

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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PHILIP MORRIS PRODUCTS, S.A.,  
Petitioner,

v.

RAI STRATEGIC HOLDINGS, INC.,  
Patent Owner.

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IPR2020-01097  
Patent 9,839,238 B2

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Before JEFFREY W. ABRAHAM, ELIZABETH M. ROESEL, and  
MICHELLE N. ANKENBRAND, *Administrative Patent Judges*.

PER CURIAM

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

## I. INTRODUCTION

### A. *Background and Summary*

Philip Morris Products, S.A. (“Petitioner”) filed a Petition (Paper 2, “Pet.”) seeking an *inter partes* review of claims 19–21 (“the challenged claims”) of U.S. Patent No. 9,839,238 B2 (Ex. 1001, “the ’238 Patent”). RAI Strategic Holdings, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). With the Board’s prior authorization, the parties filed additional briefs limited to the issue of discretion to institute pursuant to *NHK*<sup>1</sup>/*Fintiv*<sup>2</sup>. Paper 7 (“Pet. Reply”); Paper 8 (“PO Sur-reply”).

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314 (2018); 37 C.F.R. § 42.4(a) (2020). After considering the parties’ arguments and evidence, we exercise our discretion under 35 U.S.C. § 314(a) and deny institution of an *inter partes* review.

### B. *Real Parties in Interest*

Petitioner identifies Philip Morris Products, S.A.; Philip Morris International, Inc.; Altria Client Services LLC; and Philip Morris USA as real parties in interest. Pet. 2. Petitioner additionally states that Altria Group, Inc. is not a real party in interest, but nevertheless agrees to be bound by any final written decision in this proceeding. Pet. 2–3 (citing 35 U.S.C. § 315(e)).

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<sup>1</sup> *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”).

<sup>2</sup> *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”).

Patent Owner identifies RAI Strategic Holdings, Inc.; R.J. Reynolds Vapor Company; RAI Innovations Company; and R.J. Reynolds Tobacco Company as real parties in interest. Paper 4, 1 (Mandatory Notice).

*C. Related Matters*

The parties identify the following as related matters involving the '238 Patent and the same parties as this proceeding:

*RAI Strategic Holdings, Inc. v. Altria Client Services LLC*, No. 1:20-cv-00393-LO-TCB (E.D. Va. filed April 9, 2020) (“district court action”); and

*Certain Tobacco Heating Articles and Components Thereof*, Investigation No. 337-TA-1199 (Int’l Trade Comm’n, filed April 9, 2020 and instituted by the Commission on May 11, 2020) (“ITC investigation”).

Pet. 3; Paper 4, 1.

*D. The '238 Patent (Ex. 1001)*

The '238 Patent is titled “Control body for an electronic smoking article” and describes “aerosol delivery devices that use electrical energy to heat a material . . . to form an inhalable substance” and “may provide some or all of the sensations . . . of smoking a cigarette, cigar, or pipe, without any substantial degree of combustion or pyrolysis of any component.” Ex. 1001, code (54), 4:32–45. The '238 Patent discloses a control body including an electronic circuit board, a pressure sensor, and a coupler, where the coupler includes “an exterior opening that allows external air to enter the device and a pressure channel that communicates a pressure drop caused by the drawn air to an isolated segment of the device that includes a portion of the pressure sensor.” *Id.* at 1:56–66. According to the '238 Patent, “[s]uch coupler can particularly be useful to reduce or prevent passage of liquid from an attached cartridge through the coupler and into the control body and

thus reduce or prevent contamination of the sensor or other electronic elements present in the control body.” *Id.* at 1:66–2:3.

Figure 2 of the '238 Patent is reproduced below.

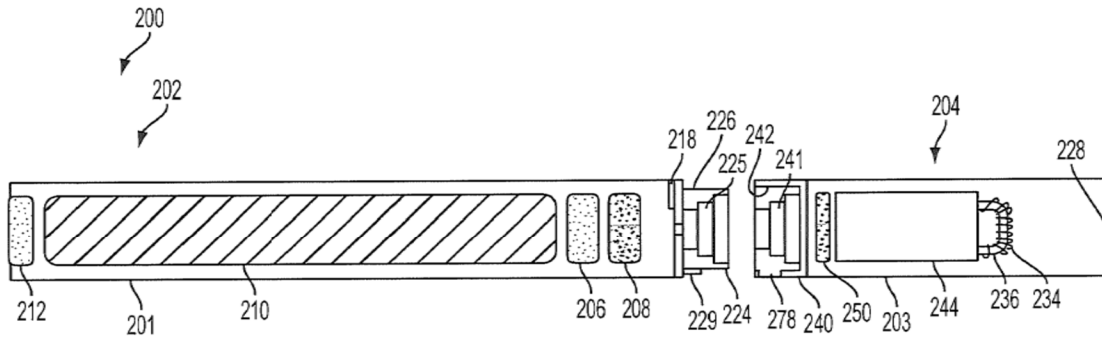


FIG. 2

Figure 2 is a sectional view of electronic smoking article 200, including control body 202 and cartridge 204. Ex. 1001, 3:51–53, 11:35–44. Control body 202 includes shell 201 and coupler 224 having cavity 225 for engaging projection 241 of base 240 of the cartridge. *Id.* at 11:36–39, 11:63–12:2.

