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

Paper No. 13

Rose Marie Mercer
45 Evergreen Road
Newington, CT 06111

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DEC 2 3 1999

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In re Patent No. 5,085,327
Issue Date: February 4, 1992
Application No. 07/594,035
Filed: October 9, 1990
Inventor: Alan Mercer Jr. et al.

ON PETITION

This is a decision on the petition under 37 CFR 1.378(e), filed July 15, 1999 and supplemented on September 21, 1999, 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 under 37 CFR 1.378(b) is DENIED.[1]

BACKGROUND

The patent issued February 4, 1992. Accordingly, the first maintenance fee due could have been paid during the period from February 6, 1995 (February 4, 1994 being a Saturday) through August 4, 1995, or with a surcharge during the period from August 7, 1995 (August 5, 1995 being a Saturday) through February 5, 1996 (February 4, 1996 being a Sunday). This patent expired at midnight on February 4, 1996, for failure to timely pay the maintenance fee.

A petition under 37 CFR 1.378(b) to accept late payment of the maintenance fee was filed on April 16, 1999, and was supplemented on April 27, 1999, notwithstanding that the accompanying check for the associated fees was returned by the bank as unpaid, which petition was dismissed in the decision of May 13, 1999. The decision required, among other things, that any renewed petition must establish who was the responsible

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[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.

person for maintenance fee payment, and what steps toward payment of the fee had been emplaced by that person. The decision further required information as to how the asserted medical and financial difficulties contributed to the delay. As requested by petitioner, that petition (and all others) was accorded expedited treatment, and, as such, was advanced out of turn for consideration.

A petition for reconsideration under 37 CFR 1.378(e) was filed on July 15, 1999. However, a requirement for additional information was mailed July 21, 1999. The latter requirement for additional information noted that the petition for reconsideration did not supply adequate information in response to the requirements set forth in the decision of May 13, 1999. The requirement for additional information further noted that a showing of unavoidable delay based upon financial difficulty must establish that the financial condition of the petitioner during the entire period was such as to excuse the delay. This requirement for additional information was extended to petitioner notwithstanding the caveat in the decision of May 13, 1999 (at 1), that the petition for reconsideration should reflect an exhaustive attempt to provide the lacking items, since no further reconsideration of the matter was forthcoming, pursuant to 37 CFR 1.378(e).

A supplemental petition was filed on July 28, 1999 and the Office responded August 16, 1999 with a communication suggesting that petitioner provide the requested documentary evidence, as the PTO could only consider the written record.

Thus, the petition seeking reconsideration under 37 CFR 1.378(e) was filed on July 15, 1999, was supplemented on July 28, 1999 and again on September 21, 1999.

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."

37 CFR 1.378(e) provides in pertinent part that:

> "After decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Commissioner."

OPINION

The Commissioner may accept late payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 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).[2]

Petitioner (Rose Marie Mercer, widow of the deceased joint inventor Alan J. Mercer, Sr. (Alan Sr.) and mother of the other joint inventor Alan Mercer, Jr. (Alan Jr.)) requests reconsideration in that (1) petitioner asserts that the responsible person for making the maintenance fee payment was Alan Sr., (2) while Alan, Sr. apparently was aware of the need to track and pay maintenance fees, (3) Alan Sr.'s illness beginning in late 1994 which led to his death from cancer on July 3, 1995, coupled with petitioner's and Alan

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[2]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).

Jr.'s lack of knowledge of the need to maintain the patent in force, and their concurrent financial difficulties, made the delay in payment of the maintenance fee unavoidable.

Petitioner has failed to carry her burden of proof to establish to the satisfaction of the Commissioner that the delay in payment of the maintenance fee for the above-identified patent was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b)(3).[3]

Initially, the showing of record lacks an adequate showing of the steps in place by the responsible party to pay the maintenance fee. The only relevant documentary evidence proffered is a document captioned "Important to do" which is annotated, among other things, with "end of July 1995" and "inform Alan Jr." How the system was supposed to operate is not clear from the record, nor explained.[4] In any event, as Alan Sr. became ill in late 1994 (petition of July 15, 1999 at 5), the record does not adequately establish that Alan Sr. was "unavoidably" prevented from tracking, or

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[3]As 35 U.S.C. § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Patent and Trademark Office (PTO) 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 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Id. Since the record fails to disclose that the patentee took reasonable steps to ensure timely payment of the maintenance fee, 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee for the above-identified patent.

