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In re Patent No. 4,496,886 :  
Issue Date: January 29, 1985 :  
Application No. 06/439,691 :  
Filed: November 8, 1982 :  
Attorney Docket No. 1647 :

SPECIAL PROGRAMS OFFICE  
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ON PETITION

This is a decision on the renewed petition, filed May 15, 1998, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept the unintentionally delayed payment of a maintenance fee and reinstate the above-identified patent.

The petition to accept the delayed payment of the maintenance fee and reinstate the above-identified patent is **DENIED**.

#### BACKGROUND

The patent issued January 29, 1985. The first and second maintenance fees were paid. Accordingly, the third maintenance fee due could have been paid during the period from January 29, 1996, through July 29, 1996, or with a surcharge during the period from July 30, 1996, through January 29, 1997. The patent expired at midnight January 29, 1997. Therefore, since this petition was filed within twenty-four months after the six-month grace period, this petition was timely filed under the provisions of 37 CFR 1.378(c).

A petition under 37 CFR 1.378(c) was filed on August 25, 1997 and was dismissed in the decision of March 13, 1998. The instant petition under 37 CFR 1.378(e) was filed May 15, 1998 and includes a declaration of D. Craig Nordlund (Nordlund), Associate General counsel and Secretary of Hewlett Packard Company (HP), who, as the assignee, is the real party in interest. Nordlund asserts that HP at all times desired for the patent to remain in force. Nordlund further contends that it was a mistake of the

legal department at HP not to keep Dr. William Shreve (Shreve), the decision maker at HP, informed as to the value of the above-identified patent to HP by way of a royalty bearing license.

Petitioner requests reconsideration in that "[t]hrough an administrative error in the HP legal department, the existence of this [royalty bearing] license was not timely communicated to Dr. William Shreve, who in the mistaken belief that the patent was of no further value to HP, did not authorize payment of the maintenance fee."

#### STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) provides that:

The Commissioner 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 Commissioner to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable. The Commissioner 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 Commissioner 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(a) provides that:

The Commissioner may accept the payment of any maintenance fee due on a patent after expiration of the patent if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Commissioner to have been unavoidable (paragraph (b) of this section) or unintentional (paragraph (c) of this section) and if the surcharge required by § 1.20(i) is paid as a condition of accepting payment of the maintenance fee. If the Commissioner accepts payment of the maintenance fee upon petition, the patent shall be considered as not having expired, but will be subject to the conditions set forth in 35 U.S.C. 41(c)(2).

37 CFR 1.378(c) provides that:

(c) 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.

#### OPINION

The Commissioner **may** accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unintentional"; see 35 USC 41(c)(1) and its promulgating regulation 37 CFR 1.378(a). That is, the plain language of the statute permits reinstatement of an expired patent, provided the delay in payment of the maintenance fee was "unintentional." See Centigram Communication Corp. v. Lehman, 862 F.Supp. 113, 118, 32 USPQ2d 1346, 1350 (E.D. Va. 1994), *appeal dismissed*, 47 F.3d 1180 (Fed. Cir. 1995). Nevertheless, the congressional intent is that PTO acceptance of a delayed maintenance fee is discretionary, and contingent upon a showing satisfactory to the Commissioner, that the delay was "unintentional." Id. at 116, 32 USPQ2d at 1348.

Petitioner asserts that the decision whether to pay the third maintenance fee fell to Shreve, the responsible person at HP. Dr. Shreve asserts that the maintenance fee was not timely paid due to his decision, after consulting with one of the named inventors, "not to pay the maintenance fee" for the above-noted patent. Shreve further asserts that he made the decision, prior to expiration of the patent, only being aware that the technology was not being used by the assignee, and without a full understanding of its significance to the assignee by way of a licensing agreement. Subsequent to expiration of the patent, Shreve asserts, he became aware of the true significance of the patent, and if such were known to Shreve at the time he made the decision not to pay the maintenance fee, he would not have permitted the expiration of the patent. As such, petitioner asserts, the delay in payment was unintentional.

