



Katalin Kovacs  
2528 SE 20<sup>th</sup> Place  
Homestead, FL 33035

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OFFICE OF PETITIONS

In re Patent of Belan	:	
Application No. 07/457,149	:	
Patent No. 4,958,596	:	Decision
Filed: December 26, 1989	:	
Issued: September 25, 1990	:	
For: PET GROOMING KIT WITH APPLICATOR	:	

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed January 24, 2003, and supplemented February 25, 2003, to reinstate the above-identified patent.

The petition is **DENIED**.<sup>1</sup>

Since this patent will not be reinstated, maintenance fees and surcharges submitted by petitioner will be scheduled for a refund. The \$130 fee for requesting reconsideration is not refundable. Therefore the Office will refund \$3,260.

**Background**

The patent issued September 25, 1990.

The 7.5 year maintenance fee could have been paid from September 25, 1997 through March 25, 1998, or with a surcharge during the period from March 26, 1998 to September 26, 1998.

Office records indicate that \$1,090 for the 7.5 year fee was not submitted until after September 26, 1998. Accordingly, the patent expired September 27, 1998.

The \$1,090 was refunded since the payment was untimely.

A petition under 37 CFR 1.378(b) was filed on September 11, 2002. In response, the Office mailed a "Request for Information" which stated, "The merits of a petition under 37 CFR 1.378(b) will not be considered until the appropriate fees are submitted. In addition to the \$700 which has been filed, petitioner must submit \$1,010 for the 7.5 year fee and \$1,550 for the 11.5 year fee." A response to the request for reconsideration was filed on November 4, 2002, along with \$1,550. However, the response was not accompanied by a payment of \$1,010. On January 13, 2003, the Office dismissed petitioner's request for relief under 37 CFR 1.378(b).

**Applicable Statutes and Regulation**

35 U.S.C. § 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . 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."

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<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.

35 U.S.C. § 41(c)(1) states that, "The Commissioner may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Commissioner to have been unavoidable.**" (emphasis added)

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . 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.

### Opinion

**Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.**

The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.<sup>2</sup> However, "The question of whether an applicant's delay in prosecuting an application was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."<sup>3</sup> Nonawareness of the content of, or a misunderstanding of, PTO statutes, PTO rules, the MPEP, or Official Gazette notices, does not constitute unavoidable delay.<sup>4</sup> The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

**Petitioner is responsible for possessing knowledge of the need to pay maintenance fees and the due dates for such fees. Petitioner is responsible for instituting a reliable docketing system to remind him or her when maintenance fees become due.**

Petitioner is responsible for having knowledge of the need to pay maintenance fees and knowing when the fees are due.<sup>5</sup> The Office has no duty to notify a patentee of the requirement to pay

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<sup>2</sup> 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).

<sup>3</sup> Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

<sup>4</sup> See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D. D.C. 1978) for the proposition that counsel's nonawareness of PTO rules does not constitute "unavoidable" delay); Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D. D.C. 1985) (Plaintiffs, through their counsel's actions, or their own, must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

<sup>5</sup> Nonawareness of PTO statutes, PTO rules, the MPEP, or Official Gazette notices, which state maintenance fee amounts and the dates they are due, does not constitute unavoidable delay. See footnote 4. Petitioner must act as a reasonable and prudent person in relation to his most important business. Upon obtaining the 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.

maintenance fees or to notify patentee when a maintenance fee is due.<sup>6</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>7</sup>

A reasonable and prudent person, aware of the existence of maintenance fees, would not rely on Maintenance fee reminders or on memory to remind him or her 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.<sup>8</sup> The individual would also take steps to ensure that the patent information was correctly entered into the tracking system.

**Petitioner is bound by her attorneys' conduct.**

The reliance on an attorney to notify the patentee of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. While the Office is not passing judgement on counsel's behavior, petitioner is reminded that the Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and petitioner is bound by the consequences of those actions or inactions. *If the former attorney made any errors, petitioner is bound by such errors.*<sup>9</sup>

If [the] attorney somehow breach[es] his duty of care to plaintiff, then plaintiff may have certain other remedies available to him against his attorney. He cannot, however,

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<sup>6</sup> 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. See MPEP 2575, 2540, 2590. Petitioner does not have a right to personalized notice that this patent will expire if a certain maintenance fee is not paid, as the publication of the statute was sufficient notice. See *Rydeen v. Quigg*, 748 F. Supp. 900, 907 (1990). The ultimate responsibility for keeping track of maintenance fee due dates lies with the patentee, not the USPTO. Since the mailing of Notices by the Office is completely discretionary and not a requirement imposed by Congress, accepting an argument that failure to receive a Notice is unavoidable delay would result in all delays being unavoidable should the Office discontinue the policy. All petitions could allege non-receipt of the reminder, and therefore all petitions could be granted. This was clearly not the intent of Congress in the creation of the unavoidable standard.

<sup>7</sup> See *Ray v. Lehman*, 55 F.3d 606, 610; 34 USPQ2d 1786, 1789 (Fed. Cir. 1995). 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.

<sup>8</sup> 37 CFR 1.378(b)(3) precludes acceptance of a late maintenance fee for a patent unless a petitioner can demonstrate that steps were in place to monitor the maintenance fee. The Federal Circuit has specifically upheld the validity of this properly promulgated regulation. *Ray v. Lehman*, 55 F.3d 606, 609; 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995).

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.

<sup>9</sup> See *California Med. Products v. Technol Med. Products*, 921 F. Supp. 1219, 1259 (D. Del. 1995) (citing *Smith v. Diamond*, 209 U.S.P.Q. 1091, 1093 (D.D.C. 1981) (citing *Link v. Walbash Railroad Co.*, 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962))).

