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OFFICE OF PETITIONS

In re Patent of Woller :
Application No. 07/994,279 :
Patent No. 5,320,838 :
Filed: December 21, 1992 :
Issued: June 14, 1994 :
Attorney Docket No. P01559US0 :

Decision on Petition

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed May 13, 2003, to reinstate the above-identified patent.

The petition is **DENIED**.¹

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. Therefore the Office will refund \$4,200.

Background

The patent issued June 14, 1994. The 3.5 year maintenance fee could have been paid from June 14, 1997 through December 14, 1997, or with a surcharge during the period from December 15, 1997 to June 14, 1998. Petitioner did not do so. Accordingly, the patent expired June 15, 1998.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed February 20, 2002, and was dismissed in the decision of March 18, 2002. A request for reconsideration was filed on June 3, 2002. A request for additional information was mailed by the Office on January 14, 2003. A response was filed by petitioner on March 19, 2003. On March 26, 2003, the Office mailed an additional request for information.

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 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)

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.

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. 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.

Facts:

Larry Alexander is Senior Counsel for petitioner. Prior to becoming Senior Counsel, Mr. Alexander held the position of Staff Counsel at petitioner. Mark Mitchell is General Counsel for petitioner. The petitions are filed and signed by petitioner's outside law firm.

The patent issued on June 14, 1994.

On June 18, 1997, petitioner's law firm notified petitioner that the first maintenance fee was due, and provided the dates on which the fee could be paid. The law firm stated, "if you want this maintenance fee to be paid, please let us know immediately. The [fee plus \$100 handling charge] will be reflected in your next statement."

Prior to June 18, 1997, it was "petitioner's practice to instruct outside patent counsel to pay any due patent maintenance fees and other fees . . . but because of the increasing volume of these fees, it was decided to [i]nitiate payment through [petitioner's] internal accounting procedures."⁴ Therefore, petitioner created a new system to pay maintenance fees for patents and chose not to have the law firm pay the fee for the instant patent. Instead, petitioner informed the firm that petitioner "would pay the fee and file the small entity statement."

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 Supplemental declaration of Larry Alexander filed during June of 2002, paragraph 3.

Petitioner entered the patent into a docketing system- Lotus Organizer.⁵ The purpose of the entry was to remind petitioner seven days prior to December 14, 1997, that the maintenance fee needed to be paid. December 14, 1997, was the last day the fee could have been paid without a surcharge.

Prior to December 14, 1997, Alexander researched the issue of whether petitioner qualified for small entity status and determined that petitioner did not qualify for small entity status.

The maintenance fee was not paid by December 14, 1997. "At no time did [Alexander], nor Mark Mitchell, make a conscious decision to defer the taking of any timely action . . . including payment of the maintenance fees for U.S. Patent No. 5,320,838."⁶

On or about February 17, 1998, Alexander called Barbara Sease, a Legal Assistant at petitioner's law firm. A memorandum by Barbara Sease written on February 17, 2002, summarizes the conversation.⁷ The memorandum states,

Larry Alexander called today regarding payment of the first maintenance fees. Our file shows a letter dated 6/23/97 wherein he says DPT will pay these fees – however they had not done so to date. I told him they could still be paid up to June 14, 1998 with payment of a \$65 surcharge. I also told him they needed to file a small entity statement. . . . He said he would take care of that, but asked that we keep those dates in our computer system as a reminder for them. I asked him to send us a copy of the maintenance fee payment and a copy of the small entity form for our file.

The memorandum demonstrates that the fee had not been paid as of February 17, 1998, that Alexander knew the fee had not been paid, and that Alexander intended to pay the fee by June 24, 1998.

The February 20, 2002 declaration by Larry Alexander states, "To the best of my knowledge, the June 14, 1998 deadline I learned of during the telephone call was never logged into [petitioner's] internal docketing system. In particular, it was never entered into Lotus Organizer. I have [no] recollection as to why it wasn't entered."⁸

The 3.5 year maintenance fee could have been paid from June 14, 1997 through December 14, 1997, or with a surcharge during the period from December 15, 1997 to June 14, 1998. Petitioner did not do so. Accordingly, the patent expired June 15, 1998.

