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Paper No. 19

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JUL 11 2008

OFFICE OF PETITIONS

In re Application of :
Masayuki Nishiguchi et al. :
Application No. 07/588,715 :
Patent No. 5,151,941 : DECISION ON RENEWED PETITION
Filed: September 7, 1990 : UNDER 37 C.F.R. §1.378(E)
Issue Date: September 29, 1992 :
Attorney Docket Number: 5291 :
Title: DIGITAL SIGNAL ENCODING :
APPARATUS :

This is a decision on the renewed petition under 37 C.F.R. §1.378(e), filed on October 31, 2005, requesting reconsideration of a prior decision pursuant to 37 C.F.R. §1.378(b)¹, which refused to accept the delayed payment of maintenance fees for the above-referenced patent, and the renewed petition under 37 C.F.R. §183 to waive Rule §1.378(e), filed on March 9, 2006.

The present patent issued on September 29, 1992. The grace period for paying the 3½ year maintenance fee provided in 37 C.F.R. §1.362(e) expired at midnight on September 29, 1996, with

¹ Any petition to accept an unavoidably delayed payment of a maintenance fee filed under 37 C.F.R. §1.378(b) must include:

- (1) The required maintenance fee set forth in 37 C.F.R. §1.20 (e) - (g);
- (2) The surcharge set forth in 37 C.F.R. §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.

no payment received. Accordingly, the patent expired on September 29, 1996 at midnight. On August 3, 2005, Petitioner's representative submitted a petition pursuant to 37 C.F.R. §1.378(b), to revive the above-identified application. This petition was dismissed via the mailing of a decision on August 31, 2005. On November 4, 2005, Petitioner's representative filed a request for expedited handling and a petition to waive the two-month period for response. A renewed petition under 37 C.F.R. §1.378(e) was timely received on October 31, 2005, along with the required payment of the petition fee. On November 30, 2005, an amendment to this renewed petition was received. On January 4, 2006, a decision was mailed, which granted the petition to expedite and dismissed the petition to waive C.F.R. §1.378(e). On March 9, 2006, Petitioner's representative submitted a renewed petition to waive this rule.

With the present renewed petitions, Petitioner's representative has included declarations from Messrs. Dunham, Horowitz, Maioli, and Phillips and Meses. Widenhouse, Barbee, Bernstein, Farnacci, Larmon, and Testaiuti, along with a plurality of exhibits.

It is noted that the declaration of Mr. Dunham does not appear to be associated with the present patent, in that the header indicates that it is associated with patent numbers 5,172,361 (07/789,448) and 5,168,362 (07/691,817).

Also, the amended declaration of Mr. Phillips does not appear to be associated with the present patent, in that the header indicates that it is associated with patent numbers 4,875,044 (07/127,279), 4,882,732 (07/116,208), 4,953,031 (07/447,078), 5,151,941 (07/588,715), and 5,181,195 (07/700,866).

Furthermore, the declaration of Ms. Widenhouse does not appear to be associated with the present patent, in that the header indicates that it is associated with patent numbers 5,168,362 (07/691,817) and 5,172,361 (07/789,448).

It is further noted that the declaration of Ms. Farnacci does not appear to be associated with the present patent, in that the header indicates that it is associated with patent numbers 4,882,732 (07/116,208), 4,875,044 (07/127,279), 4,953,031 (07/447,078), 5,151,941 (07/588,715), and 5,181,195 (07/700,866).

Moreover, the declaration of Ms. Larmon does not appear to be associated with the present patent, in that the header indicates that it is associated with patent numbers 5,172,361 (07/789,448) and 5,168,362 (07/691,817).

Similarly, the declaration of Ms. Testaiuti does not appear to be associated with the present patent, in that the header indicates that it is associated with patent numbers 5,168,362 (07/691,817) and 5,172,361 (07/789,448).

With the renewed petition under 37 C.F.R. §183, Petitioner's representative included another statement from Mr. Dunham (including print-outs from the Office's website, a copy of a power to inspect, a copy of an invoice from Hynak and Associates, a copy of a return postcard, a list of pending petitions, a copy of a letter, and pages from a calendar) and another declaration of Mr. Phillips, along with print-outs of patents from the Office's website.

It is noted that Petitioner's representative has filed substantially similar petitions in the patents which are associated with application numbers 07/110,452, 07/116,208, 07/127,279, 07/430,134, 07/447,078, 07/556,443, 07/588,715, 07/597,332, 07/641,681, 07/691,817, 07/700,866, 07/789,448, 07/795,791, and 08/432,901.

The request to accept the delayed payments of the maintenance fees associated with this patent is **DENIED**².

