UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

Paper No. 22

Steven M. Hoffberg
Milde & Hoffberg LLP
10 Bank Street
Suite 460
White Plains, NY 10606

In re Patent No. 5,463,199	:	
Issue Date: October 31, 1995	:	
Application No. 08/069,958	:	FINAL AGENCY DECISION
Filed: May 28, 1993	:	
Title: DC-RATED CIRCUIT BREAKER WITH ARC SUPPRESSOR	:	

This is a decision on the petition styled "Request for Reconsideration of Petition to Revive Patent for Unavoidable Failure to Pay Maintenance Fee," filed December 3, 2003. This petition is properly considered pursuant to 37 CFR § 1.378(e). Receipt of the required fee ($130.00) pursuant to § 1.17(h), in effect on December 3, 2003, is acknowledged.

On February 23, 2004, the Office mailed a Request for Information. This decision is made in light of the "Response to Request for Information" filed April 26, 2004.

The request to accept the delayed payment of the maintenance fee is **DENIED**. Please note, pursuant to 37 CFR 1.378(e), this decision is a final agency action within the meaning of 5 USC § 704 for purposes of seeking judicial review. See 37 CFR 1.378(e); MPEP 1002.02.

BACKGROUND

The patent issued October 31, 1995. The grace period for paying the 3 ½ year maintenance fee expired at midnight on October 31, 1999, with no payment received.

On June 24, 2003, petitioner filed the initial petition asserting that the delay in paying the maintenance fee was unavoidable within the meaning of § 1.378(b). By decision mailed September 30, 2003, the petition was dismissed. Petitioner failed to meet his burden of showing that patentee took reasonable steps to ensure timely payment of the maintenance fee. Petitioner failed to show that the current assignee, Airpax, or the former assignee, Philips, had a system in place to reasonably ensure timely payment of the maintenance fee. Moreover, it was noted

that failure of communication between Airpax and Philips regarding who bore the responsibility for payment of a maintenance fee does not constitute "unavoidable" delay.

On December 3, 2003, petitioner filed the instant request for reconsideration. In response to a request for information, petitioner filed a "supplement" to petition on April 26, 2004. Therein, petitioner alleges, and submits evidence to show, that there were two distinct docketing systems which were believed to be reliable and which were reasonably relied upon to assure timely action with respect to the payment of the maintenance fee.

STATUTE and REGULATION

35 U.S.C. § 41(c)(1) states that:

The Director may accept the delayed payment of any maintenance fee required ... after the six month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

37 C.F.R. §1.378(b) provides that:

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

(1) The required maintenance fee set forth in §1.20(e) through (g);

(2) The surcharge set forth in §1.20(I)(1); and

(3) A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

37 CFR § 1.378(e) provides that:

Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set in, the decision refusing to accept the delayed payment of the maintenance fee. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(h). After decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director. If the delayed payment of the maintenance fee is not accepted, the maintenance fee and the surcharge set forth in § 1.20(i) will be refunded following the decision on the petition for reconsideration, or after the expiration of the time for filing such a petition for reconsideration, if none is filed. Any petition fee under this section will not be

> refunded unless the refusal to accept and record the maintenance fee is determined to result from an error by the Patent and Trademark Office.

Section 1.378(b)(3) is at issue in this case.

Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. 133. Specifically, the reasonably prudent person standard has been adopted:

> The word 'unavoidable' ... is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business.

In re Mattullath, 38 App. D.C. 497, 514-15 (1912)(quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 U.S.P.Q. 666, 167-68 (D.D.C. 1963), aff'd, 143 U.S.P.Q. 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913). In addition, decisions are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith, 671 F.2d at 538, 213 U.S.P.Q. at 982. Nonetheless, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines, 673 F. Supp. at 316-17, 5 U.S.P.Q.2d at 1131-32.

Furthermore, 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 to ensure the timely payment of the maintenance fees for this patent. Where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 C.F.R. §1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

It is further noted that, under the statutes and rules, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. It is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee and the failure to receive the Maintenance Fee Reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. Thus, in support of an argument that the delay in payment was unavoidable, evidence is required that despite reasonable care on behalf of the patentee and/or the patentee's agents, and reasonable steps to ensure timely payment, the maintenance fee was unavoidably not paid.

OPINION

Airpax Corporation, LLC (Airpax) is a "spinoff" from Philips Electronics (Philips). The evidence shows that ownership of the instant patent was transferred from Philips to Airpax on February 12, 1999. Thereafter, on October 31, 1998, the window for paying

the 3 ½ year maintenance fee opened, and remained open until October 31, 1999.

