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In re Patent of Raines :
Patent No. 5,462,756 :
Application No. 08/236,661 : ON PETITION
Filed: April 29, 1994 :
Issued: October 31, 1995 :
For: A COOK-IN MEAT PACKAGE :

This is a decision on the renewed petition under 37 CFR § 1.378(b), filed December 2, 2002, to reinstate the above-identified patent.

The petition is **DENIED**.[1]

Since this patent will not be reinstated, maintenance fees and surcharges submitted by petitioner will be scheduled for a refund. The $130 fee for requesting reconsideration is not refundable. Therefore the Office will refund $1,140.

Background

The 3.5 year maintenance fee could have been paid from October 31, 1998 through May 1, 1999, or with a surcharge during the period from May 2, 1999, to October 31, 1999. The maintenance fee was not paid. Accordingly, the patent expired November 1, 1999.

A petition under 35 USC 41(c)(1) and 37 CFR 1.378(b) was filed August 12, 2002, and was dismissed in the decision of October 2, 2002.

Applicable Statutes and Regulation

35 U.S.C. § 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

35 U.S.C. § 41(c)(1) states that, "The Commissioner may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Commissioner to have been unavoidable."** (emphasis added)

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[1] This decision may be viewed as a final agency action within the meaning of 5 USC § 704 for purposes of seeking judicial review. See MPEP 1002.02. The terms of 37 CFR 1.378(e) *do not apply* to this decision.

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

> A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . 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.

Opinion

Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.[2] However, "The question of whether an applicant's delay in prosecuting an application was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."[3] Nonawareness of the content of, or a misunderstanding of, PTO statutes, PTO rules, the MPEP, or Official Gazette notices, does not constitute unavoidable delay.[4] The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

The owner of a patent is responsible for possessing knowledge of the need to pay maintenance fees and the due dates for such fees. The owner of a patent is responsible for instituting a reliable docketing system to remind him or her when maintenance fees become due.

Petitioner is responsible for having knowledge of the need to pay maintenance fees and knowing when the fees are due.[5] The Office has no duty to notify a patentee of the requirement to pay

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[2] The Commissioner is responsible for determining the standard for unavoidable delay and for applying that standard. 35 U.S.C. 41(c)(1) states, "The Commissioner may accept the payment of any maintenance fee ... at any time ... if the delay is shown *to the satisfaction of the Commissioner* to have been unavoidable." (emphasis added).

[3] Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

[4] See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D. D.C. 1978) for the proposition that counsel's nonawareness of PTO rules does not constitute "unavoidable" delay)); Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D. D.C. 1985) (Plaintiffs, through their counsel's actions, **or their own**, must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

[5] Nonawareness of PTO statutes, PTO rules, the MPEP, or Official Gazette notices, which state maintenance fee amounts and the dates they are due, does not constitute unavoidable delay. See footnote 4.

Petitioner must act as a reasonable and prudent person in relation to his most important business. Upon obtaining the patent, a reasonable and prudent person, in relation to his most important business, would become familiar with the legal requirements of

maintenance fees or to notify patentee when a maintenance fee is due.[6] Even if the Office were required to provide notice to applicant of the existence of maintenance fee requirements, such notice is provided by the patent itself.[7]

A reasonable and prudent person, aware of the existence of maintenance fees, would not rely on Maintenance fee reminders or on memory to remind him or her when payments would fall due several years in the future. Instead, such an individual would implement a reliable and trustworthy tracking system to keep track of the relevant dates.[8] The individual would also take steps to ensure that the patent information was correctly entered into the tracking system.

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that business, in this case, the requirement to pay maintenance fees. In addition, a reasonable and prudent individual would read the patent itself and thereby become aware of the need to pay maintenance fees and the fact that such fee amounts are sometimes changed by law or regulation.

