

**IN THE 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.

Case No. 1:20-cv-00393-LO-TCB

**REDACTED**

**PLAINTIFFS' MEMORANDUM IN SUPPORT OF SECOND MOTION TO COMPEL  
PRODUCTION OF RESPONSIVE DOCUMENTS RELATED TO  
DEFENDANTS' '374 PATENT INFRINGEMENT COUNTERCLAIM**

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## INTRODUCTION

For the second time, Plaintiffs RAI Strategic Holdings, Inc. and R.J. Reynolds Vapor Company (“Reynolds”) respectfully move under Federal Rule of Civil Procedure 37(a)(3)(B) and Local Civil Rule 37 for an order compelling Defendants Altria Client Services LLC, Philip Morris USA Inc., and Philip Morris Products S.A. (collectively, “Defendants”) to produce all responsive documents related to the ’374 patent that are within their control, as well as documents in the possession of Defendants’ suppliers Smart Chip Microelectronic and Minilogic Device Corporation. This motion is necessary because Defendants’ recent expert reports revealed that they have not produced all responsive documents—despite assuring the Court (and Reynolds) months ago that Defendants had completed that production in a successful attempt to avoid Reynolds’s earlier motion to compel.

## FACTUAL BACKGROUND

This Motion seeks documents relating to the ’374 patent on which Defendants base their counterclaim alleging that Reynolds’s VUSE products infringe the patent. The patent concerns a puff sensor—a component of an electronic cigarette that senses when the consumer is using the device (i.e., begins to “puff”), triggering the heating process. Minilogic was the original owner of the ’374 patent family, which later was acquired by Smart Chip and then Altria Client Services (“ACS”).

Reynolds contends that the ’374 patent is invalid because it was not novel, having been filed in 2015, years after Reynolds began selling its VUSE Solo product. Defendants contend that the ’374 patent should be treated as if it were filed in 2010—before VUSE Solo—based on an earlier patent application by the inventor of the ’374 patent, Loi Ying Liu, a Minilogic employee. The validity of the ’374 patent over prior sales of the VUSE Solo product turns on whether the

2010 patent application fully describes the invention claimed in the '374 patent or, as Reynolds contends, it does not.

A. In order to uncover the facts underlying Defendants' priority claim and supporting Reynolds's invalidity and damages claims, Reynolds served discovery requests in October 2020 seeking information about [REDACTED], including information relating to Smart Chip's, Minilogic's, and Mr. Liu's development of the invention claimed in the '374 patent; as well as their work on products embodying the claimed invention; and Smart Chip's, Minilogic's, Mr. Liu's, and Defendants' knowledge of relevant prior art. (Ex. A.) For example, Reynolds's Request for Production No. 293 specifically called for the production of documents relating to puff sensors "with non-metallic diaphragms, including diaphragms made from ... soft and resilient plastic materials such as a PPS (Polyphenylene Sulfide)...." (Ex. A, at 12.)<sup>1</sup>

Over the course of the following month, Defendants refused to produce all responsive documents requested by Reynolds, citing a series of conflicting justifications. For example, Defendants claimed they did not need to produce the documents because "[a]s the challenger of the patent, it [was] Reynolds's burden to show that the '374 patent is not entitled to the earlier priority date." (Ex. B.) Then they stated they were "collecting" responsive documents, but they still refused to make a production responsive to the full scope of Reynolds's requests, disclaiming a need to produce documents beyond those relating to the acquisition of the '374 patent. (Ex. C.) Next, they stated that they would search for "additional ... and *relevant* documents"—apparently as defined by Defendants—and produce them "to the extent any are located." (Ex. D.) Defendants

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<sup>1</sup> The use of non-metallic diaphragms, such as those made from PPS, was first described in Mr. Liu's 2015 application. [REDACTED]

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