The petition under 37 C.F.R. §1.183 to waive C.F.R. §1.378(e) so that material may be presented subsequent to the expiration of the two-month period for response.

Petitioner's representative seeks the waiver of the two-month period for response to the dismissal of the original petition under 37 C.F.R. §1.378(b) so that additional evidence can be introduced into the record after the passing of the period for response³. The previous decision indicated that it would be presumed that Petitioner's representative received the decision on the original petition under 37 C.F.R. §1.378(b) shortly after the date on which it had been mailed, as Petitioner's representative is located in New York City, which is in fairly close proximity to Alexandria.

Petitioner's representative has indicated with this latest round of submissions that this presumption is incorrect. Petitioner's

² This decision may be regarded as a final agency action within the meaning of 5 U.S.C. §704 for the purposes of seeking judicial review. See MPEP 1002.02.

³ Similar requests were made in application numbers 07/116,208, 07/127,279, 07/447,078, 07/588,715, 07/691,817, 07/700,866, and 07/789,448.

representative has alleged that none of the decisions on the original petitions were received by Petitioner's representative, and Petitioner's representative engaged a private service in Arlington to obtain copies of the same. As such, Petitioner's representative was only provided with a period of one month with which to prepare a response for these petitions.

Petitioner's representative filed a plurality of petitions which are related to one another. None of these petitions indicated that Petitioner's representative had filed related petitions in other patents. Therefore, it was left entirely up to the Office to discover these related petitions, and it took some time to discover the related petitions, gather the file wrappers, and issue decisions. This explains why some decisions on the original petitions were mailed as early as August of 2005, and others were mailed as late as January of 2006.

There are essentially two groupings of petitions - applications where Petitioner's representative timely submitted all of his evidence, and applications where Petitioner's representative failed to provide all of his evidence in a timely manner. Petitioner's representative has asserted that the decisions which were not received were mailed to an incorrect address.

There are eight petitions which involve decisions which were returned to the Office. Each of the files has been reviewed, and there are two of them in which a change of address has been located in the file (07/116,208⁴ and 07/127,279⁵), and it is clear that the change of address was neither entered nor effectuated. The Office regrets this error. In the remaining six files (07/447,078⁶, 07/588,715⁷, 07/641,681⁸, 07/691,817⁹,

4 The change of Address, received on October 24, 2005, has been located in file. The decision on petitions under 1.182 and 1.183, was mailed to "c/o Cooper & Dunham, Lewis H. Eslinger, 30 Rockefeller Plaza, New York Ny 10112" on January 4, 2006, was returned on January 10, 2006.

5 The change of Address, received on October 24, 2005, has been located in file. The decision on the petitions under 1.182 and 1.183, was mailed on January 5, 2006 to "Eslinger & Pelton, 30 Rockefeller Plaza' #37fl, New York Ny 10112," and was returned on January 19, 2006

6 The decision on original petition under 1.378(b) was mailed on August 31, 2005 to "Cooper & Dunham, 30 Rockefeller Plaza, New York Ny 10112," and returned November 4, 2005. The decision on petitions under 1.182 and 1.183, mailed January 5, 2006, was returned on January 19, 2006.

7 The decision on the original petition under 1.378(b) was mailed on August 31, 2005 to "Cooper & Dunham, 30 Rockefeller Plaza, New York Ny 10112," and returned on September 19, 2005.

8 The decision on original petition under 1.378(b) was mailed on October 27, 2005, to "Lewis H. Eslinger, Cooper And Dunham, 30 Rockefeller Plaza, 37th Floor, New York Ny 10112," and was returned November 3, 2005.

07/700,866¹⁰, and 07/789,448¹¹), no change of address has been located in the file.

In an attempt to establish that these particular mailings were not received, Petitioner's representative has provided copies of his docket reports, per Delgar v. Schulyer, 172 USPQ 513 (D.D.C. 1971). Ordinarily, this would cause the Office to be more inclined to believe Petitioner's representative's assertion that the mailings were not received. However, Mr. Maioli has admitted that he received at least one of these mailings, but ignored this mailing for the better part of a month. There are 8 applications for which Petitioner's representative has requested that 37 C.F.R. §1.378(e) be waived: 07/116,208, 07/127,279, 07/447,078, 07/588,715, 07/641,681, 07/691,817, 07/700,866, and 07/789,448.

