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In re Patent No. 4,957,312
Issue Date: September 18, 1990
Application No. 07/447,380
Filed: December 10, 1989
Inventor: Peter Morello

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This is a decision on the petition under 37 CFR 1.378(e), filed October 25, 1999, and supplemented by facsimile transmission November 17, 1999, requesting reconsideration of the decision of January 12, 1999, which **denied** the request to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent.

The request to accept the delayed payment of the maintenance fee under 37 CFR 1.378(b) is **DENIED**.¹

Initially, petitioner is advised that, as this petition was not filed within two (2) months of the action complained of *i.e.*, the adverse decision of January 12, 1999, it is subject to dismissal as untimely. See 37 CFR 1.181(f). Petitioner is also reminded that the decision of January 12, 1999, indicated that petitioner could seek waiver under 37 CFR 1.183 of 37 CFR 1.378(e) and reconsideration upon his obtaining and submitting the documentary support of his assertions that was to be obtained by way of litigation against his formerly extant law firm. The instant request is silent on this matter and clearly lacks the aforementioned documentation; moreover, petitioner has not made a showing and request under 37 CFR 1.183 for waiver.²

¹ 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.

² As an Office of Petitions staff member was informed during a telephone conversation with the office of the Clerk of the Circuit Court of Cook County on February 18, 2000, that petitioner's complaint No. 97L15189 had been dismissed on March 27, 1998 for lack of prosecution, there is no reasonable basis to expect that additional documentary evidence is forthcoming.

Nevertheless, under the circumstances of this case, the request for reconsideration will be reviewed.

As pointed out in the decision of January 12, 1999 the showing of record fails to demonstrate that the delay in payment of the maintenance fee herein was unavoidable within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b), and that showing is not controverted by the instant petition. The showing in the instant petition is simply immaterial to issues of: the delay in payment of the maintenance fee which led to the expiration of the patent, as well as the delay in filing the first petition seeking reinstatement.

Petitioner requests reconsideration of the above-noted final agency action in that: (1) in light of the cashing of petitioner's checks for the maintenance fees for this patent, as well as an Internet web-site which lists the above-identified patent as having been reinstated, the actions of the PTO are inconsistent, (2) the lack of petitioner's documentation, notwithstanding the statement of counsel Tryzna constitutes an unreasonable basis for the decision, and (3) as there is an obligation on the PTO to act with equity, "justice requires" that the patent be reinstated.

As to the first item, petitioner appears to have overlooked that this patent expired by operation of law (35 USC 41(c)) due to patentee's failure to timely pay the first maintenance fee. That petitioner was and is aware of its expired status is demonstrated by the petitions of September 15, 1997, and May 22, 1998, which each sought to reinstate the above-captioned patent by way of PTO acceptance of the late payment, as well as petitioner's suit for malpractice against his former law firm on this very issue. Furthermore, petitioner had, in hand, the adverse decisions of March 17, 1998, and January 12, 1999, which set forth in writing that the maintenance fee had not been accepted and the patent had not been reinstated.

The belated first maintenance fee payment which was proffered by check was required as a component of any petition under 37 CFR 1.378, as set forth in 37 CFR 1.378(b)(1), regardless of the outcome of the decision. While petitioner also submitted the second maintenance fee, such submissions could not in of themselves operate to reinstate this expired patent, absent a favorable decision on petition by the PTO. See 35 USC 41(c)(1) and 37 CFR 1.378(a). The aforementioned statute and regulation make it clear that, after expiration of a patent, the mere submission of a belated maintenance fee by or on behalf of a patent holder does not in of itself reinstate an expired patent; rather, it is the Commissioner, not the patentee, that Congress has empowered with the discretion to reinstate the patent. As

made clear in the decisions of March 17, 1998 and January 12, 1999, (and herein) the showing of unavoidable delay in this case has not established to the satisfaction of the Commissioner that the delay in submission of the maintenance fee was unavoidable.

That the check for the first maintenance fee, as well as the check for the second maintenance fee filed February 17, 1998 (not withstanding the expired status of the patent), were negotiated while the reinstatement petitions were under consideration is immaterial. Rather, the PTO negotiates any payment made by check as quickly as possible after receipt, simply due to government-wide business practices for treating payments by check. Petitioner also appears to have overlooked that the unfavorable decision of March 17, 1998 advised petitioner (at 6) in the event that first petition was not renewed, or if renewed and the patent not reinstated, to request a refund of the maintenance fees and the post-expiration surcharge. As such, any contention that confuses the simple act of the negotiation of a check, with a favorable decision on petition from the PTO which, in writing³, indicates acceptance of a belated maintenance fee and patent reinstatement, must be regarded as untenable, especially in light of the unfavorable decisions of March 17, 1998, and January 12, 1999. While petitioner is understandably unhappy that his patent was not reinstated, contrary to petitioner's assertion the record fails to establish any inconsistency in the actions of the PTO.

