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WOLF, GREENFIELD & SACKS, P.C.  
FEDERAL RESERVE BUILDING  
600 ATLANTIC AVENUE  
BOSTON, MA 02210-2211

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**OFFICE OF PETITIONS**

In re Patent of :  
Jae S. Lim :  
Patent No. 5,016,104 :  
Application No. 07/370,171 : DECISION  
Filed: June 22, 1989 : ON PETITION  
Issued: May 14, 1991 :  
Title of Invention: :  
RECEIVER-COMPATIBLE NOISE :  
REDUCTION SYSTEMS :

This Decision is in response to the Petition for Reconsideration Under 37 CFR § 1.378(e), to reinstate the above-identified patent, filed April 3, 2006, and supplemented on October 23, 2006.

The petition is denied.

**Background**

The patent issued May 14, 1991. The eleven and one-half (11½) year maintenance fee could have been paid from May 14, 2002, through November 14, 2002, or with a surcharge during the period from November 15, 2002, to May 14, 2003. Petitioner did not do so. Accordingly, the patent expired May 15, 2003.

The December 12, 2005 petition

Petitioner/Patentee filed a petition on December 12, 2005, wherein Patentee asserted that due to an error during conversion of the docketing system (to CPi), which included maintenance fee

payment data for approximately 1,700 patents<sup>1</sup>, the monthly run "US Maintenance Report" failed to include the above-identified patent as having a maintenance fee due.

Petitioner provided that "a number of tests were run to verify the completeness and reliability of the data that was converted." Petitioner did not explain the tests, but provided that "[t]he tests showed that the data transferred properly." O'Brien Declaration at p.2.

Petitioner also asserted that Ms. Rita Filipowicz was the individual responsible for managing the administration and coordination of data entry into CPi, and that Ms. Filipowicz was a trained and experienced manager; however, Petitioner did not provide a Declaration from Ms. Filipowicz, and further stated that she had since pursued other job opportunities. Nor had Petitioner provided a declaration from the individual/personnel responsible for training Ms. Filipowicz to attest to the assertion that she was properly trained and experienced<sup>2</sup>.

#### The Decision dismissing the December 12, 2005 petition

The petition was dismissed in a Decision mailed January 11, 2006, and re-mailed on February 3, 2006. The Decision dismissing the petition noted Petitioner's assertion, that the series of missed payments appeared to be a direct result of the implementation of a new docketing system. O'Brien Declaration at p.4. (Emphasis supplied). However, Patentee had failed to provide any information of the steps that were taken to ensure conversion errors were limited/eliminated. The Decision further noted that Mr. O'Brien asserted that he assumed responsibility for managing the administration and coordination of data entry into CPi and for payment of domestic maintenance fees in August 2004. As such, Mr. O'Brien was not in a position to know what

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<sup>1</sup> The petition stated that approximately 11,000 records were converted; however, the petition did not provide any information as to any errors that may have been discovered among the 11,000 records. The petition limits its discussion of errors to the 1,700 U.S. patent records, wherein 63 records were/are being addressed. The Decision dismissing the petition noted that the issue here was Petitioner's reliance upon CPi, and whether that reliance was reasonable. It was noted that while 63 errors in 11,000 records may be found to be reasonable, 63 errors in 1,700 may be found to be less reasonable.

<sup>2</sup> Mr. O'Brien attested to Ms. Filipowicz training and experience; however, Mr. O'Brien had failed to assert that he had direct knowledge of the training Ms. Filipowicz received, or that he supervised Ms. Filipowicz such that he would have been in a position to attest to her competence such that reliance upon Ms. Filipowicz was reasonable.

tests were run to verify the converted data; whether there were any discrepancies discovered at that time such that steps should have been taken to correct any errors, and whether the tests were run by an employee upon whom Petitioner's reliance was reasonable.

The Decision concluded that Patentee had failed to support the assertion that it exercised reasonable reliance upon CPI and the conversion of Petitioner's maintenance fee data. Petitioner was advised to provide statements from persons with first-hand knowledge who are able to attest to the training and experience of Ms. Filipowicz such that reliance upon Ms. Filipowicz to ensure an accurate transfer of data occurred was reasonable; of the steps taken to ensure that conversion of the data was accurate, and the results of the tests that led to the conclusion that the conversion was accurate such that no further investigation was necessary at that time.

#### The instant Petition for Reconsideration

Petitioner files the instant Petition for Reconsideration and now asserts that the conversion/transfer of the maintenance fee data for the above-identified patent into CPI, was successful. Patentee provides that the failure to pay the eleven and one-half (11½) year maintenance fee (due May 14, 2003), was the result of a docketing error. Patentee asserts that the Docketing Manager failed to update the "action screens", the updating of which would have resulted in the timely payment of the maintenance fee.

