



Paper No. 16

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OFFICE OF PETITIONS

In re Patent No. 5,320,249
Issue Date: June 14, 1994
Application No. 08/078,614
Filed: June 17, 1993
Atty Docket No. SPINC.001A
For: INSULATED JACKET FOR A CONICAL
CONTAINER

ON PETITION

This is a decision on the reconsideration petition, filed February 11, 2005, under 37 CFR 1.378(e) to accept the delayed payment of the 3 ½ and 7 ½ year maintenance fees for the above-identified patent.

The petition is **denied**.¹

BACKGROUND

The above-identified patent issued on June 14, 1994. Therefore, the grace period in 35 U.S.C. §41(b) for paying the first maintenance fee expired at midnight on June 15, 1998 (June 14, 1998 being a Sunday).

A petition under 37 CFR 1.378(b) was filed on September 17, 1998. Petitioner asserted that the 3 ½ year maintenance fee and surcharge were mailed to the USPTO on June 15, 1998 under a certificate of mailing rather than by Express Mail and that a new office clerical employee prepared the letter of transmittal and mistakenly provided a certificate of mailing rather than an Express Mail certificate. In addition, petitioner asserted that the last minute payment was unavoidable due

¹ Petitioner is advised that this is a final agency action. See MPEP § 1002.02.

to the installation of a new commercial docketing system and the fact that the office staff failed to docket the maintenance fee due date in either the new commercial calendar and docketing system or the back-up paper calendar system.

The September 17, 1998 petition was dismissed on July 14, 1999 for failure to provide a copy of the letter of maintenance fee transmittal showing any mailing certificate, failure to explain standard office procedure for submitting maintenance fees to the USPTO, and failure to provide a complete explanation as to why such procedures failed to result in the timely payment of the 3 ½ year maintenance fee. The July 14, 1999 decision on petition set a non-extendable two month period in which to request reconsideration.

The November 22, 2004 (certificate of mailing date November 17, 2004) reconsideration petition was dismissed on January 14, 2005 as being untimely filed. Petitioner was afforded one month to explain why the reconsideration petition was submitted late and how he was unavoidably prevented from inquiring about and tending to patent issues.

STATUTE AND REGULATION

35 U.S.C. § 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 under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable." 35 U.S.C. § 41(c)(1).

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. § 133 because 35 U.S.C. § 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 urges that the decision of July 14, 1999 be reconsidered and reiterates his contention that the delay in paying the 3 ½ year maintenance fee was unavoidable. Petitioner argues that he exercised diligence in giving his patent agent a check for the 3 ½ year maintenance fee for the above-identified patent prior to his becoming incarcerated on or about June 13, 1997 and that his attorney failed to timely submit the maintenance fee to the USPTO, despite being given the payment approximately a year in advance of the absolute due date. Petitioner's agent submitted a petition under 37 CFR 1.378(b) to accept the unavoidably delayed payment of the maintenance fee on September 17, 1998, but this petition was dismissed on July 14, 1999. Petitioner's agent did not timely submit a reconsideration petition.

Petitioner states that from October 1998 to April 2003 petitioner was in federal custody and was prohibited from managing his business affairs. (K.R. Strech Decl.#2, P8) Since his 3 ½ year maintenance fee check was cashed in June of 1997, he assumed that his maintenance fee had been paid. (K.R. Strech Decl. #1, P8)

Therefore, petitioner asserts that he had no reason to believe the maintenance fee payment had not been timely made and since he could not contact his agent due to prison rules prohibiting inmates from managing business affairs, it would be inequitable to deny him reinstatement. Petitioner argues that he exercised due care and diligence and should not lose his patent rights.

Petitioner's evidence has been carefully considered and it is found that petitioner has not carried the burden of proof to establish to the satisfaction of the Commissioner that the entire delay was unavoidable.

Because petitioner was represented by a registered practitioner, the Office must rely on the actions or inactions of the duly authorized and voluntarily chosen representatives of the applicant, and the applicant is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962). If the attorney made any errors, petitioner is bound by such errors.²

The attorney must act reasonably and prudently.

If [the] attorney somehow breach[es] his duty of care to plaintiff, then plaintiff may have certain other remedies available to him against his attorney. He cannot, however, ask the court to overlook [the attorney's] action or inaction with regard to the patent application. He hired the [attorney] to represent him. [The attorney's] actions must be imputed to him.³

The Seventh Circuit has stated,

The other assumption is that, if the complainants failed in their application through the negligence of their attorney, the delay would be unavoidable, which is wholly unwarranted in the law. It is of the very nature of negligence that it should not be unavoidable, otherwise it would not be actionable. The negligence of the attorney would be the negligence of the [client]. The purpose of the statute was to put an end to such pleas, and there would be no limit to a renewal of these applications if every application, however remote, could be considered under the plea of negligence of attorneys, by whom their business is generally conducted.⁴

² See California Med. Products v. Technol Med. Products, 921 F. Supp. 1219, 1259 (D. Del. 1995) (citing Smith v. Diamond, 209 U.S.P.Q. 1091, 1093 (D.D.C. 1981) (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962))).

