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ON PETITION

BANNER & WITCOFF, LTD.
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WASHINGTON, DC 20001-4597

In re Patent No. 4,888,276
Issue Date: 19 December, 1989
Application No. 06/879,153
Filed: 26 June, 1986
Attorney Docket No. 02877.37452

This is a decision on the renewed petition, filed 26 August, 1999, under 37 C.F.R. §1.378(c) to accept the unintentionally delayed payment¹ of a maintenance fee for the above-identified patent.

The Office regrets the delay in addressing this matter.

I. BACKGROUND

Petitioner is the patent assignee, BioWhittaker (BioWhittaker).² After grant of patent on 19 December, 1989 (Patent No. 4,888,276 or the '276 patent), the first maintenance fee was timely paid. However, the second maintenance fee was not.

The 6 July, 1999, decision herein on the original petition (filed 16 November, 1998) concluded that the record indicated the failure to pay was not an unintentional event.

A. Payment Windows

After the issue of the '276 patent on 19 December, 1989, and timely payment of the first maintenance fee, the windows for payment of the second maintenance fee opened and closed theoretically as follows:

¹ The regulations at 37 C.F.R. §1.378 provide in pertinent part:

(a) The Commissioner may accept the payment of any maintenance fee due on a patent after expiration of the patent if, upon petition, the delay in the payment of the maintenance fee is shown to the satisfaction of the Commissioner to have been unavoidable (paragraph (b) of this section) or unintentional (paragraph (c) of this section) and if the surcharge required by §1.20(i) is paid as a condition of accepting payment of the maintenance fee. If the Commissioner accepts payment of the maintenance fee upon petition, the patent shall be considered as not having expired, but will be subject to the conditions set forth in 35 U.S.C. 41(c)(2).

(b) Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must 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.

(c) Any petition to accept an unintentionally delayed payment of a maintenance fee filed under paragraph (a) of this section must be filed within twenty-four months after the six-month grace period provided in §1.362(e) and must 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 statement that the delay in payment of the maintenance fee was unintentional. (Emphasis added.)

² This assertion is made by Petitioner. However, the original assignee was 3M Corporation, and at this writing there is no Certificate under 37 C.F.R. §3.73 from BioWhittaker in the record.

- the first window opened on 19 December, 1996, and closed on 19 June, 1997, for payment without surcharge;
- the second window opened on 20 June, 1997, and closed at midnight on 19 December, 1997, for payment with surcharge under 37 C.F.R. §1.20(h);
- the third window opened on 20 December, 1997, and closed at midnight 19 December, 1999, for payment with surcharge for unintentional delay under 37 C.F.R. §1.20(i)(2); and
- the fourth window also opened on 20 December, 1997, for payment with surcharge for unavoidable delay under 37 C.F.R. §1.20(i)(1).

As noted above, payment of the second maintenance fee was tendered at the filing of the original petition herein on 16 November, 1998.

B. Persons and Statements

The record contains statements or documents--supporting either the original or renewed petition--from the following persons (natural or juridical):

Noel Buterbaugh (Mr. Buterbaugh): President of BioWhittaker;

F. Dudley Staples (Mr. Staples): General Counsel of BioWhittaker; and

Banner & Witcoff, Ltd. (Banner & Witcoff): the outside Counsel retained by BioWhittaker to handle patent issues.

C. Events

The record indicates that:

- on 8 June, 1995, BioWhittaker licensed the '276 patent to IGeneX. The license--amended on 15 April, 1996, as to notification dates--had an initial term through 31 December, 1996, with automatic twelve- (12-) month extensions that engaged in the absence of notification of termination;³
- notwithstanding the BioWhittaker/IGeneX agreement, the first window opened on 19 December, 1996, and closed on 19 June, 1997, for payment without surcharge, but the maintenance fee was not paid during that period;
- on 10 February, 1997, Mr. Staples--then the Secretary and General Counsel of BioWhittaker--wrote to Banner & Witcoff to inform the firm that BioWhittaker "would like to drop the annuity/maintenance fee" for Patent No. 4,888,276;⁴

³ See: the BioWhittaker-IGeneX License Agreement of 8 June, 1995 (Exhibit B to the original petition).

