



Paper No. 19

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OFFICE OF PETITIONS

In re Patent No. 5,850,180 :
Issue Date: December 15, 1998 :
Application No. 08/887,212 : **ON PETITION**
Filed: July 2, 1997 :
Attorney Docket No. 1066007 :

This is a decision on the petition, filed April 4, 2006, and supplemented on June 6, 2006, July 8, 2006, and July 9, 2006, under 37 CFR 1.378(e), to accept the delayed payment of a maintenance fee for the above-identified patent.

The petition is **DENIED**¹.

BACKGROUND

The above-identified patent issued December 15, 1998. The three and one-half maintenance fee was due June 15, 2002, and could have been paid from December 15, 2001 through June 15, 2002, or with a surcharge during the period from June 16, 2002 through December 15, 2002. Since this maintenance fee was not timely paid, the patent expired at midnight on December 15, 2002.

A first petition to accept the three and one-half year maintenance fee as unavoidably delayed under 37 CFR 1.378(b) was filed September 27, 2005, and was dismissed in the decision of November 10, 2005. Thus, the earliest the three and one-half year maintenance fee was on file at the USPTO was some 33 months after the end of the grace period.

A renewed petition under 37 CFR 1.378(b) was filed January 10, 2006. Petitioner requested reconsideration and provided answers to several inquiries for additional information set forth in the adverse decision of November 10, 2005. Petitioner contended that Roger Gilcrest and the law firm of Standley & Gilcrest was responsible for notifying when maintenance fees were due and paying those fees upon approval from petitioner through December 31, 2002 and that the delay was unavoidable and due to the failure of the law firm of Standley & Gilcrest, during the period of January

2001 to April 2003, to notify petitioner that the maintenance fee was due. Petitioner further contended that the delay was due in part by a failure to record the patent number on the file jacket.

A Request for Information was mailed February 22, 2006.

The instant petition was filed April 4, 2006, and supplemented on June 6, 2006, July 8, 2006, and July 9, 2006.

STATUTE, REGULATION, AND EXAMINING PROCEDURE

35 U.S.C. § (2)(B)(2) provides, in part, that:

The Office-- may, establish regulations, not inconsistent with law, which

(A) shall govern for the conduct of proceedings in Office.

35 U.S.C. § 41(c)(1) provides that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six-month grace period if the 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. The Director may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

37 CFR 1.378(b) provides that:

(b) Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must 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.

37 CFR 1.378(c) provides that:

Any petition to accept an unintentionally delayed payment of a maintenance fee filed under paragraph (a) of this section must be filed within twenty-four months after the six-month grace period provided in §1.362(e) and must include:

- (1) The required maintenance fee set forth in § 1.20 (e) (g);
- (2) The surcharge set forth in §1.20(i)(2); and
- (3) A statement that the delay in payment of the maintenance fee was unintentional.

37 CFR 1.183 provides that:

In an extraordinary situation, when justice requires, any requirement of the regulations in this part which is not a requirement of the statutes may be suspended or waived by the Director or the Director's designee, sua sponte, or on petition of the interested party, subject to such other requirements as may be imposed. Any petition under this section must be accompanied by the petition fee set forth in § 1.17(f).

OPINION

Petitioner requests reconsideration of the previous adverse decision on the petition filed under 37 CFR 1.378(b) and submits that as the methods of paying and tracking maintenance fees by Roger Gilcrest of the firm Standley & Gilcrest worked in the past, the expiry of the instant patent is unavoidable.

Petitioner has not met his burden of proving to the satisfaction of the Director that the delay was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. § 133 because 35 U.S.C. § 41(c)(1) uses the identical language, i.e., "unavoidable" delay. Ray v. Lehman, 55 F.3d 606, 608 09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995)(quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988)). Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable:

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.

In re Mattullath, 38 App. D.C. 497, 514 15 (D.C. Cir. 1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32 33 (Comm'r Pat. 1887) see also 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).

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). Petitioner is reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Commissioner 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 35 USC § 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 USC § 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 v. Lehman, 55 F.3d 606, 609, 34 USPQ2d 1786, 1788 (Fed. Cir. 1995). 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.

