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In re Patent No. 5,773,453 : **OFFICE OF PETITIONS**
Issued: June 30, 1998 :
Application No. 08/425,057 : **ON RENEWED PETITION**
Filed: April 19, 1995 :
Attorney Docket No. VITH-002 :

This is a decision on the petition under 37 CFR 1.378(e), filed May 16, 2006, to reinstate the above-identified patent.

The renewed petition is DENIED¹.

BACKGROUND

The record reflects that:

- on June 30, 1998, patent application 08/425,057 matured into the subject patent 5,773,453.
- the 3.5 year maintenance fee could have been paid from June 20, 2001, through December 30, 2001, and with a surcharge, as authorized by 37 CFR 1.20(h), from December 31, 2001, through June 30, 2002.
- the 3.5-year maintenance fee was not timely paid and the subject patent expired at midnight on June 30, 2002.
- on December 19, 2005, a petition under 37 CFR 1.378(b) was filed the basis of which was that the delay in paying the 3.5 year maintenance fee was result of a clerical error on the part of an employee of the attorneys of record

¹This decision may be viewed as a final agency action within the meaning of 5 U.S.C. § 704 for the purpose of seeking judicial review. See MPEP 1002.02.

- On March 16, 2006, the petition under 37 CFR 1.378(b) was dismissed and allowed a non-extendable period of two-months from its mailing date in which to file a renewed petition under 37 CFR 1.378(e). The petition was dismissed because petitioner failed to establish that the delay in paying the maintenance fee, as revealed by examining both the attorney of record and assignee actions, was unavoidable.
- on May 16, 2006, a petition under 37 CFR 1.378(e) was filed.

STATUTES AND REGULATIONS

35 U.S.C. § 41(b) states, in pertinent part, that:

MAINTENANCE FEES.-- The Director shall charge the following fees for maintaining all patent based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office in or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period.

35 U.S. C. § 41(c)(1)

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six month grace period if the 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. The Director may require payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six month grace period, the patent shall be considered as not having expired at the end of the grace period.

35 U.S.C. § 41(h)(1)

Fees charged under subsection (a) or (b) shall be reduced by 50 percent with respect to their application to any small business concern as defined under section 3 of the Small Business Act, and to any independent inventor or non-profit organization as defined in regulations issued by the Director.

37 CFR 1.378(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 delay was unavoidable since reasonable care was taken to ensure 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.

37 CFR 1.378(e)

Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set the decision refusing to accept the delayed payment of the maintenance fee. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(f). After the decision on the petition for reconsideration, no further review of the matter will be undertaken by the Director. If delayed payment of the maintenance fee is not accepted, the maintenance fee and the surcharge set forth in § 1.20(i) will be refunded following the decision on the petition for reconsideration, if none is filed. Any petition fee under this section will not be refunded unless the refusal to accept and record the maintenance fee is determined to result from error by the Patent and Trademark Office.

OPINION

The Director may reinstate a patent if the delay in paying the maintenance fee is shown to the satisfaction of the Director to be have been “unavoidable”. Section 2590 of the Manual of Patent Examining Procedure (“MPEP”) provides, in pertinent part, that, “[a]s the language in 35 U.S.C. § 41(c)(1) is identical to that in 35 U.S.C. § 133 (i.e., “unavoidable” delay), a late maintenance fee for the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. § 133. Section 711.03(c) of the MPEP explains that the legal standard employed for deciding petitions asserting unavoidable delay is the reasonably prudent person standard and states, in pertinent part, that:

[t]he 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.

In re Mattullath, 38 App. D.C. 497, 514-15 (1912)(quoting *Pratt*, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also *Winkler v. Ladd*, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (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).

