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OFFICE OF PETITIONS

In re Patent No. 5,893,087 :
Issue Date: April 6, 1999 :
Application No. 08/633,842 : DECISION ON PETITION
Filed: April 10, 1996 :
Attorney Docket No. 026559-000500US :

This is a decision on the request for reconsideration, filed July 30, 2007, of a petition under 37 C.F.R. 1.378(b) to accept an unavoidably delayed payment of a maintenance fee in an expired patent.

The petition is **DENIED**¹.

BACKGROUND

Patent No. 5,893,087 issued April 6, 1999. The first maintenance fee was due April 6, 2003, and could have been paid from April 6, 2002 through October 7, 2002, or with a surcharge during the period from October 8, 2002 through midnight April 6, 2003. Accordingly, the patent expired at midnight April 6, 2003, for failure to timely submit the first maintenance fee.

A first petition to revive under 37 CFR 1.378(b) was filed on August 22, 2005 and was dismissed on November 4, 2005. A renewed petition was filed on December 5, 2005 and was granted on September 11, 2006. Then, in the decision mailed May 29, 2007, this grant was vacated *sua sponte* by the U.S. Patent and Trademark Office (USPTO) and the renewed petition filed December 5, 2005 was dismissed.

The request for reconsideration has been considered and the Petitions of August 22, 2005 and December 5, 2005 have been reconsidered.

STATUTE AND REGULATION

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

The Office-- may, establish regulations, not inconsistent with law, which

(A) shall govern for the conduct of proceedings in 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 requests reconsideration of the previous adverse decision on the petition filed under 37 CFR 1.378(b) and submits that due to the efforts of Louise Wannier (Wannier) after becoming aware of the need to pay the maintenance fee, the delay in payment of the maintenance fee was unavoidable.

Petitioner has not met 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 35 USC 41(c)(1) and 37 CFR 1.378(b)(3).

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 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.”

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 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 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 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*.

In determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray, 55 F3d at 608-609, 34 USPQ2D at 1787. It is incumbent upon the patent owner to implement steps to schedule and pay the fee, or obligate another to do so. See California Medical Products v. Technol. Med. Prod., 921 F.Supp 1219, 1259 (D. Del. 1995). That is, 37 CFR 1.378(b)(3) requires a showing of the steps in place to pay the maintenance fee,

and the record currently lacks a showing that any steps were put in place by petitioner or anyone else. In the absence of a showing that petitioner or anyone else was engaged in tracking the maintenance fee due dates, and that party had in fact been tracking the due dates with a reliable tracking system, such as would be used by prudent and careful men in relation to their most important business, petitioner cannot reasonably show that the delay was unavoidable delay. In re Katrapat, 6 USPQ2d 1863, 1867-1868 (Comm'r Pat. 1988); California, supra.

However, the record fails to show that adequate steps within the meaning of 37 CFR 1.378(b)(3) were taken by or on behalf of a party responsible for payment of the maintenance fee; in fact there were no steps taken by or on behalf of petitioner to pay the fee at least after Morrison and Foerster (Morrison) terminated communications with Enfish, Inc. (Enfish) around mid-2002. Petitioner is reminded that 37 CFR 1.378(b)(3) is a validly promulgated regulation, as is the requirement therein for petitioner's showing of the steps taken to pay the fee. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. In the absence of a showing of the steps taken, 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee. See also Korsinsky v. Godici, 2005 US Dist. LEXIS 20850 at *13 (S.D. N.Y. 2005), *aff'd sub nom*; Korsinsky v. Dudas, 2007 US Dist. LEXIS 7986 (Fed. Cir. 2007); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee precluded acceptance of the maintenance fee); California, supra; MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on USPTO reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca 2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt. v. Dudas, 496 F.Supp.2d 643 at 650 (E.D. Va 2007)(delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees.)

The renewed petition filed on December 5, 2005 indicates that the CFO of Enfish, Mark Bucklin, and the company's patent attorneys, Morrison, were the responsible parties for calendaring and tracking the maintenance fee payments and making the required payment. Around mid-2002, Morrison stopped working for Enfish and terminated all communications due to unpaid bills amounting to approximately \$50,000. Enfish became insolvent around August 2002 and completed Chapter 7 bankruptcy around October 2004.

