridge and arranged to avoid puncturing filtering material containing brewing material disposed inside the shell, the improvement comprising:

a container configured to replace the brewing cartridge, the container positionable within the brewing chamber and adapted to hold brewing material while brewed by the beverage brewer, the container including:

a receptacle configured to receive and support the brewing material, and

a cover;

wherein the receptacle includes:

a passageway providing fluid communication between an interior of the receptacle and the brewing chamber,

a base, having an interior surface and an exterior surface and configured to avoid contact with the needle-like structure, and

at least one sidewall extending upwardly from the interior surface of the base and configured to avoid contact with the needle-like structure;

wherein the cover is adapted to sealingly engage with a top edge of the at least one sidewall, the cover including an opening, and

wherein the container is adapted to accept the input fluid from the inlet port through the opening and to provide a corresponding outflow of fluid through the passageway.

20. The beverage brewer of claim 18, wherein the receptacle also includes at least one extension that raises the base a predetermined distance above a lower surface of the brewing chamber.

## 2. Overview of the Technology

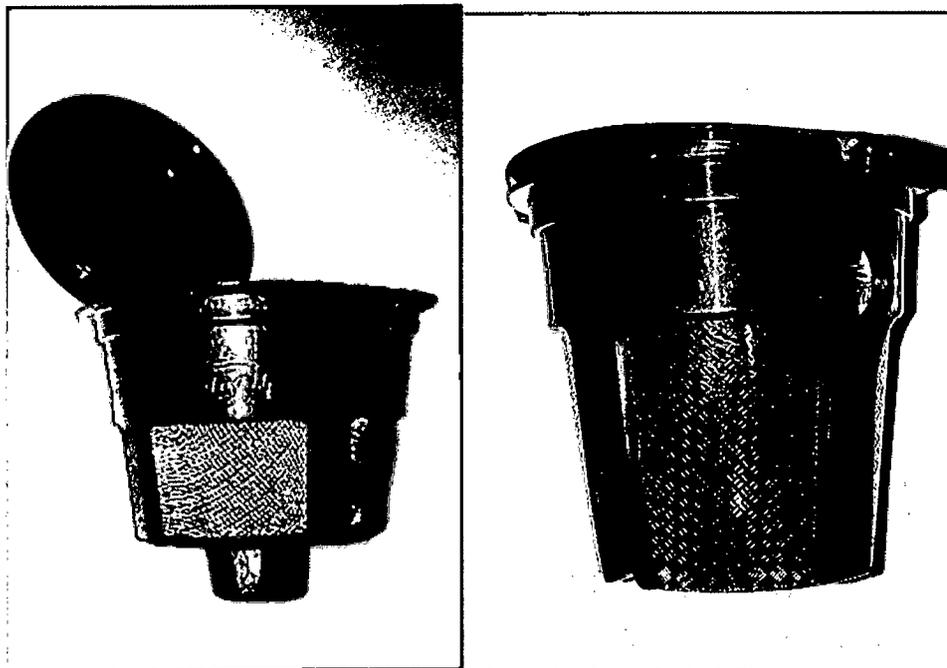
The technology described in the '320 patent relates to beverage capsules used in single-serve brewing machines, such as the Keurig machines, where the capsule avoids being punctured by upper and lower needles contained in the brewing chamber of the machine. (CIB at 4.) The traditional capsules used in Keurig machines, referred to as "K-Cups," are disposable and not recyclable. (*Id.*) The K-Cup is a capsule that includes brewing material such as ground coffee, and usually has a sealed top portion, a plastic bottom, and an inner filter suspended near the top. (*Id.*)

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In the '320 patent, Mr. Rivera addressed the economical and environmental problems from the use of the K-Cups. (CIB at 4.) Mr. Rivera developed a reusable beverage capsule where consumers could use their own coffee, but still have the convenience of a K-Cup. (*Id.*) For example, one embodiment of the '320 patent generally describes a reusable capsule that can be used in a single-serve coffee brewing machine without need to modify the machine. (*See* CX-5 ('320 patent) at 1:65-2:37.)

**D. The Products At Issue**

The accused products include Solofill's K2 and K3 products that are manufactured in China by DongGuan Hai Rui Precision Mould Co., Ltd. and are imported by Solofill for sale in the United States. (*See* Complaint at 24.) Representative photos are provided below (K2 on the left, K3 on the right):



## II. IMPORTATION OR SALE

Section 337 of the Tariff Act prohibits the importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignees of articles that infringe a valid and enforceable United States patent. *See* 19 U.S.C. § 1337(a)(1)(B). A complainant “need only prove importation of a single accused product to satisfy the importation element.” *Certain Purple Protective Gloves*, 337-TA-500, Order No. 17 (September 23, 2004).

The parties have stipulated to the importation, sale for importation, and/or sale after importation of the accused products. (EDIS Doc ID No. 556279 (Stipulation Among Private Parties (May 1, 2015).) As such, the ALJ finds that the importation requirement for purposes of Section 337 has been satisfied based on the parties’ stipulation.

## III. JURISDICTION

In order to have the power to decide a case, a court or agency must have both subject matter jurisdiction and jurisdiction over either the parties or the property involved. (*See Certain Steel Rod Treating Apparatus and Components Thereof*, Inv. No. 337-TA-97, Commission Memorandum Opinion, 215 U.S.P.Q. 229, 231 (1981).) For the reasons discussed below, the ALJ finds the Commission has jurisdiction over this investigation.

Section 337 declares unlawful the importation, the sale for importation, or the sale after importation into the United States of articles that infringe a valid and enforceable United States patent by the owner, importer, or consignee of the articles, if an industry relating to the articles protected by the patent exists or is in the process of being established in the United States. (*See* 19 U.S.C. §§ 1337(a)(1)(B)(i) and (a)(2).) Pursuant to Section 337, the Commission shall

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investigate alleged violations of the Section and hear and decide actions involving those alleged violations.

Complainants submit that Respondents have answered, participated in this investigation, and made an appearance, thereby submitting to its jurisdiction. (CIB at 6.) Additionally, Complainants aver that Respondents do not contest that they have imported, sold for importation, or sold after importation, the accused products over which the Commission has *in rem* jurisdiction. (*Id.*)

Respondents do not contest that this Tribunal or the Commission has jurisdiction over this investigation, and that the Commission has personal jurisdiction over them. With respect to jurisdiction, Respondents state: “Respondents stipulate that Solofill’s K2 and K3 were imported into the United States.” (RIB at 8.)

As set forth *supra* in Section II, the importation requirement has been satisfied. Furthermore, Respondents have appeared and participated fully in this investigation and do not dispute the Commission’s jurisdiction. Accordingly, the ALJ finds that Respondents have submitted to the jurisdiction of the Commission. (*See Certain Miniature Hacksaws*, Inv. No. 337-TA-237, Pub. No. 1948, Initial Determination at 4, 1986 WL 379287 (U.S.I.T.C., October 15, 1986) (unreviewed by Commission in relevant part).) Thus, the ALJ finds that the Commission has jurisdiction under Section 337 to hear this investigation and has *in personam* jurisdiction over Respondents.

The ALJ also finds that the Commission has *in rem* jurisdiction over the products at issue by virtue of the fact that accused products and components have been imported into the United States. (*See Enercon*, 151 F.3d at 1380; *Sealed Air Corp. v. International Trade Comm’n*, 645 F.2d 976, 985 (C.C.P.A. 1981) (An exclusion order operates against goods, not parties, and

therefore is not contingent upon a determination of personal jurisdiction over a foreign manufacturer.)

#### IV. CLAIM CONSTRUCTION

##### A. Legal Standard

Pursuant to the Commission's Notice of Investigation, this investigation is a patent-based investigation. (*See* 79 Fed. Reg. 53445 (September 9, 2014).) Accordingly, all of the unfair acts alleged by ARM to have occurred are instances of alleged infringement of the '320 patent. Claim interpretation is a question of law. (*Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995) (*en banc*), *aff'd*, 517 U.S. 370 (1996); *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1455 (Fed. Cir. 1998).) Second, a factual determination must be made as to whether the properly construed claims read on the accused devices. (*Markman*, 52 F.3d at 976.)

"The words of a claim are generally given their ordinary and customary meaning as understood by a person of ordinary skill in the art when read in the context of the specification and prosecution history." (*Thorner v. Sony Computer Entm't Am. LLC*, 669 F.3d 1362, 1365-67 (Fed. Cir. 2012) (citing *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (*en banc*)).) In construing claims, the ALJ should first look to intrinsic evidence, which consists of the language of the claims, the patent's specification, and the prosecution history, as such evidence "is the most significant source of the legally operative meaning of disputed claim language." (*Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996); *see also Bell Atl. Network Servs., Inc. v. Covad Comm'n. Group, Inc.*, 262 F.3d 1258, 1267 (Fed. Cir. 2001).) The words of the claims "define the scope of the patented invention." (*Id.*) And, the claims themselves "provide substantial guidance as to the meaning of particular claim terms." (*Phillips*, 415 F.3d at 1314.) It is essential to consider a claim as a whole when construing each term,

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because the context in which a term is used in a claim “can be highly instructive.” (*Id.*) Claim terms are presumed to be used consistently throughout the patent, such that the usage of the term in one claim can often illuminate the meaning of the same term in other claims. (*Research Plastics, Inc. v. Federal Pkg. Corp.*, 421 F.3d 1290, 1295 (Fed. Cir. 2005).) In addition:

... in clarifying the meaning of claim terms, courts are free to use words that do not appear in the claim so long as the resulting claim interpretation ... accord[s] with the words chosen by the patentee to stake out the boundary of the claimed property.

(*Pause Tech., Inc. v. TIVO, Inc.*, 419 F.3d 1326, 1333 (Fed. Cir. 2005).)

Idiosyncratic language, highly technical terms, or terms coined by the inventor are best understood by reference to the specification. (*Phillips*, 415 F.3d at 1315–16.) While the ALJ construes the claims in light of the specification, limitations discussed in the specification may not be read into the claims. (See *Intervet Inc. v. Merial Ltd.*, 617 F.3d 1282, 1287 (Fed. Cir. 2010); *Abbott Labs. v. Sandoz, Inc.*, 566 F.3d 1282, 1288 (Fed. Cir. 2009).) Some claim terms do not have particular meaning in a field of art, in which case claim construction involves little more than applying the widely accepted meaning of commonly understood words. (*Phillips*, 415 F.3d at 1314.) Under such circumstances, a general purpose dictionary may be of use.<sup>1</sup> (See *Advanced Fiber Tech. (AFT) Trust v. J & L Fiber Servs., Inc.*, 674 F.3d 1365, 1374–75 (Fed. Cir. 2012).)

Claim terms should generally be given their ordinary and customary meaning except “1) when a patentee sets out a definition and acts as his own lexicographer, or 2) when the patentee disavows the full scope of a claim term either in the specification or during prosecution.”

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<sup>1</sup> Use of a dictionary, however, may extend patent protection beyond that to which a patent should properly be afforded. There is also no guarantee that a term is used the same way in a treatise as it would be by a patentee. *Phillips*, 415 F.3d at 1322.

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(*Thorner*, 669 F.3d at 1365.) “To act as its own lexicographer, a patentee must ‘clearly set forth a definition of the disputed claim term . . . .’” (*Id.*; quoting *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002)).) And “[w]here the specification makes clear that the invention does not include a particular feature, that feature is deemed to be outside . . . the patent,” even if the terms might otherwise be broad enough to cover that feature. (*Id.* at 1366 (internal citation omitted).) Thus, if a claim term is defined contrary to the meaning given to it by those of ordinary skill in the art, the specification must communicate a deliberate and clear preference for the alternate definition. (*Kumar v. Ovonic Battery Co.*, 351 F.3d 1364, 1368 (Fed. Cir. 2003).) In other words, the intrinsic evidence must “clearly set forth” or “clearly redefine” a claim term so as to put one reasonably skilled in the art on notice that the patentee intended to so redefine the claim term. (*Bell Atl.*, 262 F.3d at 1268.) For example, disclaiming the ordinary meaning of a claim term—and thus, in effect, redefining it—can be affected through “repeated and definitive remarks in the written description.” (*Computer Docking Station Corp. v. Dell, Inc.*, 519 F.3d 1366, 1374 (Fed. Cir. 2008) (citing *Watts v. XL Sys.*, 232 F.3d 877, 882 (Fed. Cir. 2000)); see *SafeTCare Mfg., Inc. v. Tele-Made, Inc.*, 497 F.3d 1262, 1270 (Fed. Cir. 2007) (finding disclaimer of “pulling force” where “the written description repeatedly emphasized that the motor of the patented invention applied a pushing force”).)

When the meaning of a claim term is uncertain, the specification is usually the first and best place to look, aside from the claim itself, in order to find that meaning. (*Phillips*, 415 F.3d at 1315.) The specification of a patent “acts as a dictionary” both “when it expressly defines terms used in the claims” and “when it defines terms by implication.” (*Vitronics*, 90 F.3d at 1582.) For example, the specification “may define claim terms by implication such that the meaning may be found in or ascertained by a reading of the patent documents.” (*Phillips*, 415

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F.3d at 1323.) “The construction that stays true to the claim language and most naturally aligns with the patent’s description of the invention will be, in the end, the correct construction.” (*Id.* at 1316.) However, as a general rule, particular examples or embodiments discussed in the specification are not to be read into the claims as limitations. (*Markman*, 52 F.3d at 979.)

The prosecution history “provides evidence of how the inventor and the PTO understood the patent.” (*Phillips*, 415 F.3d at 1317; *see also Pass & Seymour, Inc. v. Int’l Trade Comm’n*, 617 F.3d 1319, 1327 (Fed. Cir. 2010) (quoting *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1478 (Fed. Cir. 1998)).) The ALJ may not rely on the prosecution history to construe the meaning of the claim to be narrower than it would otherwise be unless a patentee limited or surrendered claim scope through a clear and unmistakable disavowal. (*Trading Tech. Int’l, Inc. v. eSpeed, Inc.*, 595 F.3d 1340, 1352 (Fed. Cir. 2010) (internal citations omitted); *Vitronics*, 90 F.3d at 1582–83.) For example, the prosecution history may inform the meaning of the claim language by demonstrating how an inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it otherwise would be. (*Vitronics*, 90 F.3d at 1582-83; *see also Chimie v. PPG Indus., Inc.*, 402 F.3d 1371, 1384 (Fed. Cir. 2005) (stating, “The purpose of consulting the prosecution history in construing a claim is to exclude any interpretation that was disclaimed during prosecution.”); *Microsoft Corp. v. Multi-tech Sys., Inc.*, 357 F.3d 1340, 1350 (Fed. Cir. 2004) (stating, “We have held that a statement made by the patentee during prosecution history of a patent in the same family as the patent-in-suit can operate as a disclaimer.”).) The prosecution history includes the prior art cited, *Phillips*, 415 F.3d at 1317, as well as any reexamination of the patent. (*Intermatic Inc. v. Lamson & Sessions Co.*, 273 F.3d 1355, 1367 (Fed. Cir. 2001).)

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Differences between claims may be helpful in understanding the meaning of claim terms. (*Phillips*, 415 F.3d at 1314.) A claim construction that gives meaning to all the terms of a claim is preferred over one that does not do so. (*Merck & Co. v. Teva Pharms. USA, Inc.*, 395 F.3d 1364, 1372 (Fed. Cir.), *cert. denied*, 546 U.S. 972 (2005); *Alza Corp. v. Mylan Labs. Inc.*, 391 F.3d 1365, 1370 (Fed. Cir. 2004).) In addition, the presence of a specific limitation in a dependent claim raises a presumption that the limitation is not present in the independent claim. *Phillips*, 415 F.3d at 1315. This presumption of claim differentiation is especially strong when the only difference between the independent and dependent claim is the limitation in dispute. (*SunRace Roots Enter. Co., v. SRAM Corp.*, 336 F.3d 1298, 1303 (Fed. Cir. 2003).) “[C]laim differentiation takes on relevance in the context of a claim construction that would render additional, or different, language in another independent claim superfluous.” (*AllVoice Computing PLC v. Nuance Commc’ns, Inc.*, 504 F.3d 1236, 1247 (Fed. Cir. 2007).)

Finally, when the intrinsic evidence does not establish the meaning of a claim, the ALJ may consider extrinsic evidence, *i.e.*, all evidence external to the patent and the prosecution history, including inventor testimony, expert testimony and learned treatises. (*Phillips*, 415 F.3d at 1317.) Extrinsic evidence may be helpful in explaining scientific principles, the meaning of technical terms, and terms of art. (*Vitronics*, 90 F.3d at 1583; *Markman*, 52 F.3d at 980.) However, the Federal Circuit has generally viewed extrinsic evidence as less reliable than the patent itself and its prosecution history in determining how to define claim terms. (*Phillips*, 415 F.3d at 1318.) With respect to expert witnesses, any testimony that is clearly at odds with the claim construction mandated by the claims themselves, the patent specification, and the prosecution history should be discounted. (*Id.* at 1318.)

If the meaning of a claim term remains ambiguous after a review of the intrinsic and extrinsic evidence, then the patent claims should be construed so as to maintain their validity. (*Id.* at 1327.) However, if the only reasonable interpretation renders a claim invalid, then the claim should be found invalid. (*See Rhine v. Casio, Inc.*, 183 F.3d 1342, 1345 (Fed. Cir. 1999).)

## B. The '320 Patent

ARM asserts claims 5, 6, 7, 18, and 20 of the '320 patent.

### 1. Level of Skill in the Art

ARM contends that a person of ordinary skill in the art ("POSITA") "is a person having a background in the design of mechanical and hydraulic systems/machines, understanding of materials from the perspective of food safety as well as mechanical properties and manufacturability, and understanding of the nuances of extraction of flavor, caffeine and color from brewable materials such as coffee or tea." (CIB at 7.) Specifically, ARM argues that a POSITA would need to have the requisite training in the fields of engineering and food science because each of the claims at issue in this investigation go to a beverage brewer and a container adapted to hold brewing material. (*Id.*)

Respondents contend that a POSITA has two years of formal education in one or more of mechanical engineering, thermal and fluids engineering, and fluid delivery devices. Alternatively, a POSITA could have five or more years of experience in the design and development of beverage-brewing machines. (RIB at 8-9.) Respondents specifically point out that training in "food science" is not required as evidenced by the fact that the inventor (Mr. Rivera) did not have any food science training. (*Id.* at 10.) The invention relates to "nothing more than mechanical engineering knowledge such as fluid dynamic, heat transfer, transport in porous media, granular material, and percolation theory." (*Id.*)

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The Staff acknowledges that the meaning of a POSITA in this investigation “is a close question but respectfully submits that training in food sciences would be useful to fully understand the brewing process and understand terms such as ‘brewing material.’” (SIB at 12.) “Accordingly, the Staff supports Complainants’ definition of the level of ordinary skill.” (*Id.*)

The ALJ finds a POSITA to be a person having at least two years of formal education in engineering as well as experience in food science relating to brewable materials, or in the alternative, a person having five or more years of experience in the design and development of beverage-brewing machines. (CX-3 (Phillips Witness Statement) at Q23-Q25; Howle, Tr. 404:3-405:3.) The ALJ finds training in food science relating to brewable materials to be very useful to an understanding of the ’320 patent.

**2. Claim Construction**

Six claim terms are in dispute in this investigation with respect to the ’320 patent. (*See* CIB at 25-36; RIB at 17-33.)

Table 1 lists the parties’ proposed claim construction for each disputed term. (*See* CIB at 9-23; RIB at 11-24.)

<b>’320 Claim Term</b>	<b>Staff</b>	<b>Complainants</b>	<b>Respondents</b>
“passageway”	Plain and ordinary meaning (i.e., “a path, channel or course by which something passes”)	Plain and ordinary meaning: “the action or process of passing from one place or condition to another: a road, path, channel, or course by which something passes”	“a long, narrow space permitting the flow of fluid therethrough”

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'320 Claim Term	Staff	Complainants	Respondents
“wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway”	Plain and ordinary meaning (i.e., “wherein the container is adapted... to provide a <i>resulting or related</i> outflow of fluid through the passageway”)	Plain and ordinary meaning: “wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway” – corresponding in this context means “having or participating in the same relationship”	“A flow through a single passageway that is substantially the same in amount as the flow of input fluid from the inlet port.”
“to hold brewing material”	Plain and ordinary meaning	Plain and ordinary meaning: “to hold brewing material”	“to keep brewing material in a separate pod.”
“a needle-like structure, disposed below the base”	“needle-like structure disposed below at least a portion of the base”	“needle-like structure, disposed below a portion of the base”	“needle-like structure disposed below the entirety of the base”
“brewing material”	“brewing material” refers to filtered brewing material and does not include instant coffee	“brewing material” does not include instant coffee	“brewing material” includes instant coffee
“brewing chamber”	Plain and ordinary meaning: “an enclosed space or cavity”	Plain and ordinary meaning: “an enclosed space”	Plain and ordinary meaning; “a space that is at least partially enclosed”

**Table 1 Parties Proposed '320 Claim Construction**

**a) “passageway”**

Staff’s Proposed Construction	ARM’s Proposed Construction	Respondents’ Proposed Construction
Plain and ordinary meaning (i.e., “a path, channel or course by which something passes”)	Plain and ordinary meaning: “the action or process of passing from one place to another: a road, path, channel, or course by which something passes”	“a long, narrow space permitting the flow of fluid therethrough”

First, ARM points out that the “term ‘passageway’ appears in each of the asserted claims.” (CIB at 9.) ARM then states that in the context of the ’320 patent, “passageway” means “the action or process of passing from one place or condition to another: a road, path, channel, or course by which something passes” to a POSITA. (*Id.* at 10.) Specifically, ARM contends that in the embodiments disclosed in the ’320 patent, the passageway is the way through which the brewed beverage exits the container and, thus, “passageway” is being used as its plain and ordinary meaning. (*Id.*) Furthermore, ARM points out that Respondents’ proposed construction (“a long, narrow space permitting the flow of fluid therethrough”) is incorrect for a number of reasons. (*Id.*) First, the ’320 patent never describes the “passageway” as “long and narrow.” (*Id.*) Second, ARM points out that “long” and “narrow” are relative terms and the purpose of claim construction is to determine the meaning of patent claims whereas Respondents’ construction introduces ambiguity. (*Id.*)

Respondents contend that their claim construction is consistent with the Merriam-Webster online dictionary definition which defines “passageway” as “a long, narrow space that connects one place to another.” (RIB at 19-20.) Next, Respondents point out that the specification also supports their claim construction, *e.g.*, “[i]n one embodiment, the passageway 120 is substantially circular and has a diameter of the [sic] about 5 mm and a length of about 10 mm.” As such, the passageway 120 is a long, narrow space permitting the flow of fluid therethrough. (*Id.* at 20.)

