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## Fed. Circ. Shuts Down RJ Reynolds Patent Suit

By **Abigail Rubenstein**

Law360, New York (August 26, 2011, 4:30 PM ET) -- The Federal Circuit found Friday that while Star Scientific Inc.'s patents for a tobacco-curing process were valid, R.J. Reynolds Tobacco Co. had not infringed the patents, denying Star's bid for a new trial.

A federal jury in Maryland returned a verdict in 2009 that R.J. Reynolds had not infringed the two asserted patents and that the patents were invalid. The district court subsequently rejected Star's motion for judgment as a matter of law that the patents were valid and infringed, prompting the appeal.

In a split decision, the Federal Circuit affirmed the denial of Star's motion on the infringement issue, but reversed the finding that the patents were invalid.

The dispute dates back to 2001, when Star, a tobacco product development company, filed the first of two patent infringement suits — which were later consolidated — against R.J. Reynolds over a method of curing tobacco that helps prevent the formation of tobacco-specific nitrosamines, a toxin. Star was seeking as much as \$350 million in damages to be trebled for the defendant's allegedly willful infringement.

"We're very pleased with today's ruling," Ralph J. Gabric of Brinks Hofer Gilson & Lione, who represents R.J. Reynolds, told Law360 on Friday. "As we've stated before, R.J. Reynolds did not infringe Star's patents and both the jury at the trial court level and now the appellate court have unanimously agreed."

The district court initially granted summary judgment to R.J. Reynolds, finding the patents invalid due to indefiniteness and unenforceable due to inequitable conduct, but the Federal Circuit reversed that judgment in an earlier appeal.

On remand, the case went before a jury, which found in R.J. Reynolds' favor.

In the current appeal, Star contended that the jury was tainted by R.J. Reynolds' assertion that the plaintiff hid evidence of a letter from the U.S. Patent and Trademark Office when obtaining the patents, including its use of a slide depicting a man with a document held behind his back.

The Federal Circuit ruled that while the lower court's decision to allow the tobacco company to present the slide was troubling because inequitable conduct was not an issue at the jury trial, Star had failed to prove that the presentation of the slide affected its substantive rights.

The appeals court also affirmed the district court's denial of Star's bid for a judgment that R.J. Reynolds had infringed the patents-in-suit, saying the plaintiff had relied heavily on expert testimony that it was not unreasonable for the jury to discredit.

However, the Federal Circuit, which held that an earlier priority date recently affirmed by the USPTO should be granted for the patents, ruled that they were not invalid due to best mode, indefiniteness, obviousness or anticipation.

Judge Timothy B. Dyk, who concurred with his colleagues on the infringement issue, dissented from their ruling on validity. The dissent maintained that the patents-in-suit should be held invalid as indefinite.

Star released a statement on Friday saying that while the company was gratified that the appeals court had found the patents valid, it was disappointed that it the court not reverse the finding of non-infringement. The company noted that the ruling means it can pursue other litigation over the patents, including a separate case against R.J. Reynolds.

"Now that both the Federal Circuit Court of Appeals and the Patent and Trademark Office have affirmed the validity our patents' claims and 1998 priority date, we intend to vigorously protect our intellectual property, which we consider to be among our corporate crown jewels," Star's chairman Paul L. Perito said. "At the same time, we currently are assessing options for further appellate review."

The patents-in-suit are U.S. Patent Numbers 6,202,649 and 6,425,401.

Judges Randall R. Rader, Timothy B. Dyk and Richard Linn sat on the panel for the Federal Circuit.

Star is represented by Carter G. Phillips, Eric A. Shumsky, Michael D. Hatcher and Quin M. Sorenson of Sidley Austin LLP and Richard McMillan Jr., Mark M. Supko and Jeffrey Ahdoot of Crowell & Moring LLP.

R.J. Reynolds is represented by Ralph J. Gabric, Cynthia A. Homan and Danielle Anne Phillip of Brinks Hofer Gilson & Lione. Meredith Martin Addy, now with Steptoe & Johnson LLP, argued the case for the tobacco company.

The case is Star Scientific Inc. v. R.J. Reynolds Tobacco Co., case number 2010-1183, in the U.S. Court of Appeals for the Federal Circuit.

--Additional reporting by Christopher Norton and Ben James. Editing by Chris Giganti.

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