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OFFICE OF PETITIONS

In re Patent No. 5,201,048 :
Issue Date: 6 April, 1993 :
Application No. 07/750,745 : DECISION ON PETITION
Filed: 21 August, 1991 :
Attorney Docket No. AXX-101A :
Patentee(s): Coulter, et al. :

This is a decision on the papers accepted as a petition under 37 C.F.R. §1.378(b), filed 3 July, 2008, and supplemented on 18 August, 2008, to accept an unavoidably delayed payment of a maintenance fee for the above-identified patent which is treated as a petition under 37 C.F.R. §1.378(e) requesting reconsideration of a petition for acceptance of payment of a maintenance fee for the above-referenced patent as having been delayed due to unavoidable delay. (See: 37 C.F.R. §1.378(e).¹)

NOTES:

- (1) The address on the petition is other than that of record. A courtesy copy of this decision will be mailed to Petitioner. However, all future correspondence will be directed to the address of record until such time as appropriate instructions are received to the contrary.

Further, the materials presented heretofore raise certain concerns, *inter alia*:

¹ A grantable petition to accept a delayed maintenance fee payment under 37 C.F.R. §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(l)(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.

- (a) the documents submitted appear to contain private tax identification information regarding persons and/or entities, which if revealed as public could present significant risk of identity theft—and which information the Office always cautions practitioners to redact from filings. (*See:* MPEP §§724.02 through 724.06. *also:* Identity Theft—Personal Information: <http://www.uspto.gov/web/doc/privact.htm>.)

Thus, Petitioner may wish to submit replacement materials and seek their substitution for the un-redacted versions from the record; and

- (b) a review has been made of the declarations of Daniel Fishman and the declaration of Thomas Richards. The declaration of Mr. Fishman is not considered to be a declaration but is the statement of the petition since it has been signed by a registered practitioner. The declaration of Mr. Richards is acceptable as an Oath since it has been signed and notarized

(2) The materials presented appear to be:

- (a) the showing submitted on 11 July, 2008, as required by the Office that Daniel L. Fishman (Reg. No. 35,512) evidence that a copy of the 23 June, 2008, decision had been provided to the Patentee/Declarant Thomas A. Richards (Patentee/Declarant); and
- (b) materials submitted to the Office by Patentee/Declarant Richards on 3 June 2008, (which, however, appear not to have been matched to the file until after the 23 June, 2008, decision was mailed) in connection with a filing to the Office of Enrollment and Discipline (OED).
- (c) materials submitted to the Office by Patentee/Declarant Richards on 18 August, 2008, (which, however, appear not to have been matched to the file until September 2009).

Telephone calls from Patentee/Declarant indicated that further papers were to be filed in the matter, and it appears that the hard copy of those materials—file on 18 August, 2008, and including a one-page declaration signed by Petitioner Thomas A. Richards (Petitioner) with eight (8) additional pages (numbered 2 through 9) of history, along with approximately 80 pages of documents—never were matched with the file, however, it appears that the materials were scanned into the record. The present decision is made in light of the 3 June, 2008, filing by Patentee/Declarant in addition to the 3 July, 2008, 18 August, 2008, filings by Petitioner.

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

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.

BACKGROUND

Patent No. 5,201,048 (the ‘048 patent) issued on 6 April, 1993. The third maintenance fee could have been paid—but was not—from 6 April, 2004, through 6 October, 2004, or with a surcharge during the period from 7 October, 2004, through 6 April, 2005.

Accordingly, the ‘048 patent expired at midnight 6 April, 2005, for failure to submit timely the third maintenance fee.

A petition to accept the delayed payment of a maintenance fee under 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b) **must** be accompanied by (1) an adequate 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; (2) payment of the appropriate maintenance fee, unless previously submitted; and (3) payment of the surcharge set forth in 37 C.F.R. §1.20(i)(1).

The instant petition under 37 C.F.R. §1.378(e) was filed on 11 July, 2008. (The original petition under 37 C.F.R. §1.378(b) was filed on 8 May, 2007.) It does not appear that the \$400.00 petition fee required herein was submitted.

