



Paper No. 16

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In re Application of McMullen  
Patent No. 4,707,359  
Application No. 06/760,728  
Filed: July 17, 1985  
Issued: November 17, 1987  
Attorney Docket No. 1481-000/FLS

OFFICE OF PETITIONS  
~~A/C PATENTS~~  
ON PETITION

This is a decision on the renewed petition under 37 CFR § 1.378(b), or in the alternative under 37 CFR 1.183, filed November 6, 2000, to reinstate the above-identified patent.

The petition under 37 CFR 1.378(b) and under 37 CFR 1.183 is **DENIED**.<sup>1</sup>

**Background**

The patent issued November 17, 1987. The 7.5 year maintenance fee could have been paid from November 17, 1994 through May 17, 1995, or with a surcharge during the period from May 18, 1995 to November 17, 1995. Petitioner ("Mr. William Sutton") did not do so. Accordingly, the patent expired November 18, 1995.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed August 2, 2000, and was dismissed in the decision of November 3, 2000.

**Statute and Regulation**

35 U.S.C. § 41(b) states in pertinent part that:

"The Commissioner shall charge the following fees for maintaining in force all patents based on applications filed on or after December 1, 1980:

- (1) 3 years and 6 months after grant, \$830.<sup>2</sup>
- (2) 7 years and 6 months after grant, \$1,900.
- (3) 11 years and 6 months after grant, \$2,910.

Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office 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 required by

<sup>1</sup> 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. The terms of 37 CFR 1.378(e) *do not apply* to this decision.

<sup>2</sup> Maintenance fees in effect as of the date the first petition was filed on August 2, 2000. The fees may be subject to an annual adjustment on October 1 of each year, see 35 USC 41(f), and are reduced by 50% for small entities, see 35 USC 41(h)(1).

subsection (b) of this section ... after the six month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable.”

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 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 legislative history regarding the unavoidability exception includes statements by the House Committee that ‘in order to avoid an inequitable loss of patent rights, the Commissioner is given the authority to accept the payment of any maintenance fee after the six-month grace period if it is established that the delay in payment was unavoidable. It is intended that the Commissioner will issue regulations establishing guidelines for acceptance of a late payment. After the expiration of a reasonable amount of time, the patentee would bear a heavy burden of proof that the delay was unavoidable.’”<sup>3</sup>

“In the specialized field of patent law, ... the Commissioner of Patent and Trademarks is primarily responsible for the application and enforcement of the various narrow and technical statutory and regulatory provisions. His interpretation of those provisions is entitled to considerable deference.”<sup>4</sup>

“[T]he Commissioner’s discretion cannot remain wholly uncontrolled, if the facts clearly demonstrate that the applicant’s delay in prosecuting the application was unavoidable, and that the Commissioner’s adverse determination lacked any basis in reason or common sense.”<sup>5</sup>

“The court’s review of a Commissioner’s decision is ‘limited however, to a determination of

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<sup>3</sup> Laerdal Med. Corp. V. Ambu, Inc., 877 F. Supp. 255, 257, 34 U.S.P.Q.2d (BNA) 1140 (D. Md. 1995) (quoting H.R. Rep. No. 542, 97th Congress, 2d Sess. 2, 8; 1982 U.S.C.C.A.N. at 772) (emphasis added).

<sup>4</sup> Rydeen v. Quigg, 748 F.Supp. 900, 904, 16 U.S.P.Q.2d (BNA)1876 (D.D.C. 1990), aff’d without opinion (Rule 36), 937 F.2d 623 (Fed. Cir. 1991) (citing Morganroth v. Quigg, 885 F.2d 843, 848, 12 U.S.P.Q.2d (BNA) 1125 (Fed. Cir. 1989); Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1425, 7 U.S.P.Q.2d (BNA) 1152 (Fed. Cir. 1988) (“an agency’ interpretation of a statute it administers is entitled to deference”); see also Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 844, 81 L. Ed. 694, 104 S. Ct. 2778 (1984) (“if the statute is silent or ambiguous with respect to the specific issue, the question for the court is whether the agency’s answer is based on a permissible construction of the statute.”))

