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NATH & ASSOCIATES
112 SOUTH WEST STREET
ALEXANDRIA VA 22314

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OFFICE OF PETITIONS

In re Application of :
Gille et al. : DECISION ON PETITION
Application Number: 09/546077 :
Filing Date: 04/10/2000 :
Attorney Docket Number: 90582U :

This is a decision on the renewed petition filed on June 18, 2007, under 37 CFR 1.137(b), to revive the above-noted application.

The petition is denied.

BACKGROUND

This application became abandoned on October 29, 2004, for failure to timely file a proper reply to the final Office action mailed on July 28, 2004, which set a three (3)-month shortened statutory period for reply. No extensions of the time for reply in accordance with 37 CFR 1.136(a) were obtained. Notice of Abandonment was mailed on February 8, 2005.

A first petition under 37 CFR 1.137(b) was filed on September 11, 2006, and was dismissed in the decision of November 17, 2006.

The original petition was accompanied by a statement that "[t]he entire delay in providing this response was unintentional, from the mailing of the Office Action until the filing of this petition."

The present renewed petition is accompanied by a declaration of Fritz A. Brauer, founder and Chief Executive Officer of assignee of record Clinicon Corporation (hereinafter "Clinicon"). In his declaration, Braur states, in pertinent part.

...

4. Clinicon is the legal assignee of US Patent Application No. 09/546,077.

5. I have first hand knowledge of the facts and events that lead to the discovery of the unintentional abandonment of US Patent Application No. 09/546,077, which are as follows:

(a) Due to issues of financial solvency, in 2004, Clinicon Corporation was evicted from its previous place of business at 5825 Avenida Encinas, Suite 101, Carlsband CA 92008-4401.

(b) Pursuant to the eviction, Clinicon's assets and files were transferred to a new smaller location where the business is currently located.

(c) At the time of the eviction, Clinicon was in the process of auditing its intellectual property portfolio to determine which Patents and Applications it would continue to prosecute.

(d) Clinicon's outside counsel at that time, Mr. Shekar Vyas, of the firm Fish & Richardson, managed Clinicon's patent portfolio.

(e) Sometime in 2004 or 2005, Mr. Vyas notified me that he was in the process of leaving Fish & Richardson, and would be wrapping up his affairs with Clinicon.

(f) Following consultations with Mr. Vyas, the decision was made to abandon a number of Clinicon's Patent Applications.

(g) Due to either a misunderstanding or miscommunication, I must not have made the distinction between the various matters and filings discussed, and inadvertently agreed to abandon the captioned application--09/546,077.

(h) Although a Notice of Abandonment was issued by the United States Patent and Trademark Office on February 8, 2005 for the captioned matter, as well as received by two contractors working with Clinicon, no further action was taken on my behalf.

(i) In 2006, as Clinicon's financial situation improved, all Clinicon patent and trademark matters were transferred from the firm of Fish & Richardson to Nath & Associates PLLC (now The Nath Law Group).

(j) After an initial Intellectual Property Audit was performed (sic) by The Nath Law Group, I was informed by Ross Epstein, Partner at the Nath Law Group, about the abandonment of Application No. 09/549,077, in August of 2006.

(k) Following notification of the abandonment by Mr. Epstein, I immediately requested that a petition to revive be filed.

...

STATUTE AND REGULATION

Public Law 97-247, § 3, 96 Stat. 317 (1982), which revised patent and trademark fees, provides for the revival of an "unintentionally" abandoned application without a showing that the delay in prosecution or in late payment of an issue fee was "unavoidable." Specifically, 35 U.S.C. § 41(a)(7) provides that the Director shall charge: On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, \$1,500, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$500.

