

ITC Judge Details Why Cannabis Cos. Beat IP Investigation

By **Jasmin Jackson**

Law360 (March 6, 2023, 9:35 PM EST) -- The chief administrative law judge of the U.S. International Trade Commission has publicized why he let a group of cannabis companies escape claims that their vape cartridge imports infringe a trio of patents, revealing that he invalidated one of the patents and held that the domestic industry requirement of the suit was not satisfied.

In a final initial determination released Friday, Chief Administrative Law Judge Clark Cheney explained his reasoning for recently clearing cannabis companies Greentank Technologies Corp., Marijuana Packaging and others of claims that their vape cartridge imports infringed a trio of patents held by Shenzhen Smoore Technology. The expansive 117-page decision invalidated one of the patents as indefinite and held that Smoore failed to satisfy the domestic industry element required by Section 337 of the Tariff Act of 1930, which prohibits the importation of infringing goods.

According to the filing, Smoore had relied on domestic expenditures of its importers and some of their customers to satisfy the economic prong of its domestic industry requirement. But Judge Cheney said that, "under the long-standing patent exhaustion doctrine, downstream sales are not protected by a patent."

"Accepting Smoore's characterization of downstream customers as a domestic industry would set a precedent that any resale of a product brought into the United States by a mere importer would establish a domestic industry," Judge Cheney said. "I decline to set such a precedent here."

The chief ITC judge further explained that he wiped out one of the patents at issue — U.S. Patent No. 10,357,623 — as indefinite, holding it was unenforceable due to inequitable conduct, citing an "improper revival of a parent patent application in the same patent family."

David G. Liston and Ari J. Jaffess of Liston Abramson LLP, counsel for respondent The Blinc Group Inc., told Law360 Monday that "Blinc is very pleased with Chief Judge Cheney's thorough decision finding no violation."

"Blinc is proud to be an innovator in this field and firmly believes, and has maintained from the outset, that Smoore should never have initiated these proceedings," Liston and Jaffess said. "We are pleased that the final initial determination confirms this."

Smoore initially lodged its ITC complaint back in October 2021, challenging certain oil-vaping cartridges

imported by the host of respondents. The commission instituted an investigation the following November.

The businesses affected by Judge Cheney's findings also include the Calico Group Inc., Next Level Ventures LLC, Advanced Vapor Devices LLC, True Terpenes, Brand King LLC, iKrusher Inc., and Bold Carts.

The chief ITC judge added in his publicized decision that the products at issue also didn't mimic aspects laid out in 10 asserted claims, including a specified "liquid outlet" and "mouthpiece assembly."

Counsel for Greentank declined to comment on Monday. The remaining parties and their respective counsel did not immediately respond to requests for comment on Friday.

The patents-in-suit are U.S. Patent Nos. 10,357,623; 10,791,762; and 10,791,763.

Smooore is represented by Lyle Vander Schaaf of Crowell & Moring LLP.

The Calico Group is represented by Beau Jackson, Jennifer Hoekel and Avery Hitchcock of Husch Blackwell LLP.

Green Tank is represented by David C. Vondle of Akin Gump Strauss Hauer & Feld LLP.

Blinc is represented by Ari J. Jaffess, David G. Liston, M. Michael Lewis, Alex G. Patchen and Gina K. Kim of Liston Abramson LLP, and Goutam Patnaik of Desmarais LLP.

The group of defendants including Next Level Ventures is represented by R. Tyler Goodwyn of Dentons.

The ITC is represented by Todd Taylor of the Office of Unfair Import Investigations.

The case is In the Matter of Certain Oil-Vaping Cartridges, Components Thereof, and Products Containing the Same, investigation number 337-TA-1286, before the U.S. International Trade Commission.

--Additional reporting by Dani Kass. Editing by Adam LoBelia.