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OFFICE OF PETITIONS

ON PETITION

In re Patent No. 5,503,635 :
Issue Date: April 2, 1996 :
Application No. 08/151,614 :
Filed: November 12, 1993 :
Attorney Docket No. 27605.000119 :

This is a decision on a renewed petition under 37 CFR 1.378(e) filed September 10, 2004, requesting reconsideration of a prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent, and supplemented by a reply filed May 2, 2006, responding to a requirement for information mailed March 2, 2006.

The request to accept the delayed payment of the maintenance fee under 37 CFR 1.378(b) is DENIED.¹

BACKGROUND

The above-identified patent issued on April 2, 1996, and the grace period for paying the first maintenance fee expired at midnight on April 2, 2000. Accordingly, the first (3 ½ year) maintenance fee was due October 4, 1999 (October 2 being a Saturday) and could have been paid from April 2, 1999 through October 4, 1999, or with a surcharge from October 5, 1999 through April 3, 2000 (April 2 being a Sunday).

A petition under 37 CFR 1.378(b) to accept late payment of the first maintenance fee was filed May 28, 2004. Petitioner asserted that the delay in payment was unavoidable due to a misunderstanding between U.S. Surgical Corporation (U.S. Surgical) and LSI, Solutions (LSI) regarding who would pay the first maintenance fee. The Petitioner additionally explained that a docketing error was the cause of the delay.

The petition was dismissed in the decision of June 8, 2004. The decision held that, *inter alia*, the evidence did not explain the delay in paying the first maintenance fee payment or the steps taken to ensure timely payment of the first maintenance fee. The petition also required a statement from the person responsible for paying the first maintenance fee when the fee fell due.

¹ 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. No further consideration or reconsideration of this matter will be given. See 37 CFR 1.378(e).

The instant petition was filed September 10, 2004 requesting reconsideration and supplemented on May 2, 2006 with a reply to a requirement for information.

STATUTE AND REGULATION

35 U.S.C. § 41(b) states in pertinent part that:

The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.²
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent will 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 required by subsection (b) of this section... after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable.

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

A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

OPINION

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable." See 35 U.S.C. § 41(c)(1).

² Maintenance fees in effect as of the date the first petition were filed on August 25, 2005. The fees are subject to an annual adjustment on October 1. See 35 U.S.C § 41(f). The fees are reduced by fifty (50) percent for, as here, a small entity. See 35 U.S.C. § 41(h)(1).

Petitioner requests reconsideration, asserting that the delay was unavoidable due to an unexpected and unforeseen breakdown in the established normal operating procedures at Cumpston and Shaw (C&S) and Harter, Secrest & Emery (HSE), which acquired C&S on June 30, 1999. Petitioner argues that the combination of the miscommunication between U.S. Surgical and LSI regarding which company was responsible for paying the maintenance fee and the unexpected and unforeseen failure on the part of a historically reliable employee demonstrates that the entire delay in paying the first maintenance fee was unavoidable.

Petitioner has not met his burden of proving to the satisfaction of the Commissioner that the entire delay in payment of the maintenance fees was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b)(3).

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 in responding to an Office action was unavoidable. Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887)(the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business"); In re Mattullath, 38 App. D.C. 497, 514-515 (D.C. Cir. 1912); and Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141. In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition to revive an application as unavoidably abandoned cannot be granted where a petitioner has failed to meet his or her burden of establishing the cause of the unavoidable delay. Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

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 U.S.C. § 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 U.S.C. § 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, 55 F.3d at 609, 34 USPQ2d at 1788. 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.

The patent holder is ultimately responsible for payment of the maintenance fee. The focus must then be on the rights of the parties as of the time of expiration, so as to ascertain the responsible person. See Kim v. Quigg, 718 F.Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989). To once again clarify, Office records indicate U.S. Surgical executed an assignment of U.S. Patent No. 5,503,635 to LaserSurge, Inc. on April 23, 1996. The petitioner further supplements the record with a copy of the executed assignment between U.S. Surgical and LaserSurge, Inc.³ See Exhibit A of the Supplemental Request to Accept Payment of Unavoidably Delayed Maintenance Fees Under 37 C.F.R. § 1.1378(e) (Supplemental Request) filed September 10, 2004. Office records, therefore, show that LaserSurge and subsequently LSI became the successor in title of the above-identified patent on April 23, 1996 and owned the rights to the above-identified patent when the first maintenance fee fell due on October 4, 1999 (October 2 being a Saturday), as well as some six months later when this patent expired by operation of law at midnight on April 3, 2000 (April 2 being a Sunday). LSI was also the owner of the rights of the above-identified patent when the second maintenance fee would have fell due on October 2, 2003, as well as six months later on April 2, 2004.

