



Paper No. 13

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**OFFICE OF PETITIONS  
ON PETITION**

In re Patent of Sharp et al. :  
Patent No. 5,016,926 :  
Application No. 07/497,999 :  
Filed: March 23, 1990 :  
Issued: May 21, 1991 :  
Attorney Docket No. 26937 81617 :

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed April 12, 2002, to reinstate the above-identified patent.

The petition is **DENIED**.<sup>1</sup>

Since this patent will not be reinstated, the maintenance fee (\$2,020) and the surcharge(\$700) submitted by petitioner will be scheduled for a refund. The \$130 fee for requesting reconsideration is not refundable.

**Background**

The patent issued May 21, 1991. The 7.5 year maintenance fee could have been paid from May 21, 1998 through November 21, 1998, or with a surcharge during the period from November 22, 1998 to May 21, 1999. Petitioner did not do so. Accordingly, the patent expired May 22, 1999.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed January 17, 2002, and was dismissed in the decision of February 13, 2002.

**Applicable Statutes and Regulation**

35 U.S.C. § 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

35 U.S.C. § 41(c)(1) states that, "The Commissioner may accept the payment of any maintenance fee . . . after the six month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable." (emphasis added)

37 CFR 1.378(b)(3) states that a petition under 37 CFR 1.378(b) must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . became

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<sup>1</sup> 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.

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.

### Opinion

**Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.**

The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.<sup>2</sup> However, "The question of whether an applicant's delay in prosecuting an application was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."<sup>3</sup> The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

### **Petitioner is bound by its attorneys' conduct.**

The reliance on an attorney to notify the patentee of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. While the Office is not passing judgement on counsel's behavior, petitioner is reminded that the Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and petitioner is bound by the consequences of those actions or inactions. *If the former attorney made any errors, petitioner is bound by such errors.*<sup>4</sup>

If [the] attorney somehow breach[es] his duty of care to plaintiff, then plaintiff may have certain other remedies available to him against his attorney. He cannot, however, ask the court to overlook [the attorney's] action or inaction with regard to the patent application. He hired the [attorney] to represent him. **[The attorney's] actions must be imputed to him.**<sup>5</sup>

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<sup>2</sup> The Commissioner is responsible for determining the standard for unavoidable delay and for applying that standard. 35 U.S.C. 41(c)(1) states, "The Commissioner may accept the payment of any maintenance fee ... at any time ... if the delay is shown to the satisfaction of the Commissioner to have been unavoidable." (emphasis added).

<sup>3</sup> Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

<sup>4</sup> See California Med. Products v. Technol Med. Products, 921 F. Supp. 1219, 1259 (D. Del. 1995) (citing Smith v. Diamond, 209 U.S.P.Q. 1091, 1093 (D.D.C. 1981) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962))).

A petitioner is responsible for a former attorney's conduct except in some cases of intentional misconduct rather than negligence. Petitioner has failed to prove any intentional misconduct. Petitioner has failed to establish that the attorney knew the fee was due but intentionally failed to notify petitioner, that the attorney intentionally misrepresented the status of the patent when called by petitioner, that the attorney misappropriated funds, or that the attorney intentionally acted dishonestly in any other fashion.

<sup>5</sup> Haines v. Quigg, 673 F. Supp. 314, 317, 5 U.S.P.Q.2d (BNA) 1130 (N.D. Ind.) (emphasis added) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) ("Petitioner voluntarily chose his attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent ... Each party is deemed bound by the acts of his lawyer-agent and is considered to have notice of all facts, notice of which can be

## Supreme Court precedent holds:

There is certainly no merit to the contention that dismissal of petitioner's claim because of his counsel's unexcused conduct imposes an unjust penalty on the client. Petitioner voluntarily chose this attorney as his representative in the action, and he cannot now avoid the consequences of the acts or omissions of this freely selected agent. Any other notion would be wholly inconsistent with our system of representative litigation, in which each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'<sup>6</sup>

The Seventh Circuit has stated,

The other assumption is that, if the complaints failed in their application through the negligence of their attorney, the delay would be unavoidable, which is wholly unwarranted in the law. It is of the very nature of negligence that it should not be unavoidable, otherwise it would not be actionable. The negligence of the attorney would be the negligence of the [client]. The purpose of the statute was to put an end to such pleas, and there would be no limit to a renewal of these applications if every application, however remote, could be considered under the plea of negligence of attorneys, by whom their business is generally conducted.<sup>7</sup>

The United States Court of Appeals for the Federal Circuit has stated,

If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.<sup>8</sup>

#### Application of the unavoidable standard to the present facts

##### Facts:

Prior to May of 1998, responsibility for many of petitioner's files were transferred from the law firm of Felsman, Bradley, Gunter & Dillon ("Felsman") to the law firm of Baker Botts LLP.