As with the original petition, this petition lacks: an adequate 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, as set forth above. Moreover, the instant petition fails to include the requisite fee. The petition is denied on this ground. It also is noted that the present petition has been signed by only one of the patentees and thus is an improper petition under 37 C.F.R. §1.378(d). Moreover, if the fee had been paid and the petition properly signed, the petition would be denied for the grounds set forth below.

FACTS PRESENTED

Petitioner stated that the delay in payment of the third maintenance fee was unavoidable due to financial difficulties at the time in question—*see*: “Declaration of Daniel N. Fishman” and “Declaration of Thomas A. Richards.”³

³ Declaration of Daniel N. Fishman, at Item 3, and Declaration of Thomas Richards, at Item 3.

STATUTES AND REGULATIONS

The grant of authority at 35 U.S.C. §41(c)(1) provides that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section...after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

The regulations at 37 C.F.R. §1.378(b)(3) set forth 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 under 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b) if the delay is shown to the satisfaction of the Director to have been "unavoidable."⁴

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. §133 because 35 U.S.C. §41(c)(1) uses the identical language, i.e., "unavoidable" delay.⁵ Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁶ In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account."⁷ Finally, a petition to revive an application as unavoidably abandoned cannot be granted where a Petitioner has failed to meet his or her burden of establishing the cause of the unavoidable delay.⁸

In essence, Petitioner must show that he was aware of the need to pay the maintenance fee, and to that end was tracking it, or had engaged someone to track it before the expiration, but when

⁴35 U.S.C. § 41(c)(1).

⁵ *Ray v. Lehman*, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995)(quoting *In re Patent No. 4,409,763*, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988)).

⁶ *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 man 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).

⁷ *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

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

the fee came due, was “unavoidably” prevented from making the maintenance fee payment until the petition was filed.

In determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person.⁹

It is incumbent upon the patent owner to implement steps to schedule and pay the fee, or obligate another to do so.¹⁰

The regulations at 37 C.F.R. §1.378(b)(3) require a showing of the steps in place to pay the maintenance fee, and the record currently lacks a showing that any steps were emplaced by Petitioner or anyone else.

In the absence of a showing that a Petitioner or anyone else was engaged in tracking the maintenance fee due dates, and that party had in fact been tracking the due dates with a reliable tracking system, such as would be used by prudent and careful persons in relation to their most important business, a Petitioner cannot reasonably show that the delay was unavoidable delay.¹¹ Put otherwise, the issues of Petitioner’s financial problems are immaterial in the absence of a showing that these, and not the lack of any steps in place to pay the fee, caused or contributed to the delay.

A showing of unavoidable delay based upon financial condition must establish that the financial condition of the Petitioner during the entire period of the delay was such as to excuse the delay.¹²

The showing of record as of this writing is inadequate to establish unavoidable delay within the meaning of 37 C.F.R. §1.378(b)(3).

Thus far, there has been only a suggestion that the original delay—i.e., that which preceded and led to the expiration of the ‘048 patent (i.e., up until midnight 6 April, 2005) due to non-payment of the third maintenance fee—may be attributable to financial constraints.

However, as previously indicated herein a month-by-month accounting of funds available (or not) for payment is required to address that factual issue.

Moreover, the record is silent as to any assignment of the forerunner application or the instant patent, and there is no documentary evidence of record—only unsupported statements—as to the ability/inability of the Patentees Eric S. Coulter and Thomas A. Richards to pay the third maintenance fee herein. Further, a waiver has not been requested for the acceptance of the petition without Mr. Coulter’s signature. Thus, the petition not properly signed as required by 37 C.F.R. §1.378(d).

⁹ *Ray*, 55 F3d at 608-609, 34 USPQ2D at 1787.

¹⁰ See: *California Medical Products v. Technol. Med. Prod.*, 921 F.Supp 1219, 1259 (D. Del. 1995).

¹¹ *In re Katrapat*, 6 USPQ2d 1863, 1867-1868 (Comm’r Pat. 1988); *California, supra*.