Figure 7 of the '238 Patent is reproduced below.

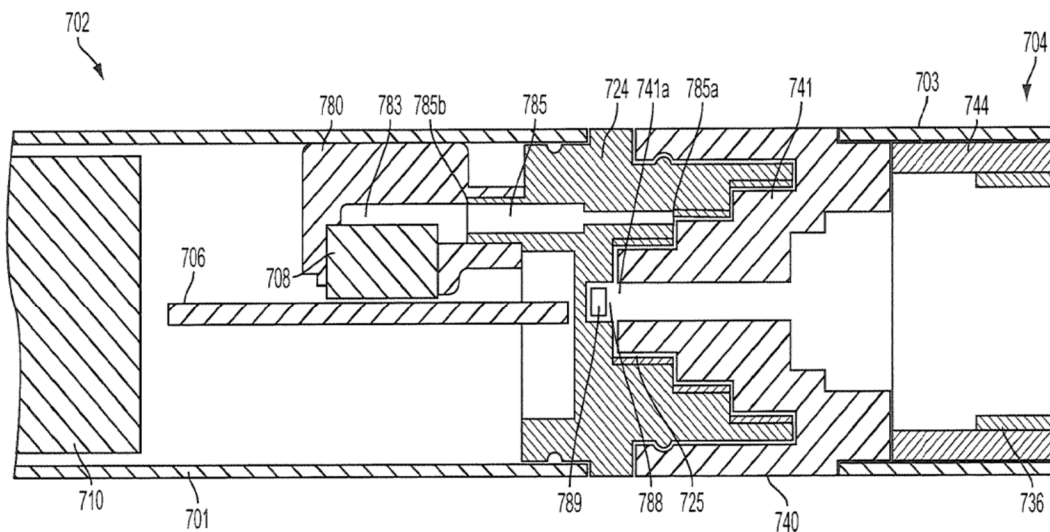


FIG. 7

Figure 7 is a partial sectional view of an electronic smoking article including control body 702 engaged with cartridge 704 via coupler 724 on the control body and base 740 on the cartridge. Ex. 1001, 3:64–67, 16:58–62.

Coupler 724 includes cavity 725 that receives projection 741 on base 740. *Id.* at 16:62–63. Coupler 724 includes one or more air inlet apertures 789 and air inlet channel 788 proximate to air flow entry 741a of projection 741. *Id.* at 17:1–3, 17:14–20. Coupler 724 also includes pressure channel 785 having first end 785a opening within cavity 725 of the coupler and second end 785b opening within control body 702. *Id.* at 17:3–7. The '238 Patent discloses that “first end 785a of the pressure channel 785 is spatially arranged relative to the air inlet channel 788 to be separated along the longitudinal axis of the coupler 724.” *Id.* at 17:7–11; *see also id.* at 17:22–36 (discussing longitudinal separation). According to the '238 Patent,

Because of the spatial arrangement of the air inlet channel 788 and the first end 785a of the pressure channel 785, . . . the air flow entry 741[a] of the seated projection 740 is sufficiently spaced apart from the first end of the pressure channel to prevent or reduce incidence of passage of liquid from the cartridge 704 through the base 740 and into the control body 702.

*Id.* at 17:45–51.

#### *E. Illustrative Claim*

Claims 19–21 of the '238 Patent are challenged in the Petition. Claim 19 is the only independent challenged claim and is reproduced below with emphasis added to key limitations.

19. A control body for an electronic smoking article, the control body comprising:

an elongated shell with an interior, a proximal end, and an opposing distal end;

a coupler formed of an elongated body having a first end that forms a wall and that engages the proximal end of the shell and a second end that comprises a cavity configured to releasably engage a cartridge, wherein the coupler includes a pressure channel extending between a first end that is in fluid communication with the cavity and a second end that opens through the wall at the first end of the coupler, wherein ***the coupler includes an air inlet channel in fluid communication with the cavity*** and an air inlet aperture in an exterior surface of the coupler, and wherein the coupler has a longitudinal axis extending from the first end to the second end, and ***the first end of the pressure channel is spatially separated from the air inlet channel relative to the longitudinal axis of the coupler***; and

a microprocessor.

