IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

RAI STRATEGIC HOLDINGS, INC., et. al., *Plaintiffs.* v. ALTRIA CLIENT SERVICES, LLC, et. al., *Defendants.*	Civil Action No. 1:20-cv-393 Hon. Liam O'Grady

ORDER

Introduction

This matter comes before the Court regarding the counterclaim Plaintiffs', Phillip Morris USA Inc. and Altria Client Services LLC (collectively "PM/Altria"), Motion for Summary Judgment. Dkt. 695. The matter has been fully briefed by the Parties.

Procedural Background

The Parties in this action are all companies that manufacture, design, and produce electronic cigarettes. *See* Dkt. 199 at 2. The Parties are moving to trial on counterclaims asserted by PM/Altria which allege that several of their patents have been infringed.[1] Dkt. 199. The counterclaim Defendants, RAI Strategic Holdings and R.J. Reynolds Vapor Company (collectively "RJR"), have filed an answer to the counterclaims in which they assert several affirmative defenses. Dkt. 523 at 17. PM/Altria has moved for summary judgment seeking a

[1] These Patents are U.S. Patents number 9,814,265 (the '265 patent); 10,555,556 (the '556 patent); and the 10,104,911 (the '911 patent).

declaration that would preclude RJR from raising these affirmative defenses. Dkt. 695 at 8. The Court has previously issued two Orders regarding the competing Motions for Summary Judgment filed in this case. Dkt. 803; Dkt. 804. At the request of PM/Altria, the Court now issues this Order in the hopes of offering clarification on the issues raised in PM/Altria's Summary Judgment Motion. *See* Dkt. 925.

Legal Standard

A party may move for summary judgment by identifying either a claim or defense, or a part of a claim or defense, on which summary judgment is sought. Federal Rule of Civil Procedure 56. Summary judgment will be granted "if the movant shows that there is no genuine dispute as to any material fact." *Id.* A party opposing a motion for summary judgment must respond with specific facts, supported by proper documentary evidence, showing that a genuine dispute of material fact exists, and that summary judgment should not be granted in favor of the moving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986). The Fourth Circuit has held, "the mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no genuine issue of material fact." *Bouchat v. Baltimore Ravens Football Club, Inc.*, 346 F.3d 514, 519 (4th Cir. 2003) (quoting *Anderson*, 477 U.S. at 247-248). "It is the responsibility of the party seeking summary judgment to inform the court of the basis for its motion, and to identify the parts of the record which it believes demonstrate the absence of a genuine issue of material fact." *Hyatt v. Avco. Fin. Servs. Mgmt. Co.*, 2000 U.S. Dist. Lexis 13645, at 11 (E.D. Va. March 2, 2000) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986)); aff'd, 22 F. App'x 81 (4th Cir. 2000).

Discussion

As an initial matter, PM/Altria has requested summary judgment on four affirmative defenses asserted by RJR against the counterclaim. Dkt. 696 at 26. PM/Altria contends that some of these defenses will not be pursued by RJR. *Id.* at 29. RJR has represented to the Court that some of these defenses have been withdrawn. Dkt. 735 at 18. RJR has withdrawn the defenses of estoppel, acquiescence, waiver, or unclean hands on the '911 and '556 patents. *Id.* RJR has withdrawn the equitable defense of unclean hands as to the '545 patent. *Id.* RJR has withdrawn the equitable defense of estoppel, acquiescence, or waiver as to the '374 and '265 patents. RJR has also withdrawn the equitable defenses of limitation of damages and extraterritorial claims. *Id.* at 19, 22. RJR has also withdrawn the defense of inequitable conduct as to the '545 patent. *Id.* at 6. Although PM/Altria makes a strong argument in favor of granting summary judgment, the Court will decline to do so. Therefore, based on the representations made by RJR in their memorandum, the Court will **DISMISS WITH PREJUDICE** the equitable defenses that are identified above.

