

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 No. 8,672,583

**PATENT OWNER'S OPPOSITION TO MOTION TO ACCORD
A PETITION FILING DATE OF JANUARY 5, 2017**

Congress has created a statutory scheme for *inter partes* review, which offers defendants in patent suits an additional avenue for collaterally attacking the validity of an asserted patent. But the availability of this procedure is not unbounded. The statutory scheme sets forth strict requirements, including timely filing and payment of fees within a one-year deadline, that serve as an absolute bar to the Board's consideration of IPR petitions. *See* 35 U.S.C. §§ 315(b), 312(a)(1). Importantly, none of these provisions allow for the untimely filing of a petition under the circumstances at issue in Cultec's motion.

The facts relevant to this motion began over fourteen months before the filing deadline, when Cultec first threatened to file its IPR petition. (Ex. 2001.) Over one year and one day *after* Patent Owner served Cultec with a complaint alleging infringement, on January 6, 2017, Cultec finally carried through with its threat. (Ex. 2002; *cf.* Paper No. 6.) Cultec's filing, however, was too late.

Cultec provides a number of excuses for its untimely filing. These excuses, however, amount to Cultec unreasonably waiting until the very last minute to file its petition, ignoring standard fee payment procedures and warnings from the Patent Office's Financial Manager, repeatedly attempting to pay by credit card despite the warnings, and inexplicably delaying for hours (after having received the warnings) on the last day possible to file its petition. (Paper No. 9 at ¶¶ 5-9, 12; Ex. 2003.) Cultec knowingly waited until the last day to file its petition, accepting

the risk of an untimely filing. Cultec now asks the Board to mitigate that risk and forgive the consequences by changing a filing date, freely admitting that absent this extraordinary relief its petition will be time-barred.

Congress did not authorize the change that Cultec requests. And even if the Board is to consider setting aside the statutory requirements here, Cultec's dilatory petition filing, the Board's prior decisions, and the negative precedent that would be set by granting Cultec's request weigh in favor of denying Cultec's motion.

I. THE AIA MAKES NO EXCEPTIONS FOR CULTEC'S TARDY, LAST-MINUTE FILING ATTEMPTS

Sections 315(b) and 312(a)(1) expressly set forth Congress' intention to limit availability of IPR proceedings to petitioners that timely file *and pay* the required fees, which Cultec failed to do. The plain language of § 312(a)(1) states that the Board may consider a petition "only if" the fees are paid. Section 315(b) imposes a strict one-year deadline for this to occur. Had Congress intended to allow waiver or suspension of these statutory requirements for tardy, eleventh-hour filers like Cultec, it would have done so. *Compare* 35 U.S.C. §§ 315(b), 312(a)(1), *with* § 316(a)(11). But here, it did not. Congress, therefore, did not envision allowances for late-filed IPR petitions like Cultec's. *See, e.g., Russello v. United States*, 464 U.S. 16, 23 (1983); *Genetics & IVF Inst. v. Kappos*, 801 F. Supp. 2d 497, 506 (E.D. Va. 2011).

Additionally, it is "well established that the absence of a statutory

prohibition cannot be the source of agency authority.” *FAG Italia S.p.A. v. United States*, 291 F.3d 806, 816 (Fed. Cir. 2002). While §§ 315 and 312 may not expressly state that the Patent Office cannot waive or suspend timely filing and payment in this instance, the statutes do not amount to a grant of agency authority to excuse Cultec’s dilatory filing. *See id.* And, however broad an agency’s discretion in implementing a scheme may be, the agency may not “wholly ignore other and equally important Congressional objectives.” *Cnty. Television of S. Cal. v. Gottfried*, 459 U.S. 498, 516 (1983) (quoting *S. S.S. Co. v. NLRB*, 316 U.S. 31, 47 (1942)). The history of the AIA and § 315 indicates an intention to provide defendants with time to analyze patent claims, not to create an unbounded process that excuses dilatory filings. *See, e.g.*, 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl). Accordingly, the Patent Office may not waive or suspend timely filing and payment requirements for Cultec in this instance.

