

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LOGIC TECHNOLOGY DEVELOPMENT LLC,
and
JAPAN TOBACCO INTERNATIONAL U.S.A., INC.,
Petitioners,

v.

SHENZHEN HAPPY VAPING TECHNOLOGY LIMITED,
Patent Owner

U.S. Patent No. 9,924,744
Inter Partes Review No. IPR2024-00055

PATENT OWNER'S PRELIMINARY RESPONSE

TABLE OF CONTENTS

I.	Preliminary Statement	1
II.	Petitioners Fail to Prove a Reasonable Likelihood of Prevailing.....	2
	A. The Petition fails to provide a statement regarding how the challenged claims are to be construed	2
	B. The Petition fails to demonstrate a motivation to combine or a reasonable expectation of success	5
III.	The Board Should Deny Institution Under <i>Fintiv</i> (35 U.S.C. § 314(a))	13
	A. Factor 1: This factor is neutral because neither party has sought a stay and the district court has not issued guidance regarding a stay	14
	B. Factor 2: The scheduled trial date comes 8 months before the projected statutory deadline for a final written decision, favoring denial of institution	15
	C. Factor 3: The parties’ significant investment in the district court favors denial of institution.....	16
	D. Factor 4: The overlap in issues raised in the Petition and in the district court favors denial of institution.....	17
	E. Factor 5: The identity of the parties favors denial of institution.....	18
	F. Factor 6: Other factors favor denial of institution.....	19
IV.	Conclusion	22

TABLE OF AUTHORITIES

Cases

<i>Avant Tech, Inc. v. Anza Tech. Inc.</i> , IPR2018-00828, Paper 7 (P.T.A.B. Oct. 16, 2018).....	8
<i>Belden Inc. v. Berk-Tek LLC</i> , 805 F.3d 1064 (Fed. Cir. 2015)	9
<i>Duplo U.S.A. Corp v. MGI Digital Tech S.A.</i> , IPR2023-00936, Paper 8 (P.T.A.B. Dec. 5, 2023)	19
<i>Hewlett Packard Enter. Co. v. Intellectual Ventures II LLC</i> , IPR2022-00115, Paper 9 (P.T.A.B. Mar. 29, 2022).....	13
<i>Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.</i> , 821 F.3d 1359 (Fed. Cir. 2016)	5
<i>KSR Int’l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007).....	5, 6, 11
<i>OpenSky Indus., LLC v. VLSI Tech. LLC</i> , IPR2021-01064, Paper 102 (P.T.A.B. Oct. 4, 2022) (precedential, decision upon Director review).....	20
<i>Resmed Corp. v. Cleveland Med. Devices Inc.</i> , IPR2023-00565, Paper 13 (P.T.A.B. Sept. 25, 2023)	20
<i>Sani-Tech West, Inc. v. Meissner Filtration Prods. Inc.</i> , IPR2022-01123, Paper 9 (P.T.A.B. July 6, 2023).....	6
<i>Vector Flow, Inc. v. HID Global Corp.</i> , IPR2023-00353, Paper 8 (P.T.A.B. July 17, 2023).....	20
<i>Veterinary Orthopedic Implants, Inc. v. Depuy Synthes Prods. Inc.</i> , IPR2019-01333, Paper 17 (P.T.A.B. Jan. 22, 2020)	4
<i>Volkswagen Grp. of Am., Inc. v. Michigan Motor Techs., LLC</i> , IPR2020-00229, Paper 13 (P.T.A.B. July 6, 2020).....	3

Xerox Corp. v. Bytemark, Inc.,
IPR2022-00624, Paper 9 (P.T.A.B. Aug. 24, 2022) (precedential) 7

