



Shirley Diodati
345 St. Georges Avenue East
Apt. # 131
Sault St. Marie, Ontario P6B 5N6

COPY MAILED

APR 24 2002

In re Patent of Diodati :
Patent No. 5,072,933 :
Application No. 07/497,952 :
Filed: March 22, 1990 :
Issued: December 17, 1991 :
For: EXERCISING APPARATUS :

**OFFICE OF PETITIONS
ON PETITION**

This is a decision on the renewed petition under 37 CFR § 1.378(b), filed September 4, 2001, to reinstate the above-identified patent.

The petition is **DENIED**.¹

Background

The patent issued December 17, 1991. The 7.5 year maintenance fee could have been paid from December 17, 1998 through June 17, 1999, or with a surcharge during the period from June 18, 1999 to December 17, 1999. Petitioner did not do so. Accordingly, the patent expired December 18, 1999.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed July 11, 2001, and was dismissed in the decision of July 18, 2001.

Statute and Regulation

35 U.S.C. § 41(b) states in pertinent part that:

“The Commissioner shall charge the following fees for maintaining in force all patents based on applications filed on or after December 1, 1980:

- (1) 3 years and 6 months after grant, \$ 850.²
- (2) 7 years and 6 months after grant, \$ 1,950.
- (3) 11 years and 6 months after grant, \$ 2,990.

Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office 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. The terms of 37 CFR 1.378(e) do not apply to this decision.

² Maintenance fees in effect as of the date the first petition was filed. The fees may be subject to an annual adjustment on October 1 of each year, see 35 USC 41(f), and are reduced by 50% for small entities, see 35 USC 41(h)(1).

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.** (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 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

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.³

³ 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).

"In the specialized field of patent law, ... the Commissioner of Patent and Trademarks is primarily responsible for the application and enforcement of the various narrow and technical statutory and regulatory provisions. His interpretation of those provisions is entitled to considerable deference." Rydeen v. Quigg, 748 F.Supp. 900, 904, 16 U.S.P.Q.2d (BNA)1876 (D.D.C. 1990), aff'd without opinion (Rule 36), 937 F.2d 623 (Fed. Cir. 1991) (citing Morganroth v. Quigg, 885 F.2d 843, 848, 12 U.S.P.Q.2d (BNA) 1125 (Fed. Cir. 1989); Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1425, 7 U.S.P.Q.2d (BNA) 1152 (Fed. Cir. 1988) ("an agency' interpretation of a statute it administers is entitled to deference"); see also Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 844, 81 L. Ed. 694, 104 S. Ct. 2778 (1984) ("if the statute is silent or ambiguous with respect to the specific issue, the question for the court is whether the agency's answer is based on a permissible construction of the statute.")).

"The critical phrase 'unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable' has remained unchanged since first enacted in 1861." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982). The court in In re Mattullath, accepted the standard which had been proposed by Commissioner Hall which "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, 514-515 (1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)).

The current Office's interpretation of the word "unavoidable" takes into consideration Congressional intent. In 1992, Congress enacted legislation concerning the reinstatement of patents for failure to timely pay the maintenance fee.

Before 1992, in order to reinstate a patent, one had to demonstrate that the entire delay in making the payment and filing the petition to reinstate was unavoidable. Congress recognized how difficult the standard was to meet.

The unavoidable standard was described by Congressional representatives as "inflexible", "extremely hard to meet", and "too stringent." "[The unavoidable] standard has been found to be extremely hard to meet. Some patent owners have lost their patent rights due to this inflexible standard." 138 CONG. REC. S16613, 16614 (September 30, 1992) (statement of Rep. DeConcini). "Mr. Brooks from the Committee of the Judiciary, submitted the following[:] ... The 'unavoidable' standard has proved to be too stringent in many cases. Many patentees have been deprived of their patent rights for failure to pay the maintenance fees for

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."⁴

Petitioner is responsible for possessing knowledge of the need to pay maintenance fees in order to prevent expiration of the patent

It is the responsibility of the patentee to know of the need to make maintenance fee payments and to take steps to ensure they are timely paid.

