

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

Dennis L. Schmirler
N56 W29354 County Road K
Hartland, Wisconsin, 53029,

Plaintiff,

Case No.

v.

Hon. David J. Kappos,
In his official capacity as
Under Secretary of Commerce for
Intellectual Property and Director of the
United States Patent and Trademark Office
P.O. Box 15667
Arlington, VA 22215,

Defendant.

COMPLAINT

Plaintiff Dennis L. Schmirler, for his complaint against the Honorable David J. Kappos, states as follows:

NATURE OF THE ACTION

1. This is an action by an inventor and applicant of United States Patent No. 6,214,374 (the "Patent") seeking review of the denial of reinstatement of the Patent, after the Patent was withdrawn from issue, by the defendant Director of the United States Patent and Trademark Office ("PTO").

2. This action arises under the Patent Act, 35 U.S.C. § 1, et seq., specifically at least 35 U.S.C. § 151 and under the Administrative Procedure Act, 5 U.S.C. §§ 701-706. This action further arises under the Rules of Practice in Patent Cases, 37 C.F.R. § 1.1 et seq., specifically at least 37 C.F.R. § 1.26 and § 1.313.

THE PARTIES

3. Plaintiff Dennis L. Schmirler is a United States citizen, an individual having a residential address of N56 W29354 County Road K, Hartland, Wisconsin, 53029.

4. Defendant David J. Kappos is the Under Secretary of Commerce for Intellectual Property and Director of the PTO, acting in his official capacity. The Director is the head of the PTO and is responsible for superintending or performing all duties required by law with respect to the granting and issuing of patents.

JURISDICTION AND VENUE

5. This Court has jurisdiction to hear this action and is authorized to issue the relief sought pursuant to 28 U.S.C. §§ 1331, 1338(a) and 1361, 35 U.S.C. § 151 and 5 U.S.C. §§ 701-706.

6. Venue is proper in this district by virtue of 28 U.S.C. § 1391(e).

7. This Complaint is being timely filed in accordance with 28 U.S.C. § 2401(a).

FACTS

8. A nonprovisional U.S. patent application, serial number 08/652,280, listing Plaintiff as inventor, was filed on 22 May 1996. (*See* Exhibit A, tab 1.)

9. The prosecution of the application progressed generally normally at the outset, including a preliminary amendment (*id.*, tab 2), an IDS (*id.*, tab 3), a restriction requirement (*id.*, tab 4) and response (*id.*, tab 5), a supplemental IDS (*id.*, tab 6), a reformulated restriction requirement (*id.*, tab 7) and response (*id.*, tab 8), and a first action on the merits (*id.*, tab 9).

10. Prosecuting attorneys requested withdrawal from representation before the office. (*Id.*, tab 10.)

11. A new prosecuting attorney filed an extension of time (*id.* at tab 11), a CPA request (*id.* at tab 12), and a preliminary amendment (*id.* at tab 13).

12. On 12 July 1999, the Office issued a Notice of Allowance and Issue Fee Due, setting a due date for 12 October 1999. (*Id.* at tab 14.)

13. On 30 December 1999, the Office issued a Notice of Abandonment for failure to pay the issue fee. (*Id.* at tab 15.)

14. On 11 October 2000, the second named inventor, Mr. Edward M. Portman, attempted to revive the application by filing a Petition for Revival of an Application for Patent Abandoned Unintentionally under 37 C.F.R. § 1.137(b). (*Id.*, tab 16.) This petition authorized payment of the outstanding issue fee and petition fee to Mr. Portman's American Express credit card. (*Id.* at 1.)

15. The Office dismissed the petition for failure to include signatures from all inventors. (*Id.*, tab 17 at 2.)

16. A second attempt was made by Mr. Portman, on 23 October 2000, to revive the application. (*Id.*, tab 17 ½.) This attempt again authorized payment of the outstanding issue fee and petition fee to Mr. Portman's American Express credit card. (*Id.* at 7.)

17. New prosecution counsel was appointed on behalf of all inventors. (*Id.*, tab 18.)

18. On 17 November 2000, Applicants filed a Substitute Petition to Revive Pursuant to 37 CFR 1.137(b) (*id.*, tab 23), and a request for reconsideration of the petition filed by Mr. Portman (*id.*, tab 19). In the Substitute Petition, Applicants explicitly indicate that the petition and issue fees were accepted by the U.S. Patent Office. (*Id.*, tab 23 at 2.) Furthermore,

Applicants asked that the Office “kindly charge any additional fees under 37 CFR §§ 1.16, 1.17 and 1.18 incurred in connection with this Petition and response” to a Deposit account. (*Id.*) In the request for reconsideration, Applicants again asserted that Petitions Examiner “indicated that the issue fee and the petition fee to revive the application were received from the applicant by credit card. Therefore, the applicant is now believed to have addressed all of the issues identified by the Examiner such that the applicant’s Petition should be granted.” (*Id.*)

19. The Office notified Applicants that the recently submitted power of attorney had been accepted. (*Id.*, tab 20.)

20. Applicants transmitted formal drawings in compliance with the requirement of the 12 July 1999 Notice of Allowability. (*Id.*, tab 21.)

