

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ECTO WORLD, LLC and SV3, LLC,
Petitioners,

v.

RAI STRATEGIC HOLDINGS, INC.,
Patent Owner.

Case IPR2024-01280
Patent 11,925,202

**PATENT OWNER'S SUPPLEMENTAL BRIEF
FOLLOWING DIRECTOR REMAND**

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I. INTRODUCTION

On remand, Ecto World, LLC and SV3, LLC (“Petitioners”) must clear both Section 325(d) and *Fintiv* hurdles to avoid discretionary denial. Paper 13 (“Director Dec.”) at 7-9. Petitioners clear neither.

First, the Board should deny institution under Section 325(d) because the Director already found the first prong of *Advanced Bionics* to be satisfied (*id.* at 4), and the Office did not err in allowing the ’202 patent over the asserted prior art. All of the Petition’s grounds are plainly deficient, as detailed herein and in Patent Owner’s Preliminary Response. Paper 9 (“POPR”) at 14-33. And this is not a case where a voluminous IDS was dumped on an unfamiliar examiner. To the contrary, the same Examiner has examined the ’202 patent family for nearly two decades, and Patent Owner (“PO”) presented all of the Petition’s prior art to the Examiner *years* before the application for the ’202 patent was filed. *Id.* at 36. The Examiner did not err in declining to apply the Petition’s weak prior art during prosecution.

If considered, the Board should deny institution under *Fintiv*. Director Dec. at 9 (“The Board should address [*Fintiv*] only if the Board determines not to exercise discretion to deny institution under § 325(d).”). The Office’s rescission of the June 21, 2022 Memorandum and Chief Judge Boalick’s March 24, 2025 Memorandum reaffirm that discretionary denial is warranted when an ITC proceeding is significantly advanced, and that is exactly the posture here. The ITC’s

five-day evidentiary hearing was completed over April 7-11, 2025, just a month after the Board's March 6, 2025 DI. All validity evidence has been entered in the ITC, and briefing is closed. The ITC's Final Determination is scheduled for November 24, 2025—five months before the final written decision ("FWD") due date. Under current Board practice, discretionary denial is the correct result here.

IPR should be denied.

II. BACKGROUND

A. The Parallel ITC Proceeding

On June 11, 2024, RAI, R.J. Reynolds Vapor Company, R.J. Reynolds Tobacco Company, and RAI Services Company (collectively "Complainants") filed an ITC complaint, seeking institution of a Section 337 investigation against Petitioner SV3, LLC and other Respondents for, *inter alia*, infringement of the '202 patent. *See Certain Disposable Vaporizer Devices*, Inv. No. 337-TA-1410; Ex. 2001. The ITC instituted the investigation on July 17, 2024. Ex. 2002.

Administrative Law Judge (ALJ) Bhattacharyya denied Complainants' motion for temporary relief on November 19, 2024. Ex. 2003. The permanent phase hearing took place from April 7-11, 2025, following the close of discovery and the ALJ's issuance of a detailed claim construction order. The ITC's target date for a Final Determination is November 24, 2025.

B. The Asserted Prior Art And Grounds

At the time of the Board's DI, the ITC investigation encompassed **all** of the prior art references cited in the Petition: U.S. Patent No. 6,155,268 to Takeuchi; U.S. Patent Application Pub. No. 2006/0016453 to Kim; Int'l Patent Appl. Pub. No. WO2000/028843 to Pienemann; and EP Patent Appl. No. 0845220 to Susa. Pet. at 5; Exs. 1004, 1006, 1007, 1018. Besides being litigated in the ITC, these references were also previously presented to the Office during prosecution of the '202 patent. POPR at 6; Ex. 1001 ("References Cited").

Grounds 1 and 2 ("Takeuchi Grounds") of the Petition challenge claims 1, 3-15, and 18-29 as allegedly being obvious over Takeuchi (and Pienemann for certain claims). Grounds 3 and 4 ("Kim + Pienemann Grounds") challenge claims 1-30 as allegedly being obvious over Kim and Pienemann (and Susa, should the term "smoking article" be construed to require tobacco, Pet. at 107).

III. THE BOARD SHOULD EXERCISE ITS DISCRETION TO DENY INSTITUTION UNDER 35 U.S.C. § 325(d)

Discretionary denial is warranted because "the same or substantially the same prior art or arguments previously were presented to the Office," and the Office did not err (materially or otherwise) in allowing the claims over the Petition's asserted art. *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 7 (PTAB Feb. 13, 2020). The Director has already

confirmed that the first prong of *Advanced Bionics* is satisfied: “Because the references that Petitioner asserts in this proceeding were provided on the applicant’s IDS, the Board correctly determined that the references were previously presented to the Office.” Director Dec. at 4 (citing DI at 10-11).

