



UNI STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
ASSISTANT SECRETARY AND COMMISSIONER OF
PATENTS AND TRADEMARKS
Washington, D.C. 20231

Paper No. 22

Vairex Corporation
3026 Valmont Road
Boulder, CO 80301
Attn: Ski Milburn, CEO

COPY MAILED

SEP 03 1998

SPECIAL PROGRAMS OFFICE
DAC FOR PATENTS

In re Patent No. 5,004,404
Issue Date: April 2, 1991
Application No. 07/305,810
Filed: February 3, 1989
Inventor: Michel Pierrat

:
:
:
:
:
:

ON PETITION

This is a decision on the petition, filed April 27, 1998, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 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 is DENIED.

BACKGROUND

The patent issued April 2, 1991. Accordingly, the first maintenance fee due could have been paid during the period from April 4, 1994 (April 2, 1994 being a Saturday) through October 3, 1994 (October 2, 1994 being a Sunday) or with a surcharge during the period from October 4, 1994 through April 3, 1995 (April 2, 1995 being a Sunday). The above-identified patent expired as of midnight, April 2, 1995.

A petition under 37 CFR 1.378(b) to accept late payment of the maintenance fee was filed on July 29, 1997, and was dismissed in the decision of February 26, 1998.

The instant petition under 37 CFR 1.378(e) requesting reconsideration of the decision of February 26, 1998 was filed on April 27, 1998. Accompanying the petition was correspondence from petitioner's former attorney, Mr. E. T. Barrett (Barrett), to Mr. Scott Mattes (Mattes), who is a representative of the assignee, Vairex Corporation (Vairex).

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

"The Commissioner 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 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 may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable"; 35 USC 41(c)(1).

Acceptance of late payment of a maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 41(c)(1) uses the identical language, i.e. "unavoidable delay". 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)). Decisions on reviving abandoned applications have adopted the "reasonably prudent person" standard in determining if the delay in responding to an Office action was unavoidable. Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887) (the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business"); In re Mattullath, 38

App. D.C. 497, 514-515 (D.C. Cir. 1912); and Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141. In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). 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. Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

Petitioner requests reconsideration in that: (1) patent owner, Vairex, relied upon its duly appointed attorney, Mr. E. T. Barrett (Barrett), for payment of the maintenance fees, (2) notwithstanding an October 18, 1993 letter from Barrett advising each client to maintain its own docketing system for payment of maintenance fees, which letter specifically indicated the above-identified patent had a maintenance fee due at the time of the letter, Vairex relied upon Barrett for timely payment of patent maintenance fees, and (3) petitioner never realized that the instant patent was not in force until June 26, 1997, and that the maintenance fee would have been timely paid had Barrett not been incapacitated by illness.

Petitioner has not carried the burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable.

The showing of record, and most significantly the letter from Barrett dated October 18, 1993 (Exhibit Q), indicates that Vairex was duly informed of its need to maintain its own docketing system for payment of the maintenance fees, as well as the need for Vairex to immediately pay the maintenance fee for the instant patent. Petitioner has asserted that in the past, Barrett would routinely indicate that he (Barrett) would not continue prosecution of certain other patent matters for Vairex due to Vairex's failure to pay Barrett, but Barrett would in fact continue to perform those certain duties in due course despite not being paid. As such, petitioner asserts, it was reasonable in relying upon Barrett for payment of the maintenance fees despite the October 18, 1993 letter.

Assuming, *arguendo*, that petitioner did rely upon Barrett for payment of the maintenance fees despite the letter of October 18, 1993, such reliance *per se* does not provide petitioner with a

showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259. (D.Del. 1995). Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether Barrett acted reasonably and prudently. Id. Nevertheless, petitioner is bound by any errors that may have been committed by Barrett. California, supra. As such, assuming that Barrett had been engaged to pay the maintenance fee, then it was incumbent upon petitioner to have demonstrated, via a documented showing, that Barrett had docketed this patent for payment of the maintenance fee in a reliable tracking system. Id. However, petitioner has failed to show that any tracking system was employed by either Barrett or by Vairex. Petitioner asserts that Barrett demonstrated his careful attention to the dates on which money was needed for other patent related matters, and further, that Barrett sent a maintenance fee reminder for Patent No. 4,914,330, which maintenance fee was due near the same time that the maintenance fee for the above identified patent was due. Petitioner then queries "[h]ow is it that Mr. Barrett failed to pay the '950 maintenance fee and also failed to send a reminder notice to Vairex even though he did send one for the '330 patent?" Nevertheless, it remains petitioner's burden to answer the query, by way of a showing that establishes that the delay herein was unavoidable. It is manifest that Barrett did not have the instant patent docketed for payment, particularly in view of Barrett's letter of October 18, 1993 which informed Vairex of the need to pay the maintenance fee by October 24, 1994 (one year later) and provide their own docketing system "for long term events." In the absence of a showing of any steps taken by Barrett, or anyone else, to track and pay the maintenance fee, 37 CFR 1.378(b)(3) precludes reinstatement.

While petitioner contends that the only explanation for Barrett's failure to pay the maintenance fee for the instant patent is that Barrett was seriously ill, this contention must fall of its own weight. Petitioner has gone to great lengths to show Barrett's diligence with respect to the '330 patent and other patent related matters. If Barrett was too ill to docket the instant patented file, why, then, was he not too ill to docket the '330 patent and attend to numerous other matters as indicated in the communications from Barrett in the years 1991-1994? Petitioner's showing clearly demonstrates that various other patent related matters were carefully attended to by Barrett despite his serious illness. However, petitioner has failed to explain why this serious illness gave cause for unavoidable delay with respect to

the payment of maintenance fees in the instant patented file. Further, petitioner has failed to provide documentation (e.g. hospital reports, doctor's declarations, etc.) which clearly establishes the serious nature of Barrett's illness, including dates of incapacitation. Nor has petitioner shown on the record that Barrett, acting as a reasonable and prudent practitioner, engaged associate counsel to attend to Barrett's pressing patent matters during his incapacitation.

If Barrett did not docket the instant patent for payment of the maintenance fee because of Barrett's belief that Vairex had been informed of their need to maintain their own docketing system in view of the letter of October 18, 1993, then it remains petitioner's burden to show that Vairex had taken steps to ensure that the maintenance fee would be timely paid. If, on the other hand, Barrett overlooked his duty to docket the instant patent for payment of the maintenance fees, then 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 applicant is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962). Specifically, petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133. Haines v. Ouigg, *supra*; Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (Comm'r Pat. 1891).

In any event, petitioner's failure to properly interpret the Barrett communication of October 18, 1993 does not constitute unavoidable delay. That is, delay resulting from a failure in communication between a client and a registered practitioner is not unavoidable delay. In Re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). Specifically, delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). See Ray, at 610, 34 USPQ2d at 1789. That both parties failed to take adequate steps to ensure that each fully understood the other party's meaning, and thus their own obligation in the matter of payment of maintenance fees, does not reflect the due care and diligence of prudent and careful persons with respect to their most important business. In this regard, there is no showing that Barrett

contemplated paying the fee. Rather, Barrett expected petitioner to pay the fee-- as it fell due over one year after his October 18, 1993 letter to petitioner, i.e., payment was a "long term event." This is reinforced by Barrett's statement, Exhibit 4, (at 3): "in the normal course of events I would have followed up with the clients and inquired as to whether the fees had been paid."

Further, petitioner has failed to explain the circumstances regarding the receipt by Vairex of the Notice of Patent Expiration, mailed by the PTO on March 29, 1994, and why, upon receipt of this communication, diligent and appropriate action was not undertaken. Vairex's receipt of the Notice of Patent Expiration of April 18, 1995, was a clear indication that Barrett had not paid the maintenance fees, yet petitioner failed to take any steps at that time to investigate or correct the matter. Petitioner contends that the Notice of Patent Expiration was faxed to Barrett (Exhibit AC), but the record is devoid of supporting documentation, as well as records from Barrett indicating it had been received. Then, petitioner waited more than two (2) years to file the first petition under 37 CFR 1.378(b) despite the fact that Vairex, was on notice of the expiration of the patent. The fact that Barrett may not have received a fax transmission of the Notice of Patent Expiration is immaterial, particularly since Vairex clearly received the Notice of Patent Expiration and waited over two (2) years to file a petition to reinstate the patent. 37 CFR 1.378(b), however, requires a showing of the steps taken to promptly seek reinstatement, once the patentee becomes aware of the expiration. Petitioner's protracted delay in seeking reinstatement further militates away from a finding of unavoidable delay. Petitioner's contentions that the fax was lost or misplaced are presumptive at best, and do not overcome the fact that the above-identified patent was not docketed--apparently by anyone--for payment of the maintenance fees, much less reinstatement.