The Office has no duty to notify a patentee of the requirement to pay maintenance fees or to notify patentee when a maintenance fee is due.⁵ Even if the Office were required to provide notice to applicant of the existence of maintenance fee requirements, such notice is provided by the patent

reasons that may have been unintentional yet not unavoidable." H.R. REP. NO. 993, 102d Cong., 2nd Sess., 2 (1992), reprinted in 1992 U.S.C.A.N. 1623, 1623-1624. "The unavoidable standard has proved to be too stringent in many cases." 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. Hughes). In addition, the result of the application of the unavoidable standard can be "harsh" and result in "tragedy." "[An employee of a law firm said to me] 'Mr. McCollum, are you aware of all the problems that small patent holders have with regard to these maintenance fees? ... They don't get the notices, either move or whatever, and really didn't intend to not make those fees, but the standards are so high they cannot overcome it when they come in here.' It is an unavoidable standard; of course they could have technically avoided it and therefore they have lost their patent. I think that is a tragedy. I looked into this and consequently that is the origin of where this bill came from. ... I do agree with the comments made by [Rep. Hughes] that the standard of 'unavoidable' was just too high, 'unintentional' is much better." 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. McCollum). The unavoidable standard is "too stringent. Some patent owners have lost their patent rights due to circumstances that do not warrant this harsh result, but that could not be considered 'unavoidable' under current law." 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum).

Congress could have passed legislation making the unavoidable standard easier to meet. They did not. Instead, Congress created the "unintentional" standard whereby one only has to establish that one intended to make a payment, but did not. However, Congress made the determination that one would only be able to file an "unintentional" petition within 24 months of the last day of the six month grace period. If the 3.5 year fee is missed, then the unintentional petition must be filed within six years of the date of issue. If the 7.5 year fee is missed, an unintentional petition must be filed within 10 years of the date of issue. If the 11.5 year fee is missed, then the petition must be filed within 14 years of the date of issue. If one is past this time period, one must satisfy the "extremely hard to meet" "unavoidable" standard.

⁴ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

⁵ "Congress expressly conditioned §§ 133 and 151 [of the United States Code] on a specific type of notice, while no such notice requirements are written into § 41(c) ... [T]he Commissioner's interpretation of 'unavoidable' and of the PTO's duty to provide reminder notices then, do not plainly contradict the statute. For this reason, we must accord deference to the Commissioner's no-timely-notice interpretation." Ray v. Comer, 1994 U.S. Dist. LEXIS 21478, 8-9 (1994), *aff'd on other grounds* Ray v. Lehman, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995) (citing Rydeen v. Quigg, 748 F. Supp. 900, 905 (1990), Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 81 L. Ed. 2d 694, 104 S. Ct. 2778 (1984)). "The Court concludes as it did in Rydeen, that as a constitutional matter, 'plaintiff was not entitled to any notice beyond publication of the statute.'" Id. at 3 (citing Rydeen v. Quigg, 748 F. Supp. at 906, Texaco v. Short, 454 U.S. 516, 536, 70 L. Ed. 2d 738, 102 S. Ct. 781 (1982)).

The Patent Office, as a courtesy, tries to send maintenance fee reminders and notices of patent expiration to the address of record. However, the failure to receive the reminder notice, and the lack of knowledge of the requirement to pay the maintenance fee, will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. See MPEP 2575. In addition, if a delay results from a failure to keep the PTO apprized of a current correspondence address for receiving communications regarding maintenance fee payments is not unavoidable delay (The mere inclusion, in a paper filed in an application or patent, of an address differing from the previously provided correspondence address, will not change the address of record. To change the correspondence address, a clear and unambiguous request must be made by a party authorized to change the address).

itself.⁶ The Letters Patent 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. While it is unclear as to who was and is in actual possession of the patent, Petitioner's 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.

The Court in Potter v. Dann held that counsel's nonawareness of PTO rules did not constitute "unavoidable" delay.⁷ Nonawareness of PTO statutes or rules, which state maintenance fee amounts and the dates they are due, does not constitute unavoidable delay.

Petitioner must act as a reasonable and prudent person in relation to his most important business. Upon obtaining the patent, a reasonable and prudent person, in relation to his most important business, would become familiar with the legal requirements of that business, in this case, the requirement to pay maintenance fees. In addition, a reasonable and prudent individual would read the patent itself and thereby become aware of the need to pay maintenance fees and the fact that such fee amounts are sometimes changed by law or regulation.