¹² See: *Ex parte Murray*, 1891 Dec. Comm’r Pat. 130, 131 (1891).

Thereafter, there is a suggestion that the delay(s) occurring following expiration—particularly that between 30 November, 2006, and midnight 6 April, 2007—may be attributable to the action or inaction of Counsel: i.e., the failure to file timely a petition pursuant to 37 C.F.R. §1.378(c).

According to the timetable set out by Daniel N. Fishman in his declaration Mr. Fishman had at least from 30 November, 2006, until 6 April, 2007, to so advise his clients Axxess and Messrs. Beck and Richards of the need to promptly seek reinstatement of the ‘048 patent. This never was further addressed by Petitioner after the decision of 23 June, 2008. Counsel describes having allowed to pass the opportunity for his clients to seek the reinstatement of the instant patent under the standard of unintentional delay.

The general rule is that errors of a party’s Counsel are imputed to and bind the party, for it is the party who made the selection of Counsel.¹³ (However, the general rule does not apply in those cases in which there is a showing that deception of Counsel caused the delay in question and a petitioner shows that he was diligent.¹⁴)

Thus, the showing of record is insufficient to establish adequately that Petitioner’s entire delay in paying the second maintenance fee from midnight 6 April 2005, until the petition was filed on or about 8 May, 2007, was unavoidable within the meaning of 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b).

A complete showing, with supporting documentation, is required of the financial condition of Petitioner or the party responsible for payment of the maintenance fees. Such showing should include all income, expenses, assets, credit, and obligations, which made the delay in payment of the maintenance fee from 6 April, 2005, until the filing of the petition on or about 8 May, 2007, “unavoidable.” A monthly breakdown is preferred.

The Office has made clear to patent holders that they, not the Office, are responsible for ensuring timely payment of maintenance fees due, and that the Office has no responsibility for notifying patent holders of maintenance fee payment due dates.

The Commentary at MPEP §2590 provides in pertinent part:

In view of the requirement to enumerate the steps taken to ensure timely payment of the maintenance fee, the patentee's lack of knowledge of the need to pay the maintenance fee and the failure to receive the Maintenance Fee Reminder do not constitute unavoidable delay. See *Patent No. 4,409,763, supra*. See also Final Rule entitled “Final Rules for Patent Maintenance Fees,” published in the *Federal Register* at 49 Fed. Reg. 34716, 34722-23 (August 31, 1984), and republished in the *Official Gazette* at 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). Under the statutes and rules, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees

¹³ *Link v. Wabash Railroad Co.*, 370 U.S. 626, 633-634, 82 S.Ct. 1386, 1390-91 (1962).

¹⁴ See, e.g., *In re Lonardo*, 17 USPQ2d 1455 (Comm'r Pat. 1990).

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. (Emphasis supplied.)

Submitted on Request for Reconsideration

As indicated above, no new details have been submitted, save for the chronology submitted on 3 June, 2008. These papers apparently were not matched with the file before mailing of the 23 June, 2008, decision, but there is no indication that they would have altered that decision. For the most part the chronology is supported by documentation only to the extent that it discusses potential litigation against alleged infringement and tens and possibly hundreds of thousands of dollars for such a process. However, the chronology is all but silent as to the third/last maintenance fee—see only:

- the single line “Copy of petition to revive (sic) the patent” in the 21 November, 2006, Email from Suman Kahlon to Tom Richards; and
- the listing indicates that the final date for submission of the maintenance fee on petition was upcoming—erroneously stated as 1 April, 2007—and that “Dan Fishman said that he would take care of it.” (Page two, Item III; see also Page 3, Item VI, referencing the 10 March, 2007, meeting: “Dan indicated that he was working on the ‘petition – unintentional’ to submit to USPTO.”)

There is no indication that the latter process took place in order that the former requirement could be satisfied. Had the petition been filed even in the erroneous time period set forth in the chronology, it is unlikely that the instant petition process would have occurred.