Statutes

35 U.S.C. § 112(b) 2

35 U.S.C. § 314(a) 13, 20

Rules

37 C.F.R. § 42.104(b)(3).....2, 3

LIST OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
Ex. 2001	Declaration of Dr. Doug Dean in Support of Defendants' Claim Construction, Dkt. 62-1, Exhibit A to Joint Prehearing Statement in <i>Shenzhen Happy Vaping Technology Ltd. v. Logic Technology Development LLC</i> , Case No. 0:22-cv-61407 (S.D. Fla.)
Ex. 2002	Scheduling Order in <i>Shenzhen Happy Vaping Technology Ltd. v. Logic Technology Development LLC</i> , Case No. 0:22-cv-61407 (S.D. Fla.)
Ex. 2003	Email from counsel for Petitioners' dated October 24, 2023.

I. Preliminary Statement

Patent Owner Shenzhen Happy Vaping Technology Limited (“SHV”) respectfully requests that the Board deny institution.

The barebones Petition is particularly weak and does not have a reasonable likelihood of prevailing on the merits. The Petition fails to explain how the claims are to be construed and is supported by an expert declaration that directly contradicts another declaration the same expert submitted in the parallel district court litigation. The Petition also does not offer, let alone demonstrate a motivation to combine or a reasonable expectation for success for the proposed obviousness grounds. In lieu of these requirements, the Petition offers only conclusory statements without evidentiary support or reasoning.

SHV also respectfully requests the Board exercise its discretion to deny institution to avoid needlessly expending the Board’s and parties’ resources on this proceeding. The parties have already expended extensive resources in the parallel district court litigation. Claim construction is fully briefed, SHV has served infringement contentions, and the parties have engaged in multiple rounds of discovery. In fact, a mere 5 days after filing the present petition, Petitioner emailed SHV to indicate that their production in the litigation was “substantially complete.” Ex. 2003 at 2. Moreover, trial is currently scheduled to precede the due date for a final written decision by 8 months, so even if the litigation schedule is delayed

somewhat by Petitioner's pending motion to dismiss/transfer, trial is likely to happen before a final written decision. These factors, in combination with the noted weaknesses in the Petition, favor denial of institution.

II. Petitioners Fail to Prove a Reasonable Likelihood of Prevailing

A. The Petition fails to provide a statement regarding how the challenged claims are to be construed

The petition states: "Petitioners submit that multiple claim terms are indefinite and should thus be found invalid under 35 U.S.C. § 112(b) in the Litigation." Petition at 30. Yet Petitioners provide no statement regarding how the challenged claims are to be construed. Instead, Petitioners merely conclude, without any reasoning or analysis, that "[t]he prior art relied on in this Petition meets all of the claim terms as best understood under any reasonable construction." Petition at 30. This is fatal for two reasons.

First, 37 C.F.R. § 42.104(b)(3) requires a statement regarding "[h]ow the challenged claim is to be construed." Petition at 30. Petitioner's statement that the prior art meets the claim terms "as best understood under any reasonable construction" fails to meet this requirement because it does not explain how Petitioners are construing the claim terms. Patent Owner and the Board are left to guess whether Petitioners are applying (1) a plain and ordinary meaning to the terms, (2) an interpretation as "best understood" by a person of ordinary skill, or

(3) one of “any” reasonable constructions. Petition at 30. Petitioners seem to apply a “best understood” standard (Petition at 30, 74, 84 n. 2, 89 n.3) to their constructions but fail to specify what that means or how that standard differs from the plain and ordinary meaning or otherwise affects the way they construe the claims. This vague recitation fails to meet the requirement of 37 C.F.R.

§ 42.104(b)(3) and leaves it to the Board to speculate on how the claims are construed. *See Volkswagen Grp. of Am., Inc. v. Michigan Motor Techs., LLC*, IPR2020-00229, Paper 13 at 12 (P.T.A.B. July 6, 2020) (“Neither Patent Owner nor the Board should be left guessing how Petitioner proposes to construe [term] . . .”).

