UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

RAI STRATEGIC HOLDINGS, INC. and R.J. REYNOLDS VAPOR COMPANY, Plaintiffs and Counterclaim Defendants, v. ALTRIA CLIENT SERVICES LLC; PHILIP MORRIS USA INC.; and PHILIP MORRIS PRODUCTS S.A. Defendants and Counterclaim Plaintiffs.	Civil Action No. 1:20-cv-393-LO-TCB

PMI/ALTRIA'S REPLY BRIEF IN SUPPORT OF MOTION REQUESTING TO BE HEARD ON PRIOR ART DISPUTE AT MARCH 18, 2022 HEARING

PMI/Altria recognize the Court's determination that "there is a triable issue of fact as to whether the '374 Patent is entitled to the earlier June 29, 2010 filing date of the 949 PCT" (Dkt. 803 (Aug. 5, 2021 Order) at 2). However, the Court "encouraged [the Parties] to confer with each other to see what action (if any) would be necessary to resolve this issue" of whether the Chinese utility patent ("CN '667") qualifies as prior art if a jury finds that the '374 patent is entitled to the earlier priority date. Dkt. 947 (Feb. 7, 2022 Order) at 5 n.2.

PMI/Altria has worked to resolve this issue with RJR without success, despite RJR having already lost this identical issue before the U.S. Patent Office Patent Trial and Appeals Board ("PTAB"). In particular, RJR sought *inter partes* review ("IPR") on the same Chinese utility application, CN '667, but the PTAB ***denied*** institution precisely because CN '667 *is not prior art* because it has the same inventor as the '374 patent and is thus not "of another" as the statute

requires. In its October 27, 2021 decision denying IPR institution, the PTAB expressly rejected RJR's proffer of CN '667 as prior art, concluding that "that [CN '667] does not describe a work of another and, as such, does not qualify as prior art under § 102(a)." *R.J. Reynolds Vapor Company v. Altria Client Services LLC*, IPR2021-00793, Paper 7 at 6 (PTAB Oct. 27, 2021) (Exhibit A); *see also id.* ("The record evidence persuasively demonstrates that the '374 patent and [CN '667] have a common inventive entity."). PMI/Altria submit that the Court should conclude the same based on the undisputed record and should do so before trial.

There is no dispute on the facts, no dispute on the law, and no basis for RJR to continue to dispute that CN '667 is not statutory prior art. RJR admitted in open court last July that the inventors on the '374 patent and CN '667 are the same person:

22	So that brings me to 102(a). We acknowledge Liu invented
23	both inventions. We're not denying that. I do want to look at

Dkt. 818 (July 16, 2021 Hearing Tr.) at 30:22-23; *see also* Dkt. 1144-2 at 2 (Feb. 23, 2022 email from RJR outside counsel stating "Reynolds does not dispute that CN 667 has the same inventor as the '374 patent …."). The Court's February 7, 2002 Order recognized that "RJR appears to concede that Mr. Liu is the same person . . . ." Dkt. 947 (Feb. 7, 2022 Order) at 5 n.2.

RJR itself recognizes—as it must—that under the statute and governing Federal Circuit precedent, a patent that is not "by another" cannot be prior art under pre-AIA § 102(a). Dkt. 735 (RJR's Opp. to Summary Judgment) at 13 ("PMP and Altria's cited decisions[] hold that a reference does not qualify as prior art under Section 102(a) unless it came from someone other than the inventor of the challenged patent"); *see also Trebro Mfg., Inc. v. Firefly Equip., LLC*, 748 F.3d 1159, 1169 (Fed. Cir. 2014). As discussed, the PTAB has already so concluded.

RJR contends that "PM/Altria forfeited any argument about the common inventorship of

the '374 patent and CN '667" due to alleged discovery infractions. Dkt. 1149 (RJR's Opp. to Mot.) at 1. No so. As explained in PMI/Altria's summary judgment briefing, RJR's argument is both baseless and irrelevant, for at least two reasons. Dkt. 751 (PMI/Altria's Reply to Summary Judgment) at 12-15. First, as explained above and as the PTAB has already ruled, the undisputed facts foreclose CN '667 from being pre-AIA § 102(a) prior art as a matter of law. Second, RJR has the burden to establish CN '667 as prior art. *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1576 (Fed. Cir. 1996) ("By challenging the validity of the [] patent, [the Defendant] bore the burden of persuasion by clear and convincing evidence on all issues relating to the status of the Cook catalog as prior art."). On this record, just as the PTAB determined in denying RJR's IPR petition, RJR cannot meet its burden of showing that CN '667 is prior art under pre-AIA § 102(a) as a matter of law.

This should end the inquiry. However, RJR has made an untimely, post-discovery claim that "even if the priority date of the '374 patent is in 2010, as PM/Altria alleges, CN '667 qualifies as prior art under 35 U.S.C. §102(d) (pre-AIA)." Dkt. 1149 (RJR's Opp. to Mot.) at 2. But once again, RJR's position runs afoul of long-settled, controlling Federal Circuit precedent. And contrary to RJR's assertion, PMI/Altria has not "abandon[ed]" the contention that § 102(d) does not apply.[1]

As explained in PMI/Altria's summary judgment briefing, the pre-AIA § 102(d) bar only applies when the invention patented in the foreign country and the invention patented in the United States is the "same invention." Dkt. 751 (PMI/Altria's Reply to Summary Judgment) at 15-16;

[1] RJR's Opposition does not assert that CN '667 is prior art under pre-AIA §§ 102(b) or (e), but to extent it tries to pursue these baseless arguments, they are (also) without merit and contrary to settled law for the reasons explained in PMI/Altria's prior briefing. Dkt. 696 (PMI/Altria's Memo. in Support of Summary Judgment) at 23.

see also In re Kathawala, 9 F.3d 942 (Fed. Cir. 1993); MPEP § 2135. Consistent with that requirement, the Federal Circuit explained that the § 102(d) bar can "cause[] an inventor to lose the right to a patent by delaying the filing of a patent application too long after having filed ***a corresponding patent application*** in a foreign country." *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1402 (Fed. Cir. 1997) (emphasis added). RJR does not dispute that CN '667 and the '374 patent are ***not*** the same invention. Indeed, RJR does not argue that CN '667 anticipates the '374 patent, but rather that it ***in combination with other references*** renders it obvious. *See* Dkt. 694 (PMI/Altria Sealed Memo. ISO Mot. for Summary Judgment) at 20-21 (summarizing evidence). Consequently, CN '667 is not a bar to the '374 patent under pre-AIA § 102(d). And this interpretation of pre-AIA § 102(d) is not, as RJR wrongly suggests, inconsistent with § 103, as the Federal Circuit has made clear that pre-AIA § 102(d) is a "loss-of-right" provision, not a "prior art" provision and has "no relation to § 103 and no relevancy to what is 'prior art' under § 103." *OddzOn*, 122 F.3d at 1402 (internal citations omitted).

PMI/Altria respectfully submits that the Court should resolve this issue prior to trial. If the jury determines that the '374 patent is entitled to its earlier priority date, there is no need for the jury to further address any arguments based on CN '667, as it is not prior art as a matter of law.

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Respectfully submitted,

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