Respondents contend that ARM’s argument that Respondents’ claim construction would exclude an embodiment in which “the passageway 212 has a diameter of about 5 mm and a length of about 1 mm to 20 mm” is flawed because none of the asserted claims covers the “passageway 212” in FIG. 2. (RIB at 20.) Also, Respondents argue that the embodiment in FIG.

2 is of little relevance to the claimed “passageway” because, during prosecution of the patent, ARM argued that the claimed “passageway” finds support in “Paragraphs [0024, 0026], Fig. 1A.” (*Id.* at 20-21.) However, Respondents aver even if the embodiment in FIG. 2 is relevant to the claimed “passageway,” their claim construction does not exclude this embodiment as their claim construction covers the majority range of the specified dimension and would only exclude a small range where the length is less than 5 mm. (*Id.* at 21.) Furthermore, Respondents contend that claim terms are construed based on “the totality of the specification” even if the claim construction excludes one particular example. (*Id.*) Last, Respondents argue that ARM’s claim construction based on “road, path, channel, or course” relies on a dictionary definition which appears to refer to landscapes, and thus is not applicable in the context of fluid dynamics as described in the ’320 patent. (*Id.*)

The Staff contends that the term “passageway” is readily understood by a POSITA and ARM’s definition of “passageway” comports with the plain and ordinary meaning. (SIB at 13.) Specifically, the Staff submits that “[e]ach of the embodiments shows a path or course through which brewed coffee exits the container.” (*Id.*) The Staff also points out that the “construction proposed by Respondents unnecessarily adds limitations (“long” and “narrow”) that are vague and not supported by the intrinsic evidence and should be rejected.” (*Id.*) Accordingly, the Staff submits that the term should be given its plain and ordinary meaning. (*Id.*)

The ALJ finds that the claim term “passageway” means “a path, channel or course by which something passes.” The ALJ finds that the term “passageway” in the context of the ’320 patent is readily understood by a POSITA by its plain and ordinary meaning (*i.e.*, “a path, channel or course by which something passes”). First, the claim language describes the term “passageway” as providing fluid flow and outflow of fluid through the passageway. For

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example, claim 5 states “wherein the receptacle has at least one passageway that provides fluid flow from an interior of the receptacle to an exterior of the receptacle” ((CX-5 ('320 patent) at 9:8-10) and “wherein the container is adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway” (*Id.* at 9:14-16.) Second, the specification supports the plain and ordinary meaning of “passageway.” The specification describes passageway 120 as:

a passageway 120 is formed in the base 106 of the receptacle 102, extending between the interior and exterior surfaces 114, 116 of the base 106. [. . .] The passageway 120 also serves the purpose of providing an outlet for brewed beverage to flow out of the receptacle into a drinking vessel. In one embodiment, the passageway 120 is substantially circular and has a diameter of about 5mm and a length of about 10mm.

(CX-5 at 4:17-39.) Similarly, passageway 212 is described in a similar manner:

A passageway 212 extends downwardly from the exterior surface 214 of the base. [. . .] The passageway 212 also permits outflow of the brewed beverage from the receptacle. In one embodiment, the passageway 212 has a diameter of about 5 mm and a length of about 1 mm to 20 mm.

(CX-5 at 5:22-30.) Thus, the specification describes the “passageway” as a path through which the brewed beverage flows out of the receptacle. (*See also* CX-5 ('320 patent) specification including Figs. 1A-6; *see also* CX-3 (Phillips Witness Statement) at Q/A 42 (“In each of the embodiments, there is an opening where brewed coffee exits the container.”).)

The ALJ finds the Respondents’ proposed claim construction unnecessarily adds limitations (“long and narrow”) not supported by the intrinsic evidence. Specifically, one embodiment in the specification describes passageway 212 as having a diameter of about 5 mm and a length of about 1 mm to 20 mm. Respondents’ proposed construction, “long and narrow” would exclude the embodiment whereby the diameter is 5 mm and the length is 1 mm. (*See*

*Oatey Co. v. IPS Corp.*, 514 F.3d 1271, 1277 (Fed. Cir. 2008) (“it is incorrect to construe the claims to exclude that embodiment”).)

Therefore, the ALJ finds that “passageway” means “a path, channel or course by which something passes.”

**b) “wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway”**

Staff’s Proposed Construction	ARM’s Proposed Construction	Respondents’ Proposed Construction
Plain and ordinary meaning (i.e., “wherein the container is adapted... to provide a <i>resulting or related</i> outflow of fluid through the passageway”)	Plain and ordinary meaning: “wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway” – corresponding in this context means “having or participating in the same relationship”	“a flow through a single passageway that is substantially the same in amount as the flow of input fluid from the inlet port.”

ARM contends that the subject term is understandable to a POSITA and, therefore, does not need further construction. (CIB at 12.) Specifically, ARM submits that the container can receive input fluid and provides a corresponding outflow of fluid through the passageway whereby “corresponding” in this context means having or participating in the same relationship. (*Id.*) ARM points out that “[t]here is an outflow of fluid that ‘corresponds’ to the input fluid because both the input and the outflow are related in that the outflow is consistently derived from the inflow, as opposed to some other sources of water available to brew the coffee.” (*Id.*) Furthermore, ARM points out that each embodiment in the ’320 patent describes a cover having an opening that allows for the introduction of pressurized water into the container. (*Id.*)

ARM argues that Respondents’ construction (“a flow through a single passageway that is substantially the same in amount as the flow of input fluid from the inlet port”) is incorrect because it is unsupported by the patent, is ambiguous, and reads out each of the embodiments in

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the '320 patent as nowhere does the patent define this term in the way Respondents propose. (*Id.*) Also, ARM points out that Respondents' proposed construction introduces a relative phrase "substantially the same," but fails to explain when flow through a passageway would be "substantially the same." (*Id.* at 12-13.) As such, ARM argues that Respondents' "substantially the same" condition does not exist when brewing because at a given point in time during the brew cycle with a beverage brewer and container holding brewing material, the input flow will not be the same as the flow exiting the passageway. (*Id.* at 13.) Furthermore, Respondents' claim construction should be rejected because the construction requires "a single passageway" and this phrase is not contained in the claims and nothing in the claim language or specification limits passageway to mean "a single passageway." (*Id.*)

First, the Staff contends that the word "corresponding" would be readily understood by a POSITA to mean "resulting" or "related" as the outflow of fluid "corresponds" to the input fluid because the outflow is consistently derived from the inflow, as opposed to some other source. (SIB at 14.) Furthermore, the Staff submits that Respondents' proposed construction introduces a limitation that is not supported by the intrinsic evidence (*i.e.*, that the outflow amount must be substantially the same in volume as the inflow amount). (*Id.*) The Staff notes that while the outflow volume would likely be similar to the inflow volume, there are many factors that would affect the relationship such as the type of brewing material, the size of the grounds or the type of filter material (in the case of coffee). (*Id.*) Also, the Staff points out that Respondents' proposed construction also requires that the outflow of fluid be through one passageway but this proposed construction is clearly controverted by the explicit language of claim 5, which refers to "at least one passageway." (*Id.*) Specifically, the Staff submits that while claim 5 encompasses a container with just one passageway, it also encompasses a container with more than one

passageway. (*Id.*)

Respondents argue that the flow must occur through a single passageway and is supported by the claim language and specification. (RIB at 22-23.) Respondents argue that the claim language supports their construction because if there were multiple passageways, then there would be no “corresponding” outflow of fluid. (RIB at 22.) Similarly, Respondents argue that the specification supports their construction since each and every embodiment of the patent shows a single passageway or opening at the bottom. (RIB at 23.)

The ALJ finds that the claim term “wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway” has its plain and ordinary meaning of “wherein the container is adapted... to provide a resulting or related outflow of fluid through the passageway.” The ALJ finds that this term in the context of the '320 patent is readily understood by a POSITA by its plain and ordinary meaning. Specifically, the ALJ finds the word “corresponding” used in this claim phrase would be understood by a POSITA to mean “resulting” or “related” as the outflow of fluid “corresponds” to the input fluid because the outflow is consistently derived from the inflow, as opposed to some other source. The words of the claims themselves use this term to describe the input fluid through the opening provides “corresponding outflow of fluid through the passageway.” (CX-5 ('320 patent) at 9:14-16.) Furthermore, the specification supports the plain and ordinary meaning of the term at issue as each embodiment described in the specification shows that outflow of fluid “corresponds” to the input fluid:

In one implementation as shown in FIG. 5, the inlet **508** is an opening formed in the cover **506** that is also adapted to receive a liquid inlet probe, which is part of a single serve beverage brewers designed for cup-shaped cartridges. Also in the implementation shown in FIG. 5, the outlet **510** comprises an opening formed in the base of the receptacle to allow for outflow of brewed beverage from the receptacle ...

(CX-5 ('320 patent) at 6:49-55 and Fig. 5; *see also* CX-3 (Phillips Witness Statement) at Q/A 55

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(“More specifically, in each of the embodiments in the ’320 patent, there is a cover having an opening that allows for the introduction of pressurized water into the container. See for example, the ’320 patent at column 4, lines 55-62; column 5, lines 35-37; and column 6, lines 29-31; column 6, lines 49-51; and column 7, lines 41-43. The patent also states that there is an outflow of the brewed beverage from the container.”.)

The ALJ finds the Respondents’ proposed claim construction (“a flow through a single passageway that is substantially the same in amount as the flow of input fluid from the inlet port”) is incorrect for two reasons. First, the ALJ finds that the Respondents’ proposed construction introduces a “single passageway” limitation which is incorrect based on the language of claim 5, which claims “at least one passageway”. (CX-5 (’320 patent) at 9:8.) Furthermore, the use of the term “a passageway” in claim 1 does not refer to a “single” passageway but to one or more passageways. (*KCJ Corp. v. Kinetic Concepts, Inc.*, 223 F.3d 1351, 1356 (Fed. Cir. 2000) (“This court has repeatedly emphasized that an indefinite article ‘a’ or ‘an’ in patent parlance carries the meaning of “one or more” in open-ended claims containing the transitional phrase ‘comprising.’”)) Second, the record shows this claim term is not limited by requiring the flow of fluid out of the passageway to be “substantially the same” as the flow of input fluid because brewing does not support this “substantially the same” requirement due to a variety of factors such as the type of brewing material, the size of the grounds and/or the type of filter material. (CX-3 (Phillips Witness Statement) at Q/A 57.)

Therefore, the ALJ finds that “wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway” has its plain and ordinary meaning of “wherein the container is adapted... to provide a resulting or related outflow of fluid through the passageway.”

c) “to hold brewing material”

Staff’s Proposed Construction	ARM’s Proposed Construction	Respondents’ Proposed Construction
Plain and ordinary meaning	Plain and ordinary meaning	“to keep brewing material in a separate pod”

ARM submits that this claim term does not require construction because it has no impact on infringement since each of the accused products include a “container adapted to hold brewing material,” regardless of whether ARM’s or Respondents’ construction is adopted. (CIB at 14-15.) However, ARM contends that the term “to hold brewing material” would be clear to a POSITA and does not require any further construction because each claim at issue states “a container, disposed within the brewing chamber and adapted to hold brewing material.” (*Id.* at 15.) Accordingly, ARM argues that the claim language is clear that the container holds the brewing material and, therefore, a POSITA would understand it without the need for any further construction. (*Id.*)

ARM contends that Respondents’ claim construction is incorrect because the use of the word “pod” would impermissibly import limitations from the specification. (*Id.* at 15-16.) Specifically, ARM submits that a POSITA would understand that, when brewing material is held by a container, some form of filter material beyond using a separate pod, including filter paper or integrated metal mesh filters, would be needed to prevent, for example, coffee grounds or loose tea from exiting the container to the cup. (*Id.* at 16.)

Respondents contend that the ’320 patent specification makes clear that the phrase “to hold brewing material” must be interpreted as “to keep brewing material in a separate pod.” (RIB at 17.) Specifically, Respondents point out that the specification recites “pod” 113 times and describes the term “pod” as “a broad term and shall have its ordinary meaning and shall include, but not be limited to, a package formed of a water permeable material and containing an

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amount of ground coffee or other beverage therein.” (*Id.* at 16; *citing* CX-5 at 1:66-2:3). Respondents submit that “[e]ach and every embodiment of the ’320 patent is limited to holding brewing material by keeping the brewing material in a pod using a pod adaptor and thus the pod must be separate from the pod adaptor.” (*Id.* (emphasis in original).) Additionally, the Respondents point out that the specification does not describe any other way of “keeping” the brewing material. (*Id.*) Furthermore, Respondents contend that, in an amendment filed during prosecution to overcome claim rejections, ARM argued that there is a fundamental difference between prior art reference Hu and the present invention in that the present invention describes a pod adapter which compacts a pod to improve brewing. (*Id.* at 17.) Accordingly, Respondents argue that ARM explicitly defined “the present invention” as “a pod adapter which compacts a pod to improve brewing.” (*Id.*)

The Staff contends that the term “to hold brewing material” is readily understood by a POSITA. (SIB at 15.) First, the Staff points out that the asserted independent claims 5 and 18 disclose: (1) a container adapted to hold brewing material, (2) the container includes a receptacle, and (3) the receptacle receives the brewing material. (*Id.*) While Respondents presented testimony that each of the preferred embodiments discloses use of a separate pod or filter cup, ARM provided rebuttal evidence and testimony that the specification supports a construction that includes an integrated mesh and that the type of filter is merely a “design choice.” (*Id.*) The Staff finds ARM’s expert’s (Mr. Phillips) explanation of the intrinsic record (*i.e.*, that there is nothing in the specification’s broad definition of a pod that excludes integrated filters) persuasive, and is, therefore, of the view that Respondents’ proposed construction requiring that the container “keep the brewing material in a separate pod,” unnecessarily adds limitations to the claims. (*Id.* at 15-16.) Accordingly, the Staff contends that the term should be given its plain

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and ordinary meaning and its meaning should not be restricted in the manner suggested by Respondents. (*Id.* at 16.)

The ALJ finds the term “to hold brewing material” should be given its plain and ordinary meaning and should not be limited to keeping brewing material in a separate pod. The ALJ finds that this term in the context of the ’320 patent is readily understood by a POSITA by its plain and ordinary meaning. Specifically, the ALJ finds the term “to hold brewing material” used in the claims would be understood by a POSITA to have its plain and ordinary meaning, *i.e.*, to hold brewing material. The claim language specifically describes a container “adapted to hold brewing material” that is comprised of a “receptacle configured to receive the brewing material.” (CX-5 (’320 patent) at claims 5 and 18; *see also* CX-3 (Phillips Witness Statement) at Q/A 72-73 (“The claim term “to hold brewing material” would be clear to one of ordinary skill and does not require any further construction.”).)

The ALJ finds the Respondents’ proposed claim construction (“to keep brewing material in a separate pod”) incorrectly adds a limitation to the claims, namely the separate pod. The claims themselves never use the term “pod” and the specification never limits the holding of brewing material only in a “pod.” (*See generally* CX-5 (’320 patent) Claims.) Additionally, the Respondents’ proposed construction is inconsistent with the claim language in that the container would no longer hold the brewing material as the “pod” would hold the brewing material. (*Id.*) Furthermore, although the use of the term “pod” to hold brewing material was consistently used throughout the ’320 patent specification to describe the various embodiments, the ALJ finds the “pod” limitation should not be imported from the specification into the claims. (*See Phillips v. AWH Corp.*, 415 F.3d 1303, 1323 (Fed. Cir. 2005) (*en banc*) (“We also acknowledge that the

purpose underlying the *Texas Digital* line of cases—to avoid the danger of reading limitations from the specification into the claim—is sound.”)

Therefore, the ALJ finds a POSITA would understand the claim term “to hold brewing material” in light of the specification to have its plain and ordinary meaning, *i.e.*, to hold brewing material, and not to require the brewing material be kept in a separate pod as proposed by the Respondents. (*See Phillips*, 415 F.3d at 1323 (“However, the line between construing terms and importing limitations can be discerned with reasonable certainty and predictability if the court's focus remains on understanding how a person of ordinary skill in the art would understand the claim terms.”); *see also* CX-3 (Phillips Witness Statement) at Q/A 73.)

**d) “a needle-like structure disposed below the base”**

Staff’s Proposed Construction	ARM’s Proposed Construction	Respondents’ Proposed Construction
“needle-like structure disposed below at least a portion of the base”	“needle-like structure disposed below a portion of the base”	“needle-like structure disposed below the entirety of the base”

ARM contends that a POSITA would understand “a needle-like structure, disposed below the base” as stated in Claim 5 to be referring to the portion of the base that is disposed a predetermined distance above the brewing chamber. (CIB at 21.) Additionally, ARM points out that claim 5 also includes the phrase “wherein the predetermined distance is selected such that a tip of the needle-like structure does not penetrate the exterior surface of the base” and, therefore, the claim specifically refers to only a portion of the base, not the entire base, which is above a predetermined distance. (*Id.*)

ARM argues that Respondents’ construction is incorrect because it renders superfluous the part of the claim stating “a portion of the base is disposed a predetermined distance above a bottom surface of the brewing chamber” because the claim only requires a portion of the base

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that is located at a predetermined distance, so that it does not touch the tip of the lower needle. (CIB at 21-22.) Accordingly, ARM points out that “[h]aving the entirety of the base above the needle would render “a portion of the base” superfluous.” (*Id.* at 22.)

Respondents contend that the antecedent basis of “the base” in claim 5 as in “wherein at least a portion of the base” refers back to “a base” in its entirety, not “at least a portion of the base.” (RIB at 13.) Respondents submit that the patent clearly “referred to ‘the at least a portion of the base’ in claim 7, which recites ‘at least one extension that raises the at least a portion of the base the predetermined distance above the bottom surface of the brewing chamber.’” (*Id.* (emphases in original).) Respondents point out that “if the patentee intended ‘the base’ to mean ‘the at least one portion of the base’ in claim 5, [the patentee] would have drafted it that way.” (*Id.*)

The Staff contends that the “intrinsic evidence supports a construction wherein the needle-like structure is disposed below at least a portion – as opposed to the entirety of - the base.” (SIB at 16.) Specifically, the Staff points out that Claim 5 describes a container with a base having at least one “portion” and a portion of the base of the container is “disposed a predetermined distance above a bottom surface of the brewing chamber...wherein the predetermined distance is selected such that a tip of the needle-like structure does not penetrate the exterior surface of the base.” (*Id.*) Thus, the Staff argues that a POSITA would conclude that the needle-like structure must therefore be below a portion of the base. (*Id.*) Additionally, the Staff submits that Respondents’ proposed construction ignores the reference to a “portion” disclosed in claim 5 and it is improper to adopt constructions that render claim terms superfluous. (*Id.* at 16-17.)

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The ALJ finds the term “a needle-like structure disposed below the base” means “needle-like structure disposed below at least a portion of the base.” The ALJ finds that this term in the context of the ’320 patent is readily understood by a POSITA to mean “needle-like structure disposed below at least a portion of the base.” Specifically, the ALJ finds the consideration of the claim language as a whole describes a container with a base having “at least” one “portion” and a portion of the base of the container is “disposed a predetermined distance above a bottom surface of the brewing chamber...wherein the predetermined distance is selected such that a tip of the needle-like structure does not penetrate the exterior surface of the base.” (CX-5 (’320 patent) at claim 5 (9:2-5 and 21-23); *see also Phillips*, 415 F.3d at 1314 (“the claims themselves provide substantial guidance as to the meaning of particular claim terms”; “the context in which a term is used in the asserted claim can be highly instructive”).) Furthermore, the evidence shows that a POSITA would understand the phrase “a needle-like structure, disposed below the base” would be referring to the portion of the base that is disposed a predetermined distance above the brewing chamber and not “disposed below the entirety of the base.” (See CX-3 (Phillips Witness Statement) at Q/A 270.)

As for Respondents’ arguments, the ALJ finds that their proposed construction is incorrect because this construction disregards the reference to a “portion of the base” disclosed in claim 5 and thereby renders this claim term superfluous. (See *Becton, Dickinson and Co. v. Tyco Healthcare Group, LP*, 616 F.3d 1249, 1257 (Fed. Cir. 2010); *citing Elektra Instrument S.A. v. O.U.R. Scientific Int’l, Inc.*, 214 F.3d 1302, 1305-07 (Fed. Cir. 2000) (refusing to adopt a claim construction which would render claim language superfluous).)

The ALJ finds the term “a needle-like structure disposed below the base” means “needle-like structure disposed below at least a portion of the base.”

e) “brewing material”

Staff’s Proposed Construction	ARM’ s Proposed Construction	Respondents’ Proposed Construction
“brewing material” refers to filtered brewing material and does not include instant coffee	“brewing material” does not include instant coffee	“brewing material” includes instant coffee

ARM contends that Respondents did not argue that this term required construction; however, ARM submits that Respondents raise the issue as to whether instant coffee qualifies as brewing material for purposes of invalidity as to an alleged prior art reference (*i.e.*, Nordskog). (CIB at 22.) Therefore, ARM addresses this issue as part of invalidity and contends that instant coffee is not brewing material. (*Id.*) In sum, ARM contends that a POSITA would understand that instant coffee is not brewing material because instant coffee is a water-soluble powder or crystal. (*Id.* at 55.)

Respondents contend that the parties dispute the term “brewing material” only in the context of one specific prior art reference (*i.e.*, Nordskog) in whether Nordskog discloses instant coffee as “brewing material” for invalidity purposes. (RIB at 18.) Then, Respondents submit that the ’320 patent does not specifically define brewing material; however, Respondents argue that Nordskog is objective extrinsic evidence expressly describing “brewing” instant coffee. (*Id.* at 19.) Additionally, Respondents contend that Merriam-Webster’s dictionary supports their proposed construction in that “brew” was defined as “to make coffee, tea, or beer.” (*Id.*) Furthermore, Respondents point out that the New Oxford American Dictionary defines “brew” as “to mix with hot water.” (*Id.*)

The Staff argues that “brewing material” refers to filtered brewing material and does not include instant coffee. (SIB at 17.) The Staff relies on extrinsic evidence to support its construction. (*Id.*) This extrinsic evidence includes Mr. Phillips rebuttal witness statement as

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well as Mr. Phillips' references to an excerpt from *Confessions of a Coffee Bean: The Complete Guide to Coffee Cuisine* by Marie Nadine Antol and an excerpt from *The Book of Coffee and Tea* by Schapira. (*Id.*)

The ALJ finds the term “brewing material” means “filtered brewing material and does not include instant coffee.” The evidence shows that the term “brewing material” in the context of the '320 patent is readily understood by a POSITA to exclude “instant coffee.” (CX-4C (Phillips Rebuttal Witness Statement) at Q/A 22 (“Instant coffee is a water-soluble powder or crystal – it is not brewing material”) and Q/A 30 (“Instant coffee isn't brewed to create coffee because it already is coffee.”) Mr. Phillips testified that the act of brewing associated with instant coffee takes place remotely in a commercial factory:

The act of brewing associated with instant coffee takes place remotely in a commercial factory preceding the preparation of a hot beverage by the Nordskog machine. After brewing coffee in the factory, the coffee is subjected to a process of dehydration, typically either spray drying or freeze-drying. This is followed by other processing, such as agglomeration or the spraying of aromatics onto the crystals. After that, the powder or crystals of soluble coffee are packaged for use at a future time and remote place, such as with the Nordskog machine.