As the patent holder at the time of expiration, it was incumbent on petitioner to have itself docketed this patent for payment of the maintenance fee in a reliable system as would be employed by a prudent and careful person with respect to his most important business, or to have engaged another for that purpose. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Even where another has been relied upon to pay the maintenance fees, such asserted reliance per se 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.*

The declaration of Brain K. Hess, filed with the response to the Request for Information received on April 24, 2006, states: (1) that in December 2002 the files were in the process of being transferred from Mr. Gilcrest to Lisa Griffith in California, who would take over responsibility of the file for the instant patent; (2) Ms. Griffith may not have been in possession of the patent file by December 15, 2002; and (3) that the failure of petitioner to check whether the maintenance fee was due and whether it had been paid was due to the fact that petitioner believed the maintenance fee tracking mechanisms of Mr. Gilcrest were adequate and failed due to the failure of Mr. Standley to forward the maintenance fee statement and the Notice of Expiration. The declaration of Roger Gilcrest filed with the response to the Request for Information states, *inter alia*, that: (1) the docketing system for maintenance fee payment consisted of entering the patent number on the file jacket and periodically reviewing file jackets; (2) he regularly reviewed six or seven of petitioner's files; (3) since the patent number was not on the file jacket for the instant patent and the file jacket indicated that no outstanding actions were due he did not review the contents of the file; (4) paralegals responsible for entering the patent number on the file jacket were trained with respect to proper and timely file notation procedures; and (5) that the paralegal responsible for entering the date on the instant patent file cannot be located.

Unfortunately, the record does not show that petitioner was reasonable and prudent in relying on Mr. Gilcrest or the firm of Standley & Gilcrest for payment of the maintenance fee due. First, at the time the maintenance fee was due (December 2002) it appears that either petitioner or Lisa Griffith was the responsible party² for paying the maintenance fee. There is no statement on the record from Lisa Griffith as to the facts surrounding the failure to timely pay the maintenance fee. Additionally, there is no statement of facts from the paralegal responsible for entering the patent number on the file jacket as to why the entry was not made. That petitioner did not receive a Maintenance Fee Reminder Notice or Notice of Patent Expiration from the law firm of Standley & Gilcrest is not to the point because as the patent holder at the time of expiration, it was incumbent on petitioner to have itself docketed this patent for payment of the maintenance fee in a reliable system as would be employed by a prudent and careful person with respect to his most important business, or to have engaged another for that purpose. See California Medical Products v. Technol Med. Prod., supra. Nevertheless, a petitioner is bound by any errors that may have been committed by the obligated party. *Id.* Acknowledging this, petitioner argues that it was reasonable to rely on the firm of Standley & Gilcrest to provide a reminder of fees due or to forward notices received from the USPTO. However, considering the acrimony which existed between Mr. Standley and petitioner, along with the letter from Standley & Gilcrest to

petitioner and attached to the petition filed September 27, 2005 which states "we also recommend that our clients maintain their own reminder file regarding the dates", petitioner did not use the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business with respect to payment of the maintenance fee.

Petitioner further asserts that Mr. Roger Gilcrest, of Standley & Gilcrest, between January of 2001 and November of 2002, was responsible for Tattletale's IP files, including the above-captioned patent, and that in December 2002, the files were transferred to Lisa Griffith, who, petitioner asserts, then took over IP responsibility for Tattletale's patents including this patent. Mr. Gilcrest indicates that he personally reviewed, on a monthly basis, every one of the Tattletale files, at Tattletale's premises, that made up the Tattletale portfolio. However, Mr. Gilcrest did not inspect the internal contents of the file; he relied only upon external annotations as a guide as to whether the file had been patented *vel non*. Since Gilcrest failed to observe that the instant file had been patented, it is clear that neither Tattletale nor Gilcrest had any steps in place to pay the fee. It is likewise clear that Tattletale failed to inform Gilcrest-and later, subsequent patent counsel Ms. Griffith, of the fact that the instant patent had in fact issued to the Tattletale.

As the Court noted in Sontag Chain Stores Co. v. National Nut Co., 310 U.S. 281, 295, 45 USPQ 448 (1940), upon issuance of a patent and its recordation in the Patent Office, "constructive notice of [its] existence goes thus to all the world." Petitioner would have the USPTO accept as a line of argument that petitioner, Gilcrest, and Griffith were all somehow "unavoidably" prevented from communicating between and among themselves-if not also with the USPTO as well, the fact that a patent had issued to the instant file for a period in excess of 4 years i.e., since the patent issued in 1998, until long after it had expired in December 2002. Gilcrest personally handled this file on a monthly basis at petitioner's own offices for 23 months and somehow failed to detect or be informed of its patented status. The USPTO must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and petitioner is bound by the consequences of those actions or inactions. 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 (D.N. Ind. 1987); California, *supra*. Specifically, petitioner's delay caused by the mistakes or omissions of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133. 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). It follows that such is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Ray, *supra*. Thus, even if Gilcrest's visits should, or would, inure to the benefit of petitioner, Gilcrest's failure to detect the actual patented status, or the apparent lack of any progress in its prosecution history for almost 2 years, is likewise

