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Paper No. 15

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**DEC 03 2007**

**OFFICE OF PETITIONS**

In re Patent of :  
Wong et al. :  
Patent No. 5,913,203 :  
Issue Date: 06/15/1999 :  
Application No 08/720785 :  
Filing or 371(c) Date: 10/03/1996 :  
Title of Invention:  
SYSTEM AND METHOD FOR PSEUDO  
CASH TRANSACTIONS :

DECISION  
ON PETITION

This is a decision on the renewed petition under 37 CFR 1.137 to Accept Unavoidably Delayed Maintenance Fee Under 37 CFR 1.378(b), filed September 20, 2007. The petition is properly treated under as a request for reconsideration of petition under 37 CFR § 1.378(e), to reinstate the above-identified patent.

The petition is **DENIED**.

Background

The patent issued June 15, 1999. Patentee could have paid the three and one half (3½) year maintenance fee between June 15, 2002, and December 15, 2002, without a surcharge, or within the six (6) month grace period between December 16, 2002 and June 15, 2003. Patentee failed to do so; accordingly, the patent became expired on June 16, 2003.

The December 28, 2006 petition

Patentee filed a petition December 28, 2006, and explained that the law firm responsible for payment of the maintenance fee, Lyon & Lyon LLP, ("Lyon & Lyon"), went out of business in September 2002, and failed to pay the maintenance fee. The Notices, Patentee stated, were apparently sent to Lyon & Lyon.

The April 4, 2007 Decision dismissing the petition

The petition was dismissed in a Decision mailed April 4, 2007. The Decision informed the Patentee under the statutes and rules, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due, and that the Patentee may not rely upon the failure to receive a maintenance fee reminder to justify unavoidable delay in paying the maintenance fee. The Decision stated that it is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent, and that the lack of knowledge of the requirement to pay a maintenance fee and the failure to receive the Maintenance Fee Reminder does not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. Moreover, the Decision stated, 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 that did not include receipt of maintenance fee reminders from this Office.

The Decision also informed the Patentee that a delay caused by the actions or inactions of Patentee's voluntarily chosen representative, here Lyon & Lyon, does not constitute unavoidable delay. Patentee asserted that Lyon & Lyon was responsible for payment of the maintenance fee, but failed to pay the maintenance fee. Patentee was advised that it may not rely upon a delay caused by the actions or inactions of Lyon & Lyon to support an assertion that payment of the maintenance fee was unavoidable.

The Decision concluded by stating that 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 to ensure the timely payment of the maintenance fees for this patent. *Id.* Here, Petitioner simply relied upon Lyon & Lyon, which Petitioner states, went out of business in 2002. Petitioner had not provided any information as to what steps, if any, were taken since September 2002 to ensure timely payment of the maintenance fee. As such, the record failed to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee. The applicable statute and rule, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3), preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

The present request for reconsideration

Petitioner/Patentee files the present request for reconsideration and states that they understood that the maintenance fees had been timely paid, based upon the normal docketing system of Lyon & Lyon. Petitioner cites to FemSpec L.L.C. v. Dudas, 2007 U.S. Dist. LEXIS 8482, for the proposition that ignorance of the situation is a sufficient excuse. Petitioner asserts that they relied on representation by Lyon & Lyon and understood that the maintenance fee was being handled on their behalf and had no reason to expect otherwise. Petitioners' aver that they had been assured that this maintenance fee was being handled in the same manner. Immediately upon learning that the maintenance fee had not been paid, Petitioner moved to rectify the situation and pay the maintenance fee.

Applicable Law, Rules and MPEP

37 CFR 1.378(b) provides that a patent may be reinstated at any time following expiration of the patent for failure to timely pay a maintenance fee. A petition to accept late payment of a maintenance fee, where the delay was unavoidable, must include:

- (A) the required maintenance fee set forth in 37 CFR 1.20(e)-(g);
- (B) the surcharge set forth in 37 CFR 1.20(i)(1); and
- (C) 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 required 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. Furthermore, an adequate showing requires a statement by all persons with direct knowledge of the cause of the delay, setting forth the facts as they know them. Copies of all documentary evidence referred to in a statement should be furnished as exhibits to the statement. (Emphasis supplied).

As language in 35 U.S.C. § 41(c)(1) is identical to that in 35 U.S.C. § 133 (i.e., “unavoidable” delay), a late maintenance fee for the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. § 133. See 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), aff'd sub nom. 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)). See MPEP § 711.03(c) for a general discussion of the “unavoidable” delay standard.

