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**ALEXANDRIA, VA 22314**

**Paper No. 25**

In re Patent No. 5,016,009 :  
Issue Date: May 14, 1991 :  
Application No. 07/297,152 : **ON PETITION**  
Filed: January 13, 1989 :  
Attorney Docket No. J5600.2 :

This is a decision on the renewed petition filed June 22, 2007, under 37 CFR 1.378(e), to accept the unavoidably delayed payment of a maintenance fee for the above-identified patent.

The petition under 37 CFR 1.378(e) is **DENIED**.

**BACKGROUND**

The patent issued May 14, 1991. The third (11 1/2 year) maintenance fee was due November 14, 2002, and could have been paid from May 14, 2002 through November 14, 2002, or with a surcharge during the period from November 15, 2002 through May 14, 2003. Accordingly, the patent expired at midnight May 14, 2003, for failure to timely submit the third maintenance fee.

A first petition to accept the eleven and one-half year maintenance fee as unavoidably delayed under 37 CFR 1.378(b) was filed March 13, 2007, and was dismissed in the decision of April 26, 2007. Thus, the earliest the eleven and one-half year maintenance fee was on file at the USPTO was some 3 years and 10 months after the end of the grace period.

A renewed petition under 37 CFR 1.378(e) was filed June 22, 2007. Petitioner requested reconsideration and provided additional evidence to support the contention that the delay was unavoidable due to the failure of Irell & Manella to properly update their docketing records.

**STAUTE AND REGULATION**

35 U.S.C. § (2)(B)(2) provides, in part, that:

The Office-- may, establish regulations, not inconsistent with law, which

(A) shall govern for the conduct of proceedings in Office.

35 U.S.C. § 41(c)(1) provides that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable. The Director may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

37 CFR 1.378(b) provides that:

(b) Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must include:

- (1) The required maintenance fee set forth in §1.20 (e) through (g);
- (2) The surcharge set forth in §1.20(i)(1); and
- (3) 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

Petitioner requests reconsideration of the previous adverse decision on the petition filed under 37 CFR 1.378(b) and submits that as the methods of paying and tracking maintenance fees by Irell & Manella ("I&M") worked in the past, the expiry of the instant patent is unavoidable. Similar petitions have been filed in the following patents: U.S. Patent No. 5,414,425; U.S. Patent No. 5,003,307; U.S. Patent No. 5,126,739; U.S. Patent No. 5,146,221; U.S. Patent No. 5,532,694; U.S. Patent No. 5,414,850; U.S. Patent 5,506,580; and U.S. Patent No. 5,463,390.

Petitioner has not met his burden of proving to the satisfaction of the Director that the delay was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. § 133 because 35 U.S.C. § 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 was unavoidable:

The word 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. 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 unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.

In re Mattullath, 38 App. D.C. 497, 514 15 (D.C. Cir. 1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32 33 (Comm'r Pat. 1887) see also 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).

35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unavoidable. Cf. Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960)(35 U.S.C. § 133 does not require the Commissioner to affirmatively find that the delay was avoidable, but only to explain why the applicant's petition was unavailing). 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, *supra*.

As 35 USC § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 USC § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. Ray v. Lehman, 55 F.3d 606, 609, 34 USPQ2d 1786, 1788 (Fed. Cir. 1995). That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the maintenance fee for this patent. Id.

As the patent holder at the time of expiration, it was incumbent on petitioner to have itself docketed this patent for payment of the maintenance fee in a reliable system as would be employed by a prudent and careful person with respect to his most important business, or to have

engaged another for that purpose. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Even where another has been relied upon to pay the maintenance fees, such asserted reliance per se does not provide a petitioner with a showing of unavoidable delay within the meaning of 37 CFR § 1.378(b) and 35 USC § 41(c). Id. Rather, such reliance merely shifts the focus of the inquiry from the petitioner to whether the obligated party acted reasonably and prudently. Id. Nevertheless, a petitioner is bound by any errors that may have been committed by the obligated party. Id.

Petitioner (the current assignee of the entire interest, Hi/fn) asserts that (1) a clerical error at the firm of I&M involving a failure to add the new assignee's name to the docket records for this patent and 8 others also on petition (for a total of 11 of 12 involved Hi/fn patents) coupled with (2) Hi/fn's subsequent failure to apprise former I&M counsel Bruce D. Kuyper ("Kuyper") now at Latham & Watkins ("L&W"), that Hi/fn had decided, in a meeting with I&M on December 23, 2002, that I&M would no longer track the maintenance fees for 7 of those 9 patents as this obligation was to be assumed by Kuyper at L&W. Rather, Hi/fn had determined that I&M and L&W would each track the maintenance fees for the patent files in their respective possessions, and as the 7 files were with Kuyper at L&W, Hi/fn intended that Kuyper was to be responsible for tracking and paying those maintenance fees. Unfortunately, Kuyper was never so informed by Hi/fn.

