

**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

**REPLY 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

Plaintiffs are treating Defendants' request as a run-of-the-mill stay request, but it is not. The PTAB's new (and disappointing) approach of denying institution of PTAB petitions when the PTAB's decision would be preceded by a district court (or ITC) trial date, regardless of the other factors the PTAB purports to consider (including the merits of the petition, the stage of the court case, and the petitioner's diligence), compels revisiting how courts, and particularly fast-moving courts such as this one, treat pre-institution stays to avoid PTAB application of a *per se* rule, divorced from the merits, to deny PTAB review. Here, Defendants could have done no more than they did. Defendants filed their PTAB petitions with extraordinary diligence – and as the PTAB expressly acknowledged for the '268 – they are particularly strong.

Although Plaintiffs make much of the fact that Defendants heeded this Court's precedent from the outset by opting not to seek what may have been a futile pre-institution stay under this Court's current precedent, Plaintiffs appear to miss the critical point. Namely, the PTAB's change in practice now warrants reconsideration of this Court's practice regarding pre-institution stays, at least in the case of diligently filed, meritorious PTAB petitions as in this case.¹ Given the PTAB's new approach, this motion presents an issue of first impression for this Court.

The totality of the circumstances in this case – including the diligently-filed petitions, the strength of those petitions, and the PTAB's new approach to denying post-grant petitions in fast forums regardless of other facts – justify at minimum a ruling that this Court will stay on

¹ Defendants do not here suggest that pre-institution stays should be automatic, or that they should not be considered in light of the circumstances of each particular case. For example, a party should not be permitted to delay filing its IPR until a case is well advanced and then belatedly file an IPR. And parties should not be encouraged to adopt a “wait and see” approach as to how they perceive they are doing in the district court before proceeding in the PTAB. Such “forum shopping” should not be condoned.

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