In addition to information previously submitted in this matter, the scanned papers filed on 18 August, 2008 (though unmatched with the file), indicate that:

1. Mr. Richards (Petitioner) indicated that the “patent holder” is Axxess Technology—however, it is noted that no assignment of the patent is recorded with the Office—and the inventors are Petitioner and Erick Coulter, who, Petitioner states, is blind and in poor health.
2. Petitioner did not have the money to pay the maintenance fee when originally due and immediately thereafter did not want to borrow the funds required to reinstate the patent (as unintentionally delayed) because he was living on \$1,900.00 a month. Petitioner was working on a grant with the U.S. Department of Education, but departmental budget cuts resulted in that project being cancelled. By November 2006 Petitioner met with Mr. Fishman. Petitioner told Mr. Fishman that the first step was to obtain the funds to reinstate the patent “before April 1, 2007.” Petitioner provided to Mr. Fishman a copy of

the patent and the papers received by Petitioner from the Office with regard to the fees due to reinstate the patent.

The documents submitted with the history are:

- Attempt to obtain grant from the U.S. Department of Education
- Communication with a company that indicated an interest in purchasing the patent
- Letter received by Petitioner from the Office of Enrollment and Discipline
- Letter from attorney Steve Cook, whom Mr. Fishman selected
- Declaration of Petitioner
- Partial Declaration of Mr. Fishman
- Email communications between Petitioner and Mr. Fishman
- Excerpt from MPEP §2590
- Mr. Fishman's letter of 27 June, 2008, to Petitioner following the Office decision of 23 June, 2008
- Petitioner's financial records (January 2005 though April 2007)

Windows for Payment

As to whether Petitioner or party with demonstrable responsibility therefor had in place a system to ensure payment of the second maintenance fee when due for the instant patent:

- within the first window for payment of the maintenance fee alone—from 6 April, 2004, through midnight 6 October, 2004: Petitioner's showing is insufficient;
- within the second window for payment of the maintenance fee and small surcharge—from 7 October, 2004, through midnight 6 April, 2005: Petitioner's showing is insufficient;
- within the third window for payment of the maintenance fee and the surcharge in connection with an allegation of unintentional delay—from 7 April, 2005, through midnight 7 April, 2007: Petitioner's showing is insufficient.

Petitioner appears to have ignored the explicit requirements set forth in the 23 June, 2008, decision as to Petitioner's burden on renewed petition:

The regulations at 37 C.F.R. §1.378(b)(3) state 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.

In any future filing, this showing should include, but is not limited to, docket records, tickler reports, and file jacket entries for this application, and documents regarding the alleged cause of the delay and copies of any documents referred to in Petitioner's statement as to the cause of the unavoidable delay are required. All the causes which contributed to the failure to timely pay the maintenance fee must be presented and supported with appropriate evidence.¹⁵ (In general, a Petitioner should identify the party(ies) responsible for making the payment: A showing must be made (with supporting documents) outlining the efforts made to ensure timely payment of the maintenance fee--including scheduling and calendaring information, appointment of an individual with the authority and responsibility to pay the fee, and detailing of the causes for a failure in that process.)

Instead Petitioner submitted but generalities, with little substance and no documentation supporting the averments—particularly the averments of what was not done and why.

This petition does not satisfy the requirement of 37 C.F.R. §1.378(b)(3). As discussed below, the statements and documents presented in the petition fail to satisfy the showing required to establish unavoidable delay within the meaning of 37 C.F.R. §1.378(b).

The statute, 35 U.S.C. §41(c)(1), does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the Petitioner has failed to carry his or her burden to establish that the delay was unavoidable.¹⁶ The statute, 35 U.S.C. §133, does not require the Commissioner to affirmatively find that the delay was avoidable, but only to explain why the applicant's petition was unavailing. Petitioner is reminded that it is the patentee's burden under

¹⁵ The showing must also enumerate 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. Statements from all persons who contributed to the delay are also required.

