



Paper No. 10

ANNAMARIE GERVAIS MANGUM
412 SUMMER MOUNTAIN DRIVE
SAN MARCOS, TX 78666**COPY MAILED**

MAR 21 2006

OFFICE OF PETITIONS

Decision on Petition

In re Patent of Jenson :
Patent No. 5,201,168 :
Issue Date: April 13, 1993 :
Application No. 07/833,104 :
Filing Date: February 10, 1992 :
Attorney Docket No. P-127034.1(UTI) :

This is a decision on the petition under 37 CFR 1.378(e), filed December 5, 2005, to reinstate the above-identified patent.

The petition is **DENIED**. This decision may be viewed as a final agency action within the meaning of 5 U.S.C. 704 for purposes of seeking judicial review. See MPEP 1002.02.

Since this patent will not be reinstated, the Office will schedule a refund of the \$3,750 submitted on July 22, 2005.

Procedural History

The patent issued April 13, 1993. The 7.5 year maintenance fee was due from April 13, 2000, through October 13, 2000, or with a surcharge during the period from October 14, 2000, to April 13, 2001. The fee was not timely paid. Accordingly, the patent expired as of midnight on April 13, 2001.

A petition under 35 U.S.C. 41(c)(1) and 37 CFR 1.378(b) was filed July 22, 2005, and was dismissed in the decision of October 5, 2005.

Applicable Statutes and Regulations

35 U.S.C. 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

35 U.S.C. 41(c)(1) states that, "The Commissioner may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Commissioner to have been unavoidable.**" (emphasis added)

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . became aware of . . . the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent.

Opinion

Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

The general unavoidable standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business. However, the question of whether [delay] was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."¹ The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

Petitioner has failed to establish that the Office's interpretation of the term "unavoidable" conflicts with Congressional intent.

Petitioner states Congress did not intend for maintenance fees to be a trap resulting in a loss of rights for inventors. However, petitioner has failed to demonstrate Congress disagrees with the Office's requirements to reinstate a patent under the unavoidable standard. Prior to the adoption of 35 U.S.C. 41(c)(1) in 1982, the Office had been applying the "unavoidable" standard for revival of *applications* for *several decades*. In choosing to use the same word, "unavoidable," in the statute, Congress indicated the Office should require the same showing for reinstatement of patents as it does for revival of applications. Courts have consistently agreed that the meaning of "unavoidable" delay for reinstating patents is the same meaning as "unavoidable" delay for reviving applications.² Courts and the Office give great respect to long standing, consistent interpretations of a statute or portion of a statute.³

¹ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

² See Ray v. Lehman, 55 F.3d 606, 608-609, 34 U.S.P.Q.2d (BNA) 1786, 1787 (Fed. Cir. 1995) (citing In re patent No. 4,409,763, 7 U.S.P.Q.2d (BNA) 1798, 1800 (Comm'r Pat. 1990); Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

³ United States v. Graham, 110 US 219 (1884) (long standing administrative practice with respect to ambiguous statute is highly persuasive, if not absolutely controlling); United States v. Missouri P. R. Co., 278 US 269 (1929) (The administrative construction of a statute which has been consistent for many years entitled to the highest respect); Costanzo v. Tillinghast (1932) 287 US 341 (1932) (The failure of Congress to change a statute creates a presumption that a consistent administrative interpretation over several years is great and that interpretation should be given great weight).

During 1992, Congress considered the difficulty involved in reinstating a patent under the unavoidable standard. Congressional representatives described the unavoidable standard as inflexible, extremely hard to meet, too stringent and harsh.⁴ However, Congress did NOT take steps to make the unavoidable standard more flexible, easier to meet, less stringent, or less harsh. Congress did NOT indicate that USPTO had been improperly interpreting the meaning of the term "unavoidable." Instead, Congress determined that it would allow patent owners the ability to reinstate a patent under an "unintentional" standard as long as the petition was filed within 24 months of the expiration of the patent.⁵ Congress chose to continue requiring proof of unavoidable delay for petitions filed after the 24 month time period.

