

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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ECTO WORLD, LLC and SV3, LLC,  
Petitioner,

v.

RAI STRATEGIC HOLDINGS, INC.,  
Patent Owner.

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IPR2024-01280  
Patent 11,925,202 B2

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Before JO-ANNE M. KOKOSKI, CHRISTOPHER M. KAISER, and  
BRIAN D. RANGE, *Administrative Patent Judges*.

KOKOSKI, *Administrative Patent Judge*.

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

## I. INTRODUCTION

Ecto World, LLC and SV3, LLC (collectively, “Petitioner”) filed a Petition to institute an *inter partes* review of claims 1–30 of U.S. Patent No. 11,925,202 B2 (“the ’202 patent,” Ex. 1001). Paper 1 (“Pet.”). RAI Strategic Holdings, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 9 (“Prelim. Resp.”).

We entered a Decision Denying Institution of *Inter Partes* Review, in which we exercised our discretion to deny institution under 35 U.S.C. § 325(d). Paper 10 (“Institution Decision” or “Dec.”). Petitioner filed a Request for Director Review (Paper 11) and Patent Owner filed an Authorized Response to Petitioner’s Request for Director Review (Paper 12). Acting Director Coke Morgan Stewart issued a decision granting Director Review that vacated our Institution Decision and remanded the case to us for further proceedings consistent with the Director Review Decision. Paper 13 (“Director Review Decision” or “DR Dec.”). In particular, the Director Review Decision “clarifies how to apply” *Advanced Bionics*<sup>1</sup> and *Becton, Dickinson*<sup>2</sup> and discusses the analysis a petitioner must undertake under part two of *Advanced Bionics*. DR Dec. 4–7. The parties then filed briefs addressing the exercise of discretion under 35 U.S.C. § 325(d) and 35 U.S.C. § 314(a). Paper 14 (“PO Remand Br.”); Paper 15 (“Pet. Remand Br.”).

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<sup>1</sup> *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential) (“*Advanced Bionics*”).

<sup>2</sup> *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 17–18 (PTAB Dec. 15, 2017) (precedential as to § III.C.5, first paragraph) (“*Becton, Dickinson*”).

Institution of an *inter partes* review is authorized by statute when “the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314 (2018); *see also* 37 C.F.R. § 42.4 (2023). For the reasons discussed below, we do not institute an *inter partes* review of the ’202 patent.

*A. Real Parties in Interest*

Petitioner identifies Ecto World, LLC, d/b/a Demand Vape, and SV3 LLC, d/b/a Mi-One Brands, as the real parties in interest. Pet. 2. Patent Owner identifies RAI Strategic Holdings, Inc., R.J. Reynolds Vapor Company, RAI Innovations Company, and R.J. Reynolds Tobacco Company as the real parties in interest. Paper 7 (Patent Owner’s Updated Mandatory Notice), 1.

*B. Related Matters*

The parties indicate that the ’202 patent is asserted in the U.S. International Trade Commission, Investigation No. 337-TA-1410, *Certain Disposable Vaporizer Devices*, filed on June 11, 2024 (“ITC Investigation”). Petitioner also challenged claims 1–30 of the ’202 patent in PGR2024-00049, in which institution was denied on March 10, 2025. Pet. 3; Paper 7, 1; *Ecto World LLC v. RAI Strategic Holdings, Inc.*, PGR2024-00049, Paper 10 (PTAB Mar. 10, 2025). The parties indicate that the ’202 patent is also the subject of IPR2024-01406, filed by Shenzhen Kangvape Technology Co., Ltd. Paper 7, 1; Paper 8 (Petitioner’s Updated Mandatory Notice), 2.

*C. The ’202 Patent*

The ’202 patent, titled “Tobacco-Containing Smoking Article,” is directed to “tobacco smoking articles that produce aerosols without

experiencing any necessary burning of tobacco or other component materials during periods in which the articles are used.” Ex. 1001, code (54), 4:61–65. Figure 1 is reproduced below.