It appears that Mr. Maioli did indeed receive a copy of the decision on the petition associated with Patent No. 4,870,544 (Application No. 07/127,279). The petitions¹² reveal:

A "courtesy copy" of a decision dismissing another¹³ of the 11 "no decision" petitions (see the attached declaration of Jay H. Maioli) had been mailed to Mr. Maioli on August 31, 2005, and delivered to the firm on September 6, 2005, but he initially set it aside (emphasis added) owing to the necessity to meet imminent prosecution deadlines. Thereafter, my reports, that the USPTO website showed two petitions granted and no decision in the others, caused Mr. Maioli to believe that the decision he had received was one of those granting a petition, and to defer taking it up until September 27, 2005, when the existence of decisions dismissing petitions was first discovered.

Mr. Maioli has further explained that he received a courtesy copy of this decision on September 6, 2005, but

9 There is no evidence that any decision was ever returned. The two decisions were mailed to "Cooper & Dunham, 30 Rockefeller Plaza, New York Ny 10112."

10 The decision on petitions under 1.182 and 1.183 was mailed on January 4, 2006 to "Lewis H. Eslinger, Esq., Cooper & Dunham, 30 Rockefeller Plaza, 37th Floor, New York, NY 10112," and was returned on January 11, 2006.

11 The decision on petitions under 1.182 and 1.183 was mailed on February 6, 2006, to "Cooper & Dunham, 30 Rockefeller Plaza, 37th Floor, New York, NY 10112," and was returned on March 6, 2006.

12 07/116,208, page 6, footnote 3; 07/447,078, page 6, footnote 3; 07/588,715, page 6, footnote 3.

13 This other application to which Petitioner's representative refers is 07/127,279.

this mailing was "not recognized as a decision dismissing a petition until September 27, 2005¹⁴."

The reason that Mr. Maioli did not realize that the decision was a dismissal was because he did not read it, and merely assumed that his petition had been granted. Mr. Maioli has stated that he received the decision, but he "initially set it aside owing to the necessity to meet imminent prosecution deadlines¹⁵." Mr. Maioli would have the Office determine that this conscious decision not to read the material which the Office provided to him amounts to an extraordinary situation, where justice requires the waiver of the rules.

On September 27, 2005, when he finally got around to reading the decision which dismissed the petition associated with 07/127,279, Mr. Maioli realized that the decision was not a grant. At that time, he set about retaining a local service in Arlington to obtain copies of the other decisions which had not been received¹⁶. It seems likely that had he so much as skimmed the decision when he received it on September 6, 2005, he would have set about obtaining copies of the other decisions which had not been received, and an extension of time would not have been required for each of these related petitions. It is noted that the analysis contained in each of these related petitions was essentially identical, and as such, Mr. Maioli was on notice of each of the decisions which were not received.

This admission reveals that Mr. Maioli was indeed in possession of at least one of the decisions which he supposedly failed to receive - he merely was not aware that it had been received, because he decided not to read it. Mr. Maioli blames his mistake on an alleged error on the USPTO website, however had Mr. Maioli taken the time to review the mailing which was sent to him, it is almost certain that he would have acted on this matter sooner, and would not have required additional time to procure the additional materials. Failure to receive an Office communication and consciously deciding that one has more pressing matters to attend to are two very different

14 07/127,279, page 2. See also 07/127,279, page 2, paragraph 3.

15 Declaration of Jay Mailoi provided with the renewed petition on 37 C.F.R. §1.183, page 3, paragraph 3, associated with application number 07/127,279.

16 Declaration of Jay Mailoi provided with the renewed petition on 37 C.F.R. §1.183, page 2 of 07/116,208, 07/447,078, and 07/588,715.

situations altogether. Mr. Maioli would have the Office determine that he acted with diligence in responding to these submissions, but it would seem that consciously deciding to set a mailing aside without so much as glancing at the contents thereof is not consistent with the actions of a man who is acting in a diligent matter.

As such, Mr. Maioli has failed to establish that he failed to receive at least one of decisions, and it seems likely that had he diligently read the decision which he did receive, he would realize that there were other outstanding dismissals which required his attention.

In a situation such as this, the Office normally would not extend the period of response so that he could introduce new evidence after the expiration of the period for response set by 37 C.F.R. §1.378(e). However, in the interest of judicial economy, since each of these petitions within these two groupings contains essentially the same set of facts, it does not make sense to evaluate some with one level of evidentiary submissions, and some with another. As such, the present petition under 37 C.F.R. §1.183 will be **GRANTED**, so that the same evidence will apply to each of these applications.

The petition under 37 C.F.R. §1.378(e):

The standard

35 U.S.C. §41(c) (1) states:

The Director may accept the payment of any maintenance fee... after the six-month grace period if the delay¹⁷ is shown to the satisfaction of the Director to have been unavoidable.

