



Paper No. 22

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JAN 19 2006

OFFICE OF PETITIONS

In re Patent No. 5,251,873 :
Issue Date: October 12, 1993 :
Application No. 07/893,813 :
Filed: June 4, 1992 :
Attny Docket No. VER-173-P2 :
For: MEDICAL COUPLING SITE :

ON PETITION

This is a decision on the petition under 37 CFR 1.378(e), filed February 25, 2005 and supplemented on March 23, 2005, requesting reconsideration of a prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of the 7 ½ year maintenance fee for the above-identified patent.

The petition under 37 CFR 1.378(e) is DENIED.¹

BACKGROUND

The patent issued October 12, 1993. The first maintenance fee was timely paid. The second maintenance fee could have been paid from October 12, 2000 through April 12, 2001 without a surcharge, or from April 13, 2001 through October 12, 2001 with a surcharge. The Office did not receive a timely payment. Accordingly, the patent expired by operation of law at midnight on October 12, 2001 for failure to timely submit the second maintenance fee.

A petition under 37 CFR 1.378(b) to accept late payment of the 7 ½ year maintenance fee was filed on November 22, 2004 (certificate of mailing date November 17, 2004), and was dismissed in the decision of December 29, 2004.

The instant petition under 37 CFR 1.378(e) requesting reconsideration of the decision of December 29, 2004 was filed on February 25, 2005 and supplemented on March 23, 2005.

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.

Accompanying the reconsideration petition were: a supplemental declaration by W. Cary Dikeman (Dikeman), President of the assignee company, Medical Ventures, L.L.C. and, as exhibits, a Purchase Agreement dated January 19, 2001 between Vernay Laboratories, Inc, and Medical Ventures, L.L.C. and an Assignment Agreement dated June 2, 2004 between Vernay Laboratories, Inc. And Medical Ventures, L.L.C..

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

"The Director may accept the payment of any maintenance fee required by subsection (b) of this section... 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 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

The Director may accept late payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) if the delay is shown to the satisfaction of the Director to have been "unavoidable."

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. Ray v. Lehman, 55 F.3d 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)). Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable. 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). In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, 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. Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

Petitioner urges that the decision of December 29, 2004 be reconsidered in that petitioner didn't know that on January 19, 2001, when his company purchased U.S. Patent No. 5,251,873 ('873 patent), that the second maintenance fee was overdue. Petitioner believed that no fees, charges or encumbrances were outstanding against the patent at the time of the January 19, 2001 purchase and argues that this belief was reinforced by the fact that the seller had taken back a license in the patent, so the seller had an interest in the patent being valid. Petitioner states that his belief was justifiable and further reinforced by the June 2, 2004 modified Assignment Agreement in which the seller represented that the patent was free of liens, charges and encumbrances as of January 19, 2001, which is the date the Purchase Agreement was executed.

Petitioner has not carried the burden of proof to establish to the satisfaction of the Director that the delay was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b)(3).

The showing of record is that petitioner acquired patent rights in the above-identified invention on January 19, 2001. Contrary to the Dikeman supplemental declaration paragraph 8, the 7 ½ year maintenance fee was not overdue on January 19, 2001. The window period for payment of the 7 ½ year maintenance fee opened on October 12, 2000 and ran until April 12, 2001. After that point, the grace period ran from April 13, 2001 until October 12, 2001. Thus, following petitioner's purchase of the '873 patent, there remained almost a 9-month period to timely pay the maintenance fee.

A reasonable and prudent purchaser of a patent would independently investigate the status of the patent to be purchased.

Prior to the purchase of a patent, one may take steps to determine the status of the patent (in force or expired), determine if any assignments or other documents have been recorded, and determine any legal obligations which accompany the ownership of the patent. A reasonable and prudent person, treating the patent the same as he would treat his most important business, would take steps to determine the status of a patent prior to purchasing the patent, just as he would take similar steps prior to purchasing other valuable pieces of property such as a car, home, or business.

Petitioner has failed to demonstrate that he acted as a reasonable and prudent person with respect to his most important business. By contacting the Patent and Trademark Office, one can quickly determine, free of charge, whether maintenance fees have been paid. Petitioner did not take any steps to independently investigate the status of the patent. Petitioner asserts that the fact that the

seller had taken back a license in the patent at the time of purchase “reinforced” his belief that the patent was “in force and effective and free from fees and charges”.² Petitioner is reminded, however, that on January 19, 2001, when the Purchase Agreement was executed, the patent was in force.

