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In re Patent No. 5,314,213 :
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Application No. 08/013,142 :
Filed: February 1, 1993 :
Attorney Docket No. 67940-36530 :

OFFICE OF PETITIONS

ON PETITION UNDER
37 CFR 1.378(b)

This is a decision on a renewed petition under 37 CFR 1.378(e) filed December 20, 2006, requesting reconsideration of a prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent.

The request to accept the delayed payment of the maintenance fee under 37 CFR 1.378(b) is DENIED.¹

BACKGROUND

The patent issued May 24, 1994. The second maintenance fee was due on November 24, 2001, and could have been paid during the period from May 24, 2001 through November 26, 2001 (November 24 being a Saturday), or with a surcharge during the period from November 27, 2001 through May 24, 2002. The above-identified patent expired as of midnight May 24, 2002, by operation of law. See 35 U.S.C. § 41(b).

A petition under 37 CFR 1.378(b) to accept late payment of the second and third maintenance fee was filed May 16, 2006. Petitioner asserted that the delay in payment was unavoidable due to an error performed with respect to the second maintenance fee payment by an otherwise reliable employee of Jspan, Schlesinger Hoffman LLP (JSH). Petitioner additionally alleges the employee did attempt payment of the second maintenance fee on June 24, 2002.

The petition was dismissed in the decision of October 20, 2006. The decision held that, *inter alia*, the evidence did not adequately explain the steps taken to ensure timely payment of the second maintenance fee or the entire delay in making the second maintenance fee payment. The decision also requested additional information from the petitioner relating to Octroibureau Los en Stigter

¹ This decision may be viewed as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1002.02. No further consideration or reconsideration of this matter will be given. See 37 CFR 1.378(e).

B.V. (L&S) and JSH docketing and tracking systems, the reliability of these docketing and tracking systems, and procedures JSH and L&S had in place to review maintenance fee payments.

The instant petition, requesting reconsideration, was filed December 20, 2006.

STATUTES AND REGULATIONS

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

The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.²
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent will expire as of the end of such grace period.

35 U.S.C. § 41(c)(1) states, in pertinent part, that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section . . . at any time after the six-month grace period if the delay is shown to the satisfaction of the Director 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 Director may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have been unavoidable. 35 U.S.C. § 41(c)(1). Upon review of the entire record,

² These were the maintenance fees in effect as of the date the original petition was filed on May 16, 2006. The fees are subject to an annual adjustment on October 1. See 35 U.S.C. § 41(f). The fees are reduced by fifty (50) percent for, as here, a small entity. See 35 U.S.C. § 41(h)(1).

petitioner has not established to the satisfaction of the Director that the entire delay in payment of the maintenance fees from the date of expiry of the above-identified patent until the filing of the petition to reinstate was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b)(3).

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 in responding to an Office action 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, 514-515 (D.C. Cir. 1912); and Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141. 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, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

As 35 U.S.C. § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 U.S.C. § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. That is, 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 CFR 1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the maintenance fee for this patent. Id. Moreover, 35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unavoidable. Cf. Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960)(35 U.S.C. § 133 does not require the Commissioner to affirmatively find that the delay was avoidable, but only to explain why the applicant's petition was unavailing). Therefore, it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Director that the delay in payment of a maintenance fee is unavoidable. See 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); Ray v. Lehman, supra.

As an adequate showing requires a showing of the steps taken by the responsible party to ensure timely payment of maintenance fees, the focus must be on the rights of the parties as of the time of expiration, so as to ascertain the responsible person. See Kim v. Quigg, 718 F.Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989). That is, the patent holder is ultimately responsible for payment of the maintenance fee. Office records indicate Georg Fischer Waga N.V. (Georg Fischer) is the patent holder or owner of the above-identified patent and, therefore, owned the rights to the above-identified patent when the second maintenance fee for the above-identified patent fell due on November 26, 2001 (November 24 being a Saturday), as well as some six months later when this patent expired by operation of law at midnight on May 24, 2002. As Georg Fischer owned the entire interest in the above-identified patent at the time of expiration, it is the actions or inactions of Georg Fischer, as the responsible party, that are material in this inquiry. Id.