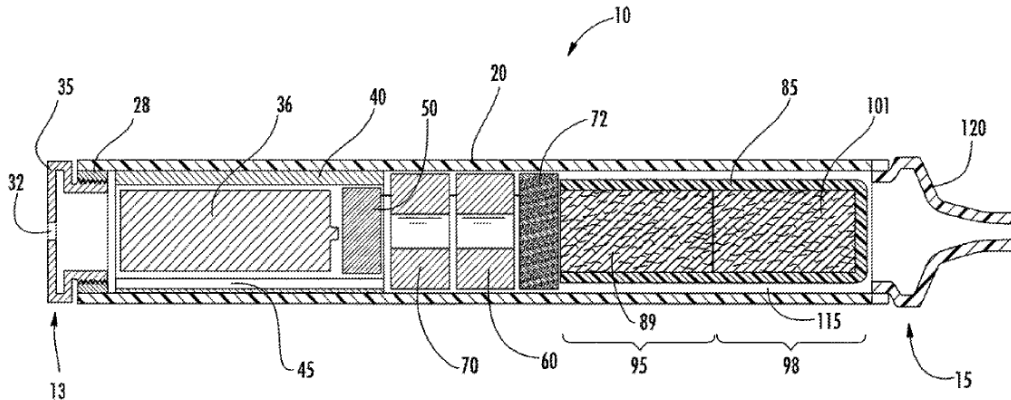


FIG. 1

Figure 1 depicts a longitudinal cross-sectional view of an embodiment of an electrically-powered, tobacco-containing smoking article described in the '202 patent. *Id.* at 8:47–49. Smoking article 10 includes outer housing 20, mouth-end 15, mouth-end piece 120, distal end 13, and end cover cap 35. *Id.* at 19:58–60, 20:5–11, 24:14–15. Mouth-end 15 comprises an opening adapted for egress of an aerosol generated within smoking article 10, and distal end 13 comprises an opening adapted for intake of air into smoking article 10. *Id.* at 20:5–9. Electric power source 36, electrically powered control components 50, sensing mechanism 60, and at least one electrical resistance heating element 70, 72 are arranged within outer housing 20. *Id.* at 20:24–25, 20:45–46, 20:61–64, 21:28–29. Resistance heating elements 70, 72 can be powered by electric power source 36, can be controlled by electrically powered control components 50, and are configured to allow airflow therethrough. *Id.* at 21:35–40.

Cartridge 85 contains some form of tobacco 89 and aerosol-forming material. Ex. 1001, 22:14–16. Cartridge 85 can include upstream

segment 95, composed of tobacco or processed tobacco filler material 89 incorporating aerosol-forming material, and downstream segment 98, composed of substrate 101 carrying flavors or aerosol-forming material. *Id.* at 22:27–32. The '202 patent teaches that “smoking article 10 is assembled such that a certain amount of aerosol-forming material and tobacco components can be wicked or otherwise transferred to heating element 72 or the region in close proximity to the heating element.” *Id.* at 22:32–36. At least one air passageway 115 extends longitudinally between the inner surface of outer housing 20 and the outer surface of cartridge 85. *Id.* at 22:40–43.

During use, mouth-end 15 is placed in the smoker's lips, and air is drawn through openings 32 in cap 35 located at distal end 13 and into outer housing 20. Ex. 1001, 24:30–34. The drawn air passes through air passageway 45 that extends along the length of power source 36 and electronic control components 50, then through an air passageway area within resistance heating element 70 and sensing mechanism 60, past or through resistance heating element 72, through air passageway 115 and into mouth-end piece 120. *Id.* at 24:34–41. Resistance heating elements 70, 72 heat aerosol-forming materials and tobacco materials in the vicinity of those heating elements. *Id.* at 24:41–44. “Aerosol that is formed by the action of drawn air passing heated tobacco components and aerosol-forming material in the region occupied by” resistance heating element 72 “is drawn through the mouth-end piece 120, and into the mouth of the smoker.” *Id.* at 24:50–54.

*D. Illustrative Claim*

Petitioner challenges claims 1–30 of the '202 patent. Claims 1 and 18 are independent; claim 1 is representative of the challenged subject matter and is reproduced below.

1. An electrically-powered, aerosol-generating smoking article comprising:
  - an outer housing having two ends;
  - a mouthpiece defined at one of the two ends;
  - an electrical power source arranged within the outer housing;
  - an electrical resistance heater positioned within the outer housing, the electrical resistance heater being configured for electrical connection with the electrical power source
  - a storage compartment defined within the outer housing, the storage compartment being configured for storage of a liquid aerosol-forming material and being arranged such that the liquid aerosol-forming material can be wicked into contact with the electrical resistance heater to volatilize the liquid aerosol-forming material;
  - an air passageway through at least a portion of the outer housing, the air passageway being arranged so that air drawn into the outer housing combines with volatilized liquid aerosol-forming material to produce an aerosol that can be drawn into the mouth of a user of the electrically-powered, aerosol-generating smoking article through the mouthpiece; and
  - a controller configured to activate current flow through the electrical resistance heater in response to a draw on the electrically-powered, aerosol-generating smoking article.

Ex. 1001, 32:58–33:18.

*E. Asserted Grounds*

Petitioner asserts that claims 1–30 would have been unpatentable on the following grounds:

<b>Claim(s) Challenged</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>
1, 3–15, 18–29	103	Takeuchi <sup>3</sup>
6, 7, 14, 15, 18–29	103	Takeuchi, Pienemann <sup>4</sup>
1–30	103	Kim, <sup>5</sup> Pienemann
1–30	103	Kim, Pienemann, Susa <sup>6</sup>

Pet. 5. Petitioner relies on the Declaration of Seetharama C. Deevi, Ph. D. (“Deevi Declaration,” Ex. 1003) in support of its contentions.

