

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SHENZHEN KANGVAPE TECHNOLOGY CO., LTD.,
Petitioner,

v.

RAI STRATEGIC HOLDINGS, INC.,
Patent Owner.

IPR2024-01406
Patent 11,925,202 B2

Before JO-ANNE M. KOKOSKI, CHRISTOPHER M. KAISER, and
BRIAN D. RANGE, *Administrative Patent Judges*.

KOKOSKI, *Administrative Patent Judge*.

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

I. INTRODUCTION

Shenzhen Kangvape Technology Co., Ltd. (“Petitioner”) filed a Petition to institute an *inter partes* review of claims 1, 3, 4, 8–13, and 15 (“the challenged claims”) of U.S. Patent No. 11,925,202 B2 (“the ’202 patent,” Ex. 1001). Paper 2 (“Pet.”). RAI Strategic Holdings, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”).

We entered a Decision Granting Institution of *Inter Partes* Review. Paper 7 (“Institution Decision” or “Dec.”). Patent Owner filed a Request for Director Review (Paper 10) and Petitioner filed an Authorized Response to Director Review Request (Paper 11). The Acting Director vacated our Institution Decision and remanded for further proceedings consistent with the Remand Decision. Paper 13 (“Remand Decision” or “Remand Dec.”). Pursuant to the Remand Decision, Patent Owner filed a Supplemental Brief Following Director Remand.¹ Paper 14 (“PO Supp. Br.”).

Institution of an *inter partes* review is authorized by statute when “the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314; *see also* 37 C.F.R. § 42.4. For the reasons discussed below, we exercise our discretion to deny institution of *inter partes* review of the challenged claims. Accordingly, we do not institute an *inter partes* review of the ’202 patent.

¹ The Remand Decision authorized Petitioner and Patent Owner to file briefs “addressing the exercise of discretion under *Fintiv* as set forth” therein. Remand Dec. 4. Petitioner did not file a brief in response to the Remand Decision.

A. Real Parties in Interest

Petitioner identifies itself as the real party in interest. Pet. 81. Patent Owner identifies RAI Strategic Holdings, Inc., R.J. Reynolds Vapor Company, RAI Innovations Company, and R.J. Reynolds Tobacco Company as the real parties in interest. Paper 3 (Mandatory Notice), 1.

B. Related Matters

The parties indicate that the '202 patent is asserted in the U.S. International Trade Commission, Investigation No. 337-TA-1410, *Certain Disposable Vaporizer Devices*, filed on June 11, 2024 ("ITC Investigation"). Pet. 81; Paper 3, 1. The '202 patent is also challenged in *Ecto World, LLC and SV3, LLC v. RAI Strategic Holdings, Inc.*, IPR2024-01280 (filed Aug. 13, 2024) and *Ecto World, LLC and SV3, LLC v. RAI Strategic Holdings, Inc.*, PGR2024-00049 (filed Sept. 6, 2024) (institution denied). Pet. 81–82; Paper 7, 1.

C. The '202 Patent

The '202 patent, titled "Tobacco-Containing Smoking Article," is directed to "tobacco smoking articles that produce aerosols without experiencing any necessary burning of tobacco or other component materials during periods in which the articles are used." Ex. 1001, code (54), 4:61–65. Figure 1 is reproduced below.

