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OFFICE OF PETITIONS

In re Patent No. 5166668 :
Issue Date: 11/24/1992 :
Application Number: 07/683595 : DECISION ON PETITION
Filing Date: 04/10/1991 :
Attorney Docket Number: TAN-P1 :

This is a decision on the petition, filed on April 13, 2009, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 1.378(b)¹ the delayed payment of a maintenance fee for the above-referenced patent.

The petition under 37 CFR 1.378(e) is DENIED.²

BACKGROUND

The patent issued November 24, 1992. The first and second maintenance fees was timely paid. The third maintenance fee could have been paid from November 24, 2003 through May 24, 2004, or, with a surcharge during the period from May 25, through

¹ A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must be 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.

² As stated in 37 CFR 1.378(e), no further reconsideration or review of the decision refusing to accept the delayed payment of the maintenance fee under § 1.378(b) will be undertaken. This decision may be regarded as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1001.02.

November 24, 2004. Accordingly, the patent expired at midnight on November 24, 2004, for failure to timely submit the third maintenance fee.

The petition under 37 CFR 1.378(b) filed on July 11, 2008, was dismissed on February 10, 2009. On April 13, 2009, the subject request for reconsideration under 37 CFR 1.378(e) was filed.

Petitioner, assignee Creative Technology Ltd. (hereinafter "CTL") asserted in the initial petition that registered patent practitioner Leighton K. Chong (Chong) of Ostrager Chong and Flaherty was responsible for tracking and submitting payment of the third maintenance fee.

Petitioner provided a statement by Chong, in which he states that CTL was timely informed about the requirement to pay the third maintenance fee. On May 27, 2004, CTL submitted the funds to pay the third maintenance fee to Chong by Electronic Funds Transfer, but that due to "booking and communication errors," the maintenance fee was not timely paid.

Petitioner further avers that on May 27, 2008, Desmond Tan, a patent engineer for CTL sent an email to Chong requesting clarification as to why the patent had lapsed. A follow-up email was sent on May 30, 2008 by Tan to Chong. On June 3, 2008, an additional follow-up email was sent to Chong by Russ Swerdon, CTL's Director of Intellectual Property, requesting information regarding the expiration of the patent. On June 8, 2008, Chong sent a reply email stating that he was traveling outside the United States and did not have access to his office records.

Petitioner further included an emailed letter, dated June 24, 2008, from Chong to Tan, which states, in pertinent part:

Having returned from my trip, I have researched my files regarding the 2nd maintenance fee payment [sic: 3rd maintenance fee] that was due in this case. My records show that I sent a letter to Mr. Masuaki Tanaka on March 24, 2004, reminding him of the fee payment. After receiving notice from him that the patent had been assigned to Creative Technologies, I sent a letter to Creative Technologies by fax and mail dated April 1, 2004, stating that the fee payment was due by May 24, 2004. My file records show that no reply that was ever sent by Creative Technologies to my letter. However, my accounting records show that funds of \$3,420 equal to the amount I quoted for making the fee payment were

wired to my bank account on May 27, 2004. This amount was received by my bookkeeping as a receivable to Mr. Tanaka's account, and was not marked as having been sent by Creative Technologies.

Therefore, I did not receive any letter instructions from Creative Technologies to make the fee payment. Also, the payment was sent by Creative Technologies after the due date and did not include the additional surcharge for late payment. The wired funds for the payment did not provide me with notice that the funds were to be applied to the account of Creative Technologies for this payment.

Lastly, petitioner supplied an email from Swerdon to Chong, dated July 1, 2008, stating that the electronic funds transfer of \$3,420.00 included the invoice number appearing in Chong's communication of April 1, 2004, to CTL concerning payment of the maintenance fee.

The initial petition was dismissed because petitioner failed to provide an adequate showing that a docketing error had occurred. Petitioner was further apprised that a failure of communication between an applicant and his or her registered patent practitioner did not constitute unavoidable delay.

In the subject renewed petition, petitioner avers that on April 1, 2004, Tanaka informed Chong that CTL was the new owner of the subject patent. Also on April 1, 2004, Chong sent a letter to CTL reminding them of the need to pay the maintenance fee, and that an invoice to CTL for the maintenance fee amount was also generated.

Petitioner further avers that a Ms. Yingshan Wu of CTL sent an email to Chong on May 13, 2004, stating that CTL wished to pay the third maintenance fee, but that this email was never received by Chong. On May 27, 2004, state petitioner, Ms. Wu initiated a wire transfer from CTL to Chong of \$3,420.00, the amount due for the maintenance fee.