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.

In the initial petition, petitioner asserted that failure of the principal patent paralegal to give a copy of the patent assignment to the docket clerk with specific instructions to change the docket records to reflect the change of client and ownership to Hi/fn was the cause of the delay. See petition filed March 13, 2007 ¶ b7. In the instant renewed petition, however, petitioner now asserts that the docket clerk (Helena Esparza) received a copy of the patent assignment and should have known, without any further instruction, to change the docket records to reflect the change of client and ownership for all patents listed on the assignment.

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 was required to 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 used to assure proper execution of assigned tasks.

In support of the assertion of docketing error as the cause for the delay petitioner states: (1) I&M had a complete system for docketing deadlines pertaining to USPTO proceedings that included a patent docketing software program from Computer Patent Annuities called CPA Camus and then another patent docketing software program from Master Data Center called PC Master; (2) these programs calculated future deadlines from information entered into the program and produced reminders of those deadlines; (3) I&M used a service first provided by Computer Patent Annuities and then Master Data Center that determined maintenance fee due dates for active U.S. Patents entered into I&M's patent docketing software program and notified I&M on a quarterly basis of the fees required to be paid that quarter; (4) I&M's records department is responsible for opening and closing client matters, however, the records department did not have responsibility for the entry of patent related information into I&M's patent docketing system; and (5) a patent docket clerk, who would act at the direction of a patent attorney or a senior paralegal, or in response to papers sent to or received by the USPTO would enter data into the docketing system.

Additionally, the evidence of record indicates the following:

1. As a result of the docketing error the file for the instant patent was transferred to Kuyper when he left I&M to join L&W.
2. Kuyper believed that I&M was handling the maintenance fees for Hi/fn, as he did not view himself as the attorney responsible for payment of maintenance fees due on patents owned by Hi/fn because L&W did not have a patent docketing system (see original Kuyper declaration items 11 and 14 and renewed Kuyper declaration items 16, 17, and 19) and that he believed files that had been sent from I&M to him were for the purposes of ongoing licensing and other work not for handling of maintenance fee payments (see original Kuyper declaration item 15 and renewed Kuyper declaration items 13 and 23).
3. Hi/fn officials relied on their patent attorneys to handle all maintenance fee related matters on their behalf.
4. The instant patent was initially assigned to Stac Electronics, Inc., which changed its name to Stac, Inc. ("Stac") and later became known as Previo, Inc.
5. On November 21, 1996 Stac transferred ownership of a number of its patents, including the instant patent, to Hi/fn.
6. Kuyper was responsible for managing the Stac and Hi/fn patent matters at I&M.
7. Kuyper instructed I&M's records department on December 18, 1996 to close the Stac matters identified on a list (which included the instant patent) and to transfer the instant patent to Hi/fn,

the records department complied with these instructions, specifically the principal patent paralegal was unavailable so he asked Mary L. Cohen ("Cohen"), a Senior Legal Assistant, to handle the recording of the patent assignment at the USPTO even though he was aware that Cohen normally worked on trademark matters (see item B5 of the original petition, item 7 of the original Kuyper declaration, and item 9 of the renewed Kuyper declaration), a principal patent paralegal would have known to give a copy of the patent assignment to the docket clerk with instructions to change the docket record to reflect the change of client and ownership to Hi/fn.

8. The initial petition indicated that neither copies of the recorded patent assignment (from Stac to Hi/fn) nor copies of these instructions were provided to the patent docket clerk at I&M, thus the instant patent erroneously remained with Stac in the docketing system. In the instant renewed petition, petitioner indicates that the docket clerk, Helena Esparza ("Esparza"), prepared a cover letter dated November 17, 1997 which identified the instant patent as one which was assigned to Hi/fn and that Esparza should have known to enter this data into the docketing system (see renewed Cohen declaration items 5 and 6).

9. At the end of March 2000 Kuyper left I&M to join L&W.

10. On June 15, 2000 Cliff Flowers ("Flowers"), Stac's Chief Financial Officer, sent an e-mail to I&M providing notice that Kuyper would represent Stac in all matters previously handled by I&M and instructing I&M to transfer all Stac matters to Kuyper at L&W.