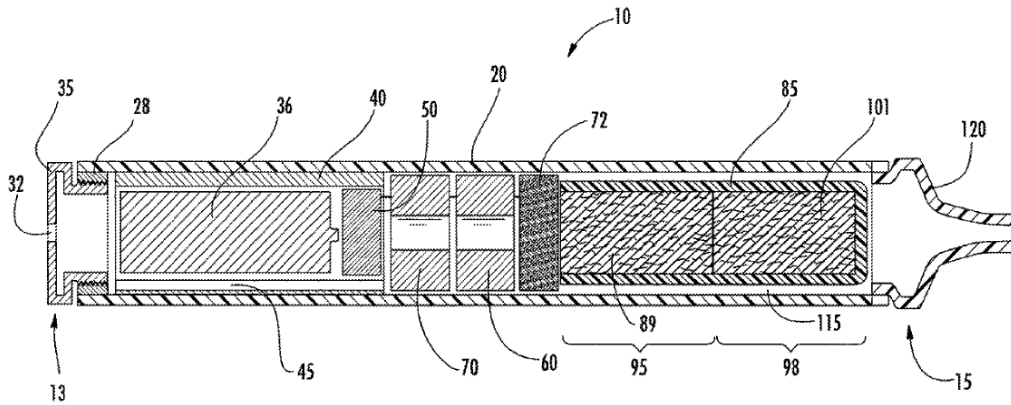


FIG. 1

Figure 1 depicts a longitudinal cross-sectional view of an embodiment of an electrically-powered, tobacco-containing smoking article described in the '202 patent. *Id.* at 8:47–49. Smoking article 10 includes outer housing 20, mouth-end 15, mouth-end piece 120, distal end 13, and end cover cap 35. *Id.* at 19:58–60, 20:5–11, 24:14–15. Mouth-end 15 comprises an opening adapted for egress of an aerosol generated within smoking article 10, and distal end 13 comprises an opening adapted for intake of air into smoking article 10. *Id.* at 20:5–9. Electric power source 36, electrically powered control components 50, sensing mechanism 60, and at least one electrical resistance heating element 70, 72 are arranged within outer housing 20. *Id.* at 20:24–25, 20:45–46, 20:61–64, 21:28–29. Resistance heating elements 70, 72 can be powered by electric power source 36, can be controlled by electrically powered control components 50, and are configured to allow airflow therethrough. *Id.* at 21:35–40.

Cartridge 85 contains some form of tobacco 89 and aerosol-forming material. Ex. 1001, 22:14–16. Cartridge 85 can include upstream segment 95, composed of tobacco or processed tobacco filler material 89 incorporating aerosol-forming material, and downstream segment 98, composed of substrate 101 carrying flavors or aerosol-forming material. *Id.*

at 22:27–32. The ’202 patent teaches that “smoking article 10 is assembled such that a certain amount of aerosol-forming material and tobacco components can be wicked or otherwise transferred to heating element 72 or the region in close proximity to the heating element.” *Id.* at 22:32–36. At least one air passageway 115 extends longitudinally between the inner surface of outer housing 20 and the outer surface of cartridge 85. *Id.* at 22:40–43.

During use, mouth-end 15 is placed in the smoker’s lips, and air is drawn through openings 32 in cap 35 located at distal end 13 and into outer housing 20. Ex. 1001, 24:30–34. The drawn air passes through air passageway 45 that extends along the length of power source 36 and electronic control components 50, then through an air passageway area within resistance heating element 70 and sensing mechanism 60, past or through resistance heating element 72, through air passageway 115 and into mouth-end piece 120. *Id.* at 24:34–41. Resistance heating elements 70, 72 heat aerosol-forming materials and tobacco materials in the vicinity of those heating elements. *Id.* at 24:41–44. “Aerosol that is formed by the action of drawn air passing heated tobacco components and aerosol-forming material in the region occupied by” resistance heating element 72 “is drawn through the mouth-end piece 120, and into the mouth of the smoker.” *Id.* at 24:50–54.

D. Illustrative Claim

Petitioner challenges claims 1, 3, 4, 8–13, and 15 of the ’202 patent. Independent claim 1 is illustrative of the claimed subject matter, and is reproduced below.

1. An electrically-powered, aerosol-generating smoking article comprising:

- an outer housing having two ends;
- a mouthpiece defined at one of the two ends;
- an electrical power source arranged within the outer housing;
- an electrical resistance heater positioned within the outer housing, the electrical resistance heater being configured for electrical connection with the electrical power source
- a storage compartment defined within the outer housing, the storage compartment being configured for storage of a liquid aerosol-forming material and being arranged such that the liquid aerosol-forming material can be wicked into contact with the electrical resistance heater to volatilize the liquid aerosol-forming material;
- an air passageway through at least a portion of the outer housing, the air passageway being arranged so that air drawn into the outer housing combines with volatilized liquid aerosol-forming material to produce an aerosol that can be drawn into the mouth of a user of the electrically-powered, aerosol-generating smoking article through the mouthpiece; and
- a controller configured to activate current flow through the electrical resistance heater in response to a draw on the electrically-powered, aerosol-generating smoking article.

Ex. 1001, 32:58–33:18.

E. Asserted Grounds

Petitioner asserts that claims 1, 3, 4, 8–13, and 15 would have been unpatentable on the following grounds:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1, 3, 4, 8–13	102	Morgan ²

² US 5,249,586, issued Oct. 5, 1993 (Ex. 1004, “Morgan”).

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1, 3, 4, 8–13, 15	103	Morgan, Susa ³
1, 4, 8, 9, 13	102	Gupta ⁴
1, 3, 4, 8–13, 15	103	Gupta, Takeuchi ⁵
1, 3, 8–11, 13, 15	102	Takeuchi

Pet. 1. Petitioner relies on the Declaration of Dr. Samir Nayfeh (Ex. 1003) in support of its contentions.

