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OFFICE OF PETITIONS

In re Patent No. 5,573,780 :
Issue Date: November 12, 1996 :
Application No. 08/511,297 :
Filed: August 4, 1995 :
Attorney Docket No. J1005/20059 :

ON PETITION

This is a decision on the petition filed January 10, 2006 under 37 CFR 1.378(e), requesting reconsideration of a prior decision which refused to accept under § 1.378(c) the delayed payment of a maintenance fee for the above-identified patent.

The request to accept the delayed payment of the maintenance fee under 37 CFR 1.378(c) is **DENIED.¹**

BACKGROUND

The above-identified patent issued November 12, 1996. Accordingly the second maintenance fee was due May 12, 2004, and could have been paid from November 12, 2003, through May 12, 2004, or, with a surcharge, from May 13, 2004 through November 12, 2004. As the maintenance fee was not timely paid, this patent expired by operation of law at midnight on its eighth anniversary date: November 12, 2004. See 35 USC § 41(b).

A petition under 37 CFR 1.378(c) to accept late payment of the second maintenance fee was filed January 12, 2005. Petitioner asserted that the delay in payment was unintentional given that the Court of Appeal for the Federal Circuit affirmed a lower court's ruling² that the above-identified patent was invalid and that the party ("Silver") responsible for paying the maintenance fee for the above-identified patent was only provided with new information in November 2004³ relating to a complaint filed with a court⁴ on behalf of the patentee. This complaint requested a reversal of the earlier rulings, which were purportedly based on fraudulent submissions to the

¹ 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. No further consideration or reconsideration of this matter will be given. See 37 CFR 1.378(e).

² Apotex v. Merck, 254 F.3d. 1031 (Fed. Cir. 2001).

³ The precise day in November 2004 is not of record.

⁴ The complaint was filed on November 12, 2004 with the United States District Court for the Northern District of Illinois.

court. The petition asserts such information was not brought to Silver's attention early enough to enable him to pay the second maintenance fee in the timely manner prior to the expiry of the above-identified patent.

The petition was dismissed in the decision of November 10, 2005. The decision held that, *inter alia*, the record showed Silver deliberately permitted the above-identified patent to expire and failed to show to the satisfaction of the Director that the entire delay in timely paying the maintenance fee was unintentional.

The instant petition was filed on January 10, 2006. Subsequent to the petition being filed, a decision was rendered by United States District Court for the Northern District of Illinois on the November 12, 2004 complaint. See Apotex Corp. vs. Merck & Co., Inc., Civil No. 04-7312, 2006 U.S. Dist. LEXIS 28855 (N. D. Ill. April 25, 2006). The decision granted summary judgment for Merck and against the owner (Apotex Corporation) of the of the above-identified patent, ruling unfavorably regarding the present petitioner's allegations that the previous courts' rulings were purportedly based on fraudulent submissions to the court. This decision has been appealed to the Federal Circuit.

STATUTE AND REGULATION

35 U.S.C. § 41(b) states in pertinent part that:

The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.⁵
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

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 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

⁵ Maintenance fees in effect as of the date the first petition were filed on January 12, 2005. The fees are subject to an annual adjustment on October 1. See 35 U.S.C § 41(f). The fees are reduced by fifty (50) percent for, as here, a small entity. See 35 U.S.C. § 41(h)(1).

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(a) provides that:

The Director may accept the payment of any maintenance fee due on a patent after expiration of the patent if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Director to have been unavoidable (paragraph (b) of this section) or unintentional (paragraph (c) of this section) and if the surcharge required by § 1.20(i) is paid as a condition of accepting payment of the maintenance fee. If the Director accepts payment of the maintenance fee upon petition, the patent shall be considered as not having expired, but will be subject to the conditions set forth in 35 U.S.C. 41(c)(2).

