Informative Case: *Colas Solutions Inc. v. Blacklidge Emulsions, Inc.*, IPR2018-00242, Paper No. 9, February 27, 2018, U.S. Patent No. 7,918,624

Facts: Colas filed a Petition to institute an *inter partes* review of claims 1-25 of U.S. Patent No. 7,918,624 (“the ‘624 patent”). *See* Paper 9, p.1. Along with its Petition, Colas filed a Motion for Joinder, requesting the PTAB join Colas as a party to *Asphalt Products Unlimited, Inc. v. Blacklidge Emulsions, Inc.*, Case IPR2017-01242. *Id.* at p.1-2. Blacklidge filed an Opposition to the Motion for Joinder, Colas filed a Reply, and Blacklidge filed a Sur-Reply. *Id.* at p.2.

The PTAB noted that, for context, some background was needed as to how this case fit into related proceedings. *Id.* On May 12, 2016, Colas filed a petition for *inter partes* review of the ‘624 patent in Case IPR2016-01032; on May 13, 2016, Colas filed a Complaint for Declaratory Judgement of Invalidity and Unenforceability in district court, challenging the validity of the ‘624 patent. *Id.* “Consistent with the automatic stay provision of 35 U.S.C. § 315(a)(2), the DJ Action was stayed and, according to Colas, it remains stayed.” *Id.* The PTAB instituted trial on IPR2016-01032 and “determined that Colas did not show by a preponderance of the evidence that any claim of the ‘624 patent is unpatentable.” *Id.* Colas appealed that Final Decision to the CAFC. *Id.* at p.2-3. While Colas’s first IPR was ongoing, on April 4, 2017, Asphalt Products Unlimited filed a petition for *inter partes* review of the ‘624 patent in IPR2017-01242, presenting different challenges to the ‘624 patent than those Colas had articulated in its IPR. *Id.* at p.3. The trial on IPR2017-01242 was instituted on October 24, 2017 and remained pending, as of this case. *Id.* “On November 24, 2017, Colas filed its Petition and Motion for Joinder in this case,” alleging the same grounds of unpatentability as Asphalt presented in its petition. *Id.*

The PTAB explained that § 315 of Title 35 creates two bars to the institution of an *inter partes* review. *Id.* Under § 315(a)(1), “[a]n inter partes review may not be instituted if, before the date on which the petition for such review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” *Id.* Under § 315(b), “[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” *Id.* at p.4. Section 315(c) also grants the Director of the PTO discretion to join a party to an existing proceeding, and the Board’s rules state that “[a]ny request for joinder must be filed as a motion under § 42.22 no later than one month after the institution date of any *inter partes* review for which joinder is requested.” *Id.* When a request for joinder is filed, the time bar of § 315(b) does not apply. *Id.* “The Petition and Motion present the issue of whether a party that is otherwise barred under 35 U.S.C. § 315(a)(1) may join an existing proceeding under 35 U.S.C. § 315(c).” *Id.* at p.5.

Holding: “Colas’s Petition does not warrant institution because it is barred under § 315(a)(1).” *See* Paper 9, p.9. “[U]nder § 315(c), the Director may only join a party that files a petition that ‘warrants institution,’” so Colas’s Motion for Joinder is also denied. *Id.*

Explanation: The PTAB noted that Colas did not address § 315(a)(1) in either its Petition or its Motion for Joinder. *See* Paper 9, p.5. The Motion “purports to be timely because it was filed within one month of the institution date of” IPR2017-01242, and the one-year time bar does not apply to the present Motion. *Id.* Blacklidge argued that the Petition and Motion should be denied because the Petition is statutorily barred under 35 U.S.C. § 315(a)(1) because Colas filed the DJ Action on May 13, 2016. *Id.* “According to [Blacklidge], ‘unlike the exception for the one-year bar of § 315(b), no exception permits joinder where the declaratory judgment bar of § 315(a)(1) applies.’” *Id.* Colas counted by arguing that the PTAB has, in the past, declined to read § 315(a)(1) so rigidly, interpreting the language of the statute at § 315(c) to mean that “the Director is commanded by statute to consider only Sections 311 and 314 when deciding a request for joinder.” *Id.* Colas argued it met those statutory burdens by paying its necessary fees and that the PTO’s decision to institute trial on IPR2017-01242 “shows a reasonable likelihood challenges will prevail.” *Id.* at p.5-6. “Colas’ss understanding of § 315(a)(1) is that it ‘prohibits, at most, the institution of a new IPR. Joinder to an already-instituted IPR, on the other hand, falls squarely within § 315(c), under which the Director has broad discretion to permit joinder.’” *Id.* at p.6. Blacklidge responded that in *Clio*, the Board was not looking to exceptions to statutory bars or its discretion, but rather “determined that dismissal without prejudice meant that the declaratory judgment action was ‘something that *de jure* never existed.’” *Id.* Since Colas’s DJ Action was still pending, *Clio* should not apply. *Id*.

The PTAB agreed with Blacklidge that “§ 315(a)(1) bars institution of *inter partes* review in this case because Colas filed its DJ Action challenging the ‘624 patent before it filed its Petition.” *Id.* The PTAB noted that this case was different from *Clio*, in which the petitioner filed a DJ suit and dismissed it without prejudice before filing a petition for *inter partes* review. *Id.* *Clio* also does not stand for the proposition that the PTAB has flexibility or discretion as to whether to apply § 315(a)(1)’s statutory prohibition. *Id.* at p.7. “*Clio* represents a determination that, under governing case law, a civil action that was dismissed without prejudice is not subject to the statutory bar of § 315(a)(1).” *Id.*

The PTAB was also not persuaded by Colas’s argument that its Motion for Joinder exempted the Petition from the statutory bar of § 315(a)(1), noting that the language of the statute does not support that interpretation, as it makes no reference to Motions for Joinder. *Id.* at p.7-8. The PTAB concluded that “Colas’s Petition does not warrant institution because it is barred by § 315(a)(1), which sets forth a limit on the Director’s authority to institute *inter partes* review.” *Id.* at p.8-9.

A copy of the PTAB order can be found [here](https://www.uspto.gov/sites/default/files/documents/IPR2018-00242%20Colas%20v.%20Blacklidge%20%28Paper%209%29.pdf?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=).