However, it is undisputed that no maintenance fee payment was made. Furthermore, not until July 24, 2003 did petitioner file a petition and request acceptance of the maintenance fee. Petitioner maintains that the delayed payment of the maintenance fee should be accepted because the delay was unavoidable. Petitioner maintains that reasonable care was taken to ensure timely payment of the maintenance fee. Specifically, petitioner alleges that they relied on the distinct docketing systems of the Intellectual Property Department of Phillips and of outside counsel for Airpax, Milde & Hoffberg; which were believed to be reliable and reasonably relied upon to assure timely action with respect to the payment of the maintenance fee.

PHILIPS DOCKETING SYSTEM

On initial petition, petitioner acknowledged that Airpax had relied on Philips to timely pay the maintenance fee (Hoffberg declarations, p. 1, para; p. 2, para. 11; p.3, para. 13; and p. 4, para. 21). Further, whether or not Philips had an appropriate docketing system, patentee acknowledged that, in fact, upon closing of the sale of Airpax, Philips took no further responsibility for any U.S. Patent prosecution, nor payment of U.S. patent Maintenance fees (Hoffberg Declarations, p. 2, para. 5). As the sale of Airpax in 1999, predated the opening of the window to pay the 3 ½ year maintenance fee, the evidence indicated that the patent was no longer docketed in Philips system at that time, and thus, Philips system did not operate to ensure timely payment of the 3 ½ year maintenance fee.

On request for reconsideration, and in response to a request for information, petitioner submits no further evidence persuasive of a conclusion that Philips took steps to ensure timely payment of the 3 ½ year maintenance fee. In fact, their evidence bolsters the opposite conclusion. Petitioner states that in retrospect Philips clearly did not assume and retain responsibility for paying the maintenance fee (Renewed petition, p. 4, para. 2). Moreover, the patent at issue was marked for non-payment within the Philips IPD system promptly after the transaction date assigning rights to Airpax. (Renewed petition, p. 5, para. 1). Finally, by declaration of Jack Haken, registered Patent Attorney and Deputy Corporate Patent Counsel of Philips, it is declared that "On a regular basis, our system generates a list of Philips' patents that are due for payment of maintenance fees." "When Philips' patents are assigned to other entities, a note is made in our docketing system and we no longer place those patents on our maintenance fee list." Further, "Philips' patents that were assigned to Airpax Acquisition LLC on or about February, 1999, were therefore thus noted in the docket system."

Thus, a finding of unavoidable delay cannot be met by a showing of docketing error relative to Philips system.

Acknowledging this, petitioner argues that the partial reliance of patentee on the Philips docketing system was reasonable, at least with respect to an expectation that it would provide a reminder of fees due, or forwarding of notices received from the USPTO with respect to this patent, under the circumstances. This

argument fails to support petitioner's burden of showing that the delay was unavoidable. First of all, waiting on Philips to forward the Maintenance Fee reminder was not reasonable in view of the ability of Airpax to change the fee address of record to their own, and thereby, receive directly any Maintenance fee correspondence. More importantly, as previously stated, the failure to receive a Maintenance Fee Reminder will not relieve the patentee of the obligation to timely pay the appropriate maintenance fee to prevent expiration of the patent, nor will it constitute unavoidable delay if the patentee seeks to reinstate the patent under 37 CFR 1.378(b). See In re Patent No. 4,409,763, 7 USPQ2d 1798 (Comm'r Pat. 1988), aff 'd sub nom. 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). This is true whether the Maintenance Fee reminder would be mailed directly from the Office or forwarded from a prior owner.

Moreover, upon issuance, the patent grant ordinarily includes a reminder notice that maintenance fees will be due by the day of the 4th, 8th and 12th year anniversary of the grant of the patent. At the same time, the law is clear that maintenance fees are required to maintain in force all patents based on applications filed on or after December 12, 1980. See 35 U.S.C. 41(b). No further written notice is required for patentees to be aware of this obligation. Whether a maintenance fee reminder was ever received, it remained the ultimate responsibility of Airpax to ensure that the maintenance fee was paid timely to prevent expiration of the patent, irrespective of the actions of Philips.

Finally, petitioner again attributes the delay to miscommunication between the attorney for Airpax and Philips. Factually, it does appear that it was not clearly communicated between Airpax and Philips who bore the responsibility for paying the maintenance fees on this patent, and when such responsibility commenced. (Declaration of attorney Hoffberg filed June 24, 2003 (hereinafter Hoffberg declarations), p. 4, para. 21; p. 4, para. 22; p. 5, para. 23). The overwhelming evidence supports a conclusion that this miscommunication and/or misunderstanding between Airpax and Philips was the major contributing factor to the delay in the payment of the maintenance fee.

However, such a miscommunication is not sufficient to establish unavoidable delay within the meaning of 35 U.S.C. 41(c) and 37 C.F.R. § 1.378(b). Quintessential to a determination that reasonable care was taken to ensure that the maintenance fee would be paid timely is a conclusion that the person who bore the responsibility for paying the maintenance fee is known and that that person has a system in place to ensure its timely payment.

