

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CULTEC, INC.,
Petitioner,

v.

STORMTECH LLC,
Patent Owner.

Case IPR2017-00526
Patent 8,672,583 B1

Before JOSIAH C. COCKS, BARRY L. GROSSMAN, and
BART A. GERSTENBLITH, *Administrative Patent Judges*.

GROSSMAN, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Motion to Change Filing Date

37 C.F.R. § 42.20

Denying Institution of *Inter Partes* Review

37 C.F.R. §§ 42.71 and 42.108

I. INTRODUCTION

Cultec, Inc. (“Petitioner”) filed and served a petition for *inter partes* review (“IPR”), Paper 1 (“Pet.”), on January 5, 2017, challenging each of the claims of U.S. Patent No. 8,672,583 B1 (“the ’583 patent”). Paper 8, 2. Notwithstanding several attempts to pay the filing fee on January 5th, Petitioner did not pay the required filing fee until January 6, 2017. *Id.* at 3. In accordance with standard U.S. Patent and Trademark Office (“PTO”) practice, the Petition was accorded a filing date of January 6th. Paper 6.

Petitioner requested authorization to file a motion to accord the Petition a filing date of January 5, 2017. In its authorization request, Petitioner stated that it had “technical difficulties with the System.” We authorized Petitioner’s motion, and we indicated that Petitioner should address the asserted “technical difficulties with the System.”

Petitioner filed its Motion to Accord a Filing Date of January 5, 2017, to the Petition (Paper 8) as well as the declaration of Jessica L. White, a paralegal at the law firm “St. Onge Steward Johnston & Reens LLC” (“SSJR”) (Paper 9 (“White Decl.”)), and the declaration of Stephen P. McNamara, a partner at SSJR (Paper 10 (“McNamara Decl.”)). Mr. McNamara is Lead Counsel for Petitioner in this matter. Paper 2.

StormTech LLC (“Patent Owner”) filed an Opposition to the Motion. Paper 11 (“PO Opp.”).

Petitioner, as the moving party, has the burden of proof to establish that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). As explained below, Petitioner has not met this burden. Accordingly, we deny the Motion.

Based on the January 6, 2017, filing date, the Petition, admittedly, is barred under 35 U.S.C. § 315(b). *See* Motion 4 (“In the absence of a January 5, 2017 filing date, this IPR will be considered untimely.”). Accordingly, we also deny institution of an *inter partes* review.

A. Background

On January 5, 2017, Petitioner uploaded successfully the Petition and related exhibits using the PTAB E2E filing system. Motion 2 (citing White Decl. ¶ 4; Ex. 1012). Ms. White states that the Petition and exhibits were uploaded “in the later afternoon” on January 5th. White Decl. ¶ 4.

According to PTO records, there were no payment attempts “in the later afternoon” of January 5th. Ex. 3001. Rather, PTO records show that on January 5th, between 7:00 p.m. and midnight, Petitioner made five attempts to pay the required filing fee of \$25,600. *Id.* This fee was based on challenging 21 claims of U.S. Patent No. 8,672,583 B1. Pet. 1, 2. It included the basic *inter partes* review fee of \$23,000 (37 C.F.R. § 42.15(a)(1), (2)), plus \$2,600 in excess claim fees (*id.* § 42(a)(3), (4)). As explained below, these attempts were not successful. On January 6, 2017, Petitioner was successful in making payment. Motion 1 (“the payment was not completed until January 6, 2017”); Ex. 1015, 2.

On January 5th, Petitioner also served the Petition and exhibits on counsel for Patent Owner, by e-mail and by depositing a paper copy “via FedEx overnight delivery.” Motion 2 (citing White Decl. ¶¶ 10, 11).

Petitioner’s Motion and declarations detail Petitioner’s alleged payment attempts. As presented by Petitioner, however, the sequence, timing, and type of payments attempted conflict to some extent with the

information presented in Exhibit 3001.¹ We summarize the most relevant points of Petitioner's payment attempts here.