As LSI owned the entire interest in the patent at the time of expiration, it is the actions or inactions of LSI, as the responsible party, that are material. Id. It was also incumbent upon LSI to implement steps to schedule and pay the fee, or obligate another to make the payment. 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 by itself 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. In the absence of a showing that the obligated party was engaged in tracking the maintenance fee due dates, and that party had in fact been tracking the due dates with a reliable tracking system such as would be used by prudent and careful mean in relation to their most important business, petitioner cannot reasonably show that the delay was unavoidable delay. In re Katrapat., 6 USPQ2d 1863, 1867-1868 (Comm'r Pat. 1988); California, supra.

The following inconsistencies and incomplete answers fail to demonstrate the obligated party acted reasonably and prudently or that Petitioner has meet his burden of showing that the delay in paying the first maintenance fee was unavoidably.

1) PARTY LSI OBLIGATED TO MAKE THE FIRST MAINTENANCE FEE PAYMENT

The original petition states that the patentee believed U.S. Surgical, the prior-owner of the above-identified patent, had paid the first maintenance fee prior to transfer of ownership from U.S. Surgical to LSI and prior to docket entry. See pages 3-4 of Request To Accept Payment of Unavoidably Delayed Maintenance Fees Under 37 C.F.R. § 1.378(B) (Request). On the other hand, the renewed petition explains that U.S. Surgical believed it was not responsible for the first maintenance fee payment. See page 3 and Exhibit 1b of Reconsideration of the Request To Accept Payment of Unavoidably Delayed Maintenance Fees Under 37 C.F.R. § 1.378(e) (Reconsideration) filed September 10, 2004 and page 3 of the Supplemental Request. Additionally, C&S and then HSE state

³ LaserSurge subsequently changed its names to LSI Solutions, Inc (LSI) on May 6, 2002 according to Office records.

that they represented LSI with respect to the above patent from April 1999 until present day. See ¶ 2 of the Response to Requirement for Information (Response). A fax dated April 9, 1999 from LSI to C&S also instructs C&S to become power of attorney for the above-identified patent. See pages 1 and 3 of Exhibit B of the Supplement Request.

Office records (Exhibit A of the Supplemental Request) demonstrate the transfer of ownership of the above-identified patent from U.S. Surgical to LSI occurred on April 23, 1996. The law, 35 U.S.C. § 41, only permits payment of the first maintenance fee between the third and fourth year after a patent is granted. Since ownership transferred more than three years prior to the first maintenance being due on October 2, 1999, the explanation provided in the Request that the patentee believed U.S. Surgical paid the first maintenance fee prior to the transfer or ownership does not make sense. There also is no evidence that U.S. Surgical agreed to pay the first maintenance fee prior to docketing the above-identified patent with C&S. To the contrary, the evidence shows that "LASERSURGE IS RESPONSIBLE FOR PAYING ANNUITY." See Exhibit 1b of the Reconsideration. Thus, the assumption that U.S. Surgical paid the first maintenance fee does not demonstrate that the obligated party acted reasonably or prudently with respect to its most important business. Moreover, a delay resulting from a lack of proper communication between a patentee and that patentee's representative as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b). See *In re Kim*, 12 USPQ2d 1595 (Comm'r Pat. 1988). Thus, any argument presented that there was a miscommunication between LSI (the owner of the above-identified patent) and C&S and then HSE (the party representing LSI with respect to the above-identified patent) regarding payment of the first maintenance fee would not demonstrate unavoidable delay.

