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OFFICE OF PETITIONS

In re Patent No. 5,338,930 :
Issued: 16 August, 1994 :
Application No. 07/983,093 : DECISION ON PETITION
Filed: 24 November, 1992 :
Atty Docket No. 000701-00001 :

This is a decision on the petition, filed on 23 May, 2007, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 1.378(b)¹ the delayed payment of a maintenance fee for the above-referenced patent.

The petition under 37 CFR 1.378(e) is DENIED.²

BACKGROUND

The patent issued 16 August, 1994. The first maintenance fee was timely paid. The second maintenance fee could have been paid from 16 August, 2001, through 19 February, 2002, or, with a surcharge during the period from 20 February through 16 August,

¹ A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must be include

- (1) the required maintenance fee set forth in § 1.20(e) through (g);
- (2) the surcharge set forth in § 1.20(i)(1); and
- (3) 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.

² As stated in 37 CFR 1.378(e), no further reconsideration or review of the decision refusing to accept the delayed payment of the maintenance fee under § 1.378(b) will be undertaken. This decision may be regarded as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1001.02.

2002. Accordingly, the patent expired at midnight 16 August, 2002, for failure to timely submit the second maintenance fee.

The petition under 37 CFR 1.378(b) filed on 17 January, 2006, was dismissed on 12 September, 2006. A request for reconsideration under 37 CFR 1.378(e) was filed on 13 November, 2006, and a request for information dismissing the petition was mailed on 23 March, 2007.

Petitioners provided with the original petition, a declaration by Linda Bynum-Cosby, the Docketing Manager at petitioners' law firm of Blank Rome LLP (hereinafter "Blank Rome"), stating, in pertinent part:

...

2. The second maintenance fee for U.S. Patent No. 5,338,930 was due on February 16, 2002. The firm docketed the due dates for maintenance fees as part of its patent docketing system. Some time after the first maintenance fee (due February 16, 1998) was paid, a notation was added to the docketing record that "RCT handles their own maintenance fee payments."

3. The patent owner, RCT, as a matter of standard procedure, handles all its own maintenance fees with the exception of two patent cases. It appears that this note was added in error when the remaining seventy-six cases were updated by the docketing department in the spring of 1999 to include this note. Normally, in cases where the notation "handled by another party" is added to the firm's system, it will stop the generation of all action reminders.

4. Thus, on February 16, 2002 when the second maintenance fee became due, the system did not generate the normal reminder, nor did it generate the standard maintenance fee reminder letter sent out by the Annuity/Maintenance fee clerks.

5. Normally, the secondary back up system is to have the Annuity/Maintenance Fee clerk double-check any possible errors and to check the files against the upcoming dates in the system. Due to a transition in Annuity/Maintenance fee clerks from Courtney Campbell to Tanya Jernigan, it appears that this procedure was

not followed, further perpetuating the missing of this date.

6. The Notice of Expiration dated September 18, 2002, was received by Blank Rome on September, 30, 2002, and Paul Newman, the docketing clerk, noted in the remarks section of the docketing program that the case expired as of August 16, 2002. Mr. Newman assumed that the notes in the docketing system were accurate and forwarded the Notice to the Annuity/Maintenance fee clerk, Tanya Jernigan. Courtney Campbell, Paul Newman and Tanya Jernigan are no longer employed by Blank Rome.

7. Since that time, in January 2004, the firm instituted a procedure for docketing cases as inactive, whereby the responsible attorney must sign the notation that the patent or application is inactive before it can be docketed as such.

8. A recent glitch in the firm's annuity system caused the maintenance fee module to generate a reminder letter to the client advising them of the third maintenance fee due. Normally this does not happen when the cases are marked "paid by another party." The client responded that Blank Rome should pay the third maintenance fee, at which point it was determined on December 22, 2005, that the second maintenance fee that had been due on February 16, 2002 had never been paid.

...

The request for reconsideration filed on 13 November, 2006, is accompanied by a "Second Declaration of Michael C. Greenbaum" in which attorney Greenbaum states that he supervised Linda Bynum-Gosby in the performance of her duties as docketing manager and had oversight over the docketing department. Attorney Greenbaum continues by stating that this is the only case in which such an error has occurred and the maintenance fee payment not timely submitted. In response, the request for information dismissing the petition, mailed on 23 March, 2007, requested docket sheets and tracking reports as well as affidavits or declarations facts from all persons having first-hand knowledge of the facts leading to the delay in payment of the maintenance fee. Specifically, petitioners were requested to provide declarations of facts, statements of first-hand knowledge, and information regarding the

1999 "updating" of counsel's records, the event during which the error leading to the delay in payment of the maintenance fee is believed to have occurred.

The present request for reconsideration was filed on 23 May, 2007. Petitioners have provided copies of the docket records showing the docketing of the maintenance fee, including the entry in counsel's docket report where it is stated that "RCT handles there own maint fee pymt---."

