

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

NORMAN A. MILLMAN	:	CIVIL ACTION
	:	
v.	:	
	:	
UNITED STATES PATENT AND TRADEMARK OFFICE	:	NO. 06-1644
	:	
O'NEILL, J.		JAN. 11, 2007

MEMORANDUM

On September 14, 2005, plaintiff Norman A. Millman filed a single-sentence complaint against defendant United States Patent and Trademark Office in the United States District Court for the District of Columbia petitioning the Court for review of defendant's decision not to reinstate plaintiff's patent. After defendant filed a motion for a more definitive statement, plaintiff filed the present amended complaint on December 12, 2005. Defendant then filed a motion to dismiss or in the alternative for transfer to the United States District Court for the Eastern District of Virginia. Plaintiff subsequently requested that the Court transfer the case to this judicial district, where plaintiff resides, and the Court granted that request pursuant to 28 U.S.C. § 1406(a) (2007) on March 21, 2006.

Plaintiff is the named inventor and owner of U.S. Patent No. 5,481,890 ("the '890 patent"), which is entitled "Cylindrical Lockset Knob to Lever Conversion Assembly." The patent application was filed on March 11, 1993, and the patent was issued on July 9, 1999. Pursuant to 35 U.S.C. § 154, the maximum term granted for the '890 patent was twenty years from its date of filing. To prevent the '890 patent from expiring prematurely, plaintiff was

required to pay patent maintenance fees to defendant at intervals of three-and-a-half years, seven-and-a-half years, and eleven-and-a-half years from the date of issuance pursuant to 35 U.S.C. § 41(b). Each of these maintenance fee deadlines is accompanied by a six-month grace period for patentees to make the required payments. See 35 U.S.C. § 41(b). Defendant also has the discretion to accept a late maintenance fee payment for twenty-four months beyond the expiration of the six-month grace period if the patentee can demonstrate in writing that the late payment was unintentional. See 35 U.S.C. § 41(c)(1); 37 C.F.R. § 1.378(c) (2007).

Plaintiff did not attempt to pay a patent maintenance fee until after the three-and-a-half-year and seven-and-a-half-year intervals and their accompanying grace periods had lapsed. Accordingly, on January 10, 2000, one day after the six-month grace period for payment of the three-and-a-half-year maintenance fee lapsed, the '890 patent expired.

Plaintiff made his first attempt to pay a patent maintenance fee for the '890 patent when he filed with defendant a Petition to Accept Unavoidably Delayed Payment of Maintenance Fee in an Expired Patent on February 11, 2004. Pursuant to 37 C.F.R. § 1.378(b)(3), in his Petition to Accept plaintiff was required to provide a statement demonstrating that late payment was unavoidable "since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent." Additionally, plaintiff was to "enumerate the steps taken to ensure the timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly." 37 C.F.R. § 1.378(b)(3).

In his Petition to Accept, plaintiff claimed that he did not attempt to pay his maintenance fees prior to the lapse of the first two deadlines because he expected his counsel, Paul Maleson, to notify him when the maintenance fees came due and Maleson failed to do so. However, in a signed declaration to defendant dated February 6, 2004, plaintiff acknowledged his receipt of a January 16, 1996 letter from Maleson informing him of his obligation to pay maintenance fees to keep the '890 patent in effect. The penultimate sentence of that January 16, 1996 letter stated, "The first Maintenance Fee deadline will be January 9, 2000." The January 16, 1996 letter also informed plaintiff that it was plaintiff's counsel's "present intent to attempt to notify you when the first Maintenance Fee is due, but the client takes primary responsibility for being aware when Maintenance Fees are due." Maleson asserts that he sent a letter to plaintiff on July 14, 1999 informing plaintiff that the first maintenance fee was due, but plaintiff contends that he never received it.

In or around October 2000, plaintiff terminated his professional relationship with Maleson, and recovered from Maleson and placed into storage all files pertaining to the '890 patent. In or around October 2003, plaintiff contacted another attorney, Harold H. Fuller, regarding another invention related to the '890 patent. At that time, Fuller discovered that the '890 patent had expired for failure to pay the first maintenance fee. Plaintiff alleged in his signed declaration of February 6, 2004 that until he was advised by Fuller that the '890 patent had expired, he was unaware of and did not understand the requirement to pay any fees to keep the '890 patent from expiring. These communications between plaintiff and Fuller occurred within the six-month grace period for timely payment of his seven-and-a-half-year maintenance fee.

However, plaintiff made no attempt to pay any maintenance fees until February 11, 2004, after that grace period had lapsed.

On March 16, 2004, defendant dismissed plaintiff's Petition to Accept, finding that plaintiff failed to demonstrate that late payment was unavoidable. Defendant noted in its letter of decision that: (1) notice of the maintenance fee schedule is given to all patentees on the front inside cover of the letters patent, with which plaintiff was presented, and (2) Maleson's January 16, 1996 letter further informed plaintiff of his responsibility to pay the maintenance fees. In its letter of decision defendant further stated that plaintiff could submit a request for reconsideration by May 16, 2004 and that reconsideration requests must provide any and all information and documentation relevant to a showing of unavoidable delay.