As for the second prong of *Advanced Bionics*, the Director’s Decision (at 5-6) establishes Petitioners’ burden for avoiding discretionary denial: Since “the asserted prior art is on an IDS, but the Examiner did not apply the reference[s],” Petitioners “must explain, with reference to *Becton Dickinson* factors (c), (e), and (f), how the Examiner [allegedly] erred” in not applying those references. As explained below, Petitioners will be unable to do so: The Examiner had been aware of the Petition’s prior art *years* in advance of the ’202 patent’s March 2023 filing date, and he correctly declined to apply this art during prosecution because none of it anticipates or renders obvious any claims.

A. The Merits Confirm That the Examiner Reached the Correct Patentability Determination

Because the Petition does not establish the unpatentability of any claim (POPR at 14-33), it follows that the Examiner committed no error in declining to apply the asserted prior art during prosecution.

Takeuchi Grounds: All challenged claims require an “electrical resistance heater.” Takeuchi, however, discloses nothing more than a generalized “heater.”

Ex. 1004 at 6:7-12; 9:29-34; POPR at 16-17. And the Petition does not explain why a POSA would have allegedly read Takeuchi as teaching a heater that generates heat **by electrical resistance** rather than, for example, by induction. Petitioner's declarant Dr. Deevi likewise offers no testimony explaining why Takeuchi's general heaters allegedly disclose the claimed "electrical resistance heater," nor does Dr. Deevi make any inherency or obviousness arguments for this limitation. Ex. 1003, ¶156. Lacking disclosure of the claimed "electrical resistance heater," the Takeuchi grounds fail. POPR at 14-19.

Kim + Pienemann Grounds: To remedy Kim's lack of a puff-actuated controller, Petitioners propose transplanting Pienemann's controller into Kim's cigarette-sized device. Pet. at 75. But PO demonstrated that such a modification would defeat Kim's stated objective of replicating the "look, feel, and taste of combustible cigarettes." Ex. 1004 at [0003]; POPR at 20-33. Under settled law, a POSA would not be motivated to pursue a modification that renders a reference unsatisfactory for its intended purpose. POPR at 20-21. The Examiner did not err in declining to apply Kim and Pienemann during prosecution.

B. The Prosecution Record Shows the Examiner Thoroughly Considered the Asserted Art

The Director ordered the parties to address "whether discretionary denial is appropriate in view of the 1,000-reference IDS" filed during prosecution of the '202

patent. Director Dec. at 7. As explained herein, discretionary denial is warranted, and the IDS filed by PO does not dictate otherwise.

The Patent Examiner who examined the '202 patent, Mr. Phu H. Nguyen, has been examining the '202 patent family since 2006, when PO filed the first application of the family. Since then, Examiner Nguyen has issued dozens of office actions, repeatedly evaluating the same specification and substantially similar claim sets in view of his intimate familiarity with the prior-art landscape. POPR at 36 (citing Ex. 2007 at 108-09, 112; Ex. 2008). Significantly, PO cited the Petition's prior art *years* before the application for the '202 patent was filed in March 2023: The Takeuchi, Kim, and Susa references were cited to Mr. Nguyen at least as early as March 18, 2015, and Pienemann was first cited to Mr. Nguyen at least as early as August 30, 2018. POPR at 36 (citing Ex. 2007 at 108-09, 112; Ex. 2008). The prosecution record reflects a sustained, iterative examination of prior art over nearly 20 years, including the art presented in the Petition.

Accordingly, even if the number of references cited on an IDS could possibly justify institution in some scenarios, the circumstances here dictate otherwise. The application for the '202 patent was **not** an original application citing many new references. Rather, it is a continuation in a mature family examined for nearly 20 years by the **same** Examiner. By the time the IDS was filed, Examiner Nguyen had already seen the now-asserted references for years, and he specifically initialed the

IDS pages listing Takeuchi, Kim, Pienemann, and Susa (Ex. 1002 at 228-84), confirming that he “considered” them within the meaning of MPEP § 609.04(b). Under these circumstances, Petitioners’ quantitative IDS arguments carry no weight. The Board should again deny IPR under Section 325(d).

IV. INSTITUTION SHOULD BE DENIED UNDER *FINTIV* DUE TO THE PARALLEL ITC INVESTIGATION

The Director authorized briefing under *Fintiv*, instructing the parties to focus on the facts as they existed at the time of the Board’s DI on March 6, 2025. Director Dec. at 9. As of that date, the parties were preparing for the ITC evidentiary hearing, which was scheduled for (and later occurred on) April 7-11, 2025. Further, as of the March 6, 2025 DI, the Commission had set a target date of November 24, 2025 for its Final Determination, which is **five months** before the projected FWD due date. Paper 12 (PO’s Authorized Response To Petitioner’s Request For Director Review) at 5. Under current Board practice, discretionary denial is warranted on these facts. March 24, 2025 Memorandum at 2 (“the Board is more likely to deny institution where the ITC’s projected final determination date is earlier than the Board’s deadline to issue a final written decision”). *See also Innoscience Am., Inc. v. Infineon Techs. Ams. Corp.*, IPR2025-00010, Paper 11 at 11 (PTAB May 16, 2025) (denying institution when the “ITC evidentiary hearing is scheduled to begin within

days” of the DI); *Arashi Vision Inc. US v. GoPro, Inc.*, IPR2025-00017, Paper 11 at 16 (PTAB Apr. 28, 2025).