⁴ See: the 10 February, 1997, letter from Mr. Staples to Banner & Witcoff (Exhibit A to the original petition).

- as a result of Mr. Staples' 10 February letter, Banner & Witcoff did not pay the second maintenance fee for the '276 patent in the period during which the second window opened on 20 June and closed at midnight on 19 December, 1997 (for payment with surcharge under 37 C.F.R. §1.20(h));
- it was not until 16 November, 1998—almost a year after the expiration of the patent—that BioWhittaker attempted to pay the maintenance fee.

At that time, BioWhittaker presented the novel argument that Mr. Staples, its Secretary and General Counsel, did not have the authority to allow the patent to expire.

The record reveals further that:

- in his statement in support of the original petition, Mr. Staples said that he made inquiries within BioWhittaker about the patent, but that those inquiries did not reveal company interest in maintaining the patent. For that reason, Mr. Staples said that he instructed outside patent Counsel not to pay the maintenance fee for the patent;⁵
- in his statement in support of the renewed petition, Mr. Buterbaugh said that he never authorized Mr. Staples, BioWhittaker's corporate Secretary and General Counsel, to allow the patent to expire for failure to pay the maintenance fee;⁶

⁵ In his Statement of 11 November, 1998—filed in concert with the original petition on 16 November, 1998—Mr. Staples says as follows:

In December 1997, I was the Secretary and General Counsel of BioWhittaker, Inc. At that time I had been informed by our outside intellectual property counsel that the 7½ year maintenance fee was due for the above-identified patent. I then conducted an assessment as to whether the company had an interest in the patent or if the maintenance thereof was necessary for its proprietary value.

Having been informed by those I consulted that there was only minor internal interest, I instructed the outside attorneys not to pay the maintenance fee for [Patent No. 4,888,276] based upon financial considerations. At that time, I did not recall, nor did anyone inform me of the license agreement granting rights under this patent to IGeneX in return for certain royalty obligations.

It was not until late October 1998, when I was reviewing our patent portfolio with our outside counsel in connection with a transition of my responsibilities to others following the acquisition of BioWhittaker by Cambrex that I tied together the agreement with IGeneX and the prior abandonment of the subject patent.

Had I been cognizant of the license in February 1997, I would have informed our outside counsel that the patent should be maintained in order to keep the license agreement [] which existed as of the time of the maintenance fee requirement, but of which I was unaware. (Emphasis supplied.)

⁶ In his Statement of 26 August, 1999—filed that same date in concert with the renewed petition—Mr. Buterbaugh says as follows:

1. I am the President and Chief Executive Officer of BioWhittaker, Inc. (A Cambrex Company) and have held this position since 1992. Prior to this I was President of BioW[h]ittaker, Inc. (a wholly owned subsidiary of the Whittaker Corporation) from 1979 to 1991; President and CEO of BioW[h]ittaker, Inc., a NYSE listed company during 1991 and 1992.

2. I was instrumental in negotiating a licensing agreement with IGeneX which was executed on [8 June, 1995], for which license involved the technology of *inter alia* U.S. Patent No. 4,888,276.

3. At all times during the life of this patent it was the intention of the corporation that this patent be maintained in order to fulfill the obligation of the license agreement.

4. During the period of [25 September, 1995, through 30 October, 1998], Mr. F. Dudley Staples was employed by

- in his statement in support of the renewed petition, Mr. Staples said that, before he instructed outside patent Counsel not to pay the maintenance fee for the patent, he did conduct an assessment as whether BioWhittaker had an interest in the patent, and based upon that inquiry instructed outside counsel not to pay the maintenance fee.

