



Paper No. 16

Paul G. Nagy  
Pillsbury Madison & Sutro, LLP  
725 South Figueroa Street, Suite 1200  
Los Angeles, California 90017

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In re Patent No. 4,932,303  
Issue Date: June 12, 1990  
Application No. 07/287,454  
Filed: December 19, 1988  
Inventor(s): Mamoru KIMPARA

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DECISION  
ON PETITION  
37 CFR 1.378(e)

This is a decision on the petition under 37 CFR 1.378(e), filed May 26, 1998, requesting reconsideration of the decision of March 24, 1998, which decision refused to accept the delayed payment of a maintenance fee under 37 CFR 1.378(b) and reinstate the above-identified patent.

The petition is **denied**.

#### BACKGROUND

The subject patent issued June 12, 1990. The first maintenance fee could have been paid during the period from June 14, 1993 (June 12, 1993 being a Saturday) through December 13, 1993 (December 12, 1993 being a Sunday), or with a surcharge during the period from December 14, 1993 through June 13, 1994 (June 12, 1994 being a Sunday). Accordingly, this patent expired at midnight June 13, 1994 for failure to timely pay the maintenance fee. 37 CFR 1.362(g).

A petition under 37 CFR 1.378(b) was filed on October 6, 1997 and was dismissed in the decision of March 24, 1998. The instant petition under 37 CFR 1.378(e) requests reconsideration of the decision of March 24, 1998, and acceptance of the delayed payment of a maintenance fee for and reinstatement of the above-identified patent.

#### STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

"The Commissioner 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 Commissioner 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 Commissioner 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 Commissioner to have been "unavoidable." 35 U.S.C. § 41(c)(1).

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 requests reconsideration in that (1) petitioner had no knowledge that the subject patent had issued and subsequently expired, (2) reasonable care was taken to ensure that the maintenance fee would be paid, and (3) petitioner was diligent in its checking on the status of the application which subsequently issued into the '303 patent.

Petitioner has not carried his burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable.

In the petition pursuant to 37 CFR 1.378(b), filed October 6, 1997, petitioner initially asserted that the delay in payment of the maintenance fee was based upon the combination of his failure to receive the Letters Patent from the PTO and the departure of the attorney responsible for the case. As a result of the attorney's departure from the firm, uncertainty is asserted to have surrounded the status of the subject file as to whether or not it was transferred (presumably to another firm). The showing in the petition filed October 6, 1997 was held to be inadequate to establish unavoidable delay within the meaning of 37 CFR 1.378(b)(3) in the decision on petition mailed March 24, 1998 (decision). Specifically, the decision noted that petitioner failed to show that reasonable care was taken to ensure that the maintenance fee would be paid in a timely manner, as required by 37 CFR 1.378(b)(3). Moreover, the decision required as a showing of "reasonable care" that petitioner provide a statement by all persons with direct knowledge of the cause of the delay, setting forth the facts as they know them, and copies of all documentary evidence referred to in the statement should have been furnished as exhibits to the statement. In particular, such statement was required from the attorney responsible for the subject application. Finally, the decision required a showing of non-receipt of the Letters Patent and two Weekly Patent Issue Receipts; a statement from the attorney responsible for the subject application stating that these documents were not received, and attesting to the fact that a search of the file jacket and docket records indicated that the aforementioned documents were not received. A copy of the docket record where the non-received documents

would have been entered had they been received and docketed was required to be attached to and referenced in practitioner's statement.