<sup>5</sup> Commissariat A L’Energie Atomique et al. v. Watson, 274 F.2d 594, 597, 124 U.S.P.Q. (BNA) 126 (D.C. Cir. 1960) (emphasis added).

whether the agency finding was arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.”<sup>6</sup>

“The scope of review under the arbitrary and capricious standard is narrow and a court is not to substitute its judgement for that of the agency.”<sup>7</sup>

**Patentee must establish that he or she acted the same as a reasonable and prudent person would have acted in regard to their most important business**

“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.”<sup>8</sup> “*Clearly the question of whether an applicant’s delay in prosecuting an application was unavoidable must be decided on a case-by-case basis, taking all of the facts and circumstances into account.*”<sup>9</sup>

**I. In re Mattulah:**

In 1912, the Court of Appeals for the District of Columbia, considered all of the facts and circumstances of a case in order to determine which Commissioner’s “unavoidable” standard should apply to that case.<sup>10</sup> The Office had rejected applicant’s claims. “The substantial ground of rejection was inoperativeness, because it was then seriously doubted, if not generally denied, that aerial flight could be accomplished in heavier-than-air machines. During the time that has elapsed since that objection was made, the doubt has been removed ... [I]t is not probable that the objection to operativeness, on the ground urged, would now be permitted to stand.”<sup>11</sup> The inventor died and his attorneys filed a response. The Office *improperly* refused to enter the response.<sup>12</sup> The inventor’s widow, of sixty-two years of age, was left penniless and dependent upon her children. The widow promptly wrote to “such persons as might be aware of her

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<sup>6</sup> Haines v. Quigg, 673 F. Supp. 314, 316, 5 U.S.P.Q.2d (BNA) 1130 (N.D. Ind. 1987) (citing Camp v. Pitts, 411 U.S. 138, 93 S. Ct. 1241, 1244 (1973) (citing 5 U.S.C. § 706(2)(A)); Beerly v. Dept. of Treasury, 768 F.2d 942, 945 (7th Cir. 1985); Smith v. Mossinghoff, 217 U.S. App. D.C. 27, 671 F.2d 533, 538 (D.C. Cir. 1982)).

<sup>7</sup> Ray v. Lehman, 55 F.3d 606, 608, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citing Motor Vehicles Mfrs. Ass’n v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43, 77 L. Ed.2d 443, 103 S. Ct. 2856 (1983)).

<sup>8</sup> Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

<sup>9</sup> Id.

<sup>10</sup> In re Mattulah, 38 App. D.C. 497 (D.C. Cir. 1912).

<sup>11</sup> Id. at 510.

<sup>12</sup> Id. at 511 (“The delay in reviving the application would, in reasonable probability, not have occurred but for the strange action of the Office in acting upon some unexplained source of knowledge of the death of the applicant, and holding that the death absolutely and at once revoked the power of attorney of his solicitors. The amendments proposed by them, presumably without knowledge of their client’s death, were formal; they contained no amplification of the original application and required no additional oath. That the power to make such an amendment had not been revoked by death, and that action could have been taken upon it lawfully, had been declared by the Supreme Court in a decision rendered in January, 1893, De La Vergne Refrigerating Mach. Co. v. Featherstone, 147 U.S. 209, 229, 37 L. Ed. 145, 13 S. Ct. 283. This decision ought to have been well known in the Office.”)

husband's business interests."<sup>13</sup> The widow acted with good faith and diligence and exhausted all sources of information but did not discover the existence of the patent application. Once she became aware of the application, she began to seek the services of an attorney, but was unable to afford the fees. Eventually she found an attorney who agreed to work for free. Unfortunately, that attorney became ill and passed away.

At that time, "[t]he decisions of the various Commissioners of Patents, upon the meaning to be attached to the words 'unavoidable delay' in the statute, [were not] uniform or altogether consistent."<sup>14</sup> Commissioner Butterworth held an extreme view of strict construction which rendered it practically impossible to show any delay that would be unavoidable.<sup>15</sup> Commissioner Hall disagreed with a broad interpretation of the statute. He stated, "The word 'unavoidable' ... is one of very broad significance. In its application to many relations it would exclude everything but the 'King's enemies' or an act of God. If the broad and unlimited meaning of the word 'unavoidable' were to prevail, it is difficult to conceive when an abandoned case could be reinstated."<sup>16</sup> Commissioner Hall felt that the standard for unavoidable delay,

