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OFFICE OF PETITIONS

In re Patent No. 5,858,942 :  
Issue Date: January 12, 1999 :  
Application No. 08/737,097 : ON PETITION  
Filed: October 24, 1996 :  
Attorney Docket No. ENG13 006 :

This is a decision on the renewed petition untimely<sup>1</sup> filed July 31, 2006 under 37 CFR 1.378(e), requesting reconsideration of a prior decision which refused to accept the delayed payment of a maintenance fee for the above-identified patent under § 1.378(b) and on a petition untimely filed on August 23, 2006 under 37 CFR 1.378(c) to accept unintentionally delayed payment of maintenance fee in an expired patent.

The request to accept the delayed payment of the maintenance fee under 37 CFR 1.378(b) is DENIED.<sup>2</sup>

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

BACKGROUND

The patent issued January 12, 1999. Accordingly, the first maintenance fee due could have been paid during the period from January 14, 2002 (January 12 being a Saturday) through July 12, 2002, or with a surcharge during the period from July 13, 2002 through January 13, 2003 (January 12 being a Sunday). This patent expired at midnight on January 12, 2003, for failure to timely submit the maintenance fee.

A petition under 37 CFR 1.378(b) to accept late payment of the first maintenance fee was filed June 2, 2005. Petitioner asserted that the delay in payment was unavoidable due to the unforeseeable failure of an otherwise reliable employee, Clara Castle (Castle).

<sup>1</sup> See 37 CFR 1.378(e), which requires the petition for reconsideration be filed within two months from the mail date of the prior decision. The prior decision on petition for the above-identified patent was mailed September 12, 2005.

<sup>2</sup> 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).

The petition was dismissed in the decision of September 12, 2005. The decision held that, *inter alia*, the record inadequately disclosed the steps that were taken to schedule or pay the first maintenance fee when it fell due and thus did not show to the satisfaction of the Director that the entire delay in timely paying the maintenance fee was unavoidable due to an unforeseeable failure of an otherwise reliable employee. Rather, Petitioner mainly provided evidence of events on or after the date of expiry of the above-identified patent, January 12, 2003.

The instant petition under 37 CFR 1.378(b) was filed July 31, 2006, and the instant petition under 37 CFR 1.378(c) was filed August 23, 2006.

### 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.<sup>3</sup>
- (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) states, in relevant part, 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.

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

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<sup>3</sup> Maintenance fees in effect as of the date the first petition were filed on June 5, 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, as here, for a small entity. See 35 U.S.C. 41(h)(1).

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." See 35 U.S.C. 41(c)(1).

#### **A. Timeliness of Petitions**

In light of the fact that the decision on petition under 37 CFR 1.378(b) mailed September 12, 2005 was ill addressed, the failure to respond to the decision in a timely manner<sup>4</sup> has no bearing on this decision. As petitioner has once again changed his address and completed a Change of Correspondence Address form, the correspondence address has been changed. Petitioner should promptly update any address changes with the Office using the Change of Correspondence Address form to ensure that all communications are received in a timely manner. See MPEP 2542.

The Director may accept the payment of any maintenance fee, 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). The last day of the twenty-four month after six-month grace period for the above-identified patent was January 12, 2005. The petition under 37 CFR 1.378(c) was filed on August 23, 2006, which greater than twenty-four months after the six-month grace period set by statute, and the petitioner is, therefore, time-barred from filing a petition based on unintentional delay. The first maintenance fee payment and the surcharge (\$2540) will be refunded to petitioner (Paul Hughett) by Treasury check in due course.

#### **B. Unavoidable Delay**

Petitioner requests reconsideration, asserting that the delay in making the first maintenance fee payment was unavoidable due to unforeseeable failure of an otherwise reliable employee. Petitioner argues that the purported failure of Castle to docket the payment of the first maintenance fee properly made the delay in paying the first maintenance fee until the filing of the June 2, 2005 petition unavoidable.

Petitioner has not met his burden of proving to the satisfaction of the Director that the entire delay in payment of the maintenance fees was unavoidable within the meaning of 35 U.S.C. 41(c)(1) and 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 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 in responding to an Office action was unavoidable. Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887)(the term "unavoidable" "is applicable to ordinary

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<sup>4</sup> The decision of September 12, 2005 set a two-month period for response.

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, 514-515 (D.C. Cir. 1912); and 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). 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, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

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 Director 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 Director that the delay in payment of a maintenance fee was 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.