Second, PM/Altria has asserted that "For those affirmative defenses not expressly abandoned at the eleventh hour, RJR has failed to point ***any*** factual allegations to support their Fifth, Sixth, Eighth, and Eleventh Affirmative Defenses." Dkt. 696 at 29 (emphasis in original). These affirmative defenses are the equitable defenses of estoppel, acquiescence, and waiver as to the '545 patent. *Id.* In their memorandum in opposition, RJR argues that facts within the record support the denial of summary judgment. Dkt. 728 at 25. Namely, RJR argues that the issue date of the '545 patent can establish a timeframe upon which a Court could find the factual predicate for these equitable defenses. *Id.* At this time, the Court does not find it is appropriate to grant

summary judgment on these equitable defenses. Accordingly, the motion for summary judgment regarding these defenses is held in **ABEYANCE**.

Third, PM/Altria argues that summary judgment should be granted to dismiss the defense of ensnarement because there are no facts that would support this defense. Dkt. 751 at 9. A party cannot prove a doctrine of equivalence theory for infringement if a hypothetical claim that covers the accused device would be "ensnared" by the prior art. *Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1322 (Fed. Cir. 2009). Even if a jury finds infringement based on the doctrine of equivalence, a court can still find ensnarement as a matter of law. *Id.* at 1323. To defeat ensnarement, the person asserting the patent has the burden of production to propose a hypothetical claim that covers the accused device. *Jang v. Boston Sci. Corp.*, 872 F.3d 1275, 1287 (Fed. Cir. 2017) ("Because, as a threshold matter, Dr. Jang failed to submit a proper hypothetical claim for consideration, he was unable to meet his burden of proving that his doctrine of equivalents theory did not ensnare the prior art.") The Federal Circuit has held that district courts have discretion upon when and upon what type of motion to decide ensnarement. *Id.* at 1374 (The Federal Circuit held that a district court can--but isn't required--to decide ensnarement either during summary judgment or on a judgment as a matter of law).

In the current case, PM/Altria has not proposed a hypothetical claim construction upon which the Court could evaluate a finding of ensnarement. In an abundance of caution, and as there is no requirement to decide the issue of ensnarement at present, the Motion for Summary Judgment as to this asserted defense is **DENIED**.

Finally, PM/Altria has argued that the Court should deny the defense that the '374 patent is invalid. Dkt. 696 at 25. PM/Altria argues that the '374 patent cannot be invalid because the

inventor, Mr. Liu, is the same inventor of the Chinese Utility patent that is allegedly prior art.[2] Dkt. 696 at 18. PM/Altria argues that because Mr. Liu is the same inventor, the Chinese Utility patent cannot be found to anticipate. *Id.* at 18.

What can be asserted as prior art will be determined by what priority date is given to the '374 patent. The Court has previously found that "there is a triable issue of fact as to whether the '374 patent is entitled to the earlier June 29, 2010 filing date of the 949 PCT." Dkt. 803 at 2. This issue of fact will determine what prior art or invention can be asserted to claim either obviousness or anticipation. Therefore, a genuine issue of material facts exists regarding the validity of the '374 patent. Therefore, the Motion for Summary Judgment on the issue of invalidity is **DENIED**.

Conclusion

For the foregoing reasons, the Motion for Summary judgment (Dkt. 695) is **DENIED IN PART** and **HELD IN ABEYANCE IN PART**.

It is so **ORDERED**.

February 7, 2022
Alexandria, Virginia

/s/
Liam O'Grady
United States District Judge

[2] The Parties dispute whether Mr. Liu is the same inventor that is listed on the Chinese utility patent. The dispute appears to originate from conflicting Chinese to English translations. Currently, RJR appears to concede that Mr. Liu is the same person, but that PM/Altria should not be able to assert this at trial because it was not properly disclosed during discovery. Dkt. 728 at 5. It is unnecessary to resolve this dispute in the current Order, but the Parties are encouraged to confer with each other to see what action (if any) would be necessary to resolve this issue.