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CR MILES P.C.
405 Mason Court, Suite 119
Fort Collins CO 80524

In re Patent No. 5651,330 :
Issue date: June 29, 1997 :
Application No. 08/404,514 : DECISION ON PETITION
Filed: March 15, 1995 : UNDER 37 CFR 1.378(e)
Attorney Docket No. 1172-4024 //005-208 :
For: SHIPPING CONTAINER FOR
SHIPPING LIVESTOCK

This is a decision on the reconsideration petition under 37 CFR 1.378(e), filed March 14, 2011, and supplemented on April 28, 2011 and May 11, 2011, to reinstate the above-identified patent.

The petition is **DENIED**.[1]

Background

The patent issued July 29, 1997. The 7 ½ year maintenance fee could have been paid from July 29, 2004 through January 29, 2005, or with a surcharge during the period from January 30, 2005 through July 29, 2005. The Office has no record of timely receiving the 7 ½ year maintenance fee. Accordingly, the patent expired on July 30, 2005.

A petition under 37 CFR 1.378(b), filed September 15, 2010, to accept the unavoidably delayed payment of the 7 ½ year maintenance fee and the 11 ½ year maintenance fee for the above-identified patent was dismissed on January 13, 2011.

Statute and Regulation

37 CFR 1.378(a) provides that the Commissioner may accept the payment of any maintenance fee due on a patent based on an expiration of the patent, if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Commissioner to have been unavoidable or unintentional. The appropriate surcharge set forth in § 1.20(i) must be paid as a condition of

[1] This decision may be viewed as a final agency action within the meaning of 5 USC § 704 for purposes of seeking judicial review. See MPEP 1002.02. The terms of 37 C.F.R. 1.137(d) do not apply to this decision.

accepting payment of the maintenance fee. The surcharges set at 37 CFR 1.20(i) are established pursuant to 35 U.S.C. 41(c) and, therefore, are not subject to small entity provisions of 35 U.S.C. 41(h). No separate petition fee is required for this petition. If the Commissioner accepts payment of the maintenance fee upon petition, the patent shall be considered as not having expired but will be subject to the intervening rights and provisions of 35 U.S.C. 41(c)(2).

The patent statute at 35 U.S.C. 41(c)(1) provides as follows:

"The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section... at any time after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable."

The statute's promulgating rule, 37 CFR 1.378(b), provides that any petition to accept the delayed payment of a maintenance fee must include the following:

(1) the required maintenance fee set forth in 37 CFR 1.20(e) - (g);

(2) the surcharge set forth in 37 CFR 1.20(i)(1); and

(3) a showing that the delay 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. The required 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, and the steps taken to file the petition promptly.

Furthermore, an adequate showing requires a statement by all persons with direct knowledge of the cause of the delay, setting forth the facts as they know them. Such as statement must be verified if made by a person not registered to practice before the Patent and Trademark Office. Copies of all documentary evidence referred to in a statement should be furnished as exhibits to the statement.

Opinion

The showing of record is inadequate to establish unavoidable delay within the meaning of 37 CFR 1.378(b)(3).

Petitions for the delayed payment of maintenance fees under 35 U.S.C. 41(c)(1) are treated under the same standard as petitions for revival of abandoned applications under 35 U.S.C. 133 because both statutory provisions use the same language, i.e., "unavoidable" delay. Ray v. Leyman, 55 F.3d 606, 608-609, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd, Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), aff'd, 937 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992). Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable as follows:

> The word 'unavoidable'....is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.

In re Mattullath, 38 App. D.C. 497, 514-515 (1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 167-168 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913). In addition, decisions on revival are made on a "case by case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). The requirement in 35 U.S.C. 133 for a showing of unavoidable delay requires not only a showing that the delay which resulted in the abandonment of the application was unavoidable (or expiration of the patent as it applies to 35 U.S.C. 41(c)(1)), but also a showing of unavoidable delay from the time an applicant becomes aware of the abandonment of the application until the filing of a petition to revive (or a petition under 37 CFR 1.378(b) to reinstate the patent under 35 U.S.C. 41(c)(1)). See In re Application of Takao, 17 USPQ2d 1155 (Comm'r Pat. 1990). Finally, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-317, 5 USPQ2d 1130, 1131-1132 (N.D. Ind. 1987).

In the instant petition, patentee, ST Reproductive Technologies, LLC, asserts that the delay in payment of the 7 ½ year maintenance fee was unavoidable because former licensee, Atlantic-Allstar Genetics Ltd. ("AAG"), did not pay the maintenance fees, as was purportedly required by an exclusive licensing agreement between the former licensee and Larry Hayward Jewett, the inventor and original owner of the patent. It is noted that a copy of the exclusive licensing agreement has not been submitted.