II. ANALYSIS

A. Discretionary Denial under 35 U.S.C. § 314(a)

As noted above, the '202 patent is the subject of a related ITC Investigation. Pet. 81; Paper 3, 1. Patent Owner argues that we should exercise discretion to deny institution under 35 U.S.C. § 314(a) because the factors identified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) weigh in favor of denying institution in view of the ITC Investigation. PO Supp. Br. 3–10. For the reasons explained below, we exercise our discretion to deny institution under 35 U.S.C. § 314(a).

Institution of an *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *SAS Inst. Inc. v. Iancu*, 584 U.S. 357, 365 (2018) (“[Section] 314(a) invests the Director with discretion on the question

³ EP 0 845 220 B1, published June 6, 1998 (Ex. 1006, “Susa”).

⁴ US 2005/0205084 A1, published Sept. 22, 2005 (Ex. 1007, “Gupta”).

⁵ US 6,155,268, issued Dec. 5, 2000 (Ex. 1009, “Takeuchi”).

whether to institute review” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”).

We consider several factors when determining whether to deny institution under § 314(a) based on a parallel district court proceeding, specifically

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.

Fintiv, Paper 11 at 5–6. In considering these factors, we apply the guidance set forth in a Memorandum regarding “Guidance on USPTO’s recission of ‘Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation,’” issued by the Chief Administrative Patent Judge of the Patent Trial and Appeal Board on March 24, 2025 (hereinafter, “Guidance Memo”).⁶ We address each of the *Fintiv* factors in turn.

⁶ Available at https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf

1. Factor 1 – Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

Under the first *Fintiv* factor, we consider “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” *Fintiv*, Paper 11 at 6. A stay of litigation pending resolution of an *inter partes* review allays concerns about inefficiency and duplication of efforts, and strongly weighs against exercising our authority to deny institution. *Fintiv*, Paper 11 at 6. The Guidance Memo states that “the Board will apply the *Fintiv* factors when there is a parallel proceedings at the International Trade Commission.” Guidance Memo 2.

Patent Owner asserts that a stay of the ITC Investigation had not been requested at the time of the Institution Decision,⁷ and argues that “the ITC does not stay investigations pending IPR.” PO Supp. Br. 4. Patent Owner also notes that the Institution Decision issued “just days before the ITC evidentiary hearing.” *Id.* Accordingly, Patent Owner argues that this factor favors denial. *Id.*

Patent Owner is likely correct that the ITC would not have been inclined to grant a stay if one had been requested at the time the Institution Decision issued. Moreover, the ITC conducted a full evidentiary hearing less than three weeks after the Institution Decision issued, and the target date for the ITC’s final determination is four months before the statutory deadline for the Board’s final written decision. PO Supp. Br. 5. Accordingly, we

⁷ The Remand Decision directed the parties to focus briefing “primarily on the facts and circumstances as they existed at the time of the Board’s” Institution Decision, and stated that “a party also may address in a separate section of the brief subsequent developments that the party believes are relevant to the proceeding.” Remand Dec. 3–4.

determine that *Fintiv* factor 1 weighs in favor of discretionary denial. *See also Klein Tools, Inc. v. Milwaukee Electric Tool Corp.*, IPR2024-01400, Paper 22 at 2 (PTAB June 9, 2025) (Acting Director Stewart determining that *Fintiv* factor 1 weighs in favor of discretionary denial when ITC investigation is unlikely to be stayed, the ITC already conducted a full evidentiary hearing, and the ITC final determination is expected to issue six months before the statutory deadline for the Board’s final written decision).

2. Factor 2 – The proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision

Under the second *Fintiv* factor, we consider the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.” *Fintiv*, Paper 11 at 6. Patent Owner asserts that, at the time of the Institution Decision, the ITC’s target date for its final determination preceded the Board’s projected statutory deadline by more than four months, and argues that *Fintiv* factor 2 accordingly favors denial. PO Supp. Br. 5.

The Guidance Memo states that “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.” Guidance Memo 2. Because the ITC’s projected final determination date of November 24, 2025 is several months before the Board’s statutory deadline to issue a final written decision, we determine that *Fintiv* factor 2 weighs in favor of discretionary denial.

3. Factor 3 – Investment in the parallel proceeding by the court and the parties

Under the third *Fintiv* factor, we consider the “investment in the parallel proceeding by the court and the parties.” *Fintiv*, Paper 11 at 6.

Patent Owner argues that, at the time of the Institution Decision, “the ITC proceeding was already well-advanced.” PO Supp. Br. 5. Specifically, Patent Owner notes that fact and expert discovery were complete, preparations for the evidentiary hearing were underway, and the Administrative Law Judge (“ALJ”) had issued an order denying Complainants’ Motion for Temporary Relief and a detailed claim construction order. *Id.* at 5–6. Subsequent to the issuance of the Institution Decision, the ALJ held a five-day evidentiary hearing, and the parties completed post-hearing briefing on validity. *Id.* at 10. Accordingly, we find that the parties and the ALJ have invested significant time in the ITC Investigation, and determine that *Fintiv* factor 3 favors discretionary denial.

