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Paper No. 39

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In re Patent No. 5,055,268 :  
Issue Date: October 8, 1991 :  
Application No. 07/565,871 :  
Filed: August 8, 1990 :  
Attorney Docket No. 06/88-49961.1 :

ON PETITION

This is a decision on the petition, filed May 29, 1998, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent.

The request to accept the delayed payment of the maintenance fee is DENIED.

#### BACKGROUND

The patent issued October 8, 1991. Accordingly, the first maintenance fee due could have been paid during the period from October 11, 1994 (October 8, 1994 being a Saturday and October 10, 1994 being a holiday), through April 10, 1995 (April 8, 1995 being a Saturday), or with a surcharge during the period from April 11, 1995 through October 10, 1995 (October 8, 1995 being a Sunday and October 9, 1995 being a holiday). Accordingly, this patent expired at midnight on October 8, 1995 for failure to timely pay the maintenance fee under 37 CFR 1.362(g).

Petitioner (Public Service Technologies (PST)), gained title of the patent from Sniffer Technologies Corporation (Sniffer) in January, 1995, through a

bankruptcy settlement. Petitioner asserts that the failure to pay the first maintenance fee was unavoidable.

A first petition to accept late payment of the maintenance fee under 37 CFR 1.378(b) was filed on November 5, 1997. The petition was dismissed in the decision of March 30, 1998, on the grounds that petitioner had not carried the burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable.

The instant petition requesting reconsideration of the previous decision was filed May 29, 1998.

#### STATUTE AND REGULATION

35 USC 41(c)(1) states that:

"The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section... after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable."

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."

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 "unavoidable"; 35 USC 41(c)(1).

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 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, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913). 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, 5 USPQ2d 1130 (N.D. Ind. 1987).

Petitioner's primary assertion is that the failure to timely pay the maintenance fee for this patent resulted from an unavoidable miscommunication between Sniffer Technologies, Inc. (specifically with Sniffer's president, Samuel Gasque) and the Petitioner's officers that resulted from Petitioner's officer's preoccupation with the assimilation of the Sniffer's assets and the immediate concerns to obtain components and begin a manufacturing line.

Petitioner states that "Mr. Gasque orally informed Petitioner's officers of the need to maintain a maintenance fee schedule for this patent on more than one occasion, but that petitioner's officers have no recollection of such notice from Mr. Gasque and this miscommunication was unavoidable." *Petition for Reconsideration of Decision Denying Petition to Accept Unavoidably Delayed Payment of Maintenance Fee in an Expired Patent*

*Under 35 USC 41(c), 12 (May 29,1998).* Petitioner has directed the Office to In re Application of Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988), for its "succinct recitation of...well-established law." The accepted holding from the often-cited and published Kim case that applies to the instant situation is that delay resulting from a lack of proper communication or a failure in communication between a patentee and that patentee's representative as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). See, Id., at 1602-1604; Ray v. Lehman, 55 F.3d 606, 610, 34 USPQ2d 1786, 1789 (Fed. Cir. 1995). In applying this reasoning to the instant petition, it is found that any miscommunication or failure of communication between Sniffer and Petitioner is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). That all parties failed to take adequate steps to ensure that each fully understood the need to schedule and pay maintenance fees on the patents acquired from Sniffer, and thus Petitioner's obligation in this matter, does not reflect the due care and diligence of prudent and careful persons with respect to their most important business within the meaning of Pratt, supra.

It is further brought to Petitioner's attention that Mr. Gasque's warnings to Petitioner's officers on the need to pay maintenance fees placed Petitioner on notice of the need to schedule and pay for any maintenance fees on the patents acquired from Sniffer. Such notice obligated Petitioner to take such steps as necessary to ensure timely payments of the maintenance fee. See, Kim, at 1604. As 35 USC 41(c) requires the payment of fees at specified intervals to maintain a patent in force, 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 USC 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. However, the showing of record fails to set forth any steps taken by Petitioner to pay the first maintenance fee. In fact, Petitioner states that its' officers "overlooked," and "forgot," the warning from Mr. Gasque regarding the payment of maintenance fees for this patent. *Petition*, 12. In the absence of a showing of any steps taken by petitioner to schedule and pay

the maintenance fee for this patent, 37 CFR 1.378(b) precludes acceptance of the delayed payment of the maintenance fee.<sup>1</sup>