(*Id.* at Q/A 22.)

The ALJ finds Respondents' contentions with respect to “brewing material” as unpersuasive. First, the ALJ finds that the Respondents selective use of one of its prior art references (*i.e.*, Nordskog) to describe “brewing instant coffee” as problematic as the term as used in that prior art reference has little to no relevance to how a POSITA would construe the claim terms of the '320 patent. In other words, Nordskog's use of “brewing instant coffee” has no bearing on the construction of claim terms for the '320 patent and, further, Respondents have failed to explain how or why a POSITA would even look to Nordskog for an understanding of “brewing material.” In addition, Nordskog does not define “brewing material” as including

“instant coffee,” but only describes the “brewing” of “instant coffee.” Nordskog also states that “hot water” is conducted (i.e., added) to the “instant coffee.” (RX-1003 (Nordskog) at Claim 6.)

**f) “brewing chamber”**

Staff’s Proposed Construction	ARM’s Proposed Construction	Respondents’ Proposed Construction
Plain and ordinary meaning: “an enclosed space or cavity”	Plain and ordinary meaning: “an enclosed space”	Plain and ordinary meaning; “a space that is at least partially enclosed”

ARM contends that Respondents did not argue that this term required construction; however, ARM submits that Respondents raise the issue as to whether “brewing chamber” means “a space that is at least partially closed” for purposes of invalidity as to an alleged prior art reference (*i.e.*, Nordskog). (CIB at 22.) Therefore, ARM addresses this issue as part of invalidity and contends that Nordskog does not disclose a “brewing chamber.” (*Id.*) In sum, ARM contends that the “brewing chamber” in the ’320 patent is a chamber, which means an enclosed space. (*Id.* at 54.)

Respondents contend that the ’320 patent specification supports their claim construction for the term “chamber.” (RIB at 15.) Specifically, Respondents submit that “chamber 600” in FIG. 6 is not a wholly enclosed space because Respondents argue that the “brewing chamber 600” is only a partially enclosed space with its bottom wide open. (*Id.*) Accordingly, the Respondents contend their proposed construction that the term “chamber” means “a space that is at least partially enclosed” is supported by the specification and should be adopted. (*Id.*)

The Staff contends that “the intrinsic evidence shows that ‘chamber’ does not require further construction, but that an example of a plain and ordinary meaning would be an ‘enclosed space or cavity.’” (SIB at 18.) Then, the Staff points out that the patent specification explains that the chamber comprises a housing with a base and sidewalls as well as a cover that “sealingly

engages” with the housing. (*Id.*) As such, the Staff argues that a chamber with a lid that “sealingly engages” precludes the construction proposed by Respondents, wherein the space is only required to be partially closed. (*Id.*)

The ALJ finds the term “chamber” has its plain and ordinary meaning to a POSITA which is “an enclosed space or cavity.” The specification describes the “chamber” as a housing with a base and sidewalls as well as a cover that “sealingly engages” with the housing. (*See* CX-5 (‘320 patent) at 2:60-67.) The ALJ finds that a chamber described as a housing having a base, sidewalls as well as a cover that “sealingly engages” with the housing does not support Respondents’ proposed construction wherein the space is only required to be partially closed. (*Id.*) Moreover, the ALJ finds Respondents’ reliance on Figure 6, which is a cross sectional view of an embodiment, to be wholly unpersuasive. It appears that Respondents’ entire reliance on Figure 6 that allegedly discloses “a partially enclosed space” is based only on the cross sectional view in Figure 6, without any reference to the actual specification describing the figure. (CX-5 at 7:16-49.) Indeed, the portion of the specification cited by Respondents (2:60-3:10) clearly describes the chamber as an enclosed cavity.

Therefore, the ALJ finds the term “chamber” has its plain and ordinary meaning to a POSITA which is “an enclosed space or cavity.”

## V. INFRINGEMENT DETERMINATION

### A. Applicable Law

In a Section 337 investigation, the complainant bears the burden of proving infringement of the asserted patent claims by a preponderance of the evidence. *Certain Flooring Products*, Inv. No. 337-TA-443, Commission Notice of Final Determination of No Violation of Section

337, 2002 WL 448690 at 59, (March 22, 2002); *Enercon GmbH v. Int'l Trade Comm'n*, 151 F.3d 1376 (Fed. Cir. 1998).

Each patent claim element or limitation is considered material and essential. *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538 (Fed. Cir. 1991). Literal infringement of a claim occurs when every limitation recited in the claim appears in the accused device, *i.e.*, when the properly construed claim reads on the accused device exactly. *Amhil Enters., Ltd. v. Wawa, Inc.*, 81 F.3d 1554, 1562 (Fed. Cir. 1996); *Southwall Tech. v. Cardinal IG Co.*, 54 F.3d 1570, 1575 (Fed. Cir. 1995).

If the accused product does not literally infringe the patent claim, infringement might be found under the doctrine of equivalents. The Supreme Court has described the essential inquiry of the doctrine of equivalents analysis in terms of whether the accused product or process contains elements identical or equivalent to each claimed element of the patented invention. *Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 40 (1997).

Under the doctrine of equivalents, infringement may be found if the accused product or process performs substantially the same function in substantially the same way to obtain substantially the same result. *Valmont Indus., Inc. v. Reinke Mfg. Co.*, 983 F.2d 1039, 1043 (Fed. Cir. 1993). The doctrine of equivalents does not allow claim limitations to be ignored. Evidence must be presented on a limitation-by-limitation basis, and not for the invention as a whole. *Warner-Jenkinson*, 520 U.S. at 29; *Hughes Aircraft Co. v. U.S.*, 86 F.3d 1566 (Fed. Cir. 1996). Thus, if an element is missing or not satisfied, infringement cannot be found under the doctrine of equivalents as a matter of law. *See, e.g., Wright Medical*, 122 F.3d 1440, 1444 (Fed. Cir. 1997); *Dolly, Inc. v. Spalding & Evenflo Cos., Inc.*, 16 F.3d 394, 398 (Fed. Cir. 1994); *London v.*

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*Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538-39 (Fed. Cir. 1991); *Becton Dickinson and Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 798 (Fed. Cir. 1990).

The concept of equivalency cannot embrace a structure that is specifically excluded from the scope of the claims. *Athletic Alternatives v. Prince Mfg., Inc.*, 73 F.3d 1573, 1581 (Fed. Cir. 1996). In applying the doctrine of equivalents, the Commission must be informed by the fundamental principle that a patent's claims define the limits of its protection. See *Charles Greiner & Co. v. Mari-Med. Mfg., Inc.*, 92 F.2d 1031, 1036 (Fed. Cir. 1992). As the Supreme Court has affirmed:

Each element contained in a patent claim is deemed material to defining the scope of the patented invention, and thus the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole. It is important to ensure that the application of the doctrine, even as to an individual element, is not allowed such broad play as to effectively eliminate that element in its entirety.

*Warner-Jenkinson*, 520 U.S. at 29.

To prove direct infringement, ARM must prove by a preponderance of the evidence that each of the accused products either literally infringe or infringe under the doctrine of equivalents the asserted claims of the asserted patents. *Advanced Cardiovascular Sys., Inc. v. Scimed Life Sys., Inc.*, 261 F.3d 1329, 1336 (Fed. Cir. 2001).

A party can also indirectly infringe a patent. To prevail on a claim for indirect infringement, a patentee must first demonstrate direct infringement, and then establish that the “defendant possessed the requisite knowledge or intent to be held vicariously liable.” *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1272–73 (Fed. Cir. 2004). The knowledge requirement must be met by a showing of either actual knowledge or willful blindness. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011).

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Under 35 U.S.C. § 271(b), “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” “To prove induced infringement, the patentee must show direct infringement, and that the alleged infringer knowingly induced infringement and possessed specific intent to encourage another's infringement.” *Toshiba Corp. v. Imation Corp.*, 681 F.3d 1358, 1363 (Fed. Cir. 2012) (internal quotations omitted).

The Supreme Court has held that “induced infringement under § 271(b) requires knowledge that the induced acts constitute patent infringement.” *Global-Tech*, 131 S. Ct. at 2070. In so holding, the Supreme Court rejected the Federal Circuit's “deliberate indifference” to a “known risk” test. *Id.* at 2071. It explained that the “knowledge” required under § 271(b) could be satisfied by a showing of actual knowledge or “willful blindness.” *Id.* at 2068–71. The Supreme Court explained that a defendant acts with willful blindness if she “subjectively believe[s] that there is a high probability that a fact exists” and “take[s] deliberate actions to avoid learning of the fact.” *Id.* at 2070, 2070 n.9. In contrast, a defendant who “merely knows of a substantial and unjustified risk of [ ] wrongdoing” acts recklessly, and a defendant who “should have known of a similar risk, but in fact, did not” acts negligently. *Id.* at 2071. “Inducement requires evidence of culpable conduct, directed to encouraging another's infringement, not merely that the inducer had knowledge of the direct infringer's activities.” *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1306 (Fed. Cir. 2006) (*en banc*).

Under 35 U.S.C. § 271(c), “[w]hoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination, or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be specifically made to or specially adapted for use in the infringement of the patent, and not a staple article or commodity suitable for

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substantial non-infringing use, shall be liable as a contributory infringer.” “Contributory infringement imposes liability on one who embodies in a non-staple device the heart of a patented process and supplies the device to others to complete the process and appropriate the benefit of the patented invention.” *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1327 (Fed. Cir. 2009). To state a claim for contributory infringement, an infringer must sell, offer to sell or import into the United States a component of an infringing product “knowing [the component] to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non infringing use.” 35 U.S.C. § 271(c); see *Lucent Techs. v. Gateway, Inc.*, 580 F.3d 1301, 1320 (Fed. Cir. 2009). As with induced infringement, a claim for contributory infringement must also contain allegations of the requisite knowledge of the patent-in-suit at the time of infringement. *Global-Tech*, 131 S. Ct. at 2068. In addition, the patentee bears the burden of proving that the accused products have no substantial non-infringing uses. See *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354, 1363 (Fed. Cir. 2006).

A seller of a component of an infringing product can also be held liable for contributory infringement if: (1) there is an act of direct infringement by another person; (2) the accused contributory infringer knows its component is included in a combination that is both patented and infringing; and (3) there are no substantial non-infringing uses for the accused component, *i.e.*, the component is not a staple article of commerce. *Carborundum Co. v. Molten Equip. Innovations, Inc.*, 72 F.3d 872, 876 (Fed. Cir. 1995).

### **B. The '320 Patent**

ARM contends that Solofill’s K2 products, when used with a single serve beverage brewer such as the Keurig machine, infringe claims 5, 6, 7, 18, and 20 of the '320 patent. (CIB

at 23.) Also, ARM contends that Solofill's K3 products, when used with a single serve beverage brewer such as the Keurig machine, infringe claims 5, 7, 18, and 20 of the '320 patent. (SIB at 7.)<sup>2</sup>

### 1. Direct Infringement: Claim 5

For the reasons set forth below, the ALJ finds that Respondents' products (K2 and K3), when combined with the Keurig brewing machine, practice all elements of claim 5 of the '320 patent and, thereby, the Respondents' products combined with the Keurig brewing machine directly infringe claim 5 of the '320 patent.

Respondents argue that its products do not infringe the asserted claims of the '320 patent under their claim construction. (RIB at 24-27.) Respondents further argue that under ARM's construction of "passageway," its products do not infringe. (RIB at 26-27.) As set forth above in Section IV.2, the ALJ rejected all of Respondents' proposed constructions. As for whether Respondents' products infringe under ARM's construction, the ALJ finds that they do as set forth *infra*.

#### a) Claim 5: "A beverage brewer comprising: a brewing chamber;"

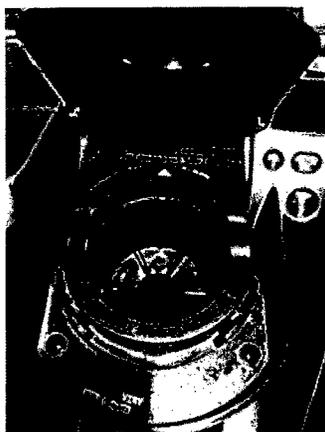
The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, are "beverage brewers" with a brewing chamber. The evidence shows that Solofill instructs purchasers of the K2 and K3 products to use them with a Keurig brewer. (CX-3 (Phillips Witness Statement) at Q/A 234.)

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<sup>2</sup> In their initial post-hearing brief, ARM asserts that the K3 infringes claim 6. (See CIB at 5, 23.) However, Staff argues that ARM only asserts claims 5,7,18 and 20 against the K3. Based on ARM's briefing and its evidence (which do not include any infringement analysis of whether the K3 infringes claim 6), it is apparent that claim 6 is a typographical error that should be claim 7.



(CPX-0005 & CPX-0006.) Also, under the construction found for the term “a brewing chamber” in Section IV.B.2.f *supra* as “an enclosed space or cavity,” the record shows that the Keurig brewers contain a brewing chamber (*e.g.*, Keurig Model K130 ). (CX-3 at Q/A 209 and CPX-0011.)

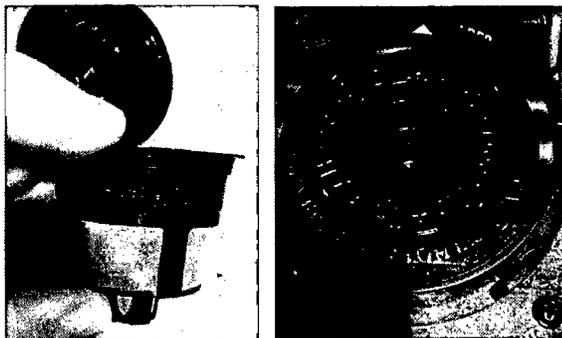


(CPX-0011.)

**b) Claim 5: “a container, disposed within the brewing chamber and adapted to hold brewing material while brewed by a beverage brewer, the container comprising:”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfies this limitation. Under the construction found for the term “brewing material” in Section IV.B.2.e *supra* as “filtered brewing material and does not include instant coffee,” the record shows that Solofill’s K2 and K3 products are designed to hold

brewing material and fit within the brewing chamber of a Keurig machine. (CX-3 (Phillips Witness Statement) at Q/A 211 (K2) and Q/A 236 (K3).)



(CPX-0005, CPX-0006 & CPX-0011.)

**c) Claim 5: “a receptacle configured to receive brewing material; and a cover;”**

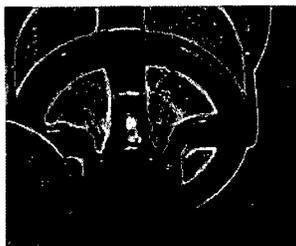
The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. As shown in the photos *supra* (CPX-0005, CPX-0006 & CPX-0011), the evidence shows the K2 and K3 are specifically designed as reusable brewing containers with receptacles that hold brewing material. (CX-3 (Phillips Witness Statement) at Q/A 212.) The record shows that the K2 and K3 also have a cover as shown in the photo below. (*Id.* at Q/A 213(K2) and Q/A 238(K3).)



(CPX-0005 and CPX-0006.)

**d) Claim 5: “wherein the receptacle includes a base, having an interior surface and an exterior surface, wherein at least a portion of the base is disposed a predetermined distance above a bottom surface of the brewing chamber, and chamber, and at least one sidewall extending upwardly from the interior surface of the base,”**

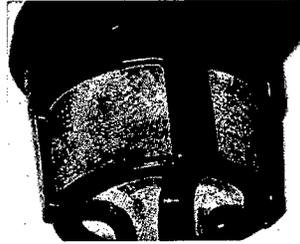
The ALJ finds that the K2 and K3 products satisfy this limitation. The record shows that the K2 and K3 both have a base with both an interior and exterior surface. Specifically, the evidence shows that the base of the K2 is curved and designed such that at least a portion of the base remains above a bottom surface of the brewing chamber of the Keurig. (CX-3 (Phillips Witness Statement) at Q/A 239.)



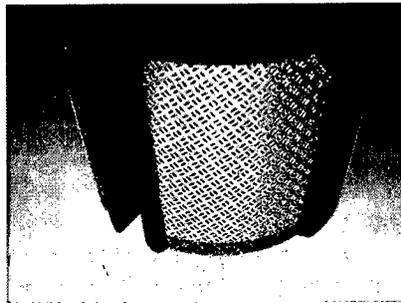
(CPX-0005.) The evidence also shows that the K3 similarly has a base that is shaped so that at least a portion remains above a bottom surface of the brewing chamber. (CX-3 (Phillips Witness Statement) at Q/A 239.)



(CPX-0006.) The evidence also shows that the K2 has at least one sidewall extending upward from the surface of the base. (*Id.* at Q/A 215.)



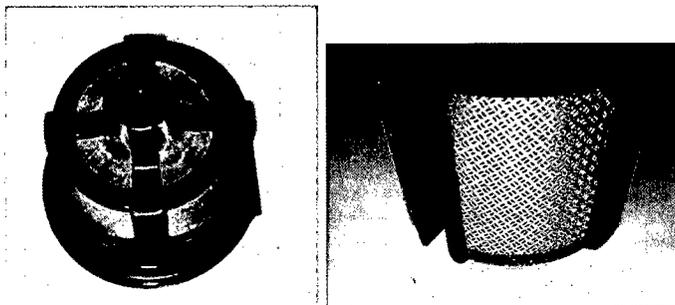
(CPX-0005.) The evidence also shows that the K3 has at least one sidewall extending upward from the surface of the base as evidenced by the plastic material extending upward from the interior surface of the base. (*Id.* at Q/A 240.)



(CPX-0006.)

**e) Claim 5: “wherein the receptacle has at least one passageway that provides fluid flow from an interior of the receptacle to an exterior of the receptacle;”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. Under the construction found for the term “passageway” in Section IV.B.2.a *supra* as “a path, channel or course by which something passes,” the evidence shows that the K2 and K3 have at least one passageway that provides fluid flow from inside the container to the outside as shown in the photos below. (CX-3 at Q/A 216 and Q/A 241.)



(CPX-0005 and CPX-0006.)

Respondents argue, however, that the regions containing metal mesh or a perforated metal sheet do not constitute “passageway” as construed by ARM. (RIB at 26-27.) Rather, the mesh or metal sheet are porous media that are characterized by permeability and porosity rather than flow through a passageway. (*Id.*) The ALJ finds Respondents’ arguments unpersuasive. Under the ALJ’s construction of “passageway,” which requires a path, channel or course by which something passes, the passageway is formed by the sidewalls and the bottom of the K2 and K3 products. (CX-3 at Q/A 216 and Q/A 241; CPX-0005 & CPX-0006.)

**f) Claim 5: “wherein the cover is adapted to sealingly engage with a top edge of the at least one sidewall, the cover including an opening, and”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. The cover of the K2 and K3 are designed to provide a seal as it engages with the top edge of the sidewall and the cover includes an opening as shown in photos below (*Id.* at Q/A 217 and Q/A 242.)

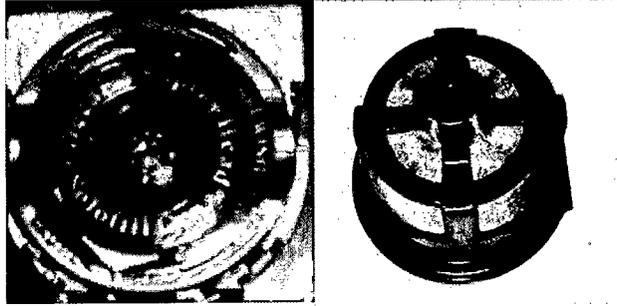


(CPX-0005 and CPX-0006.)

**g) Claim 5: “wherein the container is adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway; an inlet port, adapted to provide the input fluid to the container; and”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. Under the construction found for the term “wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway” in Section IV.B.2.b *supra* as “wherein the container is adapted... to provide a *resulting or related* outflow of fluid through the passageway,” the record shows that the K2 and K3 are adapted to accept an input of fluid through an opening and include at least one passageway for the brewed beverage to exit. (CX-3 (Phillips Witness Statement) at Q/A 218 and Q/A 243.)

Specifically, with respect to the K2, the record shows that the K2 is adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway. (*Id.* at Q/A 218.) The picture (*see* photos below) on the left shows the cover with the opening and it is through this opening that the inlet port injects pressurized water into the container while the picture on the right shows the passageway through which coffee exits the K2 whereby the passageway is located on the bottom and the sidewalls of the K2. (*Id.*; CPX-0005 & CPX-0011.) The record also shows that the Keurig machine includes an inlet port whereby fluid is injected into the container via the opening in the cover whereby the fluid is received from the inlet port. (*Id.* at Q/A 219; CPX-0011.) The record shows the inlet port is a needle-like structure in the top of the Keurig machine brewing chamber. (*Id.*)



(CPX-0005 & CPX-0011.) The process is the same for the K3 in use with the Keurig machine.

(CX-3 at Q/A243-244; CPX-0006 & CPX-0011.)

**h) Claim 5: “a needle-like structure, disposed below the base;”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. Under the construction found for the term “a needle-like structure disposed below the base” in Section IV.B.2.d *supra* as “a needle-like structure disposed below at least a portion of the base,” the evidence shows that the Keurig brewer contains a needle-like structure that is positioned below the bases of the K2 or K3, which are specifically designed to avoid the needle. (CX-3 (Phillips Witness Statement) at Q/A 220 and Q/A 245; CPX-0011 .)

**i) Claim 5: “wherein the predetermined distance is selected such that a tip of the needle-like structure does not penetrate the exterior surface of the base.”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. The evidence shows that the needle-like structure does not penetrate the exterior surface of the K2 or K3 when it is seated in the brewing chamber because in both instances, the bottom of the K2 and the K3 are elevated above the needle-like structure. (CX-3 (Phillips Witness Statement) at Q/A 221 (K2) and Q/A 246 (K3).)

Therefore, the ALJ finds that the K2 and the K3 meet each and every limitation of claim 5.

## 2. Direct Infringement: Claim 6

The ALJ finds that Respondents' K2 product, when combined with the Keurig brewing machine, practice all elements of the dependent claim 6 of the '320 patent and, thereby, the Respondents' K2 product combined with the Keurig brewing machine directly infringe claim 6 of the '320 patent.

### a) Claim 6: "The beverage brewer of claim 5, wherein at least one passageway of the at least one passageway is disposed in the base."