The Commissioner may accept the payment of any maintenance fee required by 35 U.S.C. 41(b) which is made within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unintentional. See 35 U.S.C. § 41(c)(1).

The "unavoidable" standard in 35 U.S.C. § 41(c)(1) is identical to the "unavoidable" standard in 35 U.S.C. § 133 for reviving an

abandoned application because 35 U.S.C. § 41(c)(1) uses the same language (i.e., "unavoidable" delay). See Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (citing In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd, Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990)). Likewise, the "unintentional" standard in 35 U.S.C. § 41(c)(1) is the same as the "unintentionally" standard in 35 U.S.C. § 41(a)(7) because 35 U.S.C. § 41(c)(1) uses the same word ("unintentional"), albeit in a variant (i.e., the adjective "unintentional" rather than the adverb "unintentionally"). With regard to the "unintentional" delay standard:

Where the applicant deliberately permits an application to become abandoned (e.g., due to a conclusion that the claims are unpatentable, that a rejection in an Office action cannot be overcome, or that the invention lacks sufficient commercial value to justify continued prosecution), the abandonment of such application is considered to be a deliberately chosen course of action, and the resulting delay cannot be considered as "unintentional" within the meaning of [37 CFR] 1.137(b). . . . An intentional delay resulting from a deliberate course of action chosen by the applicant is not affected by: (1) the correctness of the applicant's (or applicant's representative's) decision to abandon the application or not to seek or persist in seeking revival of the application; (2) the correctness or propriety of a rejection, or other objection, requirement, or decision by the Office; or (3) the discovery of new information or evidence, or other change in circumstances subsequent to the abandonment or decision not to seek or persist in seeking revival.

See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131, 53158-59 (October 10, 1997), 1203 Off. Gaz. Pat. Office 63, 86 (October 21, 1997) (discussing the meaning of "unintentional" delay in the context of the revival of an abandoned application).

35 U.S.C. § 41(c)(1) authorizes the Commissioner to accept a delayed maintenance fee payment "if the delay is shown to the satisfaction of the Commissioner to have been unintentional." 35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was intentional, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unintentional. 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); see also In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989) (petition under 37 CFR 1.137(b) denied because the applicant failed to carry the burden of proof to establish that the delay was unintentional).

Petitioner has failed to carry its burden of proof to establish to the satisfaction of the Commissioner that the delay in payment of the third maintenance fee for the above-identified patent was unintentional within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(c).

When the third maintenance fee payment for the above-identified patent was due, Shreve was the responsible person at HP. The record indicates that HP's failure to pay the maintenance fee was not due to an unintentional error or oversight on the part of Shreve, but was due to a deliberate decision by Shreve not to pay the maintenance fee. Thus, the showing of record is that the delay resulting in the expiration of this patent is due to an intentional decision by the responsible person, Shreve, to not continue this patent in force, but rather, to permit the expiration of the patent by deliberately withholding the maintenance fee. This course of action, deliberately chosen, cannot reasonably be considered to have been unintentional within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c).

A delay caused by the deliberate decision not to take appropriate action within a statutorily prescribed period does not constitute an unintentional delay within the meaning of 35 U.S.C. § 41. In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989). Such intentional action or inaction precludes a finding of unintentional delay, even if the agent-representative made his decision not to timely take the necessary action in a good faith error. In re Maldaque, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988). In this regard, when the maintenance fee fell due, Shreve did not intend to make the payment, or cause the payment to be made. As such, the delay resulting from this deliberate action (or inaction) of Shreve cannot reasonably be regarded as "unintentional."

Rather, the showing of record is that, when the maintenance fee was due, Shreve decided that there was no compelling reason to continue this patent in force. Petitioner asserts that subsequent to the expiration of the patent, Shreve discovered the full value of this patent to HP, and that if Shreve had been aware of this information prior to the maximum statutory period for payment of the maintenance fee, Shreve would have submitted the maintenance fee in a timely manner.