On October 29, 2001, Barbara Sease noticed the possibility that petitioner may not have paid the 3.5 year maintenance fee. She contacted petitioner. Subsequently, petitioner contacted the PTO and learned of the expiration of the patent. Thereafter, a petition to reinstate the patent was filed.

⁵ Larry Alexander's February 18, 2002 declaration, paragraph 5, states, "The due dates for the maintenance fees . . . were placed on [Lotus Organizer]. Specifically, the first maintenance fee . . . was docketed as being due on December 14, 1997."

⁶ Larry Alexander's supplemental declaration filed during June of 2002, paragraph 6.

⁷ See Exhibit C filed with the February 2002 petition.

⁸ Paragraph 11.

Analysis:

For the maintenance fee to have been correctly paid, the following steps would have had to occur:

- (1) Alexander realize the fee needed to be paid and have completed a check requisition form,
- (2) Alexander submit the check requisition form to Mitchell,
- (3) Mitchell review the form and approve the check,
- (4) accounting issue a correct check and mail the check to the Patent and Trademark Office, and
- (5) the accounting department, along with the check, mail an enclosure which clearly identifies the patent to which the fee should be applied.

Petitioner relies heavily on evidence regarding normal business practices and procedures in place to support the inference that the above steps were either taken for the instant patent or to establish that the failure to take such steps was unavoidable. The petition discusses the past success of such practices and procedures. The instant decision will address the issue of: how often have the above (5) steps been taken by petitioner? How often has the system in place to directly pay the fees successfully worked?

The June 3, 2002 petition states,

Precise records which would reveal whether a check request was ever, in fact, filled out as would be the normal procedure, no longer exist. Thus, each of the affiants can only testify as to the normal practices, and that under those normal practices, *as evidenced by the successful operability of the system in the past*, it would have been paid. . . . The accounting department *normally and regularly issued such maintenance fee checks*. . . . Normal procedures which have always worked in the past would have resulted in an approved check request, and payment.⁹

The June 3, 2002 petition also states,

[T]he supplemental information reveals that the general counsel's office made a decision to pay these fees in-house and ordered lawyers under him to set up a docket system. Larry Alexander did so, properly docketed the deadlines that came from outside counsel and the evidence further reveals that *the system has always worked, with the exception of this one instance with respect to U.S. Patent 5,320,838*.¹⁰

The petition filed on June 3, 2002, states,

Mark Mitchell' affidavit establishes that he relies on three systems, (1) monthly reports that are provided to him as General Counsel; (2) Outside Counsel reports; and (3) the in-house electronic system [Lotus Organizer] that was established in 1996 and operable in 1997-1998, the relevant time frame. Mark Mitchell further explains that [petitioner] has *57 United States Patents and international patents for its products, all maintained on this system and that there have been no problems with this system in the past*.¹¹

⁹ Pages 4-5. Emphasis added.

¹⁰ Page 4. Emphasis added.

¹¹ Page 2. Emphasis added.

The June 3, 2002 petition states,

Larry Alexander further acknowledges that the normal practice would be for him to initiate and submit to Mark Mitchell a signed approval of a check requisition form and that he *normally and routinely does so for maintenance fees*.¹²

Paragraph 4 of the June 3, 2002 affidavit, and paragraph 4 of the March 19, 2003 supplemental affidavit filed by Kyle Jaster, the comptroller for petitioner, states,

I investigated the matter of whether a check requisition was made and whether the maintenance fees due for U.S. Patent No. 5,320,838 were paid and discovered that (1) a cancelled check payable to the USPTO for maintenance fees for U.S. Patent No. 5,320,838 in or around December, 1997 is not available; and (2) the records that would demonstrate precisely the occurrences with respect to any request for a check for payment of the maintenance fees due for U.S. Patent No. 5,320,838 also are not available. (Emphasis added)

Paragraph 5 of both of Jaster's affidavits states, "We have *routinely issued such checks [maintenance fee checks] as referred to in paragraph (4)* upon receipt of check requests approved by Mark Mitchell." (Emphasis added)

The March 19, 2003 petition states, "*The earlier affidavits establish that of the 57 patents routinely being handled by the Petitioner, there has never been a missed maintenance fee payment.*"¹³