4. Factor 4 – Overlap between issues raised in the petition and in the parallel proceeding

Under the fourth *Fintiv* factor, we consider the “overlap between issues raised in the petition and in the parallel proceeding.” *Fintiv*, Paper 11 at 6.

Patent Owner argues that this factor weighs “strongly in favor of denial” because the “comprehensive and duplicative overlap goes well beyond what warrants discretionary denial.” PO Supp. Br. 7. In particular, Patent Owner asserts that, at the time the Institution Decision issued, the ITC Investigation included “validity challenges to the ’202 Patent over Takeuchi and Morgan in view of Susa,” which are also asserted in this proceeding. PO Supp. Br. 7. Patent Owner further asserts that after the Institution Decision issued Respondents decided they would no longer pursue invalidity grounds based on Morgan and Susa, and “[t]he five-day evidentiary hearing thus focused on the Takeuchi § 102 ground advanced in this IPR (and a § 103 ground not at issue here).” *Id.* at 10. As a result, Patent Owner asserts

that “the ALJ’s Initial Determination due July 21, 2025 will address the validity of the claims over the Takeuchi § 102 ground, which was the only ground found to meet the statutory threshold for institution.” *Id.*

On these facts, we determine that there is extensive overlap between the issues in this proceeding and the issues in the ITC Investigation as to the challenged claims. Because some of the challenged claims are also asserted in the ITC Investigation, the ITC Investigation will resolve the dispute as to the patentability of those claims. And, as the Guidance Memo notes, “although an ITC final invalidity determination does not have preclusive effect, it is difficult as a practical matter to assert patent claims that the ITC has determined are invalid.” Guidance Memo 2 (citing *Fintiv*, Paper 11 at 8–9). Accordingly, we determine that *Fintiv* factor 4 favors discretionary denial.

5. Factor 5 – Whether the petitioner and the defendant in the parallel proceeding are the same party

Under the fifth *Fintiv* factor, we consider “whether the petitioner and the defendant in the parallel proceeding are the same party.” *Fintiv*, Paper 11 at 6.

As Patent Owner notes, the parties in this proceeding and the ITC Investigation are the same. PO Supp. Br. 8. When the petitioner and the defendant in the parallel proceeding are the same, this tends to support discretionary denial. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential). Accordingly, we determine that *Fintiv* factor 5 favors discretionary denial.

6. Factor 6 – Other circumstances that impact the Board’s exercise of discretion, including the merits

Under the sixth *Fintiv* factor, we consider “other circumstances that impact the Board’s exercise of discretion, including the merits.” *Fintiv*, Paper 11 at 6.

Patent Owner argues that, because the Board found that Petitioner did not establish a reasonable likelihood of prevailing with respect to four of the Petition’s five asserted grounds, and “[t]he fifth ground was determined to barely meet the statutory threshold,” *Fintiv* factor 6 favors denial. PO Supp. Br. 8. Having considered the parties’ arguments and evidence regarding the asserted challenges in the Institution Decision, we find that the merits of Petitioner’s asserted challenges do not outweigh the other *Fintiv* factors. *See* Dec. 8–26.

7. Fintiv Determination

Absent a compelling reason to the contrary, we take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review” when evaluating the *Fintiv* factors. *Fintiv*, Paper 11 at 14. As discussed above, factors 1–5 weigh in favor of discretionary denial. Thus, we conclude that a holistic analysis of all the circumstances demonstrates that the efficiency and integrity of the system are best served by denying institution.

III. CONCLUSION

For the reasons given, we exercise our discretion under § 314(a) to deny institution of *inter partes* review.

IV. ORDER

In consideration of the foregoing, it is hereby:

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

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FOR PETITIONER:

Michael T. Hawkins
Craig A. Deutsch
Carl E. Bruce
Terry J. Stalford
Yong Peng
Cameron A. Ubel
FISH & RICHARDSON P.C.
hawkins@fr.com
deutsch@fr.com
bruce@fr.com
stalford@fr.com
epeng@fr.com
ubel@fr.com

FOR PATENT OWNER:

David M. Maiorana
John A. Marlott
Kenneth S. Luchesi
Joshua R. Nightingale
Robert M. Breetz
JONES DAY
dmaiorana@jonesday.com
jmarlott@jonesday.com
kluchesi@jonesday.com
jrnightingale@jonesday.com
rbreetz@jonesday.com