

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

"The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section... after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable."

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

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

OPINION

The Commissioner may accept late payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable." 35 U.S.C. § 41(c)(1).

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. 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, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913). 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, 5 USPQ2d 1130 (N.D. Ind. 1987).

Petitioner urges that the decision of May 15, 1996 be reconsidered in that (1) petitioner has standing in this matter, as a joint equitable owner since October 21, 1992, and as a joint legal owner since October 1, 1994, (2) petitioner took adequate steps to schedule and pay the maintenance fee, but was frustrated in part by agents of the First Interstate Bank (FIB) during a voluntary directed reorganization of the assignee, American-National Watermattress Corporation (ANWC) (petitioner's company), covering the period January 25, 1992 through March 23, 1993, (3) former patent counsel Richard Myers (Myers), as a result of a relocation, changed his address and thus did not receive any notices regarding maintenance fee payment, or patent expiration, (4) petitioner did not become aware of the expired status of this patent until December 1995, and promptly filed the first petition, and (5) the continuing financial hardship experienced by ANWC and petitioner.

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

Petitioner's complaint about not having received any notices regarding this patent from the Patent and Trademark Office'

(Office) is not persuasive of unavoidable delay. Delay resulting from petitioner's lack of receipt of any maintenance fee reminder does not constitute "unavoidable" delay. See Patent No. 4,409,763, supra, aff'd, 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). See also "Final Rules for Patent Maintenance Fees," 49 Fed. Reg. 34716, 34722-23 (Aug. 31, 1984), reprinted in 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). It is solely the responsibility of the patent holder to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee and the failure to receive the maintenance fee reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office.

The showing of record is that petitioner was jointly, with Clarke Miller, owner of ANWC from its inception until October 21, 1992, and that petitioner was sole owner of ANWC thereafter (Miller declaration ¶ 1). Further, petitioner was joint equitable owner of this patent from October 21, 1992, and acquired legal title jointly with Clarke Miller on October 1, 1994. However, the record fails to show unavoidable delay with respect to petitioner's actions from January 22, 1992 through December, 1995. Rather, a showing of unavoidable delay must embrace the period from when petitioner's maintenance fee was due [here, January 24, 1992], until both the maintenance fee [submitted December 20, 1995] and a showing of unavoidable delay acceptable to the Commissioner is filed [pending]. See, In re Takao, 17 USPQ2d 1155, 1158 (Comm'r Pat. 1990).

Petitioner complains that FIB assumed control of ANWC from July 1991 until February 25 1993, and that petitioner was excluded from management control during this period (Miller declaration ¶ 3). Petitioner names the succession of FIB agents, and further asserts that the belief that "they had simply continued my procedures for calendaring of patent maintenance fee dates and had maintained a valuable asset of ANWC as agents of FIB" (Miller declaration ¶ 4). Nevertheless, the showing of record is also that, notwithstanding petitioner's equitable interest in this patent, petitioner took no action regarding petitioner's patent

portfolio after September 21, 1991, "nor did I request information [from FIB and its agents] concerning them [the patents, including this one]" (Miller declaration ¶ 4), and further, that petitioner voluntarily relinquished control of ANWC to FIB ((Miller declaration ¶ 3).

As petitioner voluntarily relinquished control to FIB and its agents, petitioner remains bound by the business decisions, actions, or inactions, of FIB and its agents which resulted in the dismissal of petitioner's executive secretary Carol Karako (Karako), the loss of the maintenance fee tracking system of Karako, and the resultant failure to either timely pay the maintenance fee, or promptly file the petition. Cf. Winkler v. Ladd, 221 F.Supp 550,552, 138 USPQ 666, 667 (D.D.C. 1963). Petitioner was required, for any renewed petition, to supply "[v]erified copies of any documents pertaining to the "legal proceeding with a secured bank", including the appointment, duties, and obligations", as well as "any documents or correspondence among petitioner, ANWC, or the "receiver" regarding the maintenance fees". However, no meaningful response to this requirement is of record.

Even assuming, *arguendo*, that petitioner would not be bound by the mistakes or negligence of FIB and its agents, diligence on the part of petitioner would still be essential to show unavoidable delay. See, Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991). Specifically, diligence on the part of an equitable owner is necessary to show unavoidable delay when that equitable owner's agent(s) fails to take timely and proper steps with respect to a proceeding before the Patent and Trademark Office. See, Futures Technology Ltd. v. Quigg, 684 F.Supp 430, 7 USPQ2d 1588 (E.D. Va. 1988). It follows that petitioner's conduct is permissibly considered in deciding the issue of unavoidable delay at least from October 21, 1992. Id. However, the showing of record is that petitioner did not, while joint owner of the assignee ANWC from January 24, 1992 through October 20, 1992, make any inquiry of FIB during its time of control of ANWC with respect to the maintenance fee tracking and payment. After becoming both sole owner of ANWC and joint equitable owner of the patent on and after October 21, 1992, and after regaining control of ANWC on April 23, 1993, petitioner took no action with

respect to this patent. A reasonably prudent person, within the meaning of Pratt, *supra* with respect to that person's most important business, would, upon regaining control of that business, have made inquiry into that business's assets, including the patent assets. Indeed, petitioner apparently gave no thought to this "valuable asset" for a further period of at least two and one half years, until December 1995, when the possibility of a business deal regarding this patent arose with a prospective licensee. Even then, it was the licensee who inquired into the status of this patent, not petitioner (Miller declaration ¶ 5). It follows that petitioner did not exercise the due care and diligence of a reasonably prudent person, nor did petitioner exercise due diligence with respect to tracking and paying the maintenance fee for this patent. As such, petitioner has failed to reasonably establish unavoidable delay.