The renewed petition, filed May 26, 1998, includes declarations from Roger Wise (Wise), counsel for the previous and current firms representing the party of interest, Mitsuo Shimba, Manager of the Overseas Patent Section of the assignee, Yamaha Corporation and thus, the real party in interest (Shimba), and Masaki Yamakawa (Yamakawa), a Japanese patent representative, presumably as showings of non-receipt of, *inter alia*, the Letters Patent, the Weekly Patent Issue Receipts, and the Maintenance Fee Reminder notice. The Wise declaration includes as exhibits a Notice of Patent Expiration, a computerized docketing report for the subject patent file, created Saturday, December 8, 1990, correspondence between the firm of Spensley Horn Jubas & Lubitz (Spensley) and Yamakawa, correspondence between the firm of Loeb & Loeb (Loeb), successor to Spensley, and Yamakawa, and correspondence between Loeb and Shimba. However, despite renewed assertions, in the instant petition, of non-receipt of the Letters Patent, the Weekly Patent Issue Receipts, and the Maintenance Fee reminder notice, the record still does not include docketing records for the *entire* period of non-receipt of these documents with respect to the subject patent. Petitioner has provided a copy of a computerized record beginning in December, 1990, however as recognized by petitioner, this was nine months after payment of the issue fee and six months after issuance of the subject patent. Thus, petitioner has not provided the required copy of the docket record where the non-received documents would have been entered had they been received and docketed, in particular, a copy of the non-computerized docketing record corresponding to the subject patent. As such, the showing of record remains inadequate to show non-receipt of the above-referenced communications, and as a result, unavoidable delay.

Moreover, Petitioner has failed to establish on the record who was responsible for payment of the maintenance fees in the subject patent, and thus, adequately demonstrate the steps which were in place to pay the maintenance fee. 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 exercised due care and diligence to ensure that adequate steps were taken to timely submit the maintenance fee. Notwithstanding petitioner's alleged lack of receipt of the actual Letters

Patent from the PTO, petitioner was aware of the impending issuance of this patent via payment of the issue fee on March 2, 1990 and subsequent submission of formal drawings on March 12, 1990.<sup>1</sup> Moreover, petitioner was constructively aware of the unpaid maintenance fee requirement in view of counsel's admitted receipt of the Notice of Patent Expiration in 1994. That is, notice given to applicant's representative of record constitutes notice to applicant. Rosenberg v. Carr Fastener Co., 10 USPQ 106, 51 F.2d 1014 (2nd. Cir. 1931), cert. denied, 284 U.S. 652. Thus, the record fails to adequately evidence that petitioner exercised the due care and diligence observed by prudent and careful persons, in relation to their most important business. Pratt, supra. This failure precludes a finding of unavoidable delay. A letter from Shimba to Wise (Exhibit MS-4), dated August 29, 1997, indicates that the subject patent is important to Yamaha's EMI division, however there is no indication of record that over the course of seven years, from March 1990 to August 1997, petitioner made inquiry as to the status of the subject application and its issuance into the '303 patent, despite the assertion that the subject patent is important to petitioner. These are not the actions of prudent and careful persons.

Even assuming, *arguendo*, that petitioner would not be bound by the actions of counsel, diligence on the part of petitioner would still be essential to show unavoidable delay. See, 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). However, the record lacks an adequate showing of petitioner's diligence in this matter during a period extending from the March of 1990 when petitioner paid the issue fee and presented formal drawings to secure the issuance of a patent, until the filing of the first petition in October 1997, some seven (7) years, which would be necessary to support a finding of unavoidable delay. Id. Specifically, diligence on the part of the owner is necessary to show unavoidable delay when that owner's agent(s) fails to take timely and proper steps with respect to a proceeding before the Patent and Trademark Office. Futures Technologies v. Quigg, 684 F.Supp. 430, 431, 7 USPQ2d 1588, 1589 (E.D. Va. 1988). However, petitioner has not

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<sup>1</sup> Indeed, as noted in Sontag Chain Stores Co. v. National Nut Co., 310 U.S. 281, 295, 45 USPQ 448 (1940), the Court stated that upon issuance of a patent and its recordation in the Patent Office "constructive notice of [its] existence goes thus to all the world."

shown 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 in excess of seven (7) years, overcame and superseded any possible actions or inactions by its representative. Douglas, supra; Haines v. Quigg, supra. The delay was not unavoidable, because had petitioner exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a more timely fashion. Haines v. Quigg, supra; Douglas, supra.