As the owner, Georg Fischer also needs to demonstrate the steps in place to schedule and pay the second maintenance fee or to obligate another to make the payment. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). The evidence of record indicates that L&S began representing Georg Fischer in 1997 and that L&S began working and corresponding with Murray Schaffer (Schaffer), a U.S. practitioner, in 1997 with respect to the above-identified patent. See page 2 of the "Showing in Support of Petition To Accept Unavoidably Delayed Payment of Maintenance Fee in an Expired Patent (37 CFR § 1.378(b))" (Showing). The evidence also includes an explanation that Schaffer was hired by JSH on or about April 2, 2001, along with a paralegal, Barbara Patton Silvagni (Silvagni), and the file for the above-identified patent was transferred to JSH in April 2001. See pages 2-3 of the Showing. The Showing also alleges that Silvagni³ mailed a maintenance fee reminder letters for the above-identified patent to L&S on April 24, 2001 and March 11, 2002. See Exhibits B and D of the Showing. A March 28, 2002 letter from JSH also states that it "shall attend to the payment of the required fee in due course." See Exhibit F of Showing. Based on the above evidence, JSH obligated itself to track and pay the second maintenance fee for the above-identified patent.

Even where another has been relied upon to pay maintenance fees, such asserted reliance by itself does not provide a petitioner with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). Id. Rather, such reliance merely shifts the focus of the inquiry from the petitioner to whether the obligated party acted reasonably and prudently. Id. Nevertheless, a petitioner is bound by any errors that may have been committed by the obligated party. Id. In the absence of a showing that the obligated party was engaged in tracking the maintenance fee due dates, and that party had, in fact, been tracking the due dates with a reliable tracking system such as would be used by prudent and careful mean in relation to their most important business, petitioner cannot reasonably show that the delay was unavoidable delay. In re Katrapat, 6 USPQ2d 1863, 1867-1868 (Comm'r Pat. 1988); California, supra. The inquiry thus shifts to whether JSH acted in a reasonable and prudent manner with respect to their most important business to ensure that the second maintenance fee for the above-identified patent would be paid timely.

On this point, petitioner argues that Silvagni miscalculated the second maintenance fee due date for the above-identified patent and that this miscalculation was the reason for the delay. 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:

- (A) the error was the cause of the delay at issue;
- (B) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and
- (C) the employee was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care.

See In re Egbers, 6 USPQ2d 1869, 1872 (Comm'r Pat. 1988), rev 'd on other grounds sub nom., Theodor Groz & Sohne & Ernst Bechert Nadelfabrik KG v. Quigg, 10 USPQ2d 1787 (D.D.C. 1988); In re Katrapat, 6 USPQ2d 1863, 1867-68 (Comm'r Pat. 1988). In the last decision mailed October 20, 2006, inquiries were made with respect to the above elements in order to provide a basis for a showing of unavoidable delay. Based on the evidence of record, petitioner has failed to

³ For purposes of this decision, it is assumed that Bobbi Patton and Barbara Patton Silvagni are the same person. Petitioner has not notified the Office that this is an incorrect assumption.

demonstrate to the satisfaction of the Director that the error was the cause of the delay, that there was in place a business routine for performing the clerical function of calculating the maintenance fee due dates that could be reasonably relied upon to avoid errors in its performance and that Silvagni was sufficiently trained and experienced with regard to this function and routine that reliance upon her represented the exercise of due care.

Regarding element (A), the record shows the miscalculation of the second maintenance fee due date on two correspondences between JSH and L&S. The April 24, 2001 letter addressed to L&S states the maintenance fee was due by December 24, 2001 (when the fee was properly due by November 26, 2001). See Exhibit B of the Showing. The March 11, 2002 reminder letter addressed to L&S states the maintenance fee was due on June 24, 2002 (when the fee was properly due by May 24, 2002 with a late surcharge). See Exhibit D of the Showing. The Showing also states that JSH attempted to pay the maintenance fee for the above-identified patent on June 24, 2002, a month after the expiration of the above-identified patent. See Exhibit H-1 of the Showing. However, the record fails to explain why the maintenance fee was not paid by JSH "as soon as possible" upon the first request made by L&S in a facsimile dated September 3, 2001. See Exhibit C of Showing. Although the decision mailed October 20, 2006 requested an explanation why the second maintenance payment was not made in September 2001 when initially requested, neither JSH nor L&S have clarified this oversight. If JSH had timely followed through on the September 3, 2001 request by L&S to pay the second maintenance fee, the second maintenance fee payment would have been timely made, and any miscalculation of the due date purportedly made by Silvagni would not have resulted in the delay in paying the maintenance fee. Moreover while the L&S email sent to JSH referenced in the renewed petition is not provided, the petitioner states that L&S had a "tax reminder" or tracking system in their office. In the renewed petition, L&S admits that "the tax reminder system in their office has functioned properly" and that the renewal date was properly calculated as November 24, 2001. To further demonstrate the proper functioning of L&S system, the renewed petition refers to Exhibit C of the Showing and the reference number 6028/ 1124, where allegedly, the "1124" represents November 24. Thus while L&S was aware of the correct due date for the second maintenance fee, there is no evidence that L&S attempted to point out or correct the mistake performed by JSH and to ensure timely payment of the second maintenance fee, as would have been done by those in relation to their most important business. Given that L&S has the opportunity to correct the mistake purportedly made by Silvagni, this error does not appear to be the sole cause of the delay at issue.

