



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov
D1W Oct-11

ALSTON & BIRD LLP
BANK OF AMERICA PLAZA
101 SOUTH TRYON STREET, SUITE 4000
CHARLOTTE NC 28280-4000

MAILED
OCT 27 2011
OFFICE OF PETITIONS

In re Patent Number: 5,945,980 :
Issue Date: 08/31/1999 :
Application Number: 08/970,947 : DECISION ON PETITION
Filing Date: 11/14/1997 :
Attorney Docket Number: :
054753/347185 :

This is a decision on the REQUEST FOR RECONSIDERATION UNDER 37 CFR 1.378(e) and the PETITION UNDER 37 CFR 1.378(b), filed, on September 28, 2011, which is treated as a request for reconsideration under 37 CFR 1.378(e) and a petition to waive the rules under 37 CFR 1.183.

The petitions are DENIED.¹

BACKGROUND

The patent issued on August 31, 1999. The first maintenance fee could have been paid during the period from August 31, 2002, through February 28, 2003, or, with a surcharge, during the period from March 1, 2003, through September 2, 2003. Accordingly, this patent expired at midnight on September 2, 2003.

On January 26, 2011, an Office letter was mailed stating that a timely maintenance fee intended for another patent was inadvertently credited to the above-identified patent, and, as such, this patent was maintained in force. The Office letter further stated that while the error had been rectified, USPTO records did not reveal that any other maintenance fee payment was timely received for the subject patent, and that the patent

¹ 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 1002.02.

therefore expired as of the end of the grace period for payment of the first maintenance fee on September 2, 2003.

On June 10, 2011, a petition under 37 CFR 1.378(b) was filed. On July 28, 2011, the petition was dismissed.

The present request for reconsideration, and petition under 37 CFR 1.183, were filed on September 28, 2011.

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.**

(emphasis added)

37 CFR 1.183 states that:

In an extraordinary situation, when justice requires, any requirement of the regulations in this part **which is not a requirement of the statutes** may be suspended or waived by the Director or the Director's designee, *sua sponte*, or on petition of the interested party, subject to such other requirements as may be imposed. Any petition under this section must be accompanied by the petition fee set forth in § 1.17(f).

(emphasis added)

37 CFR 1.366(a) states that:

The patentee may pay maintenance fees and any necessary surcharges, or any person or organization may pay maintenance fees and any

necessary surcharges on behalf of a patentee. Authorization by the patentee need not be filed in the Patent and Trademark Office to pay maintenance fees and any necessary surcharges on behalf of the patentee.

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

Petitioner requests waiver of § 1.378(b) inasmuch as it requires that the showing of unavoidable delay "enumerate the steps taken to ensure timely payment of the maintenance fee." Specifically, petitioner asserts that it is unable to make a showing of the steps to ensure timely payment of the first maintenance fee because the patentee was not informed until over seven (7) years after the first maintenance fee was due, that the first maintenance fee had not been timely paid, when the USPTO mailed, on January 26, 2011, a notification that the first maintenance fee had not been timely paid. Petitioner asserts that "[i]n the meantime, the USPTO *further* acted to the Patentee's detriment by leading Patentee to believe that the Patent was still in force." In summary, petitioner asserts that if the Office had informed Patentee at an earlier date that the subject patent had expired, patentee would have been able to (1) petition to accept the delayed maintenance under the unintentional provisions of § 1.378(c), or (2) been able, presumably, to produce the records required to meet the showing under 37 CFR 1.378(b)(3).

Petitioner's argument has been considered, but is not persuasive. At the outset, 35 U.S.C. 41(c)(2) requires a showing that the delay was "unavoidable". In this regard, 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".² 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."³ This determination is to be made on a "case-by-case basis, taking all the facts and circumstances into account."⁴ 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. § 133.⁵ 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.⁶ 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.⁷ In view of In re Patent No. 4,409,763,⁸ this same standard will be applied to determine whether "unavoidable" delay within the meaning of 37 CFR 1.378(b) occurred.

