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OFFICE OF PETITIONS

In re Patent of :
Stephen Brodsky :
Patent No. 4,910,503 :
Issue Date: March 20, 1990 :
Application No. 07/062,553 :
Filing Date: June 15, 1987 :
Attorney Docket No. 32772-1 :

Decision on Petition

This is a decision on the renewed petition under 37 CFR § 1.378(b), filed December 10, 2003, to reinstate the above-identified patent.

The petition is **DENIED**.¹

Since this patent will not be reinstated, a refund of maintenance fees and surcharges submitted by petitioner will be scheduled. The \$130 fee for requesting reconsideration is not refundable. Therefore the Office will credit \$3,745 to the deposit account listed in the petition.

Background

The patent issued March 20, 1990. The 3.5 year maintenance fee could have been paid from March 20, 1993 through September 20, 1993, or with a surcharge during the period from September 21, 1993 to March 20, 1994. Petitioner did not do so. Accordingly, the patent expired March 21, 1994.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed August 8, 2003, and was dismissed in the decision of October 6, 2003.

Applicable Statutes and Regulation

35 U.S.C. § 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

35 U.S.C. § 41(c)(1) states that, "The Commissioner may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Commissioner to have been unavoidable.**" (emphasis added)

¹ This decision may be viewed as a final agency action within the meaning of 5 USC § 704 for purposes of seeking judicial review. See MPEP 1002.02. The terms of 37 CFR 1.378(e) *do not apply* to this decision.

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and . . . [t]he showing must enumerate the steps taken to ensure timely payment of the maintenance fee.

Opinion

Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.² However, "The question of whether an applicant's delay in prosecuting an application was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."³ The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

Petitioner is responsible for instituting a reliable docketing system to remind him or her when maintenance fees become due.

The Office has no duty to notify a patentee of the requirement to pay maintenance fees or to notify patentee when a maintenance fee is due.⁴ Therefore, a reasonable and prudent person, aware of the existence of maintenance fees, would not rely on Maintenance fee reminders. In addition, a reasonable person would not rely on memory to remind him or her when payments

² The Commissioner is responsible for determining the standard for unavoidable delay and for applying that standard. 35 U.S.C. 41(c)(1) states, "The Commissioner may accept the payment of any maintenance fee ... at any time ... if the delay is shown to the satisfaction of the Commissioner to have been unavoidable." (emphasis added).

³ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

⁴ "Congress expressly conditioned §§ 133 and 151 [of the United States Code] on a specific type of notice, while no such notice requirements are written into § 41(c) ... [T]he Commissioner's interpretation of 'unavoidable' and of the PTO's duty to provide reminder notices then, do not plainly contradict the statute. For this reason, we must accord deference to the Commissioner's no-timely-notice interpretation." Ray v. Comer, 1994 U.S. Dist. LEXIS 21478, 8-9 (1994), *aff'd on other grounds* Ray v. Lehman, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995)

The Patent Office, as a courtesy, tries to send maintenance fee reminders and notices of patent expiration to the address of record. However, the failure to receive the reminder notice, and the lack of knowledge of the requirement to pay the maintenance fee, will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. See MPEP 2575, 2540, 2590. Petitioner does not have a right to personalized notice that this patent will expire if a certain maintenance fee is not paid, as the publication of the statute was sufficient notice. See Rydeen v. Quigg, 748 F. Supp. 900, 907 (1990). The ultimate responsibility for keeping track of maintenance fee due dates lies with the patentee, not the USPTO. Since the mailing of Notices by the Office is completely discretionary and not a requirement imposed by Congress, accepting an argument that failure to receive a Notice is unavoidable delay would result in all delays being unavoidable should the Office discontinue the policy. All petitions could allege non-receipt of the reminder, and therefore all petitions could be granted. This was clearly not the intent of Congress in the creation of the unavoidable standard.

would fall due several years in the future. Instead, such an individual would implement a reliable and trustworthy tracking system to keep track of the relevant dates.⁵ The individual would also take steps to ensure that the patent information was correctly entered into the tracking system.

A petitioner will be bound by his or her attorneys' conduct.

