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**JAN 17 2003**

**OFFICE OF PETITIONS**

**ON PETITION**

In re Patent of Fulmer :  
Patent No. 5,088,117 :  
Application No. 07/561,945 :  
Filed: August 1, 1990 :  
Issued: February 18, 1992 :  
Attorney Docket No. 1459-901010 :

This is a decision on the renewed petition under 37 CFR § 1.378(e), filed May 15, 2002, to reinstate the above-identified patent.

The petition is **DENIED**.<sup>1</sup>

Since this patent will not be reinstated, maintenance fees and surcharges submitted by petitioner will be scheduled for a refund. The \$130 fee for requesting reconsideration is not refundable. Therefore the Office will refund \$2,205.

**Background**

The patent issued February 18, 1992. The 3.5 year maintenance fee could have been paid from February 18, 1995 through August 18, 1995, or with a surcharge during the period from August 19, 1995 to February 18, 1996. Petitioner did not do so. Accordingly, the patent expired February 19, 1996.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed October 15, 2001, and was dismissed in the decision of March 6, 2002.

**THE LAW**

**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)

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<sup>1</sup> 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.

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 that the petition was filed promptly after the patentee . . . 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.

**The fact that petitioner, the government, or the public may suffer possible harm, or lack of harm, is irrelevant to the instant petition**

The original petition states,

As a practical matter, because Maintenance Fees are being paid along with a significant surcharge, the government is not harmed by the granting of [the] Petition. Moreover, there is no harm to the public if this Petition is granted because equitable doctrines protect those who reasonably believed that the [instant] patent expired and was dedicated to the public.

By statute, Congress has determined petitioner must prove that the entire delay in payment of the maintenance fee was unavoidable. A showing that harm will not result if the patent is reinstated or that equity favors petitioner is insufficient to overcome the requirements of the statute.

Congress has recognized how difficult the standard is to meet. Congressmen have stated: "[The unavoidable] standard has been found to be extremely hard to meet. Some patent owners have lost their patent rights due to this inflexible standard."<sup>2</sup> "Mr. Brooks from the Committee of the Judiciary, submitted the following[:] ... The 'unavoidable' standard has proved to be too stringent in many cases. Many patentees have been deprived of their patent rights for failure to pay the maintenance fees for reasons that may have been unintentional yet not unavoidable."<sup>3</sup> "The unavoidable standard has proved to be too stringent in many cases."<sup>4</sup> "[An employee of a law firm said to me] 'Mr. McCollum, are you aware of all the problems that small patent holders have with regard to these maintenance fees? ... They don't get the notices, either move or whatever, and really didn't intend to not make those fees, but the standards are so high they cannot overcome it when they come in here.' It is an unavoidable standard; of course they could have technically avoided it and therefore they have lost their patent. I think that is a tragedy. I looked into this and consequently that is the origin of where this bill came from. ... I do agree with the comments made by [Rep. Hughes] that the standard of 'unavoidable' was just too high, 'unintentional' is much better."<sup>5</sup> The unavoidable standard is "too stringent. Some patent owners have lost their patent rights due to circumstances that do not warrant this harsh result, but that could not be considered 'unavoidable' under current law."<sup>6</sup>

<sup>2</sup> 138 CONG. REC. S16613, 16614 (September 30, 1992) (statement of Rep. DeConcini).

<sup>3</sup> H.R. REP. NO. 993, 102d Cong., 2nd Sess., 2 (1992), reprinted in 1992 U.S.C.C.A.N. 1623, 1623-1624.

<sup>4</sup> 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. Hughes).

<sup>5</sup> 138 CONG. REC. H1115 (October 3, 1992) (statement of Rep. McCollum).

<sup>6</sup> 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum).

As shown above, the unavoidable standard has been described by Congressional representatives as “inflexible”, “extremely hard to meet”, and “too stringent.” In addition, the result of the application of the unavoidable standard can be “harsh” and result in “tragedy.” Congress could have passed legislation making the unavoidable standard easier to meet. They did not. Instead, Congress created the “unintentional” standard whereby one only has to establish that one intended to make a payment, but did not.<sup>7</sup> However, Congress made the determination that one would only be able to file an “unintentional” petition within 24 months of the last day of the six month grace period.<sup>8</sup> If one is past this time period, one must satisfy the “extremely hard to meet” “unavoidable” standard even if one proves that harm will not result if the patent is reinstated.

