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In re Patent No. 5,143,023
Issue Date: September 1, 1992
Application No. 07/598,102
Filed: October 16, 1990
Inventor: Kuhns

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: ON PETITION
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This is a decision on the petition filed July 28, 2000, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 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 September 1, 1992. The first maintenance fee due was due March 1, 1996, and could have been paid during the period from September 1, 1995 through March 1, 1996, or with a surcharge during the period from March 2, 1995 through September 3, 1996 (September 1 being a Sunday and September 2 being a Federal Holiday). The above-identified patent expired as of midnight September 1, 1996.

A petition under 37 CFR 1.378(b) to accept late payment of the first maintenance fee was filed October 27, 1999, and was dismissed in the decision of May 31, 2000.

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

¹ This decision may be viewed as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1002.02. No further consideration or reconsideration of this matter will be given. See 37 CFR 1.378(e).

patents based on applications filed on or after December 1, 1980:

- (1) 3 years and 6 months after grant, \$940².
- (2) 7 years and 6 months after grant, \$1,900.
- (3) 11 years and 6 months after grant, \$2910.

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.

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."

OPINION

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable"; 35 USC 41(c)(1).

² Maintenance fees in effect as of the date the first petition was filed on October 27, 1999. The fees may be subject to an annual adjustment on October 1, see 35 USC 41(f), and are reduced by 50% for, as here, a small entity, see 35 USC 41(h)(1).

Petitioner requests reconsideration, asserting that the delay is unavoidable since petitioner (Wayne J. Summers (Summers), the owner by assignment, on behalf of KleanHeart, Inc.) exercised reasonable steps in ensuring that the maintenance fee would be paid in that, prior to issuance petitioner revoked, on June 2, 1992, the power of attorney of his formerly engaged practitioner, in the belief that newly appointed Nixon & Vanderhye (N&V) would thus assume the obligation.

Petitioner has not met his burden of proving to the satisfaction of the Commissioner that the delay in payment of the maintenance fee was unavoidable within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b)(3).

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 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 in responding to an Office action 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, 514-515 (D.C. Cir. 1912); and Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141. 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, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unavoidable. Cf. Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960)(35 U.S.C. § 133 does not require the Commissioner to affirmatively find that the delay was avoidable, but only to explain why the applicant's petition was unavailing). Petitioner is reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Commissioner that the delay in payment of a maintenance fee is 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); Ray v. Lehman, supra.

As 35 USC § 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 USC § 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 by the responsible party to ensure the timely payment of the maintenance fee for this patent. Id.

Petitioner, as patent holder, was ultimately responsible for payment of the maintenance fee. As such, it was incumbent upon petitioner to implement steps to schedule and pay the fee, or obligate another to make the payment. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Petitioner's assertion that he took a reasonable step(s) to ensure payment of the maintenance fee by way of the power of attorney of June 26, 1992, in the *application* (see second decl. of Wayne Summers, at 2, ¶ 7) is not persuasive that this was a step taken towards payment of the maintenance fee in the *patent*, much less does it establish that N&V had been obligated with respect to tracking the maintenance fee for the *patent*. Rather, inspection of the power reveals that it was given to N&V only with respect to transacting all business in the USPTO regarding the *application*; there is no mention therein of any obligations of N&V with respect to the resultant *patent*. In fact, petitioner undercuts this assertion by also stating that his intent in executing the power was to have N&V prepare a continuation application to expand the scope of the claims of this then allowed application, which fails to suggest that an arrangement to pay the maintenance fees for the above-identified patent was contemplated. Id. at 3, ¶ 8 In fact, the record does not substantiate that petitioner was aware of maintenance fees until long *after* the power had been given; when, after this patent had issued, former counsel David Mossman, by letter dated September 4, 1992, transmitted the "ribbon copy" letters patent to petitioner, notified petitioner of the need to track maintenance fee payments, and suggested that petitioner alert his "new attorneys" of this need. See petition of October 27, 1999, Exhibit A.