Petitioner recognizes the need to perform status checks on allowed files in which the issue fee has been paid, as noted in the instant petition (paragraph 3), which states "SJH&L instituted a 6 month warning date on the computer docketing system (set up after the issue fee was paid in the '303 patent) to warn SJH&L attorneys to check for receipt of the letters patent after 6 months", thus Petitioner recognized the need for a status check at this juncture in prosecution, however petitioner does not diligently pursue the course of following-up on an application in which the issue fee has been paid, but no Letters Patent has been received. While the petition also states that the computerized docketing system was not in place at the time the Letters Patent was expected for the '303 patent, the instant petition also notes that the docketing record for the subject patent was not created until December 1990, at which time it is presumed that the warning system was "in place". Based on the evidence of record, it would seem logical that when the subject application was entered into Loeb's computerized docketing system, entry of the date for payment of the issue fee would have triggered the "warning date" function of the docketing system. Moreover, there is no evidence of record to suggest why the docketing staff failed to recognize the nine month lapse for which no Letters Patent was allegedly received, and to subsequently alert counsel.

The petition filed October 6, 1997 indicates that handling of maintenance fees on Yamaha patents is typically performed by "experienced trustees", however no mention is made of whom petitioner relied upon to pay the maintenance fees. This uncertainty is reinforced by the confusion noted in the petition pursuant to 37 CFR 1.378(b) indicating that it was "unclear as to whether this file had been transferred", and that there was "uncertainty" surrounding this file. The petition also indicates that the responsible attorney for the instant application left the firm and that the instant application was not left in the charge of counsel. Thus it appears that Petitioner did not designate a particular firm to track and pay maintenance

fees in the subject patent. Petitioner's failure to clearly and properly obligate another to track the required maintenance fee does not constitute unavoidable delay. That is, delay resulting from a failure in communication between a client and a registered practitioner is not unavoidable delay. In Re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). Specifically, delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). See Ray, at 610, 34 USPQ2d at 1789. 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 the matter of payment of maintenance fees, does not reflect the due care and diligence of prudent and careful persons with respect to their most important business. Furthermore, the Patent and Trademark Office is not the proper forum for resolving disputes between petitioner and his registered representative as to who bore the responsibility for payment of the maintenance fee. Id.

The declarations accompanying the renewed petition indicate that in December 1996, petitioner learned that the subject patent had issued via discovery of the '303 patent by an employee of petitioner, Ms. Humiko Tominaga (Tominaga), and in August 1998, petitioner discovered that the first maintenance fee had not been paid, and that the subject patent had expired. The declarations indicate that it is unknown how Tominaga discovered the subject patent, and it appears from the record that no inquiry was made in this regard either by petitioner or declarants. Moreover, while it is noted that Tominaga is employed by petitioner (presumably Yamaha Corporation), her position and duties within the company are unknown and not apparent on the record. Inasmuch as the instant petition (par. 6) indicates that it would be difficult to discover that the subject patent had issued and subsequently expired, even utilizing a tool such as the *Official Gazette*, the discovery of the '303 patent by Tominaga would appear to be significant.

The petition filed October 6, 1997, indicated that "because no further prosecution of the application was necessary, another attorney was not directly assigned to monitor the instant application, rather the docketing clerks in counsel's docketing department were instructed to watch all pending files for the attorney that left. However, the petition does not indicate that an attorney was assigned to indirectly monitor the subject file

or what steps were to be taken by the docketing department upon receipt of communications deemed of importance by the docketing department. That no reliable system for monitoring the instant application had been emplaced is evidenced by petitioner's statement "because there was no responsible attorney assigned to the file and the file was not listed as active in the computerized docket, a file clerk apparently placed the notice [of patent expiration] in the file without bringing the notice to an attorney's attention". Further evidence of a lack of a sufficient system for handling correspondence by Loeb is evidenced by the petition pursuant to 37 CFR 1.378(e) and accompanying exhibits, which indicate non-receipt of letters from Yamakawa to Loeb on December 20, 1996 and April 10, 1997 (resent August 1, 1997). As noted in the letter (Exhibit RRW-5) accompanying the declaration of Wise, letters from Yamakawa to Wise were not brought to the attention of Wise for weeks following receipt of the August 1, 1997 letter by Loeb. Wise indicates at page 6 of the declaration that the December 20, 1996 and April 10, 1997 letters were not seen by Wise or received by Loeb because they were not found in the application file, notwithstanding the absence of a showing of irregularity in sending them to counsel. Finally, the Wise declaration, (par. 3) indicates that when the Notice of Patent Expiration was received by Loeb, an incorrect attorney's initials (SL), indicating Stuart Lubitz (Lubitz)) were placed on the document, not those of Wise, who was responsible for the file at the time the Notice was received. As no stamp from Lubitz or initials of Wise appear on the Notice, the allegation is that neither party had seen the Notice.

