



Paper No. 17

Robert Crawford
Crawford PLLC
1270 Northland Dr., Suite 390
St. Paul, MN 55120

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JAN 17 2003

OFFICE OF PETITIONS

ON PETITION

In re Patent of Farinelli et al. :
Patent No. 5,440,644 :
Application No. 08/048,203 :
Filed: April 15, 1993 :
Issued: August 8, 1995 :
Attorney Docket No. ELAN.010US01 :

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed June 18, 2002, to reinstate the above-identified patent.

The petition is **DENIED**.¹

Since this patent will not be reinstated, maintenance fees and surcharges have not been charged to petitioner's deposit account. The \$130 fee for requesting reconsideration will be charged to petitioner's deposit account.

Background

The patent issued August 8, 1995. The 3.5 year maintenance fee could have been paid from August 8, 1998 through February 8, 1999, or with a surcharge during the period from February 9, 1999 to August 8, 1999. Petitioner did not do so. Accordingly, the patent expired August 9, 1999.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed March 18, 2002, and was dismissed in the decision of April 11, 2002.

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:

The instant petition is related to petitions filed to reinstate patent nos. 5,255,322, 5,331,119 and 5,327,114. Some of the facts presented in this decision are derived from those petitions. Each of those petitions were also filed by petitioner and therefore the contents of each are in petitioner's possession.

The instant patent issued on August 8, 1995.

Petitioner purchased the instant patent, along with others, on August 15, 1995.

In other petitions, petitioner asserts that the prior owner was obligated to pay maintenance fees on the patents sold to petitioner. The assertion is based on language in the sales contract.

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).

"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 standard for "unavoidable" delay for reinstating a patent is the same as the unavoidable standard for reviving an application. See Ray v. Lehman, 55 F.3d 606, 608-609, 34 U.S.P.Q.2d (BNA) 1786, 1787 (Fed. Cir. 1995) (citing In re patent No. 4,409,763, 7 U.S.P.Q.2d (BNA) 1798, 1800 (Comm'r Pat. 1990; 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)).

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

The petition for the instant patent argues that the law firm of Merchant & Gould was responsible for either payment of the fee or notifying petitioner of the need to pay the fee.

Merchant & Gould prosecuted the patent to issuance and the patent issued prior to the sale of the patent to petitioner. At the time petitioner purchased the patent, Robert Crawford was an attorney at Merchant & Gould. Robert Crawford is the attorney filing the instant petition and is now working at Crawford PLLC which formed in early March of 1998.

Petitioner has shown that, at an unspecified time, the maintenance fee due date for the patent was written on the file jacket. Petitioner *alleges* that the maintenance fee due date was entered into Merchant & Gould's docketing system under the attorney-client number for the prior owner of the patent. Merchant & Gould state in Exhibit L that the firm did not pay the maintenance fee "because we were never engaged to handle the payment of maintenance fees for this patent. Our understanding has always been that the maintenance fee would be paid by the owners of the patent. Correspondingly the '644 patent was never entered into Merchant & Gould's docketing system."

The renewed petition states that, as of receipt of an engagement letter dated September 28, 1995, Robert Crawford believed the law firm was responsible for monitoring maintenance fee due dates on behalf of petitioner. Crawford states, "The undersigned, while an employee of M&G, instructed M&G's docketing department to change the case folder and docket the maintenance fees in accordance with this agreement between [petitioner] and M&G. As evidenced by the change of matter form (Exhibit D) and every aspect of the newly assigned docketing numbers noted on the file folder, M&G's docketing department acted accordingly."⁴

The "Change Matter" form is dated November 14, 1996, and states a new client matter number and client name. The form does not provide any explicit instructions regarding docketing of maintenance fees.