Petitioner continues to assert financial hardship as contributing to the unavoidable delay. Petitioner is reminded that any renewed petition was to be accompanied by a complete showing of petitioner's, ANWC's, or other responsible party's financial condition including all income, expenses, assets, credit, and obligations which made the delay from January 24, 1992 until December 20, 1995 in payment of the maintenance fee unavoidable. A complete showing has not been made. While petitioner asserts that ANWC was bankrupt, and further, that petitioner also filed for personal bankruptcy, it is pointed out that bankruptcy does not mean that no income was derived, or that no expenses were paid, during that interval. The showing of record is that as of the October 21, 1992 decree (¶ 14), ANWC was to pay a weekly salary of \$1225 to Clarke Miller (petitioner's, and ANWC's, incomes have not been set forth), and that in addition to being awarded substantial real properties and child support of \$623 monthly, petitioner was ordered to liquidate a joint brokerage account worth \$73,000, which, less certain expenses, meant that petitioner had an equal share of about \$60,000, or about \$30,000 (decree, ¶ 11) at the time when the maintenance fee of less than \$500 was due. As such, the record does not reasonably establish that financial hardship contributed to the unavoidable delay.

As 35 USC 41(c) 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, 55 F.3d at 609, 34 USPQ2d at 1788. That is, an adequate showing that the delay was "unavoidable" within the meaning of 35 USC 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Id. Thus, while Myers may have assisted petitioner in setting up a tracking system at ANWC, there is no adequate showing that Myers had been in fact engaged by either ANWC or petitioner to track and pay the maintenance fee. Petitioner was required, for any renewed petition, to provide a verified showing as to any correspondence between Myers and either petitioner or ANWC regarding any agreement that was in effect with respect to scheduling and payment of the maintenance fees. No such showing has been made. In the absence of such a showing, and further, in light of petitioner's assertions that Karako was tracking the maintenance fee payment on her personal calendar at ANWC, the continued reliance upon the asserted mistake(s) or negligence of Myers is untenable.

Moreover, assuming, *arguendo*, that Myers had been properly appointed to conduct petitioner's matters subsequent to the grant of the instant patent, including matters pertaining to the scheduling and payment of maintenance fees, then petitioner remains bound by the decisions, actions, or inactions, of Myers, including the decisions, actions, or inactions, which resulted in the lack of scheduling and timely payment of the maintenance fees for this patent. See, Winkler v. Ladd, 221 F.Supp 550, 552, 138 USPQ 666, 667 (D.D.C. 1963).

The Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the patent holder, and petitioner is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962). Specifically, petitioners' delay caused by mistakes or negligence of a voluntarily chosen representative does not constitute unavoidable delay. Haines v. Quigg, Id.; Smith v. Diamond, Id.; Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, Id.; Douglas v. Manbeck, Id.

Consequently, the delay caused by the failure of Myers to take adequate steps with respect to docketing and tracking the maintenance fee due date, or make an address change for receiving maintenance fee reminders, and thus, to notify petitioner on or before January 24, 1993, of the need to pay the maintenance fee does not constitute unavoidable delay. Ray, Id.

Further, there is no need in this case to determine the obligation between Myers and petitioner, since the record fails to show that either Myers or petitioner took adequate steps to ensure timely payment of the maintenance fee. In re Patent No. 4,461,759, 16 USPQ2d 1883, 1884 (Comm'r Pat. 1990). The Office is not the proper forum for resolving a dispute between patent holders and their representative as to who bore the responsibility for scheduling and paying a maintenance fee. Ray, at 610, 34 USPQ2d at 1789. In any event, delay resulting from a lack of communication between patent holders and their representative 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). Id.

In determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray, at 608-609, 34 USPQ2d at 1787. A reasonably prudent patent holder would have inquired if the patent was subject to maintenance fees and would have exercised due care and diligence to ensure that adequate steps were taken to timely submit the maintenance fee, or that the maintenance fee had been paid, and further, if that fee had not been paid, that a petition for acceptance of the late payment was duly filed. The record fails to adequately evidence that petitioner exercised the due care observed by prudent and careful persons, in relation to their most important business, which permits them in the exercise of this care, to rely upon such agencies as reliable employees, and other means and instrumentalities, and thus, establish unavoidable delay by the unforeseeable faults or imperfections in those employees, means, or instrumentalities, Pratt, supra. This failure precludes a finding of unavoidable delay.

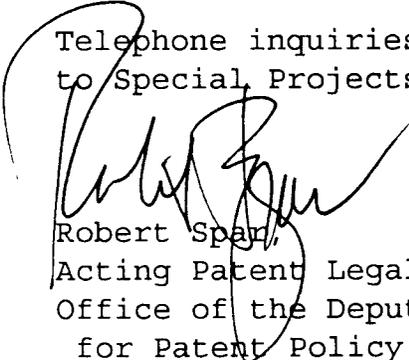
CONCLUSION

The prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the above stated reasons, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. § 41 and 37 CFR 1.378(b).

Since this patent will not be reinstated, petitioner may request a refund by treasury check in the amount of \$1155, by enclosing a copy of this decision with a request for refund to the Office of Finance, Refund Section.

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

Telephone inquiries related to this decision should be directed to Special Projects Examiner Brian Hearn at (703) 305-1820.



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BH/AH

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