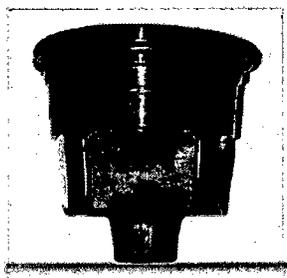
The ALJ finds that the K2 product, when used with a single serve beverage brewer such as the Keurig machine, satisfies the limitations of dependent claim 6. Under the construction found for the term "passageway" in Section IV.B.2.a *supra* as "a path, channel or course by which something passes," the evidence shows that the K2 product contains a base that includes at least one passageway through which a brewed beverage can exit the container of the K2. (CX-3 (Phillips Witness Statement) at Q/A 222.) Specifically, the record shows that during use of the K2 with the Keurig machine, a brewed beverage such as coffee can exit through this at least one passageway in the base which is covered by filter material, and are the areas inside the flat ring, between the radial ribs, and outside of the central nub. (*Id.*)

## 3. Direct Infringement: Claim 7

The ALJ finds that Respondents' products (K2 and K3), when combined with the Keurig brewing machine, practice all elements of dependent claim 7 of the '320 patent and, thereby, the Respondents' product combined with the Keurig brewing machine directly infringe claim 7 of the '320 patent.

**a) Claim 7: “The beverage brewer of claim 5, wherein the receptacle also includes at least one extension that raises the at least a portion of the base the predetermined distance above the bottom surface of the brewing chamber.”**

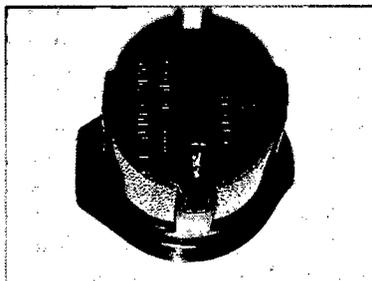
The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy the limitations of dependent claim 7. The evidence shows that both the K2 and K3 products have bases that are designed such that a portion is raised or extended a predetermined distance above the bottom surface of the brewing chamber. (CX-3 (Phillips Witness Statement) at Q/A 223 and Q/A 247.) Specifically, with respect to the K2, the evidence shows that the base of the K2 includes an elevated portion around the nub that raises that portion of the base the predetermined distance above the bottom surface of the brewing chamber and thus the K2 includes the at least one extension as shown in the picture below. (*Id.* at Q/A 223.)



Bottom of brewing chamber

(CPX-0005.)

With respect to the K3, the evidence shows that the base of the K3 includes two elevated regions where the base is raised the predetermined distance above the bottom surface of the brewing chamber and thus the K3 includes the at least one extension as shown in the picture below. (CX-3 (Phillips Witness Statement) at Q/A 247.)



(CPX-0006.)

#### 4. Direct Infringement: Claim 18

The ALJ finds that Respondents' products (K2 and K3), when combined with the Keurig brewing machine, practice all elements of independent claim 18 of the '320 patent and, thereby, the Respondents' product combined with the Keurig brewing machine directly infringe claim 18 of the '320 patent.

**a) Claim 18: "A beverage brewer including a brewing chamber configured to receive a brewing cartridge, an inlet port adapted to provide an input fluid, and a needle-like structure fixed in a bottom of the brewing chamber and adapted to puncture a shell of the brewing cartridge to carry an outflow of brewed beverage from the brewing cartridge and arranged to avoid puncturing filtering material containing brewing material disposed inside the shell, the improvement comprising:"**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, are "beverage brewers" with a brewing chamber. The evidence shows that Solofill instructs purchasers of the K2 and K3 products to use them with a Keurig brewer. (CX-3 (Phillips Witness Statement) at Q/A 234 & 248; CPX-0005 and CPX-0006.)

Under the construction found for the term "a brewing chamber" in Section IV.B.2.f *supra* as "an enclosed space or cavity," the record shows that the Keurig brewers contain a brewing chamber (e.g., Keurig Model K130). (CX-3 (Phillips Witness Statement) at Q/A 209 and CPX-

0011; *supra* Section V.B.1.a.) Similarly, the Keurig brewers contain a brewing chamber that receives a brewing cartridge (Section V.B.1.b-c.); an inlet port (Section V.B.1.g.); and a needle like structure that punctures the shell of the brewing material without puncturing the filtering material (Section V.B.1.h-i.) (CX-3 at Q/A 224 & 248; CPX-0011.)

**b) Claim 18: “a container configured to replace the brewing cartridge, the container positionable within the brewing chamber and adapted to hold brewing material while brewed by the beverage brewer, the container including:”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. Under the construction found for the term “brewing material” in Section IV.B.2.e *supra* as “filtered brewing material and does not include instant coffee,” the evidence shows that Solofill’s K2 and K3 products are designed to hold brewing material and fit within the brewing chamber of a Keurig. (CX-3 (Phillips Witness Statement) at Q/A 225 and Q/A 249.)



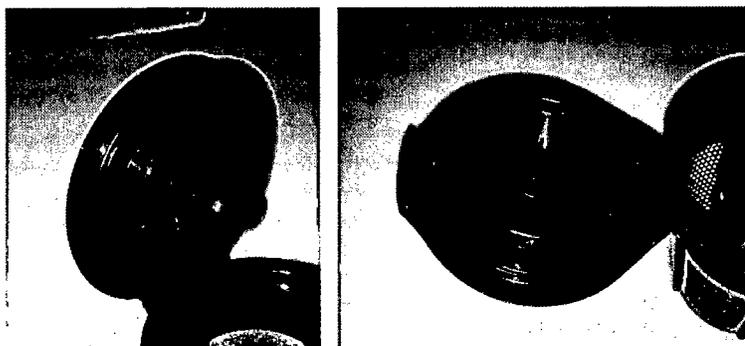
(CPX-0005 and CPX-0006.)

**c) Claim 18: “a receptacle configured to receive and support the brewing material, and a cover”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. Under the construction found for the

term “brewing material” in Section IV.B.2.e *supra* as “filtered brewing material and does not include instant coffee,” the evidence shows that the K2 and K3 are specifically designed as reusable brewing containers for filtered coffee. (CX-3 (Phillips Witness Statement) at Q/A 226 (K2) and Q/A 250 (K3).) The directions on the boxes for the K2 and K3 state that the first step is to fill with your favorite coffee and the second step is close the lid and prepare to brew your favorite coffee. (*Id.*; CPX-0005 and CPX-0006.)

The evidence also shows that the K2 and K3 have covers as depicted in the photos below. (*Id.* at Q/A 227 (K2) and 251 (K3).)

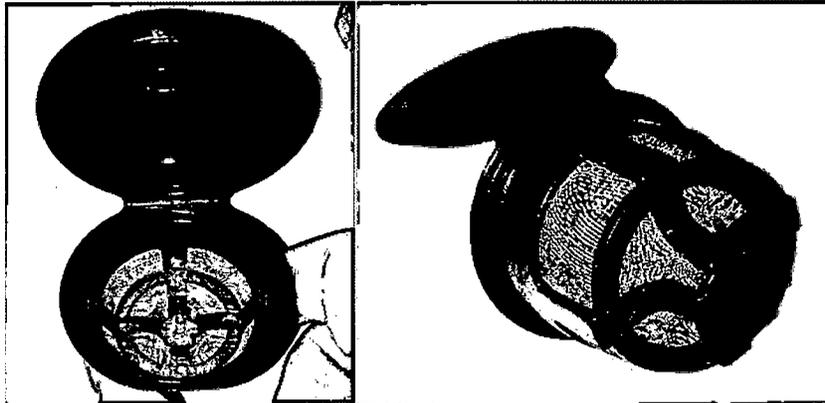


(CPX-0005 and CPX-0006.)

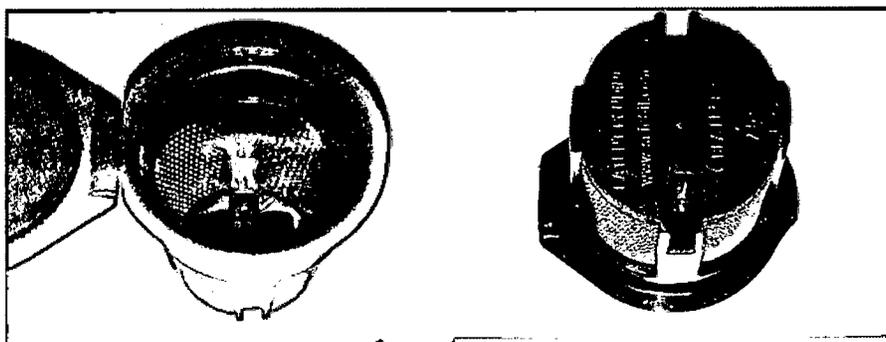
**d) Claim 18: “wherein receptacle includes: a passageway providing fluid communication between an interior of the receptacle and the brewing chamber, a base, having an interior and exterior surface and configured to avoid contact with the needle-like structure, and at least one sidewall extending upwardly from the interior surface of the base and configured to avoid contact with the needle-like structure;”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. Under the construction found for the term “passageway” in Section IV.B.2.a. *supra* as “a path, channel or course by which something passes,” the evidence shows that the K2 and K3 both have at least one passageway that provides fluid flow from inside the container to the outside. (CX-3 (Phillips Witness Statement) at Q/A 228 (K2) and Q/A 252 (K3); *see also* Section V.B.1.d, e and i.) Also, the record shows that the

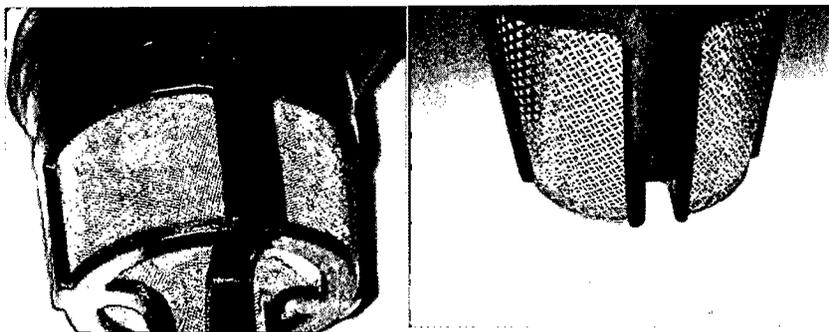
K2 and K3 have bases that have both an interior and exterior surface. (*Id.*; *see also supra* Section V.B.1.d.) The evidence shows that the base of the K2 is curved and designed such that at least a portion of the base remains above a bottom surface of the brewing chamber of the Keurig, avoiding the needle-like structure. (*Id.* at Q/A 229; *see also supra* Section V.B.1.d. and i.)



(CPX-0005.) The evidence shows that the base of the K3 is also shaped so that at least a portion remains above a bottom surface of the brewing chamber of the Keurig. (*Id.* at Q/A 253; *see also supra* Section V.B.1.d. and i.)



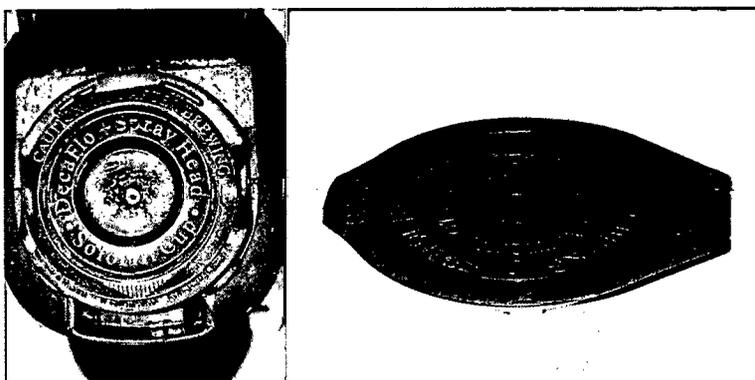
(CPX-0006.) Also, the record shows that the K2 and K3 have at least one sidewall extending upward from the surface of the base. (*Id.* at Q/A 230 (K2) and Q/A 254 (K3); *see also supra* Section V.B.1.d.)



(CPX-0005 and CPX-0006.)

**e) Claim 18: “wherein the cover is adapted to sealingly engage with a top edge of the at least one sidewall, the cover including an opening, and”**

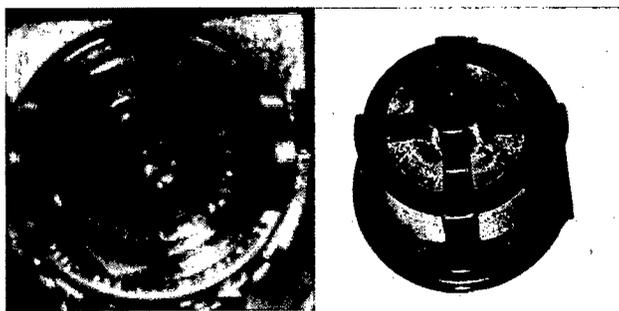
The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. The evidence shows that the covers of the K2 and K3 are designed to provide a seal as they engage with the top edge of the sidewall and the covers include an opening. (CX-3 (Phillips Witness Statement) at Q/A 231 (K2) and Q/A 255 (K3); *see supra* Section V.B.1.f.)



(CPX-0005 and CPX-0006.)

**f) Claim 18: “wherein the container is adapted to accept the input fluid from the inlet port through the opening and to provide a corresponding outflow of fluid through the passageway.”**

The ALJ finds that the K2 and K3 products, when used with a single serve beverage brewer such as the Keurig machine, satisfy this limitation. Under the construction found for the term “wherein the container is adapted...to provide a corresponding outflow of fluid through the passageway” in Section IV.B.2.b. *supra* as “wherein the container is adapted... to provide a *resulting or related* outflow of fluid through the passageway,” the evidence shows that the K2 and K3 are adapted to accept an input of fluid through an opening and the K2 and K3 include multiple passageways for the outflow of fluid. (CX-3 (Phillips Witness Statement) at Q/A 232 and Q/A 256.) Specifically, with respect to the K2, the record shows that the K2 is adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway. (*Id.* at Q/A 232.) The picture on the left shows the cover with the opening and it is through this opening that the inlet port injects pressurized water into the container while the picture on the right shows the passageway through which coffee exits the K2 whereby the passageway is located on the bottom and the sidewalls of the K2. (*Id.*; see *supra* Section V.B.1.g..)



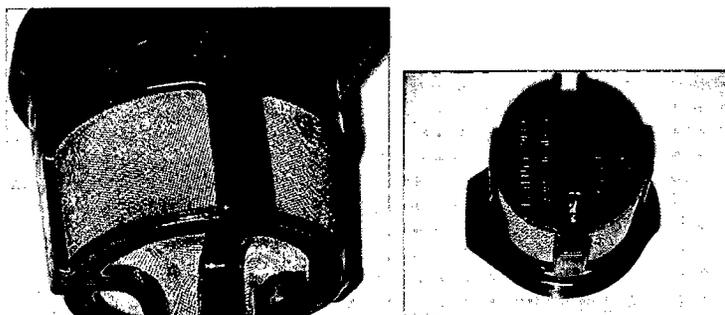
(CPX-0005.) The process is similar for the K3. (CX-0003 at Q/A 256; *supra* Section V.B.1.g; CPX -0006.)

**5. Direct Infringement: Claim 20**

The ALJ finds that Respondents' products (K2 and K3), when combined with the Keurig brewing machine, practice all elements of dependent claim 20 of the '320 patent and, thereby, the Respondents' product combined with the Keurig brewing machine directly infringe claim 20 of the '320 patent.

**a) Claim 20: "The beverage brewer of claim 18, wherein the receptacle also includes at least one extension that raises the base a predetermined distance above a lower surface of the brewing chamber."**

The evidence shows that both the K2 and K3 products have a base that is designed such that a portion is elevated or extended a predetermined distance above the bottom surface of the brewing chamber. (CX-3 (Phillips Witness Statement) at Q/A 215; Q/A 233; Q/A 240 and Q/A 257; *see also* photos below.) The K3 (on the right) has two elevated regions where the base is raised the predetermined distance above the bottom surface of the brewing chamber. (*Id.* at Q/A 257; CPX-0006.) The K2 (on the left) includes an elevated portion around the nub that raises that portion of the base the predetermined distance above the bottom surface of the brewing chamber. (CX-3 at Q/A 233; CPX-0005.)



(CPX-0005; CPX-0006.)

## 6. Contributory Infringement

ARM submits that to prevail on a claim of contributory infringement, it must show the following elements: (1) there is an act of direct infringement; (2) the accused infringer had knowledge of the patent; (3) the component has no substantial noninfringing uses; and (4) the component is a material part of the claimed invention. (CIB at 26.)

First, ARM contends that direct infringement is satisfied when a user uses the K2 and K3 with a Keurig machine, as intended and instructed by Solofill. (*Id.* at 26-27.) Second, ARM argues that Solofill had knowledge of the patent, and intended to cause the acts that constitute infringement as discussed in the section on inducement. (*Id.* at 27.) Third, ARM submits that the evidence showed that the K2 and K3 have no substantial noninfringing uses because the packaging on the Solofill K2 and K3 specifically instruct users to use the product with a Keurig machine and no other use is stated on the packaging. (*Id.*) Fourth, ARM contends that the K2 and K3 constitute material parts of the invention because the evidence of infringement shows that the K2 and K3 constitute the claimed container, the features of which represent the majority of the elements of each of the asserted claims. (*Id.*)

Respondents contend that the K2 and K3 do not infringe the asserted claims under Respondents' claim construction because they do not have (1) "a needle-like structure, disposed below the base," (2) "a container . . . adapted to hold brewing material," (3) "a passageway," and (4) "a passageway . . . wherein the container is adapted . . . to provide a corresponding outflow of fluid through the passageway." (RIB at 24.) Next, Respondents argue that they were not aware of the '320 patent until it was served with the ITC complaint and, therefore, they lack the requisite intent for contributory infringement of the '320 patent. (*Id.* at 27.) Furthermore, Respondents submit that "[s]ervice of the complaint, however, cannot satisfy the knowledge requirement." (*Id.*) Also, Respondents argue that the K2 and K3 have substantial noninfringing

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uses as a tea infuser because use as a tea infuser is practical. (*Id.* at 29.) Furthermore, Respondents point out that “Solofill’s customers informed Solofill that Solofill’s K2 and K3 can be suitably used as tea infusers.” (*Id.*) Additionally, Respondents submit that “the packaging of both Solofill’s K2 and K3 states that each of the products ‘[w]orks great with loose leaf tea.’” (*Id.*) Last, the Respondents state that “Dr. Howle actually performed experiments using Solofill’s K2 and K3 as tea infusers.” (*Id.* (emphasis in original.)

The Staff contends that “(1) the accused products have no substantial non-infringing uses; and (2) Complainants have not demonstrated that Respondents had the requisite knowledge that the combination for which their components were especially designed was both patented and infringing.” (SIB at 20.) The Staff submits that the evidence does not show that Respondents knew about the ’320 patent until after ARM filed the complaint upon which this investigation was instituted. (*Id.*) The Staff argues, however, that “ARM’s reliance on service of the complaint to satisfy the knowledge requirement is not sufficient.” (*Id.*) Thus, the Staff contends that ARM has not met the knowledge requirement and the evidence does not support a finding of contributory infringement. (*Id.*)

For the reasons set forth below, the ALJ finds that ARM has not proven by a preponderance of the evidence that Solofill’s K2 and K3 products, when used with a single serve beverage brewer, contributorily infringe the asserted claims of the ’320 patent. First, the ALJ found *supra* that Solofill’s K2 products, when used with a single serve beverage brewer such as the Keurig machine, directly infringe claims 5, 6, 7, 18, and 20 of the ’320 patent. The ALJ also found *supra* that Solofill’s K3 products, when used with a single serve beverage brewer such as the Keurig machine, directly infringe claims 5, 7, 18, and 20 of the ’320 patent.

However, the ALJ finds that the Respondents did not have the requisite knowledge of

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the '320 patent because the evidence does not show that Respondents knew about the '320 patent until ARM filed the complaint for this investigation. (See Original Complaint ¶¶ 46-50, Ex. 6; see also Jt. Resp. ¶ 50; RX-1084C at Q/A 26.) In other words, the Respondents became aware of the '320 patent as a result of the filing of this investigation and awareness of the patent due to the investigation is insufficient to meet the knowledge requirement for contributory infringement. (See *In the Matter of Certain Video Game Systems and Wireless Controllers and Components Thereof*, 337-TA-770, Comm'n Op. at 32 ("Here, the only evidence CK cites for Nintendo's alleged knowledge that the combination of the Numchuk or MotionPlus accessories with the Wii Remote is patented are the complaint filed in this case and a complaint filed in district court on the same day. This is insufficient evidence of the required knowledge to show contributory infringement.") In addition, the ALJ notes that the Commission further stated that "[t]he ALJ's finding requiring CK to show actual pre-suit knowledge is supported by the Supreme Court's decision in *Global-Tech Appliances*." (*Id.*)

ARM attempts to make two distinctions between (1) the service of the Complaint by ARM vs. service of the Complaint by the ITC and (2) pre-institution/post-service of the Complaint knowledge vs. post-institution knowledge. (CIB at 19-20.) ARM argues that because it (ARM) served the Complaint on Respondents prior to institution (but after the filing of the Complaint), Respondents had sufficient knowledge of the '320 patent. The ALJ finds these arguments unpersuasive. First, the ALJ finds that neither distinctions ultimately matter because the notice given to Respondents is based on the same act and lawsuit, namely the filing of the Section 337 Complaint. Second, ARM's distinction between pre-institution and post-institution is ultimately inapposite as the act that started the entire lawsuit was the filing of the Section 337 Complaint – the point at which institution of the investigation occurs after that filing does not

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change the act of filing. In other words, the act of filing the Complaint and service of said Complaint is what the Commission has held as failing to provide sufficient notice. Consequently, regardless as to whether ARM or the Commission served the Complaint and regardless of the fact that the service of the Complaint came pre-institution, the fact remains that Respondents were not aware of the '320 patent *until service of the Complaint*.

The ALJ finds that ARM's argument that the knowledge requirement stated in the Commission's 337-TA-770 opinion, namely that knowledge of the patent must be before the filing of the original complaint, somehow exceeds the Commission's administrative authority is unpersuasive. The Commission's holding that a respondent must be aware of the patent prior to the filing of the complaint is not an assertion of the Commission's jurisdiction or administrative authority before institution – instead, the Commission is simply following the law and jurisprudence of induced and contributory infringement. Moreover, as Staff correctly notes, the Commission has considered actions that occurred before the filing of the Complaint to be relevant to Section 337 investigation as the Commission has frequently used the complaint filing date as the relevant date for evaluating domestic industry investments. (*See, e.g., Certain Video Game Systems and Controllers*, Inv. No. 337-TA-743, Comm. Op. at 4-6 (Jan. 20, 2012); *see also Certain Coaxial Cable Connectors*, Inv. No. 337-TA-650, Comm'n Op. at 51 n. 17 (“we note that only activities that occurred before the filing of a complaint with the Commission are relevant to whether a domestic industry exists or is in the process of being established under sections 337(a)(2)-(3).”)) Thus, in this instance, the Commission's consideration of actions that occurred before the filing of the Complaint as it relates to indirect infringement is no different from the Commission's consideration of actions before the filing of the Complaint as it relates to domestic industry.