³ Haines v. Quigg, 673 F. Supp. 314, 317, 5 U.S.P.Q. 2d (BNA) 1130 (citing Link v. Walbash Railroad Co., 370 U.S. 626, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) ("Petitioner voluntarily chose his attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent ... Each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'" (emphasis added); Inrvco, Inc. v. Metropolitan Engineering Co., Inc., 708 F.2d 1225, 1233 (7th Cir. 1983) ("Courts hesitate to punish a client for its lawyers gross negligence, especially when the lawyer affirmatively misled the client" but "if the client freely chooses counsel, it should be bound to counsel's actions."); see also Wei v. State of Hawaii, 763 F. 2d 370, 372 (9th Cir. 1985); LeBlanc v. I.N.S., 715 F.2d 685, 694 (1st Cir. 1983)). See also Smith v. Diamond, 209 U.S.P.Q. (BNA) 1091 (D. D.C. 1981).

⁴ Lay v. Indianapolis Brush & Broom Mfg. Co., 120 F. 831, 836 (1903).

The United States Court of Appeals for the Federal Circuit has stated,

If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.⁵

In the instant case, petitioner's former agent failed to properly follow office procedure and rules when he submitted the 3 ½ year maintenance fee. Since petitioner did not provide a copy of the original transmittal letter, it is impossible to ascertain how his inexperienced new employee failed to properly fill out a certificate of mailing/Express Mail certificate.

The failure to submit the 3 ½ year maintenance fee in compliance with 37 CFR 1.8 or 1.10 precludes a finding that the delay was unavoidable. A "reasonably prudent person" would file papers or fees in compliance with 37 CFR 1.8 or 1.10 to ensure their timely filing in the PTO, as well as preserve adequate evidence of such filing, a delay caused by an applicant's failure to file papers or fees in compliance with 37 CFR 1.8 and 1.10 does not constitute "unavoidable" delay. See Krahn v. Commissioner, 15 USPQ2d 1823, 1825, (E.D. Va 1990); see also MPEP 711.03(c)(III)(C)(2). In addition, it is well-established that reliance on insufficiently trained and inexperienced employees for the completion of clerical duties does not represent the exercise of due care. It is not possible to address the former agent's docketing system argument because insufficient information has been presented.

Petitioner stands in the shoes of his voluntarily chosen representative. This is the default rule. The facts as presented do not merit a departure from the default rule. This is not an exceptional situation, such as when an applicant's agent intentionally deceives the applicant in the face of the applicant's or applicant's representative's repeated requests for information. In re Lonardo, 17 USPQ2d 1455 (Comm'r Pat. 1990).

In this situation, the former agent's garden variety negligence resulted in the late payment of the 3 ½ year maintenance fee and petitioner did not follow up with his agent on patent matters until May 2004, which was almost 6 years after the due date for the 3 ½ year maintenance fee. It is noted that the 7 ½ year maintenance fee was due on June 14, 2002 and was missed.

Petitioner states in his declarations that he was prohibited from conducting business while incarcerated. The U.S. Department of Justice, Federal Bureau of Prisons, Program Statement on Correspondence, dated 7/9/99 (OIP: CPD Number 5265.11; see 11. GENERAL CORRESPONDENCE d. (4) states that the warden may reject correspondence sent to or by an inmate which contains direction of an inmate's business. However, this prohibition does not include correspondence necessary to enable an inmate to protect property and funds that were legitimately the inmate's at the time of commitment. It appears that petitioner could have contacted his agent to protect his patent property rights while incarcerated.

⁵ Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

Petitioner's lack of diligence can also be seen in his failure to consider how future maintenance fee payments would be made. As stated above, petitioner was incarcerated from October 1998 to April 2003 and the 7 ½ year maintenance fee for the above-identified patent was due on June 14, 2002. The 7 ½ year maintenance fee was missed, as well. Petitioner appears to have made no provisions before he was incarcerated for payment of subsequent maintenance fees due while he was incarcerated.

Even assuming, *arguendo*, that petitioner would not be bound by the mistakes or negligence his agent and that he was unable to contact his agent while incarcerated, diligence on the part of petitioner would still be essential to show unavoidable delay. See, Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991).

Petitioner was released from prison in April 2003. However, petitioner took no action with respect to this patent until **May 2004**, when he contacted his agent. A reasonably prudent person, within the meaning of Pratt, supra with respect to that person's most important business, would, upon being released from prison, have made inquiry into his patent assets. Indeed, petitioner apparently gave no thought to this "valuable asset" for a year after his release from prison.

It follows that petitioner did not exercise the due care and diligence of a reasonably prudent person with respect to his most important business. Petitioner stands in the shoes of his agent. His agent's actions/inactions are imputed to petition. Furthermore, petitioner did not provide for the tracking and paying of the 7 ½ year maintenance fee for this patent or exercise diligence with respect to inquiring after his patent's status while in prison or promptly after release from prison. As such, petitioner has failed to reasonably establish unavoidable delay.

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 above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC §41(c)(1) and 37 CFR 1.378(b).

Since this patent will not be reinstated, the maintenance fees and the surcharge fees submitted by petitioner, totaling \$3,000.00, will be credited to deposit account no. 11-1410.

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

Telephone inquiries may be directed to Senior Petitions Attorney E. Shirene Willis at (571) 272-3230.

A handwritten signature in black ink, appearing to read "Charles Pearson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Charles Pearson
Director, Office of Petitions
Office of the Deputy Commissioner
for Patent Examination Policy