The March 19, 2003 petition states,

The evidence establishes that it was [Alexander's] routine to make the check requests, that it was Mark Mitchell's routine to sign them and it was the Controller's routine practice to issue such checks. . . . *The evidence establishes that this routine was followed without fail in other circumstances for the other 57 patents of the Petitioner.*¹⁴

In summary, the above quoted petitions and affidavits state:

- (1) petitioner "normally and regularly issued such maintenance fee checks,"
- (2) the docketing "system has always worked,"
- (3) petitioner has "57 United States Patents and international patents for its products, all maintained on this system and that there have been no problems with this system in the past,"
- (4) Larry Alexander "normally and routinely" initiates and submits to Mark Mitchell a signed approval of a check requisition form "*for maintenance fees,*"
- (5) Petitioner "routinely issued such checks as referred to in paragraph (4) [, maintenance fee checks],"
- (6) "that of the 57 patents *routinely being handled by the Petitioner*, there has never been a missed maintenance fee payment," and
- (7) "The evidence establishes that [the] routine [for payment of fees] was followed without fail in other circumstances for the other 57 patents of the Petitioner."

¹² Page 3. Emphasis added.

¹³ Page 2. Emphasis added.

¹⁴ Page 3. Emphasis added.

A letter entitled "Request for Information" was mailed to petitioner on March 26, 2003. The letter requested additional information regarding the 57 patents for which the system had resulted in timely payments of maintenance fees.

The March 26, 2003 letter mailed to petitioner stated,

Petitioner's arguments rely heavily on normal practice and procedure. Petitioner indicates a reliance on the system to timely pay other maintenance fees for other patents. The Office desires a complete list of the 57 patents, and dates for which maintenance fees have been paid for each patent. The Office requests a list of each maintenance fee which has been paid in response to petitioner's prior docketing system - Lotus Organizer - working properly. The Office also wishes to know how many maintenance fees were properly paid in response to Lotus Organizer prior to the expiration of the instant patent. For each maintenance fee paid prior to June 14, 1998, based on reliance on Lotus Organizer, petitioner should state the patent number and the date the maintenance fee was paid.

Petitioner filed a response on May 13, 2003.

With the previous petition, petitioner had filed a list which allegedly listed the 57 patents. However, pages were missing from the Office's copy of the list. The May 13, 2003 response from petitioner states,

Exhibit 1 of the Mark Mitchell Affidavit was also missing pages 1, 6, and 7 from Applicant's attorney's files. This document was transferred to applicant's attorney from in-house corporate counsel Larry Alexander on May 14, 2002. Mr. Alexander no longer has the original of the document, and since the docketing system is not static but changes with time, it cannot now be duplicated. Applicant's attorney has made every effort to retrieve the document from his data system, and so far as only been able to retrieve pages 1-5, not pages 6 and 7. . . . Of the 57 patents on the original list, 46 are on pages 1-5. . . . With respect to the 57 U.S. and international patents . . . Exhibit 2 shows the U.S. patents, where available, the cancelled checks for payments of the maintenance fee, and reveals that of the 8 listed patents, all maintenance fees have been timely paid for each. These fees were paid according to the Lotus Organizer system, at least initially.

When petitioner made statements regarding the 57 patents, petitioner had a list available which listed all 57 patents. However, since that time, a portion of the list has become unavailable. Therefore, the Office has taken steps to determine the identity of United States patents owned by petitioner.

The following United States patents appear to be owned by petitioner:

The nine patents listed by petitioner:

5,320,838:	The 3.5 year fee was not paid by June 14, 1998, and the patent expired.
5,482,714:	On January 25, 1999, the 3.5 year maintenance fee for a small entity was paid.
5,558,872:	On October 12, 1999, the 3.5 year maintenance fee for a small entity was paid.
5,605,684:	On March 2, 2000, the 3.5 year maintenance fee for a large entity was paid.
5,670,547:	On February 26, 2001, the 3.5 year maintenance fee for a large entity was paid.
5,772,435:	On March 26, 2001, the 3.5 year maintenance fee for a large entity was paid.
5,863,547:	On February 12, 2002, the 3.5 year maintenance fee for a large entity was paid.
5,902,600:	On May 14, 2002, the 3.5 year maintenance fee for a large entity was paid.
5,921,777:	On July 3, 2002, the 3.5 year maintenance fee for a large entity was paid.