II. ANALYSIS

*A. Level of Ordinary Skill in the Art*

Petitioner contends that a person of ordinary skill in the art (“POSA”) would have had “a bachelor’s degree in electrical engineering, mechanical engineering, chemistry, physics, or an equivalent field, as well as 3–4 years of industry experience, or a master’s degree in the above fields, and 1–2 years of industry experience.” Pet. 8. Petitioner further contends that “[s]uch a POSA would have been familiar with electrically powered smoking articles and/or the components and underlying technology used therein.” *Id.* (citing Ex. 1003 ¶ 63). Patent Owner states that, for purposes of the Preliminary Response, “Patent Owner maintains that Petitioners’ arguments fail even under Petitioners’ POSA definition.” Prelim. Resp. 13.

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<sup>3</sup> US 6,155,268, published Dec. 5, 2000 (“Takeuchi,” Ex. 1004).

<sup>4</sup> WO 00/28843, published May 25, 2000 (“Pienemann,” Ex. 1006 (with English translation)).

<sup>5</sup> US 2006/0016453 A1, published Jan. 26, 2006 (“Kim,” Ex. 1007).

<sup>6</sup> EP 0 845 220 A1, published June 3, 1998 (“Susa,” Ex. 1018).

On this record, we preliminarily adopt Petitioner’s undisputed proposed definition because it appears to be consistent with the cited prior art and the disclosure of the ’202 patent. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (explaining that specific findings regarding ordinary skill level are not required “where the prior art itself reflects an appropriate level and need for testimony is not shown” (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985))).

### *B. Claim Construction*

We construe each claim “in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” 37 C.F.R. § 42.100(b). Under this standard, claim terms are generally given their plain and ordinary meaning as would have been understood by a person of ordinary skill in the art at the time of the invention and in the context of the entire patent disclosure. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc). Only those terms in controversy need to be construed, and only to the extent necessary to resolve the controversy. *Realtime Data LLC v. Iancu*, 912 F.3d 1368, 1375 (Fed. Cir. 2019).

Based on the record before us, we determine that no claim term requires express construction for purposes of this Decision.

### *C. Discretionary Denial under 35 U.S.C. § 325(d)*

Patent Owner argues that we should exercise our discretion under 35 U.S.C. § 325(d) and deny institution. Prelim. Resp. 34–42; PO Remand Br. 3–7. Specifically, Patent Owner argues that discretionary denial is warranted because the same prior art asserted here was previously

presented to the Office, and Petitioner “did not even attempt to show material error by the Patent Office.” Prelim. Resp. 34.

Section 325(d) provides that, in determining whether to institute an *inter partes* review, “the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” The Board uses a two-part framework for evaluating arguments under § 325(d):

- (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and
- (2) if either condition of the first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims.

*Advanced Bionics*, Paper 6 at 8. In applying this framework, we consider the *Becton, Dickinson* factors that address discretion to deny institution when a petition presents the same or substantially the same prior art or arguments previously presented to the Office, including:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;
- (b) the cumulative nature of the asserted art and the prior art evaluated during examination;
- (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;
- (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;
- (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and

(f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

*Becton, Dickinson*, Paper 8 at 17–18. Factors (a), (b), and (d) relate to whether the same or substantially the same art or arguments were previously presented to the Office, and factors (c), (e), and (f) relate to whether the petitioner demonstrates that the Office erred in a manner material to the patentability of the claims. *Advanced Bionics*, Paper 6 at 9–11. Only if the same or substantially the same art or arguments were previously presented to the Office do we then consider whether the petitioner has demonstrated a material error by the Office. *Id.*

*1. Part One of the Advanced Bionics Framework*

We first consider whether Petitioner asserts the same or substantially the same prior art or arguments that were previously presented to the Office. *Advanced Bionics*, Paper 6 at 8. “Challenging the claims using the same prior art that was previously presented on an IDS is sufficient to satisfy the first part of the *Advanced Bionics* framework.” DR Dec. 4.

Patent Owner argues that “all of the Petition’s cited references were before the Examiner during prosecution of the ’202 patent.” Prelim. Resp. 35. In particular, Patent Owner asserts that “Takeuchi, Kim, Pienemann, and Susa appear on Information Disclosure Statements that the Examiner signed and explicitly noted that ‘[a]ll references [were] considered except where lined through.’” *Id.* (citing Ex. 1002, 228–284) (alterations in original). Patent Owner also notes that Takeuchi, Kim, Pienemann, and Susa “are listed in the ‘References Cited’ section on the face of the ’202 patent.” *Id.* (citing Ex. 1001). Petitioner concedes that Takeuchi, Kim, and

Pienemann appear on an IDS and are listed on the face of the '202 patent. Pet. 110.

Accordingly, the first part of the *Advanced Bionics* framework is satisfied here. DR Dec. 4 (“Because the references that Petitioner asserts in this proceeding were provided on the applicant’s IDS, the Board correctly determined that the references were previously presented to the Office.” (citing Dec. 9–10)).