Effective December 1, 1997, 37 CFR 1.137(b) provides:

Unintentional. Where the delay in reply was unintentional, a petition may be filed to revive an abandoned application or a lapsed patent pursuant to this paragraph. A grantable petition pursuant to this paragraph must be accompanied by:

(1) The required reply, unless previously filed. In a nonprovisional application abandoned for failure to prosecute, the required reply may be met by the filing of a continuing application. In a nonprovisional application filed on or after June 8, 1995, and abandoned for failure to prosecute, the required reply may also be met by the filing of a request for continued examination in compliance with § 1.114. In an application or patent, abandoned or lapsed for failure to pay the issue fee or any portion thereof, the required reply must be the payment of the issue fee or any outstanding balance thereof;

(2) The petition fee as set forth in § 1.17(m);

(3) A statement that the entire delay in filing the required reply from the due date for the reply until the filing of a grantable petition pursuant to this paragraph was unintentional. The Director may require additional information where there is a question whether the delay was unintentional; and

(4) Any terminal disclaimer (and fee as set forth in § 1.20(d)) required pursuant to paragraph (c) of this section.

OPINION

The patent statute at 35 U.S.C. § 47(a)(7) authorizes the Director to revive an "unintentionally abandoned application." The legislative history of Public Law 97-247 reveals that the purpose of 35 U.S.C. § 41(a)(7) is to permit the Office to have more discretion than in 35 U.S.C. §§ 133 or 151 to revive abandoned applications in appropriate circumstances, but places a limit on this discretion, stating that "[u]nder this section a petition accompanied by either a fee of \$500 or a fee of \$50 **would not be granted where the abandonment** or the failure to pay the fee for issuing the patent **was intentional** as opposed to being unintentional or unavoidable." [emphasis added] See H.R. Rep. No. 542 97th Cong., 2nd Sess. 6-7 (1982), reprinted in 1982 U.S.C.C.A.N. 770-71. The revival of an intentionally abandoned application is antithetical to the meaning and intent of the statute and regulation.

35 U.S.C. § 41(a)(7) authorizes the Director to accept a petition "for the revival of an unintentionally abandoned application for a patent." As amended December 1, 1997, 37 CFR 1.137(b)(3) provides that a petition under 37 CFR 1.137(b) must be accompanied by a statement that the delay was unintentional, but provides that "[t]he Director may require additional information where there is a question whether the delay was unintentional." Where there is a question whether the delay was unintentional, the petitioner must meet the burden of establishing that the delay was unintentional within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b). See In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pats. 1989). Here in view of the statements in the petition there is a question whether the entire delay was unintentional on the part of the party(s) having the right to reply to the outstanding Office action. The language of both 35 USC 41(a)(7) and 37 CFR 1.137(b) are clear and unambiguous, and furthermore, without qualification. That is, the delay in tendering the reply to the outstanding Office action, as well as filing the first petition seeking revival, must have been, without qualification, "unintentional" for the reply to now be accepted on petition. The Office requires that the entire delay be at least unintentional as a prerequisite to revival of an abandoned application to prevent abuse and injury to the public. See H.R. Rep. No. 542 97th Cong., 2nd Sess. 6-7 (1982), reprinted in 1982 U.S.C.C.A.N. 771 ("[i]n order to prevent abuse and injury to the public the Commissioner ... could require applicants to act promptly after becoming aware of the abandonment"). Petitioner should note that the issue is not whether some of the delay was unintentional by any party; rather, the issue is whether the entire delay has been shown to the satisfaction of the Director to be unintentional. The relevant inquiry in determining whether a delay is intentional is whether the course of action resulting in the delay was, as here, deliberate. See In re Maldague, 10 USPQ2d 1477 (Comm'r Pat. 1988); In re Application of G, 11 USPQ2d 1378 (Comm'r Pat. 1989); Lawman Armor v. Simon, 2005 U.S. Dist. LEXIS 10843, 74 USPQ2d 1633 (E.D. Mich. 2005); Field Hybrids, LLC v. Toyota Motor Corp., 2005 U.S. Dist. LEXIS 1159 (D. Minn. Jan. 27, 2005). A deliberate decision, as here, not to pursue further prosecution warrants the conclusion that the abandonment of this application was not unintentional. See Lawman, supra. Here, since the delay results from a deliberate cause of action (or inaction), it cannot be considered unintentional delay. Maldague, supra; G, supra; Lawman, supra; Field Hybrids, supra.