¹⁶ See *Commissariat A. L'Energie Atomique v. Watson*, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960).

the statutes and regulations to make a showing to the satisfaction of the Director that the delay in payment of a maintenance fee is unavoidable.¹⁷

Because 35 U.S.C. § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 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.¹⁸ That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the second maintenance fee for this patent.¹⁹

There are three periods to be considered during the evaluation of a petition under 37 C.F.R. §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 reinstate the patent; and
- (3) The delay in filing a grantable petition pursuant to §1.378(b) to reinstate the patent.²⁰

The showing is not persuasive with regards to items (1) and (2).

Petitioner has provided no clear explanation supported by documentary evidence as to the mechanism by which the delay occurred with the resulting expiration of the instant patent or as to a timely filing of a petition to reinstate.

The statement of Mr. Fishman accompanying the original petition provided, *inter alia*:

2. On or about 30 November, 2006, I first met with Mr. Frank Beck—a shareholder in Axxess Technologies, Inc. ("Axxess"). Mr. Beck was referred to me by Mr. James Young—the patent attorney of record who prepared, filed and prosecuted US Patent 5,201,048 (the Patent") assigned on its face to Axxess Technologies, Inc. ("Axxess").
3. Mr. Beck wanted to consult with me about the procedures to revive (sic) the Patent after failure to pay the 12th year maintenance fee. He explained to me that though Axxess was aware of the need to pay the 12th year maintenance fee for the Patent prior to expiration of the deadline in April 2005, Axxess had no money then and still has no money(nor any other liquid assets).

¹⁷ See *Rydeen v. Quigg*, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), aff'd 937 F.2d 623 (Fed. Cir. 1991)(table), cert. denied, 502 U.S. 1075 (1992); *Ray v. Lehman*, *supra*.

¹⁸ *Ray*, 55 F.3d at 609, 34 USPQ2d at 1788.

¹⁹ *Id.*

²⁰ See [Changes to Patent Practice and Procedure: Final Rule Notice](#), 62 Fed. Reg. 53131 at 53158 (October 10, 1997).

5. Without fully investigating all the details of the procedure to revive such an abandoned/expired patent, I advised Mr. Beck that there existed two procedures to revive an expired patent: either granting of a petition to revive an unintentionally abandoned or granting of a petition to revive for unavoidable abandonment. I advised Mr. Beck that I would have to research the procedures more closely but that until a source of funds was located we could not file such a petition.

7. Mr. Beck introduced me to Mr. Thomas Richards (President of Axxess and a co-inventor of the Patent) at a subsequent meeting in late December. We discussed these same issues as noted above at this later meeting.
 8. Over the following weeks through early January, I called some patent litigation firms with whom I had personal contacts but none were interested in the case as a contingent fee matter. The firms I spoke with were not interested regardless of the subject matter or the strength of the case. Rather, according to the partners in those firms I contacted, internal business issues of their respective firms precluded the option of accepting the case as a contingent fee matter.
 9. In early January I suggested to Mr. Beck that I might gather an ad-hoc team of attorneys including myself that might be interested in working jointly on his matter on a contingent fee basis. I introduced Mr. Beck and Mr. Richards to Mr. Steven Cook and Mr. Rick Bland (a Colorado trial attorney and a Colorado corporate law attorney, respectively). Teamed with me, Mr. Cook and Mr. Bland agreed that we might be interested in a contingent fee arrangement to enforce the Patent against certain potential infringers but that we would need to investigate the facts more thoroughly with help from Mr. Richards.
- ***
12. I was generally aware of the two year statutory limitation on filing a petition to revive for unintentional abandonment. For at least two reasons that deadline came and went without filing such a petition. First we (Mr. Cook, Mr. Bland and I) had not yet completed our study to make a firm decision as to the value of the cases by early April 2007 (the two year deadline for filing such a petition for revival of an unintentionally abandoned parent (sic)). Since Axxess was reliant on us as possible contingent fee attorneys to advance the necessary costs, the delay caused by our need to investigate the strength of the case presented an unavoidable delay in reviving the Patent. Second, when I read the relevant rules and procedures (CFR and MPEP) more carefully, it was clear to me that the reason for the abandonment (sic) is not properly certified as "unintentional." In this case the abandonment was due to the inability of Axxess to pay the requisite maintenance fee.
 13. It is my understanding from investigating the status of Axxess that at all times since at least about 2000 to the present day Axxess has had no funds or liquid assets available to pay the 12th year maintenance fee that was due in April 2005. Thus the entire delay in filing this petition up to the date of my initial meeting with Mr. Beck (and to the present day) was unavoidable.