## 2. *Part Two of the Advanced Bionics Framework*

Pursuant to the second part of the *Advanced Bionics* framework, “a petitioner must explain, with reference to *Becton Dickinson* factors (c), (e), and (f), how the Examiner erred in overlooking the prior art.” DR Dec. 5 (citing *Advanced Bionics*, Paper 6 at 10). “[A] petitioner must provide an analysis even when the asserted prior art is on an IDS, but the Examiner did not apply the reference.” *Id.* Generalized statements as to the strength of the challenges in a petition are not sufficient to demonstrate that the Examiner erred in a manner material to the patentability of the challenged claims. *Id.* at 6. However,

even if a petitioner fails to make a persuasive argument that the Examiner erred by overlooking particular teachings in the prior art provided on an IDS, a petitioner may be able to demonstrate that discretionary denial is inappropriate under *Becton Dickinson* factor (f). That factor considers the extent to which additional evidence and facts warrant reconsideration of the prior art or arguments. Thus, the Board should consider a petitioner’s argument based on the volume of the references submitted to the Office during examination and any applicant information or assistance regarding the relevance of references.

*Id.* at 6–7.

Petitioner contends that the Office materially erred due to “the Examiner’s failure to either discuss or apply the asserted references, or the

proposed combinations thereof, and the failure to appreciate the materiality of these disclosures.” Pet. Remand Br. 5. Petitioner asserts that the Administrative Law Judge (“ALJ”) in the related ITC Investigation “found a ‘substantial question of invalidity’ based on similar grounds as Grounds 1 (Takeuchi) and 3 (Kim-Pienemann) in the Petition,” and, in IPR2024-01406, the Board “found that there is ‘a reasonable likelihood that Takeuchi discloses all of the limitations of claim 1’” of the ’202 patent. *Id.* at 3. Petitioner also contends that Takeuchi, Kim, Pienemann, and Susa were not applied in any office action during prosecution of the ’202 patent, the Deevi Declaration that Petitioner submitted in support of the Petition also warrants reconsideration of the prior art, and the ’202 patent issued after limited examination despite the claimed concepts being well-known in the prior art. *Id.* at 3–4; Pet. 7–8.

Petitioner further contends that “the Examiner was not afforded the opportunity to seriously consider” Takeuchi, Kim, Pienemann, or Susa, “as they were buried in a massive IDS dump of over 1,000 references.” Pet. 110. Petitioner asserts that the Examiner requested the applicant to specifically point out “any particular reference or portion of a reference in the” IDS to which the Examiner should pay “particular attention,” but that the “[a]pplicant ignored this request.” *Id.* (citing Ex. 1002, 174). Petitioner contends that, “[a]t the time the Examiner made this request, Patent Owner was acutely aware of the relevance of the asserted references, most notably Takeuchi, which Patent Owner had asserted in its own IPR petitions on at least 6 earlier occasions.” Pet. Remand Br. 6–7 (citing IPR2016-01270, Paper 2 at 6; IPR2016-01527, Paper 1 at 7; IPR2017-01117, Paper 2 at 8; IPR2017-01118, Paper 2 at 8; IPR2017-01120, Paper 2 at 7–8; IPR2018-00627, Paper 2 at 9). According to Petitioner, “Patent Owner’s

gamesmanship during prosecution ‘demonstrate[s] that discretionary denial under § 325(d) is not warranted.’” *Id.* at 7 (citing DR Dec. 6–7) (alteration in original).

Patent Owner responds that the Petition does not establish the unpatentability of any claim, and, therefore, the Examiner did not err by not applying the asserted references during prosecution. PO Remand Br. 4–5. Patent Owner also asserts that the Examiner “has been examining the ’202 patent family since 2006, when [Patent Owner] filed the first application in the family” and “has issued dozens of office actions, repeatedly evaluating the same specification and substantially similar claim sets in view of his intimate familiarity with the prior-art landscape.” *Id.* at 6 (citing Prelim. Resp. 36). In that regard, Patent Owner asserts that it “cited the Petition’s prior art *years* before the application for the ’202 patent was filed in March 2023,” with Takeuchi, Kim, and Susa being cited to the Examiner “as early as March 18, 2015” and Pienemann being first cited to the Examiner “at least as early as August 30, 2018.” *Id.* (citing Prelim. Resp. 36). Patent Owner contends that the number of references cited on the IDS does not justify institution here, because the ’202 patent “is a continuation in a mature family examined for nearly 20 years by the **same** Examiner” who “specifically initialed the IDS pages listing Takeuchi, Kim, Pienemann, and Susa (Ex. 1002 at 228–84), confirming that he ‘considered’ them within the meaning of MPEP § 609.04(b).” *Id.* at 6–7.

Having considered the parties’ arguments and evidence of record, we are persuaded that Petitioner demonstrates that discretionary denial under 35 U.S.C. § 325(d) is not appropriate.