The reliance on an attorney to notify the patentee of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. When a party relies on an agent to take certain steps, the petition must address not only the party's actions *but must also* address the agent's actions or inactions.⁶ If the former attorney made any errors, petitioner is bound by such errors.⁷

If [the] attorney somehow breach[es] his duty of care to plaintiff, then plaintiff may have certain other remedies available to him against his attorney. He cannot, however, ask the court to overlook [the attorney's] action or inaction with regard to the patent application. He hired the [attorney] to represent him. **[The attorney's] actions must be imputed to him.**⁸

⁵ 37 CFR 1.378(b)(3) precludes acceptance of a late maintenance fee for a patent unless a petitioner can demonstrate that steps were in place to monitor the maintenance fee. The Federal Circuit has specifically upheld the validity of this properly promulgated regulation. Ray v. Lehman, 55 F.3d 606, 609; 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995). In Ray v. Lehman, petitioner claimed that he had not known of the existence of maintenance fees and therefore had no steps in place to pay such fees. The petitioner therefore argued that the PTO's regulations requiring such steps created to heavy a burden. The court stated, "Ray also takes issue with the PTO's regulation, 37 C.F.R. § 1.378(b)(3), supra, arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay." Id.

A reasonable and prudent person would not rely on maintenance fee reminders from the Office for two reasons. First, the Office has indicated that such reminders are a mere courtesy and has reserved the right to discontinue such reminders at any time. Second, such reminders may be lost in the mail. A reasonable and prudent person, in regard to his most important business, would not rely solely on reminders that the Office may or may not send which may or may not be lost in the mail.

⁶ See Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship, 507 U.S. 380, 396, 397 (1993) ("The [Circuit] court also appeared to focus its analysis on whether respondents did all they reasonably could in policing the conduct of their attorney, rather than on whether their attorney, as respondents' agent, did all he reasonable could to comply with the court-order bar date. In this, the court erred. . . . [I]n determining whether respondents' failure to file their proof of claim prior to the bar date was excusable, the proper focus is upon whether the neglect of respondents *and their counsel* was excusable." (emphasis in original)). In Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992), the court determined the client was bound by the attorney's actions. The majority was unpersuaded by the dissent which states in part that the "errors occurred despite exceptional vigilance by the client."

⁷ See California Med. Products v. Technol Med. Products, 921 F. Supp. 1219, 1259 (D. Del. 1995) (citing Smith v. Diamond, 209 U.S.P.Q. 1091, 1093 (D.D.C. 1981) (citing Link v. Wabash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962))). A petitioner is responsible for a former attorney's conduct except in some cases of intentional misconduct rather than negligence. Petitioner has failed to prove any intentional misconduct.

⁸ Haines v. Quigg, 673 F. Supp. 314, 317, 5 U.S.P.Q.2d (BNA) 1130 (N.D. Ind.) (emphasis added) (citing Link v. Wabash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) ("Petitioner voluntarily chose his attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent ... 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.'" (emphasis added)); Inryco, Inc. v. Metropolitan Engineering Co., Inc., 708 F.2d 1225, 1233 (7th Cir. 1983) ("Courts hesitate to punish a client for its lawyers gross negligence, especially when the lawyer affirmatively misled

Supreme Court precedent holds:

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.'⁹

The Seventh Circuit has stated,

The other assumption is that, if the complaints failed in their application through the negligence of their attorney, the delay would be unavoidable, which is wholly unwarranted in the law. It is of the very nature of negligence that it should not be unavoidable, otherwise it would not be actionable. The negligence of the attorney would be the negligence of the [client]. The purpose of the statute was to put an end to such pleas, and there would be no limit to a renewal of these applications if every application, however remote, could be considered under the plea of negligence of attorneys, by whom their business is generally conducted.¹⁰

The United States Court of Appeals for the Federal Circuit has stated,

If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.¹¹

Application of the unavoidable standard to the present facts**Facts:**

The instant patent issued on March 20, 1990.

Petitioner's attorney was Donald Allan Streck.