14. The delay in filing this petition from the date of my Meeting with Mr. Beck to the present was unavoidable in that some reasonable investigation was required to determine the strength of the possible contingent fee litigation.
15. The entire delay in payment of the 12 year maintenance fee, from a date well in advance of the deadline in April 2005 up to and including the date of this petition was an unavoidable delay. Axxess has, and still has, no funds to pay the requisite fees. No larger patent litigation firm that I contacted on behalf of Axxess through December 2006 and early January 2007 was interested in the matter as a contingent fee patent infringement action. The California group that had contact Mr. Beck had not, to my knowledge, suggested enough details to offer to advance or handle in any way the needed petition process. I had to complete some initial investigation of the strength of the possible contingent fee litigation before deciding to advance the necessary fees.

Mr. Fishman submitted corporate tax returns for Axxess further evidencing the inability of Axxess to pay the maintenance fees. However, most of the documents submitted were for periods not relevant to the instant matter and, as indicated above, there is no evidence of record of assignment of the instant patent to Axxess and no demonstration of record (i.e., documentary support) by the Patentees of record as to their inability to pay during the times relevant herein.

The statement of Mr. Richards accompanying the original petition provided, *inter alia*:

1. I, Thomas A. Richards, am a co-inventor of the United States patent 5,201,048 ("the Patent") assigned on its face to Axxess Technologies, Inc. ("Axxess") of which I am President and a substantial shareholder.
2. As President of Axxess, I was aware that the 12th year maintenance fee for the Patent was due in late 2004 and no later than April 2005. Mr. James Young (now in Austin Texas) was our patent attorney involved in preparing, filing and prosecuting the Patent. Mr. Young sent Axxess letters for various due dates and fees through the prosecution including reminder letters regarding the deadlines for payment of maintenance fees for the Patent after issuance. Though my corporate records do not have a copy of the letters from Mr. Young regarding the 12th year maintenance fee deadline, I recall receiving those letters.
3. Axxess has had no money or liquid assets since at least 2000 and thus had no funds to pay the 12th year maintenance fees due in 2005. I personally paid the 8th year maintenance fee due in 2001 in hopes of keeping the patent from becoming abandoned/expired.
4. Attached hereto as Exhibit A are copies of relevant portions of the corporate tax returns for Axxess from 1992 through 1998 and 2003 through 2006 further evidencing my statement that Axxess had and has no income or assets to pay the 12th year maintenance

fee (no tax returns were filed for the years 1999 through 2002 and correction therefore were submitted in 2003 with IRS guidance).