Second, Petitioners cannot prove a reasonable likelihood of prevailing because their own expert has expressly declared “[t]here is no reasonable way for a POSITA to understand the scope of” terms contained in the challenged claims. *See* Ex. 2001 at ¶ 45 (“There is no reasonable way for a POSITA to understand the scope of a ‘step-like shape’ from the intrinsic evidence.”), ¶ 58 (“There is no reasonable way for a POSITA to understand the scope of ‘protruding step. . . .’ from the intrinsic evidence.”), ¶ 71 (“There is no reasonable way for a POSITA to understand the scope of ‘configured for installing’ and ‘for installing’ from the intrinsic evidence.”), ¶ 84 (“There is no reasonable way for a POSITA to understand the scope or orientation of a ‘lower portion’ from the intrinsic evidence.”); *see also* Ex. 2001 at ¶ 52-53 (“As a POSITA, I also cannot determine

the difference between a ‘step-like shape’ and the separately recited ‘protruding step’ that follows . . .”).

Yet in support of the Petition, Petitioners’ expert parrots the Petition’s statement that the prior art “meets all of the claim terms as best understood under any reasonable or plain and ordinary construction.” Ex. 1002 at ¶ 64. No further explanation, analysis, or reasoning is provided.

Having declared multiple times that there is “no reasonable way” (Ex. 2001 at ¶¶ 45, 58, 71, 84) to understand the scope of the claims, Petitioners’ expert cannot simply conclude that the prior art meets the claims under “any reasonable” or “best understood” construction, without explanation or analysis for how the claims are being construed. Indeed, the existence of “any reasonable” construction is the *direct opposite* of there being “no reasonable way” to construe the claims.

Because of these contradictory statements, Petitioners’ expert’s opinions “are not persuasive or helpful to [the Board] in demonstrating the correct claim construction such that [the Board] might confidently proceed with comparing the claims to the prior art.” *Veterinary Orthopedic Implants, Inc. v. Depuy Synthes Prods. Inc.*, IPR2019-01333, Paper 17 at 26 (P.T.A.B. Jan. 22, 2020) (finding unpersuasive expert opinion that “hypothetically” resolves ambiguities in the claims).

B. The Petition fails to demonstrate a motivation to combine or a reasonable expectation of success

A patent claim “is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007). Rather, an obviousness determination requires finding both (1) that a skilled artisan would have been motivated to combine the teachings of the prior art references to achieve the claimed invention and (2) that the skilled artisan would have had a reasonable expectation of success in doing so. *See Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367–68 (Fed. Cir. 2016); *see also KSR*, 550 U.S. at 418 (“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”).

The Petition fails to prove a reasonable likelihood of prevailing on the merits because it fails to demonstrate (1) why a skilled artisan would have been motivated to combine the prior art in the manner proposed and (2) a reasonable expectation of success. In lieu of these requirements, the Petition includes only conclusory assertions parroted by Petitioner’s expert.

The Petition argues that it would have been obvious “to modify Newton ’141 with the teaching of Newton ’191 of using a transversal groove” (Petition at 31), but provides no rationale for why a skilled artisan would have been motivated

to do so. Instead, the Petition states that “an electrode with a traversal [sic] groove was a common feature in the art” and summarily concludes that it would have been obvious “in view of the well-known state-of-the-art.” Petition at 63. But merely demonstrating that elements were known, or even common in the prior art is legally insufficient to demonstrate obviousness. See *KSR*, 550 U.S. at 418 (“This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered . . .”). As the Board has explained, “merely pointing out that a [feature] is well-known in the prior art [] does not establish a reason a skilled artisan would have utilized a [feature], because it merely points out that the element exists, not why it would be used.” *Sani-Tech West, Inc. v. Meissner Filtration Prods. Inc.*, IPR2022-01123, Paper 9 at 10 (P.T.A.B. July 6, 2023).