Petitioners additionally provided a declaration of counsel's paralegal, Gina Sutton, in which she details counsel's docketing procedure and also states that the staff with direct, first-hand knowledge of the events leading up to the error are no longer with counsel or accessible thereto.

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

The Director may accept the payment of any maintenance fee required subsection (b) of this section which is made within twenty-four months after the six-month grace period if this delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

37 CFR 1.378(b)(3) states that any petition to accept an unavoidably 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.

37 CFR 1.378(c)(3)(1) provides that a petition to accept an unintentionally delayed payment of a maintenance fee must be

filed within twenty-four months of the six-month grace period provided in § 1.362(e)

OPINION

The Director may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have been "unavoidable".³ A patent owner's failure to pay a maintenance fee may be considered to have been "unavoidable" if the patent owner "exercised the due care of a reasonably prudent person."⁴ This determination is to be made on a "case-by-case basis, taking all the facts and circumstances into account."⁵ Unavoidable delay under 35 U.S.C. § 41(b) is measured by the same standard as that for reviving an abandoned application under 35 U.S.C. § 133.⁶ Under 35 U.S.C. § 133, the Director may revive an abandoned application if the delay in responding to the relevant outstanding Office requirement is shown to the satisfaction of the Director to have been "unavoidable". Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁷ However, 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.⁸ In view of In re Patent No. 4,409,763,⁹ this same standard will be applied to determine whether "unavoidable" delay within the meaning of 37 CFR 1.378(b) occurred.

The showing of record is inadequate to establish unavoidable delay within the meaning of 37 CFR 1.378(b)(3).

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 identical language (i.e.

³ 35 U.S.C. § 41(c)(1).

⁴ Ray v. Lehman, 55 F.3d 606, 608-09 (Fed.Cir.), cert. denied, -- U.S. ---, 116 S.Ct. 304, L.Ed.2d 209 (1995).

⁵ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁶ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (PTO Comm'r 1988).

⁷ 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).

⁸ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁹ 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd sub nom. Rydeen v. Quigg, 748 937 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992).

"unavoidable delay").¹⁰ Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.¹¹ In this regard:

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.¹²

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.¹³ That is, an adequate showing that the delay 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.¹⁴

35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the

¹⁰ 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. 1989)).

¹¹ 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 by prudent and careful men in relation to their most important business").

¹² 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). 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).

¹³ Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

¹⁴ Id.

petitioner has failed to carry his or her burden to establish that the delay was unavoidable.¹⁵ Petitioner is reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Commissioner that the delay in payment of a maintenance fee is unavoidable.¹⁶

With regard to period (1), above, 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:

(1) the error was the cause of the delay at issue;

(2) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance;

(3) and 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.¹⁷

An adequate showing requires:

(A) Statements by all persons with direct knowledge of the circumstances surrounding the delay, setting forth the facts as they know them.

(B) Petitioner must supply a thorough explanation of the docketing and call-up system in use and must identify the type of records kept and the person responsible for the maintenance of the system. This showing must include copies of mail ledgers, docket sheets, filewrappers and such other records as may exist which would substantiate an error in docketing, and include an indication as to why the system failed to provide adequate notice that a reply was due.

(C) Petitioner must supply information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work

¹⁵ 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).

¹⁶ See 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); Ray v. Lehman, supra.

¹⁷ See MPEP 711.03(c) (III) (C) (2).

functions carried out, and checks on the described work which were used to assure proper execution of assigned tasks.

In the decision mailed on 12 September, 2006, it was noted that petitioner has not provided copies of any docket sheets, computer tracking reports, or other evidence showing why the system failed to provide adequate and timely notice that the maintenance fee was due. Furthermore, petitioners have not provided affidavits or declarations of facts from all persons have first-hand knowledge of the facts leading to the delay in payment of the maintenance fee. The only support which has been provided with the request for reconsideration is a statement by attorney Greenbaum in which he stated that he did not believe additional safeguards were needed because no errors had previously occurred.

The request for reconsideration filed on 23 May, 2007, includes copies of the docket sheets and tracking reports, but fails to shed additional light on the cause of the error. Specifically, petitioners have failed to provide statements by all persons with first hand knowledge of the delay. The initial petition stated that docketing clerk Paul Newman and Annuity/Maintenance Fee Clerks Courtney Campbell and Tanya Jernigan, none of whom remain employed with counsel, were involved with the case and presumably would have had first-hand knowledge of the facts surrounding the error which led to the delay in payment of the maintenance fee. Although petitioners were asked in both the original decision, and the request for reconsideration, to obtain statements of facts from all persons having first-hand knowledge of the circumstances surrounding the delay, petitioners have not explained what, if any, efforts were made to contact these individuals and obtain statements from them. As such, the showing of record is that petitioners are unable, or unwilling, to contact the individuals listed above and obtain their statements concerning the delay. Without a showing of statements of facts by all of the individuals having first-hand knowledge of the facts surrounding the delay, the showing of record is insufficient to support a finding of unavoidable delay: the Office may not simply conclude that the delay was caused by a docketing error without an adequate showing supporting a finding that the cause or source of the error was, in fact, unavoidable.