5. I personally had no available funds to pay the 12th year maintenance fee when due and still have no funds available to make the payment today. I am 76 years old and live on a fixed income from Social Security benefits.
6. At all times from well before the due date for the 12th year maintenance fee through the date of this declaration, Axxess has had no funds to pay the maintenance fee (let alone the petition fees now due or any legal fees to pursue enforcement or licensing of the Patent).
7. It has never been my intention, or the intention of Axxess, to abandon (sic) the Patent. I continue working to this day on the computer programs I helped develop that embody the claimed features of the Patent. I continue to hope to find some niche market to exploit the technology that underlies the Patent. Quite the opposite from any intent to abandon the Patent, only the lack of funds in Axxess has rendered it impossible to pay the 12th year maintenance fee and thus the entire delay has been unavoidable. Attached hereto as Exhibit B as evidence of my intent to continue developing the technology is a recent grant proposal to the Department of Education (later rejected) to develop the technology of the Patent for educational applications.
8. With the assistance of Mr. Frank Beck (a shareholder of Axxess) Axxess started to look into the possibility of locating a group or law firm that would enforce the Patent rights to generate licensing revenues or other revenues from enforcement of the patent. Mr. Beck felt there was some interest from an investment group in California and felt the need to locate a new patent attorney to look into the status of the Patent. Mr. Young referred us to Mr. Daniel Fishman—a patent attorney in Boulder Colorado with whom Mr. Young was familiar.
9. I first met with Mr. Fishman in mid to late December 2006 (shortly before the holiday season and following Mr. Beck's earlier initial meeting with Mr. Fishman). In our meeting we discussed the possibility of reviving (sic) the Patent and the possibility of generating revenues from the Patent by licensing or enforcement actions against certain potential infringers. Since Axxess has and still has no funds, we also consulted with Mr. Fishman regarding possible local representation to enforce the Patent against one or more potential infringers on a contingent fee basis.
10. By early January, Mr. Fishman reported that the larger firms in the area he had contacted on our behalf were not interested in a contingent fee patent infringement suit. However, Mr. Fishman introduced me to an ad hoc team of attorneys including himself (for technical patent expertise), Mr. Steve Cook (an experienced trial attorney) , and Mr. Rick Bland (an attorney specializing in corporate legal matters). At a first meeting with this ad hoc team, we jointly discussed the Patent and the merits of a possible patent infringement action on a contingent fee basis. In our meeting, we had broad agreement that further

study was needed to review technical information regarding some identified potential infringers. That study started in January 2007 and continues to this day. It has proven difficult to determine the inner workings of potential infringing products and services.

11. Though the study discussed above continues, Mr. Fishman has determined that the potential for success in a patent infringement action is high enough that he is prepared to advance the costs to revive the Patent and file the attached petition to revive. Thus the entire delay—up to the date of this petition—has been unavoidable.

What is clear from the two sets of statements is that while Patentee/Declarant Mr. Richards appears to have known when the third maintenance fee was due, for whatever reason the fee was not paid without surcharge before midnight 6 October, 2004, or with surcharge before the patent expired after midnight 6 April, 2005. No petition seeking to pay the fees as unintentionally delayed in payment pursuant to 37 C.F.R. §1.378(c) was submitted timely. Almost all of the narrative of conversations and meetings suggested (but not documented) in the 3 June, 2008, submission to the Office of Enrollment and Discipline (OED) address potential patent-infringement litigation—save at Item (VII) of the submission Mr. Richards writes that on 10 April, 2007, he “got a call from Dan [Fishman] indicating that he neglected to pay the fees on time.”²¹

In fact, the situation presented here shows that the parties intentionally delayed in paying the maintenance fee in the hopes of finding a potential infringer. (*See*: Mr. Fishman’s statement, Item 12, above.) This is the antithesis of unintentional delay and would preclude a finding of unavoidable delay as well.²² A delay caused by the deliberate decision not to take appropriate action within a statutorily prescribed period does not constitute an unavoidable delay. Such intentional action or inaction precludes a finding of unavoidable delay, even if the agent-representative made his decision not to timely take the necessary action with reasonable care and diligence.²³ In this regard, in January of 2007, rather than filing a petition for reinstatement of the patent within the statutorily set twenty-four (24) month time period under the unintentional delay standard, Petitioner’s then-representative sought out potential infringers before making the decision to reinstate this patent. Such conduct constitutes intentional delay. The discovery of additional information and decision to reinstate after the statutory period expired does not cause the delay of the Petitioner’s then-representative to become “unintentional.” This action represents a change of purpose after the patent expired.²⁴

Thus, while Counsel Mr. Fishman appears to have known that the third maintenance fee was due with petition and surcharge (for delayed submission due to unintentional delay) before the end of the 24-month period after midnight 6 April, 2007, he failed to submit the maintenance fee, petition and surcharge pursuant to 37 C.F.R. §1.378(c).

²¹ Mr. Richard’s 3 June, 2008, submission, at page 3.

²² *In re Maldague*, 10 USPQ 2d 1477 (Comm'r Pat. 1988).

