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JASPAN SCHLESINGER HOFFMAN LLP
300 GARDEN CITY PLAZA
5TH FLOOR
GARDEN CITY NY 11530

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OFFICE OF PETITIONS

In re Patent No. 5,673,957 :
Issued: 7 October, 1997 :
Application No. 08/595,308 : DECISION ON PETITION
Filed: 1 February, 1996 :
For: AUXILIARY SUN VISOR :

This is a decision in reference to the "RENEWED PETITION UNDER 37 CFR 1.378(B)" filed on 11 August, 2006, which is treated as a petition 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

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.

The patent issued 7 October, 1997. The first maintenance fee could have been paid from 7 October, 2000, through 7 April, 2001, or, with a surcharge during the period from 8 April through 7 October, 2001. Accordingly, the patent expired at midnight 7 October, 2001, for failure to timely submit the first maintenance fee.

Petitioners state, in its original petition, that responsibility for payment of the maintenance fees originally rested with attorney Murray Schaffer and the law firm of Bauer & Schaffer (hereinafter "B&S").

In April, 2001, responsibility for payment of the maintenance fees for the present patent was transferred from the law firm of Bauer & Schaffer (hereinafter "B&S") to the law firm of Jspan Schlesinger Hoffman LLP (hereinafter "JSH") in April, 2001, and that the attorneys and other personnel at B&S were hired by JSH in April, 2001. "On information and belief," assert petitioners, "B&S continued to exist, but it was not functioning as a business." As such, although the file was transferred to JSH, it "remained under the care of the B&S personnel within the Firm's Intellectual Property Group."

Petitioner asserted, in the original petition, that the patentee, inventor Hing Fai Moo (hereinafter "Moo"), timely submitted to JSH, funds to be used to pay the first maintenance fee, the law firm responsible for payment of the maintenance fee. However, the maintenance fee was not paid. Petitioner further stated, that on 11 January, 2006, a letter was sent to inventor Moo stating that the maintenance fee had not been paid, that the patent had expired, and that JSH received only \$163.45 from Moo.

The petition was dismissed on 12 June, 2006. In the decision dismissing the petition it was noted that the petition failed to fully discuss whether Moo had acted as a reasonable and prudent person would treat his most important business. Specifically, it was unclear whether Moo sent the proper amount of money to pay the maintenance fee, and the date upon which the fee payment was sent to JSH. The decision further stated, *inter alia*, that the petition did not explain why JSH did not pay the maintenance fee.

On 11 August, 2006, the present request for reconsideration was filed.

Petitioner now asserts that the check from Moo was for \$495.00, the proper amount for the maintenance fee and surcharge, and was received by the firm on 6 September, 2001. A copy of the check

has been provided. The petition also states that other patents handled by JSH became abandoned because of a failure to timely submit the maintenance fee. Petitioner asserts, in pertinent part, however, that the delay was "entirely unavoidable and unforeseeable in light of actions or non-actions of the B&S personnel, and Mr. Moo took all reasonable steps to maintain his patent."

In the present request for reconsideration, petitioner provided a statement from Silvagni stating, in essence, that confusion occurred when B&S merged with JSH: JSH's practice was to bill clients in advance for payments disbursed, while B&S would make payments on behalf of clients and subsequently bill the clients, and that money collected from foreign clients was placed in the wrong account. Petitioner also provided a statement by James D. Leonard (hereinafter "Leonard"), the chief financial officer of JSH, stating that the practice of JSH was that "the Accounting department would deliver the monthly account statements to the Intellectual Property group (B&S), and Ms. Silvagni was expected to verify charges made against the deposit account statement, and provide identification of each matter listed on the monthly statement." Silvagni, however, states Leonard did not inform JSH's accounting department of the amounts of charges to the JSH's deposit account, and that JSH's accounting department was never notified that the monthly deposit account statements from the USPTO were inconsistent with JSH's internal records of charges by the B&S group. "The bounced payments came to light after Ms. Silvagni left on maternity leave in November of 2004."

Petitioner further notes that JSH and B&S failed to make maintenance fee payments that were to be timely filed in several other cases. Petitioner states that maintenance fees were not timely paid in Patent Nos. 5,698,783, 5,313,735, and 5,371,437 because counsel's deposit account contained insufficient funds to pay the maintenance fees. Additionally, maintenance fee payments were never made in Patent Nos. 5,272,815 and 5,781,985. Petitioners also state that a petition to accept a delayed maintenance fee in Patent No. 5,669,101 was dismissed "and the client has chosen not to pursue the revival further." Lastly, the maintenance fee was untimely paid in Patent No. 5,314,213.

