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DW May-07

Paper No. 13

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OFFICE OF PETITIONS

In re Patent No. 5,936,183 :
Issued: 10 August, 1999 :
Application No. 08/991,268 : DECISION ON PETITION
Filed: 16 December, 1997 :
For: NON-LETHAL AREA DENIAL :
DEVICE :

This is a decision on the petition under 37 CFR 1.378(e),¹ filed on 20 October, 2006, requesting reconsideration of a prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-referenced patent.

The request to accept the delayed payment of the maintenance fee is **DENIED**.²

BACKGROUND

The patent issued 10 August, 1999. The first maintenance fee could have been paid from 12 August, 2002, through 10 February, 2003, or, with a surcharge during the period from 11 February through 11 August, 2003. Accordingly, the patent expired at midnight 11 August, 2003, for failure to timely submit the maintenance fee. The petition filed under 37 CFR 1.378(b) on 18

¹ A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must be 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.

² This decision may be regarded as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1002.02.

January, 2006, was dismissed on 22 August, 2006. The present request for reconsideration under 37 CFR 1.378(e), accompanied by authorization to charge counsel's deposit account the \$400.00 fee, was filed on 20 October, 2006.

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

The Director may accept the payment of any maintenance fee required subsection (b) of this section which is made within twenty-four months after the six-month grace period if this delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

37 CFR 1.366(a) states that:

The patentee may pay maintenance fees and any necessary surcharges, or any person or organization may pay maintenance fees and any necessary surcharges on behalf of a patentee. Authorization by the patentee need not be filed in the Patent and Trademark Office to pay maintenance fees and any necessary surcharges on behalf of the patentee.

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 Director may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have been "unavoidable".³ A patent owner's failure to pay a maintenance fee may be considered to have been "unavoidable" if the patent owner "exercised the due care of a reasonably prudent person."⁴ This determination is to be made on a "case-by-case basis, taking all the facts and circumstances into account."⁵ Unavoidable delay under 35 U.S.C. § 41(b) is measured by the same standard as that for reviving an abandoned application under 35 U.S.C. § 133.⁶ Under 35 U.S.C. § 133, the Director may revive an abandoned application if the delay in responding to the relevant outstanding Office requirement is shown to the satisfaction of the Director to have been "unavoidable". Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁷ However, 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.⁸ In view of In re Patent No. 4,409,763,⁹ this same standard will be applied to determine whether "unavoidable" delay within the meaning of 37 CFR 1.378(b) occurred.

This petition does not satisfy the requirement of 37 CFR 1.378(b)(3). The statements presented in the petition fail to satisfy the showing required to establish unavoidable delay within the meaning of 37 CFR 1.378(b).

A petition to accept the delayed payment of a maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate, verified 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

³ 35 U.S.C. § 41(c)(1).

⁴ Ray v. Lehman, 55 F.3d 606, 608-09 (Fed.Cir.), cert. denied, -- U.S. ---, 116 S.Ct. 304, L.Ed.2d 209 (1995).

⁵ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁶ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (PTO Comm'r 1988).

⁷ 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, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913).

⁸ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁹ 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd sub nom. Rydeen v. Quigg, 748 937 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992).

became aware of, the expiration of the patent, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1).

In the original petition, petitioner asserted that the patent was assigned from prior owner Barnet Resnick (hereinafter "Resnick") to TASER International, Inc. (hereinafter "TASER") pursuant to a Purchase and Sale Agreement entered on 27 June, 2003. Petitioner has provided a declaration by Douglas E. Klint, Vice President and General Counsel of TASER, stating that the 27 June, 2003, agreement stipulated that Resnick would pay the maintenance fee for the present patent.

Petitioner further asserted that registered patent attorney Leonard Tachner (hereinafter "Tachner") had been employed by Resnick to docket and pay the maintenance fee for the present patent. Petitioner further provided a declaration by Tachner's Office Manager, Janis Foreman, stating that the maintenance fee was docketed for payment, but was not paid because authorization was not received from Resnick to pay the maintenance fee. Specifically, Ms. Foreman states that she believes she contacted Resnick and asked him for authorization to pay the maintenance fee, but that no response was received. Petitioner has also included a copies of docket sheets from Tachner dated February and August, 2003, respectively, which indicate "Not ours-New Assignee" and "New Assignee to Pay", respectively, for the docket number of the present patent.