The patents not listed by petitioner:

- 5,443,824:¹⁵ The 3.5 year maintenance fee was not paid by August 22, 1999, and the patent expired.
- 5,520,495: The 3.5 year maintenance fee for a small entity was paid on October 12, 1999.
- 5,827,542: On December 11, 2001, the 3.5 year maintenance fee for a large entity was paid.
- 6,096,348: The 3.5 year fee will be due in the future.
- 6,367,662: The 3.5 year fee will be due in the future.
- 6,399,092: The 3.5 year fee will be due in the future.
- 6,548,556: The 3.5 year fee will be due in the future.

Petitioner assumed responsibility for paying maintenance fees for patents after June 18, 1997. Since that time, maintenance fees have become due for 12 United States Patents.

The first patent for which a maintenance fee became due was patent no. 5,320,838. The fee was not timely paid and the patent expired.

The second patent for which a maintenance fee became due was patent no. 5,443,824. The fee was not timely paid and the patent expired.

For the next three patents, the maintenance fees were timely paid in the proper amount for a small entity. It should be noted that the petitions demonstrate that, prior to December 14, 1997, Alexander researched the issue of whether petitioner qualified for small entity status and determined that petitioner did not qualify for small entity status.

For the next seven patents, the maintenance fees were timely paid in the proper amount for a large entity.

It should be noted that petitioner's system has not resulted in the payment of maintenance fees for patent nos. 6,096,348, 6,367,662, 6,399,092, and 6,548,556, since the fees for such patents have not become due and therefore have not been timely paid.

Petitioner, not the Office, bears the burden of proof. Petitioner has not proven how many maintenance fees have been timely paid for foreign patents, and the Office will not assume that a maintenance fee has fallen due and been paid for each of these patents. The Office will focus on the reliability of the system in ensuring payment was timely made on the 12 United States Patents for which maintenance fees have been due.

Of the 12 United States patents, the system in place failed to ensure the timely payment of the maintenance fee for two patents and both patents expired.

As to the other 10 patents, as previously stated, the petitions and affidavits state:

- (1) petitioner "normally and regularly issued such maintenance fee checks,"
- (2) the docketing "system has always worked,"
- (3) petitioner has "57 United States Patents and international patents for its products, all maintained on this system and that there have been no problems with this system in the past,"
- (4) Larry Alexander "normally and routinely" initiates and submits to Mark Mitchell a signed approval of a check requisition form "*for maintenance fees*,"

¹⁵ Office assignment records indicate that the patent was assigned to petitioner on May 14, 1997. The name of the correspondent listed with the assignment is Edmund J. Sease, an attorney at petitioner's law firm. The correspondence address for the patent is petitioner's law firm's address.

- (5) Petitioner "routinely issued such checks as referred to in paragraph (4) [, maintenance fee checks],"
- (6) "that of the 57 patents routinely being handled by the Petitioner, there has never been a missed maintenance fee payment," and
- (7) "The evidence establishes that [the] routine [for payment of fees] was followed without fail in other circumstances for the other 57 patents of the Petitioner."

However, petitioner's practices and procedures cited in the petitions were not used to pay the maintenance fees for all ten patents. Petitioner intended to directly pay the maintenance fee for the instant patent, but the fee was not paid. A review of Office financial records indicates petitioner successfully mailed the maintenance fee for 1 patent directly to the Office. The patent is patent no. 5,605,684.

Research on the financial background of each of the other patents indicate the maintenance fee was paid by the law firm and not directly by petitioner. The checking account used to pay the maintenance fee for 8 of the patents is an account which belongs to the law firm- not to petitioner. For patent no. 5,670,547, the maintenance fee was paid via the law firm's deposit account.

Petitioner has failed to support the allegations regarding payment of maintenance fees for petitioner's other patents. The Office was able to test and/or verify petitioner's assertions for 12 patents. Of those patents, the "system" of petitioner - docketing the fee and paying the fees directly - successfully worked for only one of the patents.