[6] "Congress expressly conditioned §§ 133 and 151 [of the United States Code] on a specific type of notice, while no such notice requirements are written into § 41(c) ... [T]he Commissioner's interpretation of 'unavoidable' and of the PTO's duty to provide reminder notices then, do not plainly contradict the statute. For this reason, we must accord deference to the Commissioner's no-timely-notice interpretation." Ray v. Comer, 1994 U.S. Dist. LEXIS 21478, 8-9 (1994), *aff'd on other grounds* Ray v. Lehman, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995) (citing Rydeen v. Quigg, 748 F. Supp. 900, 905 (1990), Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 81 L. Ed. 2d 694, 104 S. Ct. 2778 (1984)). "The Court concludes as it did in Rydeen, that as a constitutional matter, 'plaintiff was not entitled to any notice beyond publication of the statute.'" Id. at 3 (citing Rydeen v. Quigg, 748 F. Supp. at 906, Texaco v. Short, 454 U.S. 516, 536, 70 L. Ed. 2d 738, 102 S. Ct. 781 (1982)).

The Patent Office, as a courtesy, tries to send maintenance fee reminders and notices of patent expiration to the address of record. However, the failure to receive the reminder notice, and the lack of knowledge of the requirement to pay the maintenance fee, will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. See MPEP 2575, 2540, 2590. Petitioner does not have a right to personalized notice that this patent will expire if a certain maintenance fee is not paid, as the publication of the statute was sufficient notice. See Rydeen v. Quigg, 748 F. Supp. 900, 907 (1990). The ultimate responsibility for keeping track of maintenance fee due dates lies with the patentee, not the USPTO. Since the mailing of Notices by the Office is completely discretionary and not a requirement imposed by Congress, accepting an argument that failure to receive a Notice is unavoidable delay would result in all delays being unavoidable should the Office discontinue the policy. All petitions could allege non-receipt of the reminder, and therefore all petitions could be granted. This was clearly not the intent of Congress in the creation of the unavoidable standard.

[7] See Ray v. Lehman, 55 F.3d 606, 610; 34 USPQ2d 1786, 1789 (Fed. Cir. 1995). The Letters Patent contains a Maintenance Fee Notice that warns that the patent may be subject to maintenance fees if the application was filed on or after December 12, 1980. While it is unclear as to who was and is in actual possession of the patent, Petitioner's failure to read the Notice does not vitiate the Notice, nor does the delay resulting from such failure to read the Notice establish unavoidable delay.

[8] 37 CFR 1.378(b)(3) precludes acceptance of a late maintenance fee for a patent unless a petitioner can demonstrate that steps were in place to monitor the maintenance fee. The Federal Circuit has specifically upheld the validity of this properly promulgated regulation. Ray v. Lehman, 55 F.3d 606, 609; 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995). In Ray v. Lehman, petitioner claimed that he had not known of the existence of maintenance fees and therefore had no steps in place to pay such fees. The petitioner therefore argued that the PTO's regulations requiring such steps created to heavy a burden. The court stated, "Ray also takes issue with the PTO's regulation, 37 C.F.R. § 1.378(b)(3), supra, arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay." Id.

A reasonable and prudent person would not rely on maintenance fee reminders from the Office for two reasons. First, the Office has indicated that such reminders are a mere courtesy and has reserved the right to discontinue such reminders at any time. Second, such reminders may be lost in the mail. A reasonable and prudent person, in regard to his most important business, would not rely solely on reminders that the Office may or may not send which may or may not be lost in the mail.

Application of the unavoidable standard to the present facts

Facts:

On October 15, 1999, Plicon Corporation sold rights in the instant patent, two other patents, and a patent application, to petitioner for $300,000.

The contract provided for the sale of Plicon's entire right in the patent. The contract did not state whether maintenance fees had been paid for the instant patent and did not state the next due date for maintenance fees.

Petitioner alleges that the President of Plicon "represented to me that the patents were valid and would not expire for years to come." Petitioner's statement is based on his recollection of events which occurred more than 146 weeks before the first petition was filed. The past President of Plicon passed away in late 2000.

The 3.5 year maintenance fee could have been paid from October 31, 1998 through May 1, 1999, or with a surcharge during the period from May 2, 1999, to October 31, 1999.

When the patent was purchased the patent had not expired. However, the maintenance fee and surcharge were due by October 31, 1999. The maintenance fee was not paid. Accordingly, the patent expired November 1, 1999.