The petition for reconsideration under 37 CFR 1.378(e) has failed to establish that the assignee treated the maintenance of the patent as its most important business and acted reasonably and prudently relative to the same. The decision of March 16, 2006, required that petitioner explain several omissions by the assignee relative to the payment of 3.5-year maintenance fee for the subject patent and establish that said omissions were unavoidable. Relative to this point, the decision of March 16, 2006, stated, in pertinent part that:

... no explanation is provided for the patentee's delay in responding to the numerous communications regarding the need to pay the maintenance fee and the subsequent need to file a petition under 37 CFR 1.378(c) after expiration of the patent despite being timely notified that the maintenance fee was coming due, and later that the patent expired. The petition indicates the patentee² did not notify the attorney of record that the 3.5-year maintenance fee should be paid until after the patent expired. It is further noted that the patentee provided no response to the attorneys of record communication regarding the need to file the petition under 37 CFR 1.378(c) and that it was not until almost three years later that the attorneys of record were able to track down the patentee to discuss the status of the patent. From what can be gathered in the petition, the initial reason that the maintenance fee was not timely paid was not because of a clerical error by a law firm employee, but because the patentee failed to respond to the numerous letters sent regarding the need to pay the 3.5-year maintenance fee.

Petitioner is required to establish that the entire delay in paying the maintenance fee—from the due date for the maintenance fee until the filing of a grantable petition—was unavoidable. An adequate showing of unavoidable delay must include statements from all persons with direct knowledge of the cause of delay. It is, therefore, necessary for the patentee to provide a statement of the cause for the delay in paying the 3.5-year maintenance fee since it is apparent that the patentee contributed to the delay. More specifically, that patentee would need to establish that the delay in responding to the law firm's repeated notices that the 3.5-year maintenance fee was due was unavoidable and that the delay in responding to the letter regarding the need to file the petition under 37 CFR 1.378(c) was also unavoidable.

In response to the questions posed by the decision of March 16, 2006, the instant renewed petition was accompanied by a declaration of Eric K. Kurhts, President and CEO of Lipoprotein Technologies, Inc., the assignee for the subject patent. Mr. Kurhts declares that the assignee's delay in paying the 3.5-year maintenance fee was unavoidable and resulted from:

² Further references to "patentee" in this excerpt from the petition decision of March 16, 2006, should be interpreted as "assignee."

- (1) Mr. Kuhrts' being overwhelmed by the patent monitoring process and his confusion of the due dates for maintenance fees on various patents assigned to the assignee.
- (2) a relocation of the assignee and the assignee's failure to realize that the United States Postal Service (USPS) would only forward mail to the assignee's new address for six months after the move.
- (3) Mr. Kuhrts' confusion of the title of the subject patent with that of another patent that resulted in Mr. Kuhrts ignoring five maintenance fee reminder communications sent to the assignee by the attorney of record.
- (4) the assignee's need for additional time—from June 21, 2001 through May 20, 2003—to obtain funds to pay the maintenance fee.

As to item (1) above, the argument has been considered but is not persuasive. The unavoidable standard requires that petitioner establish that the relevant party acted reasonably and diligently as to the maintenance of the patent. Where, as in this case, several patents have been assigned to an assignee, it is reasonable to expect that the assignee would implement a docketing or tracking system whereby the assignee might stay abreast of when the maintenance fees come due for the patents. The declaration of Mr. Kuhrts is silent as to the existence of such a docketing system and, in fact, gives some indication that no such system existed. The exercise of diligence relative to the maintenance of the subject patent, as required by 37 CFR 1.378(b) would demand that some sort of docketing system be implemented to keep track of the patent. The assignee's failure to implement the same suggests that the assignee was not treating the subject patent as its most important business and undermines petitioner's claim of unavoidable delay in paying the maintenance fee.

The argument, as presented in item (2) above, is also unpersuasive. Mr. Kuhrts' declaration suggests that, for a time in 2000, the assignee was not receiving communications from the attorney of record because the assignee relocated and failed to notify the attorney of record of its new address, but relied on the forwarding services of the USPS. Mr. Kuhrts states that he did not realize that the forwarding services of the USPS only continue for six months after the relocation. The unavoidable standard as encompassed in 37 CFR 1.378(b) requires that the relevant party demonstrate that it acted reasonably and prudently relative to the maintenance of the patent—the assignee's most important business. The assignee may be deemed to have acted imprudently where, as in this case, the assignee has allowed extended periods of time to pass without informing the attorney of record for the patent of its location and has relied only on a third party—the USPS—to reroute the assignee's mail without directly informing the attorney of record of the relocation. That the assignee would allow extended periods to pass without advising the attorney of record for the subject patent of its whereabouts belies the contention that the assignee treated the maintenance of the patent as its most important business and that the delay in paying the maintenance fee for the patent was unavoidable.

