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**MAILED**  
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OFFICE OF PETITIONS

In re Patent of Peck :  
Patent No. 5,555,533 :  
Issue Date: September 10, 1996 : Decision on Petition  
Application No. 08/352,362 :  
Filing Date: December 9, 1994 :  
Attorney Docket No. OTS1.PAU.03 :

This is a decision on the renewed petition under 37 CFR 1.378(b), filed January 11, 2010, as supplemented on January 11, 2011.

The petition is **DENIED**. This decision is a final agency action within the meaning of 5 U.S.C. 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.

Since this patent will not be reinstated, the Office will schedule a refund of the \$1,180 submitted for the 7.5 year maintenance fee, the \$2,055 submitted for the 11.5 year maintenance fee, and the \$700 surcharge. The \$400 fee for requesting reconsideration is not refundable.

#### Procedural Background

The 7.5 year maintenance fee could have been paid during the period from September 10, 2003, to March 10, 2004, or with a surcharge during the period from March 11, 2004, to September 10, 2004. The fee was not paid. As a result, the patent expired September 11, 2004.

A petition under 37 CFR 1.378(b) was filed September 9, 2008.

A decision dismissing the petition was mailed November 25, 2009.

A request for reconsideration was filed January 11, 2010.

The Office issued a request for information on December 10, 2010.

A "Response to Request for Information" was filed January 11, 2011.

### 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 Director may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Director to have been unavoidable.**” (emphasis added)

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.

### Facts

The patent is owned by Peck/Pelissier partnership doing business as Ocean Technology Systems (“OTS”).

The patent issued September 10, 1996.

During 2001, OTS contracted with Master Data Center (“MDC”), now known as Thompson IP Management, to track maintenance fee due dates and assist OTS in the payment of maintenance fees. As a result, MDC entered the instant patent and other patents owned by OTS into MDC’s docketing system.

All mail, facsimile communications, and e-mail received by OTS from MDC were directed by the receptionist, or another individual handling incoming communications, to Pat Robertson, OTS’ Office manager. “Ms. Robertson would then undertake to appropriately respond to all communications and to consult with the principals of OTS, Jerry Peck and Michael Pelissier.”<sup>1</sup>

On an unspecified date during 2002, Robertson left OTS and Racine Schoef became the new Office manager. During this time, John Simonelli, CPA, an outside accountant, visited OTS weekly to assist Schoef with IP management. During this time, “[M]aintenance fee payables were further monitored and maintained by Homer Ellison, a technical writer and specifications expert.”<sup>2</sup>

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<sup>1</sup> September 9, 2008 petition, p. 2.

<sup>2</sup> *Id.*

The 7.5 year maintenance fee for the instant patent could have been paid as early as September 10, 2003.

On an unspecified date prior to November 2003, MDC sent OTS a “decision list” for the first quarter of 2004. The decision list informed OTS the 7.5 year maintenance fee was due for the instant patent. OTS did not respond to the decision list. As a result, MDC sent a new decision by facsimile transmission to OTS on November 12, 2003. OTS did not respond to the second decision list. On November 21, 2003, MDC sent a letter by facsimile transmission stating,

We still have not received your 1Q04 payment decisions. Therefore, we have now placed the attach[ed] case on hold. If you wish MDC to process the payment for this case in the future, please fax us manual payment.

The attachment to the November 21, 2003 cover letter identified the instant patent and stated in prominent, handwritten language, “This case has now been placed on hold.”

The January 11, 2010 request for reconsideration states, “Placing a notice ‘on hold’ was not understood by Mr. Peck or anyone else at Petitioner’s business, OTS, that the maintenance [fee] had not or never would be paid.”<sup>3</sup>

The 7.5 year maintenance fee was not paid during the period from September 10, 2003, to March 10, 2004, or with a surcharge during the period from March 11, 2004, to September 10, 2004. As a result, the patent expired September 11, 2004.

The September 9, 2008 petition was accompanied by a declaration by Jerry Peck, a principal of OTS. The declaration states,

OTS does not have any record of any communication being received by OTS during Sept. 10, 2003 – Sept. 10, 2004 advising it of the maintenance fees due [for the instant patent] or at any time later that this patent had lapsed until Sept. 2008.

Any communication sent to OTS in the Sept. 10, 2003-Sept. 10, 2004 window by MDC regarding maintenance [fees] was not actually received by OTS, or if received, was not confirmed to OTS for positive action or decision.<sup>4</sup>

On an unspecified date, OTS authorized MDC to pay the 11.5 year maintenance fee for the instant patent. On September 3, 2008, MDC sent an e-mail informing OTS the instant patent had lapsed on September 10, 2004, as a result of a failure to pay a maintenance fee.