[4] While petitioner asserts that petitioner and Allan Jr. relied upon Allan Sr. for tracking and payment of the maintenance fees, such reliance *per se* does not provide petitioner or Alan Jr. with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259. (D.Del. 1995). Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether Alan Sr. acted reasonably and prudently. Id. As such, it was incumbent upon petitioner to have demonstrated, via a documented showing, that Alan Sr. had docketed this patent for payment of the maintenance fee in a reliable tracking system. California, supra; see also, In re Katrapat, 6 USPQ2d 1863, 1867-1868 (Comm'r Pat. 1988). Nevertheless, petitioner is bound by any errors that may have been committed by Alan Sr. California, supra.

making, the payment of the fee during his illness, or prior to his unfortunate demise in July 1995, or alerting petitioner or Alan Jr. to that necessity prior to July 1995. Alan Sr., notwithstanding an illness beginning in late 1994, apparently never communicated his system, or the need, for tracking and paying the maintenance fee to either petitioner or Alan Jr. prior to July 3, 1995. Rather, petitioner has asserted that both she and Alan Jr. remained unaware of the need to pay maintenance fees until a few months before the first petition was filed in April 1999. See petition of July 15, 1999 at 7. [5]

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[5] Petitioner and Alan Jr. are bound by the delay resulting from the decisions, actions, or inactions, of Allan Sr., which resulted in the lack of a more timely payment of the maintenance fee for this patent. See, Winkler v. Ladd, 221 F. Supp 550, 552, 138 USPQ 666, 667 (D.D.C. 1963) (delay binding upon successor in title to application, when the successor had prior knowledge of difficulties of the party responsible for continuing prosecution, but did not then timely intervene). Even assuming, *arguendo*, that petitioner would not be bound by the failure of Alan Sr., to communicate to petitioner and Alan Jr. the need for a docketing system and payment of fees to maintain the instant patent in force, diligence on the part of petitioner and Alan Jr. would still be essential to show unavoidable delay. See, Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (applicant's lack of diligence over a two and one half year period in taking any action with respect to his application, precluded a finding of unavoidable delay). Petitioner acknowledges that the invention was further developed in the time frame 1992 through 1994 and in fact had been, or was being, manufactured. See petition of July 15, 1999 at 4. A careful and prudent person with respect to her most important business, after becoming a successor in interest to a valuable business asset such as a patent, would reasonably ensure that such was receiving the due care and attention that such an asset required. However, the record lacks a showing of diligence by petitioner or Alan Jr. with respect to this patent for a period of four years, and thus does not reasonably warrant a finding of unavoidable delay. See Douglas, supra (the party of interest's failure to take any action regarding his application for a period of two and one half years overcame and superseded any omission by the responsible person, who was then deceased). Had petitioner exercised reasonable, due care and diligence in this matter, petitioner would have been able to correct the situation in a more timely manner. Id. The passing of the responsible person Alan Sr. in July 1995 unfortunately did not relieve petitioner or Alan Jr., as the real parties then of interest, of the need to exercise diligence in this matter. Id. That petitioner and Alan Jr. did not take more timely action as they remained unaware of the need to schedule and pay maintenance fees, likewise does not excuse the delay herein, or warrant a finding that the delay was unavoidable. See 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)).