MILDE & HOFFBERG DOCKETING SYSTEM

The evidence now shows that the maintenance fees were docketed in the Milde and Hoffberg (M&H) docketing system when the lapse in their payment was first identified, on or about June 12, 2003 (Response to Request for Information, p. 8, 9).

On initial petition, petitioner stated that the responsibility for paying the maintenance fees would be assumed by Airpax upon

the physical transfer of the files to Airpax; however, the patent files for U.S. Patents assigned to Airpax were, as of the filing of the petition, never physically transferred to Airpax (Hoffberg declarations, p. 3, paras. 13, 17; p. 4, para. 18). Now, it appears that the files were never transferred, and may, in fact, have been destroyed. Thus, contrary to previous assertions, the evidence now indicates that physical transfer was not necessary for Airpax to docket maintenance fees.

On request for reconsideration, petitioner now states that in addition to the miscommunication between Airpax and Philips, the specific lapse in the M&H docketing system was the failure of our office staff to recognize the assumption of responsibility for the patents, as evidenced by the recordation by our firm of the name change from Airpax Acquisition Corp., LLC to Airpax Corp. LLC, and therefore proceed to generate maintenance fee due dates for these patents in the manual and automated docketing system components (Response to Request for Information, p. 9). As articulated and supported this contention fails to meet petitioner's burden of establishing that reasonable steps were taken to ensure timely payment of the maintenance fee. The declarations of Margaret Peloso and Juliann Gaddy have been reviewed, in light of this new contention of a lapse connected with recordation of assignment data. The record fails to disclose a system entailing docketing of maintenance fees in connection with making changes in the name of the assignee in Office records or with the filing of assignment documents. In other words, petitioner has not shown a nexus between these actions based on practice or training that would lead one to conclude that it is reasonable to rely on such a system to ensure the timely payment of the maintenance fees. How and why should making changes to assignment information trigger entry of maintenance fee due dates in the docketing system? How is the present assertion of reliance on such a system consistent with petitioner's previous assertion of no responsibility for maintenance fees until the case is physically transferred?

Even if this constituted a docketing system, the situation is not, as petitioner contends, analogous to that in In re Katrapt AG (Comm'r PTO, Reexamination Proceeding Control No. 90/000,900, April 6, 1988). In Katrapt AG, the attorney relied on a clerk to enter the correct due date for a maintenance fee pursuant to her clerical duties. Moreover, there was no question of the clerk's intent to docket the maintenance fee and her qualifications to do so. An error occurred in the entry. Here, it is not shown that the attorney reasonably relied on a trained and experienced employee with respect to a clerical function. Rather, petitioner appears to shift responsibility for determining Airpax's responsibility for paying maintenance fees to Margaret Peloso, one described as a "member of the staff" who is "principally responsible for retrieving mail from the mail room of our building, and returning it to our suite." Her declaration indicates that she should have made several determinations: 1) a review of the assignment by Philips in favor of Airpax should have made her aware that the listed patents belonged to Airpax; 2) concluded that as outside counsel for Airpax, M & H bore some responsibility, if not principal responsibility, for docketing of Maintenance Fees of these patents; and 3) used her knowledge that Maintenance Fees were to be docketed for payment and that the firm had a system in place for this purpose. (Declaration of

Margaret Peloso, para. 5). This goes beyond implementing the clerical function of entering a due date. Moreover, Juliann Gaddy, the person described as being responsible for the maintenance of the docketing system does not identify an error in such a function. She acknowledges that they "do not recall the actual circumstances as to why the above-patent was not entered into our docket system for payment of maintenance fees." (Declaration of Juliann Gaddy).

Having considered all of the evidence and arguments, it is concluded that petitioner has not met his burden of establishing "unavoidable" delay.

CONCLUSION

The decision denying the petition to accept the unavoidably delayed payment of the maintenance fee has been reconsidered. However, petitioners have failed to meet their burden of establishing that they or anyone acting on their behalf took reasonable steps to ensure the timely payment of the maintenance fees. Petitioner has failed to establish that the delay in payment of the maintenance fees was unavoidable as required by 35 U.S.C. 41(c)(1).

Since this patent will not be reinstated, it is appropriate to refund the maintenance fee and surcharge fee submitted by petitioner. It is noted that patentee submitted and will be refunded the 7 ½ year maintenance fee, rather than the 3 ½ year fee due. At the same time, patentee made no showing that the first maintenance fee had been timely paid.

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

The request for reconsideration is granted to the extent that the prior decision has been reconsidered, but is denied with respect to making any change therein. THIS IS A FINAL AGENCY DECISION.

Telephone inquiries related to this decision should be directed to the Nancy Johnson, Senior Petitions Attorney, at (571) 272-3219.

Charles Pearson
Director
Office of Petitions