Petitioner further contends that during "an early" telephone conversation with counsel Leonard C. Mitchard (Mitchard) of N&V, Mitchard indicated that tracking the maintenance fee payments was a service that N&V would perform. Id. at 3, ¶ 10. Unfortunately, while petitioner has not provided a copy of a contemporary memorialization of this conversation, which is a business record that a prudent and careful person concerned about maintenance fees would himself make, or obtain from the obligated party, Mitchard has no recollection of the conversation, see Mitchard decl. of October 27, 1999 at 6, ¶ 34, and N&V has no written evidence in support of petitioner's assertion. See petition of July 28, 2000, at 3; decl. of Hwa Lee Crawford [head of the docketing department of N&V] at 2 ¶ 6, filed October 27, 1999. Thus, unlike the circumstances of the patent holder in California, there is no adequate showing on the record herein that N&V was tracking the

maintenance fee payment on behalf of petitioner. See California, *id.* The delay was not unavoidable, in that other than the unsubstantiated telephone conversation, petitioner has not yet established that any steps were taken to ensure timely payment of the maintenance fee. See R.R. Donnelley & Sons Company v. Dickinson, 123 F.Supp.2d 456, 57 USPQ2d 1244 (N.D.II. 2000). The lack of any evidence that petitioner's failure to make or maintain adequate business records bearing on the unavoidable delay analysis would mitigate away from a finding that the delay was unavoidable. See Krahn v. Commissioner, 15 USPQ2d 1823, 1825 (D.C. E Va 1990). Given the lack of direct evidence to support petitioner's assertions, petitioner cannot establish that adequate steps were taken, and, as such, a finding of unavoidable delay is not warranted. *Id.*

Even assuming, *arguendo*, that petitioner was reasonably prudent in relying upon N&V for tracking the maintenance fee payment, such reliance *per se* does not provide petitioner with a showing of unavoidable delay within the meaning of 37 CFR § 1.378(b) and 35 USC § 41(c). California *Id.* Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether N&V acted reasonably and prudently. *Id.* Nevertheless, petitioner is bound by any errors that may have been committed by N&V *Id.* In this regard, the showing is that, as N&V had not prosecuted the patent, and did not receive the "ribbon copy" letters patent from either the USPTO or petitioner, this did not result in entry of this patent in their maintenance fee docketing system. See Mitchard decl. at 5, ¶ 27. Nevertheless, N&V was well aware that the instant application was going to issue as a patent, see exhibit E (letter from Mitchard to petitioner dated June 22, 1992) and in fact had issued, when an obviousness-type double patenting rejection was made over this patent, and a copy of this patent (bearing the issue date) was received at N&V by way of the Office action generated in the continuing application. Mitchard decl. at 5, ¶ 28. Thus, if in fact N&V had been obligated to track the maintenance fee for the instant patent, notwithstanding that they had not prosecuted this application into a patent, and further notwithstanding that they had not received the "ribbon copy" which normally triggered entry into the maintenance fee docketing system, N&V was provided with sufficient information to take the necessary steps to enter this patent in their docketing system. That is, N&V knew or should have known, as a prudent and careful person with respect to their most important business who purportedly was obligated with respect to tracking the maintenance fees for this patent, that appropriate steps had to be taken so as to enter this patent into its docketing system.³

If N&V overlooked its purported obligation to petitioner to docket the instant patent for

³ The record does not indicate the steps in place at N&V which ensure that, in the absence of a "ribbon copy" e.g., for patents that were not prosecuted directly by them, entry into their maintenance fee docketing system occurs when N&V assumes the maintenance fee tracking obligation on behalf of a client.

payment of the maintenance fees, then petitioner is reminded that the Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and petitioner is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992); Smith v. Diamond, 209 USPQ 1091, 1093 (D.D.C. 1981). Specifically, petitioner's delay caused by the mistakes or omissions of his voluntarily chosen representative(s) does not constitute unavoidable delay within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b)(3). Haines v. Quigg, *supra*; Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); California, *supra*.

While both petitioner and N&V differ as to whether N&V had been orally obligated to docket this patent for payment of the maintenance fees, the Office is not the proper forum for resolving a dispute between a patentee and that patentee's representative as to who bore the responsibility for scheduling and payment of maintenance fees. Ray, 55 F.3d at 610, 34 USPQ2d at 1789. Nevertheless, delay resulting from a lack of proper communication between a patentee and that patentee's representative as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). See, In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). Specifically, delay resulting from a failure in communication between a registered practitioner and his client regarding a maintenance fee payment is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Ray, *Id.* That either or both parties may have failed to take adequate steps to ensure that each fully understood the other party's meaning, and thus, their own obligation in this matter, does not reflect the due care and diligence of prudent and careful persons with respect to their most important business.

Even assuming *arguendo* that petitioner should not be bound by the mistakes of the purportedly obligated N&V, the record does not support a finding of unavoidable delay, as petitioner has not shown adequate diligence in this matter. That is, a showing of diligence in matters before the USPTO on the part of the party in interest is essential to support a finding of unavoidable delay herein. See Futures Technology, Ltd. v. Quigg, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiry into the status of the application is required to show unavoidable delay); Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (even representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant's lack of diligence extending two and one half years overcame and superseded any omissions by his duly appointed representative).