It is brought to petitioner's attention that petitioner and Alan Jr. were given, in addition to publication of the statute, three (3) notices of the need to timely pay maintenance fees to maintain the above-identified patent in force: (1): as the Letters Patent itself contains a Maintenance Fee Notice that warns that the patent may be subject to maintenance fees if the application was filed on or after December 12, 1980,[6] a reasonably prudent patentee would have inquired to see if this patent was subject to maintenance fees; (2) as PTO records indicate that a Maintenance Fee Reminder was mailed to Richard A. Craig at CTC and Associates, & Corporate Drive, #118, North Haven, CT 06473 on September 12, 1995, It follows that petitioner, or at least Alan Jr. was constructively aware of the need to schedule and pay maintenance fees[7]; and (3) notice that the maintenance fee fell due at three years and six months from the issue date, and now payable for utility patents having patent numbers between 5,084,914 through 5,086,513 was published in the Official Gazette at 1171 Off. Gaz. Pat. Office 70 (February 7, 1995).

The showing of record concerning petitioner's and Alan Jr.'s financial and personal circumstances between 1995 and 1999 has been considered; however, it does not

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[6] While the record is not entirely clear as to whether or not petitioner, or Alan Jr., ever read the Notice, such failure to read the Notice does not vitiate the Notice, nor does the delay resulting from such failure to read the Notice establish unavoidable delay. Ray, 55 F.3d at 610, 34 USPQ2d at 1789. Rather, the mere publication of the statute is sufficient notice to a patent holder regarding the need for maintenance fee payment. 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)).

[7] See Rosenberg v. Carr Fastener Co., 51 F.2d 1014, 10 USPQ 106 (2nd Cir. 1931), cert. denied, 284 U.S. 652 (notice to applicant's attorney is notice to applicant). binding on that party). If Craig had been engaged to track the payment, and Craig's (or petitioner's) address was obsolete, delay resulting from Craig's (or petitioner's) failure to keep the PTO (or Craig) apprised of a current correspondence address for receiving communications regarding maintenance fee payments is not unavoidable delay. Ray, 55 F.3d at 610, 34 USPQ2d at 1789. Any failure by Craig to provide the PTO with a current correspondence address does not excuse petitioner's failure to timely submit the second maintenance fee for this patent. See Rydeen, supra, n.4 (delay in receipt of a maintenance fee reminder due to counsel's obsolete correspondence address on record at the PTO is not unavoidable delay). In any event, the PTO is not the proper forum for resolving disputes between patentees and their representatives regarding non-payment of maintenance fees. See Ray, 55 F.3d 606, 34 USPQ2d 1786.

establish that the delay in payment of the first maintenance fee for the above-identified patent was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b)(3).

A showing of unavoidable delay based upon financial condition must establish that the financial condition of the responsible party during the entire period of the delay was such as to excuse the entire delay.[8] The information submitted by petitioner shows only that petitioner and Alan Jr. were subject to some financial adversity during the time in question. Contrary to the petition, petitioner's lack of knowledge of the necessity to pay maintenance fees (and not a lack of financial resources) appears to be the cause of petitioner's failure to timely pay the first maintenance fee for the above-identified patent. See petition of July 15, 1999, at 2, "[a]LTHO financial hardship would have been a factor, I would have somehow, someway found a way to keep this in force, had I known. (emphasis in original)" and at 9, "If I had known about the 'fees' do you honestly think I would have not paid them. I would have found some way to have done it."

While the showing concerning petitioner's financial condition between 1995 and 1999 is incomplete, notwithstanding petitioner having been accorded several opportunities to supply the evidence, the showing of record does not adequately support petitioner's assertion that petitioner lacked sufficient financial resources to pay the first maintenance fee ($480) in August of 1995 (when it was due). Specifically, the record indicates that in October of 1995 petitioner purchased a van for $3,463 and a warranty for the vehicle for another $495; the $495 paid for the warranty on the van would alone have covered the first maintenance fee due for the above-identified patent. Additionally, the evidence indicates that petitioner (1) has paid at least about $2400 for storage of furniture and household effects since August 1996,[9] (2) was able to write checks totaling at least $5,631 to Alan Jr. for miscellaneous expenses between September 1995 and April 1998, (3) petitioner paid $350 in car repairs for body work for Alan Jr.'s car, (4) petitioner applied her income from July 1995 until May 1999 toward Alan Jr.'s college expenses[10], (5) petitioner paid over $1200 in car repairs for another vehicle in early 1998, and (6) apparently purchased another van with $4800 in back retirement pay.