Petitioner's diligence in this matter is also an essential component to a showing of unavoidable delay. The absence of evidence that JSH or L&S reviewed whether the maintenance fee was paid when the opportunity arose, as would be done by a prudent and careful business person with their most important business, fails to demonstrate that either party exercised diligence in attempting to timely pay the second maintenance fee or in seeking reinstatement during the entire period of delay. See R.R. Donnelley & Sons Company v. Dickinson, 123 F.Supp.2d 456, 57 USPQ2d 1244 (N.D.II. 2000). 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). For example, L&S's tracking system had calculated the correct due date for the above-identified patent. L&S, however, does not indicate that they pointed out to JSH the correct due date in any of its responses to the JSH letters. L&S also requested acknowledgement of the instructions to pay the maintenance fee on September 3, 2001. For some five months, L&S did not receive a letter from

JSH nor did they inquire with JSH about the payment. On March 11, 2002, instead of an acknowledgement from JSH, L&S received a second letter regarding instructions to make the second maintenance fee payment. On March 14, 2002 and referencing the September 3, 2001 facsimile, L&S faxed another request to pay the maintenance fee. L&S received a March 28, 2002 letter stating that JSH "shall attend to the payment of the required fee in due course." In the renewed petition, L&S appears to have treated the March 28, 2002 letter as a confirmation of payment of the maintenance fee. It is not, however, until the June 24, 2002 letter that JSH actually states, "we have attended to the payment of the Maintenance Fee payment[.]" The June 24, 2002 letter also states, "[a]s soon as we receive the official Maintenance Fee Statement, we shall forward the same to you." Upon requesting information regarding whether L&S received such Maintenance Fee Statement, they explained, "Los & Stiger also stated that confirmation of payment of the maintenance fees was received on 28 March 2002. Los & Stiger found no reason to question whether the payment was made." As stated above, the March 28, 2002 letter does not confirm payment, but rather states JSH will attend to payment. Reliance on this letter as confirmation does not show L&S exercise reasonable care and diligence, as would be practiced with one's most important business, to ensure that the maintenance fee payment was timely made.

Moreover, JSH has not demonstrated it exercised diligence in seeking reinstatement during the entire period of delay because several occasions existed to alert JSH, prior to the original petition filed on May 16, 2006, that the Office had not received the second maintenance fee payment for the above-identified patent. JSH states the check for the maintenance fee payment was not deposited by the Office and that JSH stopped payment on the check "approximately one year later." Although the Office inquired in the October 20, 2006 decision about the procedures JSH had in place to review a file or account for a maintenance fee payment when JSH stopped payment on a check, no further explanation was provided. The renewed petition fails to explain why JSH did not review or account for the non-negotiated second maintenance fee payment, approximately one year later, when JSH discovered the PTO did not deposit the check and decided to stop payment on the check. Also in the June 24, 2002 letter to L&S, Silvagni acknowledges, "[a]s soon as we receive the official Maintenance Fee Statement, we shall forward it to you." An inquiry in the October 20, 2006 decision regarding whether JSH receive a Maintenance Fee Statement from the Office regarding the above-identified patent or whether JSH have a procedure in place to review a file where they do not received a Maintenance Fee Statement were also left unanswered. As stated in the previous decision, if payment for the maintenance fee had in fact been sent to the Office and was refused or not deposited, a Non-Acceptance letter would have been sent back to the customer. Another inquiry regarding whether JSH receive the Non-Acceptance letter from the Office was also not provided. Finally on September 9, 2005, L&S requested the third maintenance fee for the above-identified patent be paid. This information should have alerted JSH to review the file. However, it was not until some eight months later, that the petition to reinstate was filed. All of these failures to follow up in timely fashion reflect the error or miscalculation of the second maintenance fee due date was not the only cause of the delay at issue and provides a rational basis that the evidence of record does not demonstrate that the miscalculation was the only cause of the delay in paying the second maintenance fee.