11. On June 28, 2000, at Norman Brunell's ("Brunell") direction, Rachele Wittwer ("Wittwer"), a patent docket clerk at I&M, generated a status report of all active Stac patent matters (including the instant patent) in the patent docket system at I&M; Brunell sent all the files (including the file for the instant patent) to Kuyper at L&W along with a cover letter stating (a) "we are transferring the enclosed patent prosecution matters for Stac, Inc. to you for further handling" in accordance with Flowers' instructions and (b) "we have removed these applications from our docket and expect that you will promptly notify the Patent and Trademark Office and the foreign associates of the transfer of responsibility as appropriate."; thus, no maintenance fee reminders were generated for I&M with respect to the instant patent after June 28, 2000.

12. On June 23, 2000, William Walker ("Walker"), Hi/fn's Chief Financial Officer, sent an e-mail to I&M, with a copy to Kuyper, stating "Hi/fn is transferring several matters to Kuyper and L&W" and requesting "a list of all Hi/fn files at I&M so that we can determine which ones to have I&M transfer". On June 28, 2000, at Brunell's direction, Wittwer prepared a status report of all Hi/fn patent matters that I&M was handling; the report did not list the instant patent.

13. On October 11, 2000, Brunell received a telephone message from Flowers with instructions that I&M's invoice for the period ending August 31, 2000, for Stac matter 135 (which had the matter name "Data Compression") should be transferred to Hi/fn; this led Brunell to review the records of I&M to identify all Stac matters that included the words "data compression", the review indicated all these matters had been transferred to Kuyper at L&W and that many Hi/fn patent matters had the words "data compression" in their name; Brunell sought clarification from

Kuyper as to whether these Hi/fn cases should have been transferred to him or whether they should be returned to I&M.

14. On October 31, 2000 Brunell sent a letter to Kuyper asking for clarification whether or not Kuyper was going to take the Hi/fn cases (see exhibit 4 of the original petition).

15. On April 8, 2002 Brunell sent an e-mail to Kuyper that asked for several Stac matters, which were to be transferred to Hi/fn to be returned, only matter #135 was identified.

16. On May 15, 2002 Kuyper responded to the April 8, 2002 Brunell e-mail indicating that Brunell's request was unclear and that Brunell should identify specific files that should be returned.

17. On May 15, 2002 Kuyper sent an e-mail to Douglas L. Whiting ("Whiting") and Walker at Hi/fn asking if Hi/fn wanted Kuyper to pay maintenance fees for U.S. Patent No. 4,930,142 and 4,996,690; on even date Walker responding indicating that the maintenance fees should be paid.

18. On June 17, 2002 Jane Sinclair of Hi/fn sent a list of patent files (including the instant patent) to Kuyper asking if the list agreed with Kuyper's records; Kuyper never responded.

19. On November 8, 2002 Brunell sent a letter to Joanne Endow ("Endow"), Corporate Finance Director at Hi/fn indicating that there are nine U.S. patents assigned to Hi/fn from Stac, which I&M were not scheduled to maintain, the patents were listed in the attached Table B (see exhibit 11 of the original petition) and requested a meeting to review them with Endow to make sure that they are being handled in accordance with Hi/fn's wishes.

20. On November 12, 2002 Jonathan H. Steinberg of I&M sent a letter to Kuyper asking for return of certain files (including the instant patent file) as they are assigned to Hi/fn, and further requested that Kuyper confirm whether Hi/fn owned a third group of patents listed in the letter (see exhibit 12 of the original petition).

21. On December 23, 2002 Brunell met with Endow and understood from Endow that I&M should not undertake the reviews and that I&M should only handle the matters listed in Table A of the November 8, 2002 letter, and that Kuyper would keep the files in his possession; accordingly Brunell took no further action on Hi/fn's behalf for patent matters except those listed in Table A of the letter; Kuyper was not informed of this meeting.

However, the record fails to show that adequate steps within the meaning of 37 CFR 1.378(b)(3) were taken by or on behalf of petitioner to schedule or pay the maintenance fee; in fact there were no steps taken by or behalf of petitioner to pay the fee after the December 23, 2002, meeting between Endow of Hi/fn and Brunell of I&M. Petitioner is reminded that 37 CFR 1.378(b)(3) is a validly promulgated regulation, as is the requirement therein for petitioner's showing of the steps taken to pay the fee. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. In the absence of a showing of the steps taken by or on behalf of petitioner, 37 CFR 1.378(b)(3) precludes

acceptance of the maintenance fee. See also Korsinsky v. Godici, 2005 US Dist. LEXIS 20850 at \*13 (S.D. N.Y. 2005), *aff'd sub nom Korsinsky v. Dudas*, 2007 US Dist. LEXIS 7986 (Fed. Cir. 2007); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee precluded acceptance of the maintenance fee); California, supra; MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on USPTO reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca 2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt. v. Dudas, 496 F.Supp.2d 643 at 650 (E.D. Va 2007)(delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees.)