Ex. 1001, 22:5–24 (emphasis added).

*F. Asserted Grounds and Evidence*

Petitioner asserts the following grounds of unpatentability:

	<b>Claims Challenged</b>	<b>35 U.S.C. §</b>	<b>Basis</b>
1	19–21	103	Levitz <sup>3</sup>
2	19, 21	103	Cohen, <sup>4</sup> Newton <sup>5</sup>

Petitioner relies on a Declaration of Samir Nayfeh, Ph.D. Ex. 1003.

II. ANALYSIS

*A. Patent Owner’s Request for Discretionary Denial*

The Petition was filed two months after Patent Owner filed complaints in the district court and the ITC asserting the ’238 Patent against Petitioner. *See* Pet. 70–71. Petitioner argues that “[t]he Board should therefore reach

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<sup>3</sup> Ex. 1005, PCT Publication No. WO 2012/142293 A2, published October 18, 2012 (“Levitz”).

<sup>4</sup> Ex. 1006, US 2011/0036346 A1, published February 17, 2011 (“Cohen”).

<sup>5</sup> Ex. 1007, US 8,499,766 B1, issued August 6, 2013 (“Newton”).

the merits of this petition based on its overwhelmingly strong merits and Petitioner's diligence in expeditiously availing itself of the Board's jurisdiction." *Id.* at 71; *see also* Pet. Reply 4–7 (arguing that a “holistic” evaluation” of the *Fintiv* factors favors institution).

The evidentiary hearing in the ITC investigation is set for this month. Prelim. Resp. 49. Patent Owner argues that the Board should deny institution in view of the parallel ITC investigation. *Id.* at 49–57. Patent Owner asserts that the ITC investigation involves the same prior art and arguments as raised in the Petition, that an evidentiary hearing in the ITC is scheduled for the same time as the statutory date for this Decision, and that the ITC's final determination will pre-date any Final Written Decision in this proceeding by four months. *Id.* at 49.

The Petition in this case was filed one month later than the Petition in IPR2020-00919, which involves the same parties and another patent asserted by Patent Owner against Petitioner in the related ITC investigation and district court action. The Board discretionarily denied institution of this related petition under § 314(a), with the following explanation:

Evaluating the *Fintiv* factors with a holistic view of whether the efficiency and integrity of the system are best served by denying or instituting review, we determine that the proximity of the anticipated ITC hearing date, combined with an anticipated final determination from the ITC prior to the Board's final decision on validity of claims in dispute between the same parties, outweigh the relatively moderate investment to date in the ITC proceeding, the Petitioner's diligence in filing the Petition less than one month after Patent Owner filed its complaints in the ITC proceeding and the related district court action, and the lack of complete overlap in the prior art asserted. Thus, we determine that the facts presented weigh in favor of exercising discretion to deny institution in this instance.

*Philip Morris Prods., S.A. v. RAI Strategic Holdings, Inc.*, IPR2020-00919, Paper 9 at 12–13 (PTAB Nov. 16, 2020) (“919 Decision” or “919 IPR”). Petitioner argues that ITC investigations warrant lenient treatment under *Fintiv*. Pet. Reply 1–3. According to Petitioner, the 919 Decision is an impermissible departure “from *Fintiv* and the long line of cases leading to it.” *Id.* at 3. Petitioner did not, however, request rehearing nor Precedential Opinion Panel review of the 919 Decision. Because Petitioner has not directed us to facts that would support a different result under the *Fintiv* factors, we reach the same result in this case as in the 919 IPR.

We incorporate by reference the Analysis section of the 919 Decision and limit our discussion below to those *Fintiv* factors where the facts and our analysis differs from the 919 Decision.

1. *Fintiv* Factor 4: *Overlap of Issues*

Patent Owner asserts that the Petition relies on the same prior art and invalidity arguments as Petitioner raises in the ITC investigation. Prelim. Resp. 54. According to Patent Owner, “Petitioner’s first two invalidity grounds for the ’238 patent in its *final* ITC invalidity contentions assert Levitz and Cohen and allege that claims 19–21 would have been obvious in view of each of those references (just as Petitioner alleges here).” *Id.* (citing Ex. 2001). Patent Owner additionally asserts that “in the ITC, Petitioner is challenging every claim challenged here.” *Id.*

Petitioner does not dispute Patent Owner’s assertions, agreeing “[t]here is overlap.” Pet. Reply 7. Petitioner’s only counterargument is that “the ITC investigation includes several different grounds and different expert witnesses.” *Id.*



It appears there is a substantially greater degree of overlap between Petitioner’s unpatentability challenges and Petitioner’s invalidity contentions in the ITC for this proceeding than was the case in the 919 IPR. It is undisputed that Petitioner relies on the same two primary references—Levitz and Cohen—both here and in its final invalidity contentions in the ITC. Ex. 2001, Appendices A1, A2. This overlap increases the concerns about duplicative efforts and the possibility of conflicting decisions. *See Fintiv*, Paper 11 at 12. Accordingly, in contrast to the 919 IPR, *Fintiv* factor 4 weighs in favor of exercising discretion to deny institution in this case.