The question under 37 CFR 1.137(b) is whether the delay on the part of the party having the right or authority to reply to avoid abandonment (or not reply) was unintentional. When the issue of revival is addressed, the focus must be on the rights of the parties as of the time of abandonment. See Kim v. Quigg, 781 F. Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989). Clearly, Brauer was the party having the right to reply or not reply. Brauer determined that there was no compelling reason to reply to the final Office action. As the courts have made clear, it is pointless for the USPTO to revive an abandoned—much less an intentionally abandoned—application without an adequate showing that the delay did not result from a deliberate course of action. Maldague, supra; G, supra; Lawman, supra; Field Hybrids, supra; New York University v. Autodesk, 466 F. Supp.2d 563, 2006 U.S. Dist. LEXIS 93105 (S.D.N.Y. 2006) (same); Lumenyte Int'l Corp. v. Cable Lite Corp., Nos. 96-1011, 96-1077, 1996 U.S. App. LEXIS 16400, 1996 WL 383927 (Fed. Cir. July 9, 1996) (unpublished) (patent held unenforceable due to a finding of inequitable conduct in submitting an inappropriate statement that the abandonment was unintentional); Aristocrat Technologies v. International Game Technology, 2007 U.S. Dist. LEXIS 42854 (N.D. Ca. 2007) (USPTO misapplication of the standards of revival overturned causing patent invalidation).

Accordingly, as the delay in filing a reply to the final Office action stems from the assignee's deliberate course of action: to withhold a reply to the final Office action such that the application would go abandoned, revival is precluded.

37 CFR 1.137(b) as amended, effective December 1, 1997, requires, *inter alia*, that the entire delay was unintentional, but does not include a filing period requirement. As the record shows an intentional delay in filing a reply to the final Office action, the instant petition must be **denied**, under the provisions of 37 CFR 1.137(b), because the delay between July 28, 2004, (the mail date of the final Office action) and September 11, 2006 (the filing date of the first petition to revive), was not "unintentional" within the meaning of 35 USC 41(a)(7) and 37 CFR 1.137(b), but the result of a deliberate decision on the part of petitioners to delay the revival of the above-identified application.

Petitioners have failed to meet their burden of establishing to the satisfaction of the Director that the delay in prosecution of the application was unintentional.

Petitioners concede that Brauer, CEO for Clinicon, deliberately and intentionally instructed outside patent counsel to allow the application to become abandoned, but overlook the salient fact that the language of both 35 USC 41(a)(7) and 37 CFR 1.137(b) are clear and unambiguous, and furthermore, without qualification. That is, the delay in prosecution of the application must have been, without qualification, "unintentional" for the application to now be revived on petition. Maldague, supra; G, supra; Lawman, supra; Field Hybrids, supra.

That petitioner relied upon Brauer and/or outside counsel for matters regarding prosecution of the above-identified application shifts the focus of the inquiry regarding the abandonment of the application from petitioners to Brauer and outside patent counsel. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D. Del. 1995).

Accordingly, the delay in prosecution resulting from Brauer's and/or outside patent counsel's actions or inactions is chargeable to petitioner. 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. See California Medical Products v. Technol. Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995); 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). That is, assuming that Brauer was petitioners' agent-representative, then the delay resulting from Brauer's instructions to outside counsel is (1) chargeable to petitioners and (2) as explained *infra*, must be considered intentional delay, even assuming, *arguendo*, that outside counsel erred in accepting Brauer's instructions. Similarly, even assuming that outside counsel erred in believing that he had been instructed to discontinue prosecution, and thus permit the application to become abandoned, nevertheless, the delay resulting from such deliberate action or inaction of outside patent counsel is binding on petitioners, regardless as to who gave the instructions to outside patent counsel.¹ Assuming that Brauer

¹ Petitioners do not allege, nor does the showing of record establish, that Brauer and/or outside patent counsel misrepresented to petitioners either the status of the this application for patent, or sought, or received, reimbursement for continuing prosecution of the application on or after January, 2004. As such, there is no showing that the circumstances of this case should constitute an exception to the general rule that a client is bound by the mistakes or omissions of his representative. See e.g., Huston supra.

did not instruct outside patent counsel to forgo prosecution of the application, petitioners have not demonstrated that the entire delay in filing a timely reply to the Office action mailed on July 28, 2004, was unintentional. In this regard, regardless of whether the record establishes that petitioners had engaged Brauer and/or outside patent counsel, in that Brauer assumed the obligation for the balance of petitioner's intellectual property portfolio, petitioner is bound by the acts or omissions of Brauer and outside patent counsel with respect to the failure to prosecute this application for patent. See California, supra.