Attorney Chong states, in his declaration, that he did not receive the email from Ms. Wu, and that the \$3,420.00 was received by wire transfer, but was entered in counsel's financial records as having been received from Mr. Tanaka's company, Tsukuski Patent Office (hereinafter "TPO"), rather than having been received from CTL. Attorney Chong further states the wire

transfer was not accompanied by any indication that it was from CTL.

Further, attorney Chong states that his general practice is not to take further action after sending a reminder letter to a client because "I do not receive any response to 80% or more of my reminder letters that I send out to clients."

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

The Director may accept the payment of any maintenance fee required subsection (b) of this section which is made within twenty-four months after the six-month grace period if this 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.

37 CFR 1.378(b)(3) states that any petition to accept an unavoidably 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.

37 CFR 1.378(c)(3)(1) provides that a petition to accept an unintentionally delayed payment of a maintenance fee must be filed within twenty-four months of the six-month grace period provided in § 1.362(e)

OPINION

The Director may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have

been "unavoidable".³ A patent owner's failure to pay a maintenance fee may be considered to have been "unavoidable" if the patent owner "exercised the due care of a reasonably prudent person."⁴ This determination is to be made on a "case-by-case basis, taking all the facts and circumstances into account."⁵ Unavoidable delay under 35 U.S.C. § 41(b) is measured by the same standard as that for reviving an abandoned application under 35 U.S.C. § 133.⁶ Under 35 U.S.C. § 133, the Director may revive an abandoned application if the delay in responding to the relevant outstanding Office requirement is shown to the satisfaction of the Director to have been "unavoidable". Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁷ However, 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.⁸ In view of In re Patent No. 4,409,763,⁹ this same standard will be applied to determine whether "unavoidable" delay within the meaning of 37 CFR 1.378(b) occurred.

The showing of record is inadequate to establish unavoidable delay within the meaning of 37 CFR 1.378(b)(3).

As 35 U.S.C. § 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 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.¹⁰ That is, an adequate showing that the delay 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 to ensure the timely payment of the maintenance fees for this patent.¹¹

³ 35 U.S.C. § 41(c)(1).

⁴ Ray v. Lehman, 55 F.3d 606, 608-09 (Fed.Cir.), cert. denied, -- U.S. ---, 116 S.Ct. 304, 116 F.3d 209 (1995).

⁵ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁶ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (PTO Comm'r 1988).

⁷ 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).

⁸ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁹ 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd sub nom. Rydeen v. Quigg, 748 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992).

¹⁰ Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

¹¹ Id.

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.¹² Petitioner carries the burden under the statutes and regulations to make a showing to the satisfaction of the Director that the delay in payment of a maintenance fee was unavoidable.¹³

At the outset, the showing of record is that the delay ultimately resulted from more than one failure of communication between petitioner and its registered patent practitioner. First, the alleged failure of the attorney to receive the May 13, 2004, email from CTL requesting payment of the maintenance fee, and second, the failure in communications regarding petitioner's wire transfer. In regards to this, as stated previously, petitioner is reminded that the failure of communication between an applicant and counsel is not unavoidable delay.¹⁴ Specifically, delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b).¹⁵ Moreover, the Office is not the proper forum for resolving a dispute as to the effectiveness of communications between the parties regarding the responsibility for payment a maintenance fee.¹⁶

In this regard, petitioner's allegation that the failure to pay the maintenance fee rested on the failure to receive an email message is not well taken. Petitioner's bald assertion that the email was not received does not rise to the level of unavoidable delay. Petitioner has not provided any showing that the email was not delivered to his account in a readable format. At the outset, petitioner has not presented any evidence that steps were taken to determine if there was a system-wide problem with the email or internet provider showing that the email was actually not received. Further, petitioner has not provided records showing whether the email was delivered to Chong's account and was simply deleted, or was not received.

¹² 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).

¹³ 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.

¹⁴ In re Kim, 12 UPSQ2d 1595 (Comm'r Pat. 1988)

¹⁵ See Ray, at 610, 34 USPQ2d at 1789.

¹⁶ Id.

Still further, while it is noted that Wu states in her declaration that she "had no reason to believe that [Chong] did not receive my May 13, 2004 email" because corresponded with Chong by email about other cases the next day, adequate diligence has not been shown. Assuming, *arguendo*, Chong did not receive the email, he would have had no reason to inform Wu of such non-receipt. Rather, the burden was on Wu and/or CTL to verify receipt of the email. A reasonably prudent person acting with regard to his or her most important business would have verified that the attorney actually received the instruction to pay the maintenance fee, rather than assume, based on the absence of further communication regarding that particular patent or fee payment, that the request to pay the maintenance fee had been properly received and acted upon.

Likewise, the failure of CTL to verify that the maintenance fee had actually been paid is indicative of a lack of diligence. The showing is that CTL simply sent the subject email and sent the wire transfer, but never verified that the maintenance fee had actually been paid. If maintenance of this patent was petitioner's most important business, why did petitioner CTL not verify that the fee had actually been paid, either by contacting Chong or the USPTO and requesting verification of payment.