The regulations are consistent with the statutes on this point. According to 37 C.F.R. § 42.106, a petition will not be accorded a date until fees are paid, and § 42.103(b) states that “no filing date will be accorded” until “full payment is received.” Additionally, the Board has understood these provisions as not allowing for waiver or suspension when the late filing “was created by Petitioner’s own delay,” as is the case here. *Teva Pharm. USA, Inc. v. MonSol Rx, LLC*, IPR2016-00281, Paper No. 21 at 13 (P.T.A.B. May 23, 2016). Nothing prevented Cultec

from filing hours earlier, or from filing a few days prior to the deadline, so that it could call the Patent Office to rectify Cultec's misunderstanding of filing procedures. Nor did anything prevent Cultec from properly following PTAB payment instructions in the first place. Nothing in the regulations provides special treatment for eleventh-hour filers like Cultec, who knew for more than a year about the filing deadline but still waited until the very last moment to file.

It is true that an agency may excuse its own rules or deadlines in *certain* instances. *See* 37 C.F.R. § 42.5(b). But this is not such an instance. In fact, the opposite is true when Congress has imposed a deadline. "Neither courts nor administrative agencies . . . have the authority to waive requirements (including filing deadlines) that Congress has imposed" *Schoemakers v. OPM*, 180 F.3d 1377, 1382 (Fed. Cir. 1999); *see also Donaldson v. OPM*, 171 F. App'x 342, 344 (Fed. Cir. 2006). Here, timely payment of fees is a "statutory requirement."

Terremark N. Am. LLC v. Joao Control & Monitoring Sys., LLC, IPR2015-01482, Paper No. 10 at 7 (P.T.A.B. Dec. 28, 2015). While the Board may have discretion to waive "nonstatutory" requirements, *id.*, the same is not true for the express requirements in §§ 315(b) and 312(a)(1). The statutory scheme does not allow for changing the filing date of Cultec's petition under the circumstances of this case.

II. PAST DECISIONS REQUIRE DENYING CULTEC'S MOTION

Cultec is incorrect that the case law supports excusing its self-inflicted “payment mishaps.” To the contrary, the Board requires petitioners to drop challenges to claims for which fees are not timely paid. *Alarm.com Inc., v. Vivint, Inc.*, IPR2016-01126, Paper No. 13 at 5 (P.T.A.B. July 28, 2016); *FLIR Sys., Inc. v. Leak Surveys, Inc.*, Case IPR2015-00065, Paper No. 25 at 8-9 (P.T.A.B. Feb. 25, 2015). Further, the Board has not accorded a filing date until all statutory filing requirements are met, including timely payment of fees. *Terremark*, IPR2015-01482, Paper No. 10; *Teva*, IPR2016-00281, Paper No. 21; *Plaid Techs., Inc. v. Yodlee, Inc.*, IPR2016-00275, Paper No. 15 (P.T.A.B. June 9, 2016).

Cultec’s unexplained action of waiting until after business hours to file—on the last possible day—is a garden variety situation that the case law routinely finds inexcusable. *See, e.g., Teva*, IPR2016-00281, Paper No. 21 at 9-10 (“Petitioner does not . . . persuasively explain why it waited to upload and file . . . with little more than two hours remaining before the statutory bar date.”). Cultec does not even attempt to distinguish these cases. And changing the filing date in this instance would run contrary to Board decisions in similar situations.

The decisions that Cultec identifies do not apply here. *See* Paper No. 8 at 6-7. In those cases, the filing system malfunctioned, the petitioner inadvertently caused a deficiency, or the relief requested did not involve changing a filing date to

before payment of fees. In *Oracle Corp. v. Maz Encryption Technology LLC*, for example, the PTAB filing system malfunctioned and caused the late filing.

