



Barbara J. Luther
Sierra Patent Group, Ltd.
P.O. Box 6149
Stateline, NV 89449

COPY MAILED

JUN 27 2003

OFFICE OF PETITIONS

ON PETITION

In re Patent of Brierton :
Patent No. 5,377,856 :
Application No. 08/038,025 :
Filed: March 29, 1993 :
Issued: January 3, 1995 :
Attorney Docket No. KIE-003 :

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed January 13, 2003, to reinstate the above-identified patent.

The petition is **DENIED**.¹

Since this patent will not be reinstated, maintenance fees and surcharges submitted by petitioner will be scheduled for a refund. The \$130 fee for requesting reconsideration is not refundable. Therefore the Office will credit \$1,140 to petitioner's deposit account.

Background

The patent issued January 3, 1995. The 3.5 year maintenance fee could have been paid from January 3, 1998 through July 3, 1998, or with a surcharge during the period from July 4, 1998 to January 3, 1999. Petitioner did not do so. Accordingly, the patent expired January 4, 1999.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed December 13, 2001, and supplemented October 30, 2002. The petition 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)

¹ 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

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

The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.² 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."³ 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.

Application of the unavoidable standard to the present facts

Facts:

Petitioner was represented by Thomas Schatzel when the patent issued.

In late 1997, petitioner hired patent attorney Brian Kelly, but did not revoke the power of attorney of Schatzel or inform Schatzel to stop his representation of petitioner.

Petitioner states, "In discussions with Kelly, I was assured that he would provide the same [maintenance fee] reminder service as Schatzel."⁴

On February 9, 1998, Schatzel sent petitioner a letter stating that the 3.5 year maintenance fee was due on July 3, 1998. In the return letter to Schatzel, petitioner stated, "We will take care of this matter directly or through another source. Close your files on this patent." Petitioner states that he chose this option "with the intent of having Kelly handle the docketing, reminders and maintenance fee payments."⁵

² 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).

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

⁴ January 6, 2003 Brierton Declaration, paragraph 3.

⁵ January 5, 2003 Brierton Declaration, paragraph 5.

On November 25, 1998, petitioner sent a letter to Schatzel instructing him to transfer petitioner's files to Brian Kelly.

Schatzel sent the files to Kelly along with a letter which included a statement that the maintenance fee for the instant patent was due by July 3, 1998. The December 10, 1998 letter stated that petitioner had instructed Schatzel that he would be taking care of the maintenance fee for the instant patent but that Kelly might want to "confirm this with [petitioner]." A copy of this letter was sent to petitioner. Petitioner states that, upon receiving the letter, he expected Kelly to contact him and confirm handling of maintenance fees.

When Kelly received the file, he assumed that the maintenance fee had already been paid since petitioner had been notified twice of the need to pay the maintenance fee (February 9, 1998 and December 10, 1998). Therefore, Kelly docketed the 7.5 year maintenance fee and took no steps to docket the 3.5 year fee.

The 3.5 year maintenance fee could have been paid from January 3, 1998 through July 3, 1998, or with a surcharge during the period from July 4, 1998 to January 3, 1999. Petitioner did not do so. Accordingly, the patent expired January 4, 1999.

"In October 2001, [petitioner] realized that the security vault concept could be ripe for exploitation, given the disasters of the preceding month. [Petitioner] telephoned Kelly to make sure that the patent was still in effect and that the payments were current."⁶ Subsequently, petitioner learned of the expiration of the instant patent.

Analysis:

Petitioner states, "In discussions with Kelly, I was assured that he would provide the same [maintenance fee] reminder service as Schatzel."⁷

On February 9, 1998, Schatzel sent petitioner a letter stating that the 3.5 year maintenance fee was due on July 3, 1998. Petitioner did not pay the fee upon receiving the letter. He informed Schatzel that he would take care of payment and that Schatzel did not need to take any further steps. Petitioner states that he chose this option "with the intent of having Kelly handle the docketing, reminders and maintenance fee payments."⁸ Petitioner also states, "In discussions with Kelly, I was assured that he would provide the same [maintenance fee] reminder service as Schatzel."⁹

If petitioner intended to rely on Kelly, then he must prove that such reliance was both reasonable and prudent. Kelly never admits that he was legally obligated to provide notice of the 3.5 year maintenance fee due date. If the agreement was for Kelly to docket the case once Schatzel transferred the file, then petitioner could not expect Kelly to docket a due date of July 3, 1998, when Kelly did not receive the file until December of 1998. The exact terms of any agreement between petitioner and Kelly have not been proven. Therefore, petitioner has failed to prove that reliance on Kelly was reasonable and prudent.