2) PARTY RESPONSIBLE AT C&S, AND THEN HSE, FOR MAKING PAYMENT

Assuming LSI had engaged C&S and then HSE to pay the maintenance fees for the above-identified patent, paragraphs 10 and 13 of the Response state that Barbara Smith (Smith1) was the person responsible for entering and monitoring upcoming maintenance fee payments from June 30, 1999 through February 18, 2000. On February 19, 2000, Petitioner states Holly Smith (Smith2) was responsible. See ¶ 10 of the Response. Previous statements indicated that Smith2 was not responsible for docketing until May 1, 2000. See Exhibit 2 of the Reconsideration. Petitioner also states Smith1 was responsible for paying the maintenance fees on patents on C&S and then HSE docket during the period between April 2, 1999 and April 2, 2000. In contrast, ¶ 17 of the Response states that Stephen Salai (Salai), a practitioner associated with HSE, paid the maintenance fee payments for U.S. Patent Nos. 5,496,341 and 5,507,757 on August 13, 1999 and September 16, 1999 respectively. Office records also reflect that CPI paid the maintenance fees for at least six of the patents listed in ¶ 17 of the Requirement. Moreover with the exception of the above-identified patent, all the patents listed in ¶ 17 of the Requirement were timely paid between March 1999 and May 2000.

The above conflicting information fails to demonstrate which employee(s) at C&S and then HSE was responsible for docketing and paying the maintenance fee payments between April 1999 and April 2000. In answer to ¶ 10 of the Requirement ("Between April 1, 1999 and April 30, 2000, name all employees at the law firm or service for paying maintenance fees"), Petitioner stated that Smith1 was responsible for docketing between June 30, 1999 and February 18, 2000 and then, on February 19, 2000, Smith2 was responsible. Petitioner fails to provide any information regarding who was responsible for entering and monitoring upcoming maintenance fee payments from April 1, 1999

through June 29, 1999, which is both the initial period when the first maintenance fee could be paid and critical in determining the cause of the delay in paying the first maintenance fee. Additionally, Smith² previously stated that she was not responsible for docketing until May 1, 2000. See Exhibit 2 of the Reconsideration. Thus, the record provides conflicting or the absence of information regarding the parties responsible for docketing during the time when the maintenance fee for the above-identified patent was due. The record also does not clearly establish who at C&S and then HSE was responsible for paying maintenance fees during the period in question. Some of the evidence states that Smith¹ was responsible for paying maintenance fees during the period in question (¶ 13 of Response), while other evidence shows that Salai (¶ 17 of Response) and CPI made maintenance fee payments for LSI patents.

3) RELIABILITY OF DOCKETING SYSTEM

HSE's docket record for the above-identified patent was provided. See Exhibit A of the Request. These entries were made on November 30, 2000, as noted by the data filled in the "ENTERED" box. See Exhibit A of the Request and Exhibit 2 of the Reconsideration. Paragraphs 7 and 12 of the Response and page 2 of the Supplemental Request state that the LSI patents listed on page 3 of Exhibit B of the Supplemental Request were not entered into the C&S and then HSE docketing system until after the window for paying the maintenance fees were closed. Petitioner states that no reminders were generated, and no letters were sent patentee. On the other hand and with the exception of the above-identified patent, Office records reflect that the maintenance fee payments for LSI patents listed in ¶ 17 of the Requirement due between March 1999 and May 2000 were timely paid. Some of the patents were even paid by Salai, a practitioner associated with HSE.

The above evidence does not demonstrate that C&S and then HSE had in fact been tracking the due dates with a reliable tracking system, such as would be used by prudent and careful mean in relation to their most important business. First, it is not clear from the record why C&S and then HSE took more than a year to enter the above-identified patent into their docketing system when the evidence shows LSI transferred a patent portfolio to C&S for docketing (Exhibit B of the Supplement Request) as of April 9, 1999. The period has not been explained and does not show a reliable docketing system or steps in place to ensure timely payment of maintenance fees. It is also not clear what prompted HSE to make the entry of the above-identified patent into HSE's docketing system on November 30, 2000. Because the delay in entering the patent into their docketing system was greater than one year and the window to pay the maintenance fee is only one year, a reasonable and prudent person with their most important business would have certainly verified that the first maintenance fee payment was made. Also since the fax (Exhibit B of the Supplement Request) shows that the transfer of the above-identified patent occurred in April 1999 (the first month the first maintenance fee for the above-identified patent can be paid), it is not clear why Holly Smith believed the transfer of cases from LSI to C&S and then HSE occurred after payment of the maintenance fee. See page 3 of Supplemental Request.

