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In re Patent No. 4,777,968, issued to :
ARTHUR L. BELOFF 07/042,050 :

U.S. Patent No. 4,777,968 : ON PETITION
Issue Date: October 18, 1988 :
For: DEVICE FOR EXTINGUISHING CIGARS :

This is a decision on the petition, filed on June 3, 1996 and supplemented on October 15, 1996, under 37 CFR § 1.378(e) requesting reconsideration of a prior decision which refused to accept under 37 CFR § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent.

The request to accept the delayed payment of the maintenance fee is DENIED.

## BACKGROUND

The patent issued on October 18, 1988. Accordingly, the first maintenance fee could have been paid during the period from October 18, 1991 through April 20, 1992 or with a surcharge during the period from April 21, 1992 through October 19, 1992.

At the time the patent was issued, title to the patent was vested in Cigar Savor, Inc. (Savor), a corporation owned by Petitioner's wife (Paragraph 3 of the Declaration filed June 3, 1996). As Vice President of Savor, Petitioner was responsible for Savor's operational and financial matters (Paragraph 2 of the Declaration filed June 3, 1996). Starting on October 21, 1991, Savor began receiving reminders from its patent attorneys regarding payment of the first maintenance fee (Paragraphs 5 and 6 of the Declaration filed June 3, 1996). Despite these reminders, Savor never paid the first maintenance fee. Evidently, Savor encountered financial difficulties in 1991 and 1992. These financial difficulties led to the reconveyance of the patent rights to Petitioner in October 1992 (Paragraph 3 of the Declaration filed October 18, 1995) and the subsequent dissolution of the corporation in December 1992 (Paragraphs 15-21 of the Declaration filed June 3, 1996).

After assuming ownership of the patent in October 1992, Petitioner continued to correspond with

the patent attorneys in his individual capacity (Paragraph 7 of the Declaration filed June 3, 1996). At the time the patent was reconveyed, Petitioner was also experiencing financial difficulties. In fact, the record indicates that Petitioner had entered personal bankruptcy proceedings in 1989, which proceedings were finalized on December 2, 1991 (Paragraph 5 of the Declaration filed October 18, 1995).

During the relevant time period (October 1992 through the filing of the petition), Petitioner's expenses were paid primarily through his wife's personal checking account or through a joint checking account in the names of Petitioner and his wife (Paragraphs 20-22 of the Declaration filed October 15, 1996 and Exhibits 3.1-3.12, 4.1-4.11, and 5.1-5.11). Although Petitioner was insolvent, relatively significant amounts of money were used for various nonessential items including cable television, advertising for a business, gift payments to a relative, purchase of an alarm system, and the purchase of a condo (Paragraphs 21 and 22 of the Declaration filed October 15, 1996 and Exhibits 4.1-4.11 and 5.1-5.11).

On October 18, 1995 (almost three years after the expiration of the patent), Petitioner submitted a petition under 37 CFR § 1.378(b). The petition was dismissed on March 29, 1996. This Request for Reconsideration ensued.

## STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

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

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

> "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 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."

## OPINION

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable." 35 U.S.C. § 41(c)(1).

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. § 133 because 35 U.S.C. § 41(c)(1) uses the identical language--*i.e.*, "unavoidable" delay. Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995)(quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988)). Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable. Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887)(the term "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"); In re Mattullath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 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). Finally, a petition to revive an application as unavoidably abandoned cannot be granted where a petitioner has failed to meet his or her burden of establishing the cause of the unavoidable delay. Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

A showing of unavoidable delay requires a showing that the ***entire*** delay (*i.e.*, until the filing of a grantable petition) was unavoidable. In re Application of Takao, 17 USPQ2d 1155, 1158 (Comm'r Pat. 1990); 1124 Official Gazette 33 (March 19, 1991). Therefore, a showing of the financial inability of each responsible party to pay the maintenance fee from October 18, 1991 to the filing of this petition (June 3, 1996) is required.

Applying these legal principles to the instant fact situation, there can only be one logical conclusion: Petitioner has not met his burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable. For reasons set forth more fully below, a reasonably prudent person exercising due care and diligence would have ensured the timely payment of the maintenance fee on the above-identified patent.