§1.378(b) (3) is at issue in this case. Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 37 C.F.R. §1.137(a). This is a very stringent standard. Decisions on reviving abandoned applications on the basis of "unavoidable" delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable:

¹⁷ This delay includes the entire period between the due date for the fee and the filing of a grantable petition pursuant to 37 C.F.R. §1.378(b).

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 business¹⁸.

In addition, decisions are made on a "case-by-case basis, taking all the facts and circumstances into account."¹⁹ Nonetheless, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable."²⁰

An adequate showing that the delay in payment of the maintenance fee at issue was unavoidable" within the meaning of 35 U.S.C. 41(c) and 37 C.F.R. 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 C.F.R. §1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee under 37 C.F.R. 1.378(b).

Docketing 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.

Such a showing should identify the specific error, the individual who made the error, and the business routine in place for performing the action which resulted in the error. The showing must establish that the individual who erred 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 showing should include information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work functions

18 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 U.S.P.Q. 666, 167-68 (D.D.C. 1963), aff'd, 143 U.S.P.Q. 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913).

19 Smith v. Mossinghoff, 671 F.2d at 538, 213 U.S.P.Q. at 982.

20 Haines, 673 F. Supp. at 316-17, 5 U.S.P.Q.2d at 1131-32.

carried out, and checks on the described work which were used to assure proper execution of assigned tasks.

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) a business routine was in place for performing the clerical function that could reasonably be relied upon to avoid errors in its performance, and;
- (3) 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.

See MPEP 711.03 (c) (III) (C) (2).

An adequate showing should include (when relevant):

- (1) statements by all persons with direct knowledge of the circumstances surrounding the delay, setting forth the facts as they know them;
- (2) a thorough explanation of the docketing and call-up system in use;
- (3) identification of the type of records kept;
- (4) identification of the persons responsible for the maintenance of the system;
- (5) copies of mail ledger, docket sheets, filewrappers and such other records as may exist which would substantiate an error in docketing;
- (6) include an indication as to why the system failed in this instance, and;
- (7) 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.

**Portions of the Code of Federal Regulations and the MPEP
relevant to the abandonment of this application**

37 C.F.R. § 1.362 Time for payment of maintenance fees.

(a) Maintenance fees as set forth in §§ 1.20(e) through (g) are required to be paid in all patents based on applications filed on or after December 12,

1980, except as noted in paragraph (b) of this section, to maintain a patent in force beyond 4, 8 and 12 years after the date of grant.

(b) Maintenance fees are not required for any plant patents or for any design patents. Maintenance fees are not required for a reissue patent if the patent being reissued did not require maintenance fees.

(c) The application filing dates for purposes of payment of maintenance fees are as follows:

(1) For an application not claiming benefit of an earlier application, the actual United States filing date of the application.

(2) For an application claiming benefit of an earlier foreign application under 35 U.S.C. 119, the United States filing date of the application.

(3) For a continuing (continuation, division, continuation-in-part) application claiming the benefit of a prior patent application under 35 U.S.C. 120, the actual United States filing date of the continuing application.

(4) For a reissue application, including a continuing reissue application claiming the benefit of a reissue application under 35 U.S.C. 120, the United States filing date of the original non-reissue application on which the patent reissued is based.

(5) For an international application which has entered the United States as a Designated Office under 35 U.S.C. 371, the international filing date granted under Article 11(1) of the Patent Cooperation Treaty which is considered to be the United States filing date under 35 U.S.C. 363.

(d) Maintenance fees may be paid in patents without surcharge during the periods extending respectively from:

(1) 3 years through 3 years and 6 months after grant for the first maintenance fee,

(2) 7 years through 7 years and 6 months after grant for the second maintenance fee, and

(3) 11 years through 11 years and 6 months after grant for the third maintenance fee.

(e) Maintenance fees may be paid with the surcharge set forth in § 1.20(h) during the respective grace periods after:

(1) 3 years and 6 months and through the day of the 4th anniversary of the grant for the first maintenance fee.

(2) 7 years and 6 months and through the day of the 8th anniversary of the grant for the second maintenance fee, and

(3) 11 years and 6 months and through the day of the 12th anniversary of the grant for the third maintenance fee.

(f) If the last day for paying a maintenance fee without surcharge set forth in paragraph (d) of this section, or the last day for paying a maintenance fee with surcharge set forth in paragraph (e) of this section, falls on a Saturday, Sunday, or a federal holiday within the District of Columbia, the maintenance fee and any necessary surcharge may be paid under paragraph (d) or paragraph (e) respectively on the next succeeding day which is not a Saturday, Sunday, or Federal holiday.

