



Paper No. 18

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SEP 30 1999

In re Patent No. 4,940,444
Issue Date: 10 July, 1990
Application No. 07/293,622
Filed: 5 January, 1989
Attorney Docket No. JR-1

SPECIAL PROGRAMS OFFICE
DAC FOR PATENTS

ON PETITION

This is a decision on the renewed petition, filed 25 August, 1997, under 37 C.F.R. §1.378(b) to accept the unavoidably delayed payment of a maintenance fee for the above-identified patent.

The Office regrets the delay in addressing this matter.

The original petition was filed 5 December, 1996, and dismissed on 23 June, 1997, for failure to make a satisfactory showing that the delay was unavoidable. At that time Petitioner was informed that this would be the only opportunity for reconsideration by the Commissioner.

The patent issued 10 July, 1990. The grace period for paying the first maintenance fee expired at midnight on 10 July, 1994. Therefore, the first petition was not filed within twenty-four months after the six-month grace period provided in 37 C.F.R. §1.362(e).

Nonetheless, 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," 35 U.S.C. 41(c)(1), and a petition can be filed under 37 C.F.R. §1.378(b).¹

¹ A petition to accept the delayed payment of a maintenance fee under 35 U.S.C. 41(c) and 37 C.F.R. §1.378(b) must be accompanied by:

- (1) payment of the appropriate maintenance fees;
- (2) payment of the surcharge set forth at 37 C.F.R. §1.20.(i)(1); and
- (3) an adequate showing that the delay was unavoidable, since reasonable care was taken to ensure that the maintenance fee would be paid timely.

I. BACKGROUND

Payment Windows

After issue of the patent on 10 July, 1990, the windows for payment of the first maintenance fee opened and closed as follows:

- the first opened on 10 July, 1993, and closed on 10 January, 1994, for payment without surcharge;
- the second opened on 11 January, 1994, and closed at midnight on 10 July, 1994 for payment with surcharge under 37 C.F.R. §1.20(h);
- the third opened on 11 July, 1994, and closed at midnight 10 July, 1996, for payment with surcharge for unintentional delay under 37 C.F.R. §1.20(i)(2); and
- the fourth also opened on 11 June, 1994, 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 not tendered until the filing of the original petition on 5 December, 1996--after the deadline for payment unintentionally delayed (37 C.F.R. §1.20(i)(1)), and allowing only payment unavoidably delayed (37 C.F.R. §1.20(i)(1)).

Events

Petitioner Life-Life Products, Inc. (Petitioner), is a Baltimore, Maryland, company, that explains through its Vice President Herbert M. Burk, Jr. (Mr. Burk), that:

- Inventor James B. Russell (Russell) assigned all of his rights and interest in the instant patent to Rokar, Inc. (Rokar), in January 1991, and Rokar assumed thereby all responsibility for maintenance of the patent (Appendix A to original petition);
- thereafter beginning in 1991, Rokar experienced financial difficulties and--ultimately--suspension of its active corporation status "by the California Secretary of State in 1994 as a result of its failure to pay franchise taxes since 1991" (Renewed Petition, Burk Statement);
- although Rokar "maintained some type of record keeping system to record dates relating to the assigned patent including payment of maintenance fees. . . .

However . . . any docket system maintained by Rokar for payment of the patent maintenance fees failed as a result of the financial difficulties experienced by Rokar..." (Renewed Petition, Burk Statement);

- for a total price of \$285,000.00 Rokar sold to Petitioner Life-Like all of Rokar's "assets" to include "(a) Patents and Trademarks, (b) Product Research and Development, (c) Equipment, (d) Packaging Artwork, and (e) Goodwill" on 1 January, 1991, with a closing date "on or before [31 October, 1991]" (Appendix B to original petition);
- while Rokar committed in the sale agreement to make to Petitioner Life-Like "[a]ssignment of all Patents and Trademarks owned by [Rokar] in such form as is necessary for recordation with the United States Patent and Trademark [O]ffice[.]" (Appendix B to original petition), Mr. Burk acknowledges that:

--"no written assignment of said patent[s] has been executed [by Rokar] in favor of [Petitioner] Life-Like"; and

--specifically, "Rokar, Inc., to date, has failed to execute and tender an assignment of U.S. Patent No. 4,940,444 to [Petitioner] Life-Like (Renewed Petition, Burk Statement);

- nonetheless, Mr. Burk states that Petitioner Life-Like "is the equitable owner of United States Patent No. 4,940,444" and that the first maintenance fee for that patent "was due for payment by [10 January, 1994,] and could have been paid through [10 July, 1994,] within the six month period of grace" (Renewed Petition, Burk Statement);
- while conceding such "does not constitute a basis for unavoidable delay," Mr. Burk reaffirms ("to emphasize that the failure to pay the patent maintenance fee was not intentional in nature") that:

--Petitioner Life-Like "never received an reminder notice concerning the payment of the patent maintenance fee from either the Patent [and] Trademark Office or the original inventor's attorney of record"; and

--"G. Donald Weber, Jr., Esq. was the inventor Russell's attorney of record for the application resulting in U.S. Patent No, 4,940,444 and that the fee address for this patent is designated as G. Donald Weber, Jr., 505 City Parkway

West, Suite 1000, Orange, California 92668. * * * Mr. Weber relocated his offices from this address on or about 1992, and both the maintenance fee reminder notice and the notice of patent expiration mailed by the Patent [and] Trademark Office were not delivered or forwarded to Mr. Weber who never received either of these two notices (Renewed Petition, Burk Statement);

• Mr. Burk continues:

... [the] Verified Statement of Facts dated [2 December, 1996,] also discussed the docketing system of Life-Like's patent counsel Mark P. Stone, Esq. The decision of the Patent [and] Trademark Office dated [23 June, 1997,] dismissing the petition states that reliance upon Stone's docketing system is immaterial since Petitioner never requested Stone to enter U.S. Patent No. 4,940,444 into Stone's docket system. However, Petitioner's discussion of Stone's docketing system was presented to establish a continuous chain of inadvertent and unavoidable events resulting in the failure to timely pay the first patent maintenance fee. These events include the failure by Rokar, Inc., to provide Life-Like with a written assignment, such failure presumably resulting from the financial difficulties and disorganized state of affairs of Rokar; followed by the failure by Life-Like to advise counsel to record an Assignment and to enter the assigned patent into counsel's docketing system, such failure resulting directly from Rokar's failure to provide Life-Like with the written Assignment to which Life-Like was entitled pursuant to its Agreement with Rokar; followed by Rokar's failure to pay the patent maintenance fee in accordance with Rokar's express obligation pursuant to its agreement with the Inventor James B. Russell . . . coupled with the failure by Russell, Rokar and/or the attorney of record to provide Life-Like with any notice or reminder regarding the payment of the patent maintenance fees, including the failure to notify or forward to Life-Like copies of the two notices mailed by the Patent [and] Trademark Office relating to the failure to timely pay the first patent maintenance fee and the expiration of the patent as a result thereof, such failure presumably resulting

from the relocation of the offices of Russell's attorney of record (which was and is also the fee address for this patent) and the failure by the Post Office to forward the notices to the attorney's new office;

Your Petitioner respectfully submits that the failure to timely pay the first patent maintenance fee for [the instant patent] resulted from a series of both related and unrelated inadvertent errors, events, and failure to meet express or implicit contractual obligations or to take certain action, or to receive certain documents or notices. This series of events, when viewed as a whole, constitutes unavoidable delay in the failure to pay the first patent maintenance fee, assuming arguendo that none of the errors or events individually would constitute such unavoidable delay.

II. STATUTES, REGULATIONS, AND ANALYSIS

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. §133 because 35 U.S.C. §41(c)(1) uses the identical language, *i.e.*, "unavoidable" delay.² Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.³

In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account."⁴ and 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.⁵

The regulations at 37 C.F.R. §1.378(b)(3) require a showing that "the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee

² 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)).

³ 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).

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

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

would be paid timely"--and the showing must:⁶ 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.

In the absence of demonstrable deception by the attorney/agent,⁷ it is of no moment if a breach of duty by Petitioner's counsel or the original counsel of record was the cause of the Petitioner's--or Rokar's or the inventor's--failure to maintain the patent and/or demonstrate unavoidable delay, because those actions or inactions are imputed to Petitioner, which selected its counsel. Link v. Wabash Railroad Co., 370 U.S. 626, 633-634, 82 S.Ct. 1386, 1390-91 (1962).⁸

The question, therefore, is one of diligence.⁹ And the record does not demonstrate Petitioner's diligence as to the patent's maintenance.

The question is not why was there so little cooperation between Petitioner and its predecessor(s) in ownership in getting the maintenance fee paid for this patent--the fact-finding simply demonstrates that there was none.

To determine the nature of delay in payment of a maintenance fee--i.e., whether or not the delay is unavoidable--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.¹⁰ The party whose delay is relevant is the party in interest at the time action is needed to be taken.¹¹

⁶ This showing may include, but is not limited to, docket records, tickler reports, and file jacket entries for this patent.

⁷ When an attorney intentionally conceals a mistake he has made, thus depriving the client of a viable opportunity to cure the consequences of the attorney's error, the situation is not governed by the stated rule in Link for charging the attorney's mistake to his client. In re Lonardo, 17 USPQ2d 1455 (Comm'r. Pat. 1990).

