

# Exhibit 1

Trials@uspto.gov  
571-272-7822

Paper 9  
Date: November 16, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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PHILIP MORRIS PRODUCTS, S.A.,  
Petitioner,

v.

RAI STRATEGIC HOLDINGS, INC.  
Patent Owner.

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IPR2020-00921  
Patent 9,814,268 B2

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Before JO-ANNE M. KOKOSKI, ELIZABETH M. ROESEL, and  
MICHELLE N. ANKENBRAND, *Administrative Patent Judges*.

PER CURIAM

DECISION  
Denying Institution of *Inter Partes* Review  
*35 U.S.C. § 314*

IPR2020-00921  
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## I. INTRODUCTION

### A. *Background and Summary*

Philip Morris Products, S.A. (“Petitioner”) filed a Petition (Paper 2, “Pet.”) seeking *inter partes* review of claims 16 and 17 (“the challenged claims”) of U.S. Patent No. 9,814,268 B2 (Ex. 1001, “the ’268 Patent”). RAI Strategic Holdings, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). With the Board’s prior authorization, the parties filed additional briefs limited to the issue of discretion to institute pursuant to *NHK*<sup>1</sup>/*Fintiv*<sup>2</sup> and 35 U.S.C. § 325(d). Paper 7 (“Pet. Reply”); Paper 8 (“PO Sur-reply”).

We have authority to determine whether to institute an *inter partes* review. 35 U.S.C. § 314 (2018); 37 C.F.R. § 42.4(a) (2020). After considering the parties’ arguments addressing § 325(d), we decline to exercise discretion to deny institution under that statute. In view of the proximity of the district court’s anticipated trial date to the projected statutory deadline for issuing a final decision and other factors, institution is denied under § 314(a) and *Fintiv*.

### B. *Real Parties in Interest*

Petitioner identifies Philip Morris Products, S.A.; Philip Morris International, Inc.; Altria Client Services LLC; and Philip Morris USA as real parties in interest. Pet. 5. Petitioner additionally states that Altria Group, Inc. is not a real party in interest but nevertheless agrees to be bound

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<sup>1</sup> *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential).

<sup>2</sup> *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential).

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by any final written decision in this proceeding. *Id.* (citing 35 U.S.C. § 315(e)).

Patent Owner identifies RAI Strategic Holdings, Inc.; R.J. Reynolds Vapor Company; RAI Innovations Company; and R.J. Reynolds Tobacco Company as real parties in interest. Paper 5, 1 (Mandatory Notice).

*C. Related Matters*

The parties identify the following district court action in which Patent Owner is asserting the '268 Patent: *RAI Strategic Holdings, Inc. v. Altria Client Services LLC*, No. 1:20-cv-393 (E.D. Va. filed Apr. 9, 2020). Pet. 5; Paper 5, 2.

The parties also identify IPR2020-00919 involving U.S. Patent No. 9,901,123 (“the '123 Patent”), which is related to the '268 Patent.<sup>3</sup> Pet. 5–6; Paper 5, 2.

*D. The '268 Patent (Ex. 1001)*

The '268 Patent describes and claims a tobacco-containing, electrically-powered smoking article. Ex. 1001, codes (54), (57), 1:19–20, 32:41–42, 34:13–14 (preamble of independent claims 1 and 16). One objective is “to provide a smoking article that provides a smoker with an ability to enjoy using tobacco without the necessity of burning any significant amount of tobacco.” *Id.* at 4:27–29.

A first embodiment is depicted in Figure 1, reproduced below:

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<sup>3</sup> The '268 Patent and the '123 Patent both claim the benefit of Application No. 11/550,634, filed October 18, 2006, through a series of continuation and/or division applications.

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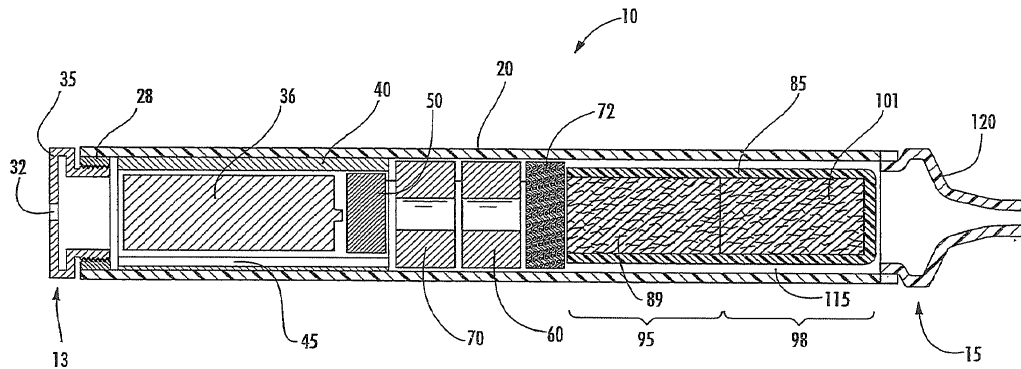


FIG. 1

Figure 1 of the '268 Patent is a longitudinal cross-sectional view of an electrically powered, tobacco-containing smoking article. Ex. 1001, 8:28–30, 19:31–35.

As shown in Figure 1, smoking article 10 includes outer container or housing 20 that is generally tubular in shape and has distal end 13 and mouth-end 15. Ex. 1001, 19:40–44, 19:53–55. “[T]he mouth-end comprises an opening adapted for egress of an aerosol generated within the smoking article and the distal end comprises an opening adapted for intake of air into the smoking article 10.” *Id.* at 19:55–58. Within outer container 20 is electric power source 36, such as a battery. *Id.* at 20:6–7.

As shown in Figure 1, smoking article 10 includes controller 50 having microchips that provide control of time of operation, current, and electrical resistance heat generation. Ex. 1001, 20:27–28, 20:31–36, Figs. 4, 5. Smoking article 10 also includes sensor 60 for sensing draw, i.e., intake of air by the user of the smoking article. *Id.* at 20:43–46, 20:61–63. Controller 50 and sensor 60 are powered by battery 36 and function in concert as a puff-actuated controller for regulating the flow of current through the resistance heating elements. *Id.* at 20:36–37, 20:53–54, 20:57–61.

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