On October 13, 2004, well beyond the deadline prescribed by defendant in its letter of decision, plaintiff filed a Request for Reconsideration pursuant to 37 C.F.R. § 1.378(b). In his Request, plaintiff alleged that late payment was unavoidable because (1) defendant failed to give notice to or remind plaintiff of his obligation to pay maintenance fees, and (2) plaintiff's counsel Maleson failed to give him notice of when the maintenance fees came due. Plaintiff further stated that his efforts to obtain a continuation patent on the '890 patent and the value of the patent indicate that he never intended to let his patent expire prematurely. Finally, plaintiff alleged that defendant's refusal to reinstate the '890 patent would constitute a deprivation of property without due process of law.

On August 16, 2005, defendant issued a Decision on Petition denying plaintiff's Request for Reconsideration. Defendant again rejected plaintiff's allegations of inadequate notice

because: (1) the '890 patent issued to plaintiff contained a Maintenance Fee Notice, and plaintiff's failure to read or remember that portion of the patent did not constitute a lack of notice; (2) defendant does not have a duty to remind patentees when maintenance fees come due; (3) plaintiff's counsel Maleson told plaintiff in the January 16, 1996 letter that the deadline for the first maintenance fee and explained that payment of the maintenance fee was plaintiff's responsibility; (4) even if Maleson had been responsible for monitoring maintenance fee deadlines, any delay in payment caused by his mistakes or negligence would not constitute unavoidable delay; and (5) though Maleson failed to forward a copy of the Notice of Patent Expiration to plaintiff, a copy of that document was included in the file that was returned by Maleson to plaintiff after the termination of their professional relationship in October 2000. Defendant further found that plaintiff's attempts to obtain a continuation patent had no bearing on the issue of what steps were taken to ensure timely payment of the maintenance fees for the '890 patent, and that evidence regarding the commercial value of the '890 patent might be probative of whether delay was unintentional but was not probative as to whether the delay was unavoidable. Finally, defendant rejected plaintiff's claim that expiration of a patent constitutes deprivation of property without due process of law.

Plaintiff's amended complaint asserts that defendant's August 16, 2005 denial of plaintiff's petition to accept payment of a maintenance fee for the '890 patent (1) constitutes a deprivation of property without due process of law and (2) was arbitrary and capricious. Presently before me is defendant's motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6) or in the alternative for summary judgment pursuant to Federal Rule of Civil Procedure

56, plaintiff's response, and defendant's reply thereto.

## DISCUSSION

### I. Motion to Dismiss Pursuant to Rule 12(b)(6)

**Federal Rule of Civil Procedure 12(b)(6) permits a court to dismiss all or part of an action for “failure to state a claim upon which relief can be granted.” Fed. R. Civ. P. 12(b)(6) (2007). In ruling on a 12(b)(6) motion, I must accept as true all well-pleaded allegations of fact, and any reasonable inferences that may be drawn therefrom, in plaintiff's complaint and must determine whether “under any reasonable reading of the pleadings, the plaintiff[] may be entitled to relief.” Nami v. Fauver, 82 F.3d 63, 65 (3d Cir. 1996) (citations omitted). Nevertheless, in evaluating plaintiff's pleadings I will not credit any “bald assertions.” In re Burlington Coat Factory Sec. Litig., 114 F.3d 1410, 1429 (3d Cir. 1997). Nor will I accept as true legal conclusions or unwarranted factual inferences. Conley v. Gibson, 355 U.S. 41, 45-46 (1957). “The complaint will be deemed to have alleged sufficient facts if it adequately put the defendant on notice of the essential elements of the plaintiff[s] cause of action.” Nami, 82 F.3d at 65. “It is black-letter law that [a] motion to dismiss for failure to state a claim . . . is to be evaluated only on the pleadings.” Mele v. Fed. Reserve Bank of N.Y., 359 F.3d 251, 257 (3d Cir. 2004) citing A.D. Bedell Wholesale Co. v. Philip Morris, Inc., 263 F.3d 239, 266 (3d Cir. 2001).**

In this case plaintiff's amended complaint alleges facts insufficient to put adequately the defendant on notice of the essential elements of the cause of action. Plaintiff asserts only that plaintiff was issued the '890 patent, “[o]n August 16, 2005, Defendant issued a Decision On Petition denying a request to accept payment of a maintenance fee for [the '890 patent],” and that

denial by defendant was a final agency action within the meaning of the Administrative Procedure Act. Plaintiff's amended complaint then sets forth two legal conclusions: (1) defendant's action resulted in the loss of plaintiff's property interest in the '890 patent and constitutes a deprivation of property without due process of law, and (2) defendant's August 16, 2005 Decision on Petition was arbitrary and capricious. These bald assertions find no support in the pleadings, as a denial of a request to accept payment alone does not constitute a violation of plaintiff's due process rights and is not arbitrary, capricious, an abuse of discretion or otherwise violative of the law. In short, plaintiff has failed to assert in his pleadings some basis as to why he is entitled to relief. Accordingly, I will grant defendant's motion to dismiss.