2. *Factor 6: Other Circumstances, Including the Merits*

Not surprisingly, the parties disagree as to the merits of Petitioner’s challenges, with Patent Owner characterizing them as “*not* ‘particularly strong’” (Prelim. Resp. 55, quoting *Fintiv*, Paper 11 at 14) and Petitioner arguing that “[t]he petition’s strong merits . . . favor institution” (Pet. Reply 6).

According to Patent Owner, “the Petition lacks merit for at least one reason for each ground.” Prelim. Resp. 55. We have considered each of Patent Owner’s reasons, but are nevertheless persuaded that the merits of Petitioner’s challenges are relatively strong.

Responding to Petitioner’s first ground, Patent Owner argues that Levitz fails to describe the “spatially separated” limitation of claim 19. Prelim. Resp. 30–39. We disagree, including for the reasons Petitioner provides. Pet. Reply 6–7. Patent Owner presents no response to Petitioner’s reply argument about Levitz. *See* PO Sur-reply 7 (addressing *Fintiv* factor 6, but not responding to Petitioner’s reply argument about Levitz). Petitioner contends that the “cavity,” as recited in claim 19, corresponds to

the interior of Levitz's shaft 32 and is bounded by battery post 34, and the "air inlet channel," as recited in claim 19, corresponds to Levitz's side vent, including surface channel 30 and orifice 33. Pet. 24, 35–37. Patent Owner argues that Levitz's "air inlet channel" includes groove 36 in post 34, which Patent Owner asserts is not "spatially separated" from the pressure channel. Prelim. Resp. 34, 36, 38. After considering both parties' arguments, and the record at this stage of the proceeding, we are persuaded that Levitz's groove 36 is reasonably considered part of the claimed "cavity," as Petitioner argues (Pet. 34), rather than part of the "air inlet channel," as Patent Owner argues (Prelim. Resp. 36).

Responding to Petitioner's second ground, Patent Owner argues that Cohen does not describe an "air inlet channel in fluid communication with the cavity," as recited in claim 19. Prelim. Resp. 43–47. We disagree, including for the reasons Petitioner provides. Pet. Reply 7. Patent Owner presents no response to Petitioner's reply argument about Cohen. *See* PO Sur-reply 7 (addressing *Fintiv* factor 6, but not responding to Petitioner's reply argument about Cohen). Petitioner presents colored versions of Cohen's Figures 3 and 8 to illustrate its contention that Cohen describes an "air inlet channel" (slots 30) that is in fluid communication with a "cavity" (space within first coupling 26, colored green) via holes 94. Pet. 57, 64, 66. Patent Owner argues that Cohen's slots 30 and holes 94 are in fluid communication with a cavity of second coupling 90, not a cavity of first coupling 26. Prelim. Resp. 45–47. After considering both parties' arguments, and the record at this stage of the proceeding, we are persuaded that the "cavity," as recited in claim 19, corresponds to the *entire* interior space defined by Cohen's first coupling 26, including the space defined by flange 28 in which slots 30 are formed, and that slots 30 are in fluid

communication with this cavity. *See* Ex. 1006 ¶ 20 (“A number of slots 30 are formed in the flange 28 to create air passages into the interior of the first coupling 26”).

Accordingly, in contrast to the 919 IPR, *Fintiv* factor 6 weighs against exercising discretion to deny institution in this case.

### 3. *Balancing the Fintiv Factors*

Under *Fintiv*, we are required to take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper 11 at 6. On balance and taking into account the consistent treatment of this petition and the 919 IPR, we determine that the ITC evidentiary hearing occurring simultaneous with the due date of this Decision whether to institute an *inter partes* review, combined with the ITC’s target date for a final determination occurring four months prior to the projected due date for a final decision, where the ITC investigation involves the same parties, the same challenged claims, and the same asserted prior art, outweighs slightly the factors that favor institution, including Petitioner’s diligence in filing the Petition, the strength of the Petition on the merits, and the relatively moderate investment in the ITC investigation to date.

## III. CONCLUSION

For these reasons, institution is denied under § 314(a) and *Fintiv*.

## IV. ORDER

It is

ORDERED that, the Petition is *denied*, and no trial is instituted.

IPR2020-01097  
Patent 9,839,238 B2

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