More to the point, with regard to petitioners' statement that Clincon's "issues of financial solvency," the showing is that rather than "unintentionally" failing to respond to the Office action of July 28, 2004, petitioner made the business decision to subordinate more timely action in this application to other financial and business interests, which mitigates away from a finding of unintentional delay. That petitioner by a deliberately chosen course of action, subordinated the above-identified application for patent to other matters constitutes an intentional delay in seeking the revival of the above-identified application for patent. The financial analysis above indicates that above-identified patent application was not considered by petitioner as worthy of continuing prosecution until 2006, and, consequently, the prosecution of the above-identified application for patent was intentionally delayed between October 28, 2004, and September 11, 2006. Such a decision, by its very nature, constitutes a deliberate, and therefore intentional, delay. Maldague, supra; G, supra; Lawman, supra; Field Hybrids, supra.

While petitioners argue that there was no deliberate decision, on the part of the assignee, to permit the expiration of this patent, this argument fails to address why the delay resulting from petitioners' representative's intentional nonprosecution can, or should be, considered "unintentional" delay. Rather, delay resulting from petitioners' representative's prior intentional failure to prosecute the application for patent does not become transformed into petitioner's unintentional delay merely due to petitioner's lack of awareness:

Where the applicant deliberately permits an application to become abandoned (e.g., due to a conclusion that the claims are unpatentable, that a rejection in an Office action cannot be overcome, or that the invention lacks sufficient commercial value to justify continued prosecution), the abandonment of such application is considered to be a deliberately chosen course of action, and the resulting

delay cannot be considered as "unintentional" within the meaning of [37 CFR] 1.137(b). . . . Likewise, where the applicant deliberately chooses not to seek or persist in seeking the revival of an abandoned application, or where the applicant deliberately chooses to delay seeking the revival of an abandoned application, the resulting delay in seeking revival of the abandoned application cannot be considered as "unintentional" within the meaning of [37 CFR] 1.137(b). An intentional delay resulting from a deliberate course of action chosen by the applicant is not affected by: (1) the correctness of the applicant's (or applicant's representative's) decision to abandon the application or not to seek or persist in seeking revival of the application; (2) the correctness or propriety of a rejection, or other objection, requirement, or decision by the Office; or (3) the discovery of new information or evidence, or other change in circumstances subsequent to the abandonment or decision not to seek or persist in seeking revival. Obviously, delaying the revival of an abandoned application, by a deliberately chosen course of action, until the industry or a competitor shows an interest in the invention (a submarine application) is the antithesis of an "unavoidable" or "unintentional" delay. An intentional abandonment of an application, or an intentional delay in seeking either the withdrawal of a holding of abandonment in or the revival of an abandoned application, precludes a finding of unavoidable or unintentional delay pursuant to [37 CFR] 1.137.

See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131, 53158-59, (October 10, 1997), 1203 Off. Gaz. Pat. Office 63, 86 (October 21, 1997) (citations omitted).

It should be noted that about the same time as the abandonment and ensuing delay in prosecution in this application, Clinicon obtained or remitted over \$2,000.00 in the period from August 24, 2004, through July 20, 2005, in USPTO fees alone to prosecute to issuance their application No. 09/546,097 (now U.S. Patent No. 6,974,452 issued on December 13, 2005). Thus, Clinicon was able to deliberately obtain or remit funds in 2004-2005 to prosecute an application that was clearly considered to justify the expense of obtaining a patent. Now, as Clinicon's financial picture has improved, Clinicon wishes to retrieve this application from the "back burner."