Facts

The patent issued April 13, 1993. The correspondence address of record was the address for the Haugen Law Firm in Minneapolis, MN.

The inventor paid the 3.5 year maintenance fee on September 23, 1996.

Jenson Technologies, Inc. (JTI) and the inventor had a business relationship. The CEO and the two directors of JTI decided to sell JTI. On or before July of 1998, in the process of preparing JTI for sale, JTI began negotiations with the inventor to have the patent assigned to JTI.

A note dated August 5, 1998, demonstrates the CEO of JTI was informed on that date or a prior date of the need to pay maintenance fees for patents.

The CEO of JTI passed away on August 16, 1998.

On September 18, 1998, John Dooley, one of the two directors, completed the purchase of the patent.

⁴ "[The unavoidable] standard has been found to be extremely hard to meet. Some patent owners have lost their patent rights due to this inflexible standard." 138 CONG. REC. S16613, 16614 (September 30, 1992) (Rep. DeConcini) (emphasis added). "The unavoidable standard has proved to be too stringent in many cases." 138 CONG. REC. H1115 (October 3, 1992) (Rep. Hughes) (emphasis added). "Mr. Brooks from the Committee of the Judiciary, submitted the following[-] ... The 'unavoidable' standard has proved to be too stringent in many cases. Many patentees have been deprived of their patent rights for failure to pay the maintenance fees for reasons that may have been unintentional yet not unavoidable." H.R. REP. NO. 993, 102d Cong., 2d Sess., 2 (1992), reprinted in 1992 U.S.C.C.A.N. 1623, 1623-1624 (emphasis added). "[An employee of a law firm said to me] 'Mr. McCollum, are you aware of all the problems that small patent holders have with regard to these maintenance fees? ... They don't get the notices, either move or whatever, and really didn't intend to not make those fees, but the standards are so high they cannot overcome it when they come in here.' ... I think that is a tragedy. I looked into this and consequently that is the origin of where this bill came from. ... I do agree with the comments made by [Rep. Hughes] that the standard of 'unavoidable' was just too high, 'unintentional' is much better." 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. McCollum) (emphasis added). Mr. McCollum also stated, "The unavoidable standard is too stringent. Some patent owners have lost their patent rights due to circumstances that do not warrant this harsh result, but that could not be considered 'unavoidable' under current law." 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum) (emphasis added).

⁵ A petition to accept an unintentionally delayed payment must be accompanied by the maintenance fee, the required surcharge, and "a statement that the delay in payment of the maintenance fee was unintentional." 37 CFR 1.378(c). An "unintentional" petition must be filed within 24 months of the last day of the six month grace period. If the 3.5 year fee is missed, then the unintentional petition must be filed within six years of the date of issue. If the 7.5 year fee is missed, an unintentional petition must be filed within 10 years of the date of issue. If the 11.5 year fee is missed, then the petition must be filed within 14 years of the date of issue.

After the death of the CEO, his widow, Ms. Gervais, chose not to sell JTI. Instead, she began "learning about and running the day-to-day operations of the business."⁶ The two directors gave up their shares in the business.

Jim Mangum, a friend of Ms. Gervais, offered to help run the business. JTI, via Mr. Mangum, recorded the assignment from the inventor on December 23, 1998. JTI did not instruct the USPTO to send future correspondence to an address different than the correspondence address of record for the patent. As a result, the correspondence address was not changed.

In order to "make sure none of the people previously involved with JTI would have any claim to it once [it] was built up," Ms. Gervais and Mr. Mangum formed a new company called Jenson Technologies Development Corporation (JTDC) and had all of JTI's assets and liabilities transferred to JTDC.⁷

During the events above, Ms. Gervais was unaware of the need to pay maintenance fees for patents. Ms. Gervais states,

I was unaware of the obligation to pay maintenance fees, and had no obvious reason to spend time studying up on patents while having to fight daily for the survival of both my business and my family.... I anticipated needing to take a closer look at the patent once we [started] looking for a buyer, but first we had to focus on getting the business profitable.⁸

The 7.5 year maintenance fee was due from April 13, 2000, through October 13, 2000, or with a surcharge during the period from October 14, 2000, to April 13, 2001.