Petitioner's first attempted payment, which was by credit card, occurred at or about 7:10 p.m.² Ex. 1014; Ex. 3001. Exhibit 1014 shows the "receipt" for that payment attempt. The first page of the Exhibit specifically states, in bold: **"Your Payment Has Not Been Cleared for AIA Review IPR2017-00526! Please call system administrator with any questions[.]"** Ex. 1014, 1. Petitioner states that since the second page of the receipt shows a payment status of "in process," it thought the payment would be accepted. Motion 3. Petitioner acknowledges, however, that it also received the message shown in Exhibit 1013. *Id.* at 2. That message states:

¹ Ex. 3001 is a summary of the attempted payment transactions. These records are maintained by the financial services division of the PTO. Exhibit 3001 identifies the "PAYMENT TYPE" (credit/debit card or deposit account ("DA")); the redacted "ACCOUNT NUMBER" of the financial instrument used; the "USER ID" based on the coded Financial Manager account number; an "ERROR MESSAGE," which is the reason why payment was denied; and the time and date of the transaction.

² Ms. White's declaration states that she made two payment attempts prior to the credit card attempt and receipt shown in Exhibit 1014. White Decl. ¶¶ 5–7. Ms. White's testimony conflicts with the PTO records shown in Exhibit 3001, which indicate a first payment attempt at or about 7:10 p.m., and aside from Mr. McNamara's testimony, Petitioner has not provided any additional evidence, e.g., a receipt similar to that shown in Exhibit 1014, to support her testimony (e.g., Exhibit 1013 does not contain a time stamp indicating that it was generated for any payment attempt other than the attempt at or about 7:10 p.m.). On this record, we consider Petitioner's first payment attempt to be at or about 7:10 p.m. Nonetheless, even if Petitioner had attempted two prior payments, we would reach the same conclusion for the same reasons explained herein.

Warning: Your order exceeds the United States Department of the Treasury's credit card daily limit of \$24,999.99. Please do not pay using a credit card as Treasury will reject the payment and you will be required to start the order process over. You may use a debit card, deposit account, or EFT to successfully complete the payment.

Ex. 1013. This message specifically states that a credit card payment over \$24,999.99 will be rejected. *Id.* Petitioner's "belie[f]" that its credit card payment attempt would be accepted despite having received the warning in Exhibit 1013 was unreasonable.³

Ms. White indicates that she checked the status of the payment at about 11:00 p.m. White Decl. ¶ 12. Nonetheless, if there was any uncertainty of the payment status it was not reasonable to wait nearly four hours to perform a status check.

Thereafter, Petitioner attempted to pay by personal debit card. Motion 3; White Decl. ¶ 12; McNamara ¶ 8. Exhibit 3001 indicates two attempts to pay by deposit account after 11 p.m., each of which was rejected due to "insufficient funds." Ex. 3001. Exhibit 3001 also indicates two attempts to pay by a card, after the failed credit card attempt, which we

³ Mr. McNamara states: "We had not previously seen or been aware of any credit card daily limit." McNamara Decl. ¶ 4; *see* White Decl. ¶ 6 (similar testimony by Ms. White). The warning shown in Exhibit 1013, however, is consistent with the advice on the PTO's website concerning the Financial Manager payment system. *See* www.uspto.gov/learning-and-resources/fees-and-payment/financial-manager-information. The Financial Manager User Guide is available at this site. Page 20 of the Financial Manager User Guide, under the heading "Credit/Debit Cards," states: "The U.S. Department of the Treasury limits the amount that any federal agency, including the USPTO, can charge to a given credit card in one day. The current daily limit is \$24,999.99. There is no daily limit on debit cards."

understand correlate to Petitioner's attempts to pay by personal debit card. *Id.* Each of those attempts failed because the card authorization was declined. *Id.* Petitioner maintains that the checking account associated with the debit card had sufficient funds to cover the fee. Motion 3; McNamara ¶ 8. There is no persuasive evidence, such as bank records, to support this assertion. Nonetheless, there may be reasons other than insufficient funds why such a transaction might not be authorized by the bank associated with the debit card. Petitioner, however, does not indicate that it made any attempt to determine the cause of the failed debit card authorizations, whether by contacting the bank or otherwise.

As the above payment attempts reflect, Petitioner attempted a credit card payment greater than the maximum amount permitted by credit card, ignored the warning message indicating that the such payment would be rejected, waited approximately four hours, until 11 p.m., to check on the status of the payment, and subsequently attempted payment from a deposit account with insufficient funds and from a debit card whose authorization was denied. The above facts indicate (1) a lack of understanding as to how proper payments are made; (2) a lack of understanding of one's own accounts, particularly the funds available for payment; (3) an unreasonable lack of diligence in checking the status of the initial payment; and (4) a lack of any evidence indicating that the PTO's payment system had any technical difficulties on January 5th. Thus, based on the evidence before us, Petitioner's failure to make the required payment on January 5th was not due to technical difficulties with the system.