In summary, the statute does not require that a petitioner receive actual notice of the need to pay maintenance fee payments. However, such notice is received when a patent is granted by the language included in the inside cover. A petitioner is responsible for knowledge of patent statutes and regulations which state maintenance fee amounts and the dates they are due. In addition, a reasonable and prudent person would take steps to learn of the legal requirements to maintain a patent, and would thereby, become aware of the need to make maintenance fee payments.

A reasonable and prudent individual would institute a reliable docketing system to remind him or her when maintenance fees become due

A reasonable and prudent person, in relation to his most important business, would not rely on memory to remind him 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.⁸ The individual would also take steps to ensure that the patent information was correctly entered into the tracking system.

⁶ See Ray v. Lehman, 55 F.3d 606, 610; 34 USPQ2d 1786, 1789 (Fed. Cir. 1995).

⁷ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D. D.C. 1978)).

⁸ 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 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.

Application of the unavoidable standard to the present facts

As stated before, the question of unavoidable delay will be decided on a case-by-case basis, taking all of the facts and circumstances into account. The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. 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 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.

The decision mailed by the Office on July 18, 2001, stated,

Petitioner is apparently alleging that petitioner was unable to financially afford the payment. Petitioner has failed to prove that, but for petitioner's financial condition, the maintenance fee would have been paid. . . . Petitioner must establish that petitioner knew of the fee and desired to pay the fee, but simply could not have afforded to pay the fee. (emphasis in original)

Petitioner was responsible for maintaining the patent. Petitioner has failed to prove that she was aware of the existence of maintenance fees and had a reliable and trustworthy tracking system in place to notify her when the 7.5 year maintenance fee became due. Petitioner has failed to prove that, but for petitioner's financial condition, the maintenance fee would have been timely made. When a petitioner is unaware of the need to pay a fee, the fee will not be paid regardless of financial condition, and petitioner's financial condition becomes irrelevant. Since petitioner has failed to prove that the fee would have been paid but for her financial condition, the petition cannot be granted.

The previous decision requested that petitioner list "assets" owned by petitioner. Since petitioner has failed to list all assets owned, the Office is unable to determine whether petitioner owned sufficient assets to timely pay the fee, or to pay the fee with surcharge prior to July 11, 2001. The Office does not know if petitioner owned stocks, bond, real estate, cars, etc.

Petitioner must demonstrate the entire delay in the submission of the maintenance fee and surcharge was unavoidable. The monthly budgets submitted indicate net incomes of:

\$184.98 for July of 2000

\$184.98 for August of 2000

\$850.17 for September of 2000

\$370.92 for October of 2000

\$370.92 for November of 2000

\$370.92 for December of 2000

\$288.48 for January of 2001

\$288.48 for February of 2001

\$2,909.85 for July-February of 2001 (American Dollars = \$1,912.09)⁹

The maintenance fee and surcharge were not submitted until July 11, 2001. The budget materials submitted indicate that petitioner had sufficient net income prior to July 11, 2001 to pay the fees.¹⁰ Therefore, petitioner has failed to prove the entire delay in the submission of the fees was

⁹ Per the Bank of Canada, the average exchange rate for the month of February of 2001 was \$1 Canadian dollar = \$1.52181500 American Dollars).

¹⁰ The Office must rely on the contents of the administrative record. The papers submitted by petitioner indicate a net income during many of the months in the year 2000 and 2001.

unavoidable. It should also be noted that, if such net income were also present in 1999, the record is unclear as to why the fee could not have been paid during that year.

Decision

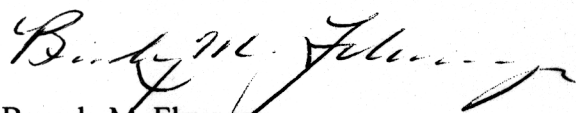
The prior decision which refused to accept under 37 CFR § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning 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.

Since this patent will not be reinstated, maintenance fees and surcharges submitted by petitioner will be scheduled for a refund. The \$130 fee for requesting reconsideration is not refundable.

The patent file is being forwarded to Files Repository.

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



Beverly M. Flanagan
Supervisory Petitions Examiner
Office of Petitions
Office of the Deputy Commissioner
for Patent Examination Policy