A petition under 37 CFR 1.378(b) was filed September 9, 2008.

A decision dismissing the petition was mailed November 25, 2009.

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<sup>3</sup> Request for Reconsideration, p. 3.

<sup>4</sup> September 9, 2008 Peck Declaration, ¶¶ 6 and 9.

The instant request for reconsideration was filed January 11, 2010.

### Discussion

A grantable petition under 37 CFR 1.378(b) must be accompanied by a showing to the satisfaction of the Director 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.

In order for a party to show unavoidable delay, the party must show "reasonable care was taken to ensure that the maintenance fee would be promptly paid."<sup>5</sup> The level of "reasonable care" required to be shown is the same as the level of "care or diligence ... generally used and observed by prudent and careful men in relation to their most important business."<sup>6</sup> When determining if a period of delay has been shown to have been unavoidable, the Office will take "all the facts and circumstances into account" and will decide each petition "on a case-by-case basis."<sup>7</sup>

The statute requires a "showing" of unavoidable delay. Therefore, petitioner has the burden of proof.

#### The First Two Communications Concerning the Instant Patent From MDC to OTS

Prior to November 2003, MDC sent a decision list for the first quarter of 2004 indicating the 7.5 year maintenance fee was due for the instant patent. Peck claims the communication was never received, or if received, was never "confirmed to OTS for positive action or decision."<sup>8</sup>

Peck's declaration states, "Exhibit 1 [to the September 9, 2008 petition] is a true and correct accounting of the accounts payable to MDC beginning from the first payment in 2002 to the present."<sup>9</sup> Exhibit 1 includes an entry dated September 27, 2003, referring to invoice "OY1Q04" for \$1,145 from MDC. The term "OY1Q04" appears to be an indication the referenced invoice from MDC pertained to the first quarter of 2004. In other words, the cited entry on Exhibit 1 appears to be an indication OTS did receive the letter from MDC concerning the fees due for the first quarter of 2004.

On November 12, 2003, MDC sent OTS a second communication indicating MDC has "not received [the] 1Q04 payment decisions." The communication included a copy of the decision list

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<sup>5</sup> 37 CFR 1.378(b).

<sup>6</sup> *In re Mattulath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912). *See also Ray v. Lehman*, 55 F.3d 606, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citations omitted) ("[I]n determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person.")

<sup>7</sup> *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

<sup>8</sup> *Id.* at ¶ 9.

<sup>9</sup> *Id.* at ¶ 10.

for the first quarter of 2004. Peck claims the communication was never received, or if received, was never “confirmed to OTS for positive action or decision.”<sup>10</sup> However, the request for reconsideration includes a copy of a MDC facsimile sending unit’s report indicating the facsimile transmission of the second communication to OTS on November 12, 2003, was successful.

In view of the prior discussion, the record fails to establish OTS never received the first copy of the decision list for the first quarter of 2004 sent by MDC or the copy of the list sent November 12, 2003.

#### The Third Communication from MDC to OTS

On November 21, 2003, MDC sent a third communication to OTS stating,

We still have not received your 1Q04 payment decisions. Therefore, we have now placed the attached case on hold. If you wish MDC to process the payment for this case in the future, please fax us manual payment.

OTS appears to have received and misunderstood the third communication. Specifically, the request for reconsideration states, “Placing a notice ‘on hold’ was not understood by Mr. Peck or anyone else at Petitioner’s business, OTS, that the maintenance [fee] had not or never would be paid.”<sup>11</sup>

Delay resulting from a failure in communication is not unavoidable delay. Furthermore, OTS was in receipt of a letter indicating the case was being placed on “hold.” A reasonable and prudent person, treating the patent with the same level of care as the person would treat the person’s most important business, would have inquired further into the matter if the person was unaware of the meaning of the phrase “on hold.”

Even if the third communication had only stated MDC had not yet received any instructions to pay the 7.5 year maintenance fee for the patent, the showing of record would be insufficient to establish OTS’ failure to respond was consistent with the level of care generally used by reasonable and prudent individuals in relation to their most important business. A reasonable and prudent person would recognize a failure of MDC to receive instructions to pay a fee would result in MDC not paying the fee.

#### 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 reasons herein and stated in the previous decision, the entire 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). Therefore, the petition is **denied**.

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<sup>10</sup> *Id.* at ¶ 9.

<sup>11</sup> Request for Reconsideration, p. 3.

As stated in 37 CFR 1.378(e), the Office will not further consider or review the matter of the reinstatement of the patent.

The patent file is being forwarded to Files Repository.

Telephone inquiries may be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Anthony Knight  
Director  
Office of Petitions