The patent holder has ultimate responsibility for payment of the maintenance fee. As such, it was also incumbent upon the patent owner to implement steps to schedule and pay the fee, or obligate another to make the payment. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Office records reflect that Engine Fog owns the above-identified patent<sup>5</sup>. As such, Engine Fog was responsible for docketing or tracking the above-identified patent for payment of the maintenance fee in a reliable system as would be employed by a prudent and careful person with respect to its most important business, or to have engaged another for that purpose. See Id. Even where another has been relied upon to pay the maintenance fee, such asserted reliance per se does not provide a petitioner with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 U.S.C. 41(c). Id. Rather, such a reliance merely shifts the focus of the inquiry from the petitioner to whether the obligated party acted reasonably and prudently. Id. Nevertheless, a petitioner is bound by any errors that may have been committed by the obligated party. Id.

The original petition filed June 2, 2005 and renewed petition filed July 31, 2006 state that Engine Fog did engage another for the purpose of docketing and tracking the payment of maintenance fees for the above-identified patent. The record, however, fails to demonstrate the responsible party for

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<sup>5</sup> See MPEP 306. The above-identified application is a continuation of U.S. Application No. 08/227,795. The assignment for U.S. Application No. 08/227,795 is recorded at reel/frame number 007537/0647.

docketing and tracking the first maintenance fee payment when it fell due on July 12, 2002, as well as some six months later on the date of expiry, January 13, 2003.

Petitioner states that Lieberman & Nowak (L&N) filed the above-identified application with the Office. See ¶ 3 of Exhibit B.<sup>6</sup> “As part of the process in preparing and filing patent applications for clients, L&N maintained its own patent docket, which recorded due dates for each patent or patent application.” See ¶ 4 of Exhibit B. Petitioner admits that that “once the patents issued, the payment for U.S. patents . . . was entrusted to Computer Packages, Inc. (CPI), which is a U.S. Company specializing in payment of such fees.” See ¶ 5 of Exhibit B. Thus according to the above statements, L&N maintained records and due dates on patented files but the responsible party for paying the first maintenance fee for the above-identified patent was CPI. See ¶ 6 of Exhibit B. The original petition and request for reconsideration further state that Castle, the Office Manager at L&N, was responsible for the patent docket, including docketing maintenance fees, notifying clients of maintenance fees, and ensuring maintenance fee payments were paid on time. See ¶ 8-9 of Exhibit B and ¶ 15, page 3, of Exhibit E.<sup>7</sup> Based on the later information, L&N also took responsibility to pay the first maintenance fee payment for the above-identified patent.

Regardless of whether L&N or CPI were ultimately responsible to pay the first maintenance fee, the record fails to show that reasonable care was taken within the meaning of 37 CFR 1.378(b)(3) by or on behalf Engine Fog to schedule and pay the first maintenance fee timely. In the absence of a sufficient showing of the steps taken by or on behalf of Engine Fog, 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee.

The original petition and the request for reconsideration are completely devoid of any evidence addressing the steps taken by CPI to ensure timely payment of the first maintenance fee. The original petition states, “CPI would keep track of payments due for patent and send reminders to L&N describing which payments were due and when. CPI would then contact each client to determine if the fees should be paid, and if so, CPI would be notified and the payments made.” No explanation has been provided of the steps taken by CPI to schedule and pay the first maintenance fee for the above-identified patent. Perhaps, while not clearly stated, Petitioner has alleged that the absence of such information from CPI is due to Castle’s failure to docket maintenance fees and their due dates to CPI when the applications passed to issue, Castle’s failure to interact with CPI regarding maintenance fees when the applications passed to issue (¶ 8 of Exhibit B) and thus not docket the maintenance fee in L&N docketing system, or her failure to enter the due date of the maintenance fee payments into L&N’s docketing system once notified by CPI (¶¶ 8-9 of Exhibit B). In any of these cases, other than the general statement that CPI was entrusted to pay maintenance fees on patents issued from applications prosecuted by L&N, the record has no evidence of CPI’s involvement with tracking and paying the first maintenance fee for the above-identified patent, such as CPI’s system to track and pay the maintenance fee. There is an absence of any steps in place by CPI to ensure timely payment of the maintenance fee when it fell due on July 12, 2002, as well as six months later on January 13, 2003 with a surcharge, during the grace period set forth in 35 U.S.C. 41(b). In the

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<sup>6</sup> Exhibit B, originally filed June 5, 2006, is entitled, “Declaration In Support of Petition to Accept Unavoidably Delayed Payment of Maintenance Fee in Expired Patent No. 5,858,942 (37 C.F.R. 1.378(b).”

<sup>7</sup> Exhibit E, filed July 31, 2006, is entitled, “Declaration In Support of Petition For Reconsideration Under 37 CFR 1.378(E) and In Support of Petition to Submit Petition For Reconsideration Subsequent to Two Months From Mail Date of Decision.”

absence of any steps taken, 37 CFR 1.378(b)(3) precludes acceptance of a belated maintenance fee. Ray, supra.