"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. It permits them, in the exercise of this care, to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all the other conditions of good faith and promptness in its ratification being present."<sup>17</sup>

The Office had based a rejection substantially on the fact that machines heavier-than-air could not fly. The Office had improperly refused to enter an amendment. The applicant had died leaving a widow who was penniless, yet acted with good faith, diligence, and exhausted all sources of information. Eventually, the widow had obtained the services of an attorney who became ill and died. Commissioners Butterworth and Hall interpreted the unavoidable standard differently. After reviewing the facts, the Court, in interpreting the phrase, "unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable" stated, "[w]e approve, in general, the doctrine expressed by Commissioner Hall."<sup>18</sup> The Court chose to apply Commissioner Hall's interpretation to the facts at issue.

## II. The Current Standard:

The general standard presently applied by the Office is, "did petitioner act as a reasonable and prudent person in relation to his or her most important business?" However, the question of whether an applicant's delay in payment of a maintenance fee was unavoidable will be decided

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<sup>13</sup> Id. at 513.

<sup>14</sup> Id. at 514 (quoting the argument on behalf of the Commissioner of Patents).

<sup>15</sup> Id. at 514.

<sup>16</sup> Id. at 514 (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)).

<sup>17</sup> Id. at 514-515 (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)).

<sup>18</sup> Id. at 515 (emphasis added).

on a case-by-case basis, taking all of the facts and circumstances into account.

**Patentee is responsible for possessing knowledge of the need to pay the maintenance fee**

Under the statutes and regulations, the Office has no duty to notify patentee of the requirement to pay maintenance fees or to notify patentee when the maintenance fee is due.<sup>19</sup> It is solely the responsibility of the patentee to assure that the maintenance fee is paid timely to prevent expiration of the patent. The Patent Office, as a courtesy, tries to send maintenance fee reminders and notices of patent expiration to the address of record. However, the failure to receive the reminder notice, and the lack of knowledge of the requirement to pay the maintenance fee, will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. In addition, delay resulting from petitioner's failure to keep the PTO apprised of a current correspondence address for receiving communications regarding maintenance fee payments is not unavoidable delay.<sup>20</sup>

Even if the Office were required to provide notice to applicant of the existence of maintenance fee requirements, such notice is provided by the patent itself.<sup>21</sup> The Letters Patent contains a Maintenance Fee Notice that warns that the patent may be subject to maintenance fees if the application was filed on or after December 12, 1980. While it is unclear as to who was and is in actual possession of the patent, Petitioner's failure to read the Notice does not vitiate the Notice, nor does the delay resulting from such failure to read the Notice establish unavoidable delay.

Petitioner must act as a reasonable and prudent person in relation to his most important business. Before the last day to pay the 7.5 year maintenance fee, petitioner had more than 16 months (from July 8, 1994, the purchase date of the patent to November 17, 1995) to become familiar with the legal requirements to maintain a patent. A reasonable and prudent person, in relation to his most important business, would become familiar with the legal requirements of that business, in this case, the requirement to pay maintenance fees. In addition, a reasonable and prudent individual would read the patent itself and thereby become aware of the need to pay maintenance fees and the fact that such fee amounts are sometimes changed by law or regulation.

The Court in Potter v. Dann held that counsel's nonawareness of PTO rules did not constitute "unavoidable" delay.<sup>22</sup> Nonawareness of PTO statutes or rules, which state maintenance fee amounts and the dates they are due, does not constitute unavoidable delay.

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<sup>19</sup> "Congress expressly conditioned §§ 133 and 151 on a specific type of notice, while no such notice requirements are written into § 41(c) ... [T]he Commissioner's interpretation of 'unavoidable' and of the PTO's duty to provide reminder notices then, do not plainly contradict the statute. For this reason, we must accord deference to the Commissioner's no-timely-notice interpretation." Ray v. Comer, 1994 U.S. Dist. LEXIS 21478, 8-9 (1994), *aff'd on other grounds* Ray v. Lehman, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995) (citing Rydeen v. Quigg, 748 F. Supp. 900, 905 (1990), Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 81 L. Ed. 2d 694, 104 S. Ct. 2778 (1984)). "The Court concludes as it did in Rydeen, that as a constitutional matter, 'plaintiff was not entitled to any notice beyond publication of the statute.'" *Id.* at 3 (citing Rydeen v. Quigg, 748 F. Supp. at 906, Texaco v. Short, 454 U.S. 516, 536, 70 L. Ed. 2d 738, 102 S. Ct. 781 (1982)).