What petitioner asks, in essence, is that the Director consider the entire delay "unavoidable," as required by statute, but without requiring a showing that the entire delay was in fact "unavoidable." In this regard, assuming, *arguendo*, the portion of 37 CFR 1.378(b)(3) requiring enumeration of the steps in place to timely pay the maintenance fee were waived, petitioners would still be required to show that the **entire** delay was unavoidable in accordance with the statute. In Rydeen v. Quigg,⁹ the court states that the Director "may not exercise discretion in a way that contradicts the purpose of the statute or is completely contrary to reason." Simply put, whether or not § 1.378(b)(3) explicitly states that a showing of the steps in place to pay the

² 35 U.S.C. § 41(c)(1).

³ Ray v. Lehman, 55 F.3d 606, 608-09 (Fed.Cir.), cert. denied, -- U.S. ---, 116 S.Ct. 304, L.Ed.2d 209 (1995).

⁴ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁵ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (PTO Comm'r 1988).

⁶ 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).

⁷ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁸ 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).

⁹ 16 USPQ2d 1876, at 1880.

maintenance fee are required, such a showing is an essential component of a finding of unavoidable delay. To consider the delay in acceptance of a maintenance fee to be "unavoidable" in the absence of a showing that Patentee timely proffered the fee payment to the USPTO is clearly inconsistent with the level of diligence exercised by a reasonably prudent person as set forth in Ex parte Pratt.¹⁰

Furthermore, petitioner has not presented a showing of an extraordinary circumstance in which justice requires waiver of the rules. As set forth in 37 CFR 1.366(a), any person or organization may pay a maintenance fee on behalf of a patentee, and authorization of the patent need not be filed in the Patent and Trademark Office to pay maintenance fees on behalf of a patentee. As set forth in § 1.366(c) identification of the patents for which maintenance fees are being paid must include the patent number, and the application number of the United States application for the patent on which the maintenance fee is being paid. If the payment includes identification of only the patent number (*i.e.*, does not identify the application number of the United States application for the patent on which the maintenance fee is being paid), the Office may apply the payment to the patent identified by patent number in the payment.

Still further, as set forth in MPEP 2580:

37 CFR 1.377 provides a mechanism for review of a decision refusing to accept and record payment of a maintenance fee filed prior to the expiration of a patent. 37 CFR 1.377(a) permits a patentee who is dissatisfied with the refusal of the Office to accept and record a maintenance fee which was filed prior to the expiration of the patent to petition the Director to accept and record the maintenance fee. This petition may be used, for example, in situations where an error is present in the identifying data required by 37 CFR 1.366(c) with the maintenance fee payment, *i.e.*, either the patent number or the application number is incorrect.

As such, it is not an extraordinary circumstance that a maintenance fee intended for another patent was misdirected to the subject patent. Likewise, it is neither an extraordinary circumstance for the USPTO to refuse to accept and record that payment because the maintenance fee for this patent had already

¹⁰ See note 6, supra.

been paid by another party, nor for the party whose maintenance fee payment was accepted and recorded to (a) discover that the maintenance fee was mistakenly applied to the wrong patent, and (b) petition the USPTO to reapply that fee payment to the correct patent.

Rather, as a prudent and careful patentee would be aware of the importance of documenting the timely submission of the maintenance fee, said prudent and careful patentee, whose proffer of the maintenance fee payment was refused because a maintenance fee payment intended for another patent was inadvertently credited to the patent in question. Said prudent and careful patentee would have retained evidence that the maintenance fee had been timely proffered but refused by the USPTO in the event that the error was later rectified, as here, and patentee was required to show that the maintenance fee payment had been timely proffered, but that the USPTO refused to record and accept it.

As stated previously, while it is unfortunate that patentees were not earlier notified of the error, this situation is not extraordinary and therefore does not merit waiver of the rules. Rather, the burden is on petitioner, not the USPTO, to show that the delay was unavoidable. Therefore, the petition under 37 CFR 1.183 is denied.

Considered further under 37 CFR 1.378(b), 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.¹¹ 35 U.S.C. § 133 does not require the Director 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 Director that the delay in payment of a maintenance fee is unavoidable.¹²

As 35 USC § 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 USC § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of

¹¹ See Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960).