A May 1, 1990 letter from the attorney informed petitioner that he had an account balance of \$2,560 for the instant patent. The attorney notified petitioner that the attorney would pay future maintenance fees for the patent from these funds. The letter stated, "I believe your accounts have sufficient amounts (unless [the Patent Office] drastically raise their rates), to carry [your patents] through their life." Petitioner took no further steps and assumed that Mr. Streck would pay future maintenance fees for the instant patent.

the client" but "if the client freely chooses counsel, it should be bound to counsel's actions."); see also Wei v. State of Hawaii, 763 F. 2d 370, 372 (9th Cir. 1985); LeBlanc v. I.N.S., 715 F.2d 685, 694 (1st Cir. 1983)).

⁹ Link v. Walbath Railroad Co., 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962).

¹⁰ Lay v. Indianapolis Brush & Broom Mfg. Co., 120 F. 831, 836 (1903).

¹¹ Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

The 3.5 year maintenance fee could have been paid from March 20, 1993 through September 20, 1993, or with a surcharge during the period from September 21, 1993 to March 20, 1994. The fee was not paid and the patent expired March 21, 1994.

Streck continued to practice law during the above time period and up until the time of his death. Streck passed away on or about June 17, 1996.

On or about March 20, 2003, petitioner contacted the current law firm requesting that the instant patent be reviewed along with a disclosure which might include infringing material. During the review, the law firm and petitioner discovered the expiration of the patent.

A petition under 37 CFR 1.378(b) was filed on August 8, 2003 (Certificate of Mailing Date of August 6, 2003).

Analysis:

Petitioner is reminded that, by statute, *petitioner* bears the burden of proving that the entire delay was unavoidable. The unfortunate death of the attorney will not shift the burden of proof. It is not enough that a delay be unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

As stated previously, petitioner is responsible for establishing that petitioner or his representative took reasonable and prudent steps to ensure the maintenance fees would be paid timely. Since petitioner relied entirely on Streck to take such steps, petitioner must prove that Streck, once the patent issued, took reasonable and prudent steps to ensure maintenance fees would be timely paid.

Petitioner has failed to show that Streck took reasonable and prudent steps to ensure maintenance fees would be timely paid for the instant patent. Specifically, petitioner has failed to establish that Streck had a reliable and trustworthy docketing system in place to monitor maintenance fee due dates for patents.

Petitioner has supplied circumstantial evidence in an attempt to prove the existence of a docketing system. However, the evidence fails to prove the existence of a reliable and trustworthy docketing system.

The list supplied by petitioner lists 66 patents for which at least part of the period to pay a maintenance fee fell due on or before Streck's death.¹²

Of the 66 cases, 53.03% or 35 cases, never had a single maintenance fee payment made.

Of the 66 cases, 21.21% or 14, had maintenance fees paid before *and* after the death of Streck. The payments after Streck's death indicate the patentees may not have relied solely on notifications from Streck since payments were made after his death when the patentees could not have received notifications from Streck.

¹² A 67th patent, patent no. 4,774,116, will not be considered due to ambiguity in Office records regarding the past payment of maintenance fees. Office financial records indicate a petition to reinstate the patent was previously filed but the Contents in the computer record fail to list the petition. Since the status of that patent would not change the outcome of the instant decision, the Office has not take further steps to clarify the status of that patent.

Of the 66 cases, 16.67%, had at least one maintenance fee paid before the death of Streck but none after. Two of the patents currently have different law firms listed under the address of record. The record fails to disclose when the patentees changed law firms or whether Streck or the new law firm provided a reminder to the patentee. For two of the patents, the maintenance fee address is the address of the assignee and not Streck. The record fails to indicate whether or not the assignee paid the fee in response to notice from Streck or a maintenance fee reminder from the Office. Two of the patents did have a 3.5 year fee paid prior to Streck's death but expired due to a failure to pay the 7.5 year maintenance fee prior to the death of Streck.

Of the 66 cases, 9.10% or 6 cases, expired and subsequently had petitions to reinstate the patents filed. The 6 patents are: 4,934,997; 4,918,723; 4,916,532; 4,910,503 (the instant patent); 4,843,665; 4,811,365.