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The ALJ further finds that the K2 and K3 products have no substantial non-infringing uses. The evidence shows that the K2 and K3 packaging specifically instruct users to use the product with a Keurig machine and no other use is stated on the packaging. (CX-248C at CX-248C at 108:17-109:3; CX-261C (K2 instructions); CX-262C (K3 instructions); *see also* CX-3 at Q297.) Additionally, the ALJ finds the Respondents' contention that the K2 and K3 are used as tea infusers is unpersuasive and does not meet the requirement for a substantial non-infringing use. Specifically, the record shows that the K2 and K3 instructions were for customers to use loose leaf tea in connection with a Keurig machine, and not as a tea infuser. (CX 248C at 84:13-15; 84:20-22.) In other words, the record shows that the accused products would not be suitable as stand-alone tea infusers due to their size and shape. (CX-3 (Phillips Witness Statement) at Q/A 298.)

Accordingly, the ALJ finds that Respondents are not liable for contributory infringement of the asserted claims of the '320 patent.

### 7. Induced Infringement

ARM contends that Respondents are liable for induced infringement because Respondents knew of the patent and knew that the induced acts constitute patent infringement. (CIB at 23.) First, ARM argues that Solofill intended for users of the K2 and K3 to use the product with a Keurig machine because the Solofill-created packaging on the K2 and K3 instructs users to add brewing material (whether or not in a pod) into the K2 or K3, and then place the K2 or K3 in a Keurig machine. (*Id.*) Second, ARM argues that Solofill knew about the '320 patent when Complainants sent a copy of the original complaint and exhibits to Solofill, which showed how the K2 and K3, when used as instructed and intended by Solofill, would infringe the '320 patent. (*Id.* at 23-24.) Thus, ARM submits that the evidence demonstrates that Solofill knew of the '320 patent and knew that the induced acts (*i.e.*, providing instructions,

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including on its packaging that instruct users to use the K2 and K3 with a Keurig machine) would constitute patent infringement. (*Id.* at 24.)

Respondents point out that indirect infringement, such as induced infringement, can only be found where the evidence shows that the accused party had knowledge of the existence of the patent that is infringed. (RIB at 27.) Additionally, Respondents, citing to *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2068 (2011), point out that the same knowledge is needed for induced infringement under 35 U.S.C. § 271(b) and contributory infringement under 35 U.S.C. § 271(c). (*Id.*) Next, the Respondents contend that they were not aware of the '320 patent until it was served with the ITC complaint and as such Respondents lack the requisite intent for induced infringement of the '320 patent. (*Id.*)

The Staff submits that the evidence does not show that Respondents knew about the '320 patent until after ARM filed the complaint upon which this investigation was instituted. (SIB at 21.) The Staff argues, however, that "ARM's reliance on service of the complaint to satisfy the knowledge requirement is not sufficient." (*Id.*) Thus, the Staff argues that notice of the patent based on the filing of the complainant is insufficient for the purposes of induced infringement. (*Id.*) The Staff contends that ARM has not met the knowledge requirement and the evidence does not support a finding of induced infringement. (*Id.*)

For the same reasons as set forth in Section V.B.6 *supra* with regard to contributory infringement, the ALJ finds that ARM has not proven by a preponderance of the evidence that Respondents are liable for induced infringement of the asserted claims of the '320 patent because ARM has not met its burden of proving the knowledge requirement for inducement. To reiterate, the ALJ finds that the Respondents did not have the requisite knowledge of the '320 patent because the evidence does not show that Respondents knew about the '320 patent until ARM

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filed the complainant for this investigation. (See Original Complaint ¶¶ 46-50, Ex. 6; see also Jt. Resp. ¶ 50; RX-1084C at Q/A 26.) In other words, the Respondents became aware of the '320 patent as a result of the filing of this investigation and awareness of the patent due to the investigation is insufficient to meet the knowledge requirement for contributory infringement. (See *In the Matter of Certain Video Game Systems and Wireless Controllers and Components Thereof*, 337-TA-770, Comm'n Op. at 32 (“Here, the only evidence CK cites for Nintendo’s alleged knowledge that the combination of the Numchuk or MotionPlus accessories with the Wii Remote is patented are the complaint filed in this case and a complaint filed in district court on the same day. This is insufficient evidence of the required knowledge to show contributory infringement.”))

Accordingly, the ALJ finds that Respondents are not liable for induced infringement of the asserted claims of the '320 patent.

## VI. VALIDITY

### A. Burden of Proof

One cannot be held liable for practicing an invalid patent claim. See *Pandrol USA, LP v. AirBoss Railway Prods., Inc.*, 320 F.3d 1354, 1365 (Fed. Cir. 2003). However, the claims of a patent are presumed to be valid. 35 U.S.C. § 282; *DMI Inc. v. Deere & Co.*, 802 F.2d 421 (Fed. Cir. 1986). Although a complainant has the burden of proving a violation of section 337, it can rely on this presumption of validity.

Respondents have the burden of proving invalidity of the patent. This “burden is constant and never changes and is to convince the court of invalidity by clear evidence.” *i4i v. Microsoft Corp*, 131 S. Ct. 2338, 2243 (2010) (citing Judge Rich in *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F. 2d 1350, 1360 (CA Fed. 1984)). Respondents’ burden of

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persuasion *never shifts*. *Id.* The risk of “decisional uncertainty” remains on the respondent. *Technology Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1327 (Fed. Cir. 2008); *see also PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1303, 1305 (Fed. Cir. 2008); *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1360 (Fed. Cir. 2007). Thus, it is Respondent’s burden to prove by clear and convincing evidence that any of the alleged prior art references anticipate or render obvious the asserted claims of the patents in suit. Failure to do so means that Respondents lose on this point. *Id.* (stating, “[I]f the fact trier of the issue is left uncertain, the party with the burden [of persuasion] loses.”).

Respondents also bear the burden of going forward with evidence, *i.e.*, the burden of production. *Id.* This is “a shifting burden the allocation of which depends on where in the process of a trial the issue arises.” *Id.* However, this burden does not shift until a respondent presents “evidence that might lead to a conclusion of invalidity.” *Pfizer*, 480 F.3d at 1360. Once a respondent “has presented a prima facie case of invalidity, the patentee has the burden of going forward with rebuttal evidence.” *Id.*

### B. Anticipation

A patent may be found invalid as anticipated under 35 U.S.C. § 102(a) if “(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or (2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention. 35 U.S.C. § 102(a). Pursuant to 35 U.S.C. § 102(b),

**(1) Disclosures made 1 year or less before the effective filing date of the claimed invention.**--A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if--

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(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

**(2) Disclosures appearing in applications and patents.**--A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if--

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person

35 U.S.C. § 102(b). Anticipation is a question of fact. *Texas Instruments, Inc. v. U.S. Int'l Trade Comm'n*, 988 F.2d 1165, 1177 (Fed. Cir. 1993) ("*Texas Instruments IP*"). Anticipation is a two-step inquiry: first, the claims of the asserted patent must be properly construed, and then the construed claims must be compared to the alleged prior art reference. *See, e.g., Medichem, S.A. v. Rolabo, S.L.*, 353 F.3d 928, 933 (Fed. Cir. 2003). It is axiomatic that claims are construed the same way for both invalidity and infringement. *W.L. Gore v. Garlock, Inc.*, 842 F.2d 1275, 1279 (Fed. Cir. 2008.)

"Claimed subject matter is 'anticipated' when it is not new; that is, when it was previously known. Invalidation on this ground requires that *every element and limitation* of the claim was *previously described in a single prior art reference*, either *expressly or inherently*, so as to place a person of ordinary skill in possession of the invention." *Sanofi-Synthelabo v. Apotex, Inc.*, 550 F.3d 1075, 1082 (Fed. Cir. 2008) (emphasis added) (citing *Schering Corp. v. Geneva Pharms., Inc.*, 339 F.3d 1373, 1379 (Fed. Cir. 2003) and *Continental Can Co. USA v. Monsanto Co.*, 948 F.2d 1264, 1267-69 (Fed. Cir. 1991)).

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To anticipate, a single prior art reference must be enabling and it must describe the claimed invention, *i.e.*, a person of ordinary skill in the field of the invention must be able to practice the subject matter of the patent based on the prior art reference without undue experimentation. *Sanofi*, 550 F.3d at 1082. The presence in said reference of *both* a specific description and enablement of the subject matter at issue are required. *Id.* at 1083.

To anticipate, a prior art reference also must disclose all elements of the claim within the four corners of said reference. *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1369 (Fed. Cir. 2008); *see also Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341, 1345 (Fed. Cir. 2007) (stating, “Anticipation is established by documentary evidence, and requires that every claim element and limitation is set forth in a single prior art reference, in the same form and order as in the claim.”). Further, “[b]ecause the hallmark of anticipation is prior invention, the prior art reference—in order to anticipate under 35 U.S.C. § 102—must not only disclose all elements of the claim within the four corners of the document, but must also disclose those elements ‘arranged as in the claim.’” *Id.* (quoting *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983)). The Federal Circuit explained this requirement as follows:

The meaning of the expression ‘arranged as in the claim’ is readily understood in relation to claims drawn to things such as ingredients mixed in some claimed order. In such instances, a reference that discloses all of the claimed ingredients, but not in the order claimed, would not anticipate, because the reference would be missing any disclosure of the limitations of the claimed invention ‘arranged as in the claim.’ But the ‘arranged as in the claim’ requirement is not limited to such a narrow set of ‘order of limitations’ claims. Rather, *our precedent informs that the ‘arranged as in the claim’ requirement applies to all claims and refers to the need for an anticipatory reference to show all of the limitations of the claims arranged or combined in the same way as recited in the claims, not merely in a particular order.* The test is thus more accurately understood to mean ‘arranged or combined in the same way as in the claim.’

*Id.* at 1370 (emphasis added). Therefore, it is not enough for anticipation that a prior art reference simply contains all of the separate elements of the claimed invention. *Id.* at 1370-71 (stating that “it is not enough [for anticipation] that the prior art reference discloses part of the claimed invention, which an ordinary artisan might supplement to make the whole, or that it includes multiple, distinct teachings that the artisan might somehow combine to achieve the claimed invention.” (emphasis added)). Those elements must be arranged or combined in said reference in the same way as they are in the patent claim.

If a prior art reference does not expressly set forth a particular claim element, it still may anticipate the claim if the missing element is inherently disclosed by said reference. *Trintec Indus., Inc. v. Top-U.S.A. Corp.*, 295 F.3d 1292, 1295 (Fed. Cir. 2002); *In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999). Inherent anticipation occurs when “the missing descriptive material is ‘necessarily present,’ not merely probably or possibly present, in the prior art.” *Id.* In other words, inherency may not be established by probabilities or possibilities. *See Continental Can*, 948 F.2d at 1268. Thus, “[t]he mere fact that a certain thing may result from a given set of circumstances is not sufficient.” *Id.*

The critical question for inherent anticipation here is whether, as a matter of fact, practicing an alleged prior art reference necessarily features or results in each and every limitation of the asserted claim at issue. *See, e.g., Toro Co. v. Deere & Co.*, 355 F.3d 1313, 1320 (Fed. Cir. 2004).

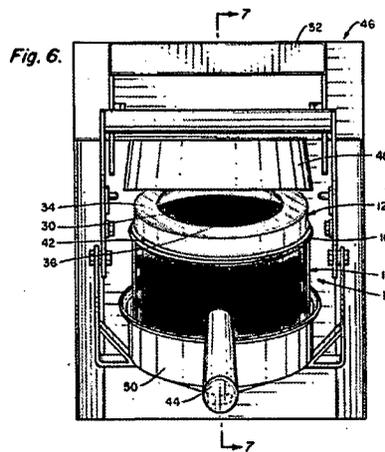
If there are “slight differences” between separate elements disclosed in a prior art reference and the claimed invention, those differences “invoke the question of obviousness, not anticipation.” *NetMoneyIN*, 545 F.3d at 1071; *see also Trintec*, 295 F.3d at 1296 (finding no anticipation and stating that “the difference between a printer and a photocopier may be minimal

and obvious to those of skill in this art. Nevertheless, obviousness is not inherent anticipation.”). Statements such as “one of ordinary skill may, in reliance on the prior art, complete the work required for the invention,” and that “it is sufficient for an anticipation if the general aspects are the same and the differences in minor matters is only such as would suggest itself to one of ordinary skill in the art,” *actually relate to obviousness*, not anticipation. *Connell*, 722 F.2d at 1548.

Respondents argue that the asserted claims of the '320 patent are anticipated in light of certain prior art. For the reasons set forth below, the ALJ finds that Respondents have failed to prove by clear and convincing evidence that the asserted claims of the '320 patent are invalid under 35 U.S.C. § 102 for anticipation.

### 1. Nordskog - U.S. Pat. No. 3,878,772 (RX-1003)

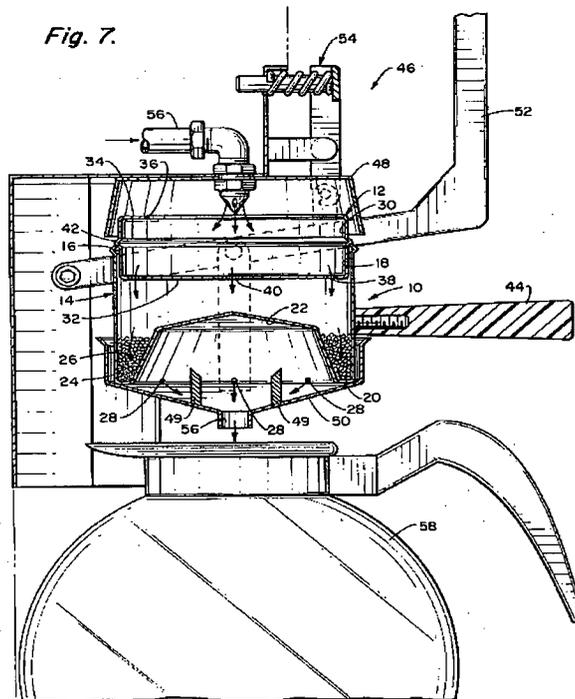
Respondents contend that Nordskog discloses a beverage brewer that is a coffee maker. (RIB at 44.) Then, Respondents submit that “[t]here is no serious dispute that Nordskog discloses each and every element that is recited in independent claim 5, as explained by Dr. Howle, and thus anticipates claim 5.” (*Id.*) Specifically, Respondents argue that Nordskog discloses a brewing chamber (space between “cover 48” and “base 50” when “cover 48” is in the closed position) as shown in the Fig. 6 (see below). (*Id.* at 45.)



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Respondents submit that Nordskog discloses a container (reusable container 10) that is disposed within the brewing chamber whereby the container is composed of a “strainer 12” (shown in orange) and an “undercup 14” (shown in blue). (*Id.* at 45.) Respondents also point out that the container (reusable container 10) is adapted to hold brewing material (instant coffee granules 26) while brewed by the beverage brewer. (*Id.*)

Next, Respondents point out that a receptacle (annular chamber 24) is configured to receive the brewing material (instant coffee granules 26). (*Id.* at 46.) Additionally, Respondents submit that Nordskog discloses a cover (strainer 12) and the receptacle (annular chamber 24) includes a base (lower edge 20 and recess 22, which are different from “base 50” discussed in Nordskog), having an interior surface and an exterior surface. (*Id.*) Respondents, referring to Fig. 7 as shown below, argue that the base (lower edge 20 and recess 22) has an interior surface and an exterior surface. (*Id.*)



Also, Respondents contend that “[a]t least a portion (recess 22) of the base (lower edge 20 and recess 22) is disposed a predetermined distance above a bottom surface (“base 50”) of the brewing chamber (space between cover 48 and “base 50” when cover 48 is in the closed position). (*Id.*)

Respondents submit that “[a]t least one sidewall (the side wall extending from lower edge 20 to upper edge 16, highlighted in green above) extends upwardly from the interior surface of the base (lower edge 20 and recess 22). (*Id.*) Also, the Respondents contend that the receptacle (annular chamber 24) has at least one passageway (holes 28) that provides fluid flow from an interior of the receptacle (annular chamber 24) to an exterior of the receptacle (annular chamber 24). (*Id.*)

Respondents argue that the cover (strainer 12) is adapted to sealingly engage with a top edge (upper edge 16) of the at least one sidewall (the side wall extending from lower edge 20 to upper edge 16), the covering including an opening (apertures 38). (*Id.*) And, the Respondents contend that the container (reusable container 10) is adapted to accept input fluid through the opening (apertures 38) and to provide a corresponding outflow of fluid through the passageway (holes 28). (*Id.*) And, Respondents point out that an inlet port (water inlet conduit 56, shown in orange above) is adapted to provide the input fluid to the container (reusable container 10). (*Id.*) Respondents also contend that the needle-like structure (knives 49) is disposed below the base because it is disposed below a portion (recess 22) of the base. (*Id.* at 46-47.) Thus, Respondents argue that the predetermined distance is selected such that a tip of the needle-like

structure (knives 49) does not penetrate the exterior surface of the base (lower edge 20 and recess 22). (*Id.* at 47.)

ARM contends that “Nordskog is missing several elements from claims 5-8 and 18-20, such that a person of ordinary skill in the art would not find that this reference invalidates claims 5-8 and 18-20.” (CIB at 54.) Specifically, ARM argues that the cover 48 and base 50 in Nordskog, when the cover 48 is in a closed position, do not form an enclosed space and therefore is not a “brewing chamber.” (*Id.*) Next, ARM submits that Nordskog does not disclose a container adapted to hold brewing material because a POSITA would not consider instant coffee to be brewing material. (*Id.* at 54-55.) Also, ARM contends that “Nordskog is specifically intended to remove all brewing functions from a coffee brewer, and instead make it a rehydration device for instant coffee.” (*Id.* at 55.) Last, ARM argues that the knives 49 in Nordskog are not needle-like structures because they possess no feature or ability to receive any outflow fluid or conduct it to any location. (*Id.*)

The Staff argues that the evidence fails to show that Nordskog discloses each element of the asserted claims, such as a “brewing chamber,” or a “needle-like structure.” (SIB at 39.) First, the Staff contends that the evidence fails to establish that the knives 49 described in Nordskog describe the needle-like structures of the '320 patent because they lack the ability to receive or conduct an outflow of fluid as described in the '320 patent. (*Id.* at 40) Furthermore, the Staff points out that the Nordskog device is not configured as a brewing machine because the evidence shows that Nordskog teaches how to change the function of a brewer into a rehydrator. (*Id.*)

Second, the Staff points out that the '320 patent also require a brewing chamber that is capable of receiving a container of brewable material within the brewing chamber. (*Id.*) The

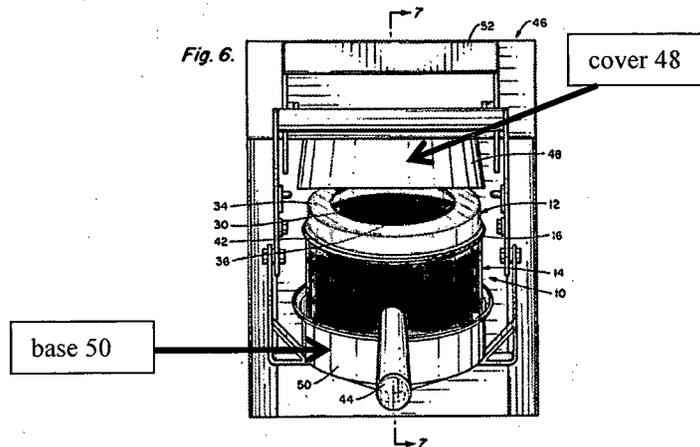
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Staff submits that Dr. Howle opined that Nordskog discloses a brewing chamber in the form of the unenclosed space between the cover **48** and base **50** and he further alleges that the container **10** is the container of the asserted claims with the cover **48** and strainer **12** forming the cover that sealingly engages with the sidewall of the container. (*Id.* 40-41.) However, the Staff argues that “the problem with Dr. Howle’s interpretation of Nordskog is that it requires the brewing chamber to also comprise a portion of the container.” (*Id.* at 41.) Thus, the Staff argues that Dr. Howle’s interpretation is not consistent with the disclosure of the ’320 patent, which states that the brewing chamber should be capable of receiving a container of brewable material within the brewing chamber. (*Id.*)

Last, the Staff contends that Respondents have not shown by clear and convincing evidence that the container described in Nordskog contains brewable material because the act of brewing associated with the instant coffee described in Nordskog took place remotely in a commercial factory preceding the preparation by the Nordskog machine. (*Id.*) Thus, the Staff submits that Nordskog does not disclose each and every element of the asserted claims. (*Id.*)

The ALJ finds that the record shows Nordskog is a proper reference and qualifies as prior art under 35 U.S.C. § 102 as it was published on April 22, 1975 (RX-1003), which is more than one year prior to the priority date (July 13, 2007) of the ’320 patent. The ALJ finds that Nordskog does not disclose a “brewing chamber” as required by the asserted claims of the ’320 patent. The record shows that the cover **48** and base **50** shown in Nordskog, even when the cover **48** is closed, does not describe a “brewing chamber” as it was construed in IV.B.2.f *supra* (“an enclosed space or cavity”). (RX-1003 at Figure 6; CX-4C (Phillips Rebuttal Witness Statement) at Q/A 14 – 20.) Specifically, the evidence shows that Nordskog does not disclose

“an enclosed space or cavity” (brewing chamber) as seen in Fig. 6 (see below) because the two items are never in contact with each other. (RX-1003 at Figure 6; *Id.* at Q/A 18.)



(RX-1003 at Fig. 6.) Additionally, the record shows that while Nordskog does use the term “brewing chamber” in the abstract, the term is actually referring to a coffee supply can which is used in prior art coffee makers and not “an enclosed space or cavity.” (RX-1006 at 1:65-2:3 (describing use of the coffee can); CX-4C at Q/A 19-20.) Since the ALJ finds that Nordskog fails to disclose “a brewing chamber” limitation, Respondents have failed to prove by clear and convincing evidence that the asserted claims of the ’320 patent are invalid for anticipation by Nordskog.

## 2. Beaulieu -- U.S. Pat. No. 6,079,315 (RX-1004)

Respondents contend that Beaulieu discloses every limitation of claim 5 of the ’320 patent. (RIB at 42-44.) Also, Respondents argue that ARM reads limitations into claim 5 in order to justify reasons why Beaulieu does not disclose each and every element in claim 5. (*Id.* at 40-42.)