21. On 17 December 2000, American Express, Mr. Portman’s credit card account provider sent a Service Establishment Claim Form, for which Mr. Portman was requesting a refund of charges that were made on 13 October 2000. (*Id.*, tab 27 at 5.) Upon information and belief, such form was intended to be directed to the U.S. Patent and Trademark Office for clarification, but was sent, instead, to Dr. Edward M. Portman. (*Id.*)

22. On 21 December 2000, the Office granted the petition to revive the abandoned application. (*Id.*, tab 22.)

23. American Express sent an Invoice of Returned Charges to the Office on “03/30/20 [sic],” which indicated a “Chargeback Reason [as] NO REPLY TO REQUEST FOR INFORMATION,” (*Id.*, tab 27 at 4), that was sent on 17 December 2000 erroneously to Dr. Edward M. Portman, as stated above in paragraph 21.

24. On 10 April 2001, since all fees had been paid appropriately, procedures followed and petition granted, the Office correctly issued U.S. Pat. No. 6,214,374 to Applicants. (*See* Exhibit B.)

25. On 4 May 2001, American Express, through the Card Support Services at the Mellon Client Service Center, informed the Office that, on 27 April 2001, seventeen days after the '374 patent issued, a chargeback in the amount of \$1,370.00 was debited from the Office in connection with the subject file. (Exhibit A, tab 27 at 3.) No notice of the chargeback was ever provided to Plaintiff.

26. On 7 June 2004, more than three years after the grant of the patent, the Office sent to the attorney of record a Notice of Unsettled Issue Fee Payment and of Withdrawal of Petition Decision – Patent may be Vacated. (*Id.*, tab 25.) While setting out the approximate timeline above, the Office indicates that

[o]n May 4, 2001, the Office received a communication from Card Support Services, Mellon Client Service Center, Room 154-0910, Pittsburgh, PA 15262, that a chargeback in the amount of \$1370 was processed on April 17, 2001, for the credit card charge, including the issue fee payment received on October 12, 2000. Accompanying the communication of May 4, 2001, was an American Express 'Service Establishment Claim Form,' dated December 17, 2000, stating that the cardholder, Dr. Edward M. Portman, claimed that 'this service was never rendered.'

(*Id.* at 2.) The Office continued on to admit that the disputed "services were clearly rendered." (*Id.*) Citing to 35 U.S.C. §151, the Office pointed out that the grant of a patent is dependent upon the payment of the requested issue fee. (*Id.*) According to the Office, however, "[s]ince the credit card charge for the issue fee was disputed by applicant [sic, one of two inventors], the issue fee was never paid, and the Office's publication on April 10, 2001, of a patent document purporting to be a patent was in error." (*Id.*) Thus, according to the Office, the grant of the petition under 37 C.F.R. 1.137(b) to accept late payment of an unintentionally delayed issue fee,

which occurred more than four months prior to the erroneous refund, needed to be withdrawn.
(*Id.* at 3.)

27. Subsequently, on 13 January 2005, the Office vacated U.S. Patent 6,214,374, which issued on 10 April 2001. (*Id.*, tab 26.)

28. In May 2005, Plaintiff's wife discovered, via an Internet search, that the Patent had been withdrawn.

29. Immediately thereafter, Plaintiff contacted the PTO in an attempt to determine whether any fees were due with respect to the Patent.

30. After discussing the withdrawal situation with a plurality of counsel, Plaintiff filed a petition on 16 October 2007, under 37 C.F.R. § 1.182, in the PTO requesting reinstatement of the Patent. (*See* Exhibit C) (the "Petition").

31. All required fees, including issue fees and maintenance fees, were included with the Petition. (*Id.*)

32. Having received no response from the PTO and being unable to verify whether the petition was ever received by the Office of Petitions, a copy of the Petition was hand delivered to the PTO on 11 April 2008. (*See* Exhibit D.) The attempt was initially made by hand to the Office of Petitions, directly, but the deliverer was directed to file the Petition with the mail room at the PTO.

