UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

R.J. REYNOLDS VAPOR COMPANY,

Petitioner

v.

FONTEM HOLDINGS 1 B.V.,

Patent Owner

U.S. Patent 8,893,726
Issue Date: Nov. 25, 2014
Title: Electronic Cigarette

Inter Partes Review No. 2016-01270

PETITIONER'S REQUEST FOR REHEARING PURSUANT TO 37 C.F.R. § 42.71(d)

TABLE OF CONTENTS

Page

LIST OF EXHIBITS

Exhibit No.	Exhibit	Referred To In The Petition As
Exhibit 1001:	U.S. Patent No. 8,893,726	"'726 Patent"
Exhibit 1002:	'726 Patent File History, Non-Final Rejection (August 16, 2013)	"Non-Final Rejection"
Exhibit 1003:	'726 Patent File History, Amendment (October 8, 2013)	"Amendment"
Exhibit 1004:	'726 Patent File History, Notice of Allowance (August 18, 2014)	"Notice of Allowance"
Exhibit 1005:	*NJOY, Inc. v. Fontem Holdings 1 B.V.*, IPR2015-01302 (PTAB, filed May 29, 2015), Paper No. 15	"Prior Decision"
Exhibit 1006:	U.S. Patent No. 4,947,874	"Brooks"
Exhibit 1007:	U.S. Patent No. 5,944,025	"Cook"
Exhibit 1008:	U.S. Patent No. 6,155,268	"Takeuchi"
Exhibit 1009:	Declaration of Robert Sturges, Ph.D.	"Sturges Decl."
Exhibit 1010:	*NJOY, Inc. v. Fontem Holdings 1 B.V.*, IPR2015-01302 (PTAB, filed May 29, 2015), Paper No.2	"NJOY Petition"
Exhibit 1011:	*NJOY, Inc. v. Fontem Holdings 1 B.V.*, IPR2015-01302 (PTAB, filed May 29, 2015), Paper No. 6	"Patent Owner Preliminary Response"
Exhibit 1012:	U.S. Patent No. 5,703,633	"Gehrer"

I. INTRODUCTION

Pursuant to 37 C.F.R. § 42.71(d), R.J. Reynolds Vapor Company ("Reynolds" or "Petitioner") requests rehearing of the Board's Decision denying institution of *Inter Partes* Review entered January 3, 2016, (Paper No. 11, hereinafter "Decision").

II. BASIS FOR REHEARING

A. Legal Standard

Pursuant to 37 C.F.R. § 42.71(d) a party may request rehearing of a decision by the Board whether to institute trial. "The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each such matter was previously addressed in a motion, opposition, or reply." *Id.* The Board will review the previous decision for an abuse of discretion. 37 C.F.R. § 42.71(c). "An abuse of discretion may be indicated if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing the relevant factors." *Palo Alto Networks, Inc. v. Juniper Networks, Inc.*, No. IPR2013-00369, Paper 39 at 2-3 (P.T.A.B. Feb. 14, 2014) (citing *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005)).

B. The Board's Factual Finding That Brooks Fails To Disclose A "Liquid Storage Body In Physical Contact With The Atomizer" As Required By Claims 15 and 16 Is Not Supported By Substantial Evidence

Claims 15 and 16 both require a "liquid storage body in physical contact with the atomizer." Relevant here, Petitioner argued in its petition[1] that this limitation was disclosed in Brooks by the alternative "suitable heating element" that includes a porous substrate (i.e., a liquid storage body) in "intimate contact" with resistance heating components (i.e., the atomizer). Paper 2 at 20, 37-42, 46; Ex. 1006, col. 7:65-8:3; Ex. 1009, ¶¶ 43-45, 71, 81. The Board disagreed, concluding that "Petitioner has not sufficiently persuaded us that Brooks discloses 'the liquid storage body in physical contact with the atomizer,' as recited in claim[s] 15 [and 16]." Paper 11 at 11. Petitioner respectfully submits that the Board's finding contradicts the express disclosure of Brooks and thus is not supported by substantial evidence.