<sup>20</sup> The mere inclusion, in a paper filed in an application or patent, of an address differing from the previously provided correspondence address, will not change the address of record. To change the correspondence address, a clear and unambiguous request must be made by a party authorized to change the address.

<sup>21</sup> See Ray v. Lehman, 55 F.3d 606, 610; 34 USPQ2d 1786, 1789 (Fed. Cir. 1995).

<sup>22</sup> Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D. D.C. 1978)).

In summary, the statute does not require that petitioner receive actual notice of the need to pay maintenance fee payments. However, such notice is received when petitioner is granted a patent, or purchases a patent, by the language included in the inside cover. In addition, a reasonable and prudent person would take steps to learn of the legal requirements to maintain a patent, and would thereby, become aware of the need to make maintenance fee payments.

**A reasonable and prudent individual would institute a reliable docketing system to remind him or her when maintenance fees become due**

A reasonable and prudent person, in relation to his most important business, would not rely on memory to remind him when payments would fall due several years in the future. Instead, such an individual would implement a reliable and trustworthy tracking system to keep track of the relevant dates. The individual would also take steps to ensure that the patent information was correctly entered into the tracking system.

A reasonable and prudent person would not rely on maintenance fee reminders from the Office for two reasons. First, the Office has indicated that such reminders are a mere courtesy and has reserved the right to discontinue such reminders at any time. Second, such reminders may be lost in the mail. A reasonable and prudent person, in regard to his most important business, would not rely solely on reminders that the Office may or may not send which may or may not be lost in the mail.

**What must a petitioner show for a petition under 37 CFR § 1.378(b) to be granted?**

As stated before, the question of unavoidable delay will be decided on a case-by-case basis, taking all of the facts and circumstances into account. The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. Petitioner must demonstrate that he acted as a reasonable and prudent person in relation to his most important business. *In general*, petitioner must show that he, or the party obligated to make the payment,

- (1) knew of the need to make the maintenance fee payment, **and**
- (2) implemented a reliable docketing system to track the relevant dates, **and**
- (3) treated payment of the maintenance fee (and later the filing of a petition to reinstate) as his most important business, **and**
- (4) was prevented from making the payment, **and**
- (5) must show that the entire delay in making the payment was unavoidable.

**I. As to (4), a variety of circumstances may prevent one from making a payment.**

A docketing error may prevent one from making a timely payment.<sup>23</sup>

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<sup>23</sup> 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; (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. See MPEP 711.03(c)(III)(C)(2).

An adequate showing requires statements by all persons with direct knowledge of the circumstances surrounding the delay, setting forth the facts as they know them. 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 ledger, 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 in this instance to provide adequate notice that a reply was due. Petitioner must also 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

The financial inability to make a payment may prevent one from making a payment.<sup>24</sup>

Medical incapacitation may prevent one from making a timely payment.<sup>25</sup>

Intentional deceit (instead of negligence or gross negligence) on the part of an attorney, or third party obligated to pay the fee, may constitute unavoidable delay. For example, patentee may pay the funds to a third party who is obligated to pay the maintenance fee, and then the third party may pretend to pay the fee, but instead intentionally embezzle the funds. Patentee would be considered to have been prevented from making the payment until such time as a reasonable and prudent person would have discovered the theft.

II. As to (4), some circumstances will not be considered as having prevented one from making the necessary payment.

A preoccupation with other matters which are given precedence over payment of the maintenance fee does not constitute unavoidable delay.<sup>26</sup>

The loss, or late receipt of mail, not sent in compliance with 37 CFR §§ 1.8 or 1.10, will not constitute unavoidable delay.<sup>27</sup>

A delay caused by the failure on the part of petitioner, or petitioner's representative, to provide the Patent and Trademark Office with a current correspondence address does not constitute an

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used to assure proper execution of assigned tasks.