Assuming, *arguendo*, that Loeb erroneously removed from, or failed to docket the instant patent in a docketing system for payment of maintenance fees, or failed to maintain proper records for the above-identified patent, the Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the client, and the client is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962). Specifically, petitioner's delay caused by the actions or inactions of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133 or 37 CFR 1.137(a). Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987); 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).

The instant petition attesting to a reasonable system for tracking pending



patent matters has been considered, however it is unpersuasive in view of (1) the recurrent mishandling of papers associated with the subject patent, (2) the lack of diligence on the part of counsel or assignee with respect to the issuance of a Letters Patent subsequent to the payment of the Issue fee and submission of formal drawings in the instant application, (3) the lack of any documentary showing of lack of receipt of the Weekly Patent Issue receipts, the Letters Patent, or the Maintenance Fee Reminder letters by Loeb for the subject patent, much less (4) any showing that Loeb or one of its attorneys had been engaged by petitioner to track the maintenance fee payment prior to August 1, 1997.

While petitioner initially asserted (in the petition received October 6, 1997) that the responsible attorney had taken a large number of files with him when he left, there was uncertainty surrounding the instant file and because of this uncertainty and lack of knowledge of the issued patent, the maintenance fee schedule was unavoidably not docketed, petitioner now maintains that in December 1990, a computerized docketing record was created for the instant application. However, the application file remained with Loeb in the charge of docketing clerks and file clerks who apparently never brought the notice of Patent Expiration to the attention of Counsel or felt that "problems" existed with the subject file such that review by an attorney was warranted (Wise declaration, page 5, and the petition of October 6, 1997 at page 4). Regardless, the showing of record remains insufficient to be regarded as "unavoidable" as required by 35 USC 41(c)(1) and 37 CFR 1.378(b).

Moreover, that petitioner, or Loeb did not receive the Reminder, does not constitute "unavoidable" delay. See Patent No. 4,409,763, supra, aff'd, Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd*, 937 F.2d 623 (Fed. Cir. 1991)(table), *cert. denied*, 502 U.S. 1075 (1992). Under the statutes and regulations, the Office has no duty to notify patentee of the requirement to pay maintenance fees or to notify patentee when the maintenance fee is due. While the Office mails maintenance fee reminders strictly as a courtesy, it is solely the responsibility of the patentee to ensure that the maintenance fee is timely paid to prevent expiration of the patent. The failure to receive the reminder does not relieve the patentee of the obligation to timely pay the maintenance fee, nor will it constitute unavoidable delay if the patentee seeks reinstatement under the regulation. Rydeen, Id. Moreover, a patentee who is required by 35 USC 41(c)(1) to pay a maintenance fee within 3 years and six months of the patent grant, or

face expiration of the patent, is not entitled to any notice beyond that provided by publication of the statute. Rydeen at 900, 16 USPQ2d at 1876.

### 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 USC 41(c)(1) and 37 CFR 1.378(b). Accordingly, the maintenance fee will not be accepted, and the patent will not be reinstated. The petition is denied.<sup>2</sup>

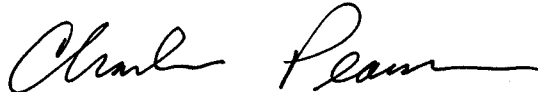
Since the above-identified patent will not be reinstated, the \$680 maintenance fee and \$1020 surcharge submitted by petitioner have been credited to deposit account No. 12-1820, which is that of counsel who made the payments with the first petition.

The \$130 fee for requesting reconsideration has been charged to deposit account No. 16-1805, as requested in the instant petition.

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

The patent file is being returned to the Files Repository.

Telephone inquiries regarding this decision should be directed to B. Dayoan at (703) 305-9282, or, in her absence, to Special Projects Examiner Brian Hearn at (703) 305-1820.



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

bh/ma

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<sup>2</sup> This may be regarded as a final agency action. See MPEP 1002.02.