Furthermore, the PTO simply has no control over the contents of a commercial web-site on the Internet. Rather, inspection of PTO maintenance fee records for this patent reveals that the PTO, like petitioner, considers this patent to be expired.⁴

While petitioner unfortunately also received a Notice of Expiration (Notice) in 1998, which led to petitioner's submission of the second maintenance fee payment, it appears from PTO resources that such was due to a software error in effect in

³ All business before the PTO is to be transacted in writing. 37 CFR 1.2.

⁴ Note also that the final agency action of January 12, 1999, which denied petitioner's request to reinstate this patent has been placed on the PTO Internet web-site, which may be located first on the PTO home page under the heading FOIA, then proceeding to the "FOIA Reading Room," then proceeding next to the section captioned "Final Decisions of the Office of the Commissioner of Patents," under the topic "Maintenance Fees;" see the file captioned with the above-identified patent No. This decision will be also be posted in the same location in due course.

1997, which has since been corrected. Specifically, the error stems from the accounting system installed in mid-1997, which apparently did not then adequately distinguish a first maintenance fee payment which had been submitted as a component of a petition for reinstatement filed almost three (3) years *after the patent had expired*, from a simple payment that was timely submitted during the time the patent remained in force. The PTO sincerely regrets any inconvenience that the software error may have caused petitioner. Nevertheless, as the Notice in question was mailed October 27, 1998, which is subsequent to: (1) the date of expiration of the above-noted patent, (2) the date that petitioner learned of the expiration of the above-noted patent, (3) the date that petitioner instituted a suit for malpractice against his litigation and licensing law firm, (4) the date of filing of the first petition to reinstate, (5) the date of the adverse decision of March 17, 1998, (6) the date of dismissal of petitioner's malpractice complaint against his litigation and licensing law firm on March 27, 1998, and (7) the date the renewed petition was filed on May 21, 1998, the Notice clearly did not cause or contribute to the expiration of the patent for petitioner's failure to timely pay the first maintenance fee, or any delay in petitioner's filing the petitions seeking reinstatement. Moreover, the Notice is irrelevant to petitioner's burden of demonstrating that the entire delay in payment of the first maintenance fee was unavoidable, and thus has no effect on the outcome of any decision in this case. As such, the Notice was a harmless error.

As to the second item, petitioner has not supplied with the instant petition any additional information or documentation not previously considered, which would warrant any modification of the decision of January 12, 1999. Petitioner is reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Commissioner that the delay in payment of a maintenance fee is unavoidable. 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, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995). The record clearly establishes that petitioner is aware of the necessity to prove the facts alleged in the petition. See petition of September 15, 1997 (at 3). As petitioner acknowledged in the petition of May 22, 1998 (at 1-2), while the evidence in support of the allegations made in the petitions "is believed to exist," nevertheless the showing of record still lacks adequate documentation in support of the arguments made in the petition.

Petitioner is advised that delay resulting from a lack of awareness of the need to pay maintenance fees, or delay resulting

from petitioner's lack of receipt of any maintenance fee reminder(s), or petitioner's being unaware of the need for maintenance fee payments, does not constitute "unavoidable" delay. See Patent No. 4,409,763, supra, aff'd, Rydeen v. Quigg, supra. See also "Final Rules for Patent Maintenance Fees," 49 Fed. Reg. 34716, 34722-23 (Aug. 31, 1984), reprinted in 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). 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. While the Office mails maintenance fee reminders strictly as a courtesy, it is solely the responsibility of the patentee to ensure that the maintenance fee is timely paid to prevent expiration of the patent. The failure to receive the Reminder does not relieve the patentee of the obligation to timely pay the maintenance fee, nor will it constitute unavoidable delay if the patentee seeks reinstatement under the regulation. Rydeen, Id. Moreover, a patentee who is required by 35 USC 41(c)(1) to pay a maintenance fee within 3 years and six months of the patent grant, or face expiration of the patent, is not entitled to any notice beyond that provided by publication of the statute. Id. at 900, 16 USPQ2d at 1876.

Furthermore, 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 the record is not clear as to whether petitioner ever read the Maintenance Fee Notice, petitioner's failure to read or remember the Notice does not vitiate the Notice, nor does the delay resulting from such failure to read the Notice establish unavoidable delay. Ray, 55 F.3d at 610, 34 USPQ2d at 1789. The mere publication of the statute was sufficient notice to petitioner. Rydeen, supra.