The maintenance fees for 9 of the 12 patents were paid by the law firm. Therefore, three patents did not have their maintenance fees paid by the law firm. The three patents are patent nos. 5,320,838, 5,443,824, and 5,605,684. The maintenance fee was not paid for two of these three patents. Therefore, to the extent these three patents reflect the reliability of the system (independent docketing and direct payment of fees), the system is only reliable 33.3% of the time. Petitioner's assertion that the system has worked successfully 57 out of 58 times, for a reliability of 98.3%, has not been proven by the contents of the record.

The first two maintenance fees due after the system was put in place to directly pay the maintenance fees,¹⁶ were not timely paid. The fact that steps might have been taken later to make the system reliable enough to pay a single maintenance fees, does not prove the system was trustworthy and reliable when the maintenance fee for the instant patent became due.

The petitions fail to prove that the entire delay in payment of the maintenance fee was unavoidable. Alexander realized at several times the fee needed to be paid. Upon informing the firm that petitioner would pay the fee, Alexander did not immediately pay the fee. Instead, Alexander docketed the payment for December 14, 1997, and researched whether or not petitioner was entitled to small entity status. Once Alexander determined the fee was not entitled to small entity status, he did not immediately pay the maintenance fee. A check for the maintenance fee was not mailed prior to or on December 14, 1997. Alexander states that his normal business practice would have been to take steps to ensure the check was mailed by that date. However, Alexander's February 17, 1998 phone conversation with Barbara Sease indicates that the fee had not been paid as of February 17, 1998 *and* that Alexander was aware that the fee had not been

¹⁶ The June 3, 2002 petition also states,

[T]he supplemental information reveals that the general counsel's office made a decision to pay these fees in-house and ordered lawyers under him to set up a docket system. Larry Alexander did so, properly docketed the deadlines that came from outside counsel and the evidence further reveals that the system has always worked, with the exception of this one instance with respect to U.S. Patent 5,320,838.

paid. A full explanation for the failure to pay the fee by December 14, 1997, or prior to February 17, 1998, has not been provided. After Alexander's phone call with Sease, Alexander could have immediately paid the fee (and surcharge), or in the alternative, Alexander could have delayed payment until as late as June 14, 1998. The record fails to indicate any reason for Alexander to delay payment of the fee. However, Alexander apparently chose to delay payment of the fee in so far as the record fails to discuss any steps taken by Alexander to immediately pay the fee. The record fails to indicate that, if Alexander delayed payment, he took reasonable steps to ensure the date would not be missed- i.e. Alexander did not enter a due date in his calendar for the patent beyond the date of December 14, 1997, which had previously been entered.

The Office notes petitioner's assertion that a check *may* have been mailed. The record fails to indicate that a check was not mailed. However, even if petitioner could prove that a check was mailed, such proof would not necessarily constitute unavoidable delay. The record is unclear whether, if a check was mailed, the check was for the correct amount,¹⁷ mailed to the correct address, and whether or not the check was accompanied by mandatory identifiers to ensure the fee would be applied to the instant patent. Petitioner has not shown that, if a check was mailed, it would have been mailed in the correct amount and to the correct address.

The Code of Federal Regulations requires certain information to accompany payment of a maintenance fee. More specifically, 37 CFR 1.366(c) states,

In submitting maintenance fees and any necessary surcharges, identification of the patents for which maintenance fees are being paid must include the following:

- (1) The patent number; and
- (2) The application number of the United States application for the patent on which the maintenance fee is being paid.

Petitioner has not proven that, if a check was mailed, it included the correct patent number and application number. Since the record fails to prove petitioner had ever directly paid a fee before the dates at issue, the record fails to prove that petitioner was aware of the need to comply with 37 CFR 1.366(c).

A review of the entire record indicates that petitioner has failed to establish that the entire delay in the submission of the maintenance fee was unavoidable.

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.

The patent file is being forwarded to Files Repository.

¹⁷ The amount of the maintenance fee listed on the letter from the law firm was \$510. However, on October 1, 1997, the fee was statutorily increased to \$525. The record fails to indicate whether or not petitioner was aware of the fee increase.

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


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