

**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**

**REDACTED**

**MEMORANDUM IN SUPPORT OF DEFENDANTS'  
PARTIAL MOTION TO STAY PLAINTIFFS' CLAIMS  
REGARDING U.S. PATENT NOS. 9,814,268 AND 10,492,542**

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## I. INTRODUCTION

Defendants Altria Client Services, LLC (“ACS”), Philip Morris USA Inc. (“PM USA”), and Philip Morris Products S.A. (“PMP”) (collectively, “Defendants”) hereby move for an Order directing a partial stay of this District Court action pending resolution of the PTAB proceedings for U.S. Patent Nos. 9,814,268 (the “’268 patent”) and 10,492,542 (the “’542 patent”)—the two un-stayed patents asserted in this case by RAI Strategic Holdings, Inc. and R.J. Reynolds Vapor Company (collectively, “Plaintiffs”). Defendants also respectfully request a ruling on this motion *before December 14, 2020* in view of certain imminent Patent Trademark Appeal Board (“PTAB”) deadlines that will be directly impacted by the partial stay, as discussed below.

Based upon a recent and extraordinary ruling from the PTAB, it is now apparent that the PTAB will *not* institute Defendants’ post-grant petitions related to the ’268 and ’542 patents unless this case is stayed with respect to those patents (or, alternatively, this Court rules that it will stay the case if the PTAB proceedings for such patents are instituted). The PTAB first applied this new and unannounced rule in Defendants’ Petition for Inter Partes Review (“IPR”) challenging the ’268 patent. Although noting that the ’268 patent IPR was “*particularly strong*” on the merits, and that Defendants very diligently filed it within four weeks of the Complaint, the PTAB declined to review the ’268 patent’s validity in view of this Court’s projected trial date, which the PTAB determined would predate its IPR hearing date. (Exhibit 3, ’268 Institution Decision at 28-29.) The PTAB has not yet issued its decision regarding the ’542 patent petitions, but Defendants anticipate (and Plaintiffs acknowledge) that the PTAB will likely decline review of that patent’s validity for the same reason.

This case presents what is believed to be a case of first impression warranting further consideration of this Court’s practice of denying pre-institution stays in light of this recent change in PTAB practice. This Court and others have historically often denied stays of their proceedings

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