Moreover, the record shows the purported system C&S and HSE had in place to pay maintenance fees contradicts with how the maintenance fees were actually paid. Petitioner states, on some occasions, that none of the patents listed in Exhibit B of the Supplemental Request were transferred from LSI to the C&S and then HSE docket. This was allegedly due to Smith¹'s failure to transfer them into the docket. However as stated by Petitioner in ¶ 17 of the Response, Salai of HSE did make the payment for at least two of those patents. It also follows that Salai would not have made the payment for those two payments without approval of LSI. Thus, Petitioners statement that the

patents were not entered into the C&S and then HSE docketing system until after the window for paying the maintenance fees were closed appears to be inaccurate. More importantly, HSE learned in February 2000 that Smith was suffering from emotional stress, including anxiety and depression. See ¶ 14 of the Response. However, HSE did not perform an audit of her work after learning this information. See ¶ 15 of the Response. A failure of HSE to review the work of an employee taking leave for anxiety and depression does not show a system that would be employed by a prudent and careful person with respect to its most important business.

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 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). Petitioner purports that the delay in making the first maintenance fee payment resulted from a docketing error on the part of an employee, Smith1, in the performance of a clerical function. The evidence, however, does not demonstrate that her failure was the cause of the delay or that there was a business routine in place that could be relied upon to avoid errors. As requested by the previous decision of September 12, 2005 and in the Requirement mailed March 2, 2006, Petitioner is unable to obtain a statement from Smith1, the alleged individual responsible for docketing and paying maintenance fee payments for C&S and then HSE, concerning this problem. See ¶¶ 18-20 of the Response. Additionally, Petitioner’s failure to demonstrate who was responsible for docketing and entry of patents prior to June 30, 1999 does not illustrate that Smith1’s alleged error was the cause of the delay in paying the first maintenance fee.

Also as stated above, the conflicting information regarding who was responsible for paying the maintenance fees for C&S and HSE and who actually did pay the fees does not show that there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance. Petitioner also did not provide any documentary proof of the maintenance fee tracking system or any documentary evidence of Smith1’s reliability. See ¶ 13 of the Requirement and the Response. Her length of service with C&S and then HSE alone does not demonstrate her reliability or experience regarding the paying maintenance fees. In total, the record does not show that C&S and then HSE had been tracking the due dates for the above-identified patent with a reliable tracking system.

Finally, the Office also has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. While the Office mails maintenance fee reminders strictly as a courtesy, as was done here on October 26, 1999, it is solely the responsibility of the patentee to ensure that the maintenance fee is timely paid to prevent expiration of the patent. The failure to receive a reminder does not relieve the patentee of the obligation to timely pay the maintenance fee, nor will it constitute unavoidable delay if the patentee seeks reinstatement under the regulation. Rydeen, supra. A patentee, who is required by 35 U.S.C. § 41 to pay a maintenance

fee, or face expiration of the patent, is not entitled to any notice beyond that provided by publication of the statute. Id. Thus, petitioner's allegations that it failed to receive a reminder to pay maintenance fees does not relieve the obligated party to pay the maintenance fee in a timely fashion, nor will it constitute unavoidable delay if the patentee seeks reinstatement. Id.

In conclusion, LSI has not carried its burden to establish the delay in paying the first maintenance fees were unavoidable.

DECISION

The prior decision, which refused to accept the delayed payment of a maintenance fee for the above-identified patent under § 1.378(b), has been reconsidered. For reasons previously stated and given above, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

The petition submitted on September 10, 2004 stated that the \$130 petition fee was enclosed. Office records do not reflect that the fee was paid. The fee has been charged to petitioner's deposit account 03-3875.

The patent file is being returned to the Files Repository.

Telephone inquiries regarding this decision should be directed to Petitions Examiner Denise Pothier at (571) 272-4787.



Charles Pearson
Director, Office of Petitions
Office of Petitions