37 CFR 1.378(c) provides that:

- (c) Any petition to accept an unintentionally delayed payment of a maintenance fee filed under paragraph (a) of this section must be filed within twenty-four months after the six-month grace period provided in § 1.362(e) and must include:
 - (1) The required maintenance fee set forth in § 1.20 (e)-(g);
 - (2) The surcharge set forth in § 1.20(i)(2); and
 - (3) A statement that the delay in payment of the maintenance fee was unintentional.

OPINION

Petitioner has failed to carry his burden of proof to establish to the satisfaction of the Director that the entire delay in payment of the maintenance fee for the above-identified patent was unintentional within the meaning of 35 U.S.C. 41(c) and 37 CFR 1.378(c).

The Director may accept the payment of any maintenance fee required by 35 U.S.C. 41(b) 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. See 35 U.S.C. 41(c)(1); 37 CFR 1.378(a); Centigram Communication Corp. v. Lehman, 862 F.Supp. 113, 118, 32 USPQ2d 1346, 1350 (E.D. Va. 1994), *appeal dismissed*, 47 F.3d 1180 (Fed. Cir. 1995). The Congressional intent as expressed in the clear language of the statute ("may") is that USPTO acceptance of a delayed maintenance fee is discretionary, and contingent upon a showing satisfactory to the Director, that the delay was "unintentional." Centigram at 116, 32 USPQ2d at 1348. Of particular relevance

to this case, the USPTO has held since the inception of reinstatement of expired patents under the unintentional standard of 35 U.S.C. 41(c) which is promulgated by 37 CFR 1.378(c), that the entire delay in payment of the maintenance fee must have been unintentional. See 58 F.R. 44255, 44278-79 (Aug. 20, 1993):

A person seeking reinstatement of an expired patent should not make a statement that the delay in payment of the maintenance fee was unintentional unless the entire delay, including the delay from the date it was discovered that the maintenance fee was not paid timely up until the maintenance fee was actually paid, was unintentional. For example, a statement that the delay in payment of the maintenance fee was unintentional would not be proper when patentee becomes aware of an unintentional failure to timely pay the maintenance fee and then intentionally delays filing a petition for reinstatement of the patent under § 1.378.⁶

The "unavoidable" standard in 35 U.S.C. 41(c)(1) is identical to the "unavoidable" standard in 35 U.S.C. 133 for reviving an abandoned application because 35 U.S.C. 41(c)(1) uses the same language (*i.e.*, "unavoidable" delay). See Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995)(citing In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), *aff'd*, Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990)). Likewise, the "unintentional" standard in 35 U.S.C. 41(c)(1) is the same as the "unintentionally" standard in 35 U.S.C. 41(a)(7) because 35 U.S.C. 41(c)(1) uses the same word ("unintentional"), albeit in a different part of speech (*i.e.*, the adjective "unintentional" rather than the adverb "unintentionally"). As explained in MPEP 2590, the USPTO applies the same unintentional delay standard to revival of an abandoned application, or reinstatement of an expired patent.⁷

With regard to the "unintentional" delay standard:

⁶ The USPTO requires that the entire period of the delay be at least unintentional as a prerequisite to revival of an abandoned application to prevent abuse and injury to the public. See H.R. Rep. No. 542, 97th Cong., 2d Sess. 7 (1982), reprinted in 1982 U.S.C.C.A.N. 771 ("[i]n order to prevent abuse and injury to the public the Commissioner... could require applicants to act promptly after becoming aware of the abandonment"). Applying this same requirement as a prerequisite to the reinstatement of an expired patent likewise prevents abuse and injury to the public.