The PTO sent a maintenance fee reminder to the address of record on November 7, 2000. Since the reminder was mailed to the address of record, rather than the address on the assignment recordation cover sheet, the reminder was not received by JTDC.

The maintenance fee was not timely paid. The patent expired as of midnight on April 13, 2001.

During 1999, Mr. Mangum offered to "take full responsibility for the company." Ms. Gervais informed him that she would "rather remain 'in charge since it's essentially our family's business."⁹

Ms. Gervais married Mr. Mangum during May of 2001 and they separated in September of 2003. For the sake of simplicity, this decision will continue to refer to Ms. Annamarie Gervais Mangum as Ms. Gervais.

⁶ Page 3 of the December 5, 2005 declaration.

⁷ Page 5 of the December 5, 2005 declaration.

⁸ Page 7 of the December 5, 2005 declaration.

⁹ Page 8 of the December 5, 2005 declaration.

After the separation, Ms. Gervais discovered Mangum had left the business a "mess," and Ms. Gervais knew she would have to spend at least a year sorting through the mess to prepare the business for sale. Ms. Gervais states, "Consequently, I still had no pressing reason to pay renewed attention to the patent file."¹⁰

During the middle of February of 2005, engineering students working on a project contacted JTDC to inquire into purchasing a modified version of a HD5000 mower. Ms. Gervais contacted a law firm to ensure that her dealings with the students would not affect JTDC's patent rights.

The law firm subsequently informed Ms. Gervais the patent had expired.

Analysis

Petitioner has failed to demonstrate petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

Ms. Gervais has stated the events surrounding her obtaining rights in the patent "prevented [her] from finding out about the obligation to pay maintenance fees until [the year 2005]."¹¹

The petition fails to demonstrate Ms. Gervais was "prevented" from learning of the existence of maintenance fees.

The patent was assigned to JTI on September 18, 1998. Ms. Gervais did not discover the existence of maintenance fees and the expiration of the patent until at least February of 2005. Ms. Gervais had over 7 years to learn more about the patent. During this time period, Ms. Gervais had numerous opportunities to learn the rights and responsibilities inherent in the ownership of a patent. Instead, Ms. Gervais spent the years focused on matters such as trying to increase the value of the business. Delay resulting from a preoccupation with other matters, which are given precedence over the application, is not unavoidable delay.¹²

Any arguments that it was reasonable to give other matters higher priority than the patent will not support a finding of unavoidable delay. In order to prove unavoidable delay, one must establish that the party responsible for payment of the maintenance fee acted as a reasonable and prudent person in relation to *his or her most important business*. The Office has not determined the words "in relation to his most important business" from In re Mattullath¹³ should be replaced by words *similar to* "under the circumstances." Although petitioner does not use the words

¹⁰ Page 7 of the December 5, 2005 declaration.

¹¹ Page 2 of the December 5, 2005 declaration.

¹² "[T]he preoccupation of plaintiff's attorney with other legal matters or with moving his residence does not relieve him of the burden of complying with the Patent Office regulations. Plaintiff's delay due to his inadvertence or mistake does not constitute 'unavoidable' delay." Smith v. Diamond, 209 U.S.P.Q. (BNA) 1091 (D.C. Cir. 1981) (citing Potter v. Dann, 201 U.S.P.Q. 574,575 (D. D.C. 1978)). Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship, 507 U.S. 380, 398 (1993) ("In assessing the culpability of respondents' counsel, we give little weight to the fact that counsel was experiencing upheaval in his law practice at the time of the bar date.")

¹³ In re Mattullath at 514-515 (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)).

"under the circumstances," petitioner is in essence seeking such a change. Petitioner argues that the circumstances warranted her failure to seek additional knowledge concerning patents.