(g) Unless the maintenance fee and any applicable surcharge is paid within the time periods set forth in paragraphs (d), (e) or (f) of this section, the patent will expire as of the end of the grace period set forth in paragraph (e) of this section. A patent which expires for the failure to pay the maintenance fee will expire at the end of the same date (anniversary date) the patent was granted in the 4th, 8th, or 12th year after grant.

(h) The periods specified in §§1.362 (d) and (e) with respect to a reissue application, including a continuing reissue application thereof, are counted from the date of grant of the original non-reissue application on which the reissued patent is based.

[49 FR 34724, Aug. 31, 1984, added effective Nov. 1, 1984; paras. (a) and (e), 56 FR 65142, Dec. 13, 1991, effective Dec. 16, 1991; paras. (c)(4) and (e) revised and para. (h) added, 58 FR 54504, Oct. 22, 1993, effective Jan. 3, 1994]

MPEP 2515 Information Required for Submission of Maintenance Fee Payment states, in part:

If a patent expires because the maintenance fee and any necessary surcharge have not been paid in the manner required by 37 C.F.R. 1.366, the patentee could proceed under 37 C.F.R. 1.378 (see MPEP § 2590), if appropriate, or could file a petition under 37 C.F.R. 1.377 (see MPEP § 2580) within the period set therein seeking to have the maintenance fee accepted as timely even though not all of the required identifying data was present prior to expiration of the grace period

2575 Notices

Under the statutes and the regulations, the Office has no duty to notify patentees when their maintenance fees are due. It is the responsibility of the patentee to ensure that the maintenance fees are paid to prevent expiration of the patent. The Office will, however, provide some notices as reminders that maintenance fees are due, but the notices, errors in the notices or in their delivery, or the lack or tardiness of notices will in no way relieve a patentee from the responsibility to make timely payment of each maintenance fee to prevent the patent from expiring by operation of law. The notices provided by the Office are courtesies in nature and intended to aid patentees. The Office's provision of notices in no way shifts the burden of monitoring the time for paying maintenance fees on patents from the patentee to the Office.

Application of the standard to the current facts and circumstances

As set forth in the original petition under 37 C.F.R. §1.378(b), Petitioner's representative uses an index-card based system of tracking the maintenance fees for the patents for which it is responsible for. Lewis Eslinger was the attorney responsible for the payment of the maintenance fees for this patent. When he retired in 1995, Mr. Maioli assumed responsibility for the payment of the maintenance fees for this patent²¹.

Petitioner's representative has no centralized department for ensuring the timely submission of maintenance fees - instead, it is up to each attorney to ensure that the maintenance fees are timely submitted for each of the

²¹ Original petition, pages 3 and 4. Renewed petition, page 2.

patents for which he/she is responsible²².

When a Notice of Allowance and Issue Fee due is received in the law firm, a docket clerk opens a computer program and inputs the issue date. The computer program then calculates the due dates for the 3 maintenance fees, and generates 3 maintenance fee prompts for each maintenance fee due date - 3 months after the payment window opens, on the date the maintenance fee is due, and when the window closes. The docket clerk handwrites the 3 maintenance fee due dates on the Notice of Allowance and Issue Fee due, and forwards the Notice to the responsible attorney.

When the letters patent arrives at the firm, the docket clerk will open the same computer program and double-check to make sure that the data was entered and computed correctly. The letters patent is then forwarded to the responsible attorney.

Once the letters patent is received, an index card is prepared for each patent. Each patent is listed on an individual index card. The index card is then filed in a drawer, and Petitioner's representative has a series of drawers arranged which correspond to particular dates. The index card is filed in a portion of a drawer which is assigned a date according to 3 years from the issue date.

When the 3-year period expires, the card is removed from the drawer and a letter is sent to the client, along with a list of all of the patent numbers for which maintenance fees are due. If no instructions are received to the contrary, payment is submitted to the Office. When payment is sent, the date on which the maintenance fee was submitted is indicated on the card along with a checkmark, and the card is moved to the file which corresponds to the time period during which the subsequent maintenance fee will be due.

Petitioner's representative has asserted that an index card was either not created, or not filed.

Petitioner's representative has submitted an amended declaration of Mr. Phillips to set forth the efforts which have been expended to locate a plurality of docket clerks which were involved in the activities which led to the failure to timely submit the maintenance fee for this patent. Mr. Phillips sets

²² Dunham declaration, submitted with the renewed petition on 07/116,208, 07/556,443, 07/588,715, 07/597,332, 07/789,448 and 07/761,817, paragraph 8, page 4.

forth that he "engaged an investigator" to attempt to locate Ms. Valdez, along with others²³. The investigator merely obtained address records from the New York State Department of Motor Vehicles, but did not procure any phone numbers.