Petitioner further stated that the maintenance fee, and petition to reinstate the patent, were not earlier submitted because the USPTO Patent Maintenance Fee Internet site indicated on 11 January, 2005, that "Currently there are no fees due" for the present patent. Petitioner believed, according to the declaration of petitioner's counsel William Bachand, based on the information provided by the USPTO, that no fees were due at that time. Petitioner apparently learned in November, 2005, that the patent was in fact expired for failure to pay the first maintenance fee.

In the present request for reconsideration, the gravamen of petitioner's argument is that the delay was unavoidable because petitioner was misled by information posted on USPTO's Internet web site into believing that the maintenance fee had been paid. Specifically, petitioner asserts that it was "deceived" into believing that the maintenance fee had been paid by viewing the USPTO Internet Patent Maintenance Fees screen, which states that "Currently there are no fees due" and the Patent Application

Information Retrieval (PAIR) Internet screen which states the status of the patent as "Patented Case". Petitioner further argues that relief should be granted under "equitable" remedies even if petitioner is unable to show unavoidable delay.

Petitioner's artfully plead argument has been considered, but is not persuasive. The statement "Currently there are no fees due" is not the same as stating that all fees required to maintain the patent in force have been paid. Rather, the USPTO Internet page reflected the fact that the window for payment of the fee had closed, and that the window for accepting a timely maintenance fee payment had closed. At best, this statement is ambiguous as evidence that the required maintenance fees had been paid.

More to the point, the burden is on petitioner to show that it had in place an adequate system for docketing and paying the maintenance fees. Merely viewing internet pages on the USPTO site which indicate whether or not a maintenance fee window is open does not constitute an adequate maintenance fee tracking system.

The showing is that rather than unavoidable delay, petitioner did not exercise the diligence of a prudent and careful individual in the course of their most important business. With regard to petitioner's statement that the website was supposed to be able to relay all required information without outside contact with the USPTO, a review of the bibliographic data page shows that the patent had expired. As such, a review of the USPTO website shows that the patent was indeed expired. Furthermore, assuming, *arguendo*, the USPTO had incorrectly indicated that the maintenance fee had been paid, such would not, in itself, serve as evidence of timely payment. Petitioner's responsibility is to ensure that the maintenance fee payment is timely submitted. If petitioner cannot show that the fee was timely paid, petitioner must make a showing of unavoidable delay in the submission of the maintenance fee, if the late payment is submitted more than 24 months beyond the close of the window for submission of the maintenance fee. A reasonable and prudent person would have docketed the maintenance fee for payment or verified independently that payment had actually been made. Likewise, petitioner's strenuous argument that the PAIR Screen stating "Status: Patented Case" was false because the case was not "Patented" is not well taken: whether or not a patent was issued and exists is irrespective of whether the maintenance fees have been paid. A patent continues to exist even after it expires.

Second, petitioner's arguments in support of "equitable" remedies are not well taken. In Rydeen v. Quigg,¹⁰ the court states that the Director "may not exercise discretion in a way that contradicts the purpose of the statute or is completely contrary to reason." Here, the applicable statute states that the maintenance fee may not be accepted unless the delay is shown to have been unavoidable. In this regard, it is noted that petitioner argues that the twenty-four month limit for acceptance of maintenance fees as unintentionally delayed should be tolled. If petitioner is to argue that the maintenance fee should be accepted under the unintentional standard, although outside the 24 month grace period, such argument is tantamount to an admission that the delay was not, in fact, unavoidable. While the circumstances certainly support a finding that the delay was not unintentional, they do not rise to the level of unavoidable delay. Under such circumstances, the petition under 37 CFR 1.378(b) must be denied.