In fact, at the time the maintenance fee fell due the showing of record is that neither Kuyper of L&W, nor Brunell of I&M, nor anyone at Hi/fn, had any steps in place to ensure payment of the maintenance fee, which lack is fatal to reinstatement. See 37 CFR 1.378(b)(3); Ray, supra; Korsinsky, supra. The failure by Hi/fn to take any action regarding this patent from December 23, 2002, until December, 2006, to obligate another to pay the fee, or even to query the USPTO, or even Kuyper or others at L&W or Brunell or others at I&M (or even the USPTO) as to whether the maintenance fee for this patent had been paid by on its behalf by either of the 2 law firms it contends it was "under the impression" was tracking the fee on its behalf, is simply not the manner in which prudent and careful persons conduct their most important business. This is because: (1) Kuyper at L&W, notwithstanding that L&W, and thus, Kuyper had no means of tracking and paying future maintenance fees in the first instance, was unaware that Hi/fn had intended that Kuyper (of L&W) track and pay the fee, (2) Brunell at I&M was specifically instructed by Endow of Hi/fn to take no further action on behalf of Hi/fn with respect to the instant patent after Brunell had clearly informed Hi/fn that I&M was not tracking the fees for the 9 in patents in Kuyper's possession (petition filed June 22, 2007, ¶ 23), and (3) Hi/fn, upon instructing Brunell to take no further action such that this patent was deleted from the I&M docketing system, never thereafter obligated Kuyper, or any other party, to track the fee, and did not then undertake to track the fee on its own. While Hi/fn blindly remained under the impression that some party between its 2 law firms was tracking the fee payment, such blind faith is not the action of a prudent and careful person with respect to his or her most important business. See Burandt v. Dudas, 496 F.Supp.2d 643 at 650 (E.D. Va 2007). What Hi/fn did know, on and after December 23, 2002, was that it had released I&M from its obligations(s) with respect to the Hi/fn patents then with Kuyper at L&W, that Hi/fn had no steps in place of itself, and had yet to expressly obligate Kuyper or L&W, or both, to track the fee payment for this patent. Indeed, Kuyper maintains that from the time he left employment with I&M in April 2000, until being contacted about the forthcoming petition in December 2006, he remained unaware that Hi/fn was relying upon him to track and pay the maintenance fee for this patent. Kuyper decl. filed June 22, 2007, ¶ 25. Since Hi/fn never obligated Kuyper or anyone else after December 23, 2002, to track the fee, Hi/fn cannot contend that it had any steps in place.<sup>1</sup>

<sup>1</sup> Indeed, since I&M had admittedly (petition filed June 22, 2007, ¶ 11) ceased tracking this patent in its docketing system as of June 28, 2000, there were arguably no steps in place on and after that date. As the

California, supra (noting that “if [the patent attorney] had ceased representing [the patent owner] for some reason, [the patent owner] would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel...”); Femspec, at \* 26-\*27 (quoting California); Burandt, supra at 461 (finding that delay not unavoidable because “[o]ther than blindly leaving the maintenance fees for the ‘031 patent to [a third party]...plaintiff has not established that any steps were taken.”). Hi/fn knew, or should have known that it had not obligated Kuyper—indeed it could not even get Kuyper to answer its e-mail of June 17, 2002, requesting that Kuyper compare and confirm his records of Hi/fn patents with its records as given in the e-mail—including this patent. See petition filed June 22, 2007, ¶¶ 19-20. However delay resulting from the failure of the patent holder to have any steps in place to pay the fee by either obligating a third party to track and pay the fee, or by itself assuming the obligation to track and pay the fee, is not unavoidable delay. See R.R. Donnelley & Sons Co. v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244, 1247 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee precluded acceptance of the maintenance fee; Ray, supra; California, supra; MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca 2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt. v. Dudas, supra (delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees, no inquiry by patent holder of responsible party or even Patent and Trademark Office as to whether maintenance fees would, or already had been paid.) While petitioner continues to assert that the docketing system and personnel at I&M was reliable, such that Hi/fn was prudent in its reliance thereon, this contention is not readily reconciled with petitioner’s concurrent admission that the applicable I&M clerical procedures for recordation of patent assignments simply were not followed for 11 of the 12 Hi/fn patents, including this patent. See Dee Henderson declaration filed June 22, 2007, ¶ 10; petition filed June 22, 2007, ¶ 6. A clerical success rate of only 8%, or conversely, a clerical error rate of 92% (and as far as this patent is concerned, a clerical error rate of 100%) is not persuasive that the delay was unavoidable, even assuming, *arguendo*, that the delay in this case was due to clerical error. In any event, petitioner’s arguments regarding the supposed reliability of the I&M docketing system and its administering personnel must fall of their own weight, since I&M had stopped tracking the due dates for this patent by June 28, 2002, and since petitioner was not relying on that system and its personnel after December 23, 2002, to track the maintenance fee for this patent.