Mr. Staples also said that his inquiries did not include consultation with BioWhittaker CEO Mr. Buterbaugh.⁷

II. ANALYSIS

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" or "unintentional," 35 U.S.C. 41(c)(1), and a petition can be filed under 37 C.F.R. §1.378. And the original petition was filed within twenty-four months after the six-month grace period provided in 35 U.S.C. 41(c)(1) and 37 C.F.R. §1.362(e).

the corporation as Secretary and General Counsel and only acted as directed by me or the Board of Directors in accordance with the bylaws of the corporation, specifically section 6, which states:

Section 6. Powers and Duties. The Board of Directors may designate an officer as chief executive officer. The chief executive officer shall, subject to the direction and control of the Board of Directors, be the general manager of, and supervise and direct, the business and affairs of the Corporation and the conduct of the officers of the Corporation. The other officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them by the Board of Directors or the chief executive officer.

5. At no time did I or the Board of Directors give Mr. Staples the authority to make final decisions on the termination of the maintenance of U.S. patents, although I did give him general authority to authorize such payments.

6. Specifically, at the time the maintenance fee became due for the above patent, up to an including beyond the actual due date of [19 December, 1997], Mr. Staples never consulted with me as to whether the maintenance fee requirement for the instant patent could be omitted, whereby I could advise him of the intention of the corporation to maintain the instant patent.

7 It is the corporation's opinion as assignee of the above-identified patent that Mr. Staples acted without authority in that he did not consult with me on this matter and thus did not have my instructions for payment of the maintenance fee.

8. Subsequent to these actions, Mr. Staples's position with the corporation was eliminated and he is no longer an employee of the corporation.

⁷ In his Statement of 26 August, 1999—filed in concert with the renewed petition—Mr. Staples says as follows:

1. I have read the Declaration of Noel Buterbaugh in Support of Renewed Petition to Accept Delayed Payment of Maintenance Fee executed on [26 August, 1999].

2. I did, at the time the maintenance fee was due, conduct an assessment as to whether the company had an interest in the patent and based thereon instructed outside counsel not to pay the maintenance fee.

3. At the time I conducted the assessment, I did not consult with Mr. Buterbaugh as to whether the patent should be maintained, although I now recognize that I should have so done.

4. In fact, I had never received specific authorization from Mr. Buterbaugh, who was the Chief Executive Officer of BioWhittaker, Inc., that I could authorize the non-payment of maintenance fees for any patent property without his specific instructions.

5. I confirm that my actions were made without authorization by Mr. Buterbaugh as stated in the Declaration of Noel Buterbaugh.

However, that twenty-four- (24-) month period is not a time to reconsider mistaken choices,⁸ but rather an period within which to accomplish decisions made but unperfected.⁹

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.¹⁰

Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable or unintentional.¹¹ In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account."¹²

And a petition to revive an application as unavoidably or unintentionally abandoned cannot be granted where a petitioner¹³ has failed to meet his or her burden of establishing the cause of the delay.

The regulations at 37 C.F.R. §1.378 require a showing that "reasonable care was taken to ensure that the maintenance fee would be paid timely"--and the showing¹⁴ must:

- enumerate the steps taken to ensure timely payment of the maintenance fee as well as the reasons why payment was not timely made;
- present, with appropriate evidence, all the causes that contributed to the failure to timely pay the maintenance fee; and
- specify 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.

To determine the nature of delay in payment of a maintenance fee--i.e., whether or not the delay is unavoidable or unintentional--one must first determine: (a) who was the party responsible for payment of the maintenance fee, and (b) did that party exercise the due care of a reasonably prudent person.¹⁵

⁸ In re Maldaque, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988).

⁹ In re Application of G., 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989).

¹⁰ Ray v. Lehman, 55 F3d 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)).

¹¹ 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).