On the other hand, ARM contends that there are several elements from claim 5 missing in Beaulieu. (CIB at 57.) Also, ARM submits that the Respondents do not present testimony on an element by element basis as to why Beaulieu invalidates the ’320 patent. (CRB at 25.)

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The Staff argues that “Beaulieu fails to clearly and convincingly disclose each and every element of the asserted claims.” (SIB at 42.) Specifically, the Staff contends that Beaulieu lacks two elements of the asserted claims: 1) that the needle-like structure be disposed below the base of the container; and 2) that the base of the container not be pierced by the needle-like structure. (*Id.* at 43.)

First, the ALJ finds that the Beaulieu reference, entitled “Beverage Filter Cartridge Holder,” (U.S. Patent No. 6,079,315) issued on June 27, 2000 and is prior art. (*See* RX-1004 (Beaulieu).) The ALJ finds that Beaulieu does not disclose a needle-like structure disposed below the base of the container so that the base of the container is not pierced by the needle-like structure. (RX-1004; *See* CX-5 (’320 patent) at claims 5 and 18.) The record shows that in Beaulieu no part of the base of the brewing cartridge is located above the needle-like structure as the needle-like structure is specifically designed to puncture the bottom of the cartridge. (RX-1004; CX-4C (Phillips Rebuttal Witness Statement) at Q/A 46.) The ALJ finds the argument put forth by Respondents’ expert Dr. Howle (*see* RX-1085C at pp. 61-62) that it is the bottom of the filter, not the outer container, that must avoid being punctured by the needle-like structure is incorrect because Dr. Howle’s explanation is without clear reasoning as to why the filter and not the cartridge housing of Beaulieu is the component that must avoid being punctured by the needle-like structure. (*See* CX-4C (Phillips Rebuttal Witness Statement) at Q/A 55.) Further, the record shows that the filter described in Beaulieu does not have the sidewalls or passageway of the base disclosed in the ’320 patent. (RX-1004; CX-4C (Phillips Rebuttal Witness Statement) at Q/A 55.) Since the ALJ finds that Beaulieu fails to disclose “a needle-like structure disposed below the base of the container so that the base of the container not be pieced by the needle-like

structure,” Respondents have failed to prove by clear and convincing evidence that the asserted claims of the ’320 patent are invalid for anticipation by Beaulieu.

### 3. Admitted Prior Art in the ’320 Patent

Respondents contend that the Admitted Prior Art (“APA”) in the ’320 patent discloses every limitation of claim 18 of the ’320 patent. (RIB at 51-53.)

On the other hand, ARM contends that there are several elements from claim 18 missing in the APA. (CIB at 61.) Also, ARM submits that the Respondents do not present testimony on an element by element basis as to why the APA invalidates the ’320 patent. (CRB at 25.)

The Staff argues that the prior art disclosed in the ’320 patent specification fails to describe each and every element of the asserted claims. (SIB at 45.) Specifically, the Staff contends “the prior art depicts a container that does not have a base that avoids contact with a needle-like structure” as shown below in Fig. 1 of the ’320 patent. (*Id.* at 44.)

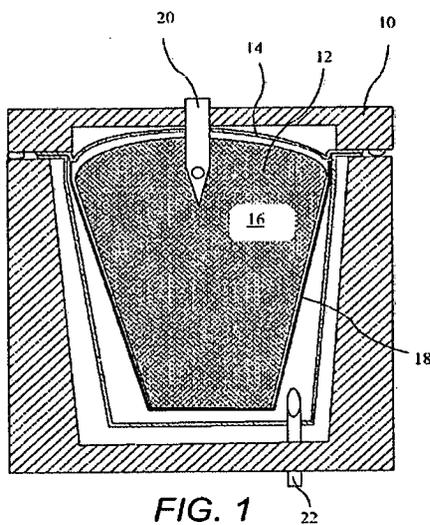


FIG. 1  
(prior art)

The ALJ finds that the APA does not disclose a needle-like structure disposed below the base of the container so that the base of the container not be pierced by the needle-like structure. (See CX-5 (’320 patent) at Figure 1; 3:52-65; claims 5 and 18.) The record shows that in the APA the base of the receptacle (the bottom of the plastic container) is always punctured and

therefore the APA does not have a base that is not located above the needle and is not designed to avoid it. (CX-5 at Fig. 1; see CX-4C (Phillips Rebuttal Witness Statement) at Q/A 87.) In other words, the record shows that the APA specifically discloses the needle-like structure always puncturing the base of the container. (*Id.* at Q/A 86-87; see also Fig. 1 of the '320 patent.) Since the ALJ finds that the APA fails to disclose a needle-like structure disposed below the base of the container so that the base of the container is not pieced by the needle-like structure, Respondents have failed to prove by clear and convincing evidence that the asserted claims of the '320 patent are invalid for anticipation by the APA.

### C. Obviousness

Included within the presumption of validity is a presumption of non-obviousness. *Structural Rubber Prods. Co. v. Park Rubber Co.*, 749 F.2d 707, 714 (Fed. Cir. 1984). Obviousness is grounded in 35 U.S.C. § 103, which provide, *inter alia*, that:

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.

35 U.S.C. § 103. Under 35 U.S.C. § 103, a patent is valid unless “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C. § 103. The ultimate question of obviousness is a question of law, but “it is well understood that there are factual issues underlying the ultimate obviousness decision.” *Richardson-Vicks Inc.*, 122 F.3d at 1479; *Wang Lab., Inc. v. Toshiba Corp.*, 993 F.2d 858, 863 (Fed. Cir. 1993).

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Obviousness is a question of law based on underlying facts, as set forth in *Graham v. John Deere Co.*, 383 U.S. 1 (1966). “The Graham factors are (1) the scope and content of the prior art, (2) the difference between the prior art and the claimed invention, (3) the level of ordinary skill in the field of the invention, and (4) any relevant objective considerations.” *Soverain Software LLC v. NewEgg, Inc.*, 705 F.3d 1333, 1336 (Fed. Cir. 2013). “The Graham Court explained that ‘the ultimate question of patent validity is one of law.’” *Id.* (citing *Graham*, 383 U.S. at 17).

“Generally, a party seeking to invalidate a patent as obvious must demonstrate ‘by clear and convincing evidence that a skilled artisan would have been motivated to combine the teaching of the prior art references to achieve the claimed invention, and that the skilled artisan would have had a reasonable expectation of success in doing so.’” *OSRAM Sylvania, Inc. v. Am. Induction Techs., Inc.*, 701 F.3d 698, 706-707 (Fed. Cir. 2012) (quoting *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1361 (Fed. Cir. 2007)); *see also Amgen, Inc. v. F. Hoffman–LA Roche Ltd.*, 580 F.3d 1340, 1362 (Fed. Cir. 2009) (“An obviousness determination requires that a skilled artisan would have perceived a reasonable expectation of success in making the invention in light of the prior art.” (citations omitted)). “The Supreme Court has warned, however, that, while an analysis of any teaching, suggestion, or motivation to combine known elements is useful to an obviousness analysis, the overall obviousness inquiry must be expansive and flexible.” *OSRAM*, 701 F.3d at 707.

Obviousness may be based on any of the alleged prior art references or a combination of the same, and what a person of ordinary skill in the art would understand based on his knowledge and said references. If all of the elements of an invention are found, then:

a proper analysis under § 103 requires, inter alia, consideration of two factors: (1) whether the prior art would have suggested to those of

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ordinary skill in the art that they should make the claimed composition or device, or carry out the claimed process; and (2) whether the prior art would also have revealed that in so making or carrying out, those of ordinary skill would have a reasonable expectation of success. *Both the suggestion and the reasonable expectation of success must be founded in the prior art, not in the applicant's disclosure.*

*Velander v. Garner*, 348 F.3d 1359, 1363 (Fed. Cir. 2003) (emphasis added) (internal citations omitted).

The critical inquiry in determining the differences between the claimed invention and the prior art is whether there is a reason to combine the prior art references. *See C.R. Bard v. M3 Sys.*, 157 F.3d 1340, 1352 (Fed. Cir. 1998). For example:

*[A] patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art. Although common sense directs one to look with care at a patent application that claims as innovation the combination of two known devices according to their established functions, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does. This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known.*

*KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 418-19 (2007) (emphasis added). The Federal Circuit case law previously required that, in order to prove obviousness, the patent challenger must demonstrate, by clear and convincing evidence, that there is a “teaching, suggestion, or motivation to combine. The Supreme Court has rejected this “rigid approach” employed by the Federal Circuit in *KSR Int'l Co. v. Teleflex Inc.*, 500 U.S. 398, 415 (2007). The Supreme Court stated:

When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that

it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. Sakraida and Anderson's-Black Rock are illustrative—a court must ask whether the improvement is more than the predictable use of prior art elements according to their established function.

Following these principles may be more difficult in other cases than it is here because the claimed subject matter may involve more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement. Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be made explicitly. See *In re Kahn*, 441 F.3d 977, 988 (CA Fed. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusions of obviousness”). As our precedents make clear, however, the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.

[...]

The obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents. The diversity of inventive pursuits and of modern technology counsels against limiting the analysis in this way. In many fields it may be that there is little discussion of obvious techniques or combinations, and it often may be the case that market demand, rather than scientific literature, will drive design trends. Granting patent protection to advance that would occur in the ordinary course without real innovation retards progress and may, in the case of patents combining previously known elements, deprive prior inventions of their value or utility.

*KSR*, 550 U.S. at 417-419. The Federal Circuit has harmonized the *KSR* opinion with many prior circuit court opinions by holding that when a patent challenger contends that a patent is invalid for obviousness based on a combination of prior art references, “the burden falls on the patent challenger to show by clear and convincing evidence that a person of ordinary skill in the art would have had reason to attempt to make the composition or device, or carry out the claimed

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process, and would have had a reasonable expectation of success in doing so.” *PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1360 (Fed. Cir. 2007)(citing *Medichem S.A. v. Rolabo S.L.*, 437 F.3d 1175, 1164 (Fed. Cir. 2006)); *Noelle v. Lederman*, 355 F.3d 1343, 1351-52 (Fed. Cir. 2004); *Brown & Williamson Tobacco Corp. v. Philip Morris, Inc.*, 229 F.3d 1120, 1121 (Fed. Cir. 2000) and *KSR*, 550 U.S. at 416 (“a combination of elements ‘must do more than yield a predictable result’; combining elements that work together ‘in an unexpected and fruitful manner’ would not have been obvious”). Further, a suggestion to combine need not be express and may come from the prior art, as filtered through the knowledge of one skilled in the art. See *Certain Lens-Fitted Film Pkgs.*, Inv. No. 337-TA-406, Order No. 141 at 6 (May 24, 2005).

“Secondary considerations,” also referred to as “objective evidence of non-obviousness,” must be considered in evaluating the obviousness of a claimed invention, but the existence of such evidence does not control the obviousness determination. *Graham*, 383 U.S. at 17-18. A court must consider all of the evidence under the *Graham* factors before reaching a decision on obviousness. *Richardson-Vicks Inc.*, 122 F.3d at 1483-84. Objective evidence of non-obviousness may include evidence of the commercial success of the invention, long felt but unsolved needs, failure of others, copying by others, teaching away, and professional acclaim. See *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 894 (Fed. Cir. 1984), *cert. denied*, 469 U.S. 857 (1984); *Avia Group Int'l, Inc. v. L.A. Gear California*, 853 F.2d 1557, 1564 (Fed. Cir. 1988); *In re Hedges*, 783 F.2d 1038, 1041 (Fed. Cir. 1986); *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 1034 (1987). The burden of showing secondary considerations is on the patentee and, in order to accord objective evidence substantial weight, a patentee must establish a nexus between the evidence and the merits of the claimed invention; a *prima facie* case is generally set forth “when the patentee

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shows both that there is commercial success, and that the thing (product or method) that is commercially successful is the invention disclosed and claimed in the patent.” *In re GPAC Inc.*, 57 F.3d 1573, 1580 (Fed. Cir. 1995); *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988), *cert. denied*, 488 U.S. 956 (1988); *Certain Crystalline Cefadroxil Monohydrate*, Inv. No. 337-TA-293, Comm’n Op. (March 15, 1990). Once a patentee establishes nexus, the burden shifts back to the challenger to show that, *e.g.*, commercial success was caused by “extraneous factors other than the patented invention, such as advertising, superior workmanship, etc.” (*Id.*) at 1393.

Generally, a prior art reference that teaches away from the claimed invention does not create *prima facie* case of obviousness. *In re Gurley*, 27 F.3d 551, 553 (Fed. Cir. 1994; *Certain Rubber Antidegradants*, Inv. No. 337-TA-533 (Remand), Final ID (Dec. 3, 2008) (stating, “KSR reaffirms that obviousness is negated when the prior art teaches away from the invention.”)). However, the nature of the teaching is highly relevant. *Id.* “A reference may be said to *teach away* when a person of ordinary skill, upon reading the reference, would be *discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant.*” *Id.* (emphasis added). For example, “a reference will teach away if it suggests that the line of development flowing from the reference’s disclosure is unlikely to be productive of the result sought by the applicant.” *Id.*

The Federal Circuit has recently explained, moreover, that the obviousness inquiry requires examination of all four Graham factors. *E.g.*, *Mintz v. Dietz & Watson, Inc.*, 679 F.3d 1372, 1375 (Fed. Cir. 2012). Indeed, courts must consider all of the Graham factors prior to reaching a conclusion with respect to obviousness. *In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 676 F.3d 1063, 1076–77 (Fed. Cir. 2012) (collecting

cases). At all times, the burden is on the defendant to establish by clear and convincing evidence that the patent is obvious. *Id.* at 1077–78.

Respondents argue that the asserted claims of the '320 patent are obvious in view of certain prior art. For the reasons set forth below, the ALJ finds that Respondents have failed to prove by clear and convincing evidence that the asserted claims of the '320 patent are invalid under 35 U.S.C. § 103 for obviousness.

Respondents argue that claims 5-7, 18, and 20 of the '320 patent are obvious under 35 U.S.C. § 103 over the prior art. (RIB at 39.) Specifically, Respondents contend that claims 5-7 are obvious over the Admitted Prior Art in the '320 patent (“APA”) under § 103. (*Id.*) Furthermore, Respondents submit that claims 5-8 are obvious over Nordskog as well as claims 5-7, 18, and 20 are obvious over Nordskog in view of the APA. (*Id.*)

Respondents then argue with respect to dependent claim 6 that the APA describes at least one passageway of the “at least one passageway is disposed in the base.” (*Id.* at 58.) With respect to claims 5-7, the Respondents contend that it would have been obvious for a POSITA to slightly raise the lower edge portion such that the needle-like structure is completely below the base lower edge and recess as this would be an obvious design choice or shifting of position. (*Id.*) Then, with respect to claims 5-7, 18, and 20, Respondents argue that it would have been obvious to a POSITA with respect to Nordskog in view of APA to substitute the knives of Nordskog with the needle shown in Fig. 1 of the '320 patent since Fig. 1 is part of the APA as this is a simple substitution of one known element for another to obtain predictable results. (*Id.* at 58-59.)

ARM submits that Respondents’ contentions with respect to obviousness due to the APA are not supported by evidence. (CIB at 55-56.) Specifically, ARM argues that a POSITA would not have defined the filter cup as a separate element from the base and that the needle penetrates

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the base but not the filter cup. (*Id.* at 57.) ARM also points out that the container is not the filter cup but rather the filter cup is held by and located in the container. (*Id.* at 58.)

The Staff argues that a POSITA would not have modified the embodiments in Nordskog to include the brewing chamber or needle-like structure disclosed in the '320 patent. (SIB at 42.) Specifically, the Staff contends that a POSITA “would not have known to modify Nordskog to include the needle-like structure disclosed in FIG. 1 of the '320 patent, because the needle-like structure described in FIG. 1 is designed for a purpose that would not be suitable for the embodiments in Nordskog.” (*Id.*) Next, the Staff submits that Respondents’ expert (Dr. Howle) provides very little substantive justification for the combination of references proposed as 35 U.S.C. § 103 prior art and such unsupported, conclusory statements in place of careful justification and analysis do not meet the obviousness standard articulated by *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1729 (2007). (*Id.*)

At no point in its initial post-hearing brief (or even its reply post-hearing brief) do Respondents specifically describe which prior art combinations it is combining, the manner of combination of those prior art references and/or which claims those combinations render obvious on an element-by-element basis. Furthermore, even assuming that the anticipatory references it cited would also render the asserted claims obvious on their own, and not in combination with any other references, such an argument is also missing from their initial post-hearing brief. In other words, it is not clear as to what is the exact scope and content of the prior art that Respondents are asserting. (*See Smiths Indus. Med. Sys., Inc. v. Vital Signs, Inc.*, 183 F.3d 1347, 1354 (Fed. Cir. 1999) (“The second step in an obviousness inquiry is to determine whether the claimed invention would have been obvious as a legal matter, based on underlying factual inquiries including: (1) the *scope and content of the prior art...*”) (emphasis added).) There is

not even a cursory attempt at an element-by-element analyses with the cited references. The ALJ will not extrapolate the Respondents' discussion in order to fill-in the gaps on an element-by-element basis for the prior art references in order to try to understand the Respondents' unclear contentions with respect to obviousness. (*See* Ground Rule 11.1 (stating, in relevant part, that the post-hearing brief shall "discuss the issues and evidence tried").)

Respondents point to their expert's witness statement to justify their obviousness argument. (*See, e.g.*, RIB at 57 ("This is an obvious matter of design choice or shifting of position." RX-1085C (Howle Witness Statement) at Q/A 203).) The fact that Respondents' expert testified on obviousness does not overcome Respondents' lack of an element-by-element analysis of obviousness in its initial post-hearing brief for which it carries a clear and convincing evidence burden. Respondents do not make a clear and convincing argument that certain prior art references render a specific claim obvious. At best, Respondents are simply relying on their own expert's conclusory testimony. However, the ALJ finds that simply deferring to their own expert's testimony is insufficient to meet their clear and convincing burden to overcome the presumption of validity. Here, Respondents simply fail to provide an element-by-element obviousness analysis except to provide conclusory and generalized sentences. (*See* RIB at 56-59.) The ALJ finds that Respondents have failed to show by clear and convincing evidence that the '320 patent is obvious in light of the prior art.

#### **D. 35 U.S.C. § 112: Indefiniteness and Written Description**

The definiteness requirement of 35 U.S.C. § 112 ensures that the patent claims particularly point out and distinctly claim the subject matter that the patentee regards to be the invention. *See* 35 U.S.C. § 112(b); *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370

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F.3d 1354, 1366 (Fed. Cir. 2004). If a claim's legal scope is not clear enough so that a person of ordinary skill in the art could determine whether or not a particular product infringes, the claim is indefinite, and is, therefore, invalid. *Geneva Pharm., Inc. v. GlaxoSmithKline PLC*, 349 F.3d 1373, 1384 (Fed. Cir. 2003). "The fact that [a patentee] can articulate a definition supported by the specification ... does not end the inquiry. Even if a claim term's definition can be reduced to words, the claim is still indefinite if a person of ordinary skill in the art cannot translate the definition into meaningfully precise claim scope." *Halliburton Energy Servs., Inc. v. M-I LLC*, 514 F.3d 1244, 1251 (Fed. Cir. 2008).

Thus, it has been found that:

When a proposed construction requires that an artisan make a separate infringement determination for every set of circumstances in which the composition may be used, and when such determinations are likely to result in differing outcomes (sometimes infringing and sometimes not), that construction is likely to be indefinite.

*Halliburton Energy Servs.*, 514 F.3d at 1255.

"[B]ecause claim construction frequently poses difficult questions over which reasonable minds may disagree, proof of indefiniteness must meet 'an exacting standard.'" *Wellman, Inc. v. Eastman Chemical Co.*, 642 F.3d, 1355, 1366 (Fed. Cir. 2011) (citations omitted). "An accused infringer must ... demonstrate by clear and convincing evidence that one of ordinary skill in the relevant art could not discern the boundaries of the claim based on the claim language, the specification, the prosecution history, and the knowledge in the relevant art." *Id*

In addition, the first paragraph of 35 U.S.C. § 112 requires:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art ... to make and use the same ...

(35 U.S.C. § 112.)

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The Federal Circuit has interpreted 35 U.S.C. § 112, ¶ 1, to include a written description requirement that requires a patent specification reasonably convey “to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010). “Compliance with the written description requirement is a question of fact.” *ICU Med., Inc. v. Alaris Med. Sys., Inc.*, 558 F.3d 1368, 1376 (Fed. Cir. 2009). Terms need not be used *in haec verba*, *Eiselstein v. Frank*, 52 F.3d 1035, 1038 (Fed. Cir. 1995), and the requirement can be satisfied by “words, structures, figures, diagrams, formulas, etc.,” *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). A description that merely renders the claimed subject matter obvious, however, does not satisfy the requirement. *Id.* at 1571-72.

Respondents contend that if the claim term “to hold brewing material” is construed to cover integrated-filter products like Solofill’s K2 and K3 and thus not construed according to their proposed construction (*i.e.*, “to keep brewing material in a separate pod”), then claims 5 and 18 are so broad that they are not adequately supported by the written description and are invalid under pre-AIA 35 U.S.C. § 112, ¶ 1. (RIB at 34.) First, the Respondents argue that the ’320 patent specification does not describe any integrated-filter design but only described the invention as a “pod adaptor system” or “pod adaptor assembly.” (*Id.* at 34-35.) Second, Respondents contend that the term “design choice” as used by ARM is a term of art used for analyzing obviousness under 35 U.S.C. § 103 and not for evaluating the sufficiency of the written description. (*Id.* at 37.) Additionally, Respondents submit that “[e]ven if ‘design choice’ were to be considered in a written description analysis, ARM nonetheless fails to show a design choice of an integrated-filter design when the ’320 patent application was filed.” (*Id.*) Last, Respondents argue that the evidence shows the inventor did not have possession of an integrated-

filter design as of the filing date of the '320 patent as shown by evidence (*i.e.*, internal emails and design documents) in 2011 whereby the inventor began developing an integrated-filter design. (*Id.* at 38.)

ARM contends that Respondents did not present clear and convincing evidence that the specification is not sufficient. (CIB at 63.) First, ARM argues that Respondents did not properly evaluate the adequacy of the disclosure as Respondents did not address the existing knowledge in the particular field, the extent and content of the prior art, the maturity of the science or technology, and the predictability of the aspect at issue. (CRB at 27.) ARM points out that Respondents did not present any evidence on the existing knowledge in the field of the '320 patent. (*Id.*) Next, contrary to Respondents' contention about '320 patent embodiments not functioning properly unless a pod is used, ARM submits that a POSITA would understand that a container adapted to hold brewing material would need some sort of filtration. (*Id.* at 27-28.) Additionally, ARM contends that a POSITA "reviewing FIGS. 1A, 2, and 3B of the '320 patent, would understand that the filter could be a separate paper filter or an integrated filter across the passageway of the respective container." (*Id.* at 28.) Last, ARM contends that Respondents' argument as to a lack of written description because Mr. Rivera did not actually possess an integrated filter design at the time of the '320 patent is incorrect as the written description test is based on whether the disclosure of the application relied upon reasonably conveys to a POSITA that the inventor had possession of the claimed subject matter as of the filing date. (*Id.* at 29.)