**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.<sup>9</sup> 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.”<sup>10</sup>

The renewed petition states, “the legal standard is reasonable care by a reasonable and prudent person.” However, the full standard generally applied by the Office also requires petitioner to prove she treated the patent the same as she would treat her most important business.

In order to prove unavoidable delay, the Office requires evidence that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business. The Office will not ignore the words “in relation to his most important business” from In re Mattullath.<sup>11</sup>

The “most important business” portion of the rule is necessary to properly apply the unavoidable standard. For example, suppose a patentee intentionally fails to pay a maintenance fee because he reasonably and prudently believes that the patent is worthless, but later discovers the patent is commercially viable. Such a patentee might file a petition which argues that he acted as a reasonable and prudent person under the circumstances because a reasonable and prudent person would not spend money to maintain a patent unless, or until, the patent was determined to have monetary worth. Under petitioner’s proposed rule, patentee’s delay would be unavoidable even

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<sup>7</sup> A petition to accept an unintentionally delayed payment must be accompanied by the maintenance fee, the required surcharge, and “a statement that the delay in payment of the maintenance fee was unintentional.” 37 CFR 1.378(c).

<sup>8</sup> An “unintentional” petition must be filed within 24 months of the last day of the six month grace period. If the 3.5 year fee is missed, then the unintentional petition must be filed within six years of the date of issue. If the 7.5 year fee is missed, an unintentional petition must be filed within 10 years of the date of issue. If the 11.5 year fee is missed, then the petition must be filed within 14 years of the date of issue.

<sup>9</sup> 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).

<sup>10</sup> Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

<sup>11</sup> In re Mattullath at 514-515 (quoting Ex parte Pratt, 1887 Dec. Comm’r Pat. 31, 32-33 (1887)).

though the delay would not be unintentional. Congress, when amending the statutes to create the unintentional standard, clearly indicated that such a standard was to be the lesser standard. An intentional delay can not be an unavoidable delay regardless of how reasonable or prudent a petitioner may be in delaying payment.

If petitioner does not pay a maintenance fee due to a conclusion that the invention lacks sufficient commercial value to justify the expense, then the delay is neither unavoidable nor unintentional.<sup>12</sup> This is true regardless of how reasonable or prudent petitioner's decision may be. Petitioner must treat maintenance of the patent as its most important business. An intentional failure to take appropriate action is not rendered unintentional or unavoidable when, upon further consideration, petitioner changes his or her mind as to the course of action that should have been taken.<sup>13</sup>

The Office has determined that, in order to prove unavoidable delay, one must establish that the party responsible for payment of the maintenance fee acted as a reasonable and prudent person in relation to his or her most important business.

#### **Petitioner bears the burden of proof.**

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.

#### **FACTS**

The patent issued February 18, 1992. The 3.5 year maintenance fee could have been paid from February 18, 1995 through August 18, 1995, or with a surcharge during the period from August 19, 1995 to February 18, 1996.

"[Petitioner] was notified of the first Maintenance Fee prior to August 18, 1995."<sup>14</sup>

The maintenance fee was not timely paid and the patent expired on February 19, 1996.

Petitioner was experiencing severe health, emotional, and financial problems. Many of these problems continue to exist and are permanent.

On March 25, 1996, petitioner's former attorney mailed a letter stating, "Enclosed for your records, is a copy of the 'Notice of Patent Expiration' dated March 5, 1996 for the above-identified patent. The patent expired because the 4<sup>th</sup> year maintenance fee was not paid." The Notice of Patent Expiration states, "Expired patents may be reinstated in accordance with 37 CFR 1.378 if upon petition . . ."

Upon receipt of the letter from the former attorney, petitioner believed the patent was forever abandoned.

During a religious convention in November of 1999, petitioner spoke with an attorney who

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<sup>12</sup> See In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989).

<sup>13</sup> See In re Maldague, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988).

<sup>14</sup> October 15, 2001 petition, page 2.

informed her that she might be able to reinstate the patent. In November of 1999, petitioner received a lump sum Worker's Compensation award of \$52,000.

The petition states that petitioner spent over a year attempting to raise money to hire an attorney. In June or July of 2001, the current attorney agreed to represent petitioner pro bono plus actual costs.

The petition states that the \$52,000 award is not relevant to the payment of the late Maintenance fee because:

- (1) Petitioner did not realize the patent could be reinstated,
- (2) Since petitioner's income would be minimal over the next few years, if not her entire life, it was reasonable for petitioner to preserve much of the money for a nest egg.