Other than initials on a lengthy IDS, nothing in the record indicates that the Examiner substantively considered Takeuchi, Kim, Pienemann, or

Susa. In that regard, Petitioner shows that the asserted references were among over 1,000 other references listed on the IDS, which, as noted in the Director Review Decision, “is over 40 times the size of a typical IDS.” Pet. Remand Br. 5–6; DR Dec. 7 n.3 (citing *Setting and Adjusting Patent Fees During Fiscal Year 2025*, 89 FR 91898 at 91924 (Nov. 20, 2024)); Ex. 1002, 228–284. Petitioner also shows that the applicant did not respond to the Examiner’s request that the applicant specifically point out “any particular reference or portion of a reference in the [IDS] which the examiner should take [*sic*] pay particular attention to.” Ex. 1002, 174, 295–302.

Patent Owner argues that the Examiner “also considered the Petition’s prior art in the prosecutions of several related patents dating back to 2015,” implying that the Examiner either was or should have been aware of the relevance of the disclosures in Takeuchi, Kim, Pienemann, and Susa. Prelim. Resp. 36; *see* PO Remand. Br. 6–7. The Examiner, however, specifically requested that the ***applicant*** point out the relevant teachings in the “extremely large number of references” on the IDS. Ex. 1002, 174. Moreover, if it were true that the Examiner would have been aware of the relevant teachings of Takeuchi, Kim, Pienemann, and Susa because of his examination of other patents in the ’202 patent family, the applicant would also have been aware of those teachings, and should have pointed them out in response to the Examiner’s request. *See id.* (“If the applicant and/or applicant’s representative are aware of any particular reference or portion of a reference in the list which the examiner should take pay particular attention to it is requested that it be specifically pointed out in response to this Office action.”). If the applicant was not aware of the relevant teachings of Takeuchi, Kim, Pienemann, and Susa during prosecution, then Patent

Owner cannot impute such awareness to the Examiner in support of its § 325(d) argument.

Accordingly, Petitioner shows that the Office erred by not substantively considering Takeuchi, Kim, Pienemann, and Susa during the prosecution of the challenged claims. As discussed above, the Office error may be attributed, at least in part, to the applicant's failure to respond to the Examiner's request to identify the relevant references and portions of references among the extraordinarily large number of references cited on the IDS. For these reasons, we decline to exercise our discretion to deny institution under § 325(d).

*D. Discretionary Denial under 35 U.S.C. § 314(a)*

As noted above, the '202 patent is the subject of a related ITC Investigation. Pet. 3; Paper 7, 1. The Director Review Decision explains that, at the time the Petition and Preliminary Response were filed, the Office's 2022 Interim Procedure Memo<sup>7</sup> instructed that the Board would not discretionarily deny petitions based on applying the factors identified in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) to a parallel ITC proceeding. DR Dec. 8 (citing Interim Procedure Memo 7). Before the Board issued its Institution Decision but after the parties completed pre-institution briefing, the Office rescinded the 2022 Interim Procedure Memo and, shortly thereafter, the Chief Administrative Patent Judge of the Patent Trial and Appeal Board issued a

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<sup>7</sup> "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation," issued June 21, 2022 ("2022 Interim Procedure Memo"), now rescinded, available at [https://www.uspto.gov/sites/default/files/documents/interim\\_proc\\_discretionary\\_denials\\_aia\\_parallel\\_district\\_court\\_litigation\\_memo\\_20220621\\_.pdf](https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf).

Memorandum regarding “Guidance on USPTO’s recission of ‘Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation’” (hereinafter, “Guidance Memo”).<sup>8</sup> The Guidance Memo states that “the Board will apply the *Fintiv* factors when there is a parallel proceeding at the” ITC. Guidance Memo 2. Because the recission of the 2022 Interim Procedure Memo “applies to any case in which the Board has not issued an institution decision,” the Guidance Memo applies to this proceeding.<sup>9</sup> *Id.* Accordingly, the Director Review Decision found that “it is appropriate to allow the parties the opportunity to present arguments and evidence addressing the *Fintiv* factors in view of the parallel ITC proceeding.” DR Dec. 8–9. Having determined not to exercise our discretion to deny institution under § 325(d), we now turn to the parties’ *Fintiv* arguments. *See id.* at 9 (“The Board should address the parties’ *Fintiv* arguments only if the Board determines not to exercise discretion to deny institution under § 325(d).”).

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<sup>8</sup> Available at

[https://www.uspto.gov/sites/default/files/documents/guidance\\_memo\\_on\\_interim\\_procedure\\_recission\\_20250324.pdf](https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf)

<sup>9</sup> Petitioner argues that *Fintiv* should not apply to the ITC Investigation in this proceeding because Petitioner relied upon the Office’s prior guidance in coordinating its strategies at the ITC and the Board and, therefore, retroactive application of the Guidance Memo is prejudicial to Petitioner. Pet. Remand Br. 7–10. The Guidance Memo, however, “clarified that the recission [of the 2022 Interim Procedure Memo] is applicable only to cases in which a final decision on institution had not yet been made.” *Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01284, Paper 17 at 5 (PTAB May 23, 2025) (Director Review). Petitioner requested Director Review of the Institution Decision, and the Institution Decision was vacated in the Director Review Decision, so there is no final institution decision in this proceeding. *See id.* As a result, the application of the Guidance Memo to this proceeding is not retroactive as Petitioner contends.