The discovery of additional information after making a deliberate decision to withhold a timely action is not the "mistake in fact" that might form the basis for acceptance of a maintenance fee pursuant to 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c), under the reasoning of Maldague. The discovery of additional, other information is simply a change in circumstances that occurred subsequent to the expiration of the patent. That Shreve discovered such additional, other information subsequent to the expiration of this patent does not cause the delay resulting from Shreve's previous deliberate decision to become "unintentional." Id. Petitioner contends that the instant petition is based upon a mistake of fact and not a change of mind after reviewing the facts a second time. Nevertheless, the latter condition is precisely the situation herein. Petitioner now seeks to revisit the decision of Shreve, and comes to the opposite conclusion of Shreve. Petitioner overlooks the salient fact that all the delay resulting from the decision of Shreve, as it results from a conscious and deliberate decision, cannot now be regarded as unintentional. G, supra; Maldague, supra. Obviously, HP now wishes that Shreve had given the instructions to pay the maintenance fee. Nevertheless, what HP now wishes or intends and what Shreve would have wished or intended had Shreve been aware of the license, are both immaterial. The salient point is that there is no adequate showing that, when the third maintenance fee payment for the above-identified patent was due, Shreve intended that the payment be made, and the patent maintained in force.

Petitioner seeks to avoid the consequences of the deliberate decision of Shreve by contending that it was the "unintentional mistake of the Legal Department" in failing to alert Shreve to the existence of a royalty agreement concerning the instant patent. Manifestly, this argument must fall of its own weight, as Shreve, not the legal department, made the deliberate decision not to pay the maintenance fee. That is, Shreve, not the legal department at HP, was the responsible person. Moreover, to the extent that the legal department may have erred, 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. See California Medical Products v. Technol. Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995); 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).

Moreover, Shreve did not misstate any material fact to anyone at HP concerning the non-payment of the maintenance fee. The record supports a finding that HP expressly permitted Shreve to exercise his business judgment in regard to whether the maintenance fee

for the instant patent should be paid or not be paid. Therefore, Shreve's decisions in the exercise of his business judgment on whether to pay or not to pay the maintenance fee for the above-identified patent are binding on HP. See Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667 (D.D.C. 1963).

35 U.S.C. § 41(c)(1) authorizes the Commissioner to accept the delayed payment of a maintenance fee under 35 U.S.C. § 41(b) if, *inter alia*, "the delay is shown to the satisfaction of the Commissioner to have been unintentional." In this case, petitioner has failed to carry its burden to establish that the delay in paying the third maintenance fee payment for the above-identified patent was unintentional on the part of Shreve. Obviously, a delay resulting from a deliberate decision by the relevant party (Shreve) not to pay a maintenance fee cannot reasonably be characterized as an "unintentional" delay within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c). That HP now seeks to revisit Shreve's decision does not cause the delay resulting from Shreve's deliberate decision not to pay the third maintenance fee for the above-identified patent to become an "unintentional" delay under 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c). Moreover, no reason has been given or is apparent as to why Shreve's decision and subsequent action (or inaction) should not bind HP.

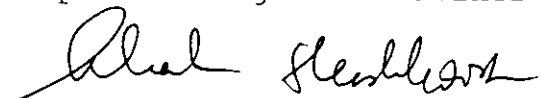
The instant petition under 37 CFR 1.378(e) is granted to the extent that the decision of March 13, 1998 has been reconsidered; however, the petition to accept under 37 CFR 1.378(c) the delayed payment of a maintenance fee and reinstate the above-identified patent is **DENIED**.

Since the above-identified patent will not be reinstated, the \$3080.00 maintenance fee and \$1600.00 surcharge submitted by petitioner have been refunded to counsel's deposit account No. 08-2025. The \$130 fee for requesting reconsideration has been charged to the same account.

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

This patent file is being forwarded to the Files Repository.

Telephone inquiries concerning this matter may be directed to  
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