<sup>24</sup> A showing of "unavoidable" delay based upon financial difficulty must establish that petitioner lacked the financial resources to timely pay the fee at issue. Such a showing must be supported by a complete showing of the responsible person's financial condition during the entire relevant time period, including income, expenses, assets, credit and obligations, which made the delay in payment of the maintenance fee unavoidable. Petitioner should provide copies of any documents or records that would confirm the financial difficulty. Petitioner must demonstrate that he treated payment of the maintenance fee as his most important business. In other words, petitioner must demonstrate that his choice not to make the payment was unrelated to his belief as to the current or future value of the patent, but instead was based solely on a financial inability to make the payment regardless of the patent's worth.

<sup>25</sup> A showing of "unavoidable" delay based upon incapacitation must establish that petitioner's incapacitation was of such nature and degree as to render petitioner unable to conduct business (e.g., correspond with, or pay, the Office) during the entire relevant time period. Such a showing must be supported by a statement from petitioner's treating physician, and such statement must provide the nature and degree of petitioner's incapacitation during this above-mentioned period. In addition, petitioner must demonstrate he treated the payment of the fee, and later the reinstatement of the patent, as his most important business. Petitioner must discuss whether he was able to pay other bills such as rent, utilities, taxes, etc. If he was able to pay other bills, then he should demonstrate why his medical incapacitation prevented him from mailing money to the Office, but did not prevent him from mailing payment for other obligations.

<sup>26</sup> "[T]he preoccupation of plaintiff's attorney with other legal matters or with moving his residence does not relieve him of the burden of complying with the Patent Office regulations. Plaintiff's delay due to his inadvertence or mistake does not constitute 'unavoidable' delay." Smith v. Diamond, 209 U.S.P.Q. (BNA) 1091 (D.C. Cir. 1981) (citing Potter v. Dann, 201 U.S.P.Q. 574,575 (D. D.C. 1978)).

<sup>27</sup> "The procedures set out in the PTO's regulations are designed to provide the type of direct evidence needed to prove when and to where a lost amendment [or maintenance fee] was sent. Had plaintiff's counsel followed these procedures, as a 'prudent and careful man' would have done in conducting 'his most important business,' then he would have been able to provide sufficient evidence to support a showing of unavoidable delay." Krahn v. Commissioner of Patents and Trademarks, 15 U.S.P.Q.2d (BNA) 1823 (E.D. Va. 1990).

unavoidable delay.

A failure to pay the maintenance fee due to a belief that the patent is not of sufficient financial value to justify the expense is not unavoidable delay.

III. As to (5), the entire delay must be unavoidable.

Petitioner must show that the entire delay in making the required payment and filing the petition to reinstate was unavoidable. An applicant who deliberately chooses to delay the filing of a petition will not be able to show that the entire delay was unavoidable.

**In 1992, Congress enacted legislation concerning the reinstatement of patents for failure to timely pay the maintenance fee**

Before 1992, in order to reinstate a patent, one had to demonstrate that the entire delay in making the payment and filing the petition to reinstate was unavoidable. Congress recognized how difficult the standard was to meet.

“[The unavoidable] standard has been found to be extremely hard to meet. Some patent owners have lost their patent rights due to this inflexible standard.”<sup>28</sup>

“Mr. Brooks from the Committee of the Judiciary, submitted the following[:] ... The ‘unavoidable’ standard has proved to be too stringent in many cases. Many patentees have been deprived of their patent rights for failure to pay the maintenance fees for reasons that may have been unintentional yet not unavoidable.”<sup>29</sup>

“The unavoidable standard has proved to be too stringent in many cases.”<sup>30</sup>

“[An employee of a law firm said to me] ‘Mr. McCollum, are you aware of all the problems that small patent holders have with regard to these maintenance fees? ... They don’t get the notices, either move or whatever, and really didn’t intend to not make those fees, but the standards are so high they cannot overcome it when they come in here.’ It is an unavoidable standard; of course they could have technically avoided it and therefore they have lost their patent. I think that is a tragedy. I looked into this and consequently that is the origin of where this bill came from. ... I do agree with the comments made by [Rep. Hughes] that the standard of ‘unavoidable’ was just too high, ‘unintentional’ is much better.”<sup>31</sup>

The unavoidable standard is “too stringent. Some patent owners have lost their patent rights due to circumstances that do not warrant this harsh result, but that could not be considered ‘unavoidable’ under current law.”<sup>32</sup>

As shown above, the unavoidable standard has been described by Congressional representatives

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<sup>28</sup> 138 CONG. REC. S16613, 16614 (September 30, 1992) (statement of Rep. DeConcini).