The start of the window for making the first maintenance fee payment was April 6, 2002. However, the record states that Morrison terminated their relationship around mid-2002 which was after the start of the period when the first maintenance fee could have been paid. In other words, before the start of the maintenance fee payment window (April 6, 2002), Morrison and Enfish still had a working relationship and Morrison could have informed Enfish prior to April 6, 2002 when the maintenance fees were due. The record offers no evidence of the maintenance fee payment tracking system used by Morrison and/or the Enfish CFO along with evidence of the steps in place for ensuring that payment of the maintenance fee was timely.

While Enfish's CFO and Morrison were relied on for tracking and making the maintenance fee payment, Wannier of Enfish and LJM Software, Inc. (LJM Software) also clearly stated that she along with Enfish did not have knowledge that maintenance fees were due². Even assuming that Morrison properly calendared the required maintenance fee due dates, there is no evidence on

record that Enfish or Wannier had continued to track or calendar the required maintenance fees payment or had steps in place to ensure the timely payment of the first maintenance fee after Morrison terminated their relationship in mid-2002. Therefore, from mid-2002 and during the period when the maintenance fee could have been paid from April 6, 2002 thru April 7, 2003 (April 6, 2003 being a Sunday), no steps were in place and reasonable care was not taken to ensure that the maintenance fee would be timely paid to prevent expiration of the patent. Since no steps were taken, 37 CFR 1.378(b) precludes acceptance of the delayed payment of the maintenance fee.

While Enfish had financial difficulties during the time the maintenance fee payments could have been paid, Wannier admits to the total lack of knowledge of having to pay the maintenance fee as stated in the record³ and as evidenced by the fact that the maintenance fee payment was not included as a necessary or priority payment in the company's bankruptcy statements. Wannier did state that she did not review the patent until *after* the completion of the main part of her medical treatments and *after*, the completion of the Enfish bankruptcy because she was unaware that the patent had lapsed⁴.

Unfortunately, any delay resulting from the actions or inactions of the patentee is binding upon petitioners as the successors in title. See Winkler v. Ladd, 221 F.Supp. 550, 552, 138 USPQ 666, 667 (D.D.C. 1963). While LJM Software gained ownership of this patent on or about June 4, 2004, such merely gave it standing to file the instant petition on or after that date. The delay resulting from a lack of knowledge of the need to pay maintenance fees does not excuse the delay. See Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), *affd*, Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *affd*, 937 F.2d 623 (Fed. Cir. 1991)(table), *cert. denied*, 502 U.S. 1075 (1992). Lastly, that one may have subsequently exercised diligence after their assumption of title and belated awareness of the need to pay the fee does not convert the preceding delay into unavoidable delay. See Kim v. Quigg, 718 F.Supp. 1280, 12 USPQ2d 1604 (E.D. Va 1989).

In addition, the petition for reconsideration, filed July 30, 2007, asserts that three windows existed for payment of the maintenance fee, with the alleged third window permitting payment of the fee provided that the delay was unintentional for 24 months and unavoidable thereafter. However, only two periods actually exist prior to the expiration of the patent. The first period is the time during which the fee may be properly paid. The second period is a six-month grace period in which the fee may be paid with a surcharge. After the first two periods, the patent expires. Although a patent can be reinstated after it expires due to failure to pay the maintenance fee, additional standards such as the delay being unintentional or unavoidable must be satisfied. Accordingly, the statutory mechanism to reinstate a patent is not recognized as merely a third period in which a maintenance fee can be paid. Also, 35 USC 41(c)(1) establishes the unintentional and unavoidable delay standards as alternatives and, as such, they cannot be combined to explain different times during the delay as attempted in the petition for reconsideration. Since the petition to accept the delayed payment of the maintenance fee in the present application was filed more than twenty four months after the six-month grace period expired, the entire delay must have been unavoidable. Whether or not the delay was unintentional at any time during the period of delay is not relevant here. Rather, petitioner must

show that the entire delay in paying the maintenance fee was unavoidable, including the period before Wannier became aware of the need to pay the maintenance fee.