⁶ January 6, 2003 Brierton Declaration, paragraph 3.

⁷ January 6, 2003 Brierton Declaration, paragraph 3.

⁸ January 6, 2003 Brierton Declaration, paragraph 5.

⁹ January 6, 2003 Brierton Declaration, paragraph 3.

If, upon hiring Kelly in 1997, petitioner did clearly obligate Kelly to inform him of due dates for maintenance fees, then such proof would not necessarily constitute unavoidable delay.

The reliance on an attorney to notify the patentee of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. While the Office is not passing judgement on counsel's behavior, petitioner is reminded that the Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and petitioner is bound by the consequences of those actions or inactions. *If the former attorney made any errors, petitioner is bound by such errors.*¹⁰

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.**¹¹

Supreme Court precedent holds:

There is certainly no merit to the contention that dismissal of petitioner's claim because of his counsel's unexcused conduct imposes an unjust penalty on the client. Petitioner voluntarily chose this attorney as his representative in the action, and he cannot now avoid the consequences of the acts or omissions of this freely selected agent. Any other notion would be wholly inconsistent with our system of representative litigation, in which each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'¹²

The Seventh Circuit has stated,

The other assumption is that, if the complaints failed in their application through the negligence of their attorney, the delay would be unavoidable, which is wholly unwarranted in the law. It is of the very nature of negligence that it should not be unavoidable, otherwise it would not be actionable. The negligence of the attorney

¹⁰ See California Med. Products v. Technol Med. Products, 921 F. Supp. 1219, 1259 (D. Del. 1995) (citing Smith v. Diamond, 209 U.S.P.Q. 1091, 1093 (D.D.C. 1981) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962))).

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

¹¹ Haines v. Quigg, 673 F. Supp. 314, 317, 5 U.S.P.Q.2d (BNA) 1130 (N.D. Ind.) (emphasis added) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) ("Petitioner voluntarily chose his attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent ... Each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'" (emphasis added)); Inryco, Inc. v. Metropolitan Engineering Co., Inc., 708 F.2d 1225, 1233 (7th Cir. 1983) ("Courts hesitate to punish a client for its lawyers gross negligence, especially when the lawyer affirmatively misled the client" but "if the client freely chooses counsel, it should be bound to counsel's actions."); see also Wei v. State of Hawaii, 763 F. 2d 370, 372 (9th Cir. 1985); LeBlanc v. I.N.S., 715 F.2d 685, 694 (1st Cir. 1983)). See also Smith v. Diamond, 209 U.S.P.Q. (BNA) 1091 (D. D.C. 1981).

¹² Link v. Walbash Railroad Co., 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962).

would be the negligence of the [client]. The purpose of the statute was to put an end to such pleas, and there would be no limit to a renewal of these applications if every application, however remote, could be considered under the plea of negligence of attorneys, by whom their business is generally conducted.¹³

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

If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.¹⁴

The record fails to prove that Kelly ever took any steps to docket the 3.5 year fee. Kelly states that he assumed, based on the December 10, 1998 letter and the contents of the file received with the letter, that petitioner was already aware of the need to pay the fee and that notice was unnecessary. However, the record fails to indicate why Kelly had not notified petitioner prior to December 10, 1998, of the need to pay the fee? The 3.5 year maintenance fee could have been paid from January 3, 1998 through July 3, 1998, or with a surcharge during the period from July 4, 1998 to January 3, 1999. The record fails to prove that, but for the December 10, 1998 letter and file transfer, Kelly would have timely notified petitioner to pay the fee and the fee would have been paid timely.

