

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LUV'N CARE, LTD.,
Petitioner

v.

MICHAEL L. MCGINLEY,
Patent Owner

Case IPR2017-01216
Patent 8,636,178 B2

Before LYNNE H. BROWNE, SUSAN L. C. MITCHELL, and
JAMES J. MAYBERRY, *Administrative Patent Judges*.

BROWNE, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review
37 C.F.R. §§ 42.71 and 42.108

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On March 30, 2017, Luv N' Care, Ltd. ("Petitioner") attempted to file a petition for *inter partes* review of U.S. Patent No. 8,636,178, but payment was not received by the Office on that date. *See* Paper 3, 2; Ex. 1011 ¶¶ 3, 6. After discovering that payment had not been received by the Office, Petitioner successfully filed a Petition for *Inter Partes* Review of U.S. Patent No. 8,636,178 B2 ("Petition") on April 11, 2017, and was accorded that filing date. Papers 1, 6. On that same day, Petitioner filed a Motion to Assign a Filing Date ("Motion") with the Affidavit of Kyle Phillip Bailey ("Affidavit") in support thereof to have the Petition accorded a filing date of March 30, 2017, when the first attempt was made to file the Petition. Paper 3, 3; Exhibit 1011 ¶ 3.

On June 22, 2017 we issued an Order to Show Cause granting Petitioner five business days from the date of the order to show cause why its Motion to Assign Filing Date should not be denied. Paper 7, 4. Petitioner did not respond to the Order to Show Cause. On July 26, 2017, Michael L. McGinley ("Patent Owner") filed a Preliminary Response to the Petition. Paper 8.

The Board institutes an *inter partes* review on behalf of the Director. 37 C.F.R. § 42.4(a). One threshold consideration in our institution decision is whether a petition is timely filed. *See* 35 U.S.C § 315(b). Accordingly, we must first rule on Petitioner's Motion to determine the proper filing date for the Petition before deciding if we should institute trial. The patent statute sets forth requirements that must be satisfied for an *inter partes* review petition to be considered, such as inclusion of certain documents, payment of fees, and providing copies of documents to the designated representative of the patent owner. *See* 35 U.S.C. § 312(a). The applicable regulations clarify that a petition will not be accorded a filing date until the petition satisfies the following: (1) the content of the petition complies with 37 C.F.R. § 42.104, (2) the fee to institute has been paid, *see* 37 C.F.R. §§ 42.15(a), 42.103(b), and (3) the petition and relevant documents

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have been served on the patent owner. 37 C.F.R. § 42.105(a). The question before us is whether these conditions have been met. In particular, whether the fee for institution has been timely paid.

The 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 April 11, 2017, filing date, the Petition is barred under 35 U.S.C. § 315(b). Accordingly, we also deny institution of an *inter partes* review.

I. BACKGROUND

On March 30, 2017, Petitioner successfully uploaded the Petition and related exhibits using the PTAB E2E filing system. Motion 2 (citing Bailey Aff. ¶ 3; Ex. 1011). Mr. Bailey states that the Petition and exhibits were filed on March 30, 2017. *See id.* Mr. Bailey states that a payment of \$23,000.00 was submitted using Deposit Account No. 505393 and that this deposit account was sufficiently funded. *Id.* at ¶ 4. Mr. Bailey states that he received a receipt dated March 30, 2017, indicating that payment was in process. *Id.* at ¶ 5.

According to PTO records, an attempt to pay the filing fee was made on March 30, 2017, and that payment was made on April 11, 2017. Exhibit 3001. The record of Petitioner's deposit account 505393 for March 2017 (Exhibit 3002) indicates that at the time the first attempt was made to pay the filing fee, Petitioner's account held insufficient funds to cover the filing fee. This record further indicates that on March 31, 2017, sufficient funds were added to Petitioner's deposit account; however, no attempt was made at that time to pay the filing fee.

Petitioner's Motion and declarations detail Petitioner's payment attempt and subsequent successful payment. However, Petitioner's statements with respect to

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the sufficiency of funds available in Petitioner's deposit account and the receipt received after the payment attempt is not fully supported by the information presented in Exhibits 1011, 3001, and 3002.¹

Petitioner's attempted payment occurred on March 30, 2017. Ex. 1011. Petitioner states that a receipt for payment of \$23,000.00 was received on that date. Motion 2 (citing Bailey Aff. ¶ 3; Ex. 1011). Exhibit 1011 shows the proffered receipt for that payment attempt. The first page of the Exhibit specifically states, in bold: **"Your Payment Has Not Been Cleared for AIA Review IPR2017-01216! Please call system administrator with any questions[.]"** Ex. 1011, 1. Petitioner does not address this warning.

Petitioner states that it was informed that the payment was not processed by the PTAB E2E system due to an internal computer issue. Motion 2 (citing Bailey Aff. ¶ 6; Ex. 1011). Petitioner further states that payment was reinitiated and a filing date of April 11, 2017, was granted. Motion 3. Petitioner does not explain the more than 10 day delay in submitting payment.

As the above payment attempt reflects, Petitioner attempted a deposit account payment greater than funds available in the deposit account, did not address the explicit warning message indicating that the payment had not cleared, and waited approximately 10 days to make payment.

II. DISCUSSION

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

¹ Ex. 3001 is an audit trail showing Petitioner's attempt to make payment at 48:16:5 and successful payment at 15:41:9. Ex 3002 is a screen shot showing the activity in Petitioner's deposit account during March and April of 2017.

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receiving the required fee. In accordance with the patent statute 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). This statute is not jurisdictional. *See Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, case IPR2015–00739, slip op. at 4–5 (PTAB Mar. 4, 2016) (Paper 38) (precedential). However, absent a showing of good cause, as discussed further *infra*, and in accordance with our rules also discussed *infra*, we will not waive the fee requirement in this case.

Our rules follow the statutory requirement and establish that the full payment must be received, not merely tendered, in order to be considered as “accompanying” the petition. Rule 42.103 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).” 37 C.F.R. § 42.106(a)(3). Rule 42.106 also states that “[w]here a party files an incomplete petition, no filing date will be accorded” 37 C.F.R. § 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”).

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