Patent Owner argues that we should exercise discretion to deny institution under 35 U.S.C. § 314(a) because the *Fintiv* factors weigh in favor of denying institution in view of the ITC Investigation. PO Remand Br. 7–14. For the reasons explained below, we exercise our discretion to deny institution under 35 U.S.C. § 314(a).

Institution of an *inter partes* review is discretionary. *See* 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances); *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *SAS Inst. Inc. v. Iancu*, 584 U.S. 357, 365 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review . . . .” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”).

We consider several factors when determining whether to deny institution under § 314(a) based on a parallel district court proceeding, specifically

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and

6. other circumstances that impact the Board’s exercise of discretion, including the merits.

*Fintiv*, Paper 11 at 5–6. In considering these factors, we apply the guidance set forth in the Guidance Memo. We address each of the *Fintiv* factors in turn.

*1. Factor 1 – Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted*

Under the first *Fintiv* factor, we consider “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.”

*Fintiv*, Paper 11 at 6. A stay of litigation pending resolution of an *inter partes* review allays concerns about inefficiency and duplication of efforts, and strongly weighs against exercising our authority to deny institution.

*Fintiv*, Paper 11 at 6. The Guidance Memo states that “the Board will apply the *Fintiv* factors when there is a parallel proceeding at the International Trade Commission.” Guidance Memo 2.

Patent Owner asserts that a stay of the ITC Investigation had not been requested at the time of the Institution Decision,<sup>10</sup> and argues that “the ITC does not stay investigations pending IPR.” PO Remand Br. 8. Patent Owner also notes that the Institution Decision issued “just days before the ITC evidentiary hearing.” *Id.* Accordingly, Patent Owner argues that this factor favors denial. *Id.* Petitioner argues that, because the ITC Investigation had not been stayed, “factor one, by itself, is neutral or bears little weight in [the]

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<sup>10</sup> The Director Review Decision directed the parties to focus briefing “primarily on the facts and circumstances as they existed at the time of the Board’s [Institution] Decision,” and stated that “a party may address in a separate section of the brief subsequent developments that the party believes are relevant to the proceeding.” DR Dec. 9.

overall analysis.” Pet. Remand Br. 11 (citing *Samsung Elecs. Co., Ltd. v. Sionyx, LLC*, IPR2024-01431, Paper 21 at 13 (PTAB Apr. 10, 2025); *Samsung Elecs. Co., Ltd. v. Dynamics Inc.*, IPR2020-00505, Paper 11 at 11 (PTAB Aug. 12, 2020)) (alteration in original).

Patent Owner is likely correct that the ITC would not have been inclined to grant a stay if one had been requested at the time the Institution Decision issued. Moreover, the ITC conducted a full evidentiary hearing a month after the Institution Decision issued, and the target date for the ITC’s final determination is several months before the projected statutory deadline for the Board’s final written decision. PO Remand Br. 7. Accordingly, we determine that *Fintiv* factor 1 weighs in favor of discretionary denial. *See also Klein Tools, Inc. v. Milwaukee Electric Tool Corp.*, IPR2024-01400, Paper 22 at 2 (PTAB June 9, 2025) (Acting Director Stewart determining that *Fintiv* factor 1 weighs in favor of discretionary denial when the ITC investigation is unlikely to be stayed, the ITC already conducted a full evidentiary hearing, and the ITC final determination is expected to issue six months before the statutory deadline for the Board’s final written decision).

*2. Factor 2 – The proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision*

Under the second *Fintiv* factor, we consider the “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.” *Fintiv*, Paper 11 at 6.

Patent Owner asserts that, at the time of the Institution Decision, “the ITC’s target date for its Final Determination preceded the [final written decision] deadline by more than five months.” PO Remand Br. 9. Patent Owner also asserts that the Board’s Institution Decision “came just days

before the ITC evidentiary hearing commenced.” *Id.* Therefore, Patent Owner argues that *Fintiv* factor 2 favors denial. *Id.*

Petitioner argues that it was “diligent in filing the Petition just two months after the ITC complaint was filed” and, “[b]ecause of Petitioner’s diligence, the target date for completion of the parallel ITC investigation (Nov. 24, 2025) is just over three months before the original projected [final written decision] deadline (Mar. 6, 2026).” Pet. Remand Br. 11. Petitioner argues that, “[a]t worst, this only ‘slightly favors discretionary denial.’” *Id.* (citing *Samsung v. Sionyx*, IPR2024-01431, Paper 21 at 14). Petitioner also asserts that the ALJ scheduled a supplemental hearing in the ITC Investigation for June 11, 2025 and extended the post-hearing briefing schedule by two months. *Id.* at 11–12 (citing ITC Investigation, EDIS Doc. ID Nos. 2370648, 2377027 (Orders 46, 47) (ITC Apr. 29 and May 27, 2025)). According to Petitioner, “[i]t is likely that the target date will be similarly delayed” and “a two month delay of the target date would be consistent with the current available statistics on ITC delays.” *Id.* at 12.

