



Paper No. 18

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OFFICE OF PETITIONS

In re Patent of
Kelly Hutson
Patent No. 5,437,497
Issue Date: August 1, 1995
Application No. 08/272,595
Filing Date: July 11, 1994
For: HEIGHT ADJUSTABLE
WHEELCHAIR SEAT

Decision on Petition

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed October 10, 2003, to reinstate the above-identified patent.

The petition is **DENIED**.¹

Since this patent will not be reinstated, the maintenance fee and surcharge will be refunded. The \$130 fee for requesting reconsideration is not refundable. Therefore the Office will mail a refund check to petitioner for \$1,145.

Background

The patent issued August 1, 1995. The 3.5 year maintenance fee could have been paid from August 1, 1998 through February 1, 1999, or with a surcharge during the period from February 2, 1999 to August 1, 1999. Petitioner did not do so. Accordingly, the patent expired August 2, 1999.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed April 21, 2003, and was dismissed in the decision of April 29, 2003. A renewed petition was filed on June 30, 2003. A request for information was mailed on July 7, 2003. A response was filed on July 15, 2003. A second request for information was mailed on August 11, 2003. The instant response was filed on October 10, 2003.

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."

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.

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 any petition to accept delayed payment of a maintenance fee 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 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.² 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."³

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. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

Petitioner is responsible for instituting a reliable docketing system to remind him or her when maintenance fees become due.

A reasonable and prudent person, aware of the existence of maintenance fees, would not rely on Maintenance fee reminders or on memory to remind him or her when payments would fall due several years in the future. Instead, such an individual would implement a reliable and trustworthy tracking system to keep track of the relevant dates.⁴

² 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).

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

⁴ 37 CFR 1.378(b)(3) precludes acceptance of a late maintenance fee for a patent unless a petitioner can demonstrate that steps were in place to monitor the maintenance fee. The Federal Circuit has specifically upheld the validity of this properly promulgated regulation. Ray v. Lehman, 55 F.3d 606, 609; 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995). In Ray v. Lehman, petitioner claimed that he had not known of the existence of maintenance fees and therefore had no steps in place to pay such fees. The petitioner therefore argued that the PTO's regulations requiring such steps created too heavy a burden. The court stated, "Ray also takes issue with the PTO's regulation, 37 C.F.R. § 1.378(b)(3), supra, arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps

Facts

The application was filed on July 11, 1994 by attorney John A. Beehner on behalf of inventor Mr. Kelly Hutson, the owner of The Comfort Company.

Subsequently, but during 1994, The Comfort Company was sold to Marken International, Inc. (hereinafter "Marken"). The sale included the application for the instant patent.

The application issued as a patent on August 1, 1995. On an unknown date, attorney Beehner passed away. After his death, Kelly Hutson, the patentee, hired the law firm of Zarley, McKee, Thomte, Voorhees & Seas (hereinafter "Zarley").

On July 16, 1998, Zarley sent a letter addressed to "Mr. Kelly Hutson, The Comfort Company." The letter informed Hutson of the need to pay a maintenance fee by August 1, 1999. The letter states, "Please let us know if you wish for us to handle the payment of the above fees and the filing of the appropriate forms." Mr. Hutson never instructed Zarley to pay the maintenance fee. Mr. Hutson did not forward the letter to petitioner. Mr. Hutson did ask Zarley to record an assignment to Marken International, the owner of The Comfort Company.

The instant petition states the assignment was recorded and "the Zarley firm referred to the assignee as Marken International d/b/a The Comfort Company, showing knowledge that the companies were in fact one in the same."⁵

The instant petition alleges that "Mr. Hutson . . . assumed that the Zarley firm would forward Marken International, the actual client, the same maintenance fee reminder that he had received."⁶

The instant petition states that Zarley never sent a letter regarding the maintenance fee to Marken International.

The instant petition states, "In failing to notify Marken directly that a maintenance fee payment was due, the Zarley law firm fell below the standard of care of an ordinarily prudent patent firm."⁷

Analysis

As stated previously, petitioner has the burden of proof. The decision mailed on April 29, 2003,

taken in seeking to reinstate the patent. We do not see these as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay." *Id.*

A reasonable and prudent person would not rely on maintenance fee reminders from the Office for two reasons. First, the Office has indicated that such reminders are a mere courtesy and has reserved the right to discontinue such reminders at any time. Second, such reminders may be lost in the mail. A reasonable and prudent person, in regard to his most important business, would not rely solely on reminders that the Office may or may not send which may or may not be lost in the mail.

⁵ Pages 3-4.