The argument, as presented in item (2), is further complicated by petitioner's admission that the maintenance fee reminder letters as sent by the attorneys of record on June 21, 2001, December

31, 2001, May 3, 2002, July 1, 2002, and September 24, 2002, were received by the assignee, yet the assignee allegedly did not remit funds to the attorneys of record for payment of the maintenance fee until May 20, 2003. Arguably, petitioner's receipt of five maintenance fee payment reminders for a patent should have prompted some inquiry into the matter. Petitioner's failure to make any inquiry with attorneys of record into the status of the patent or to remit any monies for payment of the maintenance fee until seven months after the last reminder was received implies imprudence relative to the maintenance of patent and further undermines the unavoidable delay argument presented.

It is also noted that no explanation is provided as to why, if the maintenance fee payment was sent to the attorneys of record on May 20, 2003, the first petition to reinstate the patent was not filed until December 19, 2005. The petition under 37 CFR 1.378(b) filed December 19, 2005, states that on September 24, 2002, the attorneys of record sent the assignee a petition under 37 CFR 1.378(c) and requested payment in the amount of \$2,850.00 for the maintenance fee and surcharge. No further communications with the assignee were attempted until August 2005, and this communication was concerning the payment of the 7.5-year maintenance fee. In the petition under 37 CFR 1.378(b), the attorneys of record make no mention of having received any monies or instructions from the assignee on, or about, May 20, 2003, but attempt to establish that the delay in filing a timely petition under 37 CFR 1.378(c) was unavoidable and due, in part, to a docketing error. In fact, the delay of the assignee was a significant factor in the delayed payment of the maintenance fee and filing of the relevant petitions. Petitioner has not established that both the assignee's delay in remitting the necessary funds for payment of the maintenance fee and surcharges in conjunction with the attorneys of record alleged docketing error were unavoidable which would be necessary to establish unavoidable delay in a case wherein both the actions of the assignee and attorneys of record have contributed to the delay in paying the maintenance fee and filing the necessary petitions for reinstatement.

As to item (3) above, which concerns Mr. Kuhrts' confusion of the title of the subject patent with that of another patent, the argument is similarly unpersuasive. This allegation implies a kind of clerical error as committed by Mr. Kuhrts as to the maintenance of the patent. It is noted that clerical error may be a cause for unavoidable delay in paying a maintenance fee. Where a clerical error is alleged as a cause for unavoidable delay, Section 711.03(c)(2) of the *Manual of Patent Examining Procedure* explains that petitioner must establish that:

- A) the error was the cause of the delay at issue;
- (B) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and
- (C) 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.

The instant renewed petition does not make the showing required by MPEP 711.03(c)(2) as the instant petition addresses none of the elements described therein. Accordingly, Mr. Kuhrts' confusion between the title of the subject patent and the title of another patent

held by assignee may have unintentionally contributed to the delay in paying the 3.5 year maintenance fee, but is not unavoidable delay pursuant to 37 CFR 1.378(b).

As to item (4), Mr. Kuhrts states that the assignee remitted the 3.5-year maintenance fee to the attorney of record on May 20, 2003, after taking the period from June 21, 2001 through May 20, 2003, to raise additional funds to pay the maintenance fee. Financial hardship during a relevant period may be a cause for unavoidable delay in paying the maintenance fee, however, the allegation of financial hardship must be corroborated by documentary evidence. Such evidence may include, but is not limited to, corporate tax returns, financial statements, and bank records. No such evidence accompanied the instant renewed petition. Petitioner is reminded that the petition must not only state that the entire delay was unavoidable, but must establish the same through evidence. Petitioner has not made the showing necessary to establish that the entire delay in paying the 3.5-year maintenance fee was unavoidable.

CONCLUSION

For the reasons stated above, the petition under 37 CFR 1.378(e) is **DENIED**. Therefore, the patent will not be reinstated and remains expired.

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

The petition fee of \$400.00 will be charged to deposit account 02-2448.

This application file is being forwarded to Files Repository.

Telephone inquiries concerning this matter may be directed to Kenya A. McLaughlin, Petitions Attorney, at (571) 272-3222.

A handwritten signature in cursive script that reads "Charles Pearson". The signature is written in black ink and is positioned above the typed name and title.

Charles Pearson
Director
Office of Petitions