A. Every *Fintiv* Factor Weighed Against Institution At The Time Of The Board's DI

The Board considers six factors when determining whether to exercise discretion to deny institution in view of a parallel proceeding. *Fintiv*, Paper 11 at 5–6. “These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.” *Id.* In evaluating these factors, the Board “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6. Here, every *Fintiv* factor weighed against institution at the time of the Board's March 6, 2025 DI.

1. Factor 1, “evidence exists that [a stay] may be granted if a proceeding is instituted,” favors denial.

No stay had been requested in the ITC at the time of the Board's DI (none was ever requested), which came just days before the ITC evidentiary hearing. Moreover, the ITC does not stay investigations pending IPR. *See, e.g., Certain Automated Storage & Retrieval Sys., Robots, & Components Thereof*, Inv. No. 337-TA-1228, Order 6, EDIS Doc. ID 736354, at 10–11 (Mar. 9, 2021) (denying motion to stay pending IPR because such relief would contravene the ITC's mandate to proceed “at the earliest practicable time”); *see also Innoscience America*, Paper 11

at 8 (acknowledging the ITC is unlikely to grant a stay when the evidentiary hearing is scheduled to begin within days of the Board's decision).

2. Factor 2, proximity of the “trial date to the Board’s projected statutory deadline for a final written decision,” favors denial.

At the time of the Board's DI, the ITC's target date for its Final Determination preceded the FWD due date by more than five months. The Board has stated it is “more likely to deny institution” under such circumstances, as simultaneous adjudication “increas[es] duplication and expenses for the parties and the tribunals.” March 2025 Memorandum at 2. The Board's DI also came just days before the ITC evidentiary hearing commenced. *Fintiv* at 9 (“when the trial date is earlier than the projected statutory deadline, the Board generally has weighed this fact in favor of [denial]”). The Board has held this factor favors denial where “the ITC will address issues relating to validity of the [] patent in an investigation where the final determination is set to occur months before [the Board] would issue a final decision.” *Innoscence America, Inc.*, Paper 11 at 10.

3. Factor 3, “investment in the parallel proceeding,” favors denial.

At the time of the Board's DI, the ITC proceeding was already well-advanced. Complainant RAI, Respondent SV3, LLC, the other Respondents, the Commission, and the OUII Staff Attorney had collectively invested substantial time and resources.

Fact discovery closed on November 22, 2024, expert discovery concluded on January 24, 2025, and preparations for the evidentiary hearing were underway.

The parties had extensively litigated Complainants' Motion for Temporary Relief, which ALJ Bhattacharyya denied (Ex. 2003), and ALJ Bhattacharyya had issued a detailed claim construction order. Order 34, EDIS Doc. ID 845915, 337-TA-1410 (Mar. 14, 2025). These substantive orders, issued before the Board's DI, support denial. *Fintiv* at 9-10 ("if, at the time of the institution decision, the [tribunal] has issued substantive orders related to the patent at issue in the petition, this fact favors denial," and "claim construction orders may indicate that the [tribunal] and parties have invested sufficient time in the parallel proceeding to favor denial"); *see also Arashi Vision*, Paper 11 at 11 (finding that substantial work completed in an ITC investigation, including the completion of claim construction and discovery in preparation for a hearing set to begin in just days, strongly favors exercising discretion to deny institution).

4. Factor 4, "overlap between issues raised in the petition and in the parallel proceeding," favors denial.

At the time of the Board's DI, the parties, Commission, and OUII Staff Attorney had been adjudicating the validity of the '202 Patent since June 11, 2024, when Complainants filed their ITC Complaint and Motion for Temporary Relief. POPR at 4–5. The ITC previously addressed validity during a short temporary relief

phase, but the full adjudication of the same issues was already well underway and set to culminate in the April hearing. Respondents' invalidity contentions in the ITC challenged claims 1–30 based on Takeuchi, Kim, Pienemann, and Susa, either alone or in combination—grounds that entirely encompass those asserted in the IPR. The parties exchanged expert reports on December 16, 2024, and January 10, 2025, and expert depositions took place later that month prior to the close of expert discovery. At the time of the Board's DI, Respondents were still pursuing validity challenges to the '202 Patent over Takeuchi, Kim in view of Pienemann, and another reference in view of Susa. These issues, almost identical to the disputes here, were slated for the evidentiary hearing beginning April 7, 2025.