⁷ Because the USPTO regulations are published in the *Federal Register* as required by the Federal Register Act, 44 U.S.C. § 1505 (formerly 44 U.S.C. §§ 5, 7), they are binding, even in the absence of actual knowledge. See, e.g., Federal Crop Ins. Corp. v. Merrill, 332 U.S. 380, 385 (1947); Timber Access Industries Co. Inc. v United States, 553 F.2d 1250, 1255 (Ct. Cl. 1977); Andrews v. Knowlton, 509 F.2d 898, 905 (2d Cir. 1975), *cert. denied*, 423 U.S. 873 (1975); In re Pacific Far East Line, Inc., 314 F.Supp. 1339, 1348 (N.D. Cal. 1970), *aff'd*, 472 F.2d 1382 (9th Cir. 1973). Furthermore, it is well settled that "all persons are charged with knowledge of the provisions of the statutes and must take note of the procedure adopted by them." Rydeen v. Quigg, 748 F. Supp. 900 at 907, 16 USPQ2d 1876, at 1881 (D.D.C. 1990), *aff'd* 937 F.2d 623 (Fed. Cir. 1991)(table), *cert. denied*, 502 U.S. 1075 (1992)(quoting North Laramie Land Co. v. Hoffman, 268 U.S. 276, 285 (1925)).

Where the applicant deliberately permits an application to become abandoned (e.g., due to a conclusion that the claims are unpatentable, that a rejection in an Office action cannot be overcome, or that the invention lacks sufficient commercial value to justify continued prosecution), the abandonment of such application is considered to be a deliberately chosen course of action, and the resulting delay cannot be considered as "unintentional" within the meaning of [37 CFR] 1.137(b). . . An intentional delay resulting from a deliberate course of action chosen by the applicant is not affected by: (1) the correctness of the applicant's (or applicant's representative's) decision to abandon the application or not to seek or persist in seeking revival of the application; (2) the correctness or propriety of a rejection, or other objection, requirement, or decision by the Office; or (3) the discovery of new information or evidence, or other change in circumstances subsequent to the abandonment or decision not to seek or persist in seeking revival. (Emphasis added.)

See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131, 53158-59 (October 10, 1997), 1203 Off. Gaz. Pat. Office 63, 86 (October 21, 1997)(discussing the meaning of "unintentional" delay in the context of the revival of an abandoned application).

35 U.S.C. 41(c)(1) authorizes the Commissioner to accept a delayed maintenance fee payment "if the delay is shown to the satisfaction of the Commissioner to have been unintentional." 35 U.S.C. 41(c)(1) does not require an affirmative finding that the delay was intentional, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unintentional. 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); see also In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989) (petition under 37 CFR 1.137(b) denied because the applicant failed to carry the burden of proof to establish that the delay was unintentional).

With the above in mind and reviewing petitions filed on January 12, 2005 and January 10, 2006, the evidence shows the patentee, through its representative Silver, deliberately chose not to pay the second maintenance fee when it fell due. Silver states that he had responsibility over "payment of maintenance fees due in the [above-identified] PATENT."⁸ Additionally, he states in paragraph 6 of his statement that "[i]n a decision dated June 8, 2001, the CAFC affirmed the District Court's opinion finding the PATENT to be invalid" and in paragraph 8 that "[g]iven the ruling by the CAFC that the patent was not valid, I did not pay the second maintenance fee for the PATENT." Paragraph 7 of Silver's statement further demonstrates the Office mailed a maintenance fee reminder for the second maintenance fee on June 2, 2004 for the above-identified patent. The renewed petition states, "Silver did not pay the 2nd maintenance fee for the patent based on Patentee's instruction, which in turn, were based on belief that there was

⁸ Statement by Robert S. Silver in Support of Petition Under 37 C.F.R. 1.378(c).

no valid patent for which the payment could be made.” See page 3 of the renewed petition dated January 10, 2006. All this evidence shows that the patentee was aware that the second maintenance fee was due for the above-identified patent prior to and on its date of expiry and deliberately chose not to pay both in the literal and legal sense of the word.

