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OFFICE OF PETITIONS

In re Patent No. 5,206,537 :
Arreola et al. :
Issue Date: April 27, 1993 :
Application No. 07/587,051 :
Filed: September 24, 1990 : FINAL AGENCY DECISION
Title: EPCON ENERGY FIELD :
SYSTEM AN ENERGY PRODUCING :
CONGLOMERATE SYSTEM USING :
WIND ENERGY, SOLAR PANELS, :
AND STEAM TURBINES :

This is in response to Petition, requesting reconsideration on reinstatement of patent 5,206,537. This decision is made in light of the additional information filed October 19, 2006, pursuant to a request for information mailed by the Office on October 5, 2006. (Nonetheless, the entire record has been reconsidered).

The petition is DENIED. This decision may be viewed as a final agency action within the meaning of 5 U.S.C. §704 for purposes of seeking judicial review. See MPEP 1002.02.

BACKGROUND

The patent issued April 27, 1993. On April 17, 1997, patentees paid the 3 ½ year maintenance fee and late surcharge during grace period. However, the grace period for paying the 7 ½ year maintenance fee expired at midnight on April 27, 2001, with no payment received. (Had the second maintenance fee been timely paid, the grace period for paying the 11 ½ year maintenance fee would have expired at midnight on April 27, 2005).

After expiration of both periods, on August 22, 2005, petitioner patentee Serge Grant¹ filed a petition requesting reinstatement of the instant patent based on unavoidable delay in payment of the maintenance fee. The petition included payment of the 2nd and 3rd maintenance fees. By decision mailed October 3, 2005, the petition was dismissed. Petitioner failed to meet his burden of establishing that the delay was "unavoidable" within the meaning of § 1.378(b). On November 11 and 29, 2005, petitioner submitted additional information to support their showing. Given certain comments in pro se petitioner Grant's responses, by letter mailed April 13, 2006, the Office asked for additional information to clarify whether the delay resulted from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function that could be considered unavoidable within the meaning of 1.378(b). On May 25, 2006, petitioner filed further information. Having reviewed this information, on October 5, 2006, the Office mailed a last request for information providing petitioner with the opportunity to clarify the system in place to ensure timely payment of the maintenance fee and the error in that system that caused the delay that patentee wishes to be considered unavoidable. On October 19, 2006, petitioner filed their response to the request for clarification.

RELEVANT STATUTES, RULES and REGULATIONS

35 U.S.C. 41(b) provides, in pertinent part, that:

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent will expire as of the end of such grace period.

35 U.S.C. 41(c)(1) provides, in pertinent part, that:

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

¹ Petitioner, the second-named inventor Serge Grant, states that the first-named inventor, Jose Alejandro, has passed away.

37 CFR § 1.362 provides that:

(a) Maintenance fees as set forth in §§ 1.20(e) through (g) are required to be paid in all patents based on applications filed on or after December 12, 1980, except as noted in paragraph (b) of this section², to maintain a patent in force beyond 4, 8 and 12 years after the date of grant.

37 CFR 1.378(a) provides that:

the Director of the Office may accept the payment of any maintenance fee due on a patent based on an expiration of the patent if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Director of the Office to have been unavoidable or unintentional. 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.

As explained in MPEP 2590:

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.

² (b) Maintenance fees are not required for any plant patents or for any design patents. Maintenance fees are not required for a reissue patent if the patent being reissued did not require maintenance fees.

Further,

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)).

With respect to the unavoidable standard, MPEP 711.03(c)

Decisions on reviving abandoned applications on the basis of "unavoidable" delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable:

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. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.

In re Mattullath , 38 App. D.C. 497, 514-15 (1912) (quoting Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913). 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 cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987)

OPINION

The burden is on petitioner to show that the delay in paying the maintenance fee was unavoidable within the meaning of 37 CFR 1.378. In this instance, petitioner has not met that burden. The facts and circumstances of the delay at issue as set forth by petitioner have been considered and have not been found adequate to meet a showing of unavoidable delay.

