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**JUN 27 2003**

**OFFICE OF PETITIONS**

**ON PETITION**

In re Patent of Sterzer  
Patent No. 5,007,437  
Application No. 07/512,520  
Filed: April 19, 1990  
Issued: April 16, 1991  
Attorney Docket No. 160001

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed January 6, 2003, to reinstate the above-identified patent.

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

The petition fee of \$130 will be charged to the deposit account listed on the petition. Since, the patent will not be reinstated, the maintenance fee of \$1,010 and the surcharge of \$700 will not be charged to petitioner's deposit account.

**Background**

The patent issued April 16, 1991. The 7.5 year maintenance fee could have been paid from April 16, 1998 through October 16, 1998, or with a surcharge during the period from October 17, 1998 to April 16, 1999. Petitioner did not do so. Accordingly, the patent expired April 17, 1999.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed October 2, 2002, and was dismissed in the decision of November 4, 2002.

**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."

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)

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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.

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

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's, via employee Fred Sterzer, "steps" to ensure a maintenance fee would be paid timely consisted of waiting to receive a maintenance fee notice from the U.S. Patent and Trademark Office and thereafter paying the required fees. Petitioner states that maintenance fee reminders had been received for patents previously. For example, petitioner states a maintenance fee reminder for the 3.5 year maintenance fee was received for the instant patent. Specifically, on November 22, 1994, a maintenance fee reminder was mailed reminding petitioner that the 3.5 year fee needed to be paid. Petitioner did not pay the fee on or before April 15, 1995, and the patent expired on April 16, 1995. However, petitioner later paid the fee on March 11, 1996, along with filing a petition to reinstate the patent under 37 CFR 1.378(c). The petition was granted on April 30, 1996.

Petitioner argues that it was reasonable and prudent for petitioner, who is pro se, to rely on maintenance fee reminders from the Office. In support, petitioner quotes several portions of Chapter 2500 of the MPEP and quotes a portion of the Patent and Trademark's current web page. As to Chapter 2500, petitioner fails to quote the following sections.

MPEP 2540 states,

Under the statutes and rules, 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. It is solely the responsibility of the patentee to ensure that the maintenance fee is paid timely to prevent expiration of the patent. The failure to receive the reminder notice will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. The Office will attempt to assist patentees through the mailing of a Maintenance Fee Reminder in the grace period. However, the failure to receive a Maintenance Fee Reminder will not relieve the patentee of the obligation to timely pay the appropriate maintenance fee to prevent expiration of the patent, nor will it constitute unavoidable delay if the patentee seeks to reinstate the patent under 37 CFR 1.378(b). [case citations omitted]

MPEP 2570 states,

Since patentees are expected to maintain their own record and docketing systems and since it is expected that most patentees will pay their maintenance fees during the window period to avoid payment of a surcharge, the Office will not send any reminder notices to the patentee until after the grace period has begun. This will reduce and simplify the mailing of notices but still give patentees an opportunity to pay their maintenance fee with surcharge during the grace period before expiration of their

patents. The Office will mail any Maintenance Fee Reminder to the fee address as set forth in 37 CFR 1.363. See MPEP § 2540.

MPEP 2590 states,

In view of the requirement to enumerate the steps taken to ensure timely payment of the maintenance fee, the patentee's lack of knowledge of the need to pay the maintenance fee and the failure to receive the Maintenance Fee Reminder do not constitute unavoidable delay. See Patent No. 4,409,763, *supra*. See also Final Rule entitled "Final Rules for Patent Maintenance Fees," published in the Federal Register at 49 Fed. Reg. 34716, 34722-23 (August 31, 1984), and republished in the Official Gazette at 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). Under the statutes and rules, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. It is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee and the failure to receive the Maintenance Fee Reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office.

