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OFFICE OF PETITIONS

In re Patent No. 5,781,985 :
Issued: July 21, 1998 :
Application No. 08/418,657 : DECISION ON PETITION
Filed: April 10, 1995 :
METHOD FOR MAKING A GYRO :
APPARATUS :

This is a decision in reference to the "PETITION FOR RECONSIDERATION" filed on March 24, 2006, which is treated as a petition under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 1.378(b)¹ the delayed payment of a maintenance fee for the above-referenced patent.

The petition under 37 CFR 1.378(e) is DENIED.

BACKGROUND

The patent issued April 10, 1995. The first maintenance fee could have been paid from July 21, 2001, through January 21, 2002, or, with a surcharge during the period from January 22, 2002, through July 21, 2002. Accordingly, the patent expired at midnight July 21, 2002, for failure to timely submit the first maintenance fee.

¹ A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must be include

- (1) the required maintenance fee set forth in § 1.20(e) through (g);
- (2) the surcharge set forth in §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.

Petitioner states, in their original petition, that the assignee for the subject patent is Tokimec, Inc. and that the assignee for the subject patent is represented by a foreign associate law firm, Shin-Yu International Firm (hereinafter Shin-Yu). Petitioner further states that the attorneys and other personnel at the law firm of Bauer & Schaffer (hereinafter "B&S") were hired by the law firm of Jspan Schlesinger Hoffman LLP (hereinafter "JSH") in April, 2001. The file, and responsibility for payment of the maintenance fees, for the present patent was transferred from B&S to JSH in November, 2001. "On information and belief," assert petitioners, "B&S continued to exist, but it was not functioning as a business." As such, although the file was transferred to JSH, it "remained under the care of the B&S personnel within the Firm's Intellectual Property Group" which consisted of Ms. Barbara Silvagni and Ms. Panagiota Betty Tufariello.

Petitioner further asserts that Ms. Barbara Silvagni sent reminder letters to Shin-Yu regarding the need to pay the 3.5-year maintenance fee for the '985 patent. Notwithstanding the previous practice of paying the maintenance fee and billing the client later, this letter requested that Shin-Yu pay the maintenance fee upfront because it was a large expense. Ms. Silvagni sent two additional reminder letters to Shin-Yu on July 26, 2002, and November 25, 2002. Petitioner states that JSH received payment for the 3.5-year maintenance fee on March 13, 2003, but the '985 patent was already expired.

On March 8, 2004, JSH hired Alexander G. Vodovozov, a patent attorney, to assist Ms. Silvagni with the patent files until November 11, 2004, when Ms. Silvagni took maternity leave. Ms. Silvagni allegedly became aware that the patent expired and attempted to reinstate the patent by filing a petition under 37 CFR 1.378(c) on September 27, 2004. The petition under 37 CFR 1.378(c) was dismissed as untimely. A petition under 37 CFR 1.378(b) was filed on December 19, 2005, and dismissed by decision mailed January 25, 2006. The decision noted that no explanation was provided for why the monies for the maintenance fee were not timely sent to JSH by either Tokimec or Shin-Yu despite their being timely notified that the maintenance fee was coming due and that JSH would not front the payment. The decision required that petitioner establish that Tokimec's delay in remitting the funds for the maintenance fee was unavoidable. The decision further noted that a petition under 37 CFR 1.378(c) was filed on September 27, 2004, by Barbara Silvagni for Alex Vodovozov. The petition was dismissed by a decision mailed December 14, 2004. The petition under 37 CFR 1.378(b) was not

filed until one-year after the petition under 37 CFR 1.378(c) was dismissed. The petition also required petitioner to establish that the entire delay was unavoidable, including the one-year period of delay in filing the petition under 37 CFR 1.378(b).

The instant petition under 37 CFR 1.378(e) was filed on March 24, 2006. The petition is accompanied by the affidavit of Alexander Vodovozov. Petitioner further states that Mr. Vodovozov discovered that Ms. Silvagni had arranged to have mail collected until she had an opportunity to screen it. If the mail revealed issues or problems that were precipitated by Ms. Silvagni's inaction or inattention, Ms. Silvagni allegedly hid or disposed of the mail. Consequently, JSH was not aware of the issues relative to the non-payment of maintenance fees. Petitioner states that JSH became aware of the expiration of the patent by a letter dated October 13, 2005 from Shin-Yu in which Shin-Yu informed JSH that, after conducting a search, Shin-Yu discovered that the several patents of Tokimec, Inc. had expired.

Petitioner maintains that JSH acted reasonably and diligently in relying on Ms. Tufariello and Ms. Silvagni to maintain the subject patent because of their years of experience with such matters. Petitioner further maintains that the alleged impropriety of Ms. Silvagni could not have been foreseen. Further, petitioner maintains that Shin-Yu was diligent in tracking the maintenance fees payments of its clients as demonstrated by its discovery of the non-payment of the 3.5-year maintenance fee. Petitioner also asserts that Shin-Yu could not have foreseen such events after entrusting its clients to the personnel of B&S or many years.