As 35 U.S.C. § 41(c) 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 U.S.C. § 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.¹¹ That is, an adequate showing that the delay 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.¹²

There are three periods to be considered during the evaluation of a petition under 37 CFR 1.378(b):

- (1) The delay in reply that originally resulted in expiration;
- (2) The delay in filing an initial petition pursuant to § 1.378(b) to revive the application; and
- (3) The delay in filing a *grantable* petition pursuant to § 1.378(b) to revive the application.¹³

This petition lacks the showing required by periods (1) and (2).

¹⁰ 16 USPQ.2d 1876, at 1880.

¹¹ Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

¹² Id.

¹³ See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131 at 53158 (October 10, 1997).

With regard to period (1), petitioner first claims that Resnick breached his obligation to pay the maintenance fee pursuant to the 27 June, 2003, agreement. In this regard, reliance upon third party prosecution of a patented file without an express contractual obligation designating the third party as the sole payor of maintenance fees does not constitute unavoidable delay within the meaning of 35 USC 133.¹⁴ Assuming, *arguendo*, that such a contract does exist, petitioner is further required to show what steps were taken by petitioner to inquire as to the third party's reasonably diligent efforts to timely pay the maintenance fees.¹⁵ If petitioner can not provide evidence that a third party was contractually obligated to pay the maintenance fees on the instant application and that petitioner had maintained inquiry with that third party as to the steps taken to timely pay the maintenance fee, then petitioner must indicate what steps were taken by the petitioner to ensure timely payment of the maintenance fee.

Petitioner's argument, in the renewed petition, that the negotiation of the purchase and sale agreement (hereinafter "P&SA") between Resnick and TASER "itself is an act by TASER to assure timely payment of maintenance fees for the subject patent." However, the showing of record is that petitioner relied, unfortunately to its detriment, on Resnick to pay the maintenance fee, but took no affirmative steps, save visiting the USPTO webpage which stated that fees were not currently due, to verify that the maintenance fee had been paid. The showing of record is that rather than actually verifying that the fee had actually been paid, petitioner merely relied on a USPTO page which stated that no fees were currently due.

As stated previously, regardless of whether or not Resnick was obligated to pay the maintenance fee, petitioner is required to show that steps were taken by petitioner to inquire as to the third party's reasonably diligent efforts to timely pay the maintenance fees.¹⁶ Simply visiting the USPTO website and viewing a page that stated no fees were currently due cannot be construed as reasonably diligent efforts.

Additionally, petitioner's assertion of diligence in hiring counsel, and counsels' making inquiry of the USPTO website, is still insufficient to show diligence. As stated previously, there is no showing that petitioner attempted to verify that the

¹⁴ See Futures Technology Ltd. v. Quigg, 7 USPQ.2d 1588 (E.D.Va.)

¹⁵ See Winkler v. Ladd, 138 USPQ 666 (Comm'r Pat. 1963).

¹⁶ See Winkler v. Ladd, 138 USPQ 666 (Comm'r Pat. 1963).

maintenance fee payment had actually been made. Rather, petitioner relied on a statement that no fees were "due", which statement is itself correct. No fees were due because the patent had expired.

The showing of record remains that no attempts were made to contact Tachner (or Resnick) until 15 November, 2005, nearly two and one half years after the date of the 27 June, 2003, agreement. Rather than a showing of steps in place, the record suggests that petitioner simply assumed that Resnick would pay (or had paid, based on petitioner's interpretation of the USPTO maintenance fee website) the maintenance fee, but made no attempt to verify its timely submission.¹⁷

While petitioner allegedly chose to rely upon Resnick, 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).¹⁸ Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether Resnick acted reasonably and prudently.¹⁹ Nevertheless, petitioner is bound by any errors that may have been committed by Resnick.²⁰ As such, assuming that Resnick had been so engaged, then it is incumbent upon petitioner to demonstrate, via a documented showing, that Resnick, or his counsel, had docketed this patent for the first maintenance fee payment in a reliable tracking system.²¹ If petitioner cannot establish that Resnick had been so engaged, then petitioner will have to demonstrate what steps were established by petitioner to monitor and pay the maintenance fee.²²

Additionally, a delay resulting from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function may provide the basis for a showing of "unavoidable" delay, provided it is shown that:

- (1) the error was the cause of the delay at issue;

¹⁷ It is noted that petitioner states, in the present renewed petition, that a supplemental declaration of Douglas Klint was included. Apparently to show that Klint did not discover that the patent was expired until after the purchase of the patent by TASER. Although a copy of this declaration cannot be found among the papers submitted with the present renewed petition. It is concluded that the showing of record is sufficient to decide the petition.