The Petition goes on to argue that modifying Newton ’141 “to use electrical coupler 22 having a transversal groove disclosed in Newton ’191 in place of electrical contact terminal 20 of Newton ’141” would have been obvious, proffering five purported reasons. Petition at 66. But the reasons listed in the Petition are nothing more than conclusory allegations lacking evidentiary support, as explained below.

The first reason alleged in the Petition, that “it was a well-known design choice and a simple substitution to use such an electrode design,” (Petition at 66) simply restates that transversal grooves were common in the prior art and

concludes, without support, that they can be substituted. Despite acknowledging (1) that Newton '191 has a transversal groove for the purpose of airflow (Petition at 24 (“for intercommunicating with the [air inlet]”)) and (2) that Newton '141 lacks such a transversal groove (Petition at 63), the Petition lacks any evidence or support for why an electrode with a transversal groove is a “simple substitut[e]” for one without such a groove. The related paragraphs in the Petition offer no particularized evidence regarding why a person would be motivated to make such a substitution or even that the electrodes are interchangeable in the first place. Indeed, the supporting expert declaration simply parrots the conclusion that it “would be a matter of obvious design choice and simple substitution of one part for another.” Exhibit 1002 at ¶ 135. The expert declaration provides no evidentiary support at all for Petitioners’ conclusion that the electrodes can be substituted because the declaration is practically word-for-word identical to the petition. *Compare* Petition at 66-68 with Exhibit 1002 at ¶¶ 133-35.

Simply stating that parts are a matter of “design choice and simple substitution,” without support is not evidence. The Board has consistently held conclusory and generic statements are insufficient to demonstrate a reasonable likelihood of prevailing on the merits. *See, e.g., Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15 (P.T.A.B. Aug. 24, 2022) (precedential) (determining that an expert declaration is entitled to little weight when it contains

an exact restatement of the petition’s arguments without any additional supporting evidence or reasoning); *Avant Tech, Inc. v. Anza Tech. Inc.*, IPR2018-00828, Paper 7 at 14 (P.T.A.B. Oct. 16, 2018) (denying institution and finding assertion that teachings were “well-known” along with “generic reasons why a person of ordinary skill in the art would have known to combine the cited references” were insufficient to establish a reasonable likelihood of success).

The second reason alleged in the Petition, that “the use of such electrodes and air flow techniques yield predictable results” is another conclusory statement without evidentiary support in the remainder of the petition. The related paragraphs in the Petition make generalized statements regarding how “airflow is required in Newton ’141 for the operation of the e-cigarette” and that “Newton ’191 discloses the design choice that air is inlet to the e-cigarette at vent openings 16 located at the coupler 14.” Petition at 68-69. This fares no better than a bare statement that parts can be substituted for one another. Noticeably lacking from the Petition is any reason why a person of ordinary skill would be *motivated* to modify Newton ’141 with Newton ’191 to achieve the claimed invention. The Petition notes that air inlet openings “*can be located elsewhere*” but does not assert or explain why a person of ordinary skill *would* modify the references in the manner proposed. Merely establishing that references *could* be combined does not establish obviousness, which requires a showing that a skilled artisan *would* have

combined the references. *See, e.g., Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1073 (Fed. Cir. 2015).

Although the Petition makes the conclusory statement that “a POSITA would be motivated to use electrical coupler 22” from Newton ’191 “so that air can be accommodated into the e-cigarette of Newton ’141” (Petition at 69), that statement fails to supply a motivation because the e-cigarette of Newton ’141 can already intake air. Otherwise, Newton ’141 would not even work. Indeed, the Petition expressly recognizes that “it is clear that airflow is required in Newton ’141 for the operation of the e-cigarette” (Petition at 68) and there is no allegation that Newton ’141 does not work because it has insufficient airflow. In other words, the Petition contains no explanation for why a skilled artisan would be motivated to modify Newton ’141 with the coupler from Newton ’191 “so that air can be accommodated” when the Petition itself admits that air is *already being accommodated* in Newton ’141. Petition at 68-69.

