



UNITED STATES DEPARTMENT OF COMMERCE  
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Washington, D.C. 20231

Paper No. 15

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Post Office Drawer 34009  
Charlotte, NC 28234

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**MAY 26 1998**

In re Patent No. 4,895,567  
Issue Date: January 23, 1990  
Application No. 07/209,404  
Filed: June 20, 1988  
Inventor: Colon et al.

SPECIAL PROGRAMS OFFICE  
DAC FOR PATENTS  
ON PETITION

This is a decision on the petition under 37 C.F.R. § 1.378(e), filed September 5, 1997, requesting reconsideration of a prior decision which refused to accept, under 37 C.F.R. § 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 under 37 C.F.R. § 1.378(b) is **DENIED**.

### **BACKGROUND**

The patent issued January 23, 1990. The first maintenance fee could have been paid during the period from January 23, 1993, through July 23, 1993, or with a surcharge during the period from July 24, 1993 through January 24, 1994 (January 23, 1994 being a Sunday). Accordingly, this patent expired after midnight of January 23, 1994 for failure to timely pay the maintenance fee.

A petition under 37 C.F.R. § 1.378(b) to accept late payment of the first maintenance fee was filed on November 26, 1996, and was dismissed in the decision of July 7, 1997.

The instant petition under 37 C.F.R. § 1.378(e) was filed on September 5, 1997.

### **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 C.F.R. § 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 under 35 U.S.C. § 41(c) and 37 C.F.R. § 1.378(b) 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 December. 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 Application. D.C. 497, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 December. 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).

Petitioner has not carried his burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable.

As 35 U.S.C. § 41(c) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 U.S.C. § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 C.F.R. § 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Id.

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. See Ray, at 608-609, 34 USPQ2d at 1787. It is solely the responsibility of the patent holder to ensure that the maintenance fee is timely paid. See, Wende v. Horine, 191 F. 620, 621 (C.C.N.D. Ill. 1911). Petitioner (Reichhold Chemicals, Inc., (Reichhold)) asserts that the patent rights were acquired by Reichhold through a merger with Swift Adhesives, Inc. (Swift). Swift, in turn, petitioner asserts, had acquired the rights from The International Group, Inc. (IGI) in late 1991, with the assignment executed on March 4, 1992. Petitioner further asserts that the delay in payment of the maintenance fee was unavoidable due to petitioner's lack of awareness of the need to schedule and pay maintenance fees for this patent, since petitioner regularly relied on the services of outside patent counsel for scheduling and paying the maintenance fees. Petitioner also asserts that petitioner was diligent in attempting to obtain this file from the prosecuting attorneys, and furthermore, was prudent in relying upon legal assistant Joan M. Grace to attend to these matters. Petitioner further asserts that Reichhold only became aware in September 1996 that the patent had expired, and, as such, the petition was diligently filed.

The record shows that Reichhold was the responsible party at the time the maintenance fee fell due. Note in this regard, that neither Herbert J. Zeh (Zeh), (non-patent) general counsel, and Executive Vice-President for Reichhold (see Declaration of Zeh, ¶ 16, filed November 26, 1996), nor Joan M. Grace (Grace) legal assistant for Reichhold (see Declaration of Grace, Tab B, ¶ 35) ever specifically engaged any party to monitor and pay the maintenance fee nor were they instructed to pay the maintenance fee for this patent. Note further in this regard that the letter from Anil B. Goel, Vice President for Technology at Reichhold, to Sprung, Horn, Kramer & Wood (Sprung), bearing the date July 13, 1992 (Exhibit 15) stated that Sprung was to address "any future communications concerning IGI Adhesives patents and applications to Mr. Zeh who is now handling these matters." As such, the apparent failure of Zeh to

adequately open or maintain lines of communication with Sprung to the effect that Zeh/Reichhold, as successor to IGI (and Swift), was empowered to either discharge Sprung from its obligation to IGI, and that Zeh would assume the obligation for maintenance fee payments, or that Zeh was empowered and wished Sprung to continue that obligation previously performed for IGI, on behalf of Reichhold, does not represent the due care and diligence of prudent and careful persons with respect to their most important business. Delay resulting from a failure in communication between a client and a registered practitioner is not unavoidable delay. In Re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988).

Specifically, delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 C.F.R. § 1.378(b). See Ray, at 610, 34 USPQ2d at 1789. Moreover, the Office is not the proper forum for resolving a dispute as to the effectiveness of communications between parties regarding the responsibility for paying a maintenance fee. Id.

The software system used by Ms. Grace, to enter the relevant docketing information into the computer database and to record the status of the Reichhold patents, was not a system used to schedule the payment of maintenance fees. As stated in the Declaration of Ms. Grace, this system was used to "help overlook" the status of patents, the maintenance fees of which were maintained by outside counsel. As outside counsel was responsible for the payment of maintenance fees of Reichhold's patents, this system was only checked periodically and was not a docketing system relied on to schedule and pay the maintenance fees but merely a listing of Reichhold's patents and their status (see Declaration of Grace, Tab B, ¶ 24). As discussed in the petition, the software system does not generate a payment schedule nor indicate the overdue status of maintenance fees. According to the Declaration of Grace (Tab B, ¶ 27-38), the due date of the maintenance fee is entered under "NEXT.TAX:" and the "software program automatically updates the next maintenance fee once a date has advanced beyond the previous fee due date" regardless of whether or not the maintenance fee was paid (see Declaration of Grace, Tab B, ¶ 26). As such, the system in place would not indicate that a maintenance fee was due nor would it warn that a maintenance fee payment was overdue. Generating reports thereof would not indicate if any of the patents have "fallen through the cracks" because the software system was not set up to monitor and docket payment of maintenance fees.