Replacing the words "in relation to his most important business" with words such as "under the circumstances" would result in intentional delays sometimes being considered "unavoidable" delays. For example, if a patentee intentionally failed to pay a maintenance fee because he reasonably and prudently believed that the patent was worthless, but later discovered the patent was commercially viable, he might try to prove unavoidable delay by arguing that a reasonable and prudent person would not have spent money to maintain a patent unless, or until, the patent was determined to have monetary worth. In the situation above, the patentee would argue his delay was unavoidable although not unintentional. However, an intentional delay cannot be an unavoidable delay regardless of how reasonable or prudent a petitioner may be in delaying payment. When Congress created the unintentional standard, Congress clearly indicated that such a standard was to be the *lesser* standard. The Office will not adopt any interpretation of the term "unavoidable" resulting in some intentional delays being considered unavoidable delays.

The petition discusses petitioner's failure to receive a maintenance fee reminder. As a courtesy, the Office normally sends a maintenance fee reminder to the address of record if Office records indicate a maintenance fee has not been paid after half of the year during which the fee can be paid has passed. However, Congress has not passed legislation requiring the PTO to send maintenance fee reminders. The PTO sends these reminders at its complete discretion and could discontinue the practice at any time.¹⁴ The patentee or assignee is the party ultimately responsible for tracking maintenance fee due dates, not the USPTO.¹⁵

Since the inception of maintenance fees, the USPTO has maintained that it has no duty to notify patentees when their maintenance fees are due, and has maintained that the failure to receive a reminder will in no way shift the burden of monitoring the time for paying the maintenance fees from the patentee to the USPTO. Since the mailing of Notices by the Office is completely discretionary, and not a requirement imposed by Congress, accepting an argument that the failure to receive a Notice is unavoidable delay would result in all delays being unavoidable should the Office discontinue the policy of sending reminders. All petitioners could simply allege non-receipt of the reminder. Such a result was clearly not the intent of Congress in the creation of the unavoidable standard.

Even if petitioner could prove that reliance on maintenance fee reminders would have been reasonable and prudent, the petition could not be granted because petitioner never actually relied

¹⁴ Congress expressly conditioned §§ 133 and 151 [of the United States Code] on a specific type of notice, while no such notice requirements are written into § 41(c) ... [T]he Commissioner's interpretation of 'unavoidable' and of the PTO's duty to provide reminder notices then, do not plainly contradict the statute. For this reason, we must accord deference to the Commissioner's no-timely-notice interpretation." *Ray v. Comer*, 1994 U.S. Dist. LEXIS 21478, 8-9 (1994), *aff'd on other grounds Ray v. Lehman*, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995) (citing *Rydeen v. Quigg*, 748 F. Supp. 900, 905 (1990), *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 81 L. Ed. 2d 694, 104 S. Ct. 2778 (1984)). "The Court concludes as it did in *Rydeen*, that as a constitutional matter, 'plaintiff' was not entitled to any notice beyond publication of the statute.'" *Id.* at 3 (citing *Rydeen v. Quigg*, 748 F. Supp. at 906; *Texaco v. Short*, 454 U.S. 516, 536, 70 L. Ed. 2d 738, 102 S. Ct. 781 (1982)).

¹⁵ *Id.*

on the receipt of maintenance fee reminders. Petitioner was unaware of the existence of maintenance fee reminders and therefore did not rely on receipt of the reminders.

Petitioner had no steps in place to ensure the fee would be paid. Per 37 CFR 1.378(b)(3), in order for the petition to be granted, petitioner must demonstrate that petitioner, not just the PTO, took steps to monitor maintenance fee due dates. In *Ray v. Lehman*,¹⁶ the petitioner had no steps in place to timely pay the maintenance fee. The petitioner argued that the PTO's regulations requiring such steps created too heavy a burden. The court stated, "Ray also takes issue with the PTO's regulation . . . arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay." *Id.*

Petitioner has failed to prove the entire delay lasting in paying the maintenance fee was unavoidable.

Decision

The prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b). Therefore, the petition is **denied**.

As stated in 37 CFR 1.378(e), the Office will not further consider or review the matter of the reinstatement of the patent.

The patent file is being forwarded to Files Repository.

Telephone inquiries may be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Charles Pearson
Director
Office of Petitions

¹⁶ 55 F.3d 606, 609; 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995).