Circumstantial evidence alleging an error rate in an alleged docketing system of 9.10% does not prove the existence of a reliable and trustworthy docketing system. However, the record fails to prove an error rate as low as 9.10%.

Of the 66 patents, 35 patents never had a single maintenance fee paid. The Office agrees with petitioner that patentees are sometimes informed of the need to pay a fee and intentionally choose not to pay the fee and to let the patent expire. However, petitioner has not proven that any of the 35 patentees were ever notified. It is certainly possible that one or more of the fees for a patent were not paid because Streck failed to notify the patentee. The Office does not bear the burden of proof and is not obligated to construe all facts in the light most favorable for petitioner. Instead the Office will simply ignore the 35 patents and will choose not to assume the failure to pay fees was entirely the fault of Streck or entirely not his fault.

When one ignores the 35 patents, one learns that *at least* 6 of the remaining 31 patents were unintentionally allowed to expire. In other words, if a docketing system existed, the circumstantial evidence indicates it had an error rate of 19.35%. Circumstantial evidence alleging an error rate in an alleged docketing system of 19.35% does not prove the existence of a reliable and trustworthy docketing system.

It should be noted that one would expect a reliable and trustworthy docketing system to have a *very* low error rate. This is especially true when one considers the rights which may be lost if a maintenance fee is untimely paid. Even if petitioner sought to interpret the numbers in such a way as to prove an error rate of 5%, success would not prove the existence of a reliable and trustworthy docketing system.

The record fails to prove the existence of any steps in place to ensure maintenance fees would be timely paid for patents. Streck's letter does state, "I have forwarded signed paperwork to the Patent Office today that authorizes me to act on your behalf. They will notify me that your Maintenance fee si due and payable which I will take care of." However, as stated previously, the failure to receive a maintenance fee reminder cannot serve as the basis to prove unavoidable delay. If Streck failed to notify petitioner of the need to pay the maintenance fee because he did not receive a maintenance fee reminder, then the delay is not unavoidable. In addition, the record fails to prove that Streck was still receiving mail at the address of record on the date a reminder would have been mailed. On an unspecified date, Streck relocated to Hawaii and did not request a change of address for the instant patent.¹³

¹³ A petition to reinstate patent no. 4,843,665, states, "My patent attorney of record Donald Streck left the Santa Barbara area moving to Hawaii, and regreably due to his move I was not aware of a maintenance fee being due."

The Office notes petitioner's assertions that Streck timely replied to Office actions mailed for applications. For applications, the Office was obliged to provide Notices to Streck and responses may have been in direct response to such Notices. However, the Office is not obliged to send maintenance fee reminders. Even if a docketing system existed to monitor application due dates, a reasonable and reliable docketing system may not have existed to monitor maintenance fee due dates for applications which had issued as patents.

Even if petitioner could prove that Streck acted reasonably and prudently, such evidence would be insufficient. A showing of unavoidable delay must include evidence of diligence on the part of the patent holder. Petitioner has not shown that adequate diligence was shown in the matter. Streck's death, after the patent had already been expired for two years, did not relieve petitioner from his obligation to exercise diligence. In the instant case, petitioner did not take action with respect to the patent until some nine years after expiration and seven years after Streck's death. Such is not demonstrative of the diligence required by 37 CFR 1.378(b).¹⁴

In addition to the previously discussed facts, the entire record has been considered. However, consideration of all the facts and circumstances fails to indicate that petitioner has shown that the entire delay in the submission of the maintenance fees was unavoidable.

Decision

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 reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 USC § 41(c)(1) and 37 CFR § 1.378(b). Therefore, the petition is **denied**.

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

The patent file is being forwarded to Files Repository.

Telephone inquiries should be directed to Petitions Attorney Steven Brantley at (703) 306-5683.



Charles Pearson
Director
Office of Petitions

¹⁴ See R.R. Donnelley & Sons Company v. Dickinson, 123 F.Supp.2d 456, 57 USPQ2d 1244 (N.D.IL. 2000) and Douglas v. Manbeck, 21 USPQ2d 169 (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 with respect to his application after his counsel's death precluded a finding of unavoidable delay.)