

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE

SHENZHEN KANGVAPE TECHNOLOGY CO., LTD.,
Petitioner,

v.

RAI STRATEGIC HOLDINGS, INC.,
Patent Owner.

IPR2024-01406
Patent 11,925,202 B2

Before COKE MORGAN STEWART, *Acting Under Secretary of
Commerce for Intellectual Property and Acting Director of the United States
Patent and Trademark Office.*

ORDER

Granting Director Review, Vacating the Decision Granting Institution, and
Remanding to the Patent Trial and Appeal Board
for Further Proceedings

RAI Strategic Holdings, Inc. (“Patent Owner”) filed a request for Director Review of the Decision granting institution (“Decision”) in the above-captioned case, and Shenzhen Kangvape Technology Co., Ltd. (“Petitioner”) filed an authorized response to the request. *See* Paper 10 (“DR Request”); Paper 11. In the request, Patent Owner argues that the Board erred by not considering the *Fintiv*¹ factors in view of a parallel proceeding at the International Trade Commission (“ITC”) that has a November 24, 2025, target date for completing the investigation. DR Req. 1, 8. Patent Owner requests reversal of the Board’s Decision and denial of institution because the *Fintiv* factors, when properly considered, favor denial. *Id.* at 1, 8–15. Petitioner argues that Patent Owner has forfeited the opportunity to raise *Fintiv* arguments because those arguments were not made in Patent Owner’s Preliminary Response (“POPR”), that Petitioner did not have an opportunity to provide a fulsome reply with responsive evidence, and that granting Patent Owner’s request would be an abuse of discretion that raises due process and Administrative Procedure Act concerns. *See* Paper 11, 1–3. Petitioner further contends that the *Fintiv* factors nonetheless favor institution. *Id.* at 4–5.

The Petition and the POPR do not substantively address *Fintiv*. At the time the Petition and POPR were filed, the Office’s June 21, 2022 memorandum entitled “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” (“2022

¹ *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential).

Interim Procedure Memo”)² stated that the Board “will not discretionarily deny petitions based on applying *Fintiv* to a parallel ITC proceeding.” 2022 Interim Procedure Memo 7; Petition 77. The Office rescinded the 2022 Interim Procedure Memo on February 28, 2025, before the Board’s March 20, 2025 Decision but after the parties had completed pre-institution briefing. Shortly thereafter, on March 24, 2025, the Board’s Chief Judge issued a Memorandum providing guidance on the Office’s rescission of the 2022 Interim Procedure Memo.³ The March 2025 Memorandum states that the rescission “applies to any case in which the Board has not issued an institution decision, or where a request for rehearing or Director review decision [is] filed and remains pending.” March 2025 Memorandum 2.

Under the facts and circumstances of this case, and consistent with the broad discretion given to the Director, and by delegation to the Board, on institution decisions, 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 under the 2022 Interim Procedure Memo’s rescission. *See* 35 U.S.C. § 314(a); *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021) (“The Director is permitted, but never compelled, to institute an IPR” and “no petitioner has the right to such institution.”). Accordingly, the case is remanded to the Board for additional briefing on this issue. The parties’ briefs shall focus primarily on the facts and circumstances as they existed at the time of the

² The 2022 Interim Process memo, now rescinded, is available at https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf.

³ The March 2025 Memorandum is available at https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf.

Board's Decision, though a party also may address in a separate section of the brief subsequent developments that the party believes are relevant to the proceeding.

Absent good cause, the Board shall issue a decision on remand withing 30 days of receiving the parties' briefs.

In consideration of the foregoing, it is:

ORDERED that Director Review is granted;

FURTHER ORDERED that the Board's Decision granting institution of *inter partes* review (Paper 7) is vacated;

FURTHER ORDERED that Petitioner and Patent Owner are authorized to file briefs of not more than ten pages addressing the exercise of discretion under *Fintiv* as set forth in this Order;

FURTHER ORDERED that the briefs authorized in this Order are due within fourteen days of this Order; and

FURTHER ORDERED that the case is remanded to the Board for further proceedings consistent with this Order.

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