It is noted that the New York State Department of Motor Vehicles might not have the current address of an individual who has since moved to another state.

Mr. Phillips reviewed the old personnel files of these employees, and retrieved phone numbers from the same. No mention has been made of any other searches which were performed for these individuals, by either the retained investigator or Mr. Phillips (such as an online search of various online directories) so it must be concluded that no other search was performed.

On October 20, 2005, Mr. Phillips telephoned Ms. Valdez, and the same agreed to discuss the matter with him on October 24, 2005²⁴. Petitioner's representative has failed to explain why Mr. Phillips did not merely discuss the matter with her while he had her on the phone. Ms. Valdez could not be reached by phone on the agreed date, so Mr. Phillips waited until November 14, 2005²⁵ to attempt to reach her again. Why he chose to wait over three weeks before calling again, when such an important matter as a patent was at stake, has not been revealed.

On October 21, 2005, Mr. Phillips sent Ms. Valdez a letter via Express Mail²⁶. Mr. Phillips was not able to confirm the whereabouts of Ms. Valdez.

Calling a phone number obtained from an old employment record and mailing a letter **does not constitute a diligent effort to locate** an individual. There is no indication that Mr. Phillips consulted any directories (in print or online) or consulted any online databases in an effort to find Ms. Valdez. The decision on the petition under Rule §1.183 noted that Senior Attorney Paul Shanoski conducted an online search using LexisNexis® and found several potential addresses for this individual, and the decision inquired as to what prevented Mr. Phillips from doing the same. **It does not appear that Petitioner's representative has addressed this inquiry in the present renewed petition.**

23 Amended declaration of Phillips, paragraph 4.

24 Amended declaration of Phillips, paragraph 6.

25 Amended declaration of Phillips, paragraph 7.

26 Amended declaration of Phillips, paragraph 5.

Petitioner's representative has included a declaration of facts from one Ms. Widenhouse, where it is set forth that Mr. Phillips requested that he perform an inventory of the Sony patents, to determine how many patents were assigned to Sony and named Maioli, Dowden, or Eslinger as a legal representative²⁷. Ms. Widenhouse was also asked to review all the index cards that were prepared for this client²⁸. It was determined that there were 526 Sony patents, and out of these 526 patents, index cards had not been located for 38 of them²⁹.

Petitioner's representative has Failed to Treat the Expiration of these Patents as his Most Important Business

Petitioner's representative would have the Office determine that the failure to timely submit these maintenance fees in a timely manner was unavoidable. As set forth above, Mattullath makes it clear that in order to have the failure considered to have been unavoidable, Petitioner's representative must establish that he treated these patents and the revival thereof with the same level of care that prudent and careful men would exhibit in relation to their most important business.

Mr. Maioli has established that he had other matters which he considered to have been more pressing than the matter at hand. As discussed above, Mr. Maioli has stated that he received the decision pertaining to 07/127,279 on September 6, 2005, but he elected not to read it until September 27, 2005. Instead of reading the decision, he "initially set it aside owing to the necessity to meet imminent prosecution deadlines³⁰."

The maintenance fee tracking system which Petitioner's representative has instituted has failed to ensure the timely payment of a plurality of maintenance fees; Petitioner's representative has thus filed a plurality of petitions, in an attempt to revive these expired patents. Had Mr. Maioli treated these expired patents as his most

27 Widenhouse declaration, paragraph 2.

28 Widenhouse declaration, paragraph 3.

29 Widenhouse declaration, paragraph 4. See also Dunham declaration, submitted with the renewed petition under 37 C.F.R. §1.378(e) for 07/556,443, 07/588,715, 07/597,332, 07/700,866, 07/691,817, and 07/789,448, paragraph 14b, page 7.

30 Declaration of Jay Mailoi provided with the renewed petition on 37 C.F.R. §1.183, paragraph 3, page 3 07/127,279. See also footnote 3, page 6 of 07/789,448, as well as page 2, paragraph 3 of the March 6, 2006 declaration of Mr. Mailoi, submitted with 07/891,448.

important business, it seems that he would have been rather interested in immediately reading any decision which he received that pertained to any one of these expired patents. But such is not the case.

A prudent and careful man, acting in relation to his most important business, would not have received correspondence pertaining to his most important business, and set it aside so that attention could be focused on other matters, to the exclusion of the matter at hand, for the better part of a month. By Mr. Maioli's own admission, ensuring the revival of these patents was not Mr. Maioli's most important business. Mr. Maioli considered his most important business to have been meeting these "imminent prosecution deadlines," and as such, the Office cannot determine that the failure to timely submit any of these maintenance fees was unavoidable, as defined by Mattullath. The failure to treat this single issue as his most important business applies equally to each of these patents which have expired for failure to submit the maintenance fees, since this single issue is common to all. It follows that pursuant to Mattullath, this action precludes the Office from granting any of these petitions.