<sup>29</sup> H.R. REP. NO. 993, 102d Cong., 2nd Sess., 2 (1992), reprinted in 1992 U.S.C.C.A.N. 1623, 1623-1624.

<sup>30</sup> 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. Hughes).

<sup>31</sup> 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. McCollum).

<sup>32</sup> 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum).



as "inflexible", "extremely hard to meet", and "too stringent." In addition, the result of the application of the unavoidable standard can be "harsh" and result in "tragedy." Congress could have passed legislation making the unavoidable standard easier to meet. They did not. Instead, Congress created the "unintentional" standard whereby one only has to establish that one intended to make a payment, but did not.<sup>33</sup> However, Congress made the determination that one would only be able to file an "unintentional" petition within 24 months of the last day of the six month grace period.<sup>34</sup> If one is past this time period, one must satisfy the "extremely hard to meet" "unavoidable" standard.

#### **Application of the unavoidable standard to the present facts**

As stated before, the question of unavoidable delay will be decided on a case-by-case basis, taking all of the facts and circumstances into account. The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. Petitioner must demonstrate that he acted as a reasonable and prudent person in relation to his most important business. *In general*, petitioner must show that he, or the party obligated to make the payment,

- (1) knew of the need to make the maintenance fee payment, **and**
- (2) implemented a reliable docketing system to track the relevant dates, **and**
- (3) treated payment of the maintenance fee (and later the filing of a petition to reinstate) as his most important business, **and**
- (4) was prevented from making the payment, **and**
- (5) must show that the entire delay in making the payment was unavoidable.

Petitioner has failed to show (1), (2), (3), (4), or (5).

On July 8, 1994, petitioner purchased the patent from his close friend, the inventor. Shortly thereafter (the exact date is unclear from the record), the inventor died. Petitioner was unaware of the need to pay maintenance fees and failed to make the 7.5 year maintenance fee payment. In June of 2000, petitioner made plans to sell the patent and the inventor's original attorney was contacted to aid in the sale. The attorney, on his own initiative, discovered that the patent had expired for failure to pay the 7.5 year maintenance fee payment and a petition to reinstate under 37 CFR 1.378(b) was promptly filed.

As stated previously, the statute does not require that petitioner receive actual notice of the need to pay maintenance fee payments. However, such notice is received when petitioner is granted a patent, or purchases a patent, by the language included in the inside cover. In addition, a reasonable and prudent person would take steps to learn of the legal requirements to maintain a patent, and would thereby, become aware of the need to make maintenance fee payments.

Petitioner contends that had the inventor lived, he may have notified petitioner of the maintenance fee payment. If petitioner could show that an agreement had existed for the deceased inventor to notify petitioner when any legal obligations arose regarding the patent, and

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<sup>33</sup> A petition to accept an unintentionally delayed payment must be accompanied by the maintenance fee, the required surcharge, and "a statement that the delay in payment of the maintenance fee was unintentional." 37 CFR 1.378(c).

<sup>34</sup> An "unintentional" petition must be filed within 24 months of the last day of the six month grace period. If the 3.5 year fee is missed, then the unintentional petition must be filed within six years of the date of issue. If the 7.5 year fee is missed, an unintentional petition must be filed within 10 years of the date of issue. If the 11.5 year fee is missed, then the petition must be filed within 14 years of the date of issue.

if the deceased had implemented a reliable docketing system,<sup>35</sup> then the petitioner would have a strong case that the delay between the time of purchase and the inventor's death was unavoidable. However, once the inventor died, petitioner would not have been reasonable and prudent in relying solely on the inventor to notify him of any legal obligations related to the patent.