In the morning of January 6th, SSJR replenished its deposit account, adding \$25,600. Ex. 3002. Payment was then made from that account (*id.*), and the Petition was accorded a filing date of January 6th (Paper 6).

II. DISCUSSION

A. *A Complete Petition Is Required to Obtain a Filing Date*

The statute, rules, and applicable PTO guidance concerning the requirements for filing a petition are clear and consistent – before a filing date is assigned to a petition seeking an IPR, the petition must be complete, which includes the PTO receiving the required fee.

The patent statute sets forth the requirements that must be satisfied for an IPR petition to be considered. A petition for IPR “may be considered only if the petition is accompanied by payment of the fee established by the Director under section 311.” 35 U.S.C. § 312(a)(1).

Our rules follow the statutory requirement, establishing that a payment must be received, not merely tendered, in order to be considered as “accompanying” the petition. Rule 42.103 of Title 37 of the Code of Federal Regulations states that “[n]o filing date will be accorded to the petition until full payment is received.” 37 C.F.R. § 42.103(b). Rule 42.106, titled “Filing date,” states that a petition to institute an IPR “will not be accorded a filing date” until the petition satisfies the requirement that the petition “[i]s accompanied by the fee to institute required in § 42.15(a).”

Id. § 42.106(a)(3). Rule 42.106 also states that [w]here a party files an incomplete petition, no filing date will be accorded” *Id.* § 42.106(b).

The PTO website provides extensive, consistent guidance stating that payment of the filing fee is required to obtain a filing date for an IPR petition. *E.g.*, Ex. 2003, 2 (“It is important to note that a petition will not be

accorded a filing date unless it is accompanied by a payment of the appropriate fees”); *id.* at 8 (“[N]o filing date will be accorded if a statutory requirement is not satisfied. For example, for fee deficiencies, the Office will accord the later submission date when all appropriate fees have been paid because the fees are required by statute. *See, e.g.*, 35 U.S.C. § 312(a)(1).”); *id.* (a filing date requires the “[a]ppropriate fee *successfully* paid”) (emphasis added).

It is Petitioner’s position that the statute “does not specify that the filing date is dictated by the USPTO date of deposit of a check or other acceptance of the payment.” Motion 5. The statute requires that an IPR petition “may be considered only if the petition is *accompanied* by payment.” 35 U.S.C. § 312(a)(1) (emphasis added). As discussed above, a fee did *not* accompany the documents submitted to the PTO on January 5th. On January 5th, the PTO received only documents. It did not receive a filing fee. Thus, no payment “accompanied” the Petition on January 5th.

As stated above, Rule 42.106 repeats the statutory requirement that a filing date is not assigned to an IPR petition unless the petition “[i]s *accompanied* by the fee.” 37 C.F.R. § 42.106(a)(3). Petitioner asserts that this rule, and, thus, the statute, “accords a filing date if the required fee is *tendered* by the petitioner.” Motion 5 (emphasis added). Petitioner cites no authority for its proffered statutory construction.

Petitioner also asserts that Rule 42.103, stating that “[n]o filing date will be accorded to the petition until full payment is *received*” (37 C.F.R. § 42.103(b) (emphasis added)), “should not be considered to set a different standard than the statutory requirement.” Motion 5. We agree. Rule 42.103 does *not* set a different standard than the statute. Rule 42.103(a) restates the

statutory language that the fee must “accompany” the petition (37 C.F.R. § 42.103(a)) and, applying this statutory requirement, states that the fee must be “received” (37 C.F.R. § 42.103(b)). Rule 42.103 is consistent with the statute in stating that the fee is considered to accompany the documents comprising an IPR petition when the fee and the petition have been received by the PTO.⁴

According to Petitioner, “Petitioner’s multiple tenders of payment proffered on January 5, 2017 complied with the requirement for payment set forth in the statute and regulations, *even though the USPTO Financial Manager failed to process them.*” Motion 5 (emphasis added). This argument is inconsistent with the facts discussed above. Each tendered payment was processed properly by the PTO system. When a credit card payment exceeds the maximum daily credit card limit allowed by the Department of the Treasury, the system properly processes the tendered payment by not accepting the payment. When a deposit account has insufficient funds to cover the amount of a payment, the system properly processes the tendered payment by not accepting the payment. And, when authorization for a debit card payment is declined, the system properly processes the tendered payment by not accepting the payment.