33. Having received no response from the PTO and being unable to verify whether the petition was ever received by the Office of Petitions, a copy of the Petition was hand delivered directly to an Office of Petitions attorney at the PTO on 28 April 2008. (*See* Exhibit E.)

34. On 5 September 2008, an executed power of attorney was sent to the PTO. (*See* Exhibit F.)

35. Nearly eleven months after the Petition was filed, on 11 September 2008, the PTO sent a “Decision Returning Improper Papers” to the attorney of record, and to the attorney that submitted the Rule 182 petition. (*See* Exhibit G (the “Decision”).) In the Decision, the PTO recognizes that a patent “applicant” consisted of more than one person. (*Id.* at 3.) The PTO rejected the submitted power of attorney as improper because it was not signed by all persons that formed the applicant. (*Id.* at 3-4) The Decision invited a reply within a two-month time period. (*Id.* at 7.)

36. On 4 November 2008, Plaintiff replied to the PTO. (*See* Exhibit H (the “Reply”).) In the Reply, Plaintiff argued that he was not an “applicant” but was rather a “patentee,” that the Rules (37 C.F.R. § 1 et seq.) do not provide instructions on how to change power of attorney after issuance, and that Plaintiff, as patentee, had the right to unilaterally protect his patent rights. (*Id.* at 2-3.)

37. Nine months later, on 5 August 2009, the PTO issued its final agency action related to the Petition. (*See* Exhibit I (the “Final Action”).) In the Final Action, the PTO “interpreted” the 4 November 2008 response as three separate petitions, alleging that fees for such petitions (totaling \$1,200.00) were authorized by Plaintiff’s statement in the Reply that “If any fees in addition to those already provided, are required to reinstate the erroneously withdrawn patent, the Office is hereby authorized to satisfy such requirement with funds from Deposit Account Number 06-2360.” (*Id.* at 2 (emphasis added).) Such withdrawals were not used “to reinstate” the Patent. (*See id.*) Also in the Final Action, the PTO denied all relief

sought by the Plaintiff in the Petition, (*see id.* at 10-19), indicating that the Final Action was designated as final agency action under 5 U.S.C. § 704 (*id.* at 20).

CLAIM FOR RELIEF – PATENT REINSTATEMENT

38. The allegations of paragraphs 1-37 are incorporated herein as if fully set forth.

39. Under 35 U.S.C. § 151, “Upon payment of [the issue fee] the patent shall issue.”

40. Under 37 C.F.R. § 1.313(b) (“Rule 313(b)”), “Once the issue fee has been paid, the Office will not withdraw the application from issue at its own initiative for any reason except: (1) A mistake on the part of the Office; (2) A violation of [37 C.F.R.] § 1.56 or illegality in the application; (3) Unpatentability of one or more claims; or (4) For interference.”

41. The withdrawal of the Patent from issue, where such issuance was proper under 35 U.S.C. § 151, and such withdrawal was contrary to Rule 313(b), and the subsequent denial of reinstatement of the Patent constituted agency action that was arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

42. As a direct result of the improper withdrawal from issue, Plaintiff has suffered a legal wrong in the form of being prevented from exercising his exclusionary patent rights granted to him under 35 U.S.C. §§ 151 and 154, and associated loss of licensing opportunities.

43. Under 37 C.F.R. § 1.26(a) (“Rule 26(a)”), “The Director may refund any fee paid by mistake or in excess of that required. Except as provided in [inapplicable sections], a change of purpose after the payment of a fee, such as when a party desires to withdraw a patent filing for which the fee was paid, including an application, an appeal, or a request for an oral hearing, will not entitle a party to a refund of such fee.”

44. The refund of the properly paid issue fee in this case, made contrary to Rule 26(a) and without notice to the attorney of record, and the subsequent denial of reinstatement of the Patent constituted agency action that was arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

45. As a proximate result of the improper refund, Plaintiff has suffered a legal wrong in the form of being prevented from exercising his exclusionary patent rights granted to him under 35 U.S.C. §§ 151 and 154, and associated loss of licensing opportunities.

WHEREFORE, Plaintiff respectfully prays that this Court:

46. Issue an Order reversing the PTO's denial of the Petition;

47. Issue an Order reinstating U.S. Patent 6,214,374 under 35 U.S.C. § 151, on U.S. Patent Application Serial Number 08/652,280, having a filing date of 22 May 1996 and an issue date of 10 April 2001, subject to the payment of all fees, if any, due to the PTO; and

48. Grant any such other and further relief as may be just and equitable.

A JURY TRIAL IS HEREBY DEMANDED.

Respectfully submitted,

Date: 23 February 2010

Ryan Kromholz & Manion, S.C.

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