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OFFICE OF PETITIONS

In re Patent of Lester West et al. :
Patent No. 5,474,163 :
Issue Date: December 12, 1995 : Decision on Petition
Application No. 08/191,392 :
Filing Date: February 2, 1994 :
For: Shoe and Umbrella Caddy :

This is a decision on the renewed petition under 37 C.F.R. § 1.378(b), filed August 13, 2010, to reinstate the above-identified patent.

The petition is **DENIED**.

This decision is a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See Manual of Patent Examining Procedure § 1002.02. The terms of 37 C.F.R. § 1.378(e) *do not apply* to this decision.

The maintenance fee and surcharge, but not the fee for the request for reconsideration, are refundable since this patent will not be reinstated. Therefore, the Office has scheduled a refund of \$2,755.

Background

The 11.5 year maintenance fee could have been paid from December 12, 2006, to June 12, 2007, or with a surcharge from June 13, 2007, to December 12, 2007. The fee was not timely paid. Accordingly, the patent expired on December 13, 2007.

A petition under 35 U.S.C. § 41(c)(1) and 37 C.F.R. § 1.378(b) was filed March 15, 2010. The Office issued a decision dismissing the petition on July 23, 2010. The instant petition was filed August 13, 2010.

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 Director may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Director to have been unavoidable.**" (emphasis added)

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 . . . 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.

A grantable petition under 37 C.F.R. § 1.378(b) must be accompanied by a showing to the satisfaction of the Director that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable.

In order for a party to establish delay in the submission of a maintenance fee was unavoidable, the party must show "reasonable care was taken to ensure that the maintenance fee would be promptly paid."¹ The level of "reasonable care" required to be shown is the same as the level of "care or diligence ... generally used and observed by prudent and careful men in relation to their most important business."² When determining if a period of delay has been shown to have been unavoidable, the Office will take "all the facts and circumstances into account" and will decide each petition "on a case-by-case basis."³

35 U.S.C. § 41(c)(1) states, with emphasis added, "The Director may accept the payment of any maintenance fee . . . after the six month grace period if the delay is *shown to the satisfaction of the Director* to have been unavoidable." Since the statute requires a "showing" from petitioner, petitioner bears the burden of proof.

Facts

The instant patent issued December 12, 1995.

¹ 37 C.F.R. § 1.378(b).

² *In re Mattulath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912). See also *Ray v. Lehman*, 55 F.3d 606, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citations omitted) ("[I]n 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.")

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

The 3.5 year maintenance fee was timely paid on July 28, 1999.

The 7.5 year maintenance fee could have been paid from December 12, 2002, to June 12, 2003, or with a surcharge from June 13, 2003, to December 12, 2003. The fee was not timely paid. Accordingly, the patent expired on December 13, 2003.

A petition under 37 C.F.R. § 1.378(c) was filed May 20, 2004. The Office issued a Requirement for Information on July 12, 2004. Petitioner filed a response to the request on July 22, 2004. The Office issued a decision granting the petition under 37 C.F.R. § 1.378(c) on August 12, 2004.

The 11.5 year maintenance fee could have been paid from December 12, 2006, to June 12, 2007, or with a surcharge from June 13, 2007, to December 12, 2007. The fee was not timely paid. Accordingly, the patent expired on December 13, 2007.

A petition under 37 C.F.R. § 1.378(b) was filed March 15, 2010. Petitioner's explanation for the delay in the submission of the 11.5 year fee consisted of the following statement: "I told that the fees where due every 7 years I paid 1,110.00 3-8-04 but that was not the right info."

The Office issued a decision dismissing the petition on July 23, 2010.

Petitioner filed the instant request for reconsideration on August 13, 2010. The request for reconsideration states,

I Lester West patent no. 5,474,163
when my wife pass in 6-19-99
I turn it over to my daughter
I didn't stay upon on it like I
should have I made the mistake
if any way accept this for me
please I have put a lot in
to this and [illegible] got any thing
out of it yet if you can't I will
thank you very much for trying.

Analysis

37 C.F.R. § 1.378(b) requires a party to "enumerate the steps taken to ensure timely payment of the maintenance fee." In other words, a failure by a party to take, or have a third party take, steps to ensure timely payment of maintenance fees, will "preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b)(3)."⁴

⁴ Manual of Patent Examining Procedure ("MPEP") § 2590 (8th ed., Rev. 8, July 2010).

The Court of Appeals for the Federal Circuit has recognized the requirement for a showing of steps taken to ensure timely payment of a maintenance fee is reasonable. In *Ray v. Lehman*,⁵ the court stated,

Ray also takes issue with the PTO's regulation . . . 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 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.⁶

Petitioner does not identify any steps taken by Petitioner to ensure the 11.5 year maintenance fee would be timely paid. Instead, Petitioner states he turned the patent over to his daughter.

Reliance on a third party does not, per se, constitute "unavoidable" delay. When a party has relied on a third party to take an action, such as taking steps to ensure a maintenance fee is timely paid, the petition must address not only the party's actions *but also* must address the third party's actions or inactions.⁷

Although Petitioner apparently relied on his daughter to handle matters involving the patent, the petition fails to discuss the daughter's conduct. For example, the petition does not allege the daughter took any steps to ensure the 11.5 year maintenance fee would be timely paid.

In view of the fact the record fails to prove Petitioner or his daughter took any steps to ensure the 11.5 year maintenance fee would be timely paid, the record is insufficient to prove the entire delay in the submission of the 11.5 year maintenance fee was unavoidable.

Decision

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 reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 C.F.R. § 1.378(b). Therefore, the petition is **denied**.

⁵ 55 F.3d 606, 609, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995).

⁶ *Id.* at 609.

⁷ 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."

As stated in 37 C.F.R. § 1.378(e), the Office will not further consider or review the matter of the reinstatement of the patent.

The patent file is being forwarded to Files Repository.

Telephone inquiries may be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Anthony Knight
Director
Office of Petitions