Petitioner has submitted a copy of a “modified” assignment agreement executed on June 2, 2004 and points to language in that agreement that petitioner asserts reinforces petitioner’s belief that the second maintenance fee was paid at the time of purchasing the ‘873 patent. Initially, it is noted that petitioner has not explained how this “modified” assignment agreement could validly affect the assignment of January 19, 2001. Petitioner does not contend that the January 19, 2001 agreement did not effectively assign all rights in the ‘873 patent to petitioner. Accordingly, it is unclear how the seller, no longer having an interest in the patent, could further modify the terms of the assignment via the June 2, 2004 agreement. It is also noted that petitioner has not asserted that the seller gave any assurances that the second maintenance fee was paid around the time period that the January 19, 2001 Purchase Agreement was under negotiation and executed. Certainly the January 19, 2001 Purchase Agreement does not explicitly state that the patent was free of charges or any maintenance fees due had been paid. The only explicit mention of the patent being free of “liens, charges and encumbrances” as of January 19, 2001 was made on June 2, 2004 – well after the patent had expired.³ A reasonable and prudent person, treating this patent the same as he or she would treat his or her most important business, would investigate the status of the patent regardless of the nature of the perceived assurances provided **prior** to its purchase.

The petition fails to include a showing of the steps in place to ensure the timely payment of the second maintenance fee

Upon purchase of the patent, petitioner was obligated to either familiarize himself with the maintenance fee requirements or retain counsel for this purpose. California Medical Prods. v. Tecno Medical Prods., 921 F. Supp. 1219 (D. Del. 1995).

Moreover, 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 maintenance fees. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. 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. Id.

A showing of unavoidable delay must embrace the period from when petitioner’s maintenance fee was due [here, October 12, 2001], until both the maintenance fee [submitted November 22,

² Dikeman supplemental declaration at paragraph 7.

³ Nor is it clear that the maintenance fee is a “charge” within the meaning of the agreement, as alleged by petitioner. A “charge” is defined as “[a]n incumbrance, lien, or claim.” See Black’s Law Dictionary, 6th Ed., West Publishing Co, 1990.

2004] and a showing of unavoidable delay acceptable to the Director is filed. See, In re Takao, 17 USPQ2d 1155, 1158 (Comm'r Pat. 1990). The showing of record is that petitioner, after acquiring patent rights on January 19, 2001, took no action with respect to this patent until the fall of 2004. The record fails to show that petitioner acted diligently in undertaking his obligation to either familiarize himself with the maintenance fee requirements or retain counsel for this purpose.⁴ The record also fails to include a showing of the steps in place to ensure the timely payment of the 7 ½ year maintenance fee for this patent, as required under 37 CFR 1.378(b)(3) for a grantable petition.

Finally, USPTO records show that a Maintenance Fee Reminder notice was mailed on May 8, 2001, and a Notice of Expiration was mailed on October 12, 2001, i.e., after petitioner's purchase of the instant patent. These notices would have been sent to the fee address then of record. Any delay caused by petitioner's failure to provide a current address to the USPTO is not unavoidable. See Ray, 55 F.3d at 609, 34 USPQ2d at 1788 ("Rather than being an issue of whether notice was sufficient, we agree with the trial court and the PTO that Ray has simply not proved that his delay was unavoidable. This is especially true in this case because Ray did not provide a current address to either the PTO or Sherrard.")

In summary, in determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray, at 608-609, 34 USPQ2d at 1787. A reasonably prudent patent holder would have inquired if the patent was subject to maintenance fees and would have exercised due care and diligence to ensure that adequate steps were taken to timely submit the maintenance fee, or that the maintenance fee had been paid, and further, if that fee had not been paid, that a petition for acceptance of the late payment was duly filed. The record fails to adequately evidence that petitioner exercised the due care observed by prudent and careful persons, in relation to their most important business, Pratt, supra. This failure precludes a finding of unavoidable delay.

CONCLUSION

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

Since this patent will not be reinstated, a refund of the 1075.00 7 ½ year maintenance fee and the \$700.00 surcharge after expiration will be made to deposit account no. 12-1660.

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

⁴ Even if counsel were retained, as suggested in the initial petition filed November 22, 2004, petitioner would be bound by the actions or inactions of petitioner's representatives. Link v. Wabash, 370 U.S. 626, 633-34 (1962).

undertaken.

Telephone inquiries related to this decision should be directed to Senior Petitions Attorney E. Shirene Willis at (571) 272-3230.

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

Charles Pearson
Director, Office of Petitions
Office of the Deputy Commissioner
for Patent Examination Policy