Subsequent to November of 1996, but prior to June 23, 1999, petitioner alleges a change was made to the docketing system which resulted in the "patent file [being] renamed to correspond to the new company [and the] new case identifier appear[ing] as a new, unfiled patent application rather than an issued U.S. patent as it should have been identified."⁵ Petitioner alleges, "It can therefore be seen that the original . . . case was docketed by Merchant & Gould . . . but when the Change Matter Form (Exhibit D) was effected on November 14, 1996, . . . the docket system failed to carry over the maintenance fee docket date due to the new Merchant & Gould case identifier."⁶

On June 23, 1999, a letter was sent to petitioner. The letter gave the status of each of petitioner's files in Merchant & Gould's possession. The page "Status Update for [petitioner's] files in Merchant & Gould's Possession" gives status statements such as "Abandoned as of . . .", "Issued Patent No. . . .", and "No status- prior art file." The status listed for the instant patent was "unfiled." At the time the letter was mailed, the patent had not expired for failure to pay the maintenance fee.

⁴ Page 3 of the renewed petition.

⁵ Page 2, original petition.

⁶ Page 6, original petition.

The 3.5 year maintenance fee could have been paid from August 8, 1998 through February 8, 1999, or with a surcharge during the period from February 9, 1999 to August 8, 1999. Petitioner did not do so. Accordingly, the patent expired August 9, 1999.

On December 1, 1999, Merchant & Gould transferred the files to petitioner's current law firm. The letter accompanying the files states, "These files will be removed from our docket system, and we understand that you will assume responsibility for all future docket dates. Enclosed is a current status and docket report for these files." The enclosed list does not clearly state the status of any of the cases and there is no indication which cases are pending, abandoned, expired, etc.

Petitioner discovered the expiration of the instant patent on December 13, 2001, while taking action in connection with a proposed sale.

Analysis:

Petitioner has failed to prove that Merchant & Gould treated the patent the same as a reasonable and prudent person would treat his or her most important business.

The reliance on an attorney to notify the patentee of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. While the Office is not passing judgement on counsel's behavior, 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. *If the former attorney made any errors, petitioner is bound by such errors.*⁷

If [the] attorney somehow breach[es] his duty of care to plaintiff, then plaintiff may have certain other remedies available to him against his attorney. He cannot, however, ask the court to overlook [the attorney's] action or inaction with regard to the patent application. He hired the [attorney] to represent him. **[The attorney's] actions must be imputed to him.**⁸

Supreme Court precedent holds:

There is certainly no merit to the contention that dismissal of petitioner's claim because of his counsel's unexcused conduct imposes an unjust penalty on the client. Petitioner

⁷ See California Med. Products v. Technol Med. Products, 921 F. Supp. 1219, 1259 (D. Del. 1995) (citing Smith v. Diamond, 209 U.S.P.Q. 1091, 1093 (D.D.C. 1981) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962))).

A petitioner is responsible for a former attorney's conduct except in some cases of intentional misconduct rather than negligence. Petitioner has failed to prove any intentional misconduct. Petitioner has failed to establish that the attorney knew the fee was due but intentionally failed to notify petitioner, that the attorney intentionally misrepresented the status of the patent when called by petitioner, that the attorney misappropriated funds, or that the attorney intentionally acted dishonestly in any other fashion.

⁸ Haines v. Quigg, 673 F. Supp. 314, 317, 5 U.S.P.Q.2d (BNA) 1130 (N.D. Ind.) (emphasis added) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) ("Petitioner voluntarily chose his attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent ... Each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'" (emphasis added)); Inryco, Inc. v. Metropolitan Engineering Co., Inc., 708 F.2d 1225, 1233 (7th Cir. 1983) ("Courts hesitate to punish a client for its lawyers gross negligence, especially when the lawyer affirmatively misled the client" but "if the client freely chooses counsel, it should be bound to counsel's actions."); see also Wei v. State of Hawaii, 763 F. 2d 370, 372 (9th Cir. 1985); LeBlanc v. I.N.S., 715 F.2d 685, 694 (1st Cir. 1983)). See also Smith v. Diamond, 209 U.S.P.Q. (BNA) 1091 (D. D.C. 1981).