Grace acted with due care and diligence, as instructed, to retrieve the files of both the Patents and Trademarks, including the above-identified patent, of IGI from Sprung for the purpose to begin assignment proceedings to Reichhold (see Exhibit 5). However,

there is no showing of record that either Zeh or Grace, under the specific instructions of Zeh, took any steps to (1) personally track and pay the maintenance fee for this patent, or any of IGI's United States patents, or (2) obtain the services of a third party to track and pay the maintenance fee of this patent on behalf of Reichhold. It thus appears that Grace was not an agency or instrumentality of Zeh and/or Reichhold within the meaning of Pratt, supra with respect to the maintenance fees for this patent. In any event, the Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the patent holder, and patent holder is bound by the consequences of those actions or inactions. See Link v. Wabash, 370 U.S. 626, 633-34 (1962). Specifically, petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133 or 37 C.F.R. § 1.137(a). See Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987); Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 December. Comm'r Pat. 130, 131 (Comm'r Pat. 1891).

As such, the record is not clear who Zeh/Reichhold thought was tracking, and would pay, the maintenance fee for this patent. The renewed petition fails to provide (1) a documented showing specifically indicating who was responsible for scheduling and paying the maintenance fee for this patent and (2) a showing as to what steps were in place by that party to ensure timely payment of the maintenance fee. The record shows that no steps were in place by Reichhold and that outside counsel had not been sought to schedule and pay the maintenance fee for Reichhold. The record fails to establish that the petitioner took adequate steps to ensure timely payment of the maintenance fee as required by 37 C.F.R. § 1.378(b)(3). Since adequate steps were not taken by patentee, 37 C.F.R. § 1.378(b) precludes acceptance of the delayed payment of the maintenance fee.

Rather, the showing of record is that Reichhold apparently did not take any active interest in this patent subsequent to its assignment to Reichhold on March 4, 1992 until about September 26, 1996 when Reichhold inquired as to whether the required maintenance fees have been paid with respect to the above identified patent (see Declaration of Grace, Tab 2, ¶ 37). Again, there is no showing of record confirming that Zeh/Reichhold took any steps in instructing Grace or outside counsel to monitor and pay the maintenance fees of the above identified patent on behalf of Reichhold.

The petition states that "outside the patents involved in this unusual acquisition, NO Reichhold patents had ever expired unintentionally or unavoidably for failure to pay the appropriate maintenance fees". Office records indicate that SIX (6) United States Patents of the hot melt adhesives technology acquired from IGI (see Exhibit 5), including the above-identified patent, expired for failure to timely pay the maintenance

fees after Reichhold obtained the patents. Some of said patents have been reinstated, stating that the delay was unintentional. However, insofar as the above-identified patent is concerned, a reasonably prudent person, exercising due care and diligence, would have taken steps to ensure the timely payment of such maintenance fees of their patents. Ray, supra. Failure to act cannot be construed as unavoidable delay within the meaning of 37 C.F.R. § 1.378(b) and 35 USC 41(c).

Further, a review of Office records reveals that Zeh/Reichhold failed to change the correspondence address of record for maintenance fee purposes after the acquisition of the patent. Since petitioner failed to change the fee address of record, the Reminder to Pay Maintenance Fee dated February 8, 1994, and the Notice of Patent Expiration dated July 19, 1994, were properly mailed to the law firm of Sprung who were counsel of record during and after prosecution. However, delay resulting from petitioner's lack of receipt of any maintenance fee reminder(s), does not constitute "unavoidable" delay. See Patent No. 4,409,763, supra, 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). See also "Final Rules for Patent Maintenance Fees," 49 Fed. Reg. 34716, 34722-23 (August 31, 1984), reprinted in 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). Under the statutes and regulations, the Office has no duty to notify patentee of the requirement to pay maintenance fees or to notify patentee when the maintenance fee is due. While the Office mails maintenance fee reminders strictly as a courtesy, it is solely the responsibility of the patentee to ensure that the maintenance fee is timely paid to prevent expiration of the patent. The failure to receive the Reminder does not relieve the patentee of the obligation to timely pay the maintenance fee, nor will it constitute unavoidable delay if the patentee seeks reinstatement under the regulation. Rydeen, Id. Moreover, a patentee who is required by 35 USC 41(c)(1) to pay a maintenance fee or face expiration of the patent, is not entitled to any notice beyond that provided by publication of the statute. Id. at 900, 16 USPQ2d at 1876.

In addition, the delay resulting from petitioner's failure to provide the Office with a current address for receiving correspondence pertaining to maintenance fees does not constitute unavoidable delay. Ray, at 610, 24 USPQ2d at 1789.

As indicated above, petitioner has not submitted a change of correspondence address. This decision is being mailed to the address given in the petition, notwithstanding petitioner's failure to provide a change of correspondence address as required in the previous decision, since the forwarding order of the correspondence address of record has expired. However, unless a change of correspondence address is received, all future correspondence will be sent to the former address of record.

**CONCLUSION**

The prior decision which refused to accept under 37 C.F.R. § 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 U.S.C. § 41 and 37 C.F.R. § 1.378(b).

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

Since this patent will not be reinstated, it is appropriate to refund the maintenance fee and surcharge fee submitted by petitioner. However, these funds (the first maintenance fee of \$1020.00 and surcharge \$680.00) were previously refunded on July 03, 1997. On January 16, 1998, petitioners paid the second maintenance fee of \$2100.00 and surcharge of \$130.00, totaling \$2230.00. As such a refund totaling \$2230.00 will be credited to Deposit Account No. 50-0220 in due course.

Telephone inquiries relevant to this decision should be directed to John W. Cabeca, Office of Petitions, at (703) 305-9282.



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