⁸ The failure of a party's attorney to take a required action does not create an extraordinary situation. Rather, the neglect of a party's attorney is imputed to that party and the party is bound by the consequences. See Huston v. Ladner, 973 F.2d 1564, 23 USPQ2d 1910 (Fed Cir. 1992); Herman Rosenberg and Parker-Kalon Corp. v. Carr Fastener Co., 10 USPQ 106 (2d Cir. 1931).

⁹ 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).

¹⁰ Ray, 55 F.3d at 608-609, 34 USPQ2d at 1787.

¹¹ Kim v. Quigg, 718 F.Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989).

The 23 June, 1996, decision in this matter (at page 3) observes that the bill of sale places equitable title to the patent in the hands of Petitioner Life-Like at the time maintenance fee was due and payable. Therefore, because Petitioner Life-Like was the party in interest at that moment, it was Life-Like's duty to track and monitor (on its own or through a third party) the payment of the second maintenance fee. And reliance *per se* on a third party to track payment of a maintenance fee does not provide to a patent holder a showing of unavoidable delay within the meaning of 37 C.F.R. §1.378(b) and 35 U.S.C. §41(c). Such reliance only shifts the focus to a determination of the reasonableness and prudence of the third party's actions.

Life Like has failed to evidence in the record that it acted responsibly and prudently--on its own or through others--to ensure payment of the maintenance fee for this patent.

Petitioner cannot avoid the consequences of its own inactions, and contend that Rokar had responsibility to pay the maintenance fee or that Rokar was financially unable to do so.

Petitioner has made no showing that--at the time in question--Rokar was on notice from and being relied upon by Petitioner Life-Like to pay the maintenance fees for this patent.

Petitioner has failed to document or establish that:

- Rokar was contractually obligated to Petitioner for payment of the maintenance fee, and--absent a showing of Rokar's contractual obligation--Petitioner fails to demonstrate that it acted to ensure payment;
- Petitioner took any interest in maintaining this patent by way of payment of the maintenance fee;
- Petitioner, as a reasonably prudent person, took any action to ensure that Rokar understood its alleged obligation to track and pay the maintenance fee.

Delay resulting from a lack of proper communication between a patentee and that patentee's representative(s) as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b).¹² Specifically, delay resulting from a failure in communication between a patent holder and his representative regarding a

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

maintenance fee payment is not unavoidable delay within the meaning of 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b).¹³ That all parties failed to take adequate steps to ensure that each fully understood the other party's meaning, and thus, their own obligation 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 Pratt, supra. It is further brought to Petitioners' attention that the Office is not the proper forum for resolving a dispute between a patentee and that patentee's representative(s) regarding the scheduling and payment of maintenance fees. Ray, supra.

Moreover, there is no need in this case to determine the obligation between Rokar and Petitioner, since the record fails to show that either Rokar or Petitioner took adequate steps to ensure timely payment of the maintenance fee.¹⁴ Petitioner's contention that it was "unavoidably" prevented from more timely paying the maintenance fee, due to the delays in obtaining an assignment from Rokar, is not well taken. That is, while a patent remains in force, any person may pay a maintenance fee without the approval of the patent holder. See: 37 C.F.R. §1.366(a).

Therefore, Petitioner needed neither equitable nor legal title in this patent, in order to pay the maintenance fee.

In the absence of a showing that Rokar had assumed the obligation of tracking the maintenance fee on behalf of Life-Like, then Life-Like must show the steps that Life-Like had in place to pay the maintenance fee.¹⁵

Because Petitioner must concede that it took no other action in this regard, the record is barren of evidence that Petitioner had a method in place to track and pay the maintenance fee.

Assuming for discussion that Rokar was relied upon by Life-Like to conduct Petitioner's business matters subsequent to the bill of sale, including matters pertaining to the payment of the maintenance fee, then Petitioner remains bound by the delay resulting from the decisions, actions, or inactions, of Rokar, including the decisions, actions, or inactions, which resulted in the lack of timely payment of the maintenance fees for this

¹³ Ray, 55 F.3d at 610, 34 USPQ2d at 1789.

¹⁴ In re Patent No. 4,461,759, 16 USPQ2d 1883, 1884 (Comm'r Pat. 1990).

¹⁵ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1801 (Comm'r Pat. 1988).

patent.¹⁶ Moreover, there is no showing that Rokar docketed this patent for payment of the maintenance fee, or--having done so--Rokar's failure to pay was strictly due to financial difficulty.