voluntarily chose this attorney as his representative in the action, and he cannot now avoid the consequences of the acts or omissions of this freely selected agent. Any other notion would be wholly inconsistent with our system of representative litigation, in which each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'⁹

The Seventh Circuit has stated,

The other assumption is that, if the complaints failed in their application through the negligence of their attorney, the delay would be unavoidable, which is wholly unwarranted in the law. It is of the very nature of negligence that it should not be unavoidable, otherwise it would not be actionable. The negligence of the attorney would be the negligence of the [client]. The purpose of the statute was to put an end to such pleas, and there would be no limit to a renewal of these applications if every application, however remote, could be considered under the plea of negligence of attorneys, by whom their business is generally conducted.¹⁰

The United States Court of Appeals for the Federal Circuit has stated,

If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.¹¹

Robert Crawford, an attorney at Merchant & Gould, believed the law firm was responsible for monitoring due dates for the patent. However, the record fails to establish that the law firm treated the patent the same as a reasonable and prudent person would treat his or her most important business.

The record fails to prove the patent was ever entered into a docketing system. The record shows that due dates were written on the file jacket and Crawford states that this would usually indicate that the due dates had been docketed. However, the file jacket entries fail to establish that the dates were *actually* entered into a docketing system. Petitioner has also supplied a copy of a summary sheet (Exhibit C) which was sent to petitioner and which states a maintenance fee due date. However, the record fails to establish whether this due date was retrieved from a docketing system, was read from the file jacket, was manually calculated when the letter was prepared, or was obtained from another source. Merchant & Gould state in Exhibit L that "the [instant] patent was never entered into Merchant & Gould's docketing system."

Assuming the patent was not entered into the docketing system, petitioner has failed to prove that such non-entry was unavoidable. Petitioner has failed to address the employees responsible for entry of the dates into the docketing system. Petitioner has failed to prove that reliance on such employees was reasonable and prudent. Petitioner has failed to address the identity of such individuals, their training, their qualifications, etc. The prior decision stated, "If an employee made an error, petitioner should discuss the training and experience of that employee and must establish that the law firm was reasonable and prudent in relying on the employee to properly perform the task he or she was assigned."

⁹ Link v. Walbash Railroad Co., 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962).

¹⁰ Lay v. Indianapolis Brush & Broom Mfg. Co., 120 F. 831, 836 (1903).

¹¹ Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

Assuming the patent was originally correctly entered into the system, petitioner has failed to prove that the subsequent actions and/or inactions were unavoidable. Petitioner has failed to adequately explain why the maintenance fee due dates were deleted from the docketing system.

Crawford states that he instructed the docketing department to change the client and docket maintenance fees. However, the record fails to include any documentation containing explicit instructions to docket maintenance fee due dates for the new client. Assuming that Crawford did clearly express such instructions to the docketing department, petitioner has failed to prove that Crawford's reliance on the employees given such instructions was reasonable and prudent. Petitioner has failed to address the identity of such individuals, their training, their qualifications, etc. The prior decision stated, "If an employee made an error, petitioner should discuss the training and experience of that employee and must establish that the law firm was reasonable and prudent in relying on the employee to properly perform the task he or she was assigned."

The exact cause of the docketing error has not been identified. Petitioner makes several assumptions including that the error was a "glitch." However, the record fails to prove that an employee may not have misunderstood instructions or made an incorrect entry. In the alternative, an employee may have decided that Merchant & Gould was no longer responsible for monitoring due dates and chose to change the status of the patent. Since the individual and the actions which caused the error are unknown, the Office is unable to determine if reliance on the individual was reasonable and to determine the appropriateness of the individual's conduct when the error was made.