The Patentee acknowledges that the conversion to the CPI system was a result of the seriousness with which the Patentee took docketing issues. Petition at pp.3, 5. The docketing data included maintenance fee due dates. Declaration of Supervisor at p.4. As part of the reasonable care the Patentee used to ensure the maintenance fee due dates were entered, the Patentee converted to the CPI system. Petition at p.6. Patentee appointed the Docket Manager in 2000, the year prior to converting to the CPI docketing system. Declaration of Director of the Massachusetts Institute of Technology ("MIT") Technology Licensing Office ("TLO"), at p.2.

Regarding Patentee's business routine, Patentee asserts that the business routine was reasonable. The routine consisted of the Docket Manager running monthly reports and then requesting instructions from Patentee's Technology Licensing Officers. If no instructions were obtained, second requests were made, and if

instructions were still not obtained, personal visits by the Docketing Manager were made to the Technology Licensing Officers. Past due reports were run by both the Docketing Manager and her supervisor, who met weekly to resolve the past due reports. Petition at p.7, Declaration of the Docketing Manager's Supervisor ("Supervisor") at p.3.

The Supervisor states that "at no time during the conversion or training, nor during the weekly docket meetings, [did she] recall a problem with maintenance fees." Declaration of Supervisor at p.6. However, the Supervisor also states that "[s]oon after the conversion to the CPi system, [she] became concerned about [the Docket Managers] knowledge of the CPi system." Id., at pp 8-9. The Supervisor met with the Docketing Manager "on February 15, 2002, to discuss these issues and required the Docket Manager to become more familiar with the CPi program." The Supervisor provides that an on-site training session on February 26, 2002, was among additional training steps taken; however, no other "additional training steps" have been provided in the petition. Id. At p.9. The Supervisor states that, "despite our weekly meetings and repeated inquiries regarding ongoing projects, [the Docket Managers] job performance remained inconsistent, as reflected in her performance evaluation." Id. The Supervisor asserts that, for tasks that had not changed over time, the Docket Manager was performing adequately; however, it appeared that the Docket Manager was relying on paper products and not utilizing the capabilities of CPi. Id. "Accordingly, in April 2003, [the Supervisor] informed [the Docket Manager] that she had 6 months to show significant improvement by consistently meeting expectations." Id. The Supervisor avers that the "above-identified patent lapsed during the time [she] was subjecting [the Docket Manager] to closer supervision beyond our weekly docket meetings." Id., at p.10. The Supervisor alleges that she was not aware of maintenance fee problems, and while she did develop a concern after the conversion to CPi over [the Docket Manager's] performance, that concern was unrelated to maintenance fees." Id.

Supplement to Petition filed October 23, 2006

Petitioner filed a Supplement to the Petition for Reconsideration on October 23, 2006, wherein Petitioner asserted that reliance upon the Docket Manager was reasonable in view of the Docket Manager's experience and ability. The Supplement provides evidence of the Docket Manager's performance in 1996 - 1997 and through to her promotion to Assistant Patent

Administrator and Office Manager and eventual promotion to Docket Manager in 2001. Supplement at pp. 2-3. Petitioner provides evidence of the Docket Manager's superior performance leading up to her appointment as Docket Manager. Petitioner asserts that the Docket Manager performed well in her responsibility to pay maintenance fees, despite evidence in April, 2003, that the Docket Manager appeared to be failing in most of her [other] job responsibilities. Id. At pp 3-4. Petitioner alleges that the final warning of non-performance contains the first mention of a concern with maintenance fees.

Petitioner admits that the Docketing Manager "began to have problems with docketing issues that had changed after MIT's conversion to the CPi docketing software..." Supplement at p.4. However, Petitioner avers that the Docket Manager appeared to be handling maintenance fees - a task that had not been changed by the conversion - well." Id. At p.5.

Petitioner cites to *In re Katrapat*, AG, 6 USPQ2d 1863 (Comm'r Pat. 1988), and *Medical Products v. Tecnol Medical Products, Inc.*, 921 F. Supp. 1219, 1254-60 (D.Del. 1995), where the relevant inquiry was whether the attorneys reliance upon an employee in the performance of a clerical function - in the two cases cited the employees were both secretaries - was reasonable.

#### **Applicable Law, Rules and MPEP**

37 CFR 1.378(b) provides that a patent may be reinstated at any time following expiration of the patent for failure to timely pay a maintenance fee. A petition to accept late payment of a maintenance fee, where the delay was unavoidable, must include:

- (A) the required maintenance fee set forth in 37 CFR 1.20(e)-(g);
- (B) the surcharge set forth in 37 CFR 1.20(i)(1); and
- (C) 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 required 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. Furthermore, an adequate showing requires a *statement by all persons with*

direct knowledge of the cause of the delay, setting forth the facts as they know them. Copies of all documentary evidence referred to in a statement should be furnished as exhibits to the statement. (Emphasis supplied).