## II. Summary Judgment Pursuant to Rule 56

Even if plaintiff had pled sufficiently his cause of action, defendant would be entitled to summary judgment pursuant to Federal Rule of Civil Procedure 56. Rule 56(c) provides, in relevant part, that summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The party moving for summary judgment has the burden of demonstrating the absence of a genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986). I must view the facts in the light most favorable to the non-moving party, and the non-moving party is further entitled to all reasonable inferences that may be drawn from those facts. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986). However, Rule 56(e) provides that when a properly supported motion for summary judgment is made, "an

adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e). The adverse party must raise "more than a mere scintilla of evidence in its favor" in order to overcome a summary judgment motion, and cannot survive by relying on unsupported assertions, conclusory allegations, or mere suspicions. Williams v. Borough of W. Chester, 891 F.2d 458, 460 (3d Cir. 1989).

A. Defendant's Decision Did Not Constitute Deprivation of Property Without Due Process

Defendant is entitled to summary judgment as a matter of law on plaintiff's due process claim. In support of his due process claim, plaintiff argues that he was never given "proper and due legal notice" regarding the maintenance fee schedule for the '890 patent. However, the record indicates that plaintiff twice received notification of the first maintenance fee deadline. First, the '890 patent itself, which plaintiff received, contained on the inside cover a notice regarding maintenance fees. Second, plaintiff received a January 16, 1996 letter from his counsel expressly stating that "[t]he first Maintenance Fee deadline will be January 9, 2000." Pursuant to these facts, "whether the PTO had an obligation to provide notice is simply not an issue in this case. [Plaintiff's] contention that he did not have notice of the maintenance fee requirement is simply wrong. [Plaintiff] clearly received the degree of notice mandated by due process." Ray v. Lehman, 55 F.3d 606, 610 (Fed. Cir. 1995) (finding that notices of patent maintenance fees on inside cover of the patent document issued to plaintiff and in the reminder letter mailed to plaintiff's counsel constituted sufficient notice for purposes of due process).

B. Defendant's Decision of August 16, 2005 Was Not Arbitrary and Capricious

Plaintiff contends that defendant's August 16, 2004 Decision on Petition was arbitrary and capricious. Under the Administrative Procedure Act, I may set aside an agency action if it is "arbitrary, capricious, an abuse of discretion or otherwise not in accordance with law." 5 U.S.C. § 706(2)(A). The scope of review under this standard is narrow and I am not to substitute my judgment for that of the agency. Motor Vehicles Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43 (1983).

Defendant may accept or deny late payment of patent maintenance fees pursuant to two standards. The "unintentional delay" standard applies for the period of time up to twenty-four months beyond the expiration of the six-month grace period applicable to each fee deadline. See 35 U.S.C. § 41(c)(1); 37 C.F.R. § 1.20. The more stringent "unavoidable delay" standard applies to those patentees attempting to make payment of patent maintenance fees twenty-four months after the end of the six-month grace period applicable to each fee deadline. See 37 C.F.R. § 1.378(c). "[I]n determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person." Ray, 55 F.3d at 609. "The negligence of the attorney does not discharge the duty of the plaintiff to exercise due diligence." Douglas v. Manbeck, 1991 WL 237823, at \*4 (E.D. Pa. Nov. 8, 1991), citing Smith v. Mossinghoff, 671 F.2d 533, 538 (D.C. Cir. 1981).

I find that defendant's August 16, 2005 Decision on Petition applying the unavoidable delay standard was not arbitrary, capricious, or an abuse of discretion. First, defendant properly

applied the unavoidable delay standard to this case. It is undisputed that plaintiff did not make timely maintenance fee payments for the '890 patent and that although his three-and-a-half-year maintenance fee was due on January 9, 2000, plaintiff's first attempt to make a maintenance fee payment occurred on February 11, 2003. Second, as stated above, in its Decision on Petition defendant thoroughly explained the reasoning for its determination that plaintiff did not exercise the due care of a reasonably prudent person. I find that there is ample support in the record for defendant's decision. Further, that plaintiff's counsel may have been negligent by not forwarding a maintenance fee reminder to plaintiff does not discharge plaintiff from his responsibility to be aware of the fee schedule, as both defendant and plaintiff's counsel Maleson had previously informed plaintiff of the first maintenance fee deadline.

An appropriate Order follows.

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NORMAN A. MILLMAN	:	CIVIL ACTION
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v.	:	
	:	
UNITED STATES PATENT AND	:	NO. 06-1644
TRADEMARK OFFICE	:	

ORDER

AND NOW, this 11th day of January 2007, upon consideration of defendant's motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6) or in the alternative for summary judgment pursuant to Federal Rule of Civil Procedure 56, plaintiff's response, and defendant's reply thereto, it is hereby ORDERED that defendant's motion to dismiss is GRANTED and plaintiff's complaint is DISMISSED.

The CLERK OF COURT is DIRECTED to close this case statistically.

s/Thomas N. O'Neill, Jr.  
THOMAS N. O'NEILL, JR., J.