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

The Director may accept the payment of any maintenance fee required subsection (b) of this section which is made within twenty-four months after the six-month grace period if this delay is shown to the satisfaction of the Director to have been unintentional, or 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 an unavoidably 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".² A patent owner's failure to pay a maintenance fee may be considered to have been "unavoidable" if the patent owner "exercised the due care of a reasonably prudent person."³ This determination is to be made on a "case-by-case basis, taking all the facts and circumstances into account."⁴ Unavoidable delay under 35 U.S.C. § 41(b) is measured by the same standard as that for reviving an abandoned application under 35 U.S.C. § 133.⁵ Under 35 U.S.C. § 133, the Director may revive an abandoned application if the delay in responding to the relevant outstanding Office requirement is shown to the satisfaction of the Director to have been "unavoidable". Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁶ However, 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.⁷ In

² 35 U.S.C. § 41(c)(1).

³ Ray v. Lehman, 55 F.3d 606, 608-09 (Fed.Cir.), cert. denied, -- U.S. ---, 116 S.Ct. 304, L.Ed.2d 209 (1995).

⁴ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁵ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (PTO Comm'r 1988).

⁶ Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887)(the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business"); In re Mattullath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913).

⁷ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

view of In re Patent No. 4,409,763,⁸ this same standard will be applied to determine whether "unavoidable" delay within the meaning of 37 CFR 1.378(b) occurred.

The showing of record is inadequate to establish unavoidable delay within the meaning of 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 identical language (i.e. "unavoidable delay").⁹ Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.¹⁰ In this regard:

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 business. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.¹¹

As 35 U.S.C. § 41(c) 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. §

⁸ 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd sub nom. Rydeen v. Quigg, 748 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992).

⁹ 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. 1989)).

¹⁰ 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 by prudent and careful men in relation to their most important business").

¹¹ 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 USPQ 666, 167-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913). In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

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.¹² That is, an adequate showing that the delay 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 to ensure the timely payment of the maintenance fees for this patent.¹³

A petition to accept delayed payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate, verified 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, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1).

Although petitioner states that Shin-Yu acted reasonably and diligently relative to the maintenance of its client's patents, the petition does not establish that the Shin-Yu's delay in forwarding the payment for the 3.5-year maintenance fee to JSH was unavoidable. Shin-Yu's untimely remittance of the payment for the 3.5-year maintenance fee is material because this was the reason the patent expired initially and began the period for delay that is at issue. Notwithstanding the alleged impropriety of Ms. Silvagni relative to the maintenance of the subject patent and other patents of Tokimec, Inc., petitioner states that Ms. Silvagni did, in fact, send Shin-Yu a reminder letter relative to the 3.5-year maintenance fee on November 27, 2001—months prior to the expiration of the patent. Yet, JSH did not receive payment for the maintenance fee until March 13, 2003. The instant petition offers no explanation for Shin-Yu's untimely response to the November 21, 2001, reminder letter other than to say the request made therein to pay the maintenance fee upfront may have caused some confusion as it was a change from past practice. In determining whether a delay in paying a maintenance fee is unavoidable the actions of all parties responsible for tracking and paying the maintenance fee must be determined to be unavoidable. The role Shin-Yu played in tracking and paying the maintenance fee for the subject patent is material; the petition has not demonstrated that the Shin-Yu's delay in responding to the November 27, 2001, reminder letter was unavoidable.

¹² Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

¹³ Id.

Petitioner's argument that the delay in paying the maintenance was unavoidable is further undermined by the fact that the alleged inaction and impropriety of Ms. Silvagni relative to the maintenance of patents charged to JSH went undetected for approximately three years. As such, it appears that there was little or no oversight of Silvagni's work product after B&S joined with JSH. The unavoidable delay standard requires that petitioner demonstrate that the patent, and the maintenance thereof, is treated as petitioner's most important business. Arguably, whether or not petitioner could foresee such events is not as relevant as whether petitioner had in place a business method or routine that would guard against such events. Ms. Silvagni was charged with the very important task of tracking and maintaining patents of the clients of JSH. There does not appear, however, that there was sufficient supervision over Ms. Silvagni or checks and balances in place so as to avoid the unfortunate events that allegedly took place. As petitioner has not shown that they exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition will be denied.¹⁴

The Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and applicant is bound by the consequences of those actions or inactions.¹⁵ Specifically, petitioners' delay caused by the actions or inactions of their voluntarily chosen representative is a delay biding on petitioners.¹⁶

In summary, the showing of record is inadequate to establish unavoidable delay. Rather, the showing of record is that the representative of the assignee of record failed to timely pay the 3.5-year maintenance fee and that, subsequent to that, petitioner failed to take adequate precautions to ensure that a timely petition would be filed to reinstate the patent. As petitioners have not shown that they exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition will be dismissed.¹⁷

CONCLUSION

¹⁴ See note 4, supra.

¹⁵ Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992); see also Haines v. Quigg, 673 F. Supp. 314, 317, 5 USPQ2d 1130, 1132 (N.D. Ind. 1987).

¹⁶ See Haines v. Quigg, supra; Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (Comm'r Pat. 1891).

¹⁷ See note 4, supra.

The prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. The petition under § 1.378(c) has also been considered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

The "Change of Correspondence Address" filed March 24, 2006, is noted, but cannot be entered as the request is signed by a representative of the assignee, but is not accompanied by a statement under 37 CFR 3.73(b). A copy of this decision will be mailed to the address in the petition. All future correspondence will be mailed solely to the address of record.

Since this patent will not be reinstated, the maintenance fee(s) and surcharge fee(s) submitted by petitioner will be credited to counsel's deposit account. The \$400.00 fee for reconsideration will not be refunded.

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

Telephone inquiries should be directed to Kenya A. McLaughlin, Petitions Attorney, at (571) 272-3222.



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