²³ *Id.*, at 1478.

²⁴ *See: In re Application of G*, 11 USPQ2d 1378 (Comm'r Pat. 1989),

A mistake is not a deception—hiding a mistake is a deception, and Mr. Richards acknowledges that Mr. Fishman called him on 10 April, 2007, to inform Mr. Richards of the error.

Whatever questions this history may have raised in this matter, there has been no showing of unavoidable delay so as to satisfy the requirements such that the Office might accept tender upon petition and surcharge pursuant to 37 C.F.R. §1.378(b). Whatever showing that was made in the context of the petition(s) has been insufficient to invoke the *Lonardo*²⁵ standard.

Thus, these conditions preclude a finding that the delay was unavoidable.

As to Item (3): Petitioner has presented no showing as to the basis for any delay in filing a grantable petition.

The showing of record is that rather than unavoidable delay, it appears that Mr. Richards and/or Mr. Fishman were, at best, preoccupied with other matters during the time the maintenance fees on the present patent were due. While funds may have been available, they were used for other matters. These were funds that might have been available for payment. Petitioners' preoccupation with other matters which took precedence over timely payment of the maintenance fee in the present patent and/or election to pay other items with precedence over the maintenance fee and surcharge do not constitute unavoidable delay.²⁶

The showing must also enumerate the date and the manner in which patentees became aware of the expiration of the patent, and the steps taken to file the petition promptly. Statements from all persons who contributed to the delay are also required. Furthermore, Petitioner should identify the party responsible for making the payment.

In the decision mailed on 23 June, 2008, Petitioners were advised to include an exhaustive attempt to provide the information required, since, after a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director.

In this regard, a showing of diligence in matters before the Office is essential to support a finding of unavoidable delay herein.²⁷ There is no “sliding scale” based upon the priority given to maintaining this patent in force, or more diligently seeking reinstatement, vis-a-vis other matters by Petitioner; the issue is solely whether the maintenance, or reinstatement, of the patent at issue was actually conducted with the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business.

²⁵ See: *In re Lonardo*, 17 USPQ2d 1455 (Comm'r Pat. 1990): delay caused by deception of applicant by applicant's representative, but with a showing of diligence on the part of the applicant.

²⁶ See *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

²⁷ See *Futures Technology, Ltd. v. Quigg*, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiry into the status of the application is required to show unavoidable delay); *Douglas v. Manbeck*, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), aff'd, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (even representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant's lack of diligence extending two and one half years overcame and superseded any omissions by his counsel).

The delay was not unavoidable, because had Petitioner exercised the due care and diligence of a reasonably prudent person, Petitioner would have been able to act to pay the fee or seek reinstatement in a timely fashion. The record fails to adequately evidence that Petitioner exercised the due care and diligence observed by prudent and careful persons, in relation to their most important business, which is necessary to establish unavoidable delay.²⁸

The Office is unable to grant the requested relief because Petitioner has not provided a showing that the delay was unavoidable.

In summary, the showing of record has been considered, but does not rise to the level of unavoidable delay. Rather, the showing of record is intentional delay—and even if the delay was not intentional, petitioner has shown a lack of diligence. Moreover, the fee for substantive reconsideration has not been paid.

CONCLUSION

The prior decision which refused to accept under 37 C.F.R. §1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. §41(c)(1) and 37 C.F.R. §1.378(b).

The petition under 37 C.F.R. §1.378(e) is **denied**.

As stated in 37 C.F.R. §1.378(e), no further reconsideration or review of the decision refusing to accept the delayed payment of the maintenance fee under 37 C.F.R. §1.378(e) will be undertaken.

This decision **is a final agency action** within the meaning of 5 U.S.C. §704 for purposes of seeking judicial review. (See: MPEP §1002.02.)

Since this patent will not be reinstated, a refund check covering, the maintenance fee and surcharge fee, less the \$400.00 fee for the present request for reconsideration, has been scheduled.

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

²⁸ *Pratt, supra*.

Application No. 07/750,745
Patent No. 5,201,048

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