The Petition also stresses that Newton ’141 and Newton ’191 have the same inventor and as a result a person of skill would have “found it obvious to utilize electrical coupler 22 of Newton ’191 in place of electrical contact terminal 20 of Newton ’141.” Petition at 69-70. But the mere fact that prior art references share the same inventor does not supply a motivation to combine separate teachings from the references. Moreover, Newton ’141 was filed in 2013 while Newton ’191 was

filed over a year earlier, in 2011. This cuts against Petitioners' argument that a person of ordinary skill would have been motivated to use the coupler in Newton '191 (the older reference) in Newton '141 (the newer reference) because the inventor himself did not even do so.

The third alleged reason is that "Newton '141 and Newton '191 are in the same field of e-cigarettes." Petition at 66. But this merely states that the two prior art references are in the same field and fails to support, let alone rise to particularized testimony regarding a motivation to combine.

The fourth reason the Petition alleges, that "there is express teaching, suggestion, and motivation to combine Newton '141 with Newton '191 to use an electrode with a transversal groove," (Petition at 66) is another conclusory statement without support in the remainder of the Petition. Indeed, the remainder of the Petition does not even bother to follow up on or support this statement or otherwise identify where the "express" teaching and suggestion is disclosed. *See* Petition ("suggest" does not appear outside of this conclusory statement).

The fifth and final alleged reason, that "PO already conceded during prosecution that a second positive electrode with a transversal groove is a known feature in the art and is thus unpatentable," is simply false. The Petition points out that "PO did not offer any response" to certain rejections during prosecution and "[t]hus, PO conceded that the claimed transversal groove was a known design

choice and was disclosed by the prior art.” Petition at 69-70, 114-15. Petitioners reach too far. No case holds that failure to offer a response to a rejection results in a concession that elements were known design choices disclosed by the prior art. Petitioners offer no caselaw to support this alleged concession. Regardless, even if SHV had conceded that transversal grooves are a known design choice disclosed in the prior art, that does not supply the missing motivation to combine or missing expectation of success that the Petition omits. Demonstrating that elements were known or common in the prior art does not supply a motivation to combine. *KSR*, 550 U.S. at 418.

Finally, Petitioners’ expert also fails to supply any particularized evidence regarding motivation to combine or expectation of success. This is so because the expert declaration’s discussion regarding the transversal limitation is nearly identical, word-for-word, to the petition and contains the same conclusory statements. *Compare* Exhibit 1002 at ¶¶ 132-40 *with* Petition at 66-70. As discussed above, the expert’s statements parroting the petition should be given no weight.

The above explains in detail why the Petition lacks any explanation or evidence regarding motivation to combine or expectation for success with respect to the claimed “transversal groove.” The Petition similarly fails to demonstrate motivation to combine and expectation of success for combining the Newton

references with Thompson to include Thompson’s silicone rubber ring. *See* Petition at 94-99. Beyond bare assertions that are parroted in the expert declaration, the Petition contains no reason for why a person of skill would be *motivated* to include Thompson’s silicone rubber ring in Newton ’141. For example, the Petition admits that both Newton ’141 and Thompson already work “without leaking” yet nonetheless concludes that a person would modify Newton to “improve a similar connection . . . to prevent leakage.” Petition at 98. Without any motivation to combine, Petitioners’ analysis amounts to nothing more than cherry-picking elements from the prior art to match the challenged claim.