Baker Botts docketed the transferred cases. The cases were docketed prior to May of 1998.

On June 15, 1998, Baker Botts transferred the cases, and a copy of docket records, to the current law firm of Locke Liddell & Sapp ("Locke")

An employee of Locke, Janice Schigut, compared the physical files to the list of files on the docket record. The instant patent was not physically present and was not listed on the docket

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*charged upon the attorney.*" (emphasis added)); Inryco, Inc. v. Metropolitan Engineering Co., Inc., 708 F.2d 1225, 1233 (7th Cir. 1983) ("Courts hesitate to punish a client for its lawyers gross negligence, especially when the lawyer affirmatively misled the client" but "if the client freely chooses counsel, it should be bound to counsel's actions."); see also Wei v. State of Hawaii, 763 F. 2d 370, 372 (9th Cir. 1985); LeBlanc v. I.N.S., 715 F.2d 685, 694 (1st Cir. 1983)). See also Smith v. Diamond, 209 U.S.P.Q. (BNA) 1091 (D. D.C. 1981).

<sup>6</sup> Link v. Walbash Railroad Co., 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962).

<sup>7</sup> Lay v. Indianapolis Brush & Broom Mfg. Co., 120 F. 831, 836 (1903).

<sup>8</sup> Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

record. Therefore, when a docketing clerk was given the files to docket, the instant patent was not docketed.

The 7.5 year maintenance fee could have been paid from May 21, 1998 through November 21, 1998, or with a surcharge during the period from November 22, 1998 to May 21, 1999. Petitioner did not do so. Accordingly, the patent expired May 22, 1999.

During 1998 and 1999, petitioner also transferred files from two other law firms to Locke. Each of the law firms provided files with docket sheets. The files were docketed by Locke.

In March of 2000, Locke discovered several design patent and utility patents owned by petitioner which had not been supplied to Locke from the three law firms. Roy Hardin, an attorney at Locke, states that he instructed his secretary, Janice Schigut, to "add the new patents to the list, but not to enter the design patents into the docket because no maintenance fees were payable thereon."<sup>9</sup> Ms. Schigut states, "Due to a miscommunication between Mr. Hardin and myself . . . I did not open the issued U.S. utility patents in our docketing system. . . . I added all the newly identified patents to the end of the list, but neglected to open the utility patents in our system."<sup>10</sup> Ms. Schigut states, "I have been a legal secretary and professional assistant dealing in patent and trademark matters for 22 years. In connection with my normal duties, I routinely monitor and check computerized docket reports for clients for which attorneys I work have responsibility."<sup>11</sup>

On October 15, 2001, Locke was asked to review certain financial transactions of petitioner. During this review, Locke discovered that no docketing entry had been made for the instant patent and that the maintenance fee had not been paid.

On January 17, 2002 (certificate of mailing date of November 12, 2001), a petition to reinstate the patent was filed. The petition was dismissed on February 13, 2002. The instant, renewed petition was filed on April 24, 2002.

#### Analysis:

Due to an error by one of petitioner's law firms the maintenance fee was not timely paid. Petitioner has not provided evidence sufficient to establish that the failure to timely pay the fee or to submit the fee prior to November 12, 2001, was unavoidable.

Baker Botts failed to docket the patent. Such failure may have been due to an error by the prior law firm, Felsman, or an error by Baker Botts. Petitioner has not demonstrated that petitioner should not be bound by the consequences of such error. Petitioner has failed to address the exact nature of the error. Did Felsman transfer the file and Baker Botts lose the file prior to entry into a docketing system? Did Felsman lose the file and provide Baker Botts with incorrect information and/or files? Petitioner fails to discuss the method by which the files were transferred and the safeguards in place to ensure that all files were properly transferred. Did petitioner transfer the request of all physical files, including those for expired patents? Who were the individuals at Felsman and at Baker Botts responsible for the collection and transfer of files and what steps did these individuals take to ensure all files would be properly transferred? Was each individual relied on, such as docketing clerks, adequately trained and qualified so that the law firms' reliance on these individuals was reasonable and prudent? Was Baker Botts

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<sup>9</sup> Hardin declaration, paragraph 12.

<sup>10</sup> Schigut declaration, paragraph 6.

<sup>11</sup> Schigut declaration, paragraph 1.

reasonable and prudent in placing total reliance on the prior law firm's proper transfer or files rather than taking steps to ensure that all files were transferred? If Baker Botts lost the file before docketing the file, then petitioner has failed to prove that Baker Botts was reasonable in placing reliance on the individual and system responsible for the file being lost.