B. Waiver of PTO Rules

Petitioner asserts that “[t]he Board has significant discretion to interpret its own rules, to determine a proper course of conduct in a

⁴ We note that Rule 41.106 imposes a third requirement for a “complete” IPR petition. In addition to the petition and fee being received by the PTO, in order to receive a filing date, the petition must be served on the patent owner at the correspondence address of record for the challenged patent. 37 C.F.R. § 42.106(a)(2).

proceeding, and to ‘waive or suspend a requirement’ of the rules.”

Motion 6. It is Patent Owner’s position that “the Patent Office may not waive or suspend timely filing and payment requirements for Cultec in this instance.” PO Resp. 3; *see also id.* at 2–3 (citing authority to support Patent Owner’s conclusion).

We agree that the Board has discretion to waive non-statutory requirements of our rules. 37 C.F.R. § 42.5(b). *Terremark N. Am. LLC v. Joao Control & Monitoring Sys., LLC*, IPR2015-01482, slip op. at 7 (PTAB Dec. 28, 2015) (Paper 10) (“The Board has discretion to waive *non-statutory* requirements per 37 C.F.R. § 42.5(b).” (emphasis added)). We also note that discretion to waive our rules also means we have discretion *not* to waive our rules. In *Terremark*, the Board declined to change the filing date of an IPR petition by one day where the fee was not paid timely and the petition was not served until one day after the statutory deadline established by 35 U.S.C. § 315(b). *Id.* at 7–9.

C. Prior Decisions

In addition to *Terremark*, prior Board decisions are consistent with *not* changing the filing date under the circumstances of this case. For example, in *Teva Pharm. USA, Inc. v. MonoSol Rx, LLC*, IPR2016-00281 (PTAB May 23, 2016) (Paper 21), Petitioner requested the Board to change the filing date for two IPR petitions from December 4, 2015, to December 3, 2015. *Id.* at 3. The reason for the requested change was that “the petitions and exhibits were uploaded on December 3, 2015, and payment was attempted, but not completed until 12:09 a.m. on December 4 due to alleged “technical issues.” *Id.* The Board determined that Teva had not provided persuasive evidence that its payment attempts were the result of any

“technical issues” attributable to the PTO system. *Id.* at 11. The Board determined that the delayed payments resulted from a credit card transaction that exceeded the maximum daily limit for credit card transactions; use of an invalid credit card account; and use of a deposit account with insufficient funds. *Id.* In denying Petitioner’s request to change the filing date of the petitions, the Board noted that “[w]aiting until the last minute [to file its petitions]—without explanation—is ill advised.” *Id.* at 10. The Board concluded that “[a]ny prejudice to Petitioner was created by Petitioner’s own delay.” *Id.* at 13. The determinations in *Teva* suggest a similar result here.

Petitioner has not discussed or addressed why we should not follow the guidance of the Board decisions in *Teva* and *Terremark*. Petitioner asserts the Board has exercised its discretion in the past to grant an earlier filing date. Motion 6–7 (citing several Board decisions). The cited cases reflect the Board’s exercise of discretion based on the particular facts presented in each of those cases. Patent Owner argues correctly that each of the cases cited by Petitioner is distinguishable from the circumstances present here. PO Resp. 5–6; *see also Terremark*, slip op. at 10–13 (Paper 10) (summarizing Board decisions and distinguishing many of the cases cited by Petitioner from the facts presented).

For example, in *2Wire, Inc. v. TQ Delta LLC*, IPR2015-00239 (PTAB Jan. 15, 2015) (Paper 10) (cited at Motion 7), the Board addressed a Motion to Correct Filing Date. In *2Wire*, counsel pressed the “submit” button after midnight. The Board, however, granted the motion because all three filing requirements were met. In particular, the Board determined that all documents were uploaded timely, fees were paid timely, and the documents were served timely. *2Wire*, slip op. at 4–8.