Petitioner's representative has Failed to Enact Steps which could have been Reasonably Relied upon Ensure the Timely Submission of the Maintenance Fees

Petitioner's representative has filed a plurality of petitions, seeking the revival of patents which have expired for failure to timely submit the maintenance fee. These maintenance fees were not submitted because **the index card tracking system which Petitioner's representative has implemented does not work.** As set forth in the Widenhouse declaration of facts, Mr. Phillips requested that Ms. Widenhouse perform an inventory of the Sony patents, to determine how many index cards were not prepared for this client. Out of a sample of 530 Sony patents, index cards had not been prepared for 38 of them. As such, this constitutes a 7 percent error rate.

The business system which Petitioner's representative has enacted for tracking maintenance fees is completely dependent on the accurate preparation of index cards, and it is clear that 7 percent of the time, index cards are not created. In other words, for every 100 maintenance fees which Petitioner's **representative is responsible for paying, 7 of them will be**

missed. **This is a high error rate**, and evinces the failure of Petitioner's representative to enact steps which can be reasonably relied upon to ensure the timely submission of maintenance fees.

It should be noted that Petitioner's representative has in place a parallel computerized docketing system, but it appears that when an index card is not created, the maintenance fee for the corresponding patent will not be paid. As set forth in paragraph 14e on page 8 of the Dunham declaration, submitted with the renewed petition on 07/556,443, 07/588,715, 07/597,332, 07/700,866, 07/789,448 and 07/691,817:

...it is clear that there is a strong positive correlation between the presence or absence of a card for a patent in the card file and the date on which the patent was reported and sent to Sony...

Therefore, Petitioner's representative has in place two docketing systems: an index card based system, and a computer based system. However, if an index card is not properly prepared, the entire system will fail:

If a card had properly been created for the maintenance fee docket reminder system for the subject patent, then the subject patent would have been listed in the letter and the maintenance fee would have been paid.

Original petitions for 07/556,443, 07/588,715, 07/691,817, 07/700,866, 07/116,208, 07/127,279, page 5, 07/597,332 pages 5-6
The clerical error in failing to make the maintenance fee index card resulted in the failure to make the first, second, and third maintenance fee payment for this patent.

Renewed petition under 37 C.F.R. §1.378(e), for 07/597,332 and 07/556,443, page 6.

The reason that the system will fail if an index card was not properly prepared, even though there is an entirely separate parallel computerized system in operation, is that the computerized docketing system is not relied upon:

While the subject patent and the maintenance fee due dates were docketed in the computerized docketing database, the computerized docketing database was not the primary system relied upon by the undersigned attorney for the payment of maintenance fees, as he continued to use the docket card reminder system...

Original petitions for 07/556,443, 07/588,715, 07/691,817, 07/700,866, 07/116,208, and 07/127,279, 07/597,332, page 8.

Therefore, the timely submission of a maintenance fee is entirely dependent upon the proper preparation and filing of an index card. If an index card is not properly prepared and filed, the maintenance fee will not be timely paid, even if the reminder appears in the computerized docketing system.

For example, with 07/700,866, Petitioner's representative explains a situation where Ms. Valdez failed to prepare an index card³¹. It seems that the letters patent was received by the firm, and forwarded to Mr. Eslinger. The assignee requested a copy of the letters patent, and sent a facsimile to Mr. Maioli. Normally, upon the mailing of a letters patent, an index card would have been created. In this circumstance however, Mr. Maioli instructed his secretary to retrieve the letters patent and send it to the assignee - thus the letters patent was not mailed via the proper channel, and Ms. Valdez consequently never prepared a maintenance fee reminder index card for this patent:

By taking the Letters Patent from what apparently was a backlog of patents to be sent and cards to be made, when the time came for Miss Valdez (or other legal assistant) to make the card, the patent was not there. Therefore, Miss Valdez (or other legal assistant) did not make a card for the present patent because the patent had already been sent off and was not in her possession any longer.

Renewed petition, 07/800,866, pages 5-6.

As such, Petitioner's representative's system is not one which can be reasonably relied upon - since there is no single centralized department preparing these cards, it appears rather simple for a seemingly innocuous disruption in the workflow to have disastrous ramifications. When Mr. Maioli sent his secretary to obtain the letters patent, this resulted in a failure to prepare an index card, and the maintenance fee payment was consequently missed. Why Mr. Maioli's unnamed secretary failed to prepare an index card prior to mailing the letters patent however, has not been addressed.