A patent, like a car, home, or business, is a valuable piece of property which should not be purchased without investigation into its status (in force or expired), the existence of possible assignments, and investigation into the legal obligations which accompany the ownership of the patent. There is no record of any legal research performed by petitioner prior to purchase of the patent or during the 5 years and 11 months following the purchase. Certainly there are cases where a party may obtain ownership without the opportunity to research the obligations which accompany a patent, such as by inheritance, but in such cases, research should be done within a reasonable period of time. Petitioner has failed to demonstrate that he acted as a reasonable and prudent person in regards to his most important business.

Petitioner cites In re Mattulah,<sup>36</sup> stating, "[the court] indicated that it was not reasonable to expect the widow to be informed of legal rights and obligations relating to her deceased husband's application."<sup>37</sup> However, the widow in that case had not even known of the existence of the application and therefore could not have researched the obligations which accompany an application. Also, the question of whether an applicant's delay in payment of a maintenance fee was unavoidable will be decided on a case-by-case basis, taking all of the facts and circumstances into account. The court in In re Mattulah was presented with an Office rejection based substantially on the fact that machines heavier-than-air could not fly. The Office had improperly refused to enter an amendment. The applicant had died leaving a widow who was penniless, yet acted with good faith, diligence, and exhausted all sources of information. Eventually, the widow had obtained the services of an attorney who became ill and died.

Since petitioner failed to have any steps in place to timely pay the maintenance fee, 37 CFR 1.378(b) precludes acceptance of the maintenance fee.<sup>38</sup>

Upon consideration of all of the facts and circumstances in the instant case, petitioner has failed to establish that the entire delay in making the maintenance fee payment was unavoidable.

### **The petition under 37 CFR 1.183**

37 CFR 1.183 states in part, "In an extraordinary situation, when justice requires, any requirement of the regulations in this part which is not a requirement of the statutes may be suspended or waived by the Commissioner." This is not an extraordinary situation. Petitions under 37 CFR 1.378(b) often aver that petitioner was not aware of the need to pay the maintenance fee. This situation is extraordinary only because of the inordinate amount of time that has elapsed between the expiration of patent and the filing of the instant petition. Most such

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<sup>35</sup> The reliance on an attorney, or third party, to notify the patentee of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. Rather, such reliance merely shifts the focus of the inquiry to whether the former attorney acted reasonably and prudently.

<sup>36</sup> 38 App. D.C. 497 (D.C. Cir. 1912).

<sup>37</sup> Page 3 of the November 3, 2000, petition.

<sup>38</sup> See 37 CFR 1.378(b)(3); Donnelley & Sons Co. V. Dickinson, 123 F. Supp. 2d 456 (N.D. Ill. 2000).

petitions are not filed almost five years after the patent's expiration. Justice does not require waiver of any rule cited by petitioner. Congress has addressed the "justice" issue when it recognized that the unavoidable standard can be "inflexible", "extremely hard to meet", and "too stringent." In addition, Congress recognized that the result of the application of the unavoidable standard can be "harsh" and "result in "tragedy." Congress chose to create the unintentional standard and provided a two year deadline to file such a petition. The Commissioner does not have the right to replace Congress' version of justice with his own. The Commissioner also does not have the authority to waive a statute.<sup>39</sup> Since more than two years have passed since the last day of the grace period, Congress has determined that the patent can only be reinstated if petitioner shows the entire delay is unavoidable- the Commissioner does not have the authority to reinstate the patent if petitioner can not make this showing. The Commissioner can waive the requirements of 37 CFR 1.378(b) but not those of 35 U.S.C. 41(c)(1).

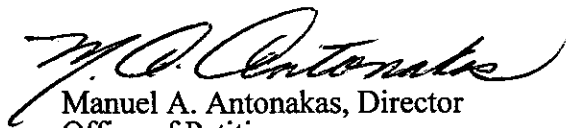
### Decision

The prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the reasons herein and stated above, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b). The petition is **denied**. The petition to waive the requirements of law under 37 CFR 1.183 is likewise **denied**.

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

Since this patent will not be reinstated, maintenance fees and surcharges submitted by petitioner totalling \$3,105, have been credited to deposit account no. 19-0748. The \$130 for request for reconsideration and the \$130 fee for the petition under 37 CFR 1.183.

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



Manuel A. Antonakas, Director  
Office of Petitions  
Office of the Deputy Commissioner  
for Patent Examination Policy

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<sup>39</sup> 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).