

The Consequences of PTAB Petition Fee Underpayment

By Rick Neifeld, Neifeld IP Law, PC¹

The PTAB (Patent Trial and Appeal Board) promulgated rules for PTAB petitions for AIA (America Invents Act) trials in the summer of 2012. Those trials have now been in existence some the fall of 2012. They are initiated by a person filing a petition to have claims of a patent canceled. A requirement of the petition is the payment of a hefty fee on the order of tens of thousands of dollars. This fee is designed to cover the PTAB's costs for its work in adjudicating the petition.

What happens when the petition is not accompanied by the full payment for the amount of the "fee established by the Director under section 311"?

The relevant statutory sections are:

35 USC 312(a)(1) states "(a) REQUIREMENTS OF PETITION.—A petition filed under section 311 may be considered only if—(1) the petition is accompanied by payment of the fee established by the Director under section 311;". 35 USC 311 in section (a) states in relevant part that "The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review."

The relevant regulatory sections include:

37 CFR 42.103(b) which states "No filing date will be accorded to the petition until full payment is received."

37 CFR 42.106(a)(3) which states that "(a) Complete petition. A petition to institute inter partes review will not be accorded a filing date until the petition satisfies all of the following requirements: ... (3) Is accompanied by the fee to institute required in § 42.15(a)."

37 CFR 42.106(b) states "(b) Incomplete petition. Where a party files an incomplete petition, no filing date will be accorded, and the Office will dismiss the petition if the deficiency in the petition is not corrected within one month from the notice of an incomplete petition."

The relevant FAQs on the PTAB website at:

<http://www.uspto.gov/patents-application-process/appealing-patent-decisions/trials/patent-review-processing-system-prps-0#heading-9> include FAQ D3, quoted in relevant part below:

D3. How will the Board review petitions for statutory and regulatory compliance? (revised - March 28, 2014) Once a petition is submitted via PRPS, a Board paralegal will review the petition for statutory and regulatory compliance. First, there are certain statutory requirements in 35 U.S.C. 135(a), 312(a), and 322(a) that must be met for a petition to be accorded a filing date. *** If any statutory requirement is not met, the petition is incomplete. *** The paralegal will enter a Notice of Incomplete Petition and the individual who filed the petition will receive notification by email. The deficiency may be corrected within one month and the petition will be accorded the filing date of the NEW submission.

[Underlining supplied for emphasis supplied.]

The wording of the statutory and regulatory provisions, seem clear. The filing date accorded a petition is the date on which full payment is received. However, the following excerpt from a recent PTAB decision provides contrary guidance on this issue:

The petition in this case, IPR2015-00065, was filed on October 16, 2014. On November 7, 2014, Petitioner was informed by a voicemail message that the fee payment was deficient. See Paper 14, 5 (citing Ex. 1025 (Decl. of Rickard K. DeMille) ¶ 3). On November 10, 2014, Petitioner filed Petitioner's Authorization to Charge Fees for IPR2015-00065 to Petitioner's deposit account. Paper 5. Following submission of the fee authorization, a filing date of October 16, 2014, was accorded to the petition for inter partes review. Paper 6, 1. *** Patent Owner contends that the proper filing date accorded should be when Petitioner first cured the fee deficiency in November (see 37 C.F.R. §§ 42.15(a); 42.106(a)(3); PRPS FAQ § D3). Paper 11, 6–7. Patent Owner contends that a November filing date bars the petition under 35 U.S.C. § 315. Id. *** We find that Petitioner has provided sufficient and timely notice under the circumstances to maintain the filing date accorded the petition in Paper 6. Under the circumstances discussed above, we determine that the October 16, 2014, filing date accorded to the petition is correct, and thus, not barred under 35 U.S.C. § 315. [FLIR Systems, Inc. v. Leak Surveys, Inc., IPR2015-00065, paper 25 (PTAB 2/25/2015) (Decision by APJ Jefferson, for a panel consisting of APJs McKelvey, Moore, and Jefferson).]

This decision is consistent with the concept that the law hates a forfeiture. However, it does not appear to be facially consistent with the Board's own rules and published guidance. Nevertheless, I welcome this case, since it reduces the probability that unintentional petition underpayment will result in liability for attorney negligence.

1. I can be reached via: <http://www.neifeld.com/cv.html#neifeld>