This patent became expired for failure to pay the 7-½ year maintenance fee due October 27, 2000 (payable until April 27, 2001 with late surcharge). Moreover, the period for payment of the 11-½ year maintenance fee (had the patent not expired) ran until April 27, 2005. Petitioner did not request late acceptance of these fees until the filing of the initial petition on August 22, 2005. Thus, the period from October 28, 2000 to August 22, 2005 is relevant in determining whether petitioner has met his burden of showing that the delay in payment of the maintenance fee should be considered unavoidable within the meaning of 37 CFR 1.378.

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. Petitioner indicates that he took the following steps to pay the 7-½ year maintenance fee, and attributes certain actions as the cause of the delay. Per petitioner, the facts and circumstances of the delay are, as follows:

On petition filed August 22, 2005, petitioner stated that

- after the first maintenance fee notice, I petitioned the patent office to change the address for fee purposes to that of ECM International Inc to whom the assignment of the patent was issued.
- in 2001, I did check online to see if all payments had been made. The initial Patent Maintenance Fee display showed: CURRENTLY THERE ARE NO FEES DUE. ... Seeing

all the patents were current and the fact that all patent fees were posted I assumed everything was OK.

- we did not receive a current notice from the patent office for the last payment of the maintenance fees due to an error made in the patent office of placing the name ECM International Inc. in the address field.

After receiving a decision dismissing the first petition, on request for reconsideration filed November 11, 2005 (resubmitted with signature November 16, 2005) and November 29, 2005, petitioner stated that:

- The manual that he based his decisions on states that "efforts are made to remind the responsible party that maintenance fee may be paid during the grace period with a surcharge" and in this case on this one patent, I did not receive this notification.
- he did not submit the fact that his partner died as reason for not paying the fee but rather as reason for the change of address.
- payments were posted in our accounting manual. Unfortunately, as I originally stated that I posted the payment for the EPCON patent issue fee as the first maintenance fee. I did check online on both patents and as I have sent to you, it showed that the 5,206,061 had no outstanding fee to pay. So his records showed five maintenance fee payments (for 2 different patents) already made (one in error - as it was the issue fee payment and not the first maintenance fee payment) which caused him to miss the second maintenance fee.
- he is providing item 4 (describing the magnitude of his efforts in R&D) and supportive pictures to show that in the process of R&D of a very extensive nature, I was prudent and careful except for one entry in the accounting log.
- he relied on the common good of the patent office to provide me with notification even though a surcharge was required.
- the address of ECM International Inc. would not have reached him. A patent office clerk made an error in the address section and thus, the mail would not have reached him.
- there was a virus on the corporate computer system which caused him to lose data. Petitioner states that "I believe but am not certain that the incorrect entry was made as a result of the virus destroying all data. The computer had

to be reformatted and all systems reinstalled and records restored and updated."

In response to requests for clarification in support of a showing of unavoidable delay based on docketing error, petitioner filed further information on May 25, 2006 and October 19, 2006. Therein, petitioner states that:

- I relied on the employees at the patent office to be well trained, that I would receive a notice of late payment, and that the patent online system would be correct.
- the accounting documents were corrected and we did not have the old incorrect version in our books nor was there an incorrect version in our backup disks in the vault. To comply with your request I have recreated the document as best as I remember it to be.
- we had a computerized system, the EASYCOM system, in support of our accounting for each department of the corporation.
- the employees are petitioner and his daughter and he is skilled in documenting.
- between 1997 and 2005, he has been the sole person handling ECM business and his work effort was significant which resulted in this single unavoidable error.
- he was hit with the virus in June of 1993 and thereafter, switched to Mcaffee. When the system crashed, I relied on the invoices to re-enter the data. Since the patent office does not issue invoices I relied on making copies of checks issued to the patent office and used that as invoice.

In support thereof, petitioner provided a copy of the check to the patent office dated November 13, 1992 that was submitted for payment of the issue fee. Petitioner provided a copy of a screen in the EASYCOM system showing a history of payments, including payment of the first maintenance fee in April of 1997. However, petitioner states that this is a corrected screen. He cannot provide the Office with the document showing the error because of the fact that in August of 2005, when I realized what had happened, I corrected the postings in my accounting system and did not save a copy of the incorrect postings.

