

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HISTOLOGICS, LLC,
Petitioner,

v.

CDX DIAGNOSTICS, INC. and
SHARED MEDICAL RESOURCES, LLC,
Patent Owners.

Case IPR2014-00779
Patent 6,258,044 B1

Before PHILIP J. KAUFFMAN, SCOTT E. KAMHOLZ, and
BARRY L. GROSSMAN, *Administrative Patent Judges*.

KAMHOLZ, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

Histologics, LLC (“Histologics”) filed a Petition (Paper 2, “Pet.”) on May 23, 2014, requesting institution of an *inter partes* review of claims 1-39 of U.S. Patent No. 6,258,044 B1 (“the ’044 patent”). Patent Owners CDx Diagnostics, Inc. (“CDx”) and Shared Medical Resources, LLC (“SMR”) filed a Preliminary Response (Paper 5, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314.

We deny the petition because institution is barred under 35 U.S.C. § 315(b).

II. DISCUSSION

A. *Facts*

SMR filed a civil action for infringement of the ’044 patent against Histologics, among other defendants, on April 19, 2012 in the U.S. District Court for the Central District of California (“California Court”). Pet. 6. The case was captioned *Shared Medical Resources LLC v. Histologics, LLC* and assigned case number 8:12-cv-00612 (“the ’612 action”). *Id.* (citing Ex. 1017). The record in this proceeding does not reflect the date on which Histologics was served with the complaint in the ’612 action, but Histologics does not dispute that it was served soon after the complaint was filed.

Histologics moved to dismiss the ’612 action on the basis that SMR lacked standing to bring the case alone and without the co-owner of the ’044 patent, CDx. Pet. 6. SMR explained that CDx did not join as a plaintiff in the ’612 action because CDx was subject to an automatic stay in bankruptcy. Prelim. Resp. 3; *see also* Ex. 1018, 5 (the California Court in the ’612 action acknowledging that SMR could not cure the lack of

prudential standing until CDx's bankruptcy proceedings were resolved). Although the California Court granted Histologics's motion and ordered the '612 action dismissed without prejudice, the '612 action was stayed pending the outcome of CDx's bankruptcy proceeding. Ex. 1018, 5; *see also* Pet. 6 (acknowledging that the '612 action was stayed).

On May 24, 2013, Histologics was served with a second complaint for infringement of the '044 patent. Pet. 7 (citing Exs. 1019, 1020). This complaint was filed by CMx and SMR, jointly, in the U.S. District Court for the Southern District of New York ("New York Court"). *Id.*; Ex. 1019. Histologics requested dismissal of the New York action or transfer to the U.S. District Court for the Central District of California in favor of the '612 action, which Histologics characterized in its request as "not . . . dismissed" and as "currently pending." Pet. 7; Prelim. Resp. 3 (citing Ex. C appended thereto).

On June 14, 2013, Histologics informed the California Court in the '612 action that CDx had emerged from bankruptcy. Pet. 7; Prelim. Resp. 3. On June 17, 2013, Histologics filed declaratory judgment counterclaims in the '612 action. Pet. 7; Prelim. Resp. 3; Prelim. Resp. Ex. A, 9 (docket entry 76 in '612 action). On July 3, 2013, the California Court issued an order (docket entry 78 in the '612 action) lifting the stay on the '612 action and "restor[ing] this case to its active caseload." Prelim. Resp. 3-4 (citing Ex. A); Prelim. Resp. Ex. A, 9 (docket entry 78); Ex. 3001 (copy of docket entry 78, "Order Lifting Stay").* The California Court did not refer to the

* The paper entered as Exhibit 3001 was retrieved via PACER.

dismissal of the '612 action in its order reactivating the '612 action.
Ex. 3001.

On October 25, 2013, the New York Court ordered the New York action transferred to the U.S. District Court for the Central District of California. Pet. 7. The transferred case was entitled *CDx Diagnostics, Inc. & Shared Medical Resources, LLC v. Histologics LLC* and assigned case number 2:13-cv-07909 in the California Court (“the '909 action”). Pet. 7; Prelim. Resp. 4. On February 11, 2014, the California Court consolidated the '612 action with the '909 action and dismissed the '612 action. Pet. 7 (citing Ex. 1022). The order dismissing the '612 action did not specify whether the dismissal was with prejudice or without prejudice. Ex. 1022.

B. Analysis

Section 315(b) of Title 35 of the United States Code provides:

(b) PATENT OWNER'S ACTION.—An 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. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

Histologics argues that its Petition is timely because it was filed not more than one year after the date it was served with a “non-jurisdictionally-deficient” complaint alleging infringement of the '044 patent. Pet. 8. Histologics argues that the '612 action was dismissed without prejudice and that, as a result, service of the complaint in that action was nullified and does

not trigger the time bar under 35 U.S.C. § 315(b). *Id.* (citing *InVue Sec. Prods. Inc. v. Merch. Techs., Inc.*, Case IPR2013-00122 (PTAB 2013) (Paper 17) (citing *Macauto USA v. Bos GmbH*, Case IPR2012-00004 (PTAB 2013) (Paper 18, 15-16))).

CDx and SMR argue that the '612 action was not dismissed but, rather, consolidated into the '909 action, and that it remains a “viable and active case” through the vehicle of the '909 action. Prelim. Resp. 4.

Upon consideration of the parties' arguments and evidence, we determine that the '612 action bars *inter partes* review on Histologics's Petition. Histologics was served with a complaint alleging infringement of the '044 patent more than one year before it filed its Petition. It remains involved in litigation stemming from that complaint. The allegation of patent infringement in the '612 action was consolidated into the '909 action, as were Histologics's counterclaims filed in the '612 action. To the extent that the '612 action was dismissed, it did not render service of the complaint in the '612 action a nullity, because Histologics remains answerable to the U.S. District Court for the Central District of California for the allegations made in that complaint. The parties are not left in the same legal position as if the '612 action had never been filed.

Histologics's reliance on *InVue* is misplaced, because that case dealt with the effect of dismissal of a declaratory judgment action for invalidity under 35 U.S.C. § 315(a), not the effect of dismissal of an infringement action under § 315(b). *InVue*, Paper 17 at 9. The present case also is distinguishable from *Macauto*, because the effect of the dismissal there had been to leave the parties in the same legal positions as if the action had not

been filed. *Macauto*, Paper 18 at 15. Here, the parties remain engaged in a dispute first raised in the complaint of the '612 action, a dispute that has been pending continuously since that complaint was filed.

To the extent that Histologics argues that the earlier dismissal of the '612 action for lack of standing nullified the effect of service, we disagree. Although the Court characterized the disposition of the case as a dismissal without prejudice, the actions of both the Court and Histologics demonstrate that the case was merely stayed, not dismissed. The Court expressly stayed the '612 action at the same time as it ordered dismissal. The Court later lifted the stay and “restore[d] this case to its active caseload”—in effect vacating the dismissal. Ex. 3001. Histologics, similarly, treated the '612 action as not dismissed, by filing counterclaims in the '612 action and in characterizing the '612 action as “pending” and “not . . . dismissed.”

Prelim. Resp. Ex. C.

For these reasons, we determine that service of the complaint in the '612 action has not been nullified and, consequently, bars institution of *inter partes* review on this Petition.

III. CONCLUSION

The Board denies institution of *inter partes* review because the Petition was not filed within the time limit imposed by 35 U.S.C. § 315(b).

IV. ORDER

For the reasons given, it is
ORDERED that the petition challenging the patentability of claims 1-39 of U.S. Patent No. 6,258,044 B1 is *denied*.

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