



Paper No. 9

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OFFICE OF PETITIONS

In re Patent No. 4,958,456	:	
Issued: September 25, 1990	:	
Application No. 07/465,431	:	ON PETITION
Filed: January 16, 1990	:	
Attorney Docket No. ISOTHO02A	:	

This is a decision is on the petition under 37 CFR 1.378(e), filed October 5, 2005, requesting reconsideration of a prior decision refusing to accept the delayed payment of a maintenance under 37 CFR 1.378(b) and reinstate the above-identified patent.

The request to accept the delayed payment of the maintenance fee and reinstate the above-identified patent 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 MPEP 1002.02.

BACKGROUND

The above-identified patent issued on September 25, 1990. The first and second maintenance fees were timely paid. The third maintenance fee could have been paid during the period from September 25, 2001 through March 25, 2002 or with a surcharge during the period from March 26, 2002 through September 25, 2002. Accordingly, the above-identified patent expired at midnight on September 25, 2002, for failure to timely remit the third maintenance fee.

On May 31, 2005, petitioners filed a petition under 37 CFR 1.378(b), which was dismissed by the decision of August 8, 2005. On October 5, 2005, petitioners filed the present petition requesting reconsideration of the decision of August 8, 2005, refusing to accept the delayed payment of a maintenance under 37 CFR 1.378(b) and reinstate the above-identified patent.

STATUTE AND REGULATION

35 U.S.C. § 41(b) provides that:

The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent will expire as of the end of such grace period. The Director may require the payment of a surcharge as a condition of accepting within such 6-month grace period the payment of an applicable maintenance fee. No fee may be established for maintaining a design or plant patent in force.

35 U.S.C. § 41(c)(1) provides that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable. The Director may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

37 CFR 1.378(b) provides that:

Any petition to accept an unavoidably delayed payment of a maintenance fee must include:

- (1) The required maintenance fee set forth in §1.20(e) through (g);
- (2) The surcharge set forth in §1.20(i)(1); and
- (3) 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 Director may accept the late payment of a maintenance fee if the delay is shown to the satisfaction of the Director to have been unavoidable. See 35 U.S.C. § 41(c)(1).

Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. § 133. This is a very stringent standard. Decisions on reviving abandoned applications on the basis of “unavoidable” delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable:

The word ‘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. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present. In re Mattullath, 38 App. D.C. 497, 514-15 (1912) (quoting Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (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 cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was “unavoidable.” Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

Petitioners have failed to show to the satisfaction of the Director that the entire delay in paying the third maintenance fee for the above-identified patent was unavoidable within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3).

Petitioners’ arguments, in effect, are as follows: (1) The late payment of the maintenance fee was caused by the actions of Troy Sears, whom petitioners alleged was responsible for docketing and paying the maintenance fee; (2) Reasonable steps were in place to ensure the timely payment of the maintenance fee; and, (3) The late payment of the maintenance fee was also due to an erroneous response by the USPTO to the secretary’s inquiry into the status of this patent, and her failure to realize the error.

1. The late payment of the maintenance fee was caused by the actions of Troy Sears, whom petitioners alleged was responsible for docketing and paying the maintenance fee.

In the original petition, petitioners asserted that Sears was entrusted with the management of TPE from mid 2001 until an unspecified date in 2004. Petitioners averred that Sears assumed the responsibility for the docketing and paying the maintenance fee for the patent. Therefore, in the decision of August 8, 2005, the Office advised petitioners to submit any contract, written agreement, or statement from Sears that showed Sears assumed such a responsibility. Notwithstanding the aforementioned, petitioners did not provide an adequate explanation, supported by documentary evidence, showing that Sears had assumed the responsibility for docketing and paying the maintenance fees. Rather,

petitioners submitted only the Declarations of Michael R. Linford and Attorney Donald Mon, without any documentation to support this assertion.

In the present petition, Linford stated that when the third maintenance fee was due, he had participated in members meetings, in which the responsibility for paying the maintenance fees had been assigned to and accepted by Troy Sears. Linford further indicated that Sears was the Managing Member and 50% owner of TPE, and that it was reasonable for Linford and David E. Hedman to assume Sears would attend to the tasks of maintaining the patent. However, Linford did not provide any minutes from the members meetings. Curiously, petitioner did not provide any statement of facts from Hedman regarding the party who assumed responsibility for docketing and paying the maintenance fee or the cause of the late payment of the third maintenance fee for the above-identified patent.

In determining whether the 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. Ray v. Lehman, 55 F.3d 606, 608-609, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995). At the time of the expiration of a patent, it is the patent owners who are ultimately the persons responsible to ensure the timely payment of the maintenance fees. The patent owners may engage another to track and/or pay the maintenance fees; however, merely engaging another does not relieve the patent owners from their obligation to take appropriate steps to ensure the timely payment of such maintenance fees.

At the time the third maintenance fee fell due, Sears was a 50% owner of TPE and its property. Hedman and Linford each owned 25% of TPE. Hedman and Linford voluntarily chose to entrust Sears with the management of the business. As such, Hedman and Linford are bound by the delay resulting from Sears' business decisions, actions, or inactions, including those business decisions, actions, or inactions, which led to the failure to pay the maintenance fee for the present patent. See Winkler v. Ladd, 221 F. Supp. 550, 138 USPQ 666 (D.D.C. 1963).

2. Reasonable steps were in place to ensure the timely payment of the maintenance fee

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 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(e) 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.

In the decision of August 8, 2005, the Office questioned petitioners as to what steps were taken to ensure the timely payment of the third maintenance fee for the above-identified patent. However, in the present petition, petitioners did not show that they observed due care and diligence with the docketing and tracking of the due date for the third maintenance fee. Despite the request in the decision of August 8, 2005, petitioners still have not established exactly who was the person responsible for docketing and paying the third maintenance fee. Moreover, petitioners failed to provide the requested documentary evidence of a docketing system and the reasons for the system's failure.