On November 5, 1999, the assignment document was recorded with the Patent and Trademark Office. MPEP 301(A) states,

> An assignment can be made of record in the assignment records of the Office. Recordation of the assignment provides legal notice to the public of the assignment. It should be noted that recording of the assignment is merely a ministerial act; it is not an Office determination of the validity of the assignment document nor the effect of the assignment document on the ownership of the patent property. See 37 CFR 3.54 and MPEP § 317.03.

37 CFR 3.54 states, "The recording of [an assignment] is not a determination by the Office of the validity of the document or the effect that document has on the title to an application, a patent, or a registration."

When the Office received the assignment, the Office did not take steps to determine whether the patent had expired. Instead, the assignment was simply recorded. It should be noted that a party may assign rights in an expired patent and the assignee of such rights may record such an assignment. Therefore, the assignment would have been recorded even if the Assignment Branch of the Office had been aware of the fact that the patent was expired.

On March 23, 2000, Plicon's law firm mailed petitioner notice that the assignment had been recorded. The law firm's letter did not comment on the validity of the patent nor did it comment on whether or not the patent was expired. Petitioner has not provided any evidence to establish that Plicon's law firm was obligated to determine whether or not the patent was expired and/or to notify petitioner if the patent was expired.

Petitioner learned of the expiration of the patent on or about July 10, 2002. The instant petition was filed on August 12, 2002.

Analysis:

Petitioner's alleges that the failure to timely pay the maintenance fee was based upon:
(1) assurances made by the seller of the patent,
(2) the Office's act of recording the assignment,
(3) Plicon's law firm forwarding the recordation notice, and
(4) the failure of the Office or the prior owner to notify petitioner of the expiration of the patent.

Petitioner's actions at the time of the purchase of the patent until the expiration of the patent:

As to (1) above, petitioner states that the prior owner "represented to me that the patents were valid and would not expire for years to come." Petitioner's allegation involves statements made more than 146 weeks in the past. The petition does not state the exact words spoken by the prior owner. A non-exclusive list of what may have occurred includes:
(a) the prior owner intentionally lied to petitioner,
(b) the prior owner, when he made the assurances, believed the maintenance fee had been paid even though he had not taken reasonable and prudent steps to verify such payment,
(c) the prior owner believed no maintenance fees had been paid for the patent and also mistakenly believed that no maintenance fees were due for several years for the instant patent,
(d) petitioner misunderstood the statements made by the prior owner, or
(e) petitioner mis-recalls the exact reassurances made by the prior owner.

The record fails to establish that the prior owner intentionally lied to petitioner. The maintenance fee and surcharge due at the time the patent was sold was $535. The three patents and application were sold for $300,000. In other words, the cost of the maintenance fee was .178% of the sale price for the patents. The record fails to indicate why the prior owner would intentionally lie about payment of the fee when the prior owner could have easily afforded to pay the fee prior to the expiration date. The prior owner, if he had not wished to pay the fee, could have simply informed petitioner that the fee needed to be paid and have the sale price reduced by $535. The record fails to indicate any motive for the prior owner to have intentionally lied to petitioner. Petitioner is reminded that petitioner bears the burden of proof.

If the prior owner made the alleged assurance, then the record indicates that such assurance was probably based on the prior owner believing: the maintenance fee had been paid even though he had not taken reasonable and prudent steps to verify such payment OR the prior owner believing no maintenance fees had been paid for the patent and mistakenly believing that no maintenance fees were due for several years for the instant patent. The reliance on an attorney or other third party to notify the patentee of relevant legal requirements such as maintenance fees does not, per se, constitute "unavoidable" delay. *If* the former owner made any errors, petitioner is bound by such errors.[9]

The United States Court of Appeals for the Federal Circuit has stated,

> If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege

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[9] See California Med. Products v. Technol Med. Products, 921 F. Supp. 1219, 1259 (D. Del. 1995) (citing Smith v. Diamond, 209 U.S.P.Q. 1091, 1093 (D.D.C. 1981) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962))).