The petition fails to prove that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

In other petitions concerning the patents sold to petitioner, petitioner alleges that the prior owner was responsible for payment of maintenance fees for patents which issued prior to the sale. The instant patent issued prior to the sale. Therefore, the Office is perplexed as to petitioner's exact position in regard to the party responsible for payment of the 3.5 year fee.

A declaration from petitioner stating that petitioner actually relied on Merchant & Gould has *not* been supplied. The petition states that Merchant & Gould should have provided notice but fails to prove that petitioner actually held such an expectation. Petitions to reinstate other patents¹² allege that petitioner was relying on the prior owner to pay such fees and *not* that petitioner felt petitioner or Merchant and Gould was responsible for such fees. The other petitions fail to mention that petitioner had hired a law firm or taken any steps to independently monitor such fees. The petitions for the instant patent take the approach that Merchant & Gould had been obligated by petitioner to monitor due dates for such fees so that notice of such dates could be given to petitioner who would then pay the fee. However, the record fails to explain why petitioner would take steps to obligate Merchant & Gould, or would rely on Merchant & Gould, if petitioner did not expect to pay the maintenance fee and expected for it to be paid by the prior owner.

The petition assumes that petitioner would have timely paid the fee if a reminder had been sent for the instant patent but fails to supply declarations from petitioner to support such an assumption. If petitioner had received a reminder, is it possible the reminder would have been ignored since petitioner assumed the fee would be paid by the prior owner? In the alternative, might petitioner have simply forwarded the reminder to the prior owner in the expectation that

¹² It should be noted that the instant petition is related to petitions filed to reinstate patent nos. 5,255,322, 5,331,119 and 5,327,114. Some of the facts presented in this decision are derived from those petitions. Each of those petitions were also filed by petitioner and therefore the contents of each are in petitioner's possession.

the prior owner would pay the fee? A declaration from petitioner addressing the above issues has not been submitted. The petition does not prove what steps would have been taken by petitioner if a reminder had been received.

Assuming that petitioner actually relied on Merchant & Gould, petitioner has failed to prove petitioner acted reasonably in failing to monitor the law firm's performance. Petitioner's apparent failure to monitor the law firm's performance under the alleged contract, or diligently inquire of the law firm, or anyone else, including the PTO, into the status of the 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. Rather, a prudent person takes diligent action to ensure that contracted services are timely performed as specified. Note further in this regard that the record fails to present any invoice(s) for services rendered with respect to tracking the maintenance fee payment, much less for the payment itself. The record lacks any showing that the law firm ever represented to petitioner that the maintenance fee had been paid, much less that petitioner ever paid the attorney for services rendered with respect to the maintenance fee payment. There is no showing from petitioner's records which were in his and not the attorney's possession, that petitioner, upon discovering that the attorney had not yet presented petitioner with an itemized bill for payment of the fee, that petitioner diligently inquired of the attorney as to why that allegedly contracted service had not been timely discharged.

Petitioner was supplied with a statement in June of 1999 from the law firm which stated a status of "unfiled." The record fails to indicate what steps, if any, petitioner took upon receiving such a status report. Did petitioner notice the "unfiled" status? Was the status ignored because petitioner expected the prior owner to handle maintenance fees and other details? Did petitioner notice the status but ignore it for other reasons? The record fails to indicate that petitioner was reasonable in failing to inquire as to why an issued patent was being reported to petitioner as "unfiled."

Decision

As stated in the previous decision,

The Commissioner's decision will be based solely on the administrative record in existence. Petitioner should remember that 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. Therefore, if a request for reconsideration is filed, it must establish that the entire delay in the submission of the maintenance fee was unavoidable.


Petitioner has failed to supply evidence sufficient to prove that the entire delay in the submission of the maintenance fee was unavoidable. The record fails to indicate that petitioner actually relied on the law firm. The record fails to prove that petitioner acted reasonable and prudently in monitoring the law firm's performance. The record fails to prove that the law firm treated the patent the same as a reasonable and prudent person would treat his or her most important business.

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.

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