Petitioner received the December 10, 1998 letter. The letter stated that a maintenance fee was due for the instant patent on July 3, 1998- more than five months prior to the receipt of the letter. Petitioner in essence received notice that the maintenance fee was overdue by more than five months. Petitioner did not take any action in response to the reminder. Petitioner assumed Kelly would notify him if there was a problem since the letter stated that Kelly might want to contact petitioner regarding the maintenance fee. However, petitioner surely knew, or should have known, that a problem might exist since the letter stated in essence that the maintenance fee was overdue by more than 5 months. An entity, treating the patent the same as a reasonable and prudent person would treat his or her most important business, would have taken action in response to the December 10, 1998 letter. For example, petitioner could have contacted Kelly to determine what steps needed to be taken regarding the maintenance fee. Petitioner, on two separate occasions, was informed that a maintenance fee was due by July 3, 1998. Petitioner had not paid the fee. Even if petitioner could prove that Kelly had agreed to pay the fee and bill petitioner later, such proof would be insufficient. Petitioner's apparent failure to monitor Kelly's performance under the alleged contract, or diligently inquire of Kelly, or anyone else, including the PTO, into the status of the patent and maintenance fee payment, does not reflect the due care and diligence employed by a prudent and careful person with respect to their most important business, and as such, cannot demonstrate that the delay was unavoidable delay. Rather, a prudent person takes diligent action to ensure that contracted services are timely performed as specified. Note further in this regard that the record fails to present any invoice(s) for services rendered with respect to tracking the maintenance fee payment, much less for the payment itself. The record lacks any showing that the attorney ever represented to petitioner that the maintenance fee had been paid, much less that petitioner ever paid the attorney for services rendered with respect to the maintenance fee payment. There is no showing from petitioner's records which were in his and not the attorney's possession, that petitioner, upon discovering that the attorney had not yet presented petitioner with an itemized bill for payment of the fee, that petitioner diligently inquired of the attorney as to why that allegedly contracted service had not been timely discharged.

¹³ Lay v. Indianapolis Brush & Broom Mfg. Co., 120 F. 831, 836 (1903).

¹⁴ Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

Petitioner has failed to establish that any steps were taken during the entire 12 months of 1999, to check into the status of the patent or to ensure all maintenance fees had been paid. Petitioner has failed to establish that any steps were taken during the entire 12 months of 1999, to check into the status of the patent or to ensure all maintenance fees had been paid. Petitioner has failed to establish that any steps were taken during 2001 prior to the national tragedy on September 11, 2001, to check into the status of the patent or to ensure all maintenance fees had been paid. After September 11, 2001, "[i]n October 2001, [petitioner] realized that the security vault concept could be ripe for exploitation, given the disasters of the preceding month. [Petitioner] telephoned Kelly to make sure that the patent was still in effect and that the payments were current."¹⁵ In order to establish unavoidable delay, petitioner must establish that petitioner treated the patent the same as it would treat its most important business during the entire period of delay. Petitioner did not take steps to verify the status of the patent until petitioner discovered the financial value of the patent may have increased. Petitioner has failed to prove that the entire delay in paying the fee was unavoidable. If petitioner had inquired earlier into the status of the patent, a petition and the maintenance fee could have been submitted earlier.

Petitioner has failed to prove that the entire delay in payment of the 3.5 year maintenance fee was unavoidable.

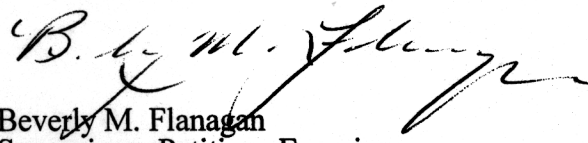
Decision

The prior decision which refused to accept under 37 CFR § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 USC § 41(c)(1) and 37 CFR § 1.378(b). Therefore, the petition is **denied**.

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

The patent file is being forwarded to Files Repository.

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


Beverly M. Flanagan
Supervisory Petitions Examiner
Office of Petitions

¹⁵ January 6, 2003 Brierton Declaration, paragraph 3.