



Sawyer Law Group, P.C.
P.O. Box 51418
Palo Alto CA 94303

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OFFICE OF PETITIONS

In re Patent No. 5,901,335 :
Issue Date: May 4, 1999 :
Application No. 08/880,109 : **ON PETITION**
Filed: June 20, 1997 :
Attorney Docket No. **1218P** :

This is a decision on the renewed petition filed August 29, 2011, under 37 CFR 1.378(e), to accept the unavoidably delayed payment of a maintenance fee for the above-identified patent.

The petition is **DENIED**.

BACKGROUND

The patent issued May 4, 1999. Accordingly, the 7½ year maintenance fee due could have been paid during the period from May 4, 2006 through November 7, 2006, or with a surcharge during the period from November 7, 2006 through May 4, 2007. This patent expired at midnight May 4, 2007, for failure to timely submit the 7½ year maintenance fee.

A petition to accept the 7½ year maintenance fee as unintentionally delayed under 37 CFR 1.378(c) was filed July 27, 2010, and was dismissed in the decision of September 8, 2010. Thus, the earliest the 7½ year maintenance fee was on file at the USPTO was some 3 years and 2 months after the end of the grace period.

A first petition to accept the 7½ year maintenance fee as unavoidably delayed under 37 CFR 1.378(b) was filed September 15, 2010, and was dismissed in the decision of June 28, 2011.

A renewed petition under 37 CFR 1.378(e) was filed August 29, 2011.

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.

OPINION

Petitioner request reconsideration of the previous adverse decision on the petition filed under 37 CFR 1.378(b) and submits as a process was in place to pay the maintenance fee due, the expiry of the instant patent was unavoidable.

Petitioner has not met his burden of proving to the satisfaction of the Director that the delay in payment of the maintenance fee was unavoidable within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b)(3).

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.”

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 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).

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, 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.

Petitioner asserts: (1) the assignee Digital Video Systems (DVS) had bought the patents from Hyundai, and Hyundai was supposed to pay all the patent's maintenance fees; (2) Sawyer Law Group (SLG) was to begin representation of patentee on or about July 2007, which was after expiration of the instant patent; and (3) that Nikia McNillon (McNillon) of SLG failed to docket this item.

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

In the instant petition, it is asserted that DVS relied upon Hyundai to pay the maintenance fee in this patent. While the record fails to show a documented contractual agreement between DVS and Hyundai, petitioner's statement that Hyundai was responsible for payment of the maintenance fee is accepted.

The record fails to show that adequate steps within the meaning of 37 CFR 1.378(b)(3) were taken by or on behalf of a party responsible for payment of the maintenance fee. Petitioner is reminded that 37 CFR 1.378(b)(3) is a validly promulgated regulation, as is the requirement therein for petitioner's showing of the steps taken to pay the fee. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. In the absence of a showing of the steps taken, 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee. 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee. See also Korsinsky v. Godici, 2005 US Dist. LEXIS 20850 at *13 (S.D. N.Y. 2005), *aff'd sub nom*; Korsinsky v. Dudas, 2007 US Dist. LEXIS 7986 (Fed. Cir. 2007); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee precluded acceptance of the maintenance fee); California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219 (D.Del. 1995); MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on USPTO reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca

2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt. v. Dudas, 496 F.Supp.2d 643 at 650 (E.D. Va 2007)(delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees.)

As the patent holder at the time of expiration, it was incumbent on DVS 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, supra 1259. However, 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.

Petitioner has provided no evidence that DVS had any steps in place to track and pay the maintenance fee for the above patent. Furthermore, petitioner has provided no evidence that: (1) Hyundai had any steps in place to track and pay the maintenance fee; or (2) that Hyundai was obligated to track and pay the maintenance fee. No explanation of: a docketing and call up system in use, the types of records kept, or any personnel responsible for such a system was provided by petitioner.

Accordingly, it follows that neither Hyundai nor DVS had any means of tracking and paying the maintenance fee. However delay resulting from the failure of the patent holder to have any steps in place to pay the fee by either obligating a third party to track and pay the fee, or by itself assuming the obligation to track and pay the fee, is not unavoidable delay. See R.R. Donnelley & Sons Co. v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244, 1247 (N.D. Ill. 2000); Ray, supra; California, supra; Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca 2007).

The facts are that the fee was not paid because steps were not in place to actually pay the fee. These are not the actions of a prudent and careful person with respect to his or her most important business, and as such precludes a reasonable and rational finding that the delay in payment of the maintenance fee was unavoidable. Rather, a prudent and careful person with respect to his or her most important business, would have initiated its own steps to track and pay the fee. See California, supra (noting that “if [the patent attorney] had ceased representing [the patent owner] for some reason, [the patent owner] would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel...”); Femspec, at * 26-*27 (quoting California); Burandt, supra.

As noted in MPEP 711.03(c) subsection (II)(C)(2), 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(s) 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).

Unfortunately, the showing of record is that conditions (a), (b), and (c) *supra* were not met. That is, as noted above, the cause of the delay was DVS's failure to provide a system to ensure that the maintenance fee would be timely paid. DVS may rely upon Hyundai for tracking and paying the maintenance fee. However, it has not been shown that Hyundai has a system in place for tracking and paying the maintenance fee as well. Petitioner should note that the patent expired prior to SLG taking over payment of maintenance fees. Accordingly, neither SLG nor McNillon were the party responsible for ensuring timely payment of the maintenance fee at the time payment of the maintenance fee was due, *i.e.*, the actions of SLG and/or McNillon were not the error that caused the delay in timely payment of the maintenance fee. As such, petitioner may not rely upon the action or inactions of McNillon to support a showing of unavoidable delay in the payment of the maintenance fee due.

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. Il. 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 that the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c) 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**.

This decision is a final agency action within the meaning of 5 U.S.C. § 704 for purposes of obtaining judicial review. See MPEP 1002.02. The USPTO will not further consider or reconsider this matter.

Any inquiries concerning this communication may be directed to JoAnne Burke at (571) 272-4584.



Anthony Knight
Director
Office of Petitions/
Petitions Officer