In fact, the Petition does not even explain where such a rubber ring would be placed in Newton ’141, as modified by Thompson, let alone analyze what other changes would be necessary. Instead, the Petition simply concludes that “[a]dding the circular groove disclosed by Thompson to the outer wall of small connector 30 of Newton ’141 *matches the structure of claim 5* of the ’744 Patent, and achieves the same purpose of preventing leakage from a reservoir.” Petition at 99 (emphasis added). Petitioner’s approach is a classic example of hindsight bias because it cherry picks disparate disclosures from the prior art while utilizing the patent itself as a roadmap for the combination—rather than supplying the necessary motivation to combine from the prior art. In such situations, denial of institution is appropriate. *See, e.g., Hewlett Packard Enter. Co. v. Intellectual Ventures II LLC,*

IPR2022-00115, Paper 9 at 16 (P.T.A.B. Mar. 29, 2022) (denying institution and noting that “neither Petitioner nor its expert explains sufficiently, let alone with particularity, why the skilled artisan would have considered combining such distinct embodiments as claimed or had an expectation of success in doing so”).

III. The Board Should Deny Institution Under *Fintiv* (35 U.S.C. § 314(a))

The Board should deny institution under 35 U.S.C. § 314(a) based on the six factors identified in the Board’s precedential *Fintiv* decision. *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 5-6 (P.T.A.B. Mar. 20, 2002). “When the patent owner raises an argument for discretionary denial under *NHK* due to an earlier trial date, the Board’s decisions have balanced the following factors:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and

6. other circumstances that impact the Board’s exercise of discretion, including the merits.”

Id. As discussed below, all six *Fintiv* factors here either favor denial of institution or are neutral.

A. Factor 1: This factor is neutral because neither party has sought a stay and the district court has not issued guidance regarding a stay

Under the first *Fintiv* factor, the Board considers whether a stay exists or is likely to be granted if the proceeding is instituted. *Id.* In this case, neither party has moved for a stay pending *inter partes* review. Moreover, SHV is not aware of any guidance issued by the district court regarding likelihood of granting a stay if one were to be filed. SHV notes, however, that trial is currently scheduled for August 12, 2024, a mere 5 months after the institution decision deadline (Ex. 2002 at 1), which could indicate that the district court is unlikely to grant a stay at the time of institution due to proximity with the trial date. Accordingly, this factor is neutral or, in view of the scheduled trial date, slightly favoring denial of institution.

While discovery in the litigation is currently stayed as the district court examines Petitioner’s motion to dismiss, that fact does not alter this analysis which examines whether the litigation is stayed due or will likely be stayed due to the IPR petition. Moreover, the court has not moved or altered the scheduled trial date of August 12, 2024. Ex. 2002 at 1.

B. Factor 2: The scheduled trial date comes 8 months before the projected statutory deadline for a final written decision, favoring denial of institution

Under the second *Fintiv* factor, “[i]f the court’s trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of exercising authority to deny institution under *NHK*.” *Fintiv*, IPR2020-00019, Paper 11 at 9. Here, trial is currently scheduled for August 12, 2024. Ex. 2002 at 1. In contrast, a final written decision is not due until April 30, 2025, *over 8 months later*. Thus, this factor strongly weighs in favor of denying institution.

Petitioners point to their motion to dismiss for lack of venue, speculating that the case might be “transferred to NJ where venue is proper.” Petition at 121. Patent Owner submits that the pending motion to dismiss/transfer should not greatly affect the weighing of this factor because it is uncertain how the district court will rule on the motion. The Board should not speculate on the outcome of the motion. Even if transfer is granted, the substantial discovery completed by the parties will likewise transfer.

Patent owner notes that a mere week before the close of fact discovery (originally scheduled for November 23, 2023; see Ex. 2002 at 2) the district court stayed discovery deadlines pending the Court’s ruling on Defendants’ Renewed Motion to Dismiss. The present stay of discovery in the district court, however, should not delay the schedule a great deal because discovery is substantially

complete. Indeed, the defendants in the district court (Petitioners) have “already produced almost 70,000 pages of documents” and have expressly stated that “production is substantially complete.” Ex. 2003 at 2. Given the lengthy 8-month difference between the trial date and the deadline for a final written decision, trial will likely occur before any final written decision, even with some delay to the current litigation schedule. Thus, this factor favors denial of institution.