Although the Board initially acknowledged that Brooks states that "[o]ther suitable heating elements include . . . porous substrates in intimate contact with resistance heating components" (*see* Paper 11 at 9), the Board focused its analysis

[1] Petitioner's Ground 1 asserts that Brooks anticipates claims 15 and 16 of the 726 patent and Ground 2 asserts that the claims are obvious based on Brooks combined with Cook and/or Takeuchi.

of Brooks on a *different* embodiment of heating element 18 that "repeatedly describes heating element 18 as both holding the liquid and atomizing it." *See id.* at 11-12. As such, the Board concluded that Brooks failed to disclose a separate liquid storage body that is in physical contact with the atomizer as claimed. Paper 11 at 12-13.

But regardless of whether Brooks "repeatedly" describes a specific embodiment of heating element 18 as both holding and atomizing the liquid, Brooks *also* discloses a *different* embodiment for heating element 18. As Brooks expressly discloses, "[o]ther suitable heating elements include . . . porous substrates in intimate contact with resistance heating components. Ex. 1006, 7:65-8:3. And it is this "intimate contact" embodiment upon which Petitioner's Grounds 1 and 2 are based. Paper 2 at 20-21, 38-39, 46-47; Ex. 1006, col. 7:65-8:3; Ex. 1009, ¶¶ 43-45, 71, 81.

The Board apparently gave the "intimate contact" embodiment less weight because it is disclosed by a "lone statement" while the other embodiment of heating element 18 is "repeatedly" referenced throughout Brooks. Paper 11 at 12-13. But lone statement or not, Brooks must be considered for all it discloses, including the expressly disclosed embodiment of the "other suitable heating element" that is described as being a "porous substrate[] in intimate contact with [a] resistance heating component[]." *See Ultradent Prods., Inc. v. Life-Like*

Cosmetics, Inc., 127 F.3d 1065, 1068 (Fed. Cir. 1997) (the district court erred by construing the scope of the prior art's disclosure as limited to the preferred embodiment); *Merck & Co. v. Biocraft Labs., Inc.*, 874 F.2d 804, 807 (Fed. Cir. 1989) ("[A]ll disclosures of the prior art, including unpreferred embodiments, must be considered.") (quoting *In re Lamberti*, 545 F.2d 747, 750 (C.C.P.A. 1976)); *Ex parte Raychem*, No. 91-2888, 25 USPQ2d. 1265, 1270 (B.P.A.I. April 24, 1992) (disclosure of a non-preferred heat treatment method supporting obviousness determination).

The Board also found that the "intimate contact" embodiment of Brooks does not teach that the porous substrate is separate from the resistance heating component of the heating element. Paper 11 at 13. However, the Board's finding with respect to the "intimate contact" embodiment of Brooks is inconsistent with the Board's analysis of the 726 patent. In analyzing the disclosure of the 726 patent, the Board noted that the "direct contact" relationship of the liquid storage body with the atomizer "indicates that the two elements are separate" structures. Paper 11 at 7. Applying the same logic, Brooks' teaching that the porous substrate is in "intimate contact" with the resistance heating components likewise indicates that the porous substrate and resistance heating components are separate structures. It is inconsistent to suggest that a "direct contact" relationship indicates separate structures but an "intimate contact" relationship does not. Indeed, the porous

substrate and resistance heating components of Brooks' "intimate contact" embodiment are necessarily separate structures because something cannot be in intimate contact with itself. *See ICHL, LLC v. NEC Corp. of America*, No. 5:08CV65, No. 5:08CV175, No. 5:08CV177, 2010 WL 1609232, at *9-10 (E.D. Tex. Apr. 20, 2010), *aff'd*, 455 Fed. Appx. 978 (Fed. Cir. 2011) ("in intimate contact" requires "the touching of two or more distinct parts"); *see also Becton, Dickinson & Co. v. Tyco Healthcare Grp., LP*, 616 F.3d 1249, 1255 (Fed. Cir. 2010) ("If the 'hinged arm' and the 'spring means' are one and the same, then the hinged arm must be 'connected to' itself . . . a physical impossibility.") (internal quotations added).

Also misplaced is the Board's criticism that the Petitioner (and Petitioner's expert) "summarily assert[ed]" that Brooks discloses that the porous substrate is separate from but in physical contact with the resistance heating elements. Paper 11 at 12. Significantly, the Petitioner's and its expert's analysis is similar to the Board's analysis of the 726 patent. Like the Board with respect to its conclusion that the "direct contact" relationship means that the liquid storage body and the atomizer are distinct components, Petitioner and its expert concluded that the "intimate contact" relationship of Brooks teaches that the porous substrate and resistance heating components are likewise distinct components. Paper 2 at 20-21, 38-39, 46-47; Ex. 1006, col. 7:65-8:3; Ex. 1009, ¶¶ 43-45, 71, 81.