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[8] See Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (1891).

[9] In the copy of the bankruptcy petition bearing the date April 1996, at Schedule B, petitioner assigned a market value of $500 to household goods and furnishings.

[10] See petition of April 19, 1999 at 2.

This commercial activity between the years 1995 and 1999 further indicates that petitioner's personal hardships did not preclude the conduct of business, including payment of bills such as would have easily covered the first maintenance fee for the above-identified patent, as well as the reinstatement surcharge. Therefore, the record fails to meet petitioner's burden of showing that petitioner's failure to timely pay the first maintenance fee for the above-identified patent is the result of petitioner's financial and personal hardships between 1995 and 1999. While petitioner's circumstances recounted in the record are indeed unfortunate, the evidence of record presented by petitioner does not meet the burden of proving that the entire delay herein was unavoidable due to financial difficulty.

As the above-identified patent issued to both inventors, who each retained an undivided part interest, not only did Alan Sr., have the opportunity to timely pay the $480 maintenance fee, but also Alan Jr.[11] Further in this regard, while petitioner has never established her standing with respect to the above-identified patent, presumably petitioner is the successor to the interest of Alan Sr. According to the statement attributed to Alan Jr. filed September 21, 1999, his joint inventor and father told him that Alan Sr. would be responsible for the patent and anything to do with the patent until Alan Jr. had finished school. The statement attributed to Alan Jr. also sets forth that Alan Jr. assumed that he and his father would discuss "it" before he died, but that Alan Sr. died before they had an opportunity to discuss "it". If Alan Jr. knew his father was going to take care of the patent until he had finished school, the record remains unclear as to why, as a reasonable and prudent person, Alan Jr did not inquire into the patent, much less, after the unfortunate death of his father and joint inventor, who Alan Jr. assumed was taking care of the patent. The showing of record is that Alan Jr. (1) inherited an automobile valued at $1000 in the above-noted bankruptcy papers, (2) worked part-time jobs, and in 1996 alone earned $5247.50, and anticipated some $2000 of summer wages for the 1997-1998 school year, and (3) obtained loans to attend college. This showing of commercial activity, albeit incomplete, from the fall of 1995 through 1999 indicates that Alan Jr.'s personal hardships did not preclude the conduct of business, including sufficient financial resources to have paid the

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[11]While petitioner asserts that Alan Jr. is a minor, the record indicates that he is an inventor, and apparently graduated from both a private school (Suffield Academy) and private college (Emerson) during the time in question. Specifically, according to the college loan application, Alan Jr. was born July 5, 1977, which made him at least 18 years of age during the time the maintenance fee fell due, and about 22 years of age by the time the first petition was filed. As people in this age bracket routinely engage in full-time, part-time, or seasonal, employment, serve in the armed forces, marry, vote, and purchase personal property, his mere status as a minor during part of the time period in question does not demonstrate that the entire delay herein was unavoidable.

maintenance fee, and the expiration surcharge, alone or in combination with petitioner. That is, in 1996, petitioner and Alan Jr. reported income totaling $22,514, and reported 1997 income of $16,303. While petitioner also filed for personal bankruptcy in 1996, it is pointed out that bankruptcy does not mean that no income was derived, or that no expenses were paid, during that interval. Therefore, petitioner has not adequately shown that petitioner's failure to more timely pay the first maintenance fee for the above-identified patent is the result of petitioner's, or Alan Jr.'s financial and personal hardships between 1995 and 1999.

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 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 CFR 1.378(b). Accordingly, the offer to pay the delayed maintenance fee will not be accepted and this patent will not be reinstated.

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

Telephone inquiries should be directed to Marl Polutto, or, in his absence, to Petitions Examiner Brian Hearn at (703) 305-9282.

M. C. Antonakas

Manuel A. Antonakas, Director
Office of Petitions