A petitioner is responsible for a former attorney's conduct except in some cases of intentional misconduct rather than negligence. Petitioner has failed to prove any intentional misconduct. Petitioner has failed to establish that the attorney knew the fee was due but intentionally failed to notify petitioner, that the attorney intentionally misrepresented the status of the patent when called by petitioner, that the attorney misappropriated funds, or that the attorney intentionally acted dishonestly in any other fashion.

ask the court to overlook [the attorney's] action or inaction with regard to the patent application. He hired the [attorney] to represent him. [The attorney's] actions must be imputed to him.<sup>10</sup>

Supreme Court precedent holds:

There is certainly no merit to the contention that dismissal of petitioner's claim because of his counsel's unexcused conduct imposes an unjust penalty on the client. Petitioner voluntarily chose this attorney as his representative in the action, and he cannot now avoid the consequences of the acts or omissions of this freely selected agent. Any other notion would be wholly inconsistent with our system of representative litigation, in which each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'<sup>11</sup>

The Seventh Circuit has stated,

The other assumption is that, if the complaints failed in their application through the negligence of their attorney, the delay would be unavoidable, which is wholly unwarranted in the law. It is of the very nature of negligence that it should not be unavoidable, otherwise it would not be actionable. The negligence of the attorney would be the negligence of the [client]. The purpose of the statute was to put an end to such pleas, and there would be no limit to a renewal of these applications if every application, however remote, could be considered under the plea of negligence of attorneys, by whom their business is generally conducted.<sup>12</sup>

The United States Court of Appeals for the Federal Circuit has stated,

If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.<sup>13</sup>

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

The exact reason for the failure to pay the 7.5 year fee timely is unclear. Petitioner refers to a divorce, the fact that she and her attorney have changed addresses, attorney heart problems, and a dismissal of the attorney. However, it is unnecessary for the Office to determine the exact reason the fee was not paid timely. Instead, the Office must determine whether petitioner has proven that the

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<sup>10</sup> Haines v. Quigg, 673 F. Supp. 314, 317, 5 U.S.P.Q.2d (BNA) 1130 (N.D. Ind.) (emphasis added) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) ("Petitioner voluntarily chose his attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent ... Each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'" (emphasis added)); Inryco, Inc. v. Metropolitan Engineering Co., Inc., 708 F.2d 1225, 1233 (7th Cir. 1983) ("Courts hesitate to punish a client for its lawyers gross negligence, especially when the lawyer affirmatively misled the client" but "if the client freely chooses counsel, it should be bound to counsel's actions."); see also Wei v. State of Hawaii, 763 F. 2d 370, 372 (9th Cir. 1985); LeBlanc v. I.N.S., 715 F.2d 685, 694 (1st Cir. 1983)). See also Smith v. Diamond, 209 U.S.P.Q. (BNA) 1091 (D. D.C. 1981).

<sup>11</sup> Link v. Walbash Railroad Co., 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962).

<sup>12</sup> Lay v. Indianapolis Brush & Broom Mfg. Co., 120 F. 831, 836 (1903).

<sup>13</sup> Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

entire delay in the submission of the fee and a petition to reinstate the patent was unavoidable. Petitioner has not.

Petitioner has not proven that she, or her attorney, had steps in place to ensure the 7.5 year fee would be paid timely.

The record fails to clearly state whether petitioner relied on her attorney for maintenance fee reminders. The January 13, 2003 decision stated:

If petitioner relied on the attorney to provide her with notice she must show:

- (1) she obligated the attorney to provide her with such notice,
- (2) she kept the attorney informed of current addresses where she could be reached,
- (3) the attorney had reasonable steps, such as a docketing system, in place to ensure petitioner would be informed of all relevant dates,
- (4) the attorney treated informing petitioner of due dates the same as a reasonable and prudent person would treat his or her most important business.

Petitioner has not proven she obligated her attorney to provide her with notice of maintenance fee due dates. Petitioner has not proven that she kept the attorney informed of current addresses where she could be reached. Petitioner has not proven that the attorney had reasonable steps, such as a docketing system, in place to ensure petitioner would be informed of all relevant dates. Petitioner has not proven that the attorney treated informing petitioner of due dates the same as a reasonable and prudent person would treat his or her most important business.

The January 13, 2003 decision stated,

*After a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Commissioner.* Therefore, it is extremely important that petitioner supply any and all relevant information and documentation with his request for reconsideration. The Commissioner's decision will be based solely on the administrative record in existence. Petitioner should remember that it is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable. Therefore, if a request for reconsideration is filed, it must establish that the entire delay in the submission of the maintenance fee was unavoidable.

The entire administrative record has been reviewed and considered. The record fails to prove that the entire delay in the payment of the maintenance fee and the filing of a grantable petition was unavoidable. Therefore, the petition cannot be granted.

The papers filed by petitioner indicate petitioner may not have received the \$1,090 refunded in 1998. Questions or concerns related to the \$1,090 refund may be directed to Douglas Lindsey, Office of Finance, at (703) 305-8087.

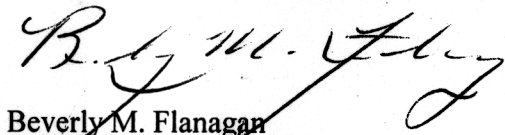
#### Decision

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 in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 USC § 41(c)(1) and 37 CFR § 1.378(b). Therefore, the petition is **denied**.

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

The patent file is being forwarded to Files Repository.

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



Beverly M. Flanagan  
Supervisory Petitions Examiner  
Office of Petitions