C. Factor 3: The parties’ significant investment in the district court favors denial of institution

The third *Fintiv* factor considers “the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision.” *Fintiv*, IPR2020-00019, Paper 11 at 9.

Here, the parties have expended significant resources. It has been over a year since the district court issued its scheduling order. Ex. 2002. During that time, the parties have fully briefed claim construction. The parties have also propounded and responded to multiple rounds of discovery requests, including both interrogatories and requests for admissions. SHV has also served infringement contentions. Moreover, the parties have expended significant resources producing documents. Indeed, by October 24, 2023 (5 days after filing the Petition), Petitioner had already indicated that “production is substantially complete.” Ex. 2003 at 2.

This expenditure of resources is already sufficient to conclude that this factor weighs heavily in favor of denying institution. Moreover, this factor is measured “at the time of the institution decision” (*Fintiv*, IPR2020-00019, Paper 11 at 9), which is three months away. The court and parties will likely have expended even more resources during this period.

Petitioners focus heavily on their motion to dismiss/transfer for this factor and indeed for practically every factor. See Petition at 120-22 (citing motion to dismiss for factors 1-4). The mere fact that Petitioners have elected to file and are waiting for a decision on a motion to dismiss/transfer does not sway every *Fintiv* factor against denying institution. Despite the motion, the parties have continued to expend considerable resources in the district court case, engaging in “substantially complete” discovery (Ex. 2003 at 2), briefing claim construction, and even serving infringement contentions. Petitioners cannot negate the parties’ considerable investments by again pointing to their motion to dismiss. This factor strongly favors denial of institution.

D. Factor 4: The overlap in issues raised in the Petition and in the district court favors denial of institution

Under the fourth *Fintiv* factor, “if the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Fintiv*, IPR2020-00019,

Paper 11 at 12. Here, the challenged claims are identical to the claims asserted in the district court litigation. *Compare* Exhibit 1015 at ¶ 27 (“claims 1, 2, and 5”) with Petition at 16 (requesting review of claims 1, 2, and 5).

Petitioners acknowledge that “there is substantial overlap in the issue” but incredibly conclude that factor 4 “strongly favors institution.” Petition at 122. To the contrary, *Fintiv* expressly states that factor 4 “has favored denial” where the “petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding.” *Fintiv*, IPR2020-00019, Paper 11 at 12. Petitioners supply no precedent or credible reason for reaching a conclusion that is the *opposite* of how the precedential *Fintiv* decision weighs this factor.

E. Factor 5: The identity of the parties favors denial of institution

Under the fifth *Fintiv* factor, the Board may consider “whether the petitioner and the defendant in the parallel proceeding are the same party.” *Fintiv*, IPR2020-00019, Paper 11 at 13. Here, the parties are identical. Patent Owner Shenzhen Happy Vaping Technology Ltd. is the plaintiff in the district court litigation. Petitioners Logic Technology Development LLC and Japan Tobacco International U.S.A., Inc. are defendants in the district court litigation. Thus, this factor favors denial of institution. *Fintiv*, IPR2020-00019, Paper 11 at 13-14; *see also Duplo U.S.A. Corp v. MGI Digital Tech S.A.*, IPR2023-00936, Paper 8 at 19 (P.T.A.B.

Dec. 5, 2023) (finding factor 5 weighs “against institution” where the parties are the same).

As with Factor 4, Petitioner incredibly and summarily concludes, without any support or argument, that this factor “favors institution since all the partes are the same in the district court action.” Petition at 122. This again is the *opposite* of how the Board weighs this factor. Petitioner’s “weighing” appears to simply conclude that every factor weighs in favor of institution, regardless of the evidence or legal precedent.