The Guidance Memo states that “the Board is more likely to deny institution where the ITC’s projected final determination date is earlier than the Board’s deadline to issue a final written decision.” Guidance Memo 2. Even if the ITC’s projected final determination date of November 24, 2025 is delayed two months as Petitioner suggests, the projected final determination date would still precede the Board’s statutory deadline to issue a final written decision by several months. Therefore, we determine that *Fintiv* factor 2 weighs in favor of discretionary denial. *See Innoscience Am., Inc. v. Infineon Techs. Ams. Corp.*, IPR2025-00010, Paper 11 at 10 (PTAB May 16, 2025) (“Because the ITC will address issues relating to the validity of the ’755 patent in an investigation where the final determination

is set to occur months before we would issue a final decision, we weigh the second *Fintiv* factor as favoring discretionary denial.”).

3. *Factor 3 – Investment in the parallel proceeding by the court and the parties*

Under the third *Fintiv* factor, we consider the “investment in the parallel proceeding by the court and the parties.” *Fintiv*, Paper 11 at 6. Patent Owner argues that, at the time of the Institution Decision, “the ITC proceeding was already well-advanced.” PO Remand Br. 9. Specifically, Patent Owner notes that fact and expert discovery were complete, preparations for the evidentiary hearing were underway, and the ALJ had issued an order denying Complainants’ Motion for Temporary Relief and a detailed claim construction order. *Id.* at 9–10. Patent Owner asserts that, subsequent to the issuance of the Institution Decision, the ALJ held a five-day evidentiary hearing, and the parties completed post-hearing briefing on validity. *Id.* at 13–14.

Petitioner contends that “[t]he parties have made substantial investments in both the ITC investigation and the instant IPR (submitting a Petition, multiple exhibits, including an expert declaration, POPR, Director Review request and reply, and the current additional briefs).” Pet. Remand Br. 12. Therefore, Petitioner contends, “Factor 3 is also neutral.” *Id.* (citing *Samsung v. Dynamics*, IPR2020-00505, Paper 11 at 12).

We agree with Patent Owner’s assessment that work by the ITC and the parties in the ITC Investigation is at an advanced stage. The ITC Investigation has been pending since June 11, 2024, and the evidentiary hearing was held as scheduled, a month after the Institution Decision issued. *See* Ex. 2001; PO Remand Br. 7. At the time the Institution Decision issued, discovery and claim construction were complete, and the parties were

engaging in final preparations for the evidentiary hearing. PO Remand Br. 9–10. The ALJ also issued several substantive orders, including a detailed claim construction order and a decision denying Complainants’ Motion for Temporary Relief denying a motion for temporary relief (Ex. 2003). *See* ITC Investigation, EDIS Doc. ID 845915, Order 34 (March 14, 2025). Petitioner’s argument that the parties also expended work in this proceeding is insufficient to overcome the substantial work completed in the ITC Investigation in preparation for a hearing that occurred just one month after the Institution Decision issued.

Under these circumstances, we determine that *Fintiv* factor 3 favors discretionary denial.

*4. Factor 4 – Overlap between issues raised in the petition and in the parallel proceeding*

Under the fourth *Fintiv* factor, we consider the “overlap between issues raised in the petition and in the parallel proceeding.” *Fintiv*, Paper 11 at 6.

Patent Owner argues that this factor weighs “strongly in favor of denial” because the “comprehensive and duplicative overlap goes well beyond what warrants discretionary denial.” PO Remand Br. 11. In particular, Patent Owner asserts that, at the time the Institution Decision issued, the ITC Investigation included “validity challenges to the ’202 Patent over Takeuchi, Kim in view of Pienemann, and another reference in view of Susa,” which raise issues “almost identical to the disputes here.” *Id.* Patent Owner further asserts that after the Institution Decision issued Respondents decided they would no longer pursue invalidity grounds relying on Susa, and “[t]he five-day evidentiary hearing focused entirely on invalidity grounds

that overlap with those advanced here: Takeuchi and Kim in view of Pienemann.” *Id.* at 13–14.

Petitioner contends that “[t]he Petition challenges all 30 claims of the ’202 patent, whereas only a fraction of the claims are currently being challenged in the ITC (claims 1, 4, 9, 11, 12, and 15).” Pet. Remand Br. 13. Petitioner asserts that claims challenged only in this proceeding include “an additional independent claim, as well as claims that add features that are not within the subject matter of the claims challenged at the ITC—e.g., claims 5–7 reciting a removable ‘cartridge.’” *Id.* Petitioner also contends that “only two of the four grounds in the Petition overlap with the current ITC grounds,” and “Ground 2 (Takeuchi and Pienemann) and Ground 4 (Kim, Pienemann, and Susa) were not presented during the ITC hearing.” *Id.* According to Petitioner, “Factor 4 favors institution.” *Id.*