Because 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. 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 to ensure the timely payment of the maintenance fees for this patent. Id. Thus, where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

In view of the requirement to enumerate the steps taken to ensure timely payment of the maintenance fee, the patentee's lack of knowledge of the need to pay the maintenance fee and the failure to receive the Maintenance Fee Reminder does not constitute unavoidable delay. See Patent No. 4,409,763, supra. See also Final Rule entitled “Final Rules for Patent Maintenance Fees,” published in the Federal Register at 49 Fed. Reg. 34716, 34722-23 (August 31, 1984), and republished in the Official Gazette at 1046 Off. Gaz. Pat. Office 28, 34

(September 25, 1984). Under the statutes and rules, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. It is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee and the failure to receive the Maintenance Fee Reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. Thus, evidence that despite reasonable care on behalf of the patentee and/or the patentee's agents, and reasonable steps to ensure timely payment, the maintenance fee was unavoidably not paid, could be submitted in support of an argument that the delay in payment was unavoidable.

Moreover, 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. 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 (D.N. Ind. 1987). Specifically, petitioner's delay caused by the actions or inactions of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133 or 37 CFR 1.137(a). Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987); 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). 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 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).

### Opinion

In FemSpec L.L.C. v. Dudas, 2007 U.S. Dist. LEXIS 8482, "the PTO argue[d] that the case is distinguishable [from In Re Mattulath] and cites instead to cases in which courts have found that ignorance did not support a finding of unavoidable delay. The PTO further argued in FemSpec "that Ray v. Lehman, 55 F.3d 606 (Fed. Cir. 1995) establishes that ignorance of the maintenance fee requirement on the part of a patentee does not constitute unavoidable delay – even when the patentee is not represented by counsel." FemSpec at p.25. The court in FemSpec, "[c]omparing the facts of In re Mattullath, 38 App. D.C. 497, 514-15 (1912), to those in Ray, concluded that Ray is more closely on point of the two decisions. Id., at 26. The courts analysis of the facts of Ray and FemSpec, found that the responsible party was a non-attorney who was entirely unaware of the obligations to pay the maintenance fees. The court also found the ignorance understandable under the circumstances such that the failure to pay the maintenance fee was unintentional. The court, however, made it clear that ignorance was not enough to meet the more stringent standard of unavoidable delay. The court held that, in order to meet the more stringent standard of unavoidable delay, the responsible party would have to establish that he made an effort to inform himself of the legal obligations associated with owning a patent. Id.

Here, the law firm, Lyon & Lyon, went out of business in 2002. The patent became expired on June 16, 2003. After Lyon & Lyon went out of business, the Patentee/Petitioner was under a duty to inform himself about the legal obligations associated with patent ownership. Petitioner herein as not provided any evidence to establish that he made an effort to inform himself of the legal obligations associated with owning a patent. See, FemSpec at p.28.

Patentees' again assert that they relied on representation by Lyon & Lyon and understood that the maintenance fee was being handled on their behalf and had no reason to expect otherwise. Patentee is directed to Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987), where the court reiterated that, even where a plaintiff did not understand the legal ramifications of a failure to respond to an Office action, plaintiff was represented by counsel was claimed to be an expert in patent law. No evidence from the attorney was offered for failing to respond to the Office communication. The court stated that if the attorney breached a duty owed to the client, the client may have a remedy against the attorney, but plaintiff may not ask the court to overlook the attorney's action or inaction with regard to the application. Id. at 317. Similarly here, Petitioner offers no evidence from Lyon & Lyon for failing to timely pay the maintenance fee. Petitioner may have a remedy against Lyon & Lyon, but this Office cannot overlook the actions or inactions of Patentee's voluntarily chosen representative. Patentee may not rely upon a delay caused by the actions or inactions of Lyon & Lyon to support an assertion that payment of the maintenance fee was unavoidable.

As stated above, 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 to ensure the timely payment of the maintenance fees for this patent. Id. Here, Petitioner simply relied upon Lyon & Lyon, which Petitioner admits, went out of business in 2002, prior to the expiration of the patent. Petitioner has not provided any information as to what steps, if any, prior to the expiration of the patent, and continuing to the filing of a grantable petition, to ensure timely payment of the maintenance fee. As such, the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee. The applicable statute and rule, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3), preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

#### Decision

The instant petition under 37 CFR 1.378(e) is granted to the extent that the decision of April 4, 2007 has been reconsidered; however, the renewed petition to accept under 37 CFR 1.378(e) the delayed payment of a maintenance fee and reinstate the above-identified patent is **DENIED**.

This patent file is being forwarded to the Files Repository.

Telephone inquiries concerning this matter should be directed to Attorney Derek L. Woods at (571) 272-3232.



Charles Pearson  
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