

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ARTSANA USA, INC.,
Petitioner,

v.

KOLCRAFT ENTERPRISES, INC.,
Patent Owner.

Case IPR2014-01053
Patent 8,388,501 B2

Before JAMES T. MOORE, HYUN J. JUNG, and
BARRY L. GROSSMAN, *Administrative Patent Judges*.

MOORE, *Administrative Patent Judge*.

JUDGMENT
Termination of the Proceeding
37 C.F.R. § 42.73

I. INTRODUCTION

Artsana USA, Inc. (“Petitioner”) filed a Corrected Petition (Paper 5, “Pet.”) seeking to institute an *inter partes* review of claims 1–20 of U.S. Patent No. 8,388,501 B2 (“the ’501 patent”) pursuant to 35 U.S.C. §§ 311–319. Kolcraft Enterprises, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 11, “Prelim. Resp.”). The Board instituted review of claims 1–5 and 8 (Paper 14, “Dec.”). Petitioner sought rehearing of that decision. Paper 16 (“Req. Reh’g”). We granted rehearing in part but declined to modify the outcome of the decision. Paper 22.

On the same date as our decision on rehearing, Patent Owner requested adverse judgment as to the claims which an *inter partes* review had been instituted on. Paper 23.

We conducted a conference call on March 16, 2015 between the parties. Patent Owner seeks a delay in granting the request for adverse judgment until a decision on institution is rendered in the Petition filed and designated as IPR2015-00582 (Paper 1 therein) and its associated motion for joinder (Paper 3 therein). It is not in dispute that the Petitioner’s later Petition would otherwise be time barred if it could not be joined to a preexisting *inter partes* review.

We have considered the Request for Adverse Judgment, and Petitioner’s request for delay, and hereby grant the Patent Owner’s request for adverse judgment, without the requested delay.

II. RELEVANT RULES

The Board may terminate a trial without rendering a final written decision, where appropriate, including where the trial is consolidated with another proceeding or pursuant to a joint request under 35 U.S.C. 317(a) or 327(a). 37 C.F.R. § 42.72.

A party may request judgment against itself at any time during a proceeding. 37 C.F.R. § 42.73(b).

This part shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding. 37 C.F.R. § 42.1(b).

III. ANALYSIS

A. Request for Adverse Judgment

Patent Owner's Request for Adverse Judgment (Paper 23) requests adverse judgment, and requests that the Board cancel claims 1–5 and 8 of the '501 patent. Paper 23, 1.

On its face, the request is sufficient to grant relief to the Patent Owner. The question we face presently is: why should we not grant the relief in a timely fashion?

During the conference call, Petitioner did not oppose the ultimate grant of the petition for adverse judgment, but requested that we delay its grant. According to counsel for the Petitioner, the procedural posture of Cases IPR2014-01053 and IPR2015-00582 should be considered along with the District Court litigation and the intent of the America Invents Act statute to provide an alternative to litigation.

As noted above, if there is no ongoing *inter partes* review for the IPR2015-00582 petition to be joined to, regardless of whether the petition has merit, the petition is statutorily barred as it was filed January 20, 2015, which is more than one year after the date of service of a complaint upon the Petitioner. Petitioner was served a complaint on July 11, 2013. IPR2015-00582, Paper 1, and Paper 3, page 1.

Petitioner urged during the conference call that there would be prejudice in Petitioner's being required to go back into litigation when the second filed *inter partes* review petition could resolve the litigation.

According to the Petitioner, the fact that the Patent Owner canceled four claims speaks to the strength of the second petition.

On the other hand, the Patent Owner observed that the stay in the copending litigation had already been lifted, and the filing of multiple *inter partes* review proceedings was solely to delay the district court proceedings.

We have looked at the status of *Kolcraft Enterprises, Inc. v. Artsana USA, Inc.*, No. 1:13-cv-04863 (N.D. Ill.) on PACER and observe that the stay of the underlying proceeding was to remain in place pending the decision on reconsideration. Docket Entry 91, March 5, 2015. Accordingly, the Patent Owner is correct that the District Court proceeding has resumed, but it is also true that no significant activity beyond the filing of a motion relating to a discovery plan has occurred. Docket Entry 92, March 13, 2015.

The burden to show why the decision on the request for adverse judgment should be delayed into at least mid-May 2015 (which is when a Patent Owner's response could latest be filed) is upon the Petitioner. 37 C.F.R. § 42.20(c). Weighing in on the Petitioner's side is the procedural problem with the later Petition having nothing to join to and therefore being

time barred. We recognize that problem. We also are aware of their being in litigation in District Court again.

On the other hand, the Petitioner already has had one opportunity at an *inter partes* review, and did not succeed by a failure of proof. There is no guarantee that the second petition would succeed on the merits. There also is no guarantee that the District Court would stay the proceeding a second time. The first stay was almost 6 months long - granted September 15, 2014 (Docket Entry 81) and lifted March 6, 2015. The Patent Owner takes the position that these proceedings are filed solely as a delay tactic.

Also weighing against the Petitioner is our instruction to secure the just, speedy, and inexpensive resolution of each proceeding. It is undoubtedly true that this proceeding would be more speedily resolved by granting the request. It is also true that there is a substantial impact on the later filed proceeding. However, Petitioner is not without opportunity to defend in the District Court.

While there are factors supporting both the grant and denial of the request to delay the entry of adverse judgment, it is the opinion of this panel that the Petitioner has not shown that the weight of the factors in this particular case favors the grant of the request to delay the decision on the Request for Adverse Judgment.

IV. CONCLUSION

Accordingly, the Request for Adverse Judgment is granted.

V. ORDER

For the reasons given, it is

ORDERED that Patent Owner's request for adverse judgment under 37 C.F.R. § 42.73(b) with respect to claims 1–5 and 8 of U.S. Patent No. 8,388,501 B2 is GRANTED; and,

ORDERED that, at the request of the Patent Owner, judgment is entered herein against Patent Owner with respect to claims 1–5 and 8 of U.S. Patent No. 8,388,501 B2. Claims 1–5 and 8 of U.S. Patent No. 8,388,501 B2 are not patentable and a certificate canceling them shall issue in due course.

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