¹² Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

¹³ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

¹⁴ This showing may include, but is not limited to, docket records, tickler reports, and file jacket entries for this application.

¹⁵ Ray, 55 F.3d at 608-609, 34 USPQ2d at 1787.

The party whose delay is relevant is the party in interest at the time action is needed to be taken.¹⁶

The record evidences that, when the second maintenance fee payment for the above-identified patent was due:

- Banner & Witcoff was BioWhittaker's designated representative to the Office for the '276 patent;
- Banner & Witcoff intended to and did act as instructed by BioWhittaker;
- there is no indication whatsoever that Banner & Witcoff misstated any material fact to Mr. Buterbaugh, Mr. Staples or anyone else at BioWhittaker concerning the non-payment of the second maintenance fee for the '276 patent;
- Mr. Staples was BioWhittaker's Secretary and General Counsel;
- Mr. Staples did not instruct Banner & Witcoff to make the second maintenance fee payment for the '276 patent--to the contrary, he instructed Banner & Witcoff not to pay the maintenance fee;
- most contrary to BioWhittaker's contentions now--and most tellingly--Banner & Witcoff did not then look elsewhere than BioWhittaker's General Counsel Mr. Staples for its direction in the matter. Rather, Banner & Witcoff accepted Mr. Staples' direction as appropriate in the BioWhittaker chain-of-command;
- pursuant to instructions of BioWhittaker's corporate Secretary and General Counsel, Banner & Witcoff did not intend to pay the second maintenance fee for the '276 patent;
- the delay in paying the second maintenance fee for the '276 patent was not unintentional as to Mr. Staples--or as to Banner & Witcoff; and
- while Mr. Staples did not intend to make the payment or cause the payment to be made, neither did Mr. Buterbaugh act to pay the fee nor instruct Mr. Staples or Banner & Witcoff to make the second maintenance fee payment for the '276 patent.

Therefore, there is no reason--given or apparent--to depart from the well-established principle that a client remains bound by the actions or inactions of the client's legal representative(s)--both Banner & Witcoff and Mr. Staples.¹⁷

BioWhittaker contends that it should not suffer the consequences of Mr. Staples' act(s) because it was unaware of--and did not authorize--Mr. Staples' action(s).

¹⁶ Kim v. Quigg, 718 F.Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989).

¹⁷ The Office is not the proper forum for resolving a dispute between a patentee/assignee and his/her/its duly-appointed counsel regarding the failure to timely remit a maintenance fee. See: Ray v. Lehman, 55 F.3d 606, 610, 34 USPQ2d 1786, 1789 (Fed. Cir. 1989). If Mr. Staples failed to perform any alleged obligation or Banner & Witcoff erred, e.g., taking instructions from Mr. Staples instead of Mr. Buterbaugh or failing to inform BioWhittaker that Banner & Witcoff was following Mr. Staples' instruction(s), BioWhittaker's remedy is not properly sought before the Office--i.e., not by seeking before the Office the impermissible reinstatement of an intentionally expired patent.

This argument is unpersuasive and is contrary to precedent:

There is certainly no merit to the contention that dismissal of petitioner's claim because of his counsel's unexcused conduct imposes an unjust penalty on the client. Petitioner voluntarily chose this attorney as his representative in the action, and he cannot now avoid the consequences of the acts or omissions of this freely selected agent. Any other notion would be wholly inconsistent with our system of representative litigation, in which each party is deemed bound by the acts of his lawyer-agent and is considered to have notice of all facts, notice of which can be charged upon the attorney.¹⁸

Further, with respect to the lack of a satisfactory showing under 37 C.F.R. §1.378(c) herein:

If we were to hold that an attorney's negligence constitutes good cause for failing to meet [an Office] requirement, the [Office's] rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.¹⁹

Delay resulting from a lack of proper communication between a patentee/assignee and that patentee's representative(s) within or without the corporate entity as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable or unintentional delay within the meaning of 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b).²⁰