As language in 35 U.S.C. § 41(c)(1) is identical to that in 35 U.S.C. § 133 (i.e., "unavoidable" delay), a late maintenance fee for the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. § 133. See *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), *aff 'd sub nom. 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)). See MPEP § 711.03(c) for a general discussion of the "unavoidable" delay standard.

As 35 U.S.C. § 41(c) 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

U.S.C. § 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 to ensure the timely payment of the maintenance fees for this patent. *Id.* Thus, where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

In view of the requirement to enumerate the steps taken to ensure timely payment of the maintenance fee, the patentee's lack of knowledge of the need to pay the maintenance fee and the failure to receive the Maintenance Fee Reminder do not constitute unavoidable delay. See *Patent No. 4,409,763*, *supra*. See also Final Rule entitled "*Final Rules for Patent Maintenance Fees*," published in the *Federal Register* at 49 Fed. Reg. 34716, 34722-23 (August 31, 1984), and republished in the *Official Gazette* at 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). Under the statutes and rules, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. It is solely the responsibility of the patentee to assure that the

maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee and the failure to receive the Maintenance Fee Reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. Thus, evidence that despite reasonable care on behalf of the patentee and/or the patentee's agents, and reasonable steps to ensure timely payment, the maintenance fee was unavoidably not paid, could be submitted in support of an argument that the delay in payment was unavoidable.

An error in a docketing system could possibly result in a finding that a delay in payment was unavoidable if it were shown that reasonable care was exercised in designing and operating the system and that the patentee took reasonable steps to ensure that the patent was entered into the system to ensure timely payment of the maintenance fees.

A showing of unavoidable delay will (in addition to the above) require: (1) evidence concerning the procedures in place that should have avoided the error resulting in the delay; (2) evidence concerning the training and experience of the persons responsible for the error; and (3) copies of any applicable docketing records to show that the error was in fact the cause of the delay. See MPEP § 711.03(c)(III)(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 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).

Opinion

The record supports the following findings of fact:

- (1) Patentee converted to the CPi system as a result of the seriousness with which the Patentee took docketing issues, and as part of the reasonable care the Patentee used to ensure the maintenance fee due dates were entered;
- (2) The docketing data included maintenance fee due dates;
- (3) Patentee appointed the Docket Manager in 2000, the year prior to converting to the CPi docketing system;
- (4) Soon after the conversion to the CPi system, the Supervisor became concerned about the Docket Managers knowledge of the CPi system. The Supervisor met with the Docketing Manager on February 15, 2002, to discuss these issues and required the Docket Manager to become more familiar with the CPi program;
- (5) Additional training, in the form of an on-site training session on February 26, 2002, was provided the Docket Manager;
- (6) Despite weekly meetings and repeated inquiries regarding ongoing projects, the Docket Managers job performance remained inconsistent, as reflected in her performance evaluation, covering the period of April 1, 2002 through April 1, 2003;
- (7) The Supervisor was aware that it appeared that the Docket Manager was relying on paper products and not utilizing the capabilities of CPi;
- (8) In April 2003, the Supervisor informed the Docket Manager that she had 6 months to show significant improvement by consistently meeting expectations;
- (9) The maintenance fee for the above-identified patent was due on May 14, 2003;
- (10) The Supervisor acknowledges that the above-identified patent lapsed during the time she was subjecting the Docket Manager to closer supervision beyond their weekly docket meetings.
- (11) The Docketing Manager failed to update the "action screens", which are part of the CPi program.

(12) The maintenance fee was missed due to a failure to update and resolve the maintenance fee action screen.

The record fails to disclose that the patentee took reasonable steps to ensure timely payment of the maintenance fee. Here, Patentee converted to the CPi system to ensure, in part, the timely payment of maintenance fees. Patentee appointed the Docket Manager during the year 2000 the year prior to converting to the CPi system. The following February, 2002, Patentee became concerned about the docketing managers knowledge of the CPi system; however, that concern did not carryover to the payment of maintenance fees, despite the fact that 1) the timely payment of maintenance fees was one of the reasons for converting to the CPi system; 2) updating action screens was part of the CPi system, and 3) the maintenance fee was missed due to a failure to update and resolve the maintenance fee action screen. The Docket Managers job performance remained inconsistent, through 2002 and 2003, as reflected in her performance evaluation, and in April 2003, the Supervisor informed the Docket Manager that she had 6 months to show significant improvement by consistently meeting expectations. The maintenance fee for the above-identified patent was due on May 14, 2003, which was during the period that the Supervisor knew or should have known that reliance upon the Docket Manager to ensure that payment of the maintenance fee - Patentee's most important business<sup>3</sup>, was unreasonable.