Even assuming that N&V was contractually obligated in this matter, petitioner has also failed to demonstrate why petitioner's failure to diligently monitor its performance under

the putative contract can reasonably be considered to constitute unavoidable delay. See Futures, supra. That is, petitioner's failure to monitor N&V's performance under the alleged contract, or diligently inquire of N&V, or anyone else, into the status of the patent and maintenance fee payment, does not reflect the due care and diligence employed by a prudent and careful person with respect to their most important business, and as such, cannot demonstrate that the delay was unavoidable delay. Id. Rather, a prudent and careful person with respect to his most important business takes diligent action to ensure that contracted services are timely performed as specified. Id.; Donnelley, supra. In this regard, petitioner admits to monitoring N&V's prosecution of the continuation application, by his observing the fees being paid and the submitting of papers which authorized the USPTO to charge fee deficiencies. See second Summers decl. at 4, ¶ 11. Conspicuously absent from the record is any indication that petitioner likewise monitored the progress *vel non* of the purportedly contracted maintenance fee payment; witness the lack of the submission of any papers, much less the lack of authorization of the maintenance fee payment, by N&V, for this patent. Such diligent monitoring, if likewise applied to the purported maintenance fee obligation of N&V would have placed a prudent and careful person on notice that the maintenance fee had not been submitted, or paid. Had petitioner demonstrated the same diligent monitoring with respect to the maintenance fee payment, then petitioner would have been able to ensure that the payment was timely made, or more timely sought reinstatement after expiration. The delay was not unavoidable, because had petitioner exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a more timely fashion. Haines v. Quigg, supra; Douglas, supra; Donnelley, supra.

While it is unfortunate that the USPTO did not act on the power of attorney to N&V, by subsequently sending the "ribbon copy" to N&V, and likewise did not send any maintenance fee reminder, or notice of expiration to N&V, this is not persuasive that the delay herein is unavoidable. Since petitioner did receive the "ribbon" copy, as well as the letter from former counsel apprising petitioner of maintenance fees, whether petitioner had adequate notice is simply not an issue in this case. See Ray, 55 F.3d at 610, 34 USPQ2d at 1789. Likewise, N&V admittedly received a copy of this patent from the USPTO during prosecution of the continuing application. That neither petitioner nor N&V received a Reminder from the USPTO is not persuasive that the delay was unavoidable. Petitioner appears to overlook that a Reminder is only mailed out as a courtesy after the fee due date has passed with no payment made, which mailing itself is after more than one half of the entire year to pay the maintenance fee has transpired. Petitioner is reminded that neither petitioner nor N&V had a right to personalized notice that this patent would expire if the maintenance fee was not paid, as the publication of the statute was sufficient notice. See Rydeen 749 F.Supp at 907, 16 USPQ2d at 1882. Rather, the ultimate responsibility for keeping track of maintenance fee due dates lies with the patentee, not the USPTO. Id. Since the inception of maintenance fees, the USPTO has maintained that it has no duty to notify patentees when their maintenance fees are due,

and that the lack of any USPTO notice will in no way shift the burden of monitoring the time for paying the maintenance fees from the patentee to the USPTO. Further, such lack of notice will not constitute unavoidable delay under the statute. Rydeen, 748 F.Supp at 905, 16 USPQ2d at 1880. Rather, the requirement for notice is only set forth in 35 USC 133 (and § 151), and is not found in 35 USC 41(c)(1) or 37 CFR 1.378(b)(3). Ray, 55 F.3d at 609, 34 USPQ2d at 1788; Rydeen, supra.

DECISION

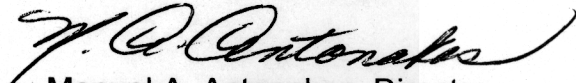
The prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For reasons previously stated and given above, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c) and 37 CFR 1.378(b).

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

Since this patent will not be reinstated, the maintenance fee and the surcharge submitted by petitioner totaling \$1170, have been credited to counsel's deposit account No. 14-1140. The \$130 fee under 37 CFR 1.17(h) for requesting reconsideration is not refundable.

The patent file is being returned to the Files Repository.

Telephone inquiries regarding this decision should be directed to Petitions Examiner Brian Hearn at (703) 305-1820.


Manuel A. Antonakas, Director,
Office of Petitions