Specifically, delay resulting from a failure in communication between a patent holder and his representative regarding a maintenance fee payment is not unavoidable delay within the meaning of 35 U.S.C. §41(c) and 37 C.F.R. §1.378.²¹

That all parties failed to take adequate steps to ensure that each fully understood the other party's meaning and obligations in this matter does not reflect the due care and diligence of prudent and careful persons with respect to their most important business within the meaning of the statute, regulation or case law.²²

Moreover, there is no need in this case to determine the responsibilities and authorities between BioWhittaker's officers and its retained counsel, since the record fails to show

¹⁸ Link v. Wabash, 370 U.S. 626, 633-34 (1962). Furthermore, delay resulting from a failure in communication between a party and his legal representative(s) is a delay binding upon petitioner. See In Re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988); Ray, *id.* The Office must rely on the actions or inactions of authorized and voluntarily chosen representatives of a patent holder, and patent holder is bound by the consequences of those actions or inactions. 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). And the Office must do so even if the actions or inactions of his representative(s) were performed in good faith. Maldaqe, *supra*.

¹⁹ Huston v. Ladner, *supra*.

²⁰ In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988).

²¹ Ray, 55 F.3d at 610, 34 USPQ2d at 1789.

²² Pratt, *supra*.

that either took adequate steps to ensure timely payment of the maintenance fee.²³

Assuming for discussion that BioWhittaker was not to be bound by the acts or omissions of Mr. Staples in February 1997, ten (10) months remained in which BioWhittaker's officers and board might have discovered and corrected the error.

The record lacks an adequate showing of BioWhittaker's diligence in this matter during the entire period extending from:

- 19 December, 1996, through 19 June, 1997 (the period for payment without surcharge), and
- 20 June through 19 December, 1997 (the period for payment with surcharge),

both of which would be necessary to support a finding of unintentional delay.²⁴

A showing of diligence is necessary with respect to a proceeding before the Patent and Trademark Office.²⁵ And BioWhittaker has failed to show diligence with respect to payment of the maintenance fee for this patent.²⁶

Finally, where an applicant or patentee deliberately allows an application to become abandoned or a patent to expire--due to a conclusion that the claims are unpatentable, an Office action rejection cannot be overcome, or the invention lacks sufficient commercial value to justify continued prosecution or maintenance--the abandonment of the application or patent is considered to be a deliberately chosen course of action.

An intentional delay resulting from a deliberate course of action chosen by a petitioner is not affected by:

- the correctness of the petitioner's (or its representative's) decision to abandon the application or patent, or not seek or persist in seeking revival or reinstatement;
- the correctness or propriety of a rejection, objection, requirement or other decision by the Office; or
- 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/reinstatement (a submarine application) is the antithesis of "unavoidable" or "unintentional" delay.²⁷

²³ In re Patent No. 4,461,759, 16 USPQ2d 1883, 1884 (Comm'r Pat. 1990).

²⁴ Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (applicant's lack of diligence over a two and one half year period in taking any action with respect to his application, precluded a finding of unavoidable delay).

²⁵ Futures, 684 F.Supp. 430 at 431, 7 USPQ2d at 1589.

²⁶ See: Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. at 53158-59 (October 10, 1997), 1203 Off. Gaz. Pat. Office at 86-87 (October 21, 1997).

²⁷ See: In re Maldague, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988).

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CONCLUSION

Therefore, the petition for reconsideration is granted to the extent that this review has been made and rendered.

In all further respects, for the reasons set forth above and in the Decision of 6 July, 1999, the petition must be and hereby is **DENIED**.

This decision may be viewed as final agency action. See M.P.E.P. 1002.02(b). The provisions of 37 C.F.R. §1.137(d) do not apply to this decision.

The application file is being forwarded to Files Repository.

Telephone inquiries regarding this decision should be directed to Petitions Attorney John J. Gillon, Jr. at (703) 305-9199.



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