Petitioner purchased a new car in 1999 for her and her mother. The price of the car is undisclosed. Petitioner paid cash for the car.

### APPLICATION OF THE LAW TO THE FACTS

Petitioner must prove that the entire delay in the submission of the maintenance fee was unavoidable.

#### **The period of time from the receipt of the Notice of Patent Expiration until November of 1999**

Petitioner has failed to prove that her financial, health, and emotional difficulties were a but for cause of the delay. The request for reconsideration states, "Petitioner could have received one million dollars and the outcome would have been the same."<sup>15</sup> Petitioner believed the patent was forever expired even though the Notice of Patent Expiration stated, "Expired patents may be reinstated in accordance with 37 CFR 1.378 if upon petition . . ." An individual treating the patent as her most important business would have taken steps, such as calling her attorney, to determine her exact rights upon learning of the expiration of the patent. The record fails to disclose any evidence that petitioner took any steps to learn her rights. It should be noted that even if petitioner had not received the Notice of Patent Expiration and even if petitioner had not had years to learn her rights, she would still be held responsible for having knowledge of patent statutes. Nonawareness of the content of, or a misunderstanding of, PTO statutes, PTO rules, the MPEP, or Official Gazette notices, does not constitute unavoidable delay.<sup>16</sup> Petitioner's allegations that she misunderstood her former attorney's letter are unpersuasive in light of the fact that a copy of the Notice of Patent Expiration was mailed with the attorney's letter and the fact that a reasonable and prudent person treating the patent as her most important business would not have made such an assumption without further investigation.

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<sup>15</sup> Page 5.

<sup>16</sup> See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D. D.C. 1978) for the proposition that counsel's nonawareness of PTO rules does not constitute "unavoidable" delay); Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D. D.C. 1985) (Plaintiffs, through their counsel's actions, or their own, must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

**The period of time from November of 1999 until a petition was filed on October 15, 2001**

Petitioner obtained a \$52,000 settlement in November of 1999. Petitioner learned that it might be possible to reinstate the patent in November of 1999.

Petitioner sought the services of an attorney and discovered that attorney fees to file a petition would be very high. Petitioner spent over a year attempting to raise money from investors and others to hire an attorney. In June or July of 2001, the current attorney agreed to represent petitioner pro bono plus actual costs.

The petition states that the \$52,000 award is not relevant to the payment of the late Maintenance fee because:

- (1) Petitioner did not realize the patent could be reinstated,
- (2) Since petitioner's income would be minimal over the next few years, if not her entire life, it was reasonable for petitioner to preserve much of the money for a nest egg.

As to (1), after November of 1999, petitioner was aware that a patent could be reinstated.

As to (2), petitioner raises the issue of whether or not it was reasonable and prudent for petitioner to save some of the funds and to purchase a new car with cash. However, the answer to such an issue is not decisive of whether the entire delay was unavoidable. Petitioner is reminded that petitioner must demonstrate that petitioner treated the patent the same as she would treat her most important business. If petitioner does not pay a maintenance fee due to a conclusion that the invention lacks sufficient commercial value to justify the expense, then the delay is neither unavoidable nor unintentional.<sup>17</sup> In the instant case, petitioner determined that the value of the patent did not justify payment of her own money to hire an attorney. The record fails to indicate that petitioner would have delayed hiring a lawyer had the patent been worth \$500,000. Petitioner was capable of hiring an attorney, but determined that such action would not be prudent. Even if her decision was reasonable based on her current knowledge, her failure to hire an attorney was not unavoidable. Petitioner intentionally delayed hiring an attorney until she could find someone else to take the financial risk or find an inexpensive attorney.

It should be noted that even had petitioner proven an inability to hire an attorney, such proof would not necessarily constitute unavoidable delay. As stated previously, nonawareness of the content of, or a misunderstanding of, PTO statutes, PTO rules, the MPEP, or Official Gazette notices, does not constitute unavoidable delay. Petitioner was responsible for having knowledge of the provisions governing reinstatement of patents and the procedures necessary to reinstate a patent. In addition, petitioner fails to discuss any steps taken to learn the law and rules so that she could file a petition if she could not obtain an attorney. Each year, pro se applicants file many petitions which are granted. Petitioner has not proven that she was incapable of learning the law sufficiently to file a petition. A petition was not filed until almost two years after petitioner learned she might be able to reinstate the patent. Petitioner has not proven that the entire delay 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**.

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<sup>17</sup> See In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989).

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.



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