⁶ October 10, 2003 petition, page 4.

⁷ Page 4.

informed petitioner that decisions would be based solely on the written, administrative record in existence and that a petition will not be granted if petitioner provides insufficient evidence to prove that the delay was unavoidable.

The record fails to prove that the entire delay in the submission of the 3.5 year maintenance fee was unavoidable.

Petitioner seeks to establish petitioner and The Comfort Company are the same entity while, in essence, also seeking to prove that they are separate entities.

If they are the same entities, then informing Kelly Hutson of the need to pay the fee was the equivalent of informing petitioner. Petitioner never informed Zarley that reminders should be sent to a different employee other than Hutson or to a different address. Hutson never informed Zarley that legal communications should not be sent to Hutson. The record fails to demonstrate that Zarley ever agreed to send reminders to multiple employees or addresses.

If petitioner and The Comfort Company are different entities, then petitioner has failed to prove the existence of an attorney-client relationship with Zarley. Hutson hired Zarley and received legal communications from Zarley. In addition, Hutson gave instructions to Zarley. Petitioner has failed to prove that petitioner, and not The Comfort Company, was the actual client.

Petitioner conjectures as to the beliefs of Hutson, but a statement from Hutson has not been provided. Statements from the attorney for petitioner will not, alone, prove the thoughts, beliefs, or motivations of Hutson. In other words, the petition does not prove that Hutson failed to notify petitioner based on the assumption that "the Zarley firm would forward Marken International, the actual client, the same maintenance fee reminder that he had received."

Even if petitioner proved Zarley should have forwarded a maintenance fee reminder to an individual other than Hutson, such proof would not necessarily establish unavoidable delay.

Reliance on a third party representative (Zarley) to notify petitioner of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. When a party relies on an agent or law firm to take certain steps, the petition must address not only the party's actions *but must also* address the agent's/law firm's actions or inactions.⁸

The Tenth Circuit has stated, "'Plaintiff argues against the harshness of penalizing him for his attorney's conduct. But there is nothing novel here (footnote omitted). Those who act through agents are customarily bound by their agents' mistakes. It is no different when the agent is an attorney.'⁹

⁸ See Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship, 507 U.S. 380, 396, 397 (1993) ("The [Circuit] court also appeared to focus its analysis on whether respondents did all they reasonably could in policing the conduct of their attorney, rather than on whether their attorney, as respondents' agent, did all he reasonable could to comply with the court-order bar date. In this, the court erred. . . . [I]n determining whether respondents' failure to file their proof of claim prior to the bar date was excusable, the proper focus is upon whether the neglect of respondents *and their counsel* was excusable." (emphasis in original)). In Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992), the court determined the client was bound by the attorney's actions. The majority was unpersuaded by the dissent which states in part that the "errors occurred despite exceptional vigilance by the client."

⁹ Gripe v. City of Enid, Oklahoma, 312 F.3d 1184, 1189 (10th Cir. 2002).

The Tenth Circuit is not alone in holding parties bound by the actions of their agents. The Supreme Court has stated,

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 charged upon the attorney.'"¹⁰

The effects of holding petitioner bound a law firm's conduct may seem harsh. However, as footnote 10 which follows the above quotation explains,

Clients have been held to be bound by their counsels' inaction in cases . . . when the consequences have been more serious. (Citations omitted). Surely if a criminal defendant may be convicted because he did not have the presence of mind to repudiate his attorney's conduct in the course of the trial, a civil plaintiff may be deprived of his claim if he failed to see to it that his lawyer acted with dispatch in the prosecution of his lawsuit.

One may not prove unavoidable delay by proving that one shifted the burden to take appropriate actions to a third party. If one chooses to rely on the actions or inactions of a third party, one will be bound by such actions or inactions. 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.¹¹

Petitioner states, "In failing to notify Marken directly that a maintenance fee payment was due, the Zarley law firm fell below the standard of care of an ordinarily prudent patent firm."¹² Therefore, the petition itself states that Zarley failed to exercise the care of a reasonable and prudent person, and petitioner has provided no legal basis for the Office not to hold petitioner bound by such conduct.

Decision

The prior decisions which refused to accept under 37 CFR § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent have 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.

¹⁰ Link v. Wabash Railroad Co., 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) (quoting Smith v. Aver, 101 U.S. 320, 326 (1880)).

¹¹ Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

¹² Page 4.

The patent file is being forwarded to Files Repository.

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

A handwritten signature in black ink, appearing to read "Charles Pearson", with a long horizontal flourish extending to the right.

Charles Pearson
Director
Office of Petitions