Nevertheless, as noted in MPEP 711.03(c)(II)(c)(1):

An intentional course of action is not rendered unintentional when, upon reconsideration, the applicant changes his or her mind as to the course of action that should have been taken. See In re Maldague, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988). A delay resulting from a deliberately chosen course of action on the part of the applicant does not become an "unintentional" delay within the meaning of 37 CFR 1.137(b) because:

- (A) the applicant does not consider the claims to be patentable over the references relied upon in an outstanding Office action;
- (B) the applicant does not consider the allowed or patentable claims to be of sufficient breadth or scope to justify the financial expense of obtaining a patent;
- (C) the applicant does not consider any patent to be of sufficient value to justify the financial expense of obtaining the patent;
- (D) the applicant does not consider any patent to be of sufficient value to maintain an interest in obtaining the patent; or
- (E) the applicant remains interested in eventually obtaining a patent, but simply seeks to defer patent fees and patent prosecution expenses.

Likewise, a change in circumstances that occurred subsequent to the abandonment of an application does not render "unintentional" the delay resulting from a previous deliberate decision to permit an application to be abandoned. These matters simply confuse the question of whether there was a deliberate decision not to continue the prosecution of an application with why there was a deliberate decision not to continue the prosecution of an application.

It is apparent that items (C), (D), and perhaps (E) were or are involved in this instance. However, this, as noted above, merely confuses the question of whether there was a deliberate decision not to prosecute with why there was a deliberate decision not to prosecute. Since there was a deliberate decision not to prosecute, the delay cannot be considered unintentional. Clinician's improved financial condition is merely a change in

circumstances subsequent to intentional abandonment and does not change the intentional abandonment and delay into unintentional abandonment and unintentional delay.

The showing of record, therefore, is that petitioners, through their representative(s), chose not to timely file a reply to the Office action mailed on July 28, 2004, which is viewed as an act of deliberation, intentionally performed. A deliberate decision, as here, not to pursue further prosecution warrants the conclusion that the abandonment of this application was not unintentional. See Lawman, supra. Here, since the delay results from a deliberate cause of action (or inaction), it cannot be considered unintentional delay. Maldague, supra; G, supra; Lawman, supra; Field Hybrids, supra. As such, the showing of record must militate away from any reasonable interpretation of the deliberate withholding of prosecution by Brauer/outside patent counsel as "unintentional" within the meaning of 35 USC 41(a)(7) and 37 CFR 1.137(b). It follows that, in the absence of a showing that petitioner was misled or deliberately misinformed by Brauer and/or outside patent counsel with respect to either the status of the reply to the Office action mailed on July 28, 2004, or the abandonment of this application for patent, it is immaterial to the delay herein that petitioner was unaware of, or would not have acquiesced to, his representative's actions or inactions. See Link, supra; Huston, supra; California, supra.

Therefore, petitioners' contentions concerning either the correctness or propriety of Brauer's and/or outside patent counsel's actions does not cause petitioners' intentional failure to prosecute the application for patent to be considered unintentional within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b). See Lawman, supra.

As the reply to the Office action was intentionally withheld, failure to prosecute the application cannot reasonably be considered to have been unintentional within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b). Accordingly, petitioner has not established to the satisfaction of the Director that the delay in payment of the maintenance fee was "unintentional" within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b). Maldague, supra; G, supra; Lawman, supra; Field Hybrids, supra.

DECISION

The circumstances of this application do not demonstrate that the delay in filing the first petition under 37 CFR 1.137(b) was

unintentional within the meaning of 35 USC 41(a)(7) and 37 CFR 1.137(b). The petition is granted to the extent the decision of November 17, 2006, has been reconsidered, but is otherwise denied. Accordingly, the application will not be revived and the application remains abandoned.

This decision is a final agency action. See MPEP 1002.02.

Telephone inquiries concerning this decision should be directed to Senior Petitions Attorney Douglas I. Wood at (571) 272-3231.

A handwritten signature in black ink, appearing to read "Charles A. Pearson", with a long horizontal flourish extending to the right.

Charles A. Pearson, Director
Office of Petitions