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record shows that Hi/fn had, as of December 23, 2002, finally “found” its “missing” patents to be with Kuyper at L&W and had then consciously determined that I&M and L&W (i.e., Kuyper) were each to only track the patents in their respective possession, December 23, 2002, is, charitably, considered the latest date that Hi/fn had any steps in place. This is particularly so in that (1) Hi/fn never clearly and unambiguously before or thereafter informed Kuyper that he was being relied upon to track the maintenance fee for this patent, (2) Hi/fn then clearly released I&M from its tracking obligations for the patents (including this one) in Kuyper’s possession, and (3) Hi/fn had no other steps in place.

Rather, a prudent and careful person with respect to his or her most important business, would not have relieved I&M of its responsibility to track and pay the fees for this patent until that person had himself obligated another or initiated its own steps to track and pay the fee. See California, supra (noting that “if [the patent attorney] had ceased representing [the patent owner] for some reason, [the patent owner] would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel...”); Femspec, at \* 26-\*27 (quoting California); Burandt, supra.

Thus, the contention that the delay results from a clerical error is simply not convincing, as long prior to expiry, Hi/fn, notwithstanding the previous error in the handling of the assignment of this patent at I&M, was aware that Kuyper had possession of this file (and another 8 now expired Hi/fn patents see ¶ 10 of the renewed petition filed June 22, 2007; however, the petition filed March 13, 2007 indicated 7 of the 9 were with Kuyper), had communicated with Kuyper regarding this patent, but did not then or thereafter inform Kuyper of Hi/fn’s intent after agreement with I&M, that Kuyper was to track and pay the maintenance fee for this patent. Rather, Kuyper, after he left I&M, remained under the incorrect impression that he was to handle only licensing type work for Hi/fn. It is strictly due to Hi/fn’s failure to act diligently in this matter after December 23, 2002, that this murky state of affairs flourished. There is no record evidence that Hi/fn was “unavoidably” prevented from communicating to Kuyper that he was being relied upon to track and pay the maintenance fees for the now expired Hi/fn patents. What all parties are now confronted with is the results from the proverbial “failure to communicate.” The record shows that Hi/fn, I&M, and L&W all knew or should have known about maintenance fees and that each party thought the other(s) was tracking them. However, there is no evidence of record indicating whom Hi/fn obligated to pay the maintenance fees after December 23, 2002, and there is no evidence of record that after December 23, 2002, Hi/fn itself had any steps in place. Assuming, *arguendo*, that Hi/fn had obligated I&M to track and pay the maintenance fee, there is no evidence in the record that Hi/fn after verbally relieving I&M of that obligation then obligated L&W or Kuyper. Delay resulting from a lack of proper communication between an applicant and his representative as to the responsibility for timely filing a communication with the USPTO does not constitute unavoidable delay. See In re Kim, 12 USPQ2d 1595 (Comm’r Pat. 1988); Ray at 610, 34 USPQ2d at 1789. Moreover, the USPTO is not the proper forum for resolving a dispute between a patent owner and his representative as to who bore the responsibility for paying a maintenance fee. Ray, 55 F.3d at 610, 34 USPQ2d at 1789.

As noted in MPEP 711.03(c) subsection (II)(C)(2), 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:

- (A) the error was the cause of the delay at issue;
- (B) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and

(C) the employee(s) 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 In re Egbers, 6 USPQ2d 1869, 1872 (Comm'r Pat. 1988), *rev'd on other grounds sub nom.*, Theodor Groz & Sohne & Ernst Bechert Nadelfabrik KG v. Quigg, 10 USPQ2d 1787 (D.D.C. 1988); In re Katrapat, 6 USPQ2d 1863, 1867-68 (Comm'r Pat. 1988).