binding on petitioner. Since such an error could have been avoided by the exercise of the ordinary care and diligence that is observed by prudent and careful persons with respect to their most important business, petitioner has failed to show the delay in payment of the maintenance fee is unavoidable.

Even assuming *arguendo* that petitioner should not be bound by the mistakes of his representative(s), the record does not support a finding of unavoidable delay, as petitioner has not shown adequate diligence in this matter. That is, a showing of diligence in matters before the USPTO on the part of the party in interest is essential to support a finding of unavoidable delay herein. See Futures Technology, Ltd. v. Quigg, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiry into the status of the application is required to show unavoidable delay); Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (even representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant's lack of diligence extending two and one half years overcame and superseded any omissions by his duly appointed representative); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of successor in title to the patent to exercise diligence for a period of seven years precluded acceptance of the maintenance fee). The delay was not unavoidable, because had petitioner exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a more timely fashion. Haines v. Quigg, *supra*; Douglas, *supra*; Donnelley, *supra*..

While petitioner may believe that Mr. Standley deliberately withheld notices regarding maintenance fee payment, petitioner has provided no evidence that Mr. Standley intentionally did so. More importantly, the failure to receive a Maintenance Fee reminder will not relieve the patentee of the obligation to timely pay the appropriate maintenance fee to prevent expiration of the patent, nor will it constitute unavoidable delay if the patentee seeks to reinstate the patent under 37 CFR 1.378(b). See in re Patent No. 4,409,763, 7 USPQ2d 1798 (Comm'r Pat. 1988), *aff'd sub nom.* See also Rydeen v. Quigg, *supra*. This is true whether the Maintenance Fee Reminder would have been mailed directly from the Office or forwarded from counsel. Petitioner is advised, however, that the USPTO is not the forum for resolving a dispute between a patent owner and his representative as to who bore the responsibility for paying a maintenance fee. See Ray, 55 F. 3d at 610, 34 USPQ2d at 1789.

Moreover, upon issuance, the patent grant ordinarily includes a reminder notice that maintenance fees will be due by the day of the 4th, 8th, and 12th year anniversary of the grant of the patent. At the same time, the law is clear that maintenance fees are required to maintain in force all patents based on applications filed on or after December 12, 1980. See 35 U.S.C. 41(b). No further written notice is required for patentees to be aware of this obligation. Whether a maintenance fee reminder was

ever received, it remained the ultimate responsibility of petitioner to ensure that the maintenance fee was paid and timely received to prevent expiration of the patent, irrespective of the actions of Standley & Gilcrest.

The issue at hand is solely whether the maintenance of the instant patent was actually conducted with the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business. Here, the delay was not unavoidable, because had petitioner exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a more timely fashion. See *Haines v. Quigg, supra*; *Douglas v. Manbeck, supra* (unavoidable delay not shown where no diligence for over 30 months); *R.R. Donnelley & Sons v. Dickinson, supra* (N.D. Ill. 2000)(a showing of diligence is essential to demonstrate unavoidable delay).

DECISION

Petitioner has failed to meet his burden of proving to the satisfaction of the Director the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b). Accordingly, the maintenance fee will not be accepted, this patent will not be reinstated, and this patent remains expired. The petition is **denied**.

The USPTO will not further consider or reconsider this matter. See 37 CFR 1.378(e).

The maintenance fee and surcharge will be refunded in due course by Treasury Check.

This patent file is being returned to the Files Repository.

Telephone inquiries concerning this decision should be directed to David A. Bucci at (571) 272-7099.

A handwritten signature in black ink, appearing to read "Charles Pearson", followed by a long horizontal line extending to the right.

Charles Pearson
Director, Office of Petitions

¹ This decision may be viewed by petitioner as a final agency action within the meaning of 5 USC 704 for purposes of seeking judicial review. See MPEP 1002.02.

² See paragraph 2 of the third declaration of Brian K. Hess filed April 24, 2006.