Petitioner has merely stated that the file was lost and not docketed by Baker Botts, but has failed to provide evidence of why the file was lost and the exact individual who lost the file. Petitioner has not shown that Felsman treated the patent the same as a reasonable and prudent individual would treat his or her most important business. Petitioner has failed to discuss the procedures Felsman had in place to ensure files were not lost. Petitioner has failed to demonstrate, that upon receiving instructions to transfer the instant patent, Felsman took reasonable and prudent precautions to ensure all files were transferred. Petitioner has not shown that Baker Botts treated the patent the same as a reasonable and prudent individual would treat his or her most important business. Petitioner has failed to discuss the procedures Baker Botts had in place to ensure files were not lost. Petitioner has failed to demonstrate, that upon receiving instructions to assume responsibility for the several patents, Baker Botts took reasonable and prudent precautions to ensure all files were transferred. A mere discussion of the attorneys at each law firm in charge of the transfer is insufficient. The record does not indicate these attorneys manually docketed and relocated each file. If these attorneys relied on employees of the law firms, then petitioner is responsible for proving that such reliance by the attorneys was reasonable and prudent. Petitioner must prove that these employees were adequately trained and qualified such that reliance on them to perform these tasks was reasonable and prudent.

Locke chose to rely on the records provided by Baker Botts and did not take additional steps, such as requesting a list of all applicable patents and applications from petitioner. Locke chose to rely on the law firm of Baker Botts. However, such total reliance is not per se unavoidable delay. If Locke relies on Baker Botts, then Locke must prove that Baker Botts treated the patent the same as a reasonable and prudent person would treat his or her most important business. Hardin states, "Due to my personal familiarity with Mr. Chiaviello, and with the Patent Department at Baker & Botts, I had no reason to believe that we had not received a full and complete set of files."<sup>12</sup> Even if reliance on Mr. Chiaviello, an attorney at Baker Botts, was reasonable and prudent, Hardin was aware, or should have been aware, that Chiaviello was not manually collecting and transferring each and every file. Hardin was relying on employees of Baker Botts to successfully complete their tasks as well as relying on Chiaviello. Hardin fails to disclose that he knew the identity of these individuals or their qualifications such that he was reasonable in relying on such individuals. It should be noted that Hardin fails to discuss the exact basis for his reliance on Mr. Chiaviello. For example, how many cases had both Hardin and Chiaviello worked on together? How many business interactions did Hardin have with Chiaviello such that reliance on the boxes of files was reasonable and prudent?

Petitioner has failed to prove that petitioner should not be bound by the error(s) of one of petitioner's law firms. Such error(s) resulted in Locke failing to docket the instant patent.

During 1998 and 1999, petitioner also transferred files from two other law firms to Locke. Each of the law firms provided files with docket sheets. The files were docketed by Locke.

In March of 2000, Locke discovered several design patent and utility patents owned by petitioner which had not been supplied to Locke from the three law firms. Hardin states that he instructed his secretary, Janice Schigut, to "add the new patents to the list, but not to enter the design patents into the docket because no maintenance fees were payable thereon." Ms. Schigut states, "Due to a miscommunication between Mr. Hardin and myself . . . I did not open the issued U.S.

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<sup>12</sup> Hardin declaration, paragraph 11.

utility patents in our docketing system. . . . I added all the newly identified patents to the end of the list, but neglected to open the utility patents in our system.”

Petitioner has failed to prove that Hardin treated the patent the same as a reasonable and prudent person would treat his or her most important business. Upon the discovery that the patent had not been received and docketed, Hardin states he instructed his secretary to add the patent to the list of petitioner's patents. The record is unclear to what extent Hardin explicitly instructed the secretary to docket the utility patents. However, even if the secretary had docketed the patent, petitioner has not proven such action would have been reasonable and prudent. The patent had expired on May 22, 1999. The petition fails to list any steps taken by Hardin to discover if any maintenance fees had been missed during the time the patent was not docketed and fails to discuss any steps taken by Hardin to reinstate the patent. The petition merely states that Hardin instructed the secretary to add the patent to the list of patents for which the firm was responsible.

On October 15, 2001, Locke was asked to review certain financial transactions of petitioner. During this review, Locke discovered that no docketing entry had been made for the instant patent and that the maintenance fee had not been paid.

On January 17, 2002 (certificate of mailing date of November 12, 2001), a petition to reinstate the patent was filed.

Petitioner has failed to prove that the entire delay in the submission of the maintenance fee was unavoidable.

#### Decision

The prior decision which refused to accept under 37 CFR § 1.378(b) the delayed payment of a maintenance fee 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 USC § 41(c)(1) and 37 CFR § 1.378(b). Therefore, the petition is **denied**.

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

The patent file is being forwarded to Files Repository.

Telephone inquiries should be directed to Petitions Attorney Steven Brantley at (703) 306-5683.



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