Finally, it appears that this system was destined to fail from the start. The entire system is dependent upon the proper preparation of index cards, yet it does not appear that Petitioner's representative is in the practice of preparing a master list of index cards which have been created, so that a reviewer could determine whether a card has been prepared for every patent.

³¹ Renewed petition under 37 C.F.R. §1.378(e), 07/800,866, page 5.

Petitioner's representative has Failed to Establish that
Reliance upon the Employee constituted Due Care

Petitioner's representative has set forth that Ms. Valdez failed to prepare the index card³².

The degree of supervision of Ms. Valdez's work has not been revealed.

Examples of other work functions carried out by her has not been provided, and it does not appear that any checks were made on her work, to assure proper execution of assigned tasks.

It is not entirely clear why this card was not created. The index card should have been prepared prior to mailing the letters patent to the client.

Petitioner's representative has Failed to Identify the Cause of
the Error

Petitioner's representative is at a loss to explain why Ms. Valdez failed to prepare an index card for 07/588,715.

Petitioner's representative has prepared an inventory of the index cards which are associated with patents which have been assigned to Sony. Petitioner's representative has not been able to locate 38 of them. The failure to locate a particular card suggests that the card was never created, however it is equally possible that the card was created, and merely mis-filed. It is not clear whether a mis-filed card would have necessarily shown up during this inventory. Therefore, Petitioner's representative has no way of discerning whether these missing index cards were never prepared, or if they were prepared and merely mis-filed in the wrong location. As such, Petitioner's representative cannot identify with specificity the exact cause for the failure to timely submit the maintenance fee - while he has asserted that a card was not created, it is equally possible that a card was properly created, and simply mis-filed. **As such, Petitioner's representative cannot identify with specificity the exact cause for the failure to timely submit the maintenance fee.**

32 Renewed petition under 37 C.F.R. §1.378(e) for 07/588,215, page 5.

Petitioner's representative has Failed to Provide Statements
from each of the Involved Parties

Petitioner's representative has not provided statements by all persons with direct knowledge of the circumstances surrounding the delay. No statement has been provided from Mr. Eslinger or Ms. Valdez. As such, any discussion as to their particular culpability towards, or inactions which led to the failure to submit the maintenance fee, amounts to mere speculation.

Pursuant to 35 U.S.C. §41(c)(1), it is the burden of Petitioner's representative to establish to the satisfaction of the Director that the delay was unavoidable. Petitioner's representative has been informed on numerous occasions that statements from these individuals would be required in order for the Office to determine that the failure to timely submit maintenance fees was unavoidable. Petitioner's representative has failed to provide these statements.

Summary

The search for the responsible employee fails to constitute a diligent effort. Petitioner's representative has again failed to reveal what prevented Mr. Phillips from using an online database to perform his search.

Petitioner's representative has not shown that steps were in place which would ensure the timely payment of the maintenance fee.

Mr. Maioli failed to treat this patent as his most important business.

The computerized docketing system was not utilized, and the index card system was not reliable.

Petitioner's representative cannot discern whether an index card was created and mis-filed or never created at all.

Petitioner's representative cannot explain why the card was not prepared or properly filed.

Petitioner's representative has not revealed the degree of supervision of this employees' work.

Petitioner's representative has not provided examples of other work functions carried out by this employee.

It does not appear that any checks were made on her work, to assure proper execution of assigned tasks.


No statement from either the responsible employee or the responsible attorney has been provided.

Conclusion

The prior decision which refused to accept, under 37 C.F.R. §1.378(b), the delayed payments of the maintenance fees for this patent has been reconsidered. For the above stated reasons, the delay in these cases cannot be regarded as unavoidable within the meaning of 35 U.S.C. §41(c)(1) and 37 C.F.R. §1.378(b).

Since this patent will not be reinstated, Petitioner's representative is entitled to a refund of the surcharge and maintenance fees, but not the \$400 fee associated with the filing of the instant renewed petition under 37 C.F.R. §1.378(e), or the \$400 associated with his requests to waive the same. These fees will be refunded to Petitioner's representative's Deposit Account in due course.

Telephone inquiries regarding *this decision* should be directed to the Senior Attorney Paul Shanoski at (571) 272-3225³³. All other inquiries concerning examination procedures or status of the application should be directed to the Technology Center.



Charles Pearson
Director
Office of Petitions
United States Patent and Trademark Office

³³ Petitioner's representative will note that all practice before the Office should be in writing, and the action of the Office will be based exclusively on the written record in the Office. See 37 C.F.R. §1.2. As such, Petitioner's representative is reminded that no telephone discussion may be controlling or considered authority for Petitioner's representative's further action(s).