

Fed Circuit Reignites E-Cigarette Patent Clash

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Tobacco company [Philip Morris](#) must once again fend off patent claims brought by [Healthier Choices Management Corporation](#) (HCMC) after the US Court of Appeals for the Federal Circuit revived the dispute.

In a [precedential decision](#) handed down yesterday, April 12, the Federal Circuit agreed to progress the patent suit brought by HCMC over an e-cigarette device.

The appeals court reversed the US District Court for the Northern District of Georgia's decision to dismiss HCMC's original complaint and award Philip Morris attorneys' fees.

In a statement, HCMC CEO Jeff Holman said: "We are gratified to have won our appeals and now have the opportunity to resume pursuing our infringement claims in the District Court against Philip Morris for its IQOS device.

"For the sake of clarity, the Appellate court's decisions both reinstate our infringement claim and also cancels the attorneys' fees award previously granted to Philip Morris in this case. We are looking forward to having our day in court."

HCMC had accused Philip Morris of infringing US patent number 10,561,170 through the use of the tobacco company's IQOS tobacco heating system. IQOS works by using a battery-powered system to heat, rather than burn, tobacco.

In its claim, HCMC argued that, even though Philip Morris claims that the IQOS system is combustion-less, the IQOS system does initiate a combustion reaction that at least partially combusts the HeatStick (tobacco-filled sticks wrapped in paper) and therefore infringed the patent.

In response, Philip Morris filed a motion to dismiss the complaint for failure to state a claim. The company argued that an exhibit attached to HCMC's original complaint demonstrated that the IQOS system doesn't initiate a combustion reaction.

The Delaware court agreed with Philip Morris and dismissed the suit. However, the dismissal and award of fees were overturned on appeal.

Circuit Judge Kara Stoll, on behalf of the Federal Circuit, said that HCMC's "original and amended complaints recite sufficient allegations to raise a facially plausible case of patent infringement."

According to the court, HCMC's original complaint contained specific allegations that the IQOS system initiated a combustion reaction and these allegations were "sufficient to disavow the contradictory statements in the attached [exhibit] in which Philip Morris self-reported that its products do not combust".

While HCMC was successful in reviving the suit, obtaining leave to amend its complaint and vacating the award, the Federal Circuit did deny its request for reassignment to another district court.

Although the district judge had called HCMC's claims "baseless" and reflected a "studied ignorance", the Federal Circuit concluded that the judge's adverse ruling doesn't warrant the remedy of reassignment.

'Unclear' why case is precedential

McKool Smith principal [Blair Jacobs](#) said the Federal Circuit panel's assessment focused on 11th Circuit law because regional law applies when an appellate court reviews a "12B6 motion to dismiss" on appeal.

Under 11th Circuit law, a plaintiff can sufficiently disavow in a complaint any statements in an exhibit that the plaintiff disputes, explained Jacobs, which is "precisely what happened" in the HCMC case. The plaintiff, HCMC, in the original complaint, explained in detail why it disagreed with certain characterisations found in an exhibit.

"The Federal Circuit, therefore, found that the statements by HCMC in the complaint were specific disavows and sufficient to defeat a motion to dismiss under Rule 12B6," he said.

Jacobs added that he found it "hard to see" why the case is precedential.

"It involves a unique interpretation of 11th Circuit law that does not come up often.

"As far as learning points are concerned, the opinion teaches that if you believe that information in exhibits may discredit factual allegations in a complaint, it is best practice to address the negative information head-on and to disavow it in the complaint itself to avoid potential problems of having to deal with a motion to dismiss and potential amended complaint."

Counsel for Philip Morris has been approached for comment.