Patentee was aware that that the Docketing Manager was experiencing difficulties with the docketing system, and was aware that it appeared that the Docket Manager was relying on paper products and not utilizing the capabilities of CPi. Despite this awareness, Patentee continued to rely upon the Docketing Manager for timely payment of maintenance fees, which at this time were incorporated into capabilities of CPi. Patentee now asserts that payment of the maintenance fee was missed because the Docketing Manager failed to update the "action screens" in the CPi program.

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<sup>3</sup> The word '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. (Emphasis supplied). See, *In re Mattullath*, 38 App. D.C. 497, 514-15 (1912) (quoting *Ex parte Pratt*, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also *Winkler v. Ladd*, 221 F. Supp. 550, 552, 138 USPQ 666, 167-68 (D.D.C. 1963), *aff'd*, 143 USPQ 172 (D.C. Cir. 1963); *Ex parte Henrich*, 1913 Dec. Comm'r Pat. 139, 141 (1913).

Patentee asserts that reliance upon the docket manager was reasonable based upon the docket manager's job performance and nearly a decade of experience in docketing matters. The relevant inquiry, however, is whether the patentee's reliance upon the docket clerk was reasonable during and after the conversion to the CPi system. The question is whether "the employee 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." Here, the function and routine for [payment of maintenance fees] changed with the conversion to the CPi system.

Patentee asserts, on the one hand, that the docket clerk "appeared to be failing in most of her job responsibilities with the notable exception of responsibilities that had not changed over time. First and foremost among the tasks that appeared to have been performed well was payment of maintenance fees. Thus, the increased supervision the docketing manager was subjected to appeared to reveal to her supervisor that maintenance fees - one of the Docketing Manager's primary responsibilities - continued to be handled well." Supplement at pp. 3-4. Patentee thus infers that the payment of maintenance fees was a task that had not changed with the conversion to the CPi system. However, Patentee has acknowledged that the timely payment of maintenance fees was one of the reasons for converting to the CPi system; that action screens were part of the CPi system, and updating the action screens was required to ensure timely payment of maintenance fees.

Here, the maintenance fee for the above-identified patent was due on May 14, 2003. Approximately 15 months prior to the maintenance fee due date, in February, 2002, Patentee became concerned about the docketing managers knowledge of the CPi system; however, that concern did not carryover to the payment of maintenance fees, despite the fact that the timely payment of maintenance fees was dependent upon accurately updating the CPi action screens.

The Docket Managers job performance remained inconsistent, through 2002 and 2003, as reflected in her performance evaluation, and in April 2003, the Supervisor informed the Docket Manager that she had 6 months to show significant improvement by consistently meeting expectations. The maintenance fee for the above-identified patent was due on May 14, 2003, which was during the period that the Supervisor knew or should have known that reliance upon the Docket Manager to ensure that the action screens in the CPi system were updated in

order to effect timely payment of the maintenance fee - Patentee's most important business - was unreasonable.

Patentee now asserts that payment of the maintenance fee was missed because the Docketing Manager failed to update the "action screens" in the CPI program. Patentee was aware that that the Docketing Manager was experiencing difficulties with the CPI docketing system, and was aware that it appeared that the Docket Manager was relying on paper products and not utilizing the capabilities of CPI. Despite this awareness, Patentee continued to rely upon CPI and the Docketing Manager for timely payment of maintenance fees.

Patentee has failed to demonstrate that reliance upon the Docketing Manager was reasonable under the circumstances. Patentee relied upon the CPI system for payment of the maintenance fees. The Docket Manager was responsible for updating the action screens in the CPI system. Unlike the situations in *In re Katrapat* and *Medical Products v. Tecno Medical Products, Inc.*, Patentee was aware that the Docket Manager was experiencing difficulty with the CPI docketing system, and should have expected that errors in docketing may have occurred. And while Patentee subjected the Docket Manager to closer monitoring, Patentee's concern did not carryover to maintenance fees. Patentee continued to rely upon the Docket Manager to update the CPI system to ensure timely payment of the maintenance fee. As such, Patentee has not demonstrated that it acted as a reasonable prudent person in the exercise of due care and diligence, in continuing to rely upon an employee whom the Patentee knew or should have known was unreliable. Where the record fails to disclose that the patentee took reasonable steps to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3), acceptance of the delayed payment of the maintenance fee is precluded.

### Decision

The instant petition under 37 CFR 1.378(e) is granted to the extent that the decision of April 3, 2006, and supplemented on October 23, 2006, has been reconsidered; however, the renewed petition to accept under 37 CFR 1.378(e) the delayed payment of a maintenance fee and reinstate the above-identified patent is **DENIED**.

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 should be directed to Attorney Derek L. Woods at (571) 272-3232.

A handwritten signature in cursive script, appearing to read "Charles Pearson", followed by a long horizontal flourish.

Charles Pearson  
Director  
Office of Petitions