¹² 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, 55 F.3d at 609, 34 USPQ2d at 1788.

such maintenance fees.¹³ 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 second maintenance fee for this patent.¹⁴

As K-Tech was the owner of this patent at the time the first maintenance fee was due, K-Tech, as the assignee of the entire interest was free to deal with the patent as K-Tech willed.¹⁵ As such, petitioner, as the successor in title, is bound by the delay resulting from K-Tech, its partners, or their principles' business decisions, actions, or inactions, including those business decisions, actions, or inactions which led to the failure to obtain or remit, the maintenance fee herein, or the failure of K-Tech to earlier assign its rights to petitioner.¹⁶ As petitioner acquired his interest after the patent expired, that he may subsequently acted with diligence is immaterial to the delay that led to the expiration of the patent.¹⁷ Rather, petitioner, as the successor in title to K-Tech's patent, is bound by K-Tech, its partners, or their principal's previous business decisions, actions, or inactions, regarding the maintenance fee for this patent.¹⁸

As such, petitioner **must** show either that K-Tech timely proffered payment of the first maintenance fee, or that the delay in payment of the maintenance fee was unavoidable. The showing of record, however, is insufficient to show unavoidable delay. In this regard, petitioner must provide evidence that the first maintenance fee was timely filed, or, if the fee was not timely sent to the USPTO, that the delay was unavoidable.

The showing of record is inadequate, however, to establish unavoidable delay. Petitioners have not shown that counsel or assignee K-Tech had docketed the patent for payment of the first

¹³ Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

¹⁴ Id.

¹⁵ See Garfield v. Western Electric Co., 298 F.659 (S.D.N.Y. 1924).

¹⁶ See Winkler v. Ladd, 221 F.Supp. 550, 552, 138 USPQ 666, 667 (D.D.C. 1963).

¹⁷ See Kim v. Quigg, 718 F.Supp. 1280, 12 USPQ2d 1604 (E.D. Va 1989).

¹⁸ Winkler, supra; Kim supra. See In re Kim, 12 USPQ2d 1595, 1602 (Comm'r Pat. 1988) (stating that it is a well-established tenet of contract law that an assignee takes subject to the liabilities of the assignor (i.e., a person cannot improve his position by assignment)); see also Ex parte Stumpf, 16 Gour. 88:19 (Comm'r Pat. 1904) (case was abandoned before petitioner became owner and, where there is no reason shown by the previous owner, who was empowered to act at that time, or by his attorney, the delay was held not unavoidable).

maintenance fee in a reliable tracking system. Rather, than unavoidable delay, the showing of record is that petitioners failed to take adequate precautions to ensure that the first maintenance fee was timely paid. As petitioners have not shown that they 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.¹⁹

Petitioners further assert that they were "misled by inaccurate information to believe that the subject patent had been properly maintained" by the indication in Office records that the first year maintenance fee had been accepted, and the patent maintained in force, when in fact the patent was expired.

Petitioner's argument has been considered, but is not persuasive. A review of Office records indicates that the second maintenance fee was paid on November 28, 2006. As such, Office records properly indicated that the patent had been maintained in force as of the date of payment of the second maintenance fee on November 28, 2006. Subsequently, on January 11, 2011, it was determined that the first maintenance fee payment made on October 23, 2002, was applied to this patent in error, and that the patent had expired for failure to timely pay the first maintenance fee. Nevertheless, it is solely the responsibility of the patentee to ensure that the maintenance fee is paid timely to prevent expiration of the patent. As such, petitioners must provide evidence that the first maintenance fee payment was timely submitted to the Office, or that the delay in submission thereof, was unavoidable.

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 unavoidable delay.²⁰ 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

¹⁹ See note 6, *supra*.

²⁰ 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).

monitoring the time for paying a maintenance fee from the patentee to the Office.²¹

While it is certainly unfortunate that petitioner did not learn that the first maintenance fee was due until receipt of the letter mailed on January 26, 2011, nevertheless, the showing of record does not support a finding of unavoidable delay.

In summary, the showing of record is inadequate to establish unavoidable delay. While it is certainly unfortunate that the USPTO was not able to earlier inform petitioners that first maintenance fee had not been timely paid, the burden remains on petitioner, not the Office to demonstrate that the fee was timely paid, and the failure to do so does not rise to the level of unavoidable delay. Rather, than unavoidable delay, the showing of record is that petitioner failed to take adequate precautions to ensure that maintenance fees were timely paid. 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 denied.²²

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 by treasury check. The \$400.00 fee for reconsideration will not be refunded.

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

²¹ Rydeen v. Quigg, 748 F. supp. at 900.

²² See note 7, supra.

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



Anthony Knight
Director, Office of Petitions