Further, it is unclear whether a memorandum could have been sent by CTL with the wire transfer to clarify to Chong which matter the wire transfer payment was in regards to. Assuming a memorandum or notation could have accompanied the wire transfer, the failure to include such represents a failure of communication on the part of the petitioner, as petitioner failed to exercise diligence in properly identifying the payment. By means of comparison, when a person or company submits a check payment in response to an invoice, is it generally expected that an account number or invoice number will be inscribed upon the check for identification and tracking by the payee. Without such marking of the payment document, it is not unreasonable to assume the payment may not be credited to the proper account.

Further, at the outset, with regard to any allegation of docket error, it is noted that the renewed petition states that Chong "by himself" maintained his patent docket. If the attorney himself, as opposed to a trusted and reliable employee, performed the docketing, any docketing error would not be docketing error on the part of a trusted and reliable employee. Rather, it would be a mistake or inadvertence on the part of counsel himself. The U.S. Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen

representatives of the applicant, and applicant is bound by the consequences of those actions or inactions.¹⁷ Specifically, petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 U.S.C. § 133.¹⁸

Likewise, with regards to Chong's actions, it is unclear why Chong's records were not updated to reflect that Tanaka and his company, TPO, were no longer associated with this patent, or why Chong's bookkeeper simply assumed that CTL's wire transfer was from TPO rather than CTL. This unexplained failure to update counsel's records mitigates away from a finding of unavoidable delay.

It is also unclear why the invoice to CTL for the maintenance fee for this patent had not been entered in Chong's account's receivable system. In this regard, it is noted that the declaration of Sheila C. Chong states that Chong's office did not have an office procedure for the bookkeeper to notify attorney Chong when a billing invoice for a patent office fee payment had been made by a client. As such, if instructions were not received in advance, the showing of record is that Chong's office would not be able to properly submit the payment to the USPTO. Rather the showing is that the bookkeeper was left to determine, on his or her own volition, from whom the payment was received and on which patent a maintenance fee payment would be made. An adequate explanation as to why CTL's invoice was not entered into the bookkeeping system has not been provided.

The showing of record, with regard to this aspect of the delay, also does not reach the level of unavoidable delay. It is not clear why Chong and his staff would simply assume that the wire transfer payment should be credited to the account of TPO, when TPO's official, Mr. Tanaka, had previously informed Chong that the subject patent was now the responsibility of CTL.

Lastly, petitioner states that no maintenance fee reminder was received from the Office. In this regard, a patentee's lack of knowledge of the need to pay the maintenance fee and the failure to receive the Maintenance Fee Reminder do not constitute

¹⁷ Link v. Wabash, 370 U.S. 626, 633-34 (1962).

¹⁸ Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N. D. Ind. 1987); 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).

unavoidable delay.¹⁹ Under the statute and regulations, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. The Office mailing of Maintenance Fee Reminders is carried out strictly as a courtesy. Accordingly, it is solely the responsibility of the patentee 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/or 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.²⁰

In summary, the showing of record is inadequate to establish unavoidable delay. Petitioner has provided insufficient evidence to substantiate a claim of docketing error. More to the point, petitioner has neither explained the cause of the error nor identified the person responsible for the error which led to the failure to timely submit the third maintenance fee payment. Rather, the showing of record is that the error was caused by the combination of the failure of petitioner to provide proper notification with the maintenance fee payment as well as the failure of counsel to properly handle the maintenance fee payment and submit it to the USPTO. As petitioner has not shown that it exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition will be dismissed.²¹

CONCLUSION

The prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. The petition under § 1.378(c) has also been considered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable, or unintentional, within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b) and (c).

Since this patent will not be reinstated, the maintenance fee(s) and surcharge fee(s) submitted by petitioner will be refunded to counsel's deposit account. The \$400.00 fee for reconsideration

¹⁹ See Patent No. 4,409,763, *supra*; see also "Final Rules for Patent Maintenance Fees" 49 Fed. Reg. 34716, 34722-34723 (August 31, 1984), *reprinted in* 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984).

²⁰ Rydeen v. Quigg, 748 F. supp. at 900.

²¹ See note 6, *supra*.

will not be refunded, and will be deducted from the amount refunded.

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

The patent file is being returned to Files Repository.

Telephone inquiries should be directed to Senior Petitions Attorney Douglas I. Wood at 571-272-3231.

A handwritten signature in cursive script, appearing to read "Charles A. Pearson". The signature is written in black ink and is positioned above the typed name and title.

Charles A. Pearson
Director, Office of Petitions