Petitioner also cannot provide the Office with the information necessary to demonstrate that the reasonable care was taken by L&N to ensure that the first maintenance fee would be paid timely. 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: (A) the error was the cause of the delay at issue; (B) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and C) 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. See In re Egbers, 6 USPQ2d 1869, 1872 (Comm’r Pat. 1988), rev’d on other grounds *sub nom.*, Theodor Groz & Sohne & Ernst Bechert Nadelfabrik KG v. Quigg, 10 USPQ2d 1787 (D.D.C. 1988); In re Katrapat, 6 USPQ2d 1863, 1867-68 (Comm’r Pat. 1988).

Petitioner purports that the delay in making the first maintenance fee payment resulted from a docketing error on the part of an employee, Castle, in the performance of a clerical function. The original petition and the request for reconsideration demonstrate above elements (B) and (C). Petitioner, however, cannot show element (A) or that the alleged error, i.e., Castle’s failure to docket the first maintenance fee payment into L&N’s docket record, was the cause of the delay at issue. First, the request for reconsideration can only produce four months of L&N docket reports between September and December 2002. See ¶ 14 of Exhibit E and Exhibit B (second occurrence). Other relevant months, particularly January 2002 (three years after grant) and July 2002 (three years and six months after grant), cannot be provided because Petitioner admits that these portions of the docket “cannot be located.” See ¶ 14 of Exhibit E. Furthermore, a careful and prudent person with respect to their most important business would retain docket records for a file where maintenance fees are due through the life of the patent or, at least, until the third maintenance fee is paid, some twelve years after grant of the patent, especially in light of the fact that Engine Fog had entrusted L&N and CPI to monitor the maintenance fee payments. Second, Petitioner admits and the evidence shows that an EPO application of Engine Fog (October 29, 2002 entry with File Number 10819-1) was properly docketed. See Exhibit B (second occurrence) and ¶ 10, page 5, of Exhibit E. This file number appears related to the above-identified application, in that some of the paperwork in the file<sup>8</sup> identifies the above-identified application with Attorney Docket Number 10819-PCT. This also appears to demonstrate that related applications were docketed into L&N records properly. Third, Petitioner has not produced a copy of the specific file jacket or docket record for the above-identified patent. Fourth, as requested by the previous decision of September 12, 2005, Petitioner is unable to obtain a statement from Castle, the purported individual responsible for docketing and paying maintenance fee payments for L&N, concerning this problem. See ¶ 10, pages 3-4, of Exhibit E. Fifth, as stated in the previous decision while Petitioner is able to produce docket records from February 2003 through 2009, these dates are not relevant to the inquiry because petitioner needs to demonstrate the steps in place to pay the maintenance fee prior to expiry of the above-identified patent.

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<sup>8</sup> For example, see Verified Statement (Declaration) Claiming Small Entity Status (37 CFR 1.9(f) and 1.27(b) – Small Business Concern filed October 14, 1996.

Given the evidence available, Petitioner can only speculate, at best, that Castle failed to enter the above-identified patent and its due date into L&N's docketing system. Speculation as to the error that cause of the delay in making the first maintenance fee payment for the above-identified patent is insufficient evidence to show that the delay was unavoidable. Because the evidence has not and cannot demonstrate that Castle's failure to enter the patent and its maintenance fee due date into L&N's docketing system was the cause of the delay at issue, petitioner has not met the required burden of proof to demonstrate that the delay in paying the first maintenance fee was unavoidable. See Krahn v. Commissioner, 15 USPQ2d 1823, 1825, (E.D. Va 1990)

Lastly while the Office mails maintenance fee reminders, strictly as a courtesy, as was done here on July 30, 2002, it is solely the responsibility of the patentee to ensure that the maintenance fee is timely paid to prevent expiration of the patent. The failure to receive a reminder does not relieve the patentee of the obligation to timely pay the maintenance fee, nor will it constitute unavoidable delay if the patentee seeks reinstatement under the regulation. Rydeen, supra. A patentee, who is required by 35 U.S.C. 41 to pay a maintenance fee, or face expiration of the patent, is not entitled to any notice beyond that provided by publication of the statute. Id. Thus, petitioner's allegations that he failed to receive a reminder to pay maintenance fees (See ¶ 10 of Exhibit E) does not relieve the patentee of the obligation to pay the maintenance fee in a timely fashion, nor will it constitute unavoidable delay if the patentee seeks reinstatement. Id.

In conclusion, petitioner has not met the burden of proving to the satisfaction of the Director that the entire delay in payment of the maintenance fee was unavoidable within the meaning of 35 U.S.C. 41(c)(1) and 37 CFR 1.378(b)(3).

#### DECISION

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

The petition fee set forth in 37 CFR 1.17(f) for requesting reconsideration is \$400. Petitioner was charged this fee twice and may request a refund of \$400 by writing: Mail Stop 16, Director of the U.S. Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450. A copy of this decision should accompany petitioner's request.

The patent file is being returned to the Files Repository.

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



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