Petitioner has failed to:

- place into the record any document--contractual or otherwise--that establishes Petitioner engaged Rokar to pay the maintenance fee on behalf of Life-Like; or
- demonstrate, assuming that such documents exist, why Petitioner's failure to diligently monitor Rokar's performance under the putative contract can reasonably be considered to constitute unavoidable delay.

Petitioner's failure to monitor Rokar's performance under the alleged contract, or diligently inquire of Rokar, or anyone else, into the status of the patent and maintenance fee payment, does not reflect the due care and diligence employed by a prudent and careful person with respect to their most important business, and as such, cannot demonstrate that the delay was unavoidable delay. Rather, a prudent person takes diligent action to ensure that contracted services are timely performed as specified.¹⁷

Assuming for discussion that Petitioner was not be bound by the acts or omissions of Rokar, diligence on the part of Petitioner is essential to show unavoidable delay. The record lacks an adequate showing of Petitioner's diligence in this matter during the entire period extending from date of the bill of sale of 14 January, 1991, until the filing of the first petition on 6 December, 1996, almost six years, which would be necessary to support a finding of unavoidable delay.¹⁸

Diligence on the part of an equitable owner is necessary to show unavoidable delay when that owner's putative agent(s) fails to take timely and proper steps with respect to a proceeding before the Patent and Trademark Office.¹⁹ And Petitioner Life-Like has

¹⁶ Winkler v. Ladd, 221 F. Supp 550, 552, 138 USPQ 666, 667 (D.D.C. 1963) . The delay resulting from a bankruptcy trustee's decision not to prosecute is binding on the then-current party of interest, as well as successor in title, notwithstanding that current or future party in interest did not directly select trustee.

¹⁷ Futures Technology Ltd. v. Quigg, 684 F.Supp. 430, 7 USPQ2d 1588 (E.D. Va. 1988).

¹⁸ 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).

¹⁹ Futures, 684 F.Supp. 430 at 431, 7 USPQ2d at 1589.

failed to show diligence with respect to any aspect of the payment of the maintenance fee for this patent.

Petitioner's lack of due diligence with respect to this patent, for a period of time of almost six years, overcame and superseded any omissions or commissions by his representative(s).²⁰

The delay cannot be found to be unavoidable, because Petitioner Life-Like would have been able to act to correct the situation in a timely fashion had Petitioner Life-Like exercised the due care of a reasonably prudent person.²¹

A prudent and careful person, with respect to his most important business, upon his obtaining a valuable property asset as a patent, would ensure that asset received due care and attention.

Petitioner fails to make any showing that--if it completed a valid sale and acquisition of the patent at issue and obtained a valid assignment of the patent at issue--Petitioner Life-Like:

- recorded with the Office a valid assignment of the patent at issue;
- provided to the Office an accurate and current Fee Address; or
- in any other fashion found, observed or put in place a method/system of docketing with the office(s) of inventor, inventor's counsel, Rokar, Petitioner or Petitioner's counsel to schedule payment of the first maintenance fee for the patent at issue.

In fact, other than a 1991 Assignment by the inventor to Rokar and a 1991 Agreement to purchase and sell between Rokar and Petitioner, there is no documentary evidence whatsoever of record.

Absent a showing of diligence, there can be no determination of unavoidable delay.

As to whether Petitioner has made a showing that it or a predecessor-in-title had in place a method of scheduling and paying the maintenance fee in the payment windows:

²⁰ Douglas, supra; Haines v. Quigg, supra.

²¹ Haines v. Quigg, supra; Douglas, supra.

- there is no showing as to the first window that opened on 10 July, 1993, and closed on 10 January, 1994, for payment without surcharge;
- there is no showing as to the second window that opened on 11 January, 1994, and closed at midnight on 10 July, 1994 for payment with surcharge under 37 C.F.R. §1.20(h);
- there is no showing as to the third window that opened on 11 July, 1994, and closed at midnight 10 July, 1996, for payment with surcharge for unintentional delay under 37 C.F.R. §1.20(i)(2); and
- there is no showing as to the fourth window that also opened on 11 June, 1994, for payment with surcharge for unavoidable delay under 37 C.F.R. §1.20(i)(1).

Petitioner has failed to carry its burden.

CONCLUSION

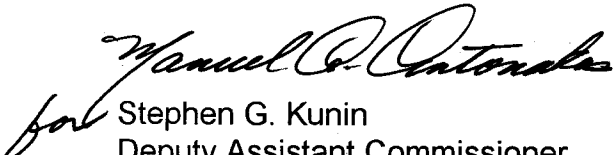
Therefore, the petition for reconsideration is granted to the extent that this review has been made and rendered.

In all further respects, 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.


for Stephen G. Kunin
Deputy Assistant Commissioner
for Patent Policy and Projects