The Staff contends that Respondents have not met their burden of clearly and convincingly showing a lack of written description because ARM's and the Staff's proposed construction of "brew[ing] material" does not require a separate pod. (Staff at 47.) "The Staff respectfully submits that Mr. Phillips' testimony – that the specification reasonably conveys to

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those skilled in the art that the inventor had possession of the claimed subject matter - is persuasive and that Respondents' argument therefore fails to meet the clear and convincing standard required to invalidate the '320 patent." (*Id.*)

The ALJ found as explained in section IV.B.1 *supra* that a POSITA is a person having at least two years of formal education in engineering as well as experience in food science relating to brewable materials, or in the alternative a person having five or more years of experience in the design and development of beverage-brewing machines. The ALJ also found as explained in section IV.B.2.c. *supra* that the term "to hold brewing material" used in the claims would be understood by a POSITA to have its plain and ordinary meaning (*i.e.*, to hold brewing material) and would not be limited to keeping brewing material in a separate pod as contended by Respondents.

Taking into consideration the presumption of validity for the '320 patent as well as the clear and convincing standard needed to overcome this presumption in conjunction with the definition of POSITA and the correct construction of the term "to hold brewing material," the ALJ finds the specification to be sufficient under 35 U.S.C. § 112 ¶ 1. The record shows that a POSITA reviewing the specification would reasonably conclude that the inventor was in possession of the claimed invention described in the asserted claims as a whole at the time the '320 patent application was filed. (CX-5 ('320 patent) at 1:66 – 2:3; 8:1-18; CX-4C (Phillips Rebuttal Witness Statement) at Q/A 108.) Specifically, the ALJ finds that the description of "pod" in the specification would be understood by a POSITA to include a container with a separate filter containing coffee or an integrated filter:

[T]he term 'pod' is a broad term and shall have its ordinary meaning and shall include, but not be limited to, a package formed of a water permeable material and containing an amount of ground coffee or other beverage therein.

(CX-5 ('320 patent) at 1:66-2:3; CX-4C (Phillips Rebuttal Witness Statement) at Q/A 108.)

Accordingly, the ALJ finds the written description of 35 U.S.C. § 112 satisfied for the '320 patent.

## VII. DOMESTIC INDUSTRY

### A. Applicable Law

In patent based proceedings under section 337, a complainant must establish that an industry “relating to the articles protected by the patent . . . exists or is in the process of being established” in the United States. 19 U.S.C. § 1337(a)(2). Under Commission precedent, the domestic industry requirement of Section 337 consists of a “technical prong” and an “economic prong.” *Certain Data Storage Systems and Components Thereof*, Inv. No. 337-TA-471, Initial Determination Granting EMC’s Motion No. 471-8 Relating to the Domestic Industry Requirement’s Economic Prong (unreviewed) at 3 (Public Version, October 25, 2002) The “economic prong” of the domestic industry requirement is satisfied when the economic activities set forth in subsections (A), (B), and/or (C) of subsection 337(a)(3) have taken place or are taking place with respect to the protected articles. *Certain Printing and Imaging Devices and Components Thereof*, Inv. No. 337-TA-690, Commission Op. at 25 (February 17, 2011) (“*Printing and Imaging Devices*”). With respect to the “economic prong,” 19 U.S.C. § 1337(a)(2) and (3) provide, in full:

(2) Subparagraphs (B), (C), (D), and (E) of paragraph (1) apply only if an industry in the United States, relating to the articles protected by the patent, copyright, trademark, mask work, or design concerned, exists or is in the process of being established.

(3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent, copyright, trademark, mask work, or design concerned—

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- (A) significant investment in plant and equipment;
- (B) significant employment of labor or capital; or
- (C) substantial investment in its exploitation, including engineering, research and development, or licensing.

*Id.*

Given that these criteria are in the disjunctive, satisfaction of any one of them will be sufficient to meet the domestic industry requirement. *Certain Integrated Circuit Chipsets and Products Containing Same*, Inv. No. 337-TA-428, Order No 10 at 3, Initial Determination (Unreviewed) (May 4, 2000), citing *Certain Variable Speed Wind Turbines and Components Thereof*, Inv. No. 337-TA-376, Commission Op. at 15, USITC Pub. 3003 (Nov. 1996). The Commission has embraced a flexible, market-oriented approach to domestic industry, favoring case-by-case determination “in light of the realities of the marketplace” that encompass “not only the manufacturing operations” but may also include “distribution, research and development and sales.” *Certain Dynamic Random Access Memories*, Inv. No. 337-TA-242, USITC Pub. 2034, Commission Op. at 62 (Nov. 1987) (“*DRAMs*”).

To meet the technical prong, the complainant must establish that it practices at least one claim of the asserted patent. *Certain Point of Sale Terminals and Components Thereof*, Inv. No. 337-TA-524, Order No. 40 (April 11, 2005). The test for claim coverage for the purposes of the technical prong of the domestic industry requirement is the same as that for infringement. *Alloc, Inc. v. Int’l Trade Comm’n*, 342 F.3d 1361, 1375 (Fed. Cir. 2003); see also *Certain Doxorubicin and Preparations Containing Same*, Inv. No. 337-TA-300, Initial Determination at 109 (U.S.I.T.C., May 21, 1990) (“*Certain Doxorubicin*”), *aff’d*, Views of the Commission at 22 (October 31, 1990). “First, the claims of the patent are construed. Second, the complainant’s article or process is examined to determine whether it falls within the scope of the claims.” (*Id.*) As with infringement, the first step of claim construction is a question of law, whereas the

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second step of comparing the article to the claims is a factual determination. *Markman*, 52 F.3d at 976. The technical prong of the domestic industry can be satisfied either literally or under the doctrine of equivalents. *Certain Excimer Laser Systems for Vision Correction Surgery and Components Thereof and Methods for Performing Such Surgery*, Inv. No. 337-TA-419, Order No. 43 (July 30, 1999). The patentee must establish by a preponderance of the evidence that the domestic product practices one or more claims of the patent. *See Bayer AG v. Elan Pharm. Research Corp.*, 212 F.3d 1241, 1247 (Fed. Cir. 2000).

The Commission recently determined that the technical prong is not limited to subsections (A) and (B), but that any complainant seeking to establish a domestic industry under subsection (C) must also meet the technical prong. *Certain Computers and Computer Peripheral Devices, and Components Thereof, and Products Containing Same*, Inv. No. 337-TA-841, Comm'n Op. (December 20, 2013). Specifically, the Commission stated

Based on the *InterDigital* and *Microsoft* decisions, a complainant alleging the existence of a domestic industry under 19 U.S.C. §1337(a)(3)(C) must show the existence of articles. As discussed extensively earlier, the substantial investment, once protected articles have been shown, is in the exploitation of the intellectual-property rights, “including engineering, research and development, or licensing.

*Id.* at 40. The Commission further stated, however, that “[w]e reject the [] production-driven requirement, which is in conflict with the plain language of the statute and its legislative history.”

*Id.*

Congress enacted 19 U.S.C. § 1337(a)(3) in 1988 as part of the Omnibus Trade and Competitiveness Act. *See Certain Plastic Encapsulated Integrated Circuits*, Inv. No. 337-TA-315, USITC Pub. No. 2574 (Nov. 1992), Initial Determination at 89 (October 16, 1991) (unreviewed in relevant part). The first two sub-paragraphs codified existing Commission practice. *See id.* at 89; *see also Certain Male Prophylactic Devices*, Inv. No. 337-TA-546,

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Commission Op. at 39 (June 29, 2007). Under Commission precedent, these requirements could be met by manufacturing the articles in the United States, *see, e.g., DRAMs*, Commission Op. at 61, or other related activities, *see Schaper Mfg. Co. v. U.S. Int'l Trade Comm'n*, 717 F.2d 1368, 1373 (Fed. Cir. 1983) (“[I]n proper cases, ‘industry’ may encompass more than the manufacturing of the patented item. . . .”).

In addition to subsections (A) and (B), there is also subsection (C). “In amending section 337 in 1988 to include subsection (C), Congress intended to liberalize the domestic industry requirement so that it could be satisfied by all ‘holders of U.S. intellectual property rights who are engaged in activities genuinely designed to exploit their intellectual property’ in the United States.” *Certain Multimedia Display and Navigation Devices and Systems and Components Thereof, and Products Containing Same*, Inv. No. 337-TA-694, Commission Op. at 7 (August 8, 2011) (quoting *Certain Digital Processors and Digital Processing Systems, Components Thereof, and Products Containing Same*, Inv. No. 337-TA-559, Final Initial Determination at 93 (unreviewed in relevant part) (May 11, 2007)).

In *Printing and Imaging Devices*, the Commission held that “under the statute, whether the complainant's investment and/or employment activities are ‘significant’ is not measured in the abstract or absolute sense, but rather is assessed with respect to the nature of the activities and how they are ‘significant’ to the articles protected by the intellectual property right.”

*Printing and Imaging Devices*, Commission Op. at 26. The Commission further stated that:

the magnitude of the investment cannot be assessed without consideration of the nature and importance of the complainant's activities to the patented products in the context of the marketplace or industry in question . . . . whether an investment is ‘substantial’ or ‘significant’ is context dependent. (*Id.* at 31.)

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Indeed, the Commission has emphasized that “there is no minimum monetary expenditure that a complainant must demonstrate to qualify as a domestic industry under the ‘substantial investment’ requirement” of section 337(a)(3)(C). *Certain Stringed Musical Instruments and Components Thereof*, Inv. No. 337-TA-586, Commission Op. at 25 (May 16, 2008). Moreover, the Commission has stated that the complainant need not “define or quantify the industry itself in absolute mathematical terms.” *Id.* at 26.

Section 337(a)(3)(C) provides for domestic industry based on “substantial investment” in the enumerated activities, including licensing of a patent. *See Certain Digital Processors and Digital Processing Systems, Components Thereof, and Products Containing Same*, Inv. No. 337-TA-559, Initial Determination at 88 (May 11, 2007) (“*Certain Digital Processors*”). Mere ownership of the patent is insufficient to satisfy the domestic industry requirement. *Certain Digital Processors* at 93. (citing the Senate and House Reports on the Omnibus Trade and Competitiveness Act of 1988, S.Rep. No. 71). However, entities that are actively engaged in licensing their patents in the United States can meet the domestic industry requirement. *Certain Digital Processors* at 93. The complainant must receive revenue, *e.g.* royalty payments, from its licensing activities. *Certain Digital Processors*, at 93-95 (“Commission decisions also reflect the fact that a complainant’s receipt of royalties is an important factor in determining whether the domestic industry requirement is satisfied . . . [t]here is no Commission precedent for the establishment of a domestic industry based on licensing in which a complainant did not receive any revenue from alleged licensing activities. In fact, in previous investigations in which a complainant successfully relied solely on licensing activities to satisfy section 337(a)(3), the complainant had licenses yielding royalty payments.”) (citations omitted). *See also Certain Video Graphics Display Controllers and Products Containing Same*, Inv. No. 337-TA-412,

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Initial Determination at 13 (May 14, 1999) (“*Certain Video Graphics Display Controllers*”); *Certain Integrated Circuit Telecommunication Chips and Products Containing Same Including Dialing Apparatus*, Inv. No. 337-TA-337, U.S.I.T.C. Pub. No. 2670, Initial Determination at 98 (March 3, 1993) (“*Certain Integrated Circuit Telecommunication Chips*”); *Certain Zero-Mercury-Added Alkaline Batteries, Parts Thereof and Products Containing Same*, Inv. No. 337-TA-493, Initial Determination at 142 (June 2, 2004) (“*Certain Zero-Mercury-Added Alkaline Batteries*”); *Certain Semiconductor Chips*, Order No. 13 at 6 (January 24, 2001); *Certain Digital Satellite System DSS Receivers and Components Thereof*, Inv. No. 337-TA-392, Initial and Recommended Determinations at 11 (December 4, 1997) (“*Certain Digital Satellite System DSS Receivers*”).

In *Certain Multimedia Display & Navigation Devices & Systems, Components Thereof, & Products Containing Same*, Inv. No. 337-TA-694, Comm’n Op. (Aug. 8, 2011) (“*Navigation Devices*”), the Commission stated that a complainant seeking to rely on licensing activities must satisfy three requirements: (1) the investment must be “an investment in the exploitation of the asserted patent;” (2) the investment must relate to licensing; and (3) the investment “must be domestic, *i.e.*, it must occur in the United States.” *Id.* at 7-8. The Commission stated that “[o]nly after determining the extent to which the complainant’s investments fall within these statutory parameters can we evaluate whether complainant’s qualifying investments are ‘substantial,’ as required by the statute.” *Id.* at 8.

Under the first of the three requirements, the complainant must show a nexus between the licensing activity and the asserted patent. *Id.* at 9. When the asserted patent is part of a patent portfolio, and the licensing activities relate to the portfolio as a whole, the Commission requires that the facts be examined to determine the strength of the nexus between the asserted patent and

the licensing activities. *Id.* The Commission provided a non-exhaustive list of factors to consider, such as (1) whether the licensee's efforts relate to "an article protected by" the asserted patent under Section 337 (a)(2)-(3); (2) the number of patents in the portfolio; (3) the relative value contributed by the asserted patent to the portfolio; (4) the prominence of the asserted patent in licensing discussions, negotiations, and any resulting licensing agreement; and (5) the scope of technology covered by the portfolio compared to the scope of the asserted patent. *Id.* at 9-10. The Commission explained that the asserted patent may be shown to be particularly important or valuable within the portfolio where there is evidence that: (1) it was discussed during licensing negotiations; (2) it has been successfully litigated before by the complainant; (3) it is related to a technology industry standard; (4) it is a base patent or pioneering patent; (5) it is infringed or practiced in the United States; or (6) the market recognizes the patent's value in some other way. *Id.* at 10-11.

Once a complainant's investment in licensing the asserted patent in the United States has been assessed in the manner described above, the next inquiry is whether the investment is "substantial." 19 U.S.C. § 1337(a)(3)(C). The Commission takes "a flexible approach whereby a complainant whose showing on one or more of the three section 337(a)(3)(C) requirements is relatively weak may nevertheless establish that its investment is 'substantial' by demonstrating that its activities and/or expenses are of a large magnitude." *Multimedia Display and Navigation Devices*, Comm'n Op. at 15. The Commission has indicated that whether an investment is "substantial" may depend on:

- (1) the nature of the industry and the resources of the complainant;
- (2) the existence of other types of "exploitation" activities;
- (3) the existence of license-related "ancillary" activities;

(4) whether complainant's licensing activities are continuing; and

(5) whether complainant's licensing activities are the type of activities that are referenced favorably in the legislative history of section 337(a)(3)(C).

*Id.* at 15-16. The complainant's return on its licensing investment (or lack thereof) may also be circumstantial evidence of substantiality. *Id.* at 16. In addition, litigation expenses may be evidence of the complainant's investment, but "should not automatically be considered a 'substantial investment in . . . licensing,' even if the lawsuit happens to culminate in a license." *John Mezzalingua Assocs., Inc. v. Int'l Trade Comm'n*, 660 F.3d 1322 (Fed. Cir. 2011).

#### B. Technical Prong

ARM argues that its products, the EZ-Cup, the Eco-Fill and the Eco-Fill Deluxe, when used with a single-serve beverage brewer such as the Keurig machine satisfies each element of claim 5, claim 10, and claim 18 of the '320 patent. (CIB at 40-54.) To the extent that ARM need only show that its products when used with a single-serve beverage brewer such as the Keurig machine practice one claim of the '320 patent, the ALJ finds that ARM has shown by a preponderance of the evidence that its products practice claim 5. (*See Bayer*, 212 F.3d at 1247 (the patentee must establish by a preponderance of the evidence that the domestic product practices one or more claims of the patent).) The ALJ's decision not to address the other claims set forth by ARM does not indicate that it has not been considered. Rather, in light of the foregoing, such analyses have been deemed superfluous and immaterial.

Staff argues that ARM's products when combined with a beverage brewer meet all of the limitations of claim 5 of the '320 patent. (SIB at 58-63.)

Respondents argue that ARM's products do not practice any of claims 5, 10 or 18 because the products do not have a "passageway." (RIB at 33-34.)

**a) “A beverage brewer, comprising:”**

ARM submits that the packaging for its EZ-Cup, Eco-Fill and Eco-Fill Deluxe products instruct users to use the product with a beverage brewer Keurig machine. (CIB at 41.)

The evidence shows that ARM’s EZ-Cup, Eco-Fill and Eco-Fill Deluxe products instruct users to use the product with a beverage brewer Keurig machine. (*See* CX-3 (Phillips Witness Statement) at Q/A 114 (EZ-Cup) and Q/A 164 (Eco-Fill and Eco-Fill Deluxe); CPX-0001; CPX-0002; CPX-0003.)

Therefore, the ALJ finds that ARM’s products correspond to the preamble for claim 5.

**b) “a brewing chamber”**

ARM submits that “[t]he Keurig machine that users of the EZ-Cup and Eco-Fill products are instructed to use includes a brewing chamber.” (CIB at 41.)

The evidence shows that ARM’s EZ-Cup, Eco-Fill and Eco-Fill Deluxe products instruct users to use these products with the Keurig brewing machine and the Keurig machine includes a brewing chamber. (*See* CX-3 (Phillips Witness Statement) at Q/A 115 (EZ-Cup) and Q/A 165 (Eco-Fill and Eco-Fill Deluxe); CPX-0001; CPX-0002; CPX-0003; CPX-0011.)

Therefore, the ALJ finds that ARM’s products as used with a Keurig brewing machine meet this limitation.

**c) “a container, disposed within the brewing chamber and adapted to hold brewing material while brewed by a beverage brewer, the container comprising”**

ARM contends that its EZ-Cup, Eco-Fill and Eco-Fill Deluxe products have a container that is adapted to hold brewing material. (CIB at 41.) Also, ARM points out that its products are containers that are designed to be disposed in a brewing chamber, and are adapted to hold brewing material while brewed by a beverage brewer. (*Id.*) Further, ARM submits that its

product packaging instructs a user to place brewing material such as coffee in the container and this container holds the coffee during the brewing process. (*Id.*)

The evidence shows that ARM's EZ-Cup, Eco-Fill and Eco-Fill Deluxe products have a container that is adapted to hold brewing material and this container is designed and used in a brewing chamber. (*See* CX-3 (Phillips Witness Statement) at Q/A 116 and Q/A 166; CPX-0001; CPX-0002; CPX-0003.)

Therefore, the ALJ finds that ARM's products as used with a Keurig brewing machine meet this limitation.

**d) "a receptacle configured to receive the brewing material"**

ARM contends that its EZ-Cup, Eco-Fill and Eco-Fill Deluxe products have a container that includes a receptacle that is configured to receive the brewing material. (CIB at 42.)

The evidence shows that ARM's EZ-Cup, Eco-Fill and Eco-Fill Deluxe products have a container that includes a receptacle that is configured to receive the brewing material. (*See* CX-3 (Phillips Witness Statement) at Q/A 117; CPX-0001; CPX-0002; CPX-0003.)

Therefore, the ALJ finds that ARM's products as used with a Keurig brewing machine meet this limitation.

**e) "a cover"**

The record shows that the EZ-Cup, the Eco-Fill and the Eco-Fill Deluxe have covers. (*See* CX-3 (Phillips Witness Statement) at Q/A 118 (EZ-Cup) and Q/A 168 (Eco-Fill and Eco-Fill Deluxe); CPX-0001; CPX-0002; CPX-0003.)

Therefore, the ALJ finds that ARM's products as used with a Keurig brewing machine meet this limitation.

**f) “wherein the receptacle includes a base, having an interior surface and an exterior surface, wherein at least a portion of the base is disposed a predetermined distance above a bottom surface of the brewing chamber”**

ARM points out that the base of the EZ-Cup consists of two portions that are connected by a spring whereby the first portion is an annular rim at the bottom of the container (where one end of the spring is connected) and the second portion is a spring-biased support. (CIB at 43.) Also, ARM submits that the Eco-Fill and Eco-Fill Deluxe products include a base, which is the bottom of the products. (*Id.*) ARM points out that the bottom of the Eco-Fill has a circumferential rim that extends radially with a little nub in the center, connected by four ribbed members, whereas the bottom of the Eco-Fill Deluxe is generally flat with two slots to accommodate the bottom needle of the Keurig machine. (*Id.*) Then, ARM contends that there is a portion of the base that disposed a predetermined distance above the bottom surface of the brewing chamber. (*Id.* at 44.)

The record shows that the EZ-Cup has a receptacle and that receptacle has a base and that base has both an interior and exterior surface. (*See* CX-3 (Phillips Witness Statement) at Q/A 119; CPX-0001.) Also, the evidence shows that at least a portion of the EZ-Cup base remains above a bottom surface of the brewing chamber of the Keurig and that the EZ-Cup has at least one sidewall extending upward from the surface of the base. (*See* CX-3 (Phillips Witness Statement) at Q/A 119-20; CPX-0001.)

The record also shows that the Eco-Fill and Eco-Fill Deluxe products include a base, which is the bottom of the products. (CX 3 (Phillips Witness Statement) at Q169; CPX-0002 and CPX-0003.) Further, the record shows that the bottom of the Eco-Fill product has a circumferential rim that extends radially with a little nub in the center, connected by four ribbed members, whereas the bottom of the Eco-Fill Deluxe is generally flat with two slots to

accommodate the bottom needle of the Keurig machine. (*Id.*)

Therefore, the ALJ finds that ARM's products as used with a Keurig brewing machine meets this limitation.

**g) "at least one sidewall extending upwardly from the interior surface of the base"**

The record shows that ARM's EZ-Cup product has a sidewall that extends up from the interior surface of the base. (*See* CX-3 (Phillips Witness Statement) at Q/A 120; CPX-0001.) Also, the evidence show that the sidewalls of the EZ-Cup extend from the annular rim at the bottom of the EZ-Cup. (*Id.*) Also, the record shows that the Eco-Fill and Eco-Fill Deluxe products both have a sidewall that extends up from the interior surface of the base. (*Id.* at Q/A 170; CPX-0002 and CPX-0003.)

Therefore, the ALJ finds that ARM's products meet this limitation.