Petitioner's arguments and evidence have been carefully considered and it is concluded that petitioner has not shown that he had a system in place designed and operated to ensure timely payment of the maintenance fees and that an error in that

system caused the delay at issue. There has to be a nexus between the error in the system and the delay in payment. Thus, in most instances, the docketing error that is found to support a conclusion that the delay was unavoidable involves an error in a maintenance fee reminder system. For example, patentee has a computer system, which sends them maintenance fee reminders (or docketed the need for action) in time for them to make timely payment. The error is that a clerk entered the wrong date of issuance of the patent so the automatically generated reminder is not timely generated. Moreover, in such instances, patentee submits evidence that this system has worked effectively to ensure timely payment of maintenance fees. Finally, petitioner provides evidence that the person who made the error was sufficiently trained and experienced with respect to the clerical function that led to the error that the delay should be excused as unavoidable.

Despite repeated opportunities to set forth description of such a system, petitioner has not provided persuasive evidence. Petitioner states that there was an error in their accounting system, but acknowledges that they do not have evidence of that error. To meet their burden, they rely on reconstructed records. Petitioner points to the accounting system, but does not detail the steps within the system that are taken to ensure timely payment of the maintenance fee. Petitioner fails to show how the accounting system functioned to ensure timely payment of the maintenance fee. The accounting system is described as a posting of payments, which indicates that the system reflects payments that have been made but does not act to notify patentee of payments that need to be made. Even assuming that the postings act as a reminder, the error described does not support a conclusion that the delay was unavoidable. Even with the error of the issue fee payment being posted as the first maintenance fee payment and the first maintenance fee payment being recorded as the second maintenance fee payment, it is unclear as to how this would have made petitioner unaware of the requirement to pay a maintenance fee in 2001. Given this argument, petitioner simply should have been prepared to pay the third maintenance fee in 2001 rather than the second maintenance fee (in fact, petitioner states that he checked fees in 2001). Accordingly, it is concluded that the delay in payment of the maintenance fee has not been shown to be attributable to an excusable docketing error.

Overwhelmingly, the record supports a conclusion that the delay in payment of the maintenance fee is attributable to patentee not receiving a reminder notice from the Office, rather than failure of a reliable system. Petitioner admits I was programmed by the patent office into complacency expecting to receive a late fee notice rather than setting up some sort of reminder system that a maintenance fee should be paid. (Petition filed October 19, 2006, page 2). Petitioner repeatedly attributes his failure to pay to non-receipt of a reminder notice (due to the office incorrectly entering the address). Petitioner admits relying on notification of fee when he states that "when you do research and development at the level of involvement that I did and losing your only other partner, you rely on notification of payment fees." (Petition filed November 16, 2005, p. 4)

However, it is well established that failure to receive a reminder notice will not support a finding of unavoidable delay. 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.

Finally, petitioner's argument that the patent office's online system stated that no fees are currently due does not make the circumstances of the delay in payment unavoidable. Had petitioner had a reliable system in place to ensure timely payment of the maintenance fee, he would have been able to verify that fees were in fact due. Petitioner points to no invoice that would justify his not taking further action to question the online system information. Again the showing in

1997, would only lead to a conclusion that a third maintenance fee was due in 2001, not that no fee was due.

CONCLUSION

Having considered the totality of the evidence, it is concluded that petitioner has not met his burden of showing unavoidable delay and acceptance of the late maintenance fees on this basis is precluded. Thus, the petition must be denied.

Pursuant to this final agency decision, the maintenance fees (\$1,150 and \$1,900) and late surcharge where delay is unavoidable (\$700) will be refunded to patentee under separate cover by the Office of Finance.

Telephone inquiries related to this decision may be directed to the Senior Petitions Attorney, Nancy Johnson at (571) 272-3219.

A handwritten signature in cursive script, appearing to read "Charles Pearson", with a long horizontal flourish extending to the right.

Charles Pearson
Director
Office of Petitions