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. Ray, 55 F3d at 608-609, 34 USPQ2D at 1787. It is incumbent upon the patent owner to implement steps to schedule and pay the fee, or obligate another to do so. See California Medical Products v. Technol. Med. Prod., 921 F.Supp 1219, 1259 (D. Del. 1995). The patent owner must demonstrate that the patent had been docketed in a docketing system as would have been relied upon by a prudent and careful person with respect to that person's most important business. Id. In this regard, the record does not adequately show, as noted in the previous decision, that counsel Trzyna, or anyone else at Keck, Mahin & Cate had ever been engaged by petitioner to track the maintenance fee payment, much less make the payment on behalf of petitioner. Even assuming in a light most favorable to

petitioner that his litigation and licensing counsel or firm had assumed that obligation, reliance per se upon another to track and pay maintenance fees does not provide a petitioner with a showing of unavoidable delay within the meaning of 37 C.F.R. 1.378(b) and 35 U.S.C. 41(c). Id. Rather, such reliance merely shifts the focus of the "reasonably prudent" inquiry from petitioner to the appointed representative. Id. Nevertheless, petitioner is bound by any errors that may have been committed by that representative. Id.

Even assuming *arguendo* that counsel at Keck, Mahin & Cate, e.g., counsel Trzyna had been engaged to track the maintenance fee in a reliable and diligently administered system, there is no showing that Keck, Mahin & Cate or e.g., counsel Trzyna, was "unavoidably" prevented from continuing to discharge their or his putative duties to petitioner during the time in question, or that Keck, Mahin & Cate or e.g., Trzyna was "unavoidably" prevented from advising petitioner of his former firm's difficulties such that petitioner could then take appropriate action. Based upon the submission of record⁵, Keck did not close its doors until some three (3) years after this patent expired for failure to pay the maintenance fee. The acts or omissions of counsel are attributable to the patentee. Link v. Wabash, 370 U.S. 626, 633-634; California, supra; Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992). The Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the inventors, and petitioner is bound by the consequences of those actions or inactions. Link, supra; California, supra. Specifically, petitioner's delay caused by actions or inactions of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 41(c) or 37 CFR 1.378. See Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987); Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978). In this regard, petitioner alleged in his complaint (copy filed with petition of May 21, 1998) against his former litigation law firm Keck, Mahin, & Cate⁶ (at ¶ 8) that Keck had never advised petitioner "that a maintenance fee was coming due."

In any event, petitioner has failed to adduce any document, much

⁵ Illinois Legal Times, Vol. 12, No. 30 (January 1998) submitted with the petition of May 21, 1998.

⁶ Morello v. Keck, Mahin, & Cate, Case No. 97L15189, (Cir. Ct. Cook Cnty, IL, filed November 27, 1997).

less a contract, establishing that Keck had been engaged to monitor and pay the maintenance fee on behalf of petitioner. Even assuming that such a document(s) existed, and had been made of record, petitioner has also failed to demonstrate why petitioner's failure to diligently monitor Keck's performance under the putative contract can reasonably be considered to constitute unavoidable delay. See Futures Technology Ltd. v. Quigg, 684 F.Supp. 430, 7 USPQ2d 1588 (E.D. Va. 1988). That is, petitioner's apparent failure to monitor Keck's performance under the alleged contract, or diligently inquire of Keck, or anyone else, including the PTO, into the status of the patent and maintenance fee payment, does not reflect the due care and diligence employed by a prudent and careful person with respect to their most important business, and as such, cannot demonstrate that the delay was unavoidable delay. Id. Rather, a prudent person takes diligent action to ensure that contracted services are timely performed as specified. Id. Note further in this regard, that the record, while documenting Keck's billing of litigation and licensing matters, does not present any invoice(s) for services rendered with respect to tracking the maintenance fee payment, much less for the payment itself. The record lacks any showing that Keck ever represented to petitioner that the maintenance fee had been paid, much less that petitioner ever paid Keck for services rendered with respect to the maintenance fee payment. There is no showing from petitioner's records which were in his and not Keck's possession, that petitioner, upon timely discovering that Keck had not yet presented petitioner with an itemized bill for payment of the fee, that petitioner diligently inquired of Keck or e.g., Trzyna as to why that allegedly contracted service had not been timely discharged, in time to prevent expiration of the patent, or more diligently present a petition seeking reinstatement.

