UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
ASSISTANT SECRETARY AND COMMISSIONER OF
PATENTS AND TRADEMARKS
Washington, D.C. 20231

Paper No. 12

KEVIN E. JOYCE
CUSHMAN DARBY & CUSHMAN
1100 NEW YORK AVENUE, N.W.
NINTH FLOOR
WASHINGTON, D.C. 20005-3918

COPY MAILED

MAR 3 1 1998

OFFICE OF PETITIONS
A/C PATENTS

ON PETITION

In re Patent No. 4,695,896 :
Issue Date: September 22, 1987 :
Application No. 06/726,468 :
Filed: April 24, 1985 :
Inventor: Eiichi Yamanishi :

This is a decision on the petition under 37 CFR 1.378(e), filed November 25, 1996, requesting reconsideration of a prior decision which refused to accept under 37 CFR 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.

## BACKGROUND

The patent issued September 22, 1987. The first maintenance fee could have been paid during the period from September 22, 1990, through March 22, 1991 or with a surcharge during the period from March 23, 1991, through September 23, 1991 (September 22, 1991 being a Sunday). Accordingly, the patent expired for failure to timely submit the first maintenance fee.

A petition under 37 CFR 1.378(b) to accept late payment of the maintenance fee was filed on May 28, 1996, and was dismissed in the decision of September 25, 1996.

The instant petition under 37 CFR 1.378(e) requesting reconsideration of the decision of September 25, 1996 was filed on November 25, 1996. Accompanying the petition were: a second declaration by Yutaka Yaguchi (Yaguchi)(senior manager of Patent and Application for the assignee, Toshiba Corporation (Toshiba)), a second declaration by Kevin E. Joyce, counsel for petitioner Toshiba, of the firm of Cushman Darby and Cushman (Cushman), and an appendix of exhibits inadvertently omitted from the previous petition.

## STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

> "The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section... after the six-month grace period if the delay is shown to the satisfaction of the Commissioner 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 Commissioner may accept late payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable." 35 U.S.C. § 41(c)(1).

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. 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). 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, 5 USPQ2d 1130 (N.D. Ind. 1987).

Petitioner (Toshiba) urges that the decision of September 25, 1996 be reconsidered in that (1) petitioner was reasonable in assuming, per a prior agreement, that as Cushman prosecuted the application leading to this patent, Cushman bore the responsibility for not only scheduling, but also paying, the maintenance fee for this patent, and (2) petitioner has no record of ever receiving a maintenance fee reminder letter (bearing the date November 16, 1990) from Cushman, which letter also contained Cushman's belief that petitioner was to pay the maintenance fee for this patent. As such, petitioner was unable to clarify the apparent misunderstanding between Cushman and Toshiba as to who would pay the maintenance fee for this patent, until after expiration of the patent.

Petitioner has not carried the burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable.

Both petitioner, and Cushman, were required in the previous decision (Id. at 3), for any renewed petition "to state, presenting documentary evidence where appropriate, who was responsible for payment of the first maintenance fee in the above-identified patent." The decision further required the responsible party to make a proper "showing that reasonable care was taken to ensure that the maintenance fee would be paid timely."

Petitioner, however, asserts (instant petition at 7) that "[t]he circumstances of the present case are such that identification of the party which had the maintenance fee responsibility cannot be determined with certainty. Each of Toshiba and Cushman believes that the other was responsible." It follows that there is no need in this case to determine the obligation between Cushman and petitioner, since the record fails to show that either Cushman or petitioner took adequate steps to ensure timely payment of the maintenance fee. See In re Patent No. 4,461,759, 16 USPQ2d 1883, 1884 (Comm'r Pat. 1990).

Assuming, *arguendo*, that Cushman had been properly appointed to conduct petitioner's patent matters subsequent to the grant of the instant patent, including matters pertaining to the payment

of the maintenance fee, then petitioner remains bound by the decisions, actions, or inactions, of Cushman, including the decisions, actions, or inactions, which resulted in the lack of timely payment of the maintenance fees for this patent. See, Winkler v. Ladd, 221 F.Supp 550, 552, 138 USPQ 666, 667 (D.D.C. 1963). Specifically, while petitioner chose to rely upon Cushman, such reliance *per se* does not provide petitioner with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether Cushman acted reasonably and prudently. Id. Nevertheless, petitioner is bound by any errors that may have been committed by Cushman. California, Id.

