



Paper No. 17

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OFFICE OF PETITIONS

In re Patent No.:5,476,836 :
issue Date: December 19, 1995 : ON PETITION
Application No. 08/194,711 :
Filed: February 10, 1994 :
Inventor: Eddy :

This is a decision on the petition filed March 28, 2003, and supplemented May 15, 2003, requesting reconsideration under 37 CFR 1.378(e) of a prior unfavorable decision filed under 37 CFR 1.378(b) and to accept as unavoidably delayed, the 3½ year maintenance fee for the above-identified patent.

The petition is **DENIED**.

BACKGROUND

The above-identified patent issued December 19, 1995. The 3½ year maintenance fee was due June 19, 1999, and was payable from December 19, 1998, through June 19, 1999, or with a surcharge, from June 20, 1999, through December 19, 1999. Since this maintenance fee was not timely paid, the patent expired at midnight on December 19, 1999.

A first petition to accept the maintenance fee(s) as unavoidably delayed under 37 CFR 1.378(b) was filed October 7, 2002, and was dismissed in the decision of January 28, 2003.

A renewed petition under 37 CFR 1.378(b) was filed March 28, 2003.

A USPTO communication mailed May 15, 2003, held a final decision in abeyance pending answers to some queries presented to petitioner.

The queries were answered in the reply of May 15, 2003.

STATUTE AND REGULATION

35 U.S.C. § (2)(b)(2) provides, in pertinent part, that:

The Office...may establish regulations, not inconsistent with law, which...
(A) shall govern the conduct of proceedings in the Office.

35 U.S.C. § 41(c)(1) provides that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six-month grace period if the 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. The Director may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director

accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

37 CFR 1.378(b) provides that:

(b) Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must 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.

OPINION

Petitioner, assignee Superconductor Technology Inc., ("STI") requests reconsideration of the previous adverse decision and submits that the delay was unavoidable in that STI prudently relied on its law firm Lyon & Lyon ("LL") for scheduling of the payment, and that it was only an unseen imperfection in personnel changes occurring at STI around the time that LL mailed the maintenance fee reminders to STI, that caused expiry.

Petitioner has failed to meet his burden of proving to the satisfaction of the Director that the delay in payment of the maintenance fee was unavoidable within the meaning of standard of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

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:

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 (D.C. Cir. 1912) (quoting *Ex parte Pratt*, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887) see also *Ex parte Henrich*, 1913 Dec. Comm'r Pat. 139, 141. 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).

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 petitioner has failed to carry his or her burden to establish that the delay was unavoidable. 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). 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. 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*.

As 35 U.S.C. § 41(b) 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 by the responsible party to ensure the timely payment of the maintenance fee for this patent. *Id.* While STI chose to rely upon LL for the maintenance fee payment, such reliance *per se* does not provide STI with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 U.S.C. § 41(c). See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995).

Unfortunately for STI, the record does not show that the maintenance in force and reinstatement of this patent were conducted by STI with the due care and diligence of a prudent and careful person with respect to his most important business.

The record does show that STI was reasonable and prudent in relying on the maintenance fee docketing and reminder system in place at LL. However, STI itself totally undermined the efficiency and professionalism in place at LL by its own failure, for a protracted period of time, to provide LL with the correct contact person's address, or to rout its mail internally to that same responsible person at STI. That is, the record shows that all three of LL's messages for this patent ("pay/drop sheets") to STI mailed December 1998, January 1999, and April 1999 went unheeded by STI and apparently were never directed—or redirected to the proper "internal point of contact" person at STI who was in the position to instruct LL to proceed with the payment. Whether STI permitted LL to continue sending its pay/drop sheets to an ineffective address, or an ineffective addressee, was a circumstance entirely within STI's control. Delay resulting from a lack of proper communication between a patentee and that patentee's representative(s) as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b). See, In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). Specifically, delay resulting from a failure in communication between a patent holder and his representative regarding a maintenance fee payment is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Ray, 55 F.3d at 610, 34 USPQ2d at 1789. That STI did not take care of its own 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*. However, delay resulting from STI's failure to keep LL apprised of a current correspondence address for receiving communications from LL regarding maintenance fee payments is not unavoidable delay. Ray, 55 F.3d at 610, 34 USPQ2d at 1789. STI's failure to provide LL with a current correspondence address does not excuse the resultant failure to timely submit the maintenance fee for this patent, nor does the delay resulting from STI's failure to provide LL with a current address constitute unavoidable delay. *Id.* The contention that the personnel problem only occurred in March 1999 does not satisfactorily explain STI's failure to act on the prior December, 1998 and January, 1999 pay/drop sheets for this patent or on the subsequent April, 1999 pay/drop sheet, for this patent or the pay/drop sheets for the two other STI patents that likewise expired at this time, and for the same reasons. Furthermore changes in personnel are not uncommon in business establishments, and can be handled by the exercise of reasonable due care and diligence. It has not been shown that STI was "unavoidably" prevented from clarifying with LL just who was STI's "internal point of contact" for maintenance fee payments, and how LL was best to contact that person.

It is further not clear why, as a prudent and careful person with respect to his most important business, STI overlooked the state of its affairs for maintenance fee mail routing when it discovered in December 1999 the state of affairs extant in or about March 1999 with respect to its "internal point of contact" for maintenance fees for one patent, yet took no effort to check for other, inadvertently expired STI patents. See Hammond letter of December 17, 1999, Exhibit 2

STI does not appear to have then made any effort to either systematically or randomly check into the accuracy of the work products of either the prior or subsequent "internal point(s) of contact" with LL. Had STI acted as a prudent and careful person, STI would have been able to correct the matter in a more timely fashion as they did for U.S. Patent No. 5,458,086, particularly as there was no audit trail of a STI command to LL to pay the fee or confirmation from LL that the fee had been paid.

Petitioner's contention that the numerous successful instances of payment of maintenance fees by the system in place between STI and LL indicates that delay herein was unavoidable is not without some force, but overall, is not ultimately convincing in this instance. There is no "sliding scale" based upon the care given to this patent *vis-a-vis* the maintenance in force *vel non* of other patents by STI; the issue is solely whether the maintenance of *this* patent was actually conducted with the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business. The record fails to show that STI conducted the retention, or reinstatement of this patent in a way consistent with that of a prudent and careful person with respect to his most important business, and STI's corrective action(s) was insufficient to contribute to an earlier attempt at reinstatement. The delay was not unavoidable, because had STI exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a more timely fashion. See Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987); Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992)(unavoidable delay not shown where no diligence for over 30 months); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp. 2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(a showing of diligence is essential to demonstrate unavoidable delay).

DECISION

Petitioner has failed to meet his burden of proving to the satisfaction of the Director the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b). Accordingly, the maintenance fee will not be accepted, this patent will not be reinstated, and this patent remains expired. The petition is **denied**. The USPTO will not further consider or reconsider this matter. See 37 CFR 1.378(e).

The request to accept the maintenance fee under the provisions of 37 CFR 1.137(b) must likewise be **denied** as that regulation applies only to the revival of abandoned applications and is immaterial to the situation herein. CFR 1.378 promulgates 35 U.S.C. § 41(c)(1), which controls this proceeding to reinstate *vel non* an expired patent.

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.

The maintenance fee and surcharge have been credited to counsel's deposit account. The USPTO regrets the delay in deciding this petition.

This patent file is being returned to the Files Repository.

Any inquiries concerning this communication may be directed to Petitions Examiner Brian Hearn at (571) 272-3217.



Charles Pearson
Director, Office of Petitions