

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PHILIP MORRIS PRODUCTS, S.A.,
Petitioner

v.

RAI STRATEGIC HOLDINGS, INC.,
Patent Owner

Patent No. 9,901,123

Inter Partes Review No. IPR2020-01602

**PATENT OWNER'S SUR-REPLY TO PETITIONER'S REPLY TO
PATENT OWNER'S PRELIMINARY RESPONSE**

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LIST OF PATENT OWNER EXHIBITS

- Ex. 2001 Complaint from ITC Investigation No. 337-TA-1199
- Ex. 2002 ITC Procedural Schedule in *Certain Tobacco Heating Articles and Components Thereof*, ITC Inv. No. 337-TA-1199 (U.S.I.T.C. June 11, 2020)
- Ex. 2003 Excerpt of Respondents' Pre-Hearing Brief in *Certain Tobacco Heating Articles and Components Thereof*, ITC Inv. No. 337-TA-1199 (U.S.I.T.C. Dec. 11, 2020)
- Ex. 2004 U.S. Patent Application Publication No. 2007/0267031
- Ex. 2005 Excerpts of Respondents' Joint Disclosure of Final Contentions in Response to Individual Interrogatory No. 12 (Final Invalidity Contentions) in *Certain Tobacco Heating Articles and Components Thereof*, ITC Inv. No. 337-TA-1199 (U.S.I.T.C. Sept. 18, 2020)
- Ex. 2006 Order Denying Respondents' Motion for Leave to Amend Their Response to the Complaint in *Certain Tobacco Heating Articles and Components Thereof*, ITC Inv. No. 337-TA-1199 (U.S.I.T.C. Oct. 22, 2020)
- Ex. 2007 Excerpts of Deposition Transcript of Stewart M. Fox in *Certain Tobacco Heating Articles and Components Thereof*, ITC Inv. No. 337-TA-1199 (U.S.I.T.C. Nov. 6, 2020)
- Ex. 2008 Excerpts of Ruyan Product Internal R&D Assessment (March 2007)
- Ex. 2009 Excerpts of Commission Staff Attorney's Pre-Hearing Brief in *Certain Tobacco Heating Articles and Components Thereof*, ITC Inv. No. 337-TA-1199 (U.S.I.T.C. Jan. 4, 2021)

I. Introduction

This is Petitioner’s second IPR Petition on the ’123 patent. The Board denied Petitioner’s first IPR Petition in view of the parallel ITC investigation. *See Philip Morris Prods., S.A. v. RAI Strategic Holdings, Inc.*, IPR2020-00919, Paper No. 9 (PTAB Nov. 16, 2020). The considerations that led the Board to deny institution on the first IPR Petition apply equally to this Petition. The Board should reach the same conclusion here and deny institution.

Petitioner’s Reply glosses over *Fintiv* factors 1-3 and 5, suggesting that the Board should ignore the ITC proceeding altogether. But then for *Fintiv* factor 4, Petitioner—no longer ignoring the ITC proceeding—emphasizes that it dropped its overlapping invalidity defense. What Petitioner failed to mention is that it forced Patent Owner, the ITC administrative law judge (“ALJ”), and the Commission Office of Unfair Import Investigations (“OUII”) to spend nearly a year heavily litigating the validity of the *exact same* patent claims with respect to the *exact same* alleged grounds of invalidity at issue in this Petition. Petitioner’s mid-trial dropping of its ITC invalidity defense is too late. The Board should not reward Petitioner’s gamesmanship.

II. The Board Should Deny Institution In View Of The Parallel ITC Proceeding

Petitioner suggests that *Fintiv* is not applicable here because the ITC is not a court. Reply at 1-3. But the Board’s Trial Practice Guide makes clear that denial

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