As for element (B), petitioner must show or demonstrate there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance. Petitioner asserted on pages 3 and 7-8 of the Showing that the Intellectual Property group of JSH maintained three docketing systems for the above-identified patent, including (1) a

card catalog system, (2) a paper and calendar system and (3) an electronic system. In the last decision mailed October 20, 2006, inquiries were made regarding JSH's three referenced tracking systems and requested information and copies of applicable documentation regarding: (a) how maintenance fee due dates are entered into and tracked using these systems; (b) how the responsible party handles requests to pay maintenance fee, including what procedure would be followed specifically for the above-identified patent; (c) whether and when the above-mentioned docketing and tracking systems alerted JSH of the second or third maintenance fee for the above-identified patent; and (d) whether there was a procedure for resolving perceived differences in the due date for a maintenance fee payment for a specific patent in the three systems. Unfortunately, no further explanation or documentation was provided by JSH related to its tracking systems. As stated previously, the petitioner has burden under the statutes and regulations to show to the satisfaction of the Director that the delay in payment of a maintenance fee is unavoidable. Because petitioner has failed to provide the Office with the necessary information to determine whether JSH had in place a reliable tracking system, such as would be used by prudent and careful men in relation to their most important business, petitioner has not met its burden of showing under the statutes and regulations to the satisfaction of the Director that the delay in payment of a maintenance fee is unavoidable.

As for element (C), the petition has not demonstrated that the employee responsible for maintenance fee payments 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. In the previous decision, the Office requested petitioner provide information regarding: (a) who were the person(s) responsible at JSH for docketing, tracking and paying maintenance fees during the period in question; (b) evidence concerning the training and experience of all persons responsible for the alleged error at JSH; and (c) supervision of people responsible at JSH for paying maintenance fee. Once again, no further information was provided. On the record, the Showing includes letters from Silvagni regarding the payment of the second maintenance fee for the above-identified patent. The Showing also states on pages 4-5 and 8 that Schaffer and Silvagni had been employed in patent practice for many years. The Showing further asserts that Schaffer and Silvagni were experienced personnel, that such an error in paying the second maintenance fee timely was entirely unforeseen and that JSH had reasonably relied on Schaffer's and Silvagni's expertise to continue to run the practice as they had for years. However as stated previously, these statements are conclusory, and petitioner has provided no documentation to support these statements. The petitions and Showing fail, therefore, to provide any documentary evidence demonstrating the person responsible for making the second maintenance fee payment for the above-identified patent, including Silvagni, was sufficiently trained and experienced with regard to paying maintenance fees that reliance upon the responsible party demonstrates the exercise of due care.

As to the allegation that Silvagni hid or destroyed documents, the petitions and Showing do not provide any evidence that documents related to the above-identified patent were hidden or destroyed, such that the delay in paying the second maintenance fee until the filing of the present petition was unavoidable.

In conclusion, the petitioner has not carried its burden of establishing to the satisfaction of the Director the entire delay in paying the second maintenance fee was unavoidable. The evidence does not demonstrate reasonable care was taken to ensure that the maintenance fee would be paid timely or that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing also does not demonstrate the purported miscalculation

by Silvagni was the cause of the delay at issue, that there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance, or that the responsible employee for the clerical error 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 Office, therefore, has a rational basis for finding that petitioner has not carried its burden of establishing to the satisfaction of the Director the entire delay in paying the second maintenance fee was unavoidable.

DECISION

The prior decision, which refused to accept the delayed payment of a maintenance fee for the above-identified patent under § 1.378(b), has been reconsidered. For reasons previously stated and given above, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

The petition submitted on December 20, 2006 did not include the \$400 petition fee for reconsideration as required by 37 CFR 1.378(e). Based on the general authorization to charge fees to Deposit Account 50-1844 set forth in the original petition filed May 16, 2006, the \$400 fee has been charged.

Since this patent will not be reinstated, the second and third maintenance fees (\$2300 and \$3800) and surcharge (\$700) remitted by petitioner, totaling \$6800, will be credited to the authorized deposit account in due course. The \$400 fee for requesting reconsideration is not refundable.

The patent file is being returned to the Files Repository.

Telephone inquiries should be directed to Denise Pothier at (571) 272-4787.



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