This comprehensive and duplicative overlap goes well beyond what warrants discretionary denial. *See Innoscience America, Inc.*, Paper 11 at 13 (finding that factor 4 favors discretionary denial when eight out of twenty claims overlap with a parallel ITC investigation, but twelve out of twenty do not). The alignment of issues, references, and parties between the IPR and the ITC proceeding here render this factor strongly in favor of denial.

5. Factor 5, “whether the petitioner and the defendant in the parallel proceeding are the same party,” favors denial.

PO RAI and Petitioner SV3, LLC are parties to the ITC investigation. The Board has consistently found such overlaps support denial. *See, e.g., Toyota Motor*

Corporation et al v. Emerging Automotive LLC, IPR2024-00785, Paper 13 (PTAB Mar. 11, 2025); *Samsung Electronics Co., Ltd. et al v. Secure Wi-Fi LLC*, IPR2024-01366, Paper 10 (PTAB Mar. 24, 2025).

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

“Petitioner raises the same prior art previously presented to the Office during the prosecution of the ’202 patent, and does not demonstrate that the Office erred in a manner material to patentability of the challenged claims.” DI at 11. And the POPR (at 14-33) established that Petitioners had not established a reasonable likelihood of succeeding as to any challenged claim. Further, “even if the merits of Petitioner’s challenges were strong, they would not outweigh the weight of evidence supporting an exercise of discretion to deny institution.” *Samsung Electronics Co., Ltd. v. Sionyx, LLC*, IPR2025-00161, Paper 14 (PTAB May 21, 2025). With no distinction in grounds or claims that would justify a separate PTAB trial, a holistic application of the *Fintiv* framework compels denial.

Additional relevant circumstances also weigh against institution. On March 26, 2025, the USPTO issued a memorandum detailing “Interim Processes for PTAB Workload Management,” which clarifies that parties may address “all relevant considerations” under *Fintiv*, including “compelling economic, public health, or national security interests.” Interim Processes Memorandum at 2. Here, Petitioners

market vaping products—accused of infringement in the ITC investigation—that lack FDA authorization and are not lawfully on the market consistent with FDA's enforcement policies (which allow a small number of products without a marketing order to remain on the market),¹ using youth-targeted flavors and packaging. Both the FDA and the DOJ have identified removing products that appeal to youth from the market as a public-interest imperative. *See, e.g.*, Ex. 2001 at 8-9. Members of Congress have also called for urgent action to exclude these products from U.S. commerce. *Id.* Instituting this IPR would therefore also undermine public health.

B. Post-DI Developments Only Reinforce Denial

Since the Board's DI, developments in the ITC have only strengthened the case for discretionary denial based on efficiency, fairness, and judicial economy. The parties continued preparing witnesses and refining arguments for the hearing even after the Board's denial, further investing in the parallel proceeding. On April

¹ Specifically, FDA has long permitted, as an exercise of its enforcement policies, the continued marketing of certain vaping products with stayed, rescinded, or vacated denial orders and with timely submitted applications that are still under FDA review. *See* FDA, Advisory and Enforcement Actions Against Industry for Unauthorized Tobacco Products (updated Apr. 9, 2025); FDA, Enforcement Priorities for Electronic Nicotine Delivery Systems 27 (Apr. 2020).

2, 2025—nearly a month after the Board's DI—Respondents informed Complainants by email that they would no longer pursue any invalidity grounds relying on Susa, nor challenge any claims asserted solely for domestic industry purposes. The five-day evidentiary hearing focused entirely on invalidity grounds that overlap with those advanced here: Takeuchi and Kim in view of Pienemann. Post-hearing briefing on validity closed on May 16, 2025. The Commission has not altered its target date for a Final Determination, which remains November 24, 2025.

The parties have fully litigated validity in the ITC. Instituting an IPR after the ITC hearing has commenced, and with an initial determination pending would not only duplicate the ITC's already-complete work but would also disrupt the integrity of the patent system by enabling two tribunals to issue competing judgments on identical grounds. These are precisely the risks the Director sought to eliminate when rescinding the 2022 memorandum and reinstating the Board's discretion to apply *Fintiv* to parallel ITC proceedings.

V. CONCLUSION

The Board should deny institution under 35 U.S.C. § 325(d) because all of the Petition's prior-art references were previously presented to the Office, and the Examiner did not err in allowing the challenged claims over the Petition's prior art. Further, the Board should deny institution under 35 U.S.C. § 314(a), consistent with the Director's remand, post-rescission *Fintiv* guidance, and subsequent caselaw.

Respectfully submitted,

Dated: June 2, 2025

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CERTIFICATE OF SERVICE

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