Further, in this regard, it is noted that the original cause of the error appears to have occurred during the "updating" in 1999. Petitioners have not explained the circumstances surrounding the updating: (i.e, why it was necessary, what information was updated, what individuals were involved, and what procedures were performed). Petitioners must explain why the updating occurred,

and provide affidavits or declarations of fact from persons with first-hand knowledge of the details. The showing of record is that this "updating" was not a routine business function, but was rather an extraordinary procedure necessitated by a change in the docketing system or a change in the agreement between Blank Rome and RCT with regards to who would be responsible for tracking and paying the maintenance fees for patents owned by assignee RCT. As such, the showing of record suggests that the record in counsel's docketing system was altered, due to mistake or inadvertence on the part of counsel's employees during the updating process, to indicate that counsel was no longer responsible for tracking and paying the maintenance fee for the present patent. As petitioners have not show that there was a business routine in place for the updating of docketing records, the showing of record is that the delay was not unavoidable.

Additionally, with regard to paragraph 5, above, petitioners state that the error was "perpetuated" by a change in the maintenance fee clerks. Such a showing suggests that the error was due to a preoccupation of petitioners with other matters (i.e., a personnel change) or operation of the docketing system by inexperienced personnel, rather than an unavoidable delay.

Further, the showing of record suggests a failure of communication between petitioners and counsel with regard to who was responsible for payment of the maintenance fee in this application. Indeed, were it not for the subsequent error in counsel's tracking system, as described in paragraph 8, above, which resulted in Blank Rome sending a maintenance fee reminder letter to petitioner, it appears that neither petitioner nor counsel would have ever been alerted that this patent had expired, or that the second maintenance fee had never been paid.

The showing of record is that, rather than unavoidable delay, the showing of record is that petitioner lacked a reliable system for tracking and paying the second and third maintenance fee. The showing of record is that petitioner's altered their maintenance fee tracking system during the 1999 "updating". It appears that this "updating" was outside counsel's normal business routine.

More to the point, since by petitioner's admission the error which led to the delay in payment of the maintenance fee presumably took place during the updating, the inquiry into whether the delay was unavoidable must necessarily focus on the alterations made to the docketing system during the update. Petitioners must explain who performed the updating, who supervised the updating, and what, if any checks were performed

after the updating to ensure that the information remained accurate. Rather than unavoidable delay, the showing of record is that the integrity of petitioners' docketing system was compromised due to activities outside of petitioner's business routine (*i.e.*, the updating of the docket). Petitioners essentially made the docket record unreliable by having inadequate steps in place and/or supervision during the updating of the docket.

As such, the showing is that there was not was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and 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.¹⁸

Petitioner is reminded that failure of communication between an applicant and counsel is not unavoidable delay.¹⁹ Specifically, delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b).²⁰ Moreover, the Office is not the proper forum for resolving a dispute as to the effectiveness of communications between parties regarding the responsibility for paying a maintenance fee.²¹

In summary, the showing of record is inadequate to establish unavoidable delay. Petitioner has provided insufficient evidence to substantiate a claim of docketing error. Rather, the showing of record is that petitioner failed to docket the second and third maintenance fee in a reliable tracking system, in as much as the docket records were altered, without proper oversight, resulting in incorrect information being entered. As such, it appears that petitioner was preoccupied with other matters. Petitioner's preoccupation with other matters which took precedence over payment of the maintenance fees for the above-identified patent constitutes a lack of diligence, not unavoidable delay.²² As petitioner has not shown that it exercised the standard of care observed by a reasonable person in

¹⁸ See MPEP 711.03(c)(III)(C)(2).

¹⁹ *In re Kim*, 12 USPQ2d 1595 (Comm'r Pat. 1988).

²⁰ See *Ray*, at 610, 34 USPQ2d at 1789.

²¹ *Id.*

²² See *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

the conduct of his or her most important business, the petition will be dismissed.²³

CONCLUSION

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. The petition under § 1.378(c) has also been considered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable, or unintentional, within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b) and (c).

Since this patent will not be reinstated, the maintenance fee(s) and surcharge fee(s) submitted by petitioner will be refunded to counsel's deposit account. The \$400.00 fee for reconsideration will not be refunded, and will be deducted from the amount refunded.

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

The patent file is being returned to Files Repository.

Telephone inquiries should be directed to Senior Petitions Attorney Douglas I. Wood at 571-272-3231.



Charles A. Pearson
Director, Office of Petitions

²³ See note 4, supra.