**h) "wherein the receptacle has at least one passageway that provides fluid flow from an interior of the receptacle to an exterior of the receptacle"**

ARM contends that the EZ-Cup's base has a passageway (surrounded by the annular rim at the bottom of the EZ-Cup) and this passageway allows fluid flow from an interior of the receptacle to an exterior of the receptacle. (CIB at 38, 44.) Also, ARM points out that the Eco-Fill and Eco-Fill Deluxe products include at least one passageway that provides fluid flow from an interior of the receptacle to an exterior of the receptacle whereby at least one passageway in the Eco-Fill and Eco-Fill Deluxe are the areas in the plastic body of the receptacle where the filter material is visible. (*Id.* at 44.)

Respondents argue that ARM's products do not practice any of claims 5, 10 or 18 because the products do not have a "passageway." (RIB at 33-34.) Respondents contend that a

POSITA “understands that the regions containing a metal mesh or perforated metal sheet, between the plastic framework in ARM’s Eco-Fill and Eco-Fill Deluxe, do not constitute a ‘passageway.’” (*Id.* at 33.)

The record shows that the EZ-Cup has a base and the base has a passageway which is surrounded by the annular rim at the bottom of the EZ-Cup, and this passageway allows fluid flow from an interior of the receptacle to an exterior of the receptacle. (*See* CX-3 (Phillips Witness Statement) at Q/A 121; CPX-0001.) With respect to ARM’s Eco-Fill and Eco-Fill Deluxe products, the evidence shows that these products include at least one passageway that provides fluid flow from an interior of the receptacle to an exterior of the receptacle. (*Id.* at Q/A 171; CPX-0002 and CPX-0003.) Also, the record shows that at least one passageway in the Eco-Fill and Eco-Fill Deluxe are the areas in the plastic body of the receptacle where the filter material is visible. (*Id.*)

The ALJ finds that Respondents’ argument with respect to “passageway” is unpersuasive and incorrect for the same reasons set forth *supra* in Section V.B relating to infringement. The Respondents’ argument that ARM’s products do not have a “passageway” would eliminate the ability of a brewed beverage exiting the products thereby rendering the products inoperable. (*See* CX-3 (Phillips Witness Statement) at Q/A 121.)

Therefore, the ALJ finds that ARM’s products meet this limitation.

**i) “wherein the cover is adapted to sealingly engage with a top edge of the at least one sidewall, the cover including an opening”**

The record shows that EZ-Cup, Eco-Fill and Eco-Fill Deluxe products each have a cover and this cover sealingly engages with the sidewall, and there is a circular opening in the cover. (*See* CX-3 (Phillips Witness Statement) at Q/A 122 (EZ-Cup) and Q/A 172 (Eco-Fill and Eco-Fill Deluxe); CPX-0001; CPX-0002 and CPX-0003.) Also, the evidence shows that the cover

seals to the sidewalls through the use of an o-ring. (*Id.*)

Therefore, the ALJ finds that ARM's products meet this limitation.

**j) "wherein the container is adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway"**

The record shows that ARM's EZ-Cup is adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway. (*See* CX-3 (Phillips Witness Statement) at Q/A 123; CPX-0001.)

With respect to the Eco-Fill and Eco-Fill Deluxe products, the evidence shows that these products are adapted to accept input fluid through the opening and to provide a corresponding outflow of fluid through the passageway. (*Id.* at Q/A 173; CPX-0002 and CPX-0003.) And, the record shows that the outflow of coffee for ARM's products through the passageway "corresponds" to the input of water injected into the cover's opening because both the input and the outflow are related in that the outflow is consistently derived from the input of injected water. (*Id.* at Q/A 123 and Q/A 173; CPX-0001; CPX-0002 and CPX-0003.)

Therefore, the ALJ finds that ARM's products meet this limitation.

**k) "an inlet port, adapted to provide the input fluid to the container"**

The record shows that the Keurig machine includes an inlet port whereby fluid is injected into the container of ARM's EZ-Cup, Eco-Fill, and Eco-Fill Deluxe products via the opening in the cover of these products. (*See* CX-3 (Phillips Witness Statement) at Q/A 124 (EZ-Cup) and Q/A 174 (Eco-Fill and Eco-Fill Deluxe); CPX-0011.)

Therefore, the ALJ finds that ARM's products meet this limitation.

**l) "a needle-like structure, disposed below the base"**

The record shows that while the Keurig K130 machine contains a needle-like structure

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below the base in the brewing chamber whereby the needle-like structure is designed to puncture the bottom of K-Cups, the needle-like structure is disposed below the base relative to the EZ-Cup when the EZ-Cup is used. (See CX-3 (Phillips Witness Statement) at Q/A 125; CPX-0011.)

With respect to the Eco-Fill and Eco-Fill Deluxe products, the record shows that the needle-like structure is disposed below the base relative to when they are inserted in the brewing chamber so that the needle-like structure is below the region of the base surrounding the nub on the bottom of these products and the needle like structure is below the region of the base where the two slots are located as the slots are designed to avoid the lower needle. (See CX-3 (Phillips Witness Statement) at Q/A 175; CPX-0001.)

In IV.B.2.d *supra*, the ALJ found the term “a needle-like structure disposed below the base” to be “needle-like structure disposed below at least a portion of the base.” Under this construction, the record shows that ARM’s EZ-Cup, Eco-Fill and Eco-Fill Deluxe products meet this limitation. (See CX-3 (Phillips Witness Statement) at Q/A 125 and Q/A 175; CPX-0001; CPX-0002; CPX-0003 and CPX-0011.)

Therefore, the ALJ finds that ARM’s products meet this limitation.

**m) “wherein the predetermined distance is selected such that a tip of the needle-like structure does not penetrate the exterior surface of the base.”**

The record shows that the passageway is disposed to receive the needle-like structure and to provide clearance around it so that it does not puncture the base. (See CX-3 (Phillips Witness Statement) at Q/A 126; CPX-0001; CPX-0002; CPX-0003 and CPX-0011.) And, the evidence shows that when the EZ-Cup is placed in the brewing chamber, the opening at the bottom of the EZ-Cup surrounded by the annular rim accommodates the lower needle and provides clearance such that the base is not punctured. (*Id.*)

With respect to ARM’s Eco-Fill and Eco-Fill Deluxe products, the tip of the needle-like

structure does not penetrate the exterior surface of the base because the base has a region surrounding the nub that is elevated so that the tip of the needle does not penetrate the base. (*Id.* at Q/A 176.) Also, the record shows that the Eco-Fill Deluxe base has two slots to accommodate the bottom needle of the Keurig machine so the tip of the lower needle does not penetrate the exterior surface of the Eco-Fill Deluxe's base. (*Id.*)

Therefore, the ALJ finds that ARM's products meet this limitation.

### C. Economic Prong

In order to satisfy the economic prong of the domestic industry requirement it must be determined that one of the economic activities set forth in subsections (A), (B), or (C) of subsection 337(a)(3) have taken place or are taking place with respect to the protected articles. *Certain Adjustable Keyboard Support Sys.*, Inv. No. 337-TA-670, Order No. 27 (Nov. 4, 2009). Specifically, it must be shown that there is (A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in its exploitation, including engineering, research and development, or licensing. 19 U.S.C. § 1337(a)(3).

Respondents contend that ARM cannot satisfy the economic prong because ARM relies on activities relating exclusively to the beverage capsules for the economic prong while relying on the combination of beverage capsules and Keurig brewing machines for the technical prong. (RIB at 63.) Additionally, Respondents also argue that ARM cannot satisfy the economic prong because ARM's beverage capsules are distinct products from the beverage brewers. (*Id.* at 65.)

While an extremely close call, the ALJ ultimately finds that ARM can rely on activities related to the beverage capsules for the economic prong while relying on the beverage capsules in combination with the Keurig brewing machines for the technical prong. ARM and Staff rely on *Motorola Mobility, LLC v. Int'l Trade Comm'n*, 737 F.3d 1345 (Fed. Cir. 2013), in support of

their arguments. In that case, the Federal circuit held that

[N]othing in § 337 precludes a complainant from relying on investments or employment directed to significant components, specifically tailored for use in an article protected by the patent. The investments or employment must only be ‘with respect to the articles protected by the patent’.

737 F.3d at 1351. Unlike the *Motorola* case, there is no evidence that ARM worked in conjunction with Keurig in developing the pods. In the *Motorola* case, the software was a “significant component” of the protected article because those specific mobile device would not function without the software, and Microsoft worked closely with mobile device manufacturers in tailoring the software for each specific device. Here, the Keurig brewing machines would work, *i.e.*, brew beverages, without either the EZ-Fill or Eco-Fill products.

However, the “article” protected by the ’320 patent is the beverage capsule *in combination with* the beverage brewer, not the beverage brewer alone. Taking that entire combination as a whole, then Staff and ARM are correct in that the beverage capsules are specifically tailored for use with the “article protected by the patent.” Moreover, while ARM did not work closely with the makers of the Keurig brewing machines (as was the case with Microsoft and the mobile device manufacturers), there is no dispute that ARM’s beverage capsules are “specifically tailored” for use in the Keurig brewing machine.

The record shows that ARM’s beverage capsules are a significant component specifically tailored for use in the Keurig brewing machine. (*See CX-3 (Phillips Witness Statement) at Q/A 90-113.*) Thus, ARM’s brewing capsules are significant components and are specifically tailored for use with a brewing machine. As a result, the ’320 patent cannot be practiced without the brewing capsule as well as the brewing machine. (*See Motorola Mobility, LLC, 737 at 1351.*)

**1. 19 U.S.C. § 1337(a)(3)(A): Significant Investment in Plant and Equipment**

The ALJ finds that ARM satisfies the economic prong of the domestic industry

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requirement under 19 U.S.C. § 1337(a)(3)(A) because ARM has made significant investments in plant and equipment for product development, product testing and inspection, product improvement, packaging, and creating artwork for the domestic industry products practicing the '320 patent. The record shows that ARM made investments in rent and equipment used for the overall operation of its business for its domestic products (EZ-Cup and Eco-Fill). (CX-1C (Rivera Witness Statement) at Q/A 118-120 and 127-129; see *InterDigital Commc'ns, LLC v. U.S. Int'l Trade Comm'n*, 707 F.3d 1295, 1297 (Fed. Cir. 2013)(“With respect to subparagraph (A) of paragraph 337(a)(3), the ‘significant investment in plant or equipment’ that is required to show the existence of a domestic industry must exist ‘with respect to the articles protected by the patent’ in question.”))

Specifically, the record shows that ARM estimated sales for its domestic industry products was [REDACTED]. (CX-1C (Rivera Witness Statement) at Q/A 76, 78, 80, 82, 83, 100 and 111.) The record also shows that ARM does not allocate the value of its investments on a model-by-model basis but allocates its investments as a percentage of its sales. (CX-1C (Rivera Witness Statement) at Q/A 119; see *Certain Stringed Musical Instruments and Components Thereof*, Inv. No. 337-TA-586, USITC Pub. No. 4120, Comm'n Op. at 25-26 (Dec. 2009) (“A precise accounting is not necessary, as most people do not document their daily affairs in contemplation of possible litigation.”).) Thus, the ALJ finds that ARM's allocation method is sufficient to demonstrate that its investments support its domestic industry related to the articles protected by the '320 patent.

The evidence shows that ARM paid [REDACTED] in rent for its facilities from September 2012 until May 2014 and [REDACTED] in rent for its facilities from May 2014 to December 2014. (See CX-1C (Rivera Witness Statement) at Q/A 115-120; Q/A 125-130.) The record also shows

that these facilities supported ARM's overall business for its domestic products by product development, product testing and inspection, product improvement, packaging, and creating artwork. (CX-1C (Rivera Witness Statement) at Q/A 118-120 and 127-129.) Further, the record shows that ARM does not divide its rent expenses by product but uses an appropriation of apportionment of rent based on sales percentages for its products. (*Id.* at Q/A 119.) Thus, the record shows that by applying apportionment based on annual sales of the EZ-Cup and Eco-Fill products, the total rent that relates to the domestic industry products is [REDACTED] for the Larwin Circle facility and [REDACTED] for the Bell Ranch Drive facility for a total of [REDACTED]. (*Id.* at Q/A 115-120; Q/A 125-130.)

The record also shows that ARM had expenditures on equipment described as "purchases R&D" used in development of the domestic industry products such as beverage brewing machines, coffee pods, plastics and other materials. (CX-1C (Rivera Witness Statement) at Q/A 138-141.) The record shows that the estimated costs for the "purchases R&D" equipment was [REDACTED] [REDACTED] (*Id.* at Q/A 141.)

The ALJ finds that the [REDACTED] ARM invested in rent and the [REDACTED] ARM invested in equipment related to its domestic industry products are sufficient to establish a substantial investment in plant and equipment in the exploitation of the '320 patent and therefore ARM satisfies the economic prong of the domestic industry requirement under 19 U.S.C. § 1337(a)(3)(A).

**2. 19 U.S.C. § 1337(a)(3)(B): Significant Employment of Labor or Capital**

The ALJ finds that ARM satisfies the economic prong of the domestic industry requirement under 19 U.S.C. § 1337(a)(3)(B) because ARM has made significant investments in

labor or capital in support of product development, product testing and inspection, product improvement, packaging, and creating artwork for the domestic industry products practicing the '320 patent. The record shows that ARM made investments in labor or capital used for the overall operation of its business for its domestic products (EZ-Cup and Eco-Fill). (CX-1C (Rivera Witness Statement) at Q/A 163, 165, 172-173 and 179; see *InterDigital Commc'ns, LLC v. U.S. Int'l Trade Comm'n*, 707 F.3d 1295, 1297 (Fed. Cir. 2013) (“[W]ith respect to subparagraph (B) of paragraph 337(a)(3), the ‘significant employment of labor or capital’ that is required to show the existence of a domestic industry must exist ‘with respect to the articles protected by the patent.’”))

The record shows that all of ARM’s employees participate in testing and inspection due to the small size of the company. (See CX-1C (Rivera Witness Statement) at Q/A 163, 179.) The record also shows that ARM’s labor and capital investments related to the domestic industry products are tied to product development, testing, inspection and improvement. (*Id.* at Q/A 163, 165, 172-173 and 179.) The record shows that in 2013 ARM invested approximately [REDACTED] in labor related to the testing, inspection and improvement of the domestic products as summarized in the table below. (*Id.* at Q/A 158-247.)

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Further, the record shows that ARM made significant investments in labor by paying Mr. Ditta for assistance in product design, product improvement, manufacturing, yields, and general business operations from 2011 to the present related to ARM's domestic industry products. (See CX-2C (Ditta Witness Statement) at Q/A 15-24.) Specifically, the record shows that ARM paid Mr. Ditta [REDACTED] [REDACTED] related to its domestic industry products.

The ALJ finds that the approximately [REDACTED] invested in labor related to the development, testing, inspection and improvement of the domestic industry products is sufficient to establish a substantial investment in labor for the exploitation of the '320 patent and therefore satisfies the economic prong of the domestic industry requirement under 19 U.S.C. § 1337(a)(3)(B).

**3. 19 U.S.C. § 1337(a)(3)(C): Substantial Investment in its Exploitation, including Engineering, Research and Development, or Licensing**

The ALJ finds that ARM has made substantial investments in its exploitation of the '320 patent with respect to engineering, research and development and therefore satisfies the economic prong of the domestic industry requirement under 19 U.S.C. § 1337(a)(3)(C). The record shows that ARM estimated sales for its domestic industry products was [REDACTED]



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exploitation of the '320 patent and therefore ARM also satisfies the economic prong of the domestic industry requirement under 19 U.S.C. § 1337(a)(3)(C).

VIII. CONCLUSIONS OF LAW

1. The Commission has personal jurisdiction over the parties and subject-matter and *in rem* jurisdiction over the accused products.
2. The importation or sale requirement of section 337 is satisfied.
3. The accused products directly infringe the asserted claims of the '320.
4. Respondents are not liable for induced or contributory infringement of the asserted claims of the '320 patent.
5. The '320 patent is not invalid under 35 U.S.C. § 102 for anticipation.
6. The '320 patent is not invalid under 35 U.S.C. § 103 for obviousness.
7. The '320 patent is not invalid for lack of written description under 35 U.S.C. § 112.
8. The domestic industry requirement for the '320 patent has been satisfied.
9. It has been established that no violation exists of section 337 for the asserted claims of the '320 patent.

**IX. INITIAL DETERMINATION AND ORDER**

Based on the foregoing, it is the INITIAL DETERMINATION of the ALJ that no violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, has occurred in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain beverage brewing capsules, components thereof, and products containing the same by reason of infringement of certain claims of U.S. Patent No. 8,720,320.

Further, this Initial Determination, together with the record of the hearing in this investigation consisting of:

- (1) the transcript of the hearing, with appropriate corrections as may hereafter be ordered, and
- (2) the exhibits received into evidence in this investigation, as listed in the attached exhibit lists in Appendix A,

are CERTIFIED to the Commission. In accordance with 19 C.F.R. § 210.39(c), all material found to be confidential by the undersigned under 19 C.F.R. § 210.5 is to be given *in camera* treatment.

The Secretary shall serve a public version of this ID upon all parties of record and the confidential version upon counsel who are signatories to the Protective Order (Order No. 1.) issued in this investigation.

**X. RECOMMENDED DETERMINATION ON REMEDY AND BOND**

**A. Remedy and Bonding**

The Commission's Rules provide that subsequent to an initial determination on the question of violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, the administrative law judge shall issue a recommended determination containing findings of fact and recommendations concerning: (1) the appropriate remedy in the event that the Commission finds a violation of section 337, and (2) the amount of bond to be posted by respondents during Presidential review of Commission action under section 337(j). *See* 19 C.F.R. § 210.42(a)(1)(ii).

**1. Limited Exclusion Order**

Under Section 337(d), the Commission may issue either a limited or a general exclusion order. A limited exclusion order ("LEO") directed to respondents' infringing products is among the remedies that the Commission may impose, as is a general exclusion order that would apply to all infringing products, regardless of their manufacturer. *See* 19 U.S.C. § 1337(d).

ARM argues that a LEO should be issued if a violation is found. (CIB at 73.)

Respondents do not dispute that a LEO would be appropriate if a violation of Section 337 is found. (*See* RIB and RRB.)

The Staff contends that, if a violation of Section 337 is found in this investigation, then the evidence supports a limited exclusion order directed at Respondents. (SIB at 64.)

Should the Commission find a violation, the ALJ recommends that the Commission issue a LEO against Respondents' accused products.

## 2. Cease and Desist Order

ARM contends that a cease and desist order (“CDO”) is appropriate as Solofill has stipulated that it maintains a commercially significant inventory of the accused Solofill K2 and K3 beverage capsules in the United States. (*See* CIB at 73; *citing to* Stipulation No. 3.)

Respondents contend that ARM has not carried its burden of demonstrating the need for a CDO against DongGuan, a Chinese manufacturer that maintains no inventory in the United States. (RIB at 74.)

If a violation is found, the Staff supports ARM’s request for a CDO against Solofill. (SIB at 73.) However, the Staff does not support a CDO against DongGuan because ARM has not presented any evidence to support such an order against DongGuan. (*Id.*)

Should the Commission find a violation, the ALJ recommends the issuance of a CDO prohibiting Solofill from selling its accused products because Solofill maintains a commercially significant inventory of the accused products in the United States. (EDIS Doc. ID No. 556279, Stipulation Between the Private Parties; *see Certain Agricultural Tractors*, Inv. No. 337-TA-380, Comm’n Op. at 31, USITC Pub. No. 3026 (Mar. 1997) (“[C]ease and desist orders are warranted with respect to domestic respondents that maintain commercially significant U.S. inventories of the infringing product.”).) However, the ALJ does not recommend the issuance of a CDO against DongGuan as ARM did not present any evidence to support a CDO against DongGuan.

## 3. Bond During Presidential Review Period

The Administrative Law Judge and the Commission must determine the amount of bond to be required of a respondent, pursuant to section 337(j)(3), during the 60-day Presidential review period following the issuance of permanent relief, in the event that the Commission determines to issue a remedy. The purpose of the bond is to protect the complainant from any injury. 19 C.F.R. § 210.42(a)(1)(ii), § 210.50(a)(3).

**PUBLIC VERSION**

ARM contends that “[a] 100% bond of the entered value of accused products is appropriate.” (CIB at 74.)

Respondents contend that ARM cannot demonstrate the need for a bond because ARM’s average price for its Eco-Fill and Eco-Fill Deluxe in 2014 was \$1.89 and \$2.00, respectively, while Solofill’s prices (\$█ for the K2 and about \$█ for the K3) are well above ARM’s prices. (RIB at 75; RRB at 35.)

The Staff submits that the evidence does not support ARM’s request for a bond of any amount because ARM did not adduce enough information regarding either a reasonable royalty or the price differential between the accused and domestic products. (SIB at 67.)

Should the Commission find a violation, the ALJ does not recommend any bond as the record shows that ARM did not put forth any information to justify any bond.

**B. Conclusion**

In accordance with the discussion of the issues contained herein, it is the RECOMMENDED DETERMINATION (“RD”) of the ALJ should the Commission find a violation, however, that the Commission issues a LEO against Solofill’s and DongGuan’s accused products and CDO only against Solofill as set forth above. Also, the ALJ does not recommend any bond.

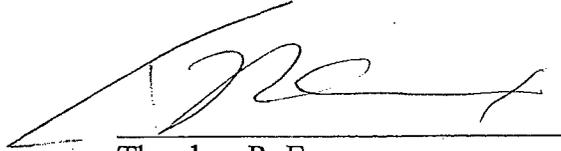
Within seven days of the date of this document, each party shall submit to the office of the Administrative Law Judge a statement as to whether or not it seeks to have any portion of this document deleted from the public version. The parties' submissions must be made by hard copy by the aforementioned date.

Any party seeking to have any portion of this document deleted from the public version thereof must submit to this office (1) a copy of this document with red brackets indicating any

[REDACTED]

portion asserted to contain confidential business information by the aforementioned date and (2) a list specifying where said redactions are located. The parties' submission concerning the public version of this document need not be filed with the Commission Secretary.

**SO ORDERED.**



Theodore R. Essex  
Administrative Law Judge

**CERTAIN BEVERAGE BREWING CAPSULES,  
COMPONENTS THEREOF, AND PRODUCTS  
CONTAINING THE SAME**

Inv. No. 337-TA-929

**PUBLIC CERTIFICATE OF SERVICE**

I, Lisa R. Barton, hereby certify that the attached **(PUBLIC VERSION) INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BOND** has been served by hand upon the Commission Investigative Attorney, James F. Wiley, Jr., Esq., and the following parties as indicated, on September 17, 2015.



Lisa R. Barton, Secretary  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**On Behalf of Complainants Adrian Rivera and ARM Enterprises, Inc.:**

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- Via Hand Delivery  
 Via Express Delivery  
 Via First Class Mail  
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**On Behalf of Respondents Solofill, LLC and DonGuan Hai Rui Precision Mould Co., Ltd.:**

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