Mr. Jewett states that he granted an exclusive license of the patent to Atlantic-Allstar Genetics Ltd.. *First Jewett Aff.* at p. 3. The license agreement purportedly required the company to take all steps necessary to preserve and maintain the patent, including payment of maintenance fees. *First Jewett Aff.* at p. 4. Contrary to the *First Jewett Aff.* at p. 10, Mr. Jewett did not direct notice that a maintenance fee payment for the patent was coming due to the company for payment (*Second Jewett Aff.* at p. 4). In 2001, Mr. Jewett's new family partnership bought AAG's livestock shipping containers. *Second Jewett Aff.* at p. 6. The sale of the livestock shipping containers did not include sale of the purported exclusive licensing agreement between Mr. Jewett and AAG.

In early to mid-2004, before the 7.5 maintenance fee was due, AAG closed its farm office. *Second Jewett Aff.* at p. 9 and *Steeves Aff.* at p. 6. AAG disconnected its telephone and facsimile line. *Second Jewett Aff.* at p. 9.

From 2001 until AAG dissolved in 2006, Tara Steeves was the part-time bookkeeper. *Steeves Aff.* at p. 2. One of her responsibilities was to calendar the financial obligations and payment schedules for the company in Microsoft Outlook. This included the maintenance payment of the patent involving the company's livestock shipping containers. *Steeves Aff.* at p. 3. Ms. Steeves states that she did not make the maintenance fee payment on behalf of AAG because she believed that when the livestock shipping containers were sold, that the obligation to make the maintenance fee payment transferred with containers. *Steeves Aff.* at p. 5. While she anticipated receiving direction regarding who was to make payment, with all of the change and turmoil that was occurring at the time and the limited amount of work being done on the books for AAG, she simply did not remember to inquire about this. *Steeves Aff.* at p. 5

In 2006, AAG was formally dissolved. In January 2010, Mr. Jewett sold the remaining containers and the patent rights to petitioner *First Jewett Aff.* at p. 12. Mr. Jewett learned of the patent expiration only after the sale of the patent rights to petitioner.

In 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 609-609, 34 USPQ2d at 1787. The party whose delay is relevant is the party in interest at the time action is needed to be taken. In Re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). On July 29, 2005, which is the last day the 7 ½ year maintenance fee could be timely paid, Mr. Jewett appears to have been the party in interest.

It was incumbent upon the party in interest to undertake the obligation to pay the fee or to engage a third party to monitor and track the second maintenance fee payment. Reliance *per se* on a third party for tracking a maintenance fee does not provide a patent holder with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 U.S.C. 41(c). Rather, such reliance merely shifts the focus of the inquiry to whether that third party acted reasonably and prudently.

Mr. Jewett asserts that AAG was responsible for payment of the second maintenance fee. Mr. Jewett remains bound by the business decisions, actions, or inactions, of its agents. Cf. Winkler v. Ladd, 221 F.Supp 550,552, 138 USPQ 666, 667 (D.D.C. 1963). Especially in this case, as Mr. Jewett was president of AAG. Unfortunately, ST Reproductive Technologies, LLC stands in the shoes of Mr. Jewett and AAG, See In Re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988).

Mr. Jewett was aware of AAG's financial difficulties in 2001, as he was the president of the company. Mr. Jewett, doing business in a family partnership, Jewett Holsteins, decided to salvage what he could and purchased and utilized the assets of AAG. Jewett Holsteins was only a partnership set up to raise and sell cattle. There was no reason for it to acquire the patent license from AAG at the time it acquired the physical property. *Supplement to Request for Reconsideration under 37 CFR 1.378(e),* Facts, p. 3.

Petitioner has filed a statement of facts of Tara Steeves, who served as a part-time bookkeeper for AAG. The 7 ½ and 11 ½ year maintenance fees were docketed in a Microsoft Outlook calendar. However, when it was time to pay the 7 ½ year fee, Ms. Steeves assumed that since the livestock shipping containers were sold to Mr. Jewett's family partnership, Jewett Holsteins, that

Mr. Jewett's family partnership would be responsible for paying the maintenance fee on the patent.

A part-time bookkeeper made the decision to ignore the docket entry and did not request clarification from Mr. Jewett as to what entity bore the responsibility for payment of the maintenance fee.

Petitioner has not fully explained Ms. Steeves' duties with respect to payment of maintenance fees. She states she calendared financial obligations and payment schedules for AAG. *Steeves Aff.* at p. 3. However, there is no description of her degree of autonomy/level of supervision with respect to deciding whether or not to pay maintenance fees or the steps in place to ensure payment is made. Would a reasonably prudent person leave such an important decision as maintenance of a critical business asset to a part-time bookkeeper?