However, the showing of record shows that conditions (a) and (c) *supra* were not met. That is, as noted above, the cause of the delay was Hi/fn's failure, after informing I&M that I&M was no longer responsible for tracking and paying the maintenance fee, to obligate another to track the fee, or itself track and pay the fee. Since Hi/fn had previously discovered that, notwithstanding the error in processing the assignments at I&M, Kuyper at L&W was in possession of at least 7 of the patented files, and Hi/fn had determined that the fee tracking and payment was to be transferred from I&M to Kuyper, the effect of the assignment error (not indicating that Hi/fn, not Stac was the assignee) had been mitigated *vis-à-vis* Hi/fn, long prior to expiry. That is, and contrary to the contention in the petition, the delay is not due to the alleged clerical error(s) of Esperza and/or Cohen, but due to Hi/fn's own action (or inaction) in this case. Moreover, as petitioner admits, the I&M employee that Kuyper relied upon while himself still at I&M, while trained for the recordation of trademark assignments, was concededly *not* sufficiently trained and experienced with respect to the different function and routine for recordation of assignments of patents, such that she omitted indicating to the patent docket clerk to change the assignee's name in the docketing system. Furthermore, as noted above the I&M clerical procedures for recordation of patent assignments were simply not followed for 11 of the 12 involved Hi/fn patents by the involved I&M clerical staff, including Ms. Esperza. Nevertheless, the record shows that even given the November 1997, I&M clerical error(s), I&M *was* tracking the maintenance fees for all the Hi/fn patents until relieved of that obligation at the December 23, 2002, meeting by Hi/fn itself. Indeed, despite the clerical error(s), 3 of the 12 Hi/fn patents were maintained in force. Thus, the proximate cause of the delay herein cannot be realistically ascribed to clerical error. Before December 23, 2002, the maintenance fee for this patent was being tracked (at least up to June 29, 2000); there were steps in place notwithstanding the clerical error. After the December 23, 2002, meeting, and due only to Hi/fn, there were no steps in place to pay the maintenance fee for this patent, which *is* why the maintenance fee was not paid. Accordingly, to the extent that the error in recording the change of assignment of this patent in the I&M docketing system may have had any effect on the expiry of this patent, it cannot provide an adequate basis for showing to the satisfaction of the Director that the delay was unavoidable within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b).

Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable:

The word 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. 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 unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.

In re Mattullath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887). Cohen, despite her supposed competency in trademark assignment matters and the statement in her renewed declaration that she was "comfortable handling this matter for Mr. Kuyper", in this instance cannot reasonably be considered "an ordinary and trustworthy agency" for patent assignment matters and her failure to properly handle the change of assignment *vis-à-vis* not requesting the I&M patent docketing system to update its ownership records cannot be said to have occurred "unexpectedly or through the unforeseen fault or imperfection" of her agency and instrumentality. Here, the failure of the I&M system and its administering personnel was not an unforeseeable, isolated event. Rather, the failure extended to 9 patents in all (including this patent) that expired over a period starting March 26, 2003 and ending September 8, 2004, some 18 months. This simply does not demonstrate to the satisfaction of the Director an unforeseeable, isolated failure in a normally reliable and diligently administered system (and its personnel) as contemplated by Mattullath and Pratt that may properly be said to be unavoidable within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Indeed, the record fails to show that Hi/fn, during that same 18 month period inquired of either of its 2 law firms for which it had "the impression" were tracking and paying the fees why neither firm had presented Hi/fn with the billing invoices for the maintenance fees and the firms' handling fees for maintaining these same patents in force, much less why neither firm had confirmed that the fee(s) had been paid, and the patent(s) maintained in force. In any event, there is no "sliding scale" based upon the care given to this patent *vis-à-vis* the maintenance in force *vel non* of other patents by the assignee; the issue is solely whether the maintenance of *this* patent --and its subsequent reinstatement, was actually conducted with the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business. The record fails to show that Cohen--or Esparza --was adequately trained and supervised in such a manner, or that the assignee obligated another or itself undertook to track and pay the maintenance fee. While petitioner supplies a declaration by Henderson to the effect that Ms. Esparza was a reliable and well-trained docket clerk who, even in the possible absence of input from Ms. Cohen, should have properly entered the assignment change, the record nevertheless also shows that the applicable I&M clerical procedures were not followed for 11 of the 12 involved Hi/fn patents, including this patent.

The instant renewed petition indicates that the I&M docket clerk, Esparza, prepared a cover letter dated November 17, 1997, which identified the instant patent as one which was assigned to Hi/fn and that Esparza should have known to enter this data into the docketing system (see renewed Cohen declaration ¶¶ 5 and 6, and the declaration of Dee Henderson ("Henderson") ¶ 6. The Henderson declaration indicates, *inter alia*, that Henderson supervised and trained Esparza who she found to be competent and not prone to making mistakes in entering information from

USPTO papers she received such as recorded assignments. While the Henderson declaration indicates that she trained and supervised Esparza, it fails to provide specific information regarding the training provided to Esparza, the person responsible for the docketing error, the degree of supervision of her work, examples of other work functions carried out, and checks on the described work, which were used to assure proper execution of, assigned tasks.