As to petitioner's quotation of the Patent and Trademark Office's website, *even if* such reliance on such quotation would be reasonable, petitioner has failed to provide any evidence that petitioner relied on such quotation. Specifically, petitioner has failed to prove the contents of the website before April 17, 1999. A demonstration of the contents as of the later part of 2002, is not proof of the contents of the website on or before April 17, 1999. In addition, petitioner has failed to establish that petitioner read the Office's website including such language. Fred Sterzer states, "I understood that the USPTO would advise [petitioner] that a maintenance fee was due, or overdue. I based that understanding on the fact that the USPTO had notified [petitioner] of the need to pay the first maintenance fee."<sup>2</sup> Sterzer does not assert that he read Chapter 2500 and misinterpreted the chapter. Sterzer does not allege his belief was due to a reading of the Office's website, case law, or the Official Gazette. Sterzer does state, "I believe that I had the right to such expectation in accordance with Section 2575 of the [MPEP]."<sup>3</sup> A reading of MPEP 2575 fails to support Sterzer's conclusion that petitioner did not need to monitor due dates because the Patent and Trademark Office would take steps to monitor due dates. MPEP 2575 states,

Under the statutes and the regulations, the Office has no duty to notify patentees when their maintenance fees are due. It is the responsibility of the patentee to ensure that the maintenance fees are paid to prevent expiration of the patent. The Office will, however, provide some notices as reminders that maintenance fees are due, but the notices, errors in the notices or in their delivery, or the lack or tardiness of notices will in no way relieve a patentee from the responsibility to make timely payment of each maintenance fee to prevent the patent from expiring by operation of law. The notices provided by the Office are courtesies in nature and intended to aid patentees. The Office's provision of notices in no way shifts the burden of monitoring the time for paying maintenance fees on patents from the patentee to the Office.

Petitioner has failed to prove that it was reasonable and prudent in relying solely on maintenance fee reminders from the Office based on the MPEP and/or the Office's website. The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the

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<sup>2</sup> Emphasis added. Sterzer's supplemental declaration, paragraph 5.

<sup>3</sup> Id. Paragraph 14.



same as a reasonable and prudent person would treat his or her most important business.<sup>4</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>5</sup> Petitioner does not contests these standards, but instead contests the Office's/ interpretation of these standards as they apply to a pro se petitioner.

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>6</sup> Petitioner argues that, although this standard may apply to attorneys, the standard should not apply to a pro se petitioner. Courts have not directly addressed the issue to which pro se applicants may be held to a lower standard than attorneys. Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D. D.C. 1985) has stated, "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. It is unnecessary for the Office to fully address this issue. The issue before the Office is, "has petitioner proven that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business?" Petitioner has not. 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 and to docket due dates for the patents. Petitioner was certainly aware of the fact that a patent can expire for failure to pay

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<sup>4</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).

"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." 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.")).

"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." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982). The standard for "unavoidable" delay for reinstating a patent is the same as the unavoidable standard for reviving an application. See Ray v. Lehman, 55 F.3d 606, 608-609, 34 U.S.P.Q.2d (BNA) 1786, 1787 (Fed. Cir. 1995) (citing In re patent No. 4,409,763, 7 U.S.P.Q.2d (BNA) 1798, 1800 (Comm'r Pat. 1990; Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982). The court in In re Mattullath, accepted the standard which had been proposed by Commissioner Hall which "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 (1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)).

<sup>5</sup> Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

<sup>6</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).



maintenance fees due to the fact that the patent previously had expired for failure to pay the 3.5 year fee. A patentee, who does not fully understand patent statutes, rules, or the MPEP may choose not to hire an attorney who does have knowledge of the statutes, rules, or the MPEP. However, if the patentee treats the patent the same as a reasonable and prudent person would treat his or her most important business, then the patentee will take steps to learn and understand patent statutes, rules, or the MPEP. The patent issued on April 16, 1991. Petitioner had numerous years until the patent expired on April 16, 1999, to learn and understand patent statutes, rules, or the MPEP. Sterzer refers to MPEP 2575, but does not state he selectively read and relied on this portion of the MPEP in deciding to refer solely on maintenance fee reminders for notice of maintenance fee due dates.