The relevant inquiry in determining whether a delay is intentional is whether the course of action resulting in the delay was, as here, deliberate. See *In re Maldaque*, 10 USPQ2d 1477 (Comm'r Pat. 1988); *In re Application of G*, 11 USPQ2d 1378 (Comm'r Pat. 1989); *Lawman Armor v. Simon*, Civil Action No. 04-72260, 2005 U.S. Dist. LEXIS 10843, 74 U.S.Q.2d 1633 (E. D. Mich. March 29, 2005); *Field Hybrids, LLC v. Toyota Motor Corp.*, Civil Action No. 04-72260, 2005 U.S. Dist. LEXIS 1159 (D. Minn., January 27, 2005). Here, since the delay results from a deliberate cause of action (or inaction), it cannot be considered unintentional delay. *Maldaque*, *supra*; *G*, *supra*; *Lawman*, *supra*; *Field Hybrids*, *supra*.

Moreover, an intentional course of action is not rendered unintentional when, upon reconsideration, the applicant changes his or her mind as to the course of action that should have been taken, and now seeks, on petition to remit the deliberately withheld reply. *Maldaque*, at 1478; *Lawman*, 73 U.S.P.Q.2d at 1637-38; *Lumenyte Int'l Corp. v. Cable Lite Corp.*, Civil Action Nos. 96-101,96-1077, 1996 U.S. App. LEXIS 16400 (Fed. Cir., July 9, 1996) (unpublished). As noted in MPEP 711.03(c)II subsection (c)(1):

An intentional course of action is not rendered unintentional when, upon reconsideration, the applicant changes his or her mind as to the course of action that should have been taken. See *In re Maldaque*, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988).

The evidence shows that the patentee made no effort to seek reinstatement of the patent until after becoming aware of what petitioner characterizes as possible “fraudulent submissions” to the court. The language of both 35 USC 41(c)(7) and 37 CFR 1.378(c) are clear and unambiguous, and furthermore, without qualification. That is, the delay in paying the second maintenance fee, as well as in filing the petition seeking reinstatement, must have been, without qualification, “unintentional” for the payment to now be accepted on petition. The Office requires that the entire delay be at least unintentional as a prerequisite to reinstatement of an expired patent to prevent abuse and injury to the public. However, both the delay herein in paying the maintenance fee, and in filing the petition after expiry, are inconsistent with a finding that the entire delay herein was unintentional, such that reinstatement is proper. Simply put, a course of conduct resulting in a delay that is, as here, purposefully chosen does not qualify as unintentional delay.

Additionally, the discovery of new information subsequent to the expiration of the above-identified patent does not affect a deliberate choice of intentional delay. The petition states “[t]he proceedings by the litigation firm relative to having the Court reverse earlier rulings and holdings the PATENT to be valid were not brought to Mr. Silver's attention early enough to enable him to authorize payment of the second maintenance fee and necessary surcharge prior to

the . . . expiration date of the patent." See page 2 of the petition dated January 12, 2005. Silver's statement in paragraph 9 of this statement confirms he learned of the November 12, 2004 complaint, asserting the above-identified patent should be held to be valid due to fraudulent submissions on the court, in November 2004. The fact Silver later learned of litigation proceedings related to the validity of the above-identified patent, whether due to miscommunication between different law firms handling the case or otherwise, has no effect on Silver's deliberate and intentional choice not to pay the second maintenance fee when the fee fell due. In essence, the decision not to pay the second maintenance fee when it fell due was a deliberate choice by the patentee, and any new information, which the patentee later discovers, does not nullify the patentee's deliberate action not to pay the second maintenance fee when it fell due.

Additionally as the court concluded in Newell Window Furnishings v. Springs Window Fashion Division Inc., 53 USPQ2d 1302 (N.D. Ill. 1999), when considering a defense based on 35 U.S.C. § 102(g) anticipation by the alleged prior invention of a Mr. Judkins (an independent inventor and industry consultant) who generally could not afford to file his patent applications, and usually delayed filing an application until he obtained financial backing for the invention therein,

[t]he court is certainly willing to conclude that Mr. Judkins made a proper and sensible business decision to delay filing during this time. However, the court must conclude that these circumstances raise an inference of intent to abandon, suppress or conceal the T19 invention.