Unfortunately, petitioner is unable to obtain a statement from Esparza, the individual having a direct knowledge of the facts. Furthermore, petitioner has failed to indicate what steps, if any, petitioner has taken to locate Esparza and obtain a statement from her, and lastly, cannot explain away the fact that 11 of the 12 patents handled at that time--purportedly by Esparza--were not accorded proper clerical processing.

It is unfortunate that Kuyper tasked Cohen, a Senior Legal Assistant, who normally worked on trademark matters and apparently had no --or at least insufficient-- training in patent matters, to perform the assignment function. If Kuyper overlooked any duty that he may have owed petitioner in this matter, then petitioner is reminded that the USPTO 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. Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992); see also Haines v. Quigg, 673 F. Supp. 314, 317, 5 USPQ2d 1130, 1132 (D.N. Ind. 1987); California, *supra*. Specifically, petitioner's delay caused by the mistakes or omissions of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 U.S.C. § 41(c).. See Haines v. Quigg, *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). Nevertheless, as noted above, any error(s) due to Kuyper, Esparza, or Cohen are trumped by Hi/fn's subsequent failure—on and after December 23, 2002, to obligate another to track and pay the fee, or itself track and pay the fee.

The record further indicates there was some confusion (petition filed June 22, 2007, ¶¶11-27) among Hi/fn, Kuyper, of L&W, and Brunell, of I&M, as to who was supposed to have the files (including the instant patent file) and what responsibility each had for the instant patent. Kuyper never replied to Hi/fn's query as to which files were in Kuyper's possession, nor did he reply to Brunells' letters of June 28, 2000, and October 31, 2000, nor did he reply to Steinberg's letter of November 12, 2002, on the same issue and Hi/fn did not diligently follow up with Kuyper on this matter. However, delay resulting from a lack of proper communication as to the responsibility for scheduling and 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 In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). Specifically, delay resulting from a failure in communication between a patent holder and his representative regarding a maintenance fee payment is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Ray, 55 F.3d at 610, 34 USPQ2d at 1789. That all parties failed to take adequate steps to ensure that each fully understood the other party's meaning, and thus, their own obligation in this matter, does not reflect the due care and diligence of prudent and careful persons with respect to their most important business. This confusion was also communicated to Endow of the assignee, Hi/fn. Brunell and Endow met on December 23, 2002 to discuss who should handle the instant patent file at which time it was determined that

Kuyper would handle the patent file. That Endow, or anyone else at Hi/fn failed to notify Kuyper that he was to handle the patent file and thus track and pay the maintenance fees due is unfortunate, but was not the action of a prudent and careful person with respect to his most important business. See Donnelley, supra; California, supra, Femspec, supra; MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay). The showing of record is that Hi/fn was aware or should have been aware that the maintenance fee was due. The list of patent files (including the instant patent file) provided by Brunell to the assignee, Hi/fn, included maintenance fee due dates. As Hi/fn was aware of the confusion surrounding the listed patent files, it was hardly the action of a prudent and careful person to blindly rely on either Kuyper or Brunell for timely payment of the maintenance fee. Burandt, supra. That all parties, particularly Endow and Kuyper did not clarify each other's meaning and intent, and thus, their own obligation(s) in this matter simply does represent the due care and diligence of prudent and careful persons with respect to their most important business. The record unfortunately does not show that Hi/fn exhibited the same degree of care and diligence regarding taking steps to ensure maintenance fee payments, that was exhibited in marketing and licensing these patents. While Hi/fn and Brunell of I&M did show diligence in tracking down the location of its patent files that Kuyper had relocated from I&M to L&W during the time frame from June 2002 through December 23, 2002, there is no record evidence to show that Hi/fn displayed the same degree of diligence continued past December 23, 2002, for this patent.

The record further does not support a finding of unavoidable delay, as petitioner has not shown adequate diligence in this matter. That is, a showing of diligence in matters before the USPTO on the part of the party in interest is essential to support a finding of unavoidable delay herein. See Futures Technology, Ltd. v. Quigg, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiries into the status of the application coupled with affirmative misrepresentations by its fiduciary as to its true status which prevented more timely action showed unavoidable delay); Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (even representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant's lack of diligence extending two and one half years overcame and superseded any omissions by his duly appointed representative); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee and its failure to exercise diligence for a period of seven years, precluded acceptance of the maintenance fee); MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca 2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt v. Dudas, supra (delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees, no inquiry by patent holder of responsible party or Patent and Trademark Office as to whether maintenance fees would, or already had been paid). The delay was not unavoidable, because had patent holder exercised the due care of a reasonably prudent person upon receipt of the letter from counsel dated November 8, 2002 which indicated confusion as to

who was to handle the above-identified patent, and which asked petitioner to clarify which patents counsel(s) was required to track, petitioner would have been able to act to correct the situation in a more timely fashion. Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987); Douglas, *supra*; Donnelley, *supra*; Burandt, *supra*.