Finally, the claims in Brooks further confirm that Brooks discloses embodiments for the hearing element 18 other than the embodiment on which the Board relied, including the "intimate contact" embodiment where the aerosol forming substance is contained within a porous substrate in intimate contact with (but separate from) the resistance heating components. Specifically, claims 53, 104, and 131 simply require that there be "an aerosol forming substance" without any requirement that it be carried by the electrical resistance heating element.[2] Ex.

[2] Further, claims 57, 105 and 132 depend from claims 53, 104 and 131, respectively, and expressly add the limitation that the "aerosol forming substance is carried by the heating element prior to use." Indeed, there is no other distinction between the independent and dependent claims. *Id.* at claims 53, 57, 104, 105, 131 and 132. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005) ("[T]he presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim."); *Interdigital Commc'ns v. Int'l Trade Comm'n*, 690 F.3d 1318, 1324-25 (Fed. Cir. 2012) (the doctrine of claim differentiation is "especially strong" where the added limitation is "the only meaningful difference between an independent and dependent claim"); *Comark Commc'ns, Inc. v. Harris Corp.*, 156 F.3d 1182,

1006 at claims 53, 104 and 131. In contrast, the resistance heating elements recited in claims 1, 26 and 75 all require that there be an "aerosol forming substance carried by the [electrical resistance] heating element prior to use." *Id*. at claims 1, 26 and 75.

III. CONCLUSION

The Board's decision includes a key factual error with respect to the Brooks disclosure. Brooks expressly discloses a porous substrate (i.e., liquid storage body) in intimate contact with the resistance heating components (i.e., an atomizer). To be in intimate contact, the porous substrate and resistance heating components must necessarily comprise distinct components. Yet, in denying institution, the Board effectively concluded that the porous substrate and resistance heating components of Brooks is a single component that is in intimate contact with itself. However, such a result is not only nonsensical, but also is inconsistent with the Board's analysis of the 726 patent's disclosure. If, as the Board correctly noted, the "direct contact" relationship of the liquid storage body and atomizer described in the 726 patent teaches that these are two separate components, then the

---

1187 (Fed. Cir. 1998) (declining to interpret "video delay circuit" as used in independent claim 1 in a manner that would render dependent claim 2 redundant).

"intimate contact" relationship of the porous substrate and resistance heating components of Brooks likewise teaches these are also two separate components.

Accordingly, Petitioner respectfully requests rehearing and institution of trial.

Respectfully submitted,

Dated: February 2, 2017

/s/ *Ralph J. Gabric*

Ralph J. Gabric (Reg. No. 34,167)
Robert Mallin (Reg. No. 35,596)
Mircea A. Tipescu (Reg. No. 53,690)
Brinks Gilson & Lione
NBC Tower – Suite 3600
455 N. Cityfront Plaza Dr.
Chicago, Illinois 60611
Attorneys for Petitioner

CERTIFICATE OF SERVICE

Pursuant to 37 CFR §§ 42.6(e)(4)(i) *et seq.* and 42.105(b), the undersigned certifies that on February 2, 2017, a complete and entire copy of this Petitioner's Request for Rehearing Pursuant to 37 C.F.R. § 42.71(d) was served by Electronic submission through the USPTO Patent Trial and Appeal Board End-to-End System and by e-mail to

Michael J. Wise, Lead Counsel (MWise@perkinscoie.com)
Joseph P. Hamilton, Back-up Counsel
(JHamilton@perkinscoie.com)
Jenna M. DeRosier (JDeRosier@perkinscoie.com)
Tyler R. Bowen, Back-up Counsel
(TBowen@perkinscoie.com)
Amy Candeloro (ACandeloro@perkinscoie.com)
patentprocurement@perkinscoie.com

Dated: February 2, 2017

/s/ *Ralph J. Gabric*
Ralph J. Gabric (Reg. No. 34,167)
Brinks Gilson & Lione
NBC Tower – Suite 3600
455 N. Cityfront Plaza Dr.
Chicago, Illinois 60611
Attorneys for Petitioner