F. Factor 6: Other factors favor denial of institution

Lastly, the Board may consider “other circumstances that impact the Board’s exercise of discretion, including the merits.” *Fintiv*, IPR2020-00019, Paper 11 at 6. “[I]f the merits of a ground raised in the petition seem particularly strong on the preliminary record, this fact has favored institution.” *Id.* at 14-15. “[I]f the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present.” *Id.* at 15.

Here, the merits are far from compelling. Indeed, as explained above in Section II, the Petition fails to prove a reasonable likelihood of success on the merits because (1) it fails to provide a statement regarding how the claims are to be construed and (2) it fails to demonstrate a motivation to combine or reasonable expectation of success. Moreover, the Petition is supported by a conclusory,

parroting expert declaration with no reasoning or analysis that should be given little to no weight. Notably, these deficiencies are relevant to factor 6 even if the Board determines that Petitioners have somehow shown a reasonable likelihood of success because “a compelling-merits challenge is a higher standard than the reasonable likelihood required for the institution of IPR under 35 U.S.C. § 314(a).” *OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102 at 49–50 (P.T.A.B. Oct. 4, 2022) (precedential, decision upon Director review).

With respect to Petitioners’ failure to provide a statement of how the claims are to be construed (Section II.A), even if insufficient by itself to result in denial of institution, such failure results in a challenge that is not “compelling.” This is so because Petitioners offer only possibilities for how to construe the claims by applying an unspecified “best understood” standard to the claims. Petition at 30, 74, 84 n. 2, 89 n.3. But “unpatentability cannot ‘plainly’ follow from an analysis that declines to offer nothing more than ‘possibilities’ as to how the claims might be understood.” *Vector Flow, Inc. v. HID Global Corp.*, IPR2023-00353, Paper 8 at 25 (P.T.A.B. July 17, 2023). Moreover, the Board has previously found the strategy of “providing inconsistent positions regarding the proper construction of the claims” to undermine petitioner’s argument that the petition presents a compelling unpatentability challenge. *Resmed Corp. v. Cleveland Med. Devices Inc.*, IPR2023-00565, Paper 13 at 17 (P.T.A.B. Sept. 25, 2023). Here, the

Petitioner's expert directly contradicts statements he made in the district court, without any explanation or analysis. *See* Section II.A.

With respect to the obviousness grounds, the Petition fails to demonstrate a motivation to combine or a reasonable expectation of success. As explained above in Section II.B, the Petition contains nothing more than conclusory statements and generic statements regarding how to combine the asserted references. Such conclusory statements, supported only by a nearly word-for-word identical declaration, fail to prove a reasonable likelihood of success, let alone demonstrate the merits satisfy the higher "compelling" standard.

Petitioners assert, again without any explanation or analysis, that the invalidity grounds meet the compelling merits standard. Petition at 119, 122. The Board should disregard this statement because it is a mere assertion without any rationale or explanation.

Thus, because the Petition fails to meet the higher compelling merits standard, this factor is neutral, or in combination with the other factors, favors denial of institution. *Fintiv*, IPR2020-00019, Paper 11 at 15 ("[I]f the merits of the grounds raised in the petition are a closer call, then that fact has favored denying institution when other factors favoring denial are present.").

IV. Conclusion

For the foregoing reasons, SHV respectfully requests that the Board deny the petition for *inter partes* review.

Date: January 29, 2024

Respectfully submitted,

By: /P. Andrew Riley/
P. Andrew Riley
Lead Counsel

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), the undersigned hereby certifies that the foregoing PATENT OWNER'S PRELIMINARY RESPONSE contains 4,954 words, excluding parts of the response exempted under § 42.24(a), as measured by the word-processing system used to prepare this paper.

Date: January 29, 2024

Respectfully submitted,

By: /P. Andrew Riley/
P. Andrew Riley
Lead Counsel

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), the undersigned certifies that on January 29, 2024, a copy of the foregoing PATENT OWNER'S PRELIMINARY RESPONSE and Exhibits 2001-2003 was served by e-mail directed to the attorneys of record for Petitioners as follows:

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