Being closely associated with the buyer, Jewett Holsteins, Mr. Jewett was aware that AAG had sold most of its assets in 2001 and closed its farm office, disconnected its telephone and fax lines, and moved what remained of the business to a new location in mid-2004. The maintenance fee was due July 25, 2005. A reasonably prudent person possessing knowledge of the lack of funds and turmoil experienced by AAG would have paid closer attention to his asset.

Mr. Jewett was closely associated with AAG and Jewett Holsteins. (At one point in late December 2001, AAG, Jewett Holsteins, and Larry Jewett himself were located at the same address – 479 Settlement Road, Keswick Ridge, NB, E6L 1W8. Larry Jewett signed a 2001 purchase agreement for AAG and Jewett Holsteins. In fact, Larry Jewett was president of AAG. *Second Jewett Aff.*, Exhibit E) Mr. Jewett should have provided clear instruction to the part-time bookkeeper and later inquired as to the status of payment of the maintenance fees for this patent. given his knowledge of the financial difficulties and dissolution of AAG.

AAG's counsel, Moffat & Company, unsuccessfully attempted to contact AAG in December 2004 via fax, telephone, and mail in order to obtain renewal instructions. The reconsideration petition argues the law firm's communication system failed to locate AAG and the law firm made an assumption about the status of the business after its employee noted that the telephone had been disconnected. Petitioner argues this is unavoidable delay.

It is noted Moffat & Company's reminder letter is addressed to Larry Jewett at AAG's former address. While Moffat & Company arguably had a reliable docketing system, it cannot be said that Mr. Jewett acted as a reasonably prudent person when he failed to inform Moffat & Company of an operational address/phone number/fax number. Counsel should have been notified of the change in address and lack of phone/facsimile service. A reasonably prudent and careful man taking care of his most important business would have informed his counsel of current contact information. Petitioner is advised that delay resulting from a failure in communication between a client and a registered practitioner is not unavoidable delay. In Re Kim, 12 U.S.P.Q.2d 1595 (Comm'r Pat. 1988). The failure to communicate was the direct result of Mr. Jewett failing to keep counsel informed of a way to contact him.

Diligence on the part of Mr. Jewett, the patentee, is essential to establish unavoidable delay. See, Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991). Mr. Jewett's preoccupation with salvaging other aspects of his business took precedence over maintaining his patent. The showing of record is that the delay in taking action in the above-identified patent was the result of Mr. Jewett's preoccupation with other matters. Petitioner's preoccupation with other matters which took precedence over the above-identified patent does not constitute unavoidable delay. See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

As president, Mr. Jewett was aware that AAG was in financial difficulties due to "mad cow disease", but failed to inquire whether or not the patent was being maintained in force. Mr. Jewett was aware that AAG's assets were sold in 2001 and that the patent license was terminated in 2006, but Mr. Jewett did not make inquiries about whether or not the 7 ½ year maintenance fee was paid. Mr. Jewett failed to notice the third maintenance fee was not paid, as well, despite the fact that he was doing business in the U.S. using the shipping containers. It is noted that by the time the final maintenance fee was due, it was solely Mr. Jewett's responsibility to monitor, docket, and pay it, since the purported exclusive license terminated in 2006 when AAG was dissolved. *Second Jewett Aff.*, p.7. It appears no one was tracking the 11 ½ year maintenance fee. The record, as it stands now, fails to show that patentee or his representatives took the due care of a reasonably prudent and careful person, in relation to his most important business. Pratt, supra.

It appears petitioner discovered the patent had lapsed after Mr. Jewett sold his patent rights to petitioner. Unfortunatley, Mr. Jewett did not exercise the level of due care generally used and observed by prudent and careful men in relation to their most important business.

Any delay resulting from the actions or inactions of the patentee is binding upon petitioner, ST Reproductive Technologies, LLC, as the successor in title. See, Winkler v. Ladd, 221 F.Supp. 550, 552, 138 USPQ 666, 667 (D.D.C. 1963). While petitioner gained ownership of this patent in January 2010, such merely gave petitioner standing to file the instant petition on or after that date. Lastly, that one may have subsequently exercised diligence after their assumption of title and belated awareness of the need to pay the fee does not convert the preceding delay into unavoidable delay. See Kim v. Quigg, 718 F.Supp. 1280, 12 USPQ2d 1604 (E.D. Va 1989).

Decision

The prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of two maintenance fees 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 U.S.C. 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.

In due course, the $2,480.00 7 ½ year maintenance fee, the $4,110.00 11 ½ year maintenance fee, and the $700.00 surcharge after expiration when late payment is unavoidable will be refunded to petitioner's credit card. The reconsideration fee of $400.00 will be retained.

Telephone inquiries may be directed to Petitions Attorney Shirene Willis Brantley at (571) 272-3230.

The patent file is being forwarded to Files Repository.

Anthony Knight
Director
Office of Petitions