

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NJOY, LLC,
NJOY HOLDINGS, INC.,
Petitioners,

v.

JUUL LABS, INC.,
Patent Owner

Case IPR2024-00223
Patent No. 10,709,173

**PATENT OWNER'S SUR-REPLY IN SUPPORT OF
ITS PRELIMINARY RESPONSE**

The Board should assess secondary considerations at the institution stage. Petitioner cites *Umicore AG & Co. KG v. BASF Corp.*, IPR2015-01124, Paper 8 (P.T.A.B. Nov. 2, 2015) as purportedly excluding review of secondary considerations at institution. Reply at 1. However, in *Umicore*, no reply brief was authorized and as a result, “Petitioner has not had the ability to fully respond to the specific arguments raised by Patent Owner in the Preliminary Response.” *Umicore*, IPR2015-01124, Paper 8 at 22. Here, Petitioner specifically requested, and was granted, the opportunity to file an entire reply brief addressed to secondary considerations. The concern that animated *Umicore* does not apply, and therefore the Board may properly rely on JLI’s strong showing of secondary considerations in deciding whether to institute IPR. *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1328 (Fed. Cir. 2016) (“[W]e have repeatedly stressed that objective considerations of non-obviousness must be considered in every case.”); *Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1048 (Fed. Cir. 2016) (“Objective indicia of nonobviousness must be considered in every case where present.”) (*en banc*).

A presumption of nexus applies in this case because the JUUL System is “the invention disclosed and claimed” in the ’173 patent. *WBIP*, 829 F.3d at 1329 (“[T]here is a presumption of nexus for objective considerations when the patentee shows that the asserted objective evidence is tied to a specific product and that product is the invention disclosed and claimed in the patent.” (quotation omitted)). The challenged

'173 patent independent claims explicitly cover an entire vaporizer device, including a cartridge portion and a body portion, each comprising several other subcomponents. Ex. 1001 at cl. 1. This claimed vaporizer covers the JUUL System product as sold, as JLI demonstrated in 20 pages of its Preliminary Response. POPR at 28-47. The invention is not a subcomponent of the JUUL System, nor does Petitioner contend that it is. Petitioner also does not dispute that the JUUL System practices every limitation of claim 1 of the '173 patent. Nor does Petitioner contend that nexus is negated because the JUUL System embodies features of other JLI patents.

Instead, Petitioner argues that the JUUL System is not co-extensive with the '173 patent “because JUUL comprises numerous material unclaimed features.” Reply at 1. Petitioner relies exclusively on one case, *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1378 (Fed. Cir. 2019), and its statement “[T]he X-Sync products are not coextensive . . . because the products include a ‘critical’ unclaimed feature . . . that materially impacts the product’s functionality.”). However, Petitioner significantly mischaracterizes *Fox Factory* and the governing law.

Fox Factory and its cited prior cases primarily concern the mismatch between a narrow patent that covers a subcomponent of a commercial product, and secondary considerations evidence that pertains to aspects of the larger product that are unrelated to the patent. In circumstances like that, a presumption of nexus should not apply. *Id.* at 1373 (“Conversely, ‘[w]hen the thing that is commercially successful is not

coextensive with the patented invention—for example, if the patented invention is *only a component* of a commercially successful machine or process,’ the patentee is not entitled to a presumption of nexus.” (quoting *Demaco Cor. V. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988)) (emphasis added)); *id.* at 1374 (“[T]he degree of correspondence between a product and a patent claim falls along a spectrum. At one end of the spectrum lies perfect or near perfect correspondence. At the other end lies no or very little correspondence, such as where the patented invention is *only a component* of a commercially successful machine or process.” (quotation omitted) (emphasis added)). That is not the case here. The invention of the ’173 patent is not a subcomponent of the JUUL System. The entire vaporizer device is claimed.

Even assuming that *Fox Factory* can be applied here, outside the full context of that decision, Petitioner raises only four purportedly unclaimed features of the JUUL System: 1) “Nicotine salt formulation, flavors, and high nicotine concentration”; 2) “Thumb drive shape”; 3) “Temperature control system”; and 4) “Electronics, including sensors, for automating operation.” Reply at 1-2. Petitioner’s position fails.

First, these four features are the entirety of Petitioner’s factual case against the coextensiveness of the patent claims and the JUUL System. But even assuming that the features are unclaimed, and that Petitioner’s characterizations of the cited evidence are correct, they are insufficient to show that the claims are not coextensive with the JUUL System, as *Fox Factory* itself noted. *Fox Factory*, 944 F.3d at 1374 (“[W]e

have never held that the existence of one or more unclaimed features, standing alone, means nexus may not be presumed.”). By simply stopping at the existence of purportedly unclaimed features, Petitioner attempts to turn *Fox Factory* on its head.

Second, Petitioner has not shown that the purportedly unclaimed features are “critical” or “material.” The evidence, even if fully credited, simply shows that these were features, but does not address their import. The only cited evidence that even arguably speaks to the value of any of these features is “Ex. 2036.002 (‘The growing popularity of JUUL seems to be driven by flavored offerings’)” for feature 1. Reply at 1. That statement is a far cry from showing materiality or criticality. It stands in stark contrast to the feature at issue in *Fox Factory*, where the patent owner itself had acknowledged an unclaimed feature as “critical.” *Fox Factory*, 944 F.3d at 1375 (“[Patent owner] described this gap filling feature as ‘critical’”). Indeed, *Fox Factory* differentiated between simply unclaimed features and features that “materially impact the functionality” of the products. *Id.* at 1376 (“[W]e agree with both the Board and SRAM that the mere existence of one or more unclaimed features does not necessarily mean presuming nexus is inappropriate.”). Petitioner has not demonstrated any features that “materially impact the functionality” of the vaporizer, and so has not come close to the threshold in *Fox Factory*.

Third, the features cited by Petitioner are not unclaimed. The “nicotine salt formulation” in feature 1 corresponds to the “vaporizable material” specified in claim

1. The “thumb drive” in feature 2 corresponds to the “cartridge” and “body” required by claim 1. The “temperature control system” in feature 3 corresponds to the “resistive heating element” specified in claim 1. And the “electronics” in feature 4 corresponds to the claimed operating configuration “a resistive heating element configured to heat the vaporizable material” in claim 1. To the extent that Petitioner really meant to write “not *specifically* claimed” rather than “unclaimed,” the relevant caselaw does not support that as a requirement.

Petitioner’s remaining arguments about nexus to specific secondary considerations fail to rebut the presumption of nexus, and do not call into question the evidence that JLI marshalled for each consideration in its Preliminary Response. Reply at 2-5; POPR at 48-60. Petitioner mostly rehashes the same four purportedly unclaimed features that it cited at the beginning of its brief. As reviewed above, the features are not unclaimed, and Petitioner has not shown that they were the “critical” drivers of praise, commercial success, or any other factor. Moreover, Petitioner simply ignores features that are indisputably claimed, including the separation of body and cartridge in a manner that did not mimic traditional cigarettes, and an airflow system that produced satisfying vapor. Secondary considerations squarely support non-obviousness of the challenged claims. The Board should deny institution of IPR.

Date: April 3, 2024

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CERTIFICATE OF COMPLIANCE

I hereby certify that this paper complies with the type-volume limitation of 37 C.F.R. § 42.24 because it contains 1,242 words, excluding the parts of the paper exempted by 37 C.F.R. § 42.24.

Dated: April 3, 2024

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.6(e), the undersigned certifies that on April 3, 2024, a complete and entire copy of the above document was provided by email to Petitioners by serving correspondence addresses of record as follows:

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