Also, in *Micron Tech., Inc. v. e.Digital Corp.*, IPR2015-00519 (PTAB Mar. 24, 2015) (Paper 14) (cited at Motion 7), a filing date was granted to the petitioner. The Board addressed the *patent owner's* Motion to Deny a Filing Date based on alleged improper service. The petitioner in *Micron* filed timely the petition, and paid timely the filing fee. Petitioner served a copy of the petition and supporting documents on the patent owner's *litigation counsel* via email more than two weeks prior to expiration of the statutory bar date. Petitioner failed to timely serve patent owner at the *correspondence address* of record, as required by our rules, but not the statute. The statute requires only that a petitioner provide copies of documents to a patent owner or, if applicable, the designated representative of the patent owner. 35 U.S.C. § 312(a)(5). In denying the patent owner's motion, the Board determined that the patent owner, through its litigation counsel, timely received the petition. *Micron*, slip op. at 4–6.

In *FLIR Sys. v. Leak Surveys, Inc.*, IPR2015-00065 (PTAB Feb. 25, 2015) (Paper 25), payment was made timely and received, but was deficient. Petitioner timely reduced the number of challenged claims to match the fee paid. *Id.* at 8–11. Petitioner's action was in accordance with PTO guidance. *Id.*; *see also* Ex. 2003, 13 (PTAB E2E Frequently Asked Questions, Question E5).

D. Other Factors

Petitioner asserts that if its Motion is denied, with the result that the petition is admittedly barred under 35 U.S.C. § 315(b), validity issues of the '583 patent will be “kicked back” to the District Court to decide. Motion 5. According to Petitioner, the Board will be addressing the “identical [validity] issues” in the co-pending IPR2017-00777, which challenges

claims in Patent No. 9,255,394 (“the ’394 patent”). *Id.* The ’394 patent is a “continuation” of the ’583 patent. *Id.* We express no view as to whether Petitioner’s characterization of “identical” issues is correct. Petitioner asserts that it would be “wasteful of the resources of the parties, the Court, and the USPTO for two separate decision-makers to be reviewing and deciding the same issues on parallel tracks.” *Id.* Petitioner’s argument applies to any petition in which the issues presented therein overlap with those presented before a district court, but that reason alone is not sufficient, upon the facts presented here, to warrant an exception to the filing requirements.

Petitioner also asserts that its “failure to appreciate that the Deposit Account payment would be the only viable payment method to pay the IPR filing fee was a ‘clerical error’ of the same type excused” in other Board cases. Motion 7. We disagree for two reasons. First, the facts of this case are distinguishable from the “clerical error” cases relied on by Petitioner, as we point out above.

Second, Petitioner’s premise is wrong. Deposit account payment is *not* the only viable payment method. For IPR fees greater than \$24,999.99, the fees may be paid by American Express, Discover Network, MasterCard, and Visa branded debit cards that do not require a PIN; by deposit accounts; or by electronic funds transfer from a bank or other financial institution to the USPTO. These forms of payment are explained in the Financial Manager User Guide, page 20.

III. CONCLUSION RE FILING DATE

Based on the evidence and the totality of circumstances, we determine that Petitioner has not met its burden of establishing that it is entitled to have

the filing date changed in this proceeding. Additionally, we are not persuaded that we should exercise our discretion to do so. Accordingly, Petitioner's Motion is denied. The filing date remains as January 6, 2017. Petitioner and Patent Owner agree that if January 6, 2017, remains the filing date of the Petition, the Petition is time-barred.⁵ Motion 4; PO Opp. 1.

IV. STATUTORY BAR TO *INTER PARTES* REVIEW

Whether Petitioner is barred from pursuing an *inter partes* review under 35 U.S.C. § 315(b) is a threshold issue. Section 315(b) of Title 35 of the United States Code provides:

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.

Petitioner acknowledges that “[i]n the absence of a January 5, 2017 filing date, this IPR will be considered untimely” under 35 U.S.C. § 315(b). Motion 4; *see also* PO Opp. 1 (indicating Patent Owner's agreement). Accordingly, the petition is barred under 35 U.S.C. § 315(b).

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Petitioner's Motion is *denied*; and

FURTHER ORDERED that institution of an *inter partes* review of any challenged claim of Patent No. 8,672,583 is *denied* under 35 U.S.C. § 315(b).

⁵ Petitioner was served with a complaint alleging infringement of the '583 patent on January 5, 2016. Pet. 1.

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