Accepting petitioner's contention that a pro se patentee should be held to an easier legal standard than a patentee who employs an attorney could lead to inequity. For example, suppose Patentee X saves money for two years and pays Attorney Y \$3,000 to monitor due dates and to pay fees as they become due. Attorney Y does not institute a docketing system but merely relies on reminders from the Office. A reminder is not received and the patent expires. Petitioner's standard would result in Patentee X being held to a higher standard even though Petitioner X spent years saving for an attorney to ensure that patent rules would be followed and to ensure his patent would be maintained. Petitioner X would be held to a higher standard because Petitioner X would be bound by the conduct and/or errors of Attorney Y.<sup>7</sup>

Petitioner's contentions fail to overcome the Office's long standing policy that the ultimate responsibility for keeping track of maintenance fee due dates lies with the patentee, not the USPTO.

In certain circumstances, an application will not become abandoned if a notice is not mailed or not received. However, statutes do not require the Office to provide maintenance fee notices for a patent to become expired.

"Congress expressly conditioned §§ 133 and 151 [of the United States Code] 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."<sup>8</sup>

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<sup>7</sup> Petitioner X would be held to a higher standard because Petitioner X would be bound by the conduct and/or errors of Attorney Y. "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, 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." Haines v. Quigg, 673 F. Supp. 314, 317, 5 U.S.P.Q.2d (BNA) 1130 (N.D. Ind.) (emphasis added) (citing Link v. Wallbash 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>8</sup> 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 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. 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.

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.<sup>9</sup> In Ray v. Lehman, petitioner claimed that he had not known of the existence of maintenance fees and therefore had no steps in place to pay such fees. The petitioner therefore argued that the PTO's regulations requiring such steps created to heavy a burden. The court stated, "Ray also takes issue with the PTO's regulation, 37 C.F.R. § 1.378(b)(3), supra, arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay." Id. Petitioner did not take steps to ensure maintenance fees would be paid. Instead, petitioner merely waited for notice from the Office.

Petitioner has failed to provide evidence that Congress intended the "unavoidable" standard to be met merely by alleging non-receipt of Notice from the Office. Instead, Congress has acknowledged the difficulty one may encounter in establishing unavoidable delay.<sup>10</sup> The difficulty cited by Congress would not exist if one could simply allege non-receipt of a maintenance fee reminder in order to establish unavoidable delay. Congress did not indicate the Office was interpreting the standard too harshly. Congress did not pass legislation making the unavoidable standard easier to meet.<sup>11</sup>

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<sup>9</sup> Ray v. Lehman, 55 F.3d 606, 609; 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995).

<sup>10</sup> "[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." 138 CONG. REC. S16613, 16614 (September 30, 1992) (statement of Rep. DeConcini). "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." H.R. REP. NO. 993, 102d Cong., 2nd Sess., 2 (1992), reprinted in 1992 U.S.C.C.A.N. 1623, 1623-1624. "The unavoidable standard has proved to be too stringent in many cases." 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. Hughes). 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." 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum).

<sup>11</sup> Instead of making the unavoidable standard easier to meet, Congress created the "unintentional" standard whereby one only has to establish that one intended to make a payment, but did not. 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. If one is past this time period, one must satisfy the extremely hard to meet unavoidable standard.

Petitioner has failed to establish that the failure to receive a maintenance fee reminder from the Patent and Trademark Office constitutes unavoidable delay.

Petitioner refers to health difficulties suffered by Sterzer but fails to fully explain the relevance of such health difficulties. The prior decision requested evidence that "the fee would have been timely paid but for the health difficulties." Petitioner has failed to establish that health difficulties prevented Sterzer from reading patent statutes, rules, and the MPEP, or that the fee would have been paid timely but for such health difficulties. The record indicates the fee was not paid timely due to a failure to receive the notice and not by health problems suffered by Sterzer. For example, Sterzer was able to pay maintenance fees for several other patents during this time and petitioner fails to discuss any patents where a reminder was received but the fee was not paid due to Sterzer's health problems.

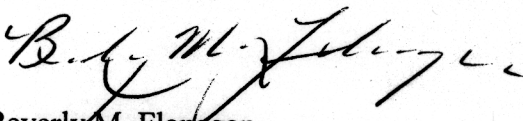
#### Decision

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.

  
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