



Paper No. 17

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OFFICE OF PETITIONS

In re Patent No. 5,698,783 :
Issued: 16 December, 1997 :
Application No. 08/651,780 : DECISION ON PETITION
Filed: 22 May, 1996 :
For: ACCELERATION-DETECTION :
TYPE GYRO :

This is a decision in reference to the "PETITION FOR RECONSIDERATION" filed on 28 July, 2006, which is treated as a petition 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**.

BACKGROUND

The patent issued 16 December, 1997. The first maintenance fee could have been paid from 18 December, 2000, through 18 June, 2001, or, with a surcharge during the period from 19 June through 17 December, 2001. Accordingly, the patent expired at midnight 17 December, 2001, for failure to timely submit the first maintenance fee.

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.

Petitioners state, in their original petition, that the file, and responsibility for payment of the maintenance fees, for the present patent was transferred from the law firm of Bauer & Schaffer (hereinafter "B&S") to the law firm of Jspan Schlesinger Hoffman LLP (hereinafter "JSH") in April, 2001, and that the attorneys and other personnel at B&S were hired by JSH in April, 2001. "On information and belief," assert petitioners, "B&S continued to exist, but it was not functioning as a business." As such, although the file was transferred to JSH, it "remained under the care of the B&S personnel within the Firm's Intellectual Property Group."

Petitioners further assert that Murray Schaffer (hereinafter "Schaffer"), one of the registered patent attorneys formerly associated with B&S who were hired by JSH, attempted to submit the first maintenance fee for the present patent on 17 December, 2001, but the payment was rejected because counsel's deposit account did not containing sufficient funds to pay the maintenance fee. Petitioners learned of the expiration of the patent after the patent owner requested payment of the second maintenance fee via a facsimile to JSH on 25 May, 2005.

Petitioners state that Schaffer is now deceased and other former B&S personnel, registered patent attorney Pangiota Betty Tufariello, and paralegal Barbara Patton Silvagni (hereinafter "Silvagni"), are no longer employed by JSH.

On 28 July, 2006, a request for reconsideration was filed, in which it was alleged that JSH did in fact docket the maintenance fee for payment. In support, copies of letters, dated 9 May and 14 September, 2001, respectively, addressed to the assignee's foreign patent agent, requesting instruction on whether the maintenance fee should be paid were presented. Petitioners stated that JSH received monies from the assignee for payment of the maintenance fee on 24 August, 2001, and that Silvagni sent authorization to the USPTO to charge the maintenance to JSH's deposit account on 17 December, 2001. The deposit account, however, contained insufficient funds to charge the maintenance fee, and the fee was therefore not timely paid.

Petitioners' state that "[u]pon information and believe, the payment appears to have been sent by Ms. Silvagni without verifying the balance of the deposit account."

In response, petitioners were requested, in the Request for Information mailed on 1 June, 2006, to obtain a statement from Silvagni setting forth the facts as she knows them regarding the

deposit account, the transfer of the monies to the deposit account, and the submission of the request to pay the maintenance fee. Additionally, petitioners were requested to explain who was responsible for management of the deposit account used to pay the maintenance fee, and what steps were taken to ensure that the deposit account was properly maintained, and to verify that monies intended to be transferred into the deposit account were in fact transferred. Specifically, petitioners were required to explain whom, if anyone, was reviewing the deposit account statements, and would have been aware that the Office had been unable to charge the maintenance fee to the deposit account.

In the present request for reconsideration, petitioners provided a statement from Silvagni stating, in essence, that confusion occurred when B&S merged with JSH: JSH's practice was to bill clients in advance for payments disbursed, while B&S would make payments on behalf of clients and subsequently bill the clients, and that money collected from foreign clients was placed in the wrong account. Petitioners also provided a statement by James D. Leonard (hereinafter "Leonard"), the chief financial officer of JSH, stating that the practice of JSH was that "the Accounting department would deliver the monthly account statements to the Intellectual Property group (B&S), and Ms. Silvagni was expected to verify charges made against the deposit account statement, and provide identification of each matter listed on the monthly statement." Silvagni, however, states Leonard did not inform JSH's accounting department of the amounts of charges to the JSH's deposit account, and that JSH's accounting department was never notified that the monthly deposit account statements from the USPTO were inconsistent with JSH's internal records of charges by the B&S group. "The bounced payments came to light after Ms. Silvagni left on maternity leave in November of 2004."