Attorney Mon explained that he was unable to obtain a declaration regarding the docketing system from Sears as Sears saw no reason to make any statement. Mon contacted Ashley Novak, who attended to the payment of the company's bills during the relevant time period. Mon stated that no useful declaration was available from Novak because the specific events of 2002 were not within her present recollection. However, Mon stated:

... In response to my question regarding a system to track maintenance, [Ms. Novak] can point to none, but in our conversation she said what I believe to have been the situation in view of what has been found. The system is that of relying on the patent attorney's reminder system, and paying fees when notified. In particular I remember by her comment that was just like paying bills at home. You get a bill. You pay the bill.

Second Declaration of Donald Mon dated October 15, 2005, p. 6-7, ¶ 14. Furthermore, Linford indicated: "The purpose of this instant declaration is ... to describe as best I can the system which was in place to the extent I can learn about it." *Second Declaration of Michael R. Linford dated October 15, 2005, p. 3, ¶ 5.*

The evidence submitted by petitioners indicates that petitioners were not aware of the docket system in place at the time of the third maintenance fees was due, much less whether the system was reliable and sufficient to prompt payment by petitioners. As the record fails to disclose that the patentee took adequate steps to ensure the timely payment of the third maintenance fee, 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee for the above-identified patent.

3. The late payment of the maintenance fee was also due to an erroneous response by the USPTO to the secretary's inquiry into the status of this patent, and her failure to realize the error.

Petitioners stated that on July 22, 2002, Novak sent a fax to the USPTO on her own initiative or at someone's request, inquiring into the status of four of the company's patents, including the subject patent. Petitioners asserted that the USPTO faxed a response to petitioners, which cited a different patent, No. 4,958,458. Petitioners averred that a person at the USPTO misread or made a typographical error as to the last digit in the patent number. Petitioners indicated that the USPTO's response stated that the patent had expired; however, patent number 4,958,456 had not expired as of date of the response.

Petitioners asserted that the company relied on its attorney's docket. After the company received the Maintenance Fee Reminder, Novak investigated the matter; however the response from the USPTO was erroneous, and the error was not noticed. Mon explained: "In the absence of a need for payment of a fee in an expired patent, it was assumed there was no bill, and no need for payment." *Petition dated October 5, 2005, p. 4 ¶ 9.* Specifically, Mon stated with conjecture: "It is submitted that in the absence of something resembling a bill, and in the presence of a Patent and Trademark Office notice saying that the patent had expired, the matter was considered closed." *Petition dated October 5, 2005, p. 4 ¶ 7.*

Initially, the Office notes that pursuant to the statutes and rules, the USPTO has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees

are due. MPEP 2540. It is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. Id. The Maintenance Fee Reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. Id.

A delay resulting from an error in the docketing system on the part of an employee in the performance of a clerical function could result in a finding that a delay in payment was unavoidable if it were shown that reasonable care was exercised in designing and operating the system and that the patentee took reasonable steps to ensure that the patent was entered into the system to ensure timely payment of the maintenance fees. MPEP 2590. As previously stated, petitioners did not provide any documentary evidence of a reliable docketing system or enumerate the steps in place to ensure the timely payment of the maintenance fees. Additionally, petitioners did not provide any information indicating that Novak was sufficiently trained and experienced with regard to tracking and paying maintenance fees such that it was reasonably prudent for them to rely on her performance.

DECISION

The Office has reconsidered the prior decision refusing to accept the delayed payment of the third maintenance under 37 CFR 1.378(b) and reinstate the above-identified patent. For the reasons stated above, petitioners have failed to show to the satisfaction of the Director that the entire delay in paying the third maintenance fee for the above-identified patent was unavoidable within the meaning of 35.U.S.C. § 41(c) and 37 CFR 1.378(b)(3). Therefore, the Office is precluded from accepting the delayed payment of the maintenance fee for the above-identified patent. The Director will not undertake any further review or reconsideration of the matter. See 37 CFR 1.378(e).

As the above-identified patent will not be reinstated, the \$3,800.00 maintenance fee and the \$700.00 surcharge previously charged to petitioners will be refunded to Deposit Account No. 13-3952. Nevertheless, the \$400.00 petition fee required under 37 CFR 1.378(e) will be charged to Deposit Account No. 13-3952 because the refusal to accept and record the maintenance fee did not result from any error by the USPTO.

On May 31, 2005, petitioners submitted a change of correspondence address, signed by Michael R. Linford, Chief Operating Officer. However, the USPTO assignment records indicate that an assignment from TPE Associates, LLC to Camarillo Community Bank was recorded on May 24, 2000. A change of address must be signed by the patent applicant, the assignee of the entire interest, or an attorney or agent of record in accordance with 37 CFR 1.33. Additionally, petitioners did not submit a Statement under 37 CFR 3.73(b). If the practitioner or patent owners desire to receive future correspondence regarding this patent at the address indicated on the petition, a change of correspondence address should be submitted and signed by the proper party. The Office will mail a courtesy copy of this decision to the address on the petition; however, future correspondence will continue to be sent to the address of record until the Office is notified otherwise.

The patent file is being forward to Files Repository.

Telephone inquiries should be directed to Senior Petitions Attorney Christina Tartera Donnell at 571-272-3211.

A handwritten signature in black ink, appearing to read "Charles A. Pearson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles A. Pearson, Director
Office of Petitions
Office of the Deputy Commissioner
for Patent Examination Policy

Cc: DONALD D. MON
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