A petitioner is responsible for a former attorney's conduct except in some cases of intentional misconduct rather than negligence. Petitioner has failed to prove any intentional misconduct. Petitioner has failed to establish that the attorney knew the fee was due but intentionally failed to notify petitioner, that the attorney intentionally mispresented the status of the patent when called by petitioner, that the attorney misappropriated funds, or that the attorney intentionally acted dishonestly in any other fashion.

attorney negligence in order to avoid an unmet requirement.[10]

One may rely on an attorney or third party. However, if he or she fails to treat the patent the same as a reasonable and prudent person would treat his or her most important business, then petitioner is bound by such failure. Petitioner has failed to establish that the prior owner or the prior owner's law firm ever took any steps to ensure the fee would be paid timely such as entering the patent into a docketing system. Petitioner is reminded that petitioner bears the burden of proof. Petitioner should also note that the death of the President of the prior owner will not shift the burden of proof from petitioner to the Office.

Even if petitioner were able to prove that the prior owner had made the alleged representation, and could prove that petitioner should not be bound by any errors made by the prior owner, such proof would not necessarily constitute unavoidable delay. A reasonable and prudent purchaser of a patent would independently investigate the status of the patent to be purchased and not solely rely on assurances made by the prior owner.

A patent, like a car, home, or business, is a valuable piece of property which should not be purchased without investigation into its status (in force or expired), the existence of possible assignments, and investigation into the legal obligations which accompany the ownership of the patent. Certainly there are cases where a party may obtain ownership without the opportunity to research the obligations which accompany a patent, such as by inheritance. However, even in such cases, research should be done within a reasonable period of time. Petitioner has failed to prove he could not have investigated the status of the patent prior to the sale of the patent. Petitioner has failed to demonstrate that he acted the same as a reasonable and prudent purchaser of a patent would have acted. By contacting the Patent and Trademark Office, one can determine, for free, whether maintenance fees have been paid for a patent. Petitioner did not take any steps to independently investigate the status of the patent, but relied solely on his understanding of the assurances made by the seller. In addition, it should be noted that petitioner has failed to establish that the prior owner had sufficient expertise that petitioner was reasonable in expecting the prior owner to fully understand when a patent is valid or expired. Petitioner states that Plicon Corporation was the owner of numerous patents. However, petitioner has failed to provide any evidence that Plicon owned any patents other than the three sold to petitioner and has failed to prove that Plicon held expertise in the area of determining when maintenance fees are due for patents. For the foregoing reasons, petitioner did not act reasonably and prudently in purchasing the patent without taking steps to verify the patent's status.

The record fails to negate the possibility that petitioner may have misunderstood the assurances made by the prior owner. The record does not provide the exact words spoken by the prior owner. Petitioner alleges that he interpreted the words to be a representation "that the patents were valid and would not expire for years to come." However, petitioner does not prove that he asked about each patent. Petitioner does not prove that he asked when the maintenance fee was due for the instant patent. Considering the fact that petitioner has not proven that the prior owner intentionally lied, and considering the fact that petitioner alleges the prior owner held expertise in the area of maintenance fees, the possibility of a misunderstanding by petitioner cannot be simply discarded. An example of a possible misunderstanding, would be if the prior owner stated facts concerning "patents," intending only to refer to the other two patents, but petitioner interpreted the statement to cover all three patents. Petitioner bears the burden of proof. Petitioner has not proven that petitioner fully and correctly understood the comments made by the prior owner.

Petitioner has not proven that he has perfect recall of assurances made by the seller more than 146 weeks prior to the filing of the first petition. Unfortunately, a person's recollection of a

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[10] Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

conversation is not always 100% accurate. Two individuals may honestly recall a conversation differently the day after the conversation. Although petitioner may recall an assurance and conversation occurring more than 146 weeks before, petitioner has failed to prove that his recollection is 100% accurate. It should be noted that neither the contract nor any other written document supplied by petitioner includes a statement regarding the expiration or non-expiration of the patent.

As stated above, petitioner has failed to prove that the prior owner "represented to [him] that the patents were valid and would not expire for years to come." Petitioner may incorrectly recall the conversation or may have misunderstood the prior owner. Even if petitioner could prove the assurance was made, petitioner has not proven that the incorrect statement was an intentional lie and has not proven that petitioner was reasonable in not independently verifying the status of the patent.