Petitioner's contention that the maintenance fee was unavoidably delayed due to petitioner's lack of receipt of Cushman's letter of November 16, 1990, which reflects Cushman's lack of a common understanding of the agreement supposedly in effect, is not persuasive of unavoidable delay within the meaning of Pratt, supra. Rather, both petitioner and Cushman were aware of the issuance of the patent in that Cushman was tracking the maintenance fee due date, and as petitioner's voluntarily chosen representative, Cushman stood in petitioner's shoes, and further, petitioner had received the letters patent by October 22, 1987 (first Yaguchi declaration, ¶ 10). That is, Cushman, as petitioner's voluntarily selected representative, was not an agency or instrumentality of petitioner within the meaning of Pratt; Cushman and petitioner were one and the same. Both petitioner and petitioner's representative, Cushman, were aware of the need to diligently schedule and pay, the maintenance fee. Furthermore, the delay resulting from the failure of Cushman to timely remit the fee, instead of mailing the allegedly lost reminder letter to Toshiba, does not constitute unavoidable delay. Id.

Even assuming, *arguendo*, that Toshiba did not receive Cushman's maintenance fee reminder letter of November 16, 1990, such did not relieve petitioner from his obligation to exercise diligence in this matter, as would be necessary to support a finding of unavoidable delay on behalf of Toshiba. First, as Toshiba concedes that the mail log that would have confirmed Toshiba's receipt (or non-receipt) of the November 16, 1990 reminder from Cushman was destroyed in 1991, petitioner's allegation of non-receipt has not been adequately documented.[1] However, the

[1] Inspection of Patent and Trademark Office records reveals that another Toshiba patent, No. 4,644,571 expired in 1991 under

showing of record is that petitioner was aware, by the October 1, 1992 ledger entry, that the patent had issued September 22, 1987, and had received, in hand, the letters patent by October 22, 1987 (first petition, declaration of Yaguchi, attachment 3). Further, Cushman was, according to petitioner, responsible for payment of the maintenance fee, yet Toshiba did not take any diligent action to determine that Cushman had in fact paid the maintenance fee, before transferring that obligation to CPA. It is brought to petitioner's attention that any possible oversight on Cushman's part, including mailing of the reminder letter, as opposed to paying the maintenance fee, did not relieve Toshiba from its obligation to exercise due diligence. See Douglas v. Manbeck, 1991 U.S. Dist. LEXIS 16404, 21 USPQ2d 1697, 1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992).

In this regard, Toshiba consulted the ledger on October 1, 1992, when the maintenance fee duties for the instant patent were transferred to Computer Patent Annuities (CPA in the ledger), but Toshiba failed to then take any diligent action or make an appropriate inquiry of either Cushman, or the Patent and Trademark Office, with respect to whether this patent was then in force, in light of an issue date of September 22, 1987. Furthermore, Toshiba took no further action with respect to this patent until about May 1995, when Toshiba became aware of its expiration. Nevertheless, according to Toshiba's understanding of the agreement, Toshiba should have been billed by Cushman for services rendered, in addition to the amount of the maintenance fee, no later than about September, 1991. Moreover, the showing of record is that Cushman continued to send reminder letters to Toshiba for a period from about 1989 on, which set forth therein Cushman's understanding that Toshiba, not Cushman, was responsible for the maintenance fee payment for Toshiba's patents (original petition at 2-4). While Toshiba now contends that it was Toshiba's understanding that Cushman was to "automatically" pay the maintenance fee, Toshiba apparently acquiesced to Cushman's understanding in this matter, or in any event, did not diligently inform Cushman to the contrary until March 1992, subsequent to the expiration of this patent. The lack of any diligence on the part of Toshiba with respect to the aforementioned matters for a period of almost five years (from

---

similar circumstances. Specifically, the same assertion that neither Cushman nor Toshiba had reached an adequate understanding of the responsibility for paying the maintenance fee, an allegedly lost reminder letter from Cushman to Toshiba, and a destroyed mail log that would have established Toshiba's receipt, or non-receipt of the reminder letter, are also present in that case.

the earliest opportunity to pay the maintenance fee in September 1990 until May 1995) militates away from any finding of unavoidable delay in submission of the maintenance fee on the part of Toshiba. See Douglas, Id. (petitioner's failure to take any action for two and one-half years with respect to his abandoned application, after attorney's receipt of Notice of Abandonment, overcame and superseded any negligence on attorney's part). Had petitioner exercised the due care of a reasonably prudent person, the situation would have been corrected in a timely fashion, by submitting the maintenance fee, due on or before September 21, 1991, prior to May, 1996, or correcting any misunderstanding between petitioner and Cushman. Id.

In determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for scheduling payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray, 55 F.3d at 608-609, 34 USPQ2d at 1787. While Cushman and Toshiba both assert the belief that the other was the responsible party, such can not reasonably be permitted to excuse both Cushman and Toshiba from the obligation of each to exercise the due care of a reasonably prudent person. Assuming, *arguendo*, that Cushman may have erred in assuming that Toshiba would pay the maintenance fee, such error(s) is, nevertheless, chargeable to Toshiba. The Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the patent holder, and petitioner is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962). Specifically, petitioners' delay caused by mistakes or negligence of a voluntarily chosen representative does not constitute unavoidable delay. Haines v. Quigg, id; Smith v. Diamond, id; Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, id; Douglas v. Manbeck, Id. Consequently, the delay caused by the failure of Cushman to timely remit the maintenance fee, by Toshiba's asserted understanding (and Cushman's asserted misunderstanding) of the supposed agreement, does not constitute unavoidable delay. Ray, Id.; California, supra. Moreover, as noted *supra*, that delay is imputed to Toshiba. Id. Assuming, *arguendo*, that Cushman was correct in assuming that Toshiba bore the responsibility for paying the maintenance fee, the record shows that Toshiba failed to exercise due diligence, after receiving the letters patent, to determine the date to itself submit the maintenance fee, or to properly and clearly delegate that responsibility to another party, e.g., Cushman. Moreover, the showing of record is that neither Toshiba or Cushman had timely reached an adequate understanding in this matter, which is not grounds for a finding of unavoidable delay in submission of the maintenance fee, within the meaning of 35 USC 41(c) and 37 CFR 1.378(b).

What is clear from the showing of record is that even now, much less during the time period in question, neither Toshiba, nor Cushman, had reached an adequate understanding as to who bore the responsibility for payment of the maintenance fee for this patent. The letter bearing the date of November 16, 1990 (exhibit 1) reveals Cushman's assumption that Toshiba was the responsible party. When the issue was again raised in June 1992 (exhibit 2, facsimile from Yaguchi to Cushman bearing the date June 22, 1990), and twice in March 1992 (exhibit 4, facsimile letter from Kikuo Takehana of Toshiba to Cushman bearing the date of March 17, 1992; exhibit 5, response of Roy A. Bottomley of Cushman to Toshiba bearing the date of March 25, 1992), neither Cushman nor Toshiba made any effort to ensure the timely payment of maintenance fees for any patent(s) indirectly affected by those communications, much less those that may have been retrospectively affected, such as the instant patent. However, the Office is not the proper forum for resolving a dispute between a patentee and that patentee's representative regarding the scheduling and payment of maintenance fees. Ray, 55 F.3d at 610, 34 USPQ2d at 1789. Nevertheless, delay resulting from a lack of proper communication between a patentee and that patentee's representative as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). See, In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). Specifically, delay resulting from a failure in communication between a registered practitioner and his client regarding a maintenance fee payment is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Ray, Id. That both parties failed to take adequate steps to ensure that each fully understood the other party's meaning, and thus, their own obligation in this matter, does not reflect the due care and diligence of prudent and careful persons with respect to their most important business.

The record fails to adequately evidence that either petitioner or Cushman exercised the due care observed by prudent and careful men, in relation to their most important business, to establish unavoidable delay, Pratt, supra.

## CONCLUSION

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

Since this patent will not be reinstated, it is appropriate to refund fees totaling $2910 to counsel's deposit account No. 03-3975.

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

Telephone inquiries related to this decision should be directed to Special Projects Examiner Brian Hearn at (703) 305-1820.

Manuel A. Antonakas, Director
Office of Patent Policy Dissemination
Office of the Deputy Assistant Commissioner
For Patent Policy and Projects

ah