¹⁸ See California Medical Products v. Technol Med. Prod., 921 F. Supp. 1219, 1259 (D. Del., 1995).

¹⁹ Id.

²⁰ California, *supra*.

²¹ Id.

²² Id.

(2) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance;

(3) and the employee was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care.²³

An adequate showing requires:

(A) Statements by all persons with direct knowledge of the circumstances surrounding the delay, setting forth the facts as they know them.

(B) Petitioner must supply a thorough explanation of the docketing and call-up system in use and must identify the type of records kept and the person responsible for the maintenance of the system. This showing must include copies of mail ledgers, docket sheets, filewrappers and such other records as may exist which would substantiate an error in docketing, and include an indication as to why the system failed to provide adequate notice that a reply was due.

(C) Petitioner must supply information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work functions carried out, and checks on the described work which were used to assure proper execution of assigned tasks.

The present petition lacks the showing required by (1), (2), and (3) above.

The showing of record, the statement by Ms. Foreman that she believes that she contacted Resnick and asked him to pay the maintenance fee, and the copy of the docket pages provided, is insufficient to show that the payment of the maintenance fee resulted from a clerical error. Petitioner was asked to provide a detailed, documented showing as described above, but has failed so to do.

Petitioner is reminded that failure of communication between an applicant and counsel is not unavoidable delay.²⁴ Specifically,

²³ See MPEP 711.03(c) (III) (C) (2).

²⁴ In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988).

delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b).²⁵ Moreover, the Office is not the proper forum for resolving a dispute as to the effectiveness of communications between parties regarding the responsibility for paying a maintenance fee.²⁶

The showing of record is inadequate to establish unavoidable delay. Petitioner has provided no evidence to substantiate a claim of docketing error. Rather, the showing of record is that petitioner failed to take adequate precautions to ensure that maintenance fees were timely paid in the event of a failure of the computer docketing system. Petitioner's preoccupation with other matters which took precedence over payment of the maintenance fees for the above-identified patent constitutes a lack of diligence, not unavoidable delay.²⁷ As petitioner has not shown that it exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition will be denied.²⁸

Lastly, it is noted that petitioner argues that adequate steps were taken by TASER in that Patrick Smith engaged the services of registered practitioner William Bachand, and that attorney Bachand subsequently prepared and operated a docketing system. However, based on a review of the declaration of Smith, Bachand was not engaged prior to November, 2004, which is after the subject patent had already expired. As such, the showing of record is that petitioner belatedly docketed the patent for payment of the maintenance fees, but that the first maintenance fee was neither docketed nor paid.

In summary, the showing of record is inadequate to establish unavoidable delay. While it is certainly unfortunate that petitioner misinterpreted USPTO information as meaning that the maintenance had already paid instead of verifying that payment had been made, said acts do not rise to the level of unavoidable delay. Rather, than unavoidable delay, the showing of record is that petitioner failed to take adequate precautions to ensure that maintenance fees were timely paid. As petitioner has not shown that it exercised the standard of care observed by a

²⁵ See Ray, at 610, 34 USPQ2d at 1789.

²⁶ Id.

²⁷ See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

²⁸ See note 4, supra.

reasonable person in the conduct of his or her most important business, the petition will be denied.²⁹

CONCLUSION

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. The petition under § 1.378(c) has also been considered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable, or unintentional, within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b) and (c).

Since this patent will not be reinstated, the maintenance fee(s) and surcharge fee(s) submitted by petitioner will be refunded by treasury check. The \$400.00 fee for reconsideration will not be refunded.

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

Telephone inquiries should be directed to Senior Petitions Attorney Douglas I. Wood at 571-272-3231.



Charles A. Pearson
Director, Office of Petitions
Office of the Deputy Commissioner
for Patent Examination Policy

²⁹ See note 7, supra.