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.

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

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).

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. "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

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 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992).

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

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

A petition to accept delayed payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate, verified 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, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1).

Where, as here, petitioner asserts unavoidable delay as a result of a clerical error, 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.¹⁵

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.*

¹⁵ See MPEP 711.03(c)(III)(C)(2).

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

Here, petitioner asserts that due to a clerical error, the maintenance fee was not paid.

The showing of record has been considered, but is not persuasive. Specifically, petitioner has not established that adequate steps were in place to ensure that maintenance fees were timely paid. As stated in the declaration of Leonard, the Accounting department relied solely upon Silvagni to verify charges made against the deposit account statement, and identify those charges on the monthly accounting statement. Additionally, petitioner did not learn this payment had not been made until nearly five (5) years after the maintenance fee was supposed to have been paid. As such, it appears that there was little or no oversight of Silvagni's management of the monies received for patent-related matters after B&S joined with JSH. As stated in the declaration of Leonard, the discrepancy between the monthly statements and the charges to the deposit account were not brought to counsel's attention until after Silvagni took maternity leave in November, 2004.

Further, the statement of Silvagni, dated 17 July, 2006, paints a picture of confusion and disarray with regard to the matters managed by B&S: the docketing systems used by B&S and JSH were not reconciled, monies received by JSH for B&S matters were

misfiled, and payments that should have been made were not made.

In summary, petitioner is ultimately responsible for the payment of maintenance fees. The showing of record, however, is that there were not steps in place to ensure that the maintenance was timely paid.

Furthermore, in light of the showing of record that several of the patents for which petitioner JSH was responsible for payment of the maintenance fee expired due to either failure to submit the maintenance fee or because counsel's deposit account did not contain sufficient fund to pay the maintenance fee, the problems at B&S and JSH appear to be systemic: The sheer number of patents which were incorrectly allowed to become expired mitigates against a showing of unavoidable delay, as it strongly suggests that petitioners lacked a reliable docketing system, and were not handling the payment of maintenance fees with the level of care commensurate with a reasonable prudent person in the pursuit of his or her most important business. In summary, the showing of record is that the merger of B&S and JSH resulted in great confusion and mismanagement of patent files which lead to the maintenance fee payments in many patents being mishandled. While said delays are unfortunate they clearly do not rise to the level of unavoidable delay.

As petitioner has not shown that they exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition cannot be granted.¹⁶ The showing provided by petitioner evidences that the maintenance fee was not paid due to a lack of diligence on the part of petitioner.

The Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and applicant is bound by the consequences of those actions or inactions.¹⁷ Specifically, petitioner's delay caused by the actions or inactions of their voluntarily chosen representative is a delay binding on petitioner.¹⁸ Furthermore, petitioner is reminded that the

¹⁶ See note 4, *supra*.

¹⁷ *Link v. Wabash*, 370 U.S. 626, 633-34 (1962); *Huston v. Ladner*, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992); see also *Haines v. Quigg*, 673 F. Supp. 314, 317, 5 USPQ2d 1130, 1132 (N.D. Ind. 1987).

¹⁸ See *Haines v. Quigg*, *supra*; *Smith v. Diamond*, 209 USPQ 1091 (D.D.C. 1981); *Potter v. Dann*, 201 USPQ 574 (D.D.C. 1978); *Ex parte Murray*, 1891 Dec. Comm'r Pat. 130, 131 (Comm'r Pat. 1891).

Patent and Trademark Office is not the proper forum for resolving a dispute between petitioners and petitioner's representative.¹⁹

In summary, the showing of record is inadequate to establish unavoidable delay. Rather, the showing of record is that petitioner failed to take adequate precautions to ensure that maintenance fees were timely paid. 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.²⁰ As petitioner has not shown that they exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition will be dismissed.²¹

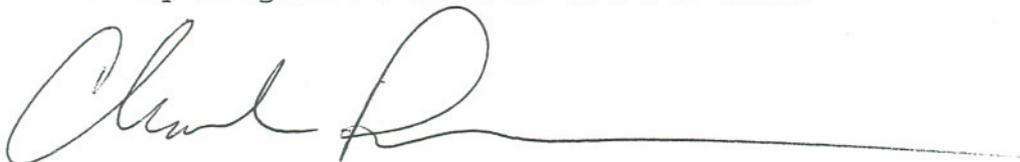
CONCLUSION

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 within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

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

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

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



Charles A. Pearson
Director, Office of Petitions

¹⁹ Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995).

²⁰ See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

²¹ See note 4, supra.