Petitioner's actions after the expiration of the patent:

Petitioner could have investigated the status of the patent prior to the date he first became aware of the expiration. Even if petitioner had been reasonable in not verifying the status of the patent prior to purchase, petitioner has failed to prove that such continued inaction was reasonable after purchase of the patent. If petitioner had researched the status of the patent, petitioner could have discovered the expiration of the patent prior to the actual date of discovery of July 10, 2002. Petitioner bears the burden of proving that the entire delay in the payment of the fee was unavoidable. The fee was not paid until approximately 144 weeks after the expiration of the patent.

In addition to relying on alleged assurances made by the seller of the patent, petitioner states that he relied on:
(1) the Office's act of recording the assignment,
(2) Plicon's law firm forwarding the recordation notice, and
(3) the failure of the Office or prior owner to notify petitioner of the expiration of the patent.

As to (1), petitioner has not proven that he was aware of the Office's recordation of the assignment prior to March 23, 2000. Therefore, any reliance on such recordation could not have occurred during the time period from the expiration of the patent, November 1, 1999, until March 23, 2000. Petitioner must prove the entire delay was unavoidable including the time from November 1, 1999, until March 23, 2000. A reasonable and prudent person, treating the patent as his or her most important business, would not rely on the recordation of an assignment as proof that a maintenance fee has been paid. 37 CFR 3.54 states, "The recording of [an assignment] is not a determination by the Office of the validity of the document or the effect that document has on the title to an application, a patent, or a registration." The Office's recordation was not a determination that the maintenance fee had been paid. Reliance on the recordation of an assignment to be proof of timely payment of maintenance fees will not constitute unavoidable delay. Petitioner is reminded that nonawareness of the content of, or a misunderstanding of, PTO statutes, PTO rules, the MPEP, or Official Gazette notices, does not constitute unavoidable delay.[11] An assignment will be recorded for a patent regardless of whether the patent is expired or not expired. Petitioner's lack of knowledge as to the requirements for an assignment to be recorded does not constitute unavoidable delay.

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[11] See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D. D.C. 1978) for the proposition that counsel's nonawareness of PTO rules does not constitute "unavoidable" delay)); Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D. D.C. 1985) (Plaintiffs, through their counsel's actions, or their own, must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

As to (2), petitioner has not proven that Plicon's law firm forwarded notification of the recordation of the assignment to petitioner prior to March 23, 2000. Therefore, any reliance on such recordation could not have occurred during the time from the expiration of the patent, November 1, 1999, until March 23, 2000. Petitioner must prove the entire delay was unavoidable including the time from November 1, 1999, until March 23, 2000. Petitioner has failed to prove that the entire delay after receipt of the law firm's letter was unavoidable. Petitioner's reliance on the law firm to notify petitioner of any problems with the patent does not constitute unavoidable delay. Petitioner has not proven that the law firm was under any obligation to notify petitioner if the patent became expired after the patent was purchased by petitioner. Any reliance on the law firm to perform duties for which it was never hired nor paid will not constitute unavoidable delay.

As to (3), petitioner has not proven that petitioner was reasonable and prudent in expecting the Office or the prior owner to notify petitioner if one of the patents purchased were to become expired. The Office bears no obligation to notify a patentee when a patent expires.[12] In addition, petitioner never instructed the Office to send further correspondence to petitioner. The mere filing of an assignment will not change the correspondence address.[13] Since the Office was not obligated to send any form of Notice and since any Notice sent would not have been sent to petitioner, any delay caused by reliance on such Notice is not unavoidable delay.

Petitioner also states that he relied on petitioner to notify him should the patent expire. Petitioner has failed to present any evidence that the prior owner agreed to monitor maintenance fees on the patents sold and to notify petitioner should a patent expire. Therefore, delay resulting from reliance on petitioner to monitor maintenance fee payments and the status of the patent after the sale of the patent is not unavoidable delay.

Conclusion:

Petitioner has not provided a showing to the satisfaction of the Commissioner that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable.

Decision

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 reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 USC § 41(c)(1) and 37 CFR § 1.378(b). Therefore, the petition is **denied**.

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

The patent file is being forwarded to Files Repository.

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[12] See footnote 6.

[13] 37 CFR 1.363(b) states, "An assignment of a patent application or patent does not result in a change of the 'correspondence address' or 'fee address' for maintenance fee purposes.

Telephone inquiries should be directed to Petitions Attorney Steven Brantley at (703) 306-5683.

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