Moreover, although Wannier became responsible for payment of the maintenance fees after the rights to the patent were assigned to LJM Software on or about June 4, 2004, no action was taken with regard to the maintenance fee or the lapsed patent until March 15, 2005 when she met with Mr. Kevin Spivak of Morrison about reinstating the expired patents. She submitted a document (attachment F) provided by Morrison to her which indicated an "abandonment" date of May 7, 2003 which she relied upon as the date from which the patent may be reinstated. A review of document F indicated no inaccuracies with regard to the data. While May 7, 2003 is listed as the "abandonment" date for the application, there is no correlation between the "abandonment" date and the date from which to reinstate the patent.

Wannier credits the delay (from mid-2004 until August 22, 2005) in filing the petition promptly after being aware or notified of the expiration of the patent to her medical surgeries and her recuperation. While she underwent numerous medical treatments, they did not appear to interfere with her other business dealings. During the periods between the surgeries and/or treatments, Wannier was able to complete her other business affairs including having LJM Software legally acquire the assets of Enfish in June 4, 2004 and the work leading to the completion of the Enfish bankruptcy from August 2002 thru October 20, 2004. Therefore, she was able to handle other business affairs during the periods between her stated surgeries, which coincide with the time period when the delayed maintenance fee payment could have been made. These were not the actions of a reasonably prudent person with respect to her most important business and, as such, precludes a reasonable and rational finding that the delay in payment of the maintenance fee was unavoidable.

Also, Enfish and Wannier had a portfolio of other patents. Patent numbers 5,893,087, 5,850,522, and 5,790,848 had expired to due to non-payment of the maintenance fee and contained petitions to reinstate under 37 CFR 1.378(c). However, patent number 6,182,121 had a maintenance fee payment due around the same time as the other aforementioned expired patents, but was timely paid on July 1, 2004. This fee was timely paid as during the period after Wannier's chemotherapy treatment ending in January 2004, after she acquired Enfish's assets on June 4, 2004, and prior to her surgery in August 2004. Therefore, maintenance fee payments were made on patents in the portfolio of Enfish and Wannier despite her health concerns.

Furthermore, Wannier admits that while she was concerned with recovering her health during the period when the patent expired, she was also unaware that the patent payments had not been made and the patent expired because she received no communications regarding the maintenance fee from the USPTO or from Morrison. In other words, she had no steps in place for paying the maintenance fees from mid-2002 until the date of the first petition on August 22, 2005. Put otherwise, the issues of Wannier's health and financial problems are immaterial in the absence of a showing of reasonable care in dealing with one's most important business. Therefore, the delay was not unavoidable. The delay in taking action in the above-identified application was the result of Wannier's preoccupation with other matters. Her preoccupation with other matters, which took precedence over the above-identified application, does not constitute unavoidable delay. See Smith v. Mossinghoff, 671 F.2d 533,538, 213 USPQ 977, 982 (D.C. Cir. 1982).

DECISION

Petitioner has failed to meet the burden of proving to the satisfaction of the Director that the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c) 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.

Any inquiries concerning this communication may be directed to Christopher Bottorff at (571) 272-6692.



Charles Pearson
Director, Office of Petitions
cb/db

¹ This decision may be considered a final agency action within the meaning of 5 U.S.C. § 704 for purposes of obtaining judicial review. See MPEP 1002.02.

² "If the company had known that maintenance payments were due subsequent to this time [mid-2002], the company would have included these payments in the priority amounts that is made during the workout and transition to bankruptcy." From first paragraph on page 4 of the renewed petition dated December 5, 2005.

³ "If I, as incorporator and responsible party for LJM Software had known of the unintentional reinstatement period and the nonpayment of the maintenance fees, they would have been paid." From second paragraph on page 4 of the renewed petition dated December 5, 2005.

⁴ "During this time [treatment for cancer May 2003], I was completely unaware that the patent payments had lapsed because I received no mailing from the patent offices, the English attorneys ceased correspondence due to their being owed money by the company and it was not until subsequent to the completion of the main part of the treatments and the completion of the English bankruptcy that I reviewed the patents and discovered that they were in arrears." From second paragraph on page 6 of the renewed petition dated December 5, 2005.