It is undisputed that there is overlap between the issues in this proceeding and the issues in the ITC Investigation as to claims 1, 4, 9, 11, 12, and 15. And, “although an ITC final invalidity determination does not have preclusive effect, it is difficult as a practical matter to assert patent claims that the ITC has determined are invalid.” Guidance Memo 2. Because claims 2, 3, 5–8, 10, 13, 14, and 16–30 are not asserted in the ITC Investigation, however, the ITC Investigation will not resolve the disputes as to the patentability of those claims, which are challenged in the Petition. As Petitioner notes, claims asserted here but not in the ITC Investigation recite additional limitations that will not be addressed in the ITC Investigation. *See, e.g.*, Ex. 1001, claim 5 (dependent claim reciting “the storage compartment is configured as a cartridge”), claim 18 (independent claim reciting “a puff-actuated controller configured to regulate current flow

through the electrical resistance heater in response to a draw on the electrically-powered, aerosol-generating smoking article”).

On balance, we find this factor weighs slightly against exercising our discretion to deny institution.

*5. Factor 5 – Whether the petitioner and the defendant in the parallel proceeding are the same party*

Under the fifth *Fintiv* factor, we consider “whether the petitioner and the defendant in the parallel proceeding are the same party.” *Fintiv*, Paper 11 at 6.

The parties in this proceeding and the ITC Investigation are the same. PO Remand Br. 11. When the petitioner and the defendant in the parallel proceeding are the same, this tends to support discretionary denial. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential). Accordingly, we determine that *Fintiv* factor 5 favors discretionary denial.

*6. Factor 6 – Other circumstances that impact the Board’s exercise of discretion, including the merits*

Under the sixth *Fintiv* factor, we consider “other circumstances that impact the Board’s exercise of discretion, including the merits.” *Fintiv*, Paper 11 at 6.

Petitioner argues that “compelling merits should outweigh any other factors that may favor denial.” Pet. Remand Br. 13. In particular, Petitioner argues that “not one, but two tribunals have already found the grounds in the instant Petition to be meritorious.” *Id.* at 13–14 (citing *TVision Insights, Inc. v. The Nielsen Co. (US), LLC*, IPR2023-01014, Paper 10 at 52–53 (PTAB Jan. 8, 2024)). Petitioner also argues that Patent Owner’s arguments in the Preliminary Response “are nothing more than a rehashing of failed

arguments at the ITC and arguments this panel already found unpersuasive.” *Id.* at 14.

Petitioner’s arguments are unpersuasive. Although we may consider the merits under *Fintiv* factor 6, a full analysis of the merits is not necessary; rather, the parties may point out particular strengths or weaknesses to aid us in deciding whether the merits tip the balance one way or the other. *Fintiv*, Paper 11 at 14–16. Additionally, the Guidance Memo instructs that “compelling merits alone is not dispositive in making the assessment” of whether the exercise discretion to deny institution is warranted. Guidance Memo 3. We considered the parties’ arguments and evidence regarding the asserted challenges, and we find that the merits of Petitioner’s asserted challenges do not outweigh the other *Fintiv* factors. *See* Pet. 15–109; Prelim. Resp. 14–33.

Petitioner also argues that the ITC does not have authority to invalidate a patent, so this proceeding would not be duplicative or waste the Board’s resources. Pet. Remand Br. 14–15 (citing *Wirtgen Am. Inc. v. Caterpillar Paving Prods. Inc.*, IPR2018-01201, Paper 13 at 11–12 (PTAB Jan. 8, 2019)). But, as the Guidance Memo notes, “although an ITC final invalidity determination does not have preclusive effect, it is difficult as a practical matter to assert patent claims that the ITC has determined are invalid.” Guidance Memo 2 (citing *Fintiv*, Paper 11 at 8–9). Petitioner further argues that “Patent Owner has brought multiple litigations involving the technology disclosed in the ’202 patent” and this Petition is “necessary to provide protections to the public against Patent Owner’s current and future questionable litigations attacks.” Pet. Remand Br. 15 (citing *llumina, Inc. v. Natera, Inc.*, IPR2019-01201, Paper 19 at 6–7 (PTAB Dec. 18, 2019)). We are not persuaded that Petitioner’s speculation as to

any potential future public harm justifies declining to exercise our discretion to deny institution.

On balance, we find that *Fintiv* factor 6 is neutral.

#### 7. *Fintiv* Determination

Absent a compelling reason to the contrary, we take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review” when evaluating the *Fintiv* factors. *Fintiv*, Paper 11 at 14. As discussed above, factors 1–3 and 5 weigh in favor of discretionary denial, factor 4 weighs slightly against discretionary denial, and factor 6 is neutral. We conclude that, on balance, a holistic analysis of all the circumstances demonstrates that the efficiency and integrity of the system are best served by exercising our discretion to deny institution.

### III. CONCLUSION

For the reasons given, we decline to exercise our discretion to deny institution under § 325(d), and we exercise our discretion under § 314(a) to deny institution of *inter partes* review.

### IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* and no *inter partes* review is instituted.

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Patent 11,925,202 B2

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