Id. at 1322.

Thus, while Silver may have made a prudent "business decision" in light of the above-identified patent being upheld as invalid on June 8, 2001 on appeal to the Federal Circuit, such does not forestall the conclusion that the delay herein resultant from Silver's choice is not unintentional delay within the meaning of 35 U.S.C. 41(c)(1) and 37 CFR 1.378(c). Indeed, MPEP 711.03(c)II(C)(1) notes that:

A delay resulting from a deliberately chosen course of action on the part of the applicant does not become an "unintentional" delay within the meaning of 37 CFR 1.137(b) because:

- (A) the applicant does not consider the claims to be patentable over the references relied upon in an outstanding Office action;
- (B) the applicant does not consider the allowed or patentable claims to be of sufficient breadth or scope to justify the financial expense of obtaining a patent;

- (C) the applicant does not consider any patent to be of sufficient value to justify the financial expense of obtaining the patent;
- (D) the applicant does not consider any patent to be of sufficient value to maintain an interest in obtaining the patent; or
- (E) the applicant remains interested in eventually obtaining a patent, but simply seeks to defer patent fees and patent prosecution expenses.

Likewise, a change in circumstances that occurred subsequent to the abandonment of an application does not render "unintentional" the delay resulting from a previous deliberate decision to permit an application to be abandoned. These matters simply confuse the question of whether there was a deliberate decision not to continue the prosecution of an application with why there was a deliberate decision not to continue the prosecution of an application.

Most analogous to the present situation, the patentee deliberate chose not to pay the second maintenance fee since the patentee did not consider the patent to be of sufficient value to justify maintaining an interest in the patent by choosing not to pay the second maintenance fee. Petitioner did not even seek reinstatement until there was a change in circumstance after expiration of the above-identified patent. However, a change in circumstances that occurred subsequent to the expiration of the patent does not render "unintentional" the delay resulting from a previous deliberate decision to permit a patent to expire. The USPTO has long indicated that the delay resulting from a "business decision" not to take timely and necessary action is intentional delay that precludes reinstatement. The reason *why* Silver made the decision is not to be confused with the fact that there was a deliberative decision that the value of the patent was then insufficient to maintain an interest in or justify the financial expense of reinstating the patent. See MPEP 711.03(c)(II)(C)(1) quoted above.

Any remaining arguments presented in the renewed petition have been addressed in the above discussion and in the previous decision of November 10, 2005.

In conclusion, the record shows that Silver deliberately permitted U.S. 5,573,780 to expire and delayed seeking reinstatement of the instant patent until the discovery of a complaint filed in court asserting U.S. Patent No. 5,573,780 should be held valid because of fraudulent submissions to the court. Even in the petition filed on January 12, 2005, petitioner requested that the decision of the petition to reinstate the patent be held in abeyance until the patentee's remedies before the courts have been exhausted. The reasons for this request appeared to be to postpone this decision until the validity of the patent has once again been determined. While this request was withdrawn in the renewed petition, the actions and inactions of Silver are inconsistent with a finding that the resultant delay was unintentional. Indeed, the delay resulting from such actions or inactions is the antithesis of unintentional delay.

DECISION

The prior decision, which refused to accept the delayed payment of a maintenance fee for the above-identified patent under § 1.378(c), has been reconsidered. For reasons previously stated and given above, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c) and 37 CFR 1.378(c). As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

Since this patent will not be reinstated, the maintenance fee (\$2300) and surcharge (\$1640) remitted by petitioner, totaling \$3940, will be refunded in due course. The \$400 fee under 37 CFR 1.17(f) for requesting reconsideration is not refundable.

The patent file is being returned to the Files Repository.

Telephone inquiries should be directed to Denise Pothier at (571) 272-4787.



Charles Pearson
Director, Office of Petitions