IPR2014-00472, Paper No. 9 at 2 (P.T.A.B. May 1, 2014). Cultec has not demonstrated that the system malfunctioned or caused delays. In fact, Cultec itself caused unnecessary delays by abandoning efforts to properly file for four hours (between 7 p.m. and 11 p.m.), while the system was providing the following warning: “**Your Payment Has Not Been Cleared . . .**” (Ex. 1014.)

Moreover, Cultec’s knowledge of the defective filing attempts and failure to follow published backup procedures, *see* Ex. 2003 at A2, make Cultec’s situation different than cases where the petitioner did not know of the cited deficiencies, *see, e.g., ABB Inc. v. Roy-G-Biv Corp.*, IPR2013-00063, Paper No. 21 (P.T.A.B. Jan. 16, 2013). Here, Cultec received clear warnings regarding its attempts to pay by credit card, yet Cultec knowingly proceeded to pay again in the same, ineffective manner. Thus, the cases Cultec relies on do not support its position.

III. THE BOARD SHOULD NOT CHANGE THE FILING DATE

To the extent the Board finds 37 C.F.R. § 42.5 applicable, no lenity should be afforded to Cultec in this instance. Cultec created its predicament by waiting until within hours of the critical deadline, failing to follow the PTAB’s published guidelines on filing, and inexplicably delaying payment by known acceptable means—e.g., by deposit account—for hours on the day of its eleventh-hour filing

attempt. These are not “clerical errors” as Cultec suggests. (Paper No. 8.) The appropriate result here is to hold Cultec accountable for its dilatory handling of its petition, so as to discourage others from following the same course.

Cultec identifies 37 C.F.R. § 42.1(b) in support of its motion, *see* Paper No. 8 at 4, which provides that the regulations on PTAB proceedings “shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding.” But, in fact, the most “speedy, and inexpensive resolution” of this proceeding would be denial of institution on the ground that Cultec failed to comply with the statutory requirements and the one-year deadline.

Finally, waiving or suspending the requirements for Cultec in this instance will serve only to promote last-minute, careless filings by practitioners and lower the high standard of care the Board deserves. Indeed, Cultec already has misrepresented the seriousness of its dilatory petition in the district court proceeding, representing—*after* receiving the Notice of Filing Date Accorded—that it “filed” the petition on January 5. (Ex. 2004 at 1.) Cultec also has represented to the district court that the Board will fix Cultec’s errors as a matter of course. (*Id.* at 6.) Surely, neither Congress nor the Patent Office ever imagined that the statutory and regulatory scheme for IPR petitions would be taken so lightly.

In sum, the Board should deny Cultec’s request to change the filing date.

Date: March 30, 2017

By: /Aaron L. Parker/
Aaron L. Parker, Reg. No. 50,785

EXHIBIT LIST

EXHIBIT	DESCRIPTION
2001	Letter from Stephen McNamara, Esq. to Aaron Parker, Esq. (via email), dated October 27, 2015
2002	Return of Service (Dkt. 10) in Civil Action No. 3:15-cv-01890-AVC in U.S. District Court for District of Connecticut
2003	United States Patent and Trademark Office, <i>PTAB E2E Frequently Asked Questions</i> (last accessed March 28, 2017), https://www.uspto.gov/patentsapplicationprocess/patenttrialandappealboard/ptabe2efrequentlyaskedquestions
2004	Motion to Stay Proceedings (Dkt. 62) in Civil Action No. 3:15-cv-01890-AVC in U.S. District Court for District of Connecticut

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **PATENT OWNER'S
OPPOSITION TO MOTION TO ACCORD A PETITION FILING DATE OF
JANUARY 5, 2017** and **EXHIBITS 2001-2004** were served electronically via
email on March 30, 2017, in its entirety on the following:

Stephen P. McNamara
Benjamin C. White
ST. ONGE STEWARD JOHNSTON & REENS LLC
986 Bedford Street
Stamford, CT 06905-5619
smcnamara@ssjr.com
bwhite@ssjr.com
litigation@ssjr.com

Dated: March 30, 2017

By: /William Esper/
William Esper
Legal Assistant
FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, LLP