Even assuming, *arguendo*, that Keck had been obligated in this matter, and further, that petitioner would not be bound by the mistakes or omissions of Keck, diligence on the part of petitioner would still be essential to show unavoidable delay. See, Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (applicant's lack of diligence over a two and one half year period in taking any action with respect to his application, precluded a finding of unavoidable delay). However, the record lacks an adequate showing of petitioner's diligence in this matter during the entire period extending from the last date that the maintenance fee could have been timely filed (the one year period year that ended September 18, 1994), until the filing of the first petition on September 15, 1997, a period of almost three (3) years, which would be necessary to support a finding of unavoidable delay. Id. Specifically, diligence on the part of

the owner is necessary to show unavoidable delay when that owner's putative agent(s) fails to take timely and proper steps with respect to a proceeding before the Patent and Trademark Office. Futures, 684 F.Supp. 430 at 431, 7 USPQ2d at 1589. However, petitioner has not shown diligence with respect to any aspect of the payment of the maintenance fee for this patent. Petitioner's lack of due diligence with respect to this patent, for a period of time of almost three (3) years, overcame and superseded any omissions or commissions by his representative(s), or Keck. Douglas, supra; Haines v. Ouigg, supra. The delay was not unavoidable, because had petitioner exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a timely fashion. Haines v. Ouigg, supra; Douglas, supra.

It is noted that Trzyna (decl. ¶ 25) raises the issue as to whether petitioner (as indicated in the first petition), was in fact aware of the need to docket and pay maintenance fees, and, as such, the record remains unclear whether petitioner actually obligated Keck for a possibly unknown need or service. Moreover, Keck (see letter bearing the date July 23, 1997 from Warren J. Marwedel of Keck) indicates that "a review of the file does not reveal that Keck... was retained to handle all aspects" of the above-captioned patent. While petitioner disputes the latter communication, the record lacks any documentary evidence in support of petitioner's assertions. As also noted in the previous decision, the PTO is simply not the forum for resolving a dispute between a patentee and his putative representative(s) regarding an unpaid maintenance fee. Ray, supra. Moreover, there is no need in this case to determine the obligation between Keck and petitioner, since the record fails to show that either Keck or petitioner took adequate steps to ensure timely payment of the maintenance fee. See In re Patent No. 4,461,759, 16 USPQ2d 1883, 1884 (Comm'r Pat. 1990).

As to the second item above, while petitioner asserts that the Trzyna declaration "is entitled to be believed," belief in the aforementioned declaration is not the issue. Rather, the issue is that: it remained petitioner's burden to supply adequate *direct* evidence bearing on the unavoidable delay analysis. See, Krahn v. Commissioner, 15 USPQ2d 1823, 1825 (D.C. E Va 1990). As noted above, Trzyna, much less petitioner, still has not provided the *direct* evidence necessary to substantiate the allegations made in the petition that: (1) patentee's litigation and licensing counsel had assumed the obligation for tracking and paying the maintenance fee payment, (2) the patent was docketed for payment by anyone, including petitioner's litigation and licensing counsel, much less that (3) the patent was docketed in a reliable docketing system as would be relied upon by a prudent

his most important business, (4) Keck or e.g., Trzyna, was "unavoidably" prevented from timely discharging the alleged obligations toward petitioner, and (5) petitioner was "unavoidably" prevented from taking more diligent action with respect to either payment or reinstatement. The uncorroborated statements of counsel Trzyna, which were made several years after the purported engagement of Trzyna or Keck to pay the maintenance fee, merely recount Trzyna's beliefs and speculations, as well as his recollections of the normal business practices at his former firm. However, merely recounting counsel's beliefs and speculations, and setting forth the normal business practices at counsel's firm does not provide the *direct* evidence required to substantiate the allegations made in the petition, and, as such, cannot constitute an adequate showing as to whether the delay was unavoidable *vel non*. Id.

As to the third item noted above, while petitioner seeks an extraordinary remedy with respect to favorably reconsidering the petition under "equitable principles," it is brought to petitioner's attention that the requirement for a showing of unavoidable delay is a requirement of the statute (35 USC 41(c)), and, as such, the PTO lacks the authority or discretion to waive that requirement. See In Re Patent No. 4,409,763, 7 USPQ2d 1798, 1802 (Comm'r Pat. 1988), *aff'd*, 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). It follows that whatever "equitable principles" might be enlisted by or on behalf of petitioner, such "equitable principles" cannot properly be employed to offset the lack herein of an adequate showing of unavoidable delay. Rather, the decision of the PTO on the question of whether the delay herein was unavoidable *vel non* can only be based on the contents of the administrative record in this case. Douglas v. Manbeck, *supra*; Haines v. Quigg, *supra*. As noted above, the administrative record in this case lacks the necessary *direct* evidence to meet petitioner's burden of proving that the entire delay herein was unavoidable. Krahn, *supra*.

DECISION

The petition is granted to the extent that the prior decision has been reconsidered, but is denied as to making any change therein. For the reasons set forth in the prior decision and noted above, the delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b).

Since this patent will not be reinstated, \$2200 in maintenance fees, and the post expiration surcharge, will be refunded to

petitioner by Treasury Check(s) is due course. The fees (\$260) for requesting reconsideration and waiver are not refundable.

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

Telephone inquiries related to this decision should be directed to Special Projects Examiner Brian Hearn at (703) 305-1820.



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