

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

PHILIP MORRIS PRODUCTS S.A.,

Plaintiff,

v.

R.J. REYNOLDS VAPOR COMPANY,

Defendant.

Civil Action No. 1:20-cv-00393-LMB-TCB



**MEMORANDUM IN SUPPORT OF PHILIP MORRIS' UNOPPOSED  
MOTION TO LIFT THE PARTIAL STAY ON PHILIP MORRIS' CLAIM FOR  
PERMANENT INJUNCTIVE RELIEF**

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## I. INTRODUCTION

In its prayer for relief, Plaintiff Philip Morris Products S.A. (“Philip Morris”) asked the Court to permanently enjoin Reynolds from “using, making, importing, offering for sale and/or selling” the accused VUSE e-cigarettes if they are found to infringe the ’265 or ’911 patents. Dkt. 473 at 83. In May 2021, Judge O’Grady entered a partial stay, allowing the parties to complete fact discovery on injunctive relief, but held further proceedings on injunctive relief in abeyance. Dkt. 702. Now that the Court has entered final judgment on the jury’s verdict that (i) the Solo G2 product infringes the ’911 patent, (ii) the Alto product infringes the ’265 patent, and (iii) Reynolds failed to show either patent was invalid, no good cause supports continuing the stay. Moreover, Defendant R.J. Reynolds Vapor Co. (“Reynolds”) does not oppose lifting the stay.

Accordingly, Philip Morris respectfully moves the Court to lift the stay and enter the agreed briefing schedule. Philip Morris also requests the Court’s guidance on whether (i) the Court would like fact and/or expert declarations to be submitted with briefing on injunctive relief (as Reynolds contends) and (ii) such briefing is limited to injunctive relief or should also address the appropriate royalty rate for a compulsory license (as Reynolds contends).

## II. FACTUAL BACKGROUND

Philip Morris filed infringement counterclaims on June 29, 2020. Dkt. 40. On March 12, 2021, Judge O’Grady granted Philip Morris leave to add permanent injunctive relief as an additional remedy for Reynolds’ infringement. Dkts. 464, 483. The parties then proceeded with fact discovery, including on injunctive relief. As Philip Morris explained, Philip Morris is entitled to a permanent injunction barring Reynolds’ future sales of Alto and Solo G2 cartridges in the U.S. because such sales would irreparably harm Philip Morris, [REDACTED] [REDACTED] Ex. A (Trial Tr. 6/8 a.m.) at 135:18-22. As Philip Morris explained, and as the evidence at trial established, Reynolds [REDACTED]

[REDACTED]

[REDACTED]. Ex. C (Trial Tr. 6/9 p.m.) at 570:17-574:7. Reynolds derived particular benefits from its use of Philip Morris’s patented technology in the infringing Solo G2 and Alto e-cigarettes, including to obtain PMT authorization (for the Solo G2) and unfairly compete with Philip Morris in the market. Dkt. 1361. As the evidence at trial confirmed, [REDACTED]

[REDACTED]. See, e.g., Ex. A (Trial Tr. 6/8 a.m.) at 147:4-148:5; Ex. D (Trial Tr. 6/8 p.m.) 161:20-162:14.

On May 21, 2021, Reynolds moved to stay all proceedings related to injunctive relief after Administrative Law Judge Cheney in the International Trade Commission rendered a decision recommending that a limited exclusion order be entered barring entry of IQOS into the U.S.<sup>1</sup> Dkt. 647 at 2-5. On June 7, 2021, Judge O’Grady granted Reynolds’ motion in part and entered “a partial stay of further proceedings on PMP’s injunctive relief claim that allows only fact discovery relating to the instant claim to proceed through its conclusion.” Dkt. 702 at 1. The parties subsequently completed fact discovery on all issues, including injunctive relief. But the parties did not conduct expert discovery on injunctive relief because, as Judge O’Grady recognized, expert discovery was not authorized (*id.*) and is “typically handled through post-trial briefing and declarations, as needed.” Dkt. 666 at 5 n.1.

On June 8, 2022, the parties began a jury trial on Philip Morris’ infringement claims. On June 15, the jury returned a verdict that (i) the Solo G2 infringed the ’911 patent, (ii) the Alto infringed the ’265 patent, and (iii) Reynolds had not shown the ’911 patent was invalid (Reynolds

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<sup>1</sup> The Commission subsequently affirmed ALJ Cheney’s decision. Philip Morris appealed that decision, which is in the midst of briefing and pending in the Federal Circuit.

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