Even assuming, *arguendo*, that petitioner would not be bound by the mistakes or negligence of Barrett, 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 year that the maintenance fee could have been paid, which started March, 1993, until the filing of the first petition in October 1997, some four and one half 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 agent(s) fails to take timely and proper steps with respect to a proceeding before the Patent and Trademark Office. Futures Technologies v. Ouigg, 684 F.Supp. 430, 431, 7 USPQ2d 1588, 1589 (E.D. Va. 1988). However, petitioner has not shown diligence with respect to any aspect of the payment of the maintenance fee for this patent, or its reinstatement. Petitioner's lack of due diligence with respect to this patent, for a period of time of almost four and one half years, overcame and superseded any negligence by its representative. 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 more timely fashion. Haines v. Ouigg, supra; Douglas, supra.

Petitioner's assertion that Barrett maintained a policy of continuing prosecution of patent matters despite indications to the contrary is likewise not demonstrative of unavoidable delay in payment of the maintenance fee. Rather, that petitioner left such an important matter to the mere chance that Barrett might operate contrary to his written communication to petitioner is hardly indicative of the due care and diligence of a prudent and careful person with respect to this most important business. 37 CFR 1.378(b)(3) requires a showing that reasonable care was taken to ensure payment of the maintenance fees and must enumerate the steps taken to ensure payment and the steps taken to file the petition promptly. Petitioner has not shown demonstrated care in relying on Barrett for duties which Barrett expressly indicated that he would not perform.

Finally, petitioner's contentions that Congress did not intend to "penalize" small companies in favor of rich ones in its establishment of the maintenance fee scheme is irrelevant to the question of unavoidable delay *vel non*. However, the standard of unavoidable delay requires that a certain level of reasonable and prudent care must be observed with regard to payment of maintenance fees, and petitioner has failed to establish that this level of care was observed herein. Moreover, that standard is the same for all holders of expired patents, who seek

reinstatement, regardless of the size of the patent holder. Cf. Ray, supra (sole owner of patent must demonstrate unavoidable delay in payment of maintenance fee). Again, petitioner was expressly informed by Barrett of (1) the need to pay the maintenance fee on the above identified patent, and (2) the need to personally docket this patented file for payment of the maintenance fees if no payment was made to Barrett by October 26, 1993. Despite this express indication from Barrett, petitioner continued to rely on Barrett for payment of the maintenance fees. There has been no showing that Barrett had effectively docketed the patent for payment of the maintenance fee and had therefore exercised the level of care and prudence necessary to establish unavoidable delay, nor has there been a showing that Vairex exercised the necessary level of care and prudence in view of the fact that Vairex had not made payment to Barrett after receiving Barrett's October 18, 1993 notice, and further in view of the fact that Vairex failed to maintain a docketing system of its own in response to the October 18, 1993 notice from Barrett. Moreover, petitioner acknowledges receipt of the Notice of Patent Expiration, but did not proceed with any diligent efforts to respond to, or otherwise investigate, the aforementioned Notice.

CONCLUSION

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 above stated reasons, 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).

Since this patent will not be reinstated, the maintenance fee and the surcharge fee submitted by petitioner are refundable. Petitioner may request a refund in writing from the Office of Finance and include a copy of this decision with the request. The \$130 fee for requesting reconsideration filed with the petition of April 27, 1998 is not refundable.

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

Telephone inquiries regarding this decision should be directed to Mike Peffley at (703) 305-9176 or, in his absence, to Brian Hearn at (703) 305-1820.



Manuel A. Antonakas
Director, Office of Patent Policy Dissemination
Office of the Deputy Assistant Commissioner
for Patent Policy and Projects

cc: Charles E. Rohrer
P.O. Box 20067
Boulder, CO 80308