Petitioner points out that Mr. Gasque of Sniffer had a regular policy to arrange for a patent attorney to maintain a maintenance fee schedule for his own patents, but with the instant patent he deviated from his usual policy and did not arrange for a patent attorney to maintain a maintenance fee schedule. *Petition*, 8. In 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 reasonable prudent person. *Ray*, 55 F.3d at 608-609, 34 USPQ2d at 1787. The party whose delay is relevant is the party in interest at the time action is needed to be taken. Being that the patent transferred to PST in January, 1995, Sniffer was the party of interest during the October 10, 1994 to January, 1995 period where the first maintenance fee could have been paid. Therefore, during this time period, it was incumbent upon Sniffer to engage a third party to monitor and track the first maintenance fee payment (as was Mr. Gasque's "usual" practice), or itself undertake that obligation.<sup>2</sup> The record fails to show that Sniffer, the party in interest during this time period, either had taken any steps itself, or had engaged another, to ensure payment of the maintenance fee for this patent. In fact, Petitioner states that Mr. Gasque, "deviated from his usual policy, and did not arrange for a patent attorney to maintain a maintenance fee schedule for this patent." *Petition*, 8. Furthermore, the record indicates that Sniffer did not, in lieu of hiring a third party to track maintenance fees, itself undertake that obligation.

Petitioner further asserts that, "because Sniffer was involved in bankruptcy proceedings...the company did not have the assets (or have access to the assets) required to employ a patent attorney to maintain the maintenance

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<sup>1</sup> Petitioner asserts that the warning from Mr. Gasque was "overlooked" and "forgotten" due to Petitioner's officer's preoccupation with other matters related to the assimilation of Sniffer and the operation of the company. Please note that Petitioner's preoccupation with other matters which took precedence over scheduling and paying the maintenance fee in this case within the set time period does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b)(3).

<sup>2</sup> Please note that reliance *per se* on a third party for tracking a maintenance fee does not provide a patent holder with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether that third party acted reasonable and prudently.

fee schedule for this patent." *Petition*, 9. It is pointed out that bankruptcy does not mean that there are no sources of money to the bankruptee. The salient question being, how did the bankruptcy prevent Sniffer from paying the maintenance fee during Sniffer's period of responsibility (October 10, 1994 to January, 1995)? Had Petitioner wished to pursue this assertion, petitioner should have provided a complete showing of Sniffer's financial condition from October 10, 1994, through January, 1995, including all income, expenses, assets, credit, and obligations, which made the delay in payment of the maintenance fee unavoidable. It was petitioner's burden to demonstrate that the maintenance fee could not have been paid by any party throughout the entire period in question.<sup>3</sup>

Please note that though Petitioner has asserted unavoidable delay on the part of Sniffer, Petitioner (PST) was the party responsible for the payment of the maintenance fee from January, 1995, through April 10, 1995, or with a surcharge from April 11, 1995 through October 10, 1995.

Petitioner has provided no evidence that indicates what steps were taken to ensure timely payment of the maintenance fee. Therefore, petitioner's lack of due diligence with respect to the handling of the first maintenance fee payment by taking no steps whatsoever to ensure its timely payment precludes a finding of unavoidable delay.

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

### CONCLUSION

The record fails to disclose that the patentee (Sniffer and/or PST) took reasonable steps to ensure timely payment of the maintenance fee. In fact, the record indicates that no steps were taken by patentee to ensure timely payment of the maintenance fee. Since no steps were taken by patentee,

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<sup>3</sup> Petitioner also asserts that Mr. Gasque may have been preoccupied with Sniffer's bankruptcy proceedings and therefore did not arrange for the payment of maintenance fees on this patent. Please note that Mr. Gasque's preoccupation with other matters which took precedence over scheduling and paying the maintenance fee in this case within the set time period does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b)(3).

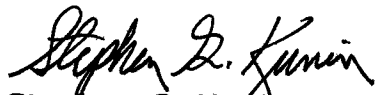
37 CFR 1.378(b) precludes acceptance of the delayed payment of the maintenance fee.

The prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the above stated reasons, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c) and 37 CFR 1.378(b).

Since this patent will not be reinstated, the maintenance fee (\$525.00) and the surcharge fee (\$700.00) submitted by petitioner may be refunded. Petitioner may request a refund of these fees by writing to the Office of Finance, Refund Section. A copy of this decision should accompany petitioner's request. The \$130.00 for requesting reconsideration is not refundable.

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

Telephone inquiries concerning this matter may be directed to Petitions Attorney Edward Tannouse at (703) 306-9200.



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