As a preliminary matter, it is noted that the maintenance fee amount due would have been only $450 had the payment been made during the period from October 18, 1991 through April 20, 1992. From April 21, 1992 to October 19, 1992, the total amount due would have been $515 because the surcharge for paying during the six-month grace period following the expiration after would have been $65.

While the exact natures of ***all*** expenses paid by check cannot be ascertained, a review of the

exhibits reveals that many of the expenditures do not support Petitioner's position that the delay was unavoidable. For the period from November 1991 through February 1992 alone, Savor spent at least $528.84 in advertising. See Exhibit 2 and Paragraph 14 of the Declaration filed October 15, 1996. Moreover, it appears that Petitioner and his wife continued to spend over $2,600 in advertising from March 1992 through August 1993. See Exhibits 3.1-3.12, 4.1-4.11, and 5.1-5.11. (Note that some of Savor's expenses were paid out from the personal checking account of Petitioner's wife. See Paragraph 20 of the Declaration filed October 15, 1996.) These expenditures establish that Savor and/or Petitioner made a ***conscious business decision*** to pay for advertising rather than pay the maintenance fee due on the patent. Choices made by Petitioner to make these types of discretionary expenditures rather than pay the maintenance fee for the above-identified patent do not render the failure to timely pay the maintenance fee unavoidable.

Petitioner asserts that the expenses paid on behalf of Savor during March 1992 to December 1992 were more critical to the survival of Savor than the payment of the maintenance fee on the patent. See Paragraphs 19-21 of the Declaration filed June 3, 1996. However, Petitioner has stated that Savor did not generate any income after March 1992. See Paragraph 16 of the Declaration filed June 3, 1996. A reasonably prudent person exercising due care would not have used significant sums of money to advertise a failing business at the risk of losing potentially valuable patent rights. Furthermore, Petitioner's business choice of saving the corporation instead of his patent rights cannot serve as a basis for finding unavoidable delay in timely payment of the maintenance fee for the patent.

The record also shows that the cost of subscribing to cable television exceeded $800 during the time period of December 1991 through August 1993. See Exhibits 3.1-3.12, 4.1-4.11, and 5.1-5.11. Where Petitioner has placed his priorities on discretionary expenditures rather than the payment of the maintenance fee, the failure to timely pay the maintenance fee could have been avoided.

In addition, Petitioner and his wife made numerous gift payments (total in excess of $10,000) to Marie Anastasio, Petitioner's mother-in-law. See Paragraph 20 of the Declaration filed October 15, 1996 and Exhibits 3.1-3.12, 4.1-4.11, and 5.1-5.11. Although Petitioner's devotion to his mother-in-law is commendable, arrangements should have been made to defer payment on a relatively small amount of money ($515) so that the maintenance fee on the patent could be paid first. Petitioner has not provided any cogent reason as to why some of these gift payments could not be delayed so that the timely payment of the maintenance fee on the above-identified patent could be ensured.

Further, Petitioner admits that an alarm system was also purchased. See Paragraph 21 of the Declaration filed October 15, 1996. This is another nonessential item to which a reasonably prudent person would have assigned a relatively low priority, especially in light of the alleged financial hardships.

Finally, it appears that Petitioner also purchased a new condo in 1994. See Exhibit 5.11. Despite his allegation that he could not afford $515 to pay the maintenance fee on the patent, Petitioner did manage to pay $5,051 in taxes on a new condo. Accordingly, Petitioner is not in a position to assert that he was continuously unable to pay the maintenance fee until the filing of this petition.

Under these circumstances, it cannot be said that the delay in the payment of the maintenance fee due on the patent was unavoidable. While Petitioner may spend money and pay bills as he wishes, he cannot prevail in his attempt to show unavoidable delay when the record shows that he has assigned a low priority to the payment of the maintenance fee due on the above-identified patent.

## CONCLUSION

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

Since this patent will not be reinstated, the maintenance fee and the surcharge fee submitted by petitioner will be refunded.

As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

Any inquiry concerning this decision should be directed to Romulo Delmendo at (703) 305-9285.

Charles Pearson
Patent Legal Administrator
Office of Deputy Assistant Commissioner
for Patent Policy and Projects

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