The record does not recount a situation where any person or firm, on and after December 23, 2002: falsely represented to Hi/fn that the maintenance fee was being tracked by that entity on Hi/fn's behalf; or falsely represented to Hi/fn that the maintenance fee had been paid on Hi/fn's behalf; or falsely represented to Hi/fn that this patent had been maintained in force on Hi/fn's behalf, such that Hi/fn was "unavoidably" prevented from taking more timely action in this matter. Cf. Futures, *supra*. Rather the record shows that on and after December 23, 2002, Hi/fn was and remained able to freely communicate with e.g., Kuyper, Brunell, I&M, and L&W, as to whether this or any of the Hi/fn patents was being tracked, whether the fee had been paid, or whether the patent was in force, and even the USPTO as to whether the fee had been paid, or whether the patent was in force. However Hi/fn took no further action after December 23, 2002, with respect to tracking, paying, or checking the status of this patent until December, 2006, and then only after notification by a third party licensee that this patent had expired for non-payment of the maintenance fee. The record showing of this protracted absence of due care and diligence by Hi/fn is inconsistent with the actions of a prudent and careful person with respect to his most important business, and as such precludes a reasonable and rational finding that the delay in payment of the maintenance fee was unavoidable.

It is pointed out that in view of the inordinate delay in this case, even if petitioner could have shown the existence of a clerical error(s) in this case, it would still have been necessary to demonstrate why the lack of assignee diligence for a period of over three years should not be fatal to reinstatement. See Donnelley, *supra*; Douglas, *supra*. Rather, as also noted in Douglas, *supra*, and Haines, *supra*, it would appear that petitioner's lack of diligence would overcome and supersede any delay caused by its representative(s). Lastly, petitioner's contention "that there is no requirement for diligence in the period following expiration of the patent until the patentee was notified of, or otherwise became aware of the expiration..." simply does not show to the satisfaction of the Director that the entire delay in payment of the maintenance fee was unavoidable. Petitioner overlooks that, as recounted in Burandt at 646:

In its decisions, the USPTO explained that the evaluation of a petition to reinstate a patent under the "unavoidable delay" standard looks to three time frames: (1) the delay that originally resulted in the expiration, (2) the delay in filing the first petition to reinstate, and (3) the delay in filing a grantable petition to reinstate... The USPTO's evaluation, therefore, focused on the activities of the responsible party in each of the relevant time periods.

As noted above, the responsible party, Hi/fn, in the first period, ceased all steps in place to track the fee on an after December 23, 2002, which lead to the expiry. In the second period, Hi/fn took no action from expiry on May 14, 2003, to December 2006 (3 ½ years) to either check the status of the patent or enquire of either of its 2 law firms or even the USPTO, as to whether the fee had

been paid and this patent maintained in force. Accordingly, having failed to show adequate activity in the first 2 of the relevant 3 time frames, any Hi/fn activity in the third time frame comes as too little, too late and does not excuse or mitigate the prior delay causing expiry, or the lack of an earlier attempt at reinstatement. As the court noted in Douglas v. Manbeck, at 1700:

Diligence on the part of the applicant is essential to show unavoidable delay. See Future Technology, Ltd. v. Quigg, 684 F.Supp. 430, 431 [7 USPQ2d 1588] (E.D. Va. 1988). Diligent inquiry into the status of the application is required. *Id.* For two and a half years there was no inquiry into the status of the application. There is no evidence that the plaintiff was misled or deceived into believing somebody was pursuing the application. The plaintiff may well have not known that his application was abandoned, but the test is whether he exercised due diligence to find out and correct the problem. Based on the facts as developed in the administrative record, the Court agrees with the Deputy Commissioner that the plaintiff failed to exercise due diligence with regard to his application. That reason alone would be sufficient to demonstrate that there was no unavoidable delay.

Thus while petitioner may have exercised diligence after being alerted to expiry by a third party, this does not excuse the delay causing expiry, or in filing the first petition, or show that Hi/fn exercised due diligence in finding out and correcting the problem: expiry.

### **DECISION**

Petitioner has failed to meet his burden of proving to the satisfaction of the Director the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b). Accordingly, the maintenance fee will not be accepted, this patent will not be reinstated, and this patent remains expired. The petition is **denied**.

The USPTO will not further consider or reconsider this matter. See 37 CFR 1.378(e). This decision may be viewed as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1002.02.

This patent file is being returned to the Files Repository.

Telephone inquiries should be directed to the David Bucci at (571) 272-7099.



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