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.

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".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

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).

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.

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

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 identical language (i.e. "unavoidable delay").⁹ Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.¹⁰ In this regard:

The word '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. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.¹¹

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 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. 1989)).

¹⁰ 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 by prudent and careful men in relation to their most important business").

¹¹ In re Mattullath, 38 App. D.C. 497, 514-15 (1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 167-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (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 cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

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.¹² 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.¹³

A petition to accept delayed payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate, verified 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, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1).

Where, as here, petitioners assert unavoidable delay as a result of a clerical error, a delay resulting from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function may provide the basis for a showing of "unavoidable" delay, provided it is shown that:

- (1) the error was the cause of the delay at issue;
- (2) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance;
- (3) and the employee was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care.¹⁴

An adequate showing requires:

(A) Statements by all persons with direct knowledge of the circumstances surrounding the delay, setting forth the facts as they know them.

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

¹³ Id.

¹⁴ See MPEP 711.03(c)(III)(C)(2).

(B) Petitioners must supply a thorough explanation of the docketing and call-up system in use and must identify the type of records kept and the person responsible for the maintenance of the system. This showing must include copies of mail ledgers, docket sheets, filewrappers and such other records as may exist which would substantiate an error in docketing, and include an indication as to why the system failed to provide adequate notice that a reply was due.

(C) Petitioners must supply information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work functions carried out, and checks on the described work which were used to assure proper execution of assigned tasks.

Here, petitioners assert that due to a clerical error, the funds that were to be used to pay the maintenance fee were not deposited in counsel's deposit account.

The showing of record has been considered, but is not persuasive. Specifically, petitioners have not established that adequate steps were in place to ensure adequate funds were maintained in counsel's deposit account. As stated in the declaration of Leonard, the Accounting department relied upon Silvagni to verify charges made against the deposit account statement, and identify those charges on the monthly accounting statement. Additionally, petitioners did not learn that payments, including, presumably, the attempted payment of the maintenance fee in this patent, were not accepted until November, 2004, nearly three (3) years after the subject maintenance fee payment request had been submitted and rejected. As such, it appears that there was little or no oversight of Silvagni's management of the deposit account after B&S joined with JSH.

Further, the statement of Silvagni, submitted on 28 July, 2006, paints a picture of confusion and disarray with regard to the matters managed by B&S: the docketing systems used by B&S and JSH were not reconciled, monies received by JSH for B&S matters was misfiled, and payments that should have been made were not made.

As stated previously, petitioners are ultimately responsible for the payment of maintenance fees. The showing of record, however, is that there were not steps in place to ensure that the maintenance 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.¹⁵ The showing provided by petitioners evidences that the maintenance fee was not paid due to a lack of diligence on the part of petitioner.

The 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.¹⁶ Specifically, petitioners' delay caused by the actions or inactions of their voluntarily chosen representative is a delay biding on petitioners.¹⁷ Furthermore, petitioners are reminded that the Patent and Trademark Office is not the proper forum for resolving a dispute between petitioners and petitioners' representative.¹⁸

In summary, the showing of record is inadequate to establish unavoidable delay. Rather, the showing of record is that petitioners failed to take adequate precautions to ensure that maintenance fees were timely paid. Petitioners' preoccupation with other matters which took precedence over payment of the maintenance fees for the above-identified patent constitutes a lack of diligence, not unavoidable delay.¹⁹ 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.²⁰

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 within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

¹⁵ See note 4, supra.

¹⁶ Link v. Wabash, 370 U.S. 626, 633-34 (1962); 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 (N.D. Ind. 1987).

¹⁷ See Haines v. Quigg, supra; 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).

¹⁸ Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995).

¹⁹ See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

²⁰ See note 4, supra.

The address in the petition is different than the correspondence address. A copy of this decision will be mailed to the address in the petition. All future correspondence will be mailed solely to the address of record.

Since this patent will not be reinstated, the maintenance fee(s) and surcharge fee(s) submitted by petitioner will be credited to counsel's deposit account. 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.

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

A handwritten signature in black ink, appearing to read "Charles A. Pearson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Charles A. Pearson
Director, Office of Petitions

cc: Lee Grosskreuz Hechtel
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