



Paper No. 14

Pillsbury Winthrop Shaw Pittman LLP  
Attention: Docketing Department  
P.O. Box 10500  
McLean, VA 22120

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**JUN 12 2007**

**OFFICE OF PETITIONS**

In re Patent of Khamis and Massa :  
Patent No. 5,930,729 :  
Issue Date: July 27, 1999 : Decision on Petition  
Application No. 08/657,809 :  
Filing Date: May 31, 1996 :  
Attorney Docket No. 068795-0319453 :

This is a decision on the renewed petition under 37 CFR 1.378(b), filed August 23, 2006, and supplemented February 21, 2007, to reinstate the above-identified patent.

The petition is **DENIED**. 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. The terms of 37 CFR 1.378(e) *do not apply* to this decision.

Since this patent will not be reinstated, the Office will schedule a refund of all fees submitted with the exception of the non-refundable \$400 fee for the request for reconsideration. The sum of \$2,350 has been credited to deposit account no. 03-3975.

### Background

The 3.5 year maintenance fee was due from July 27, 2002, through January 27, 2003, or with a surcharge during the period from January 28, 2003, through July 28, 2003.<sup>1</sup> The 3.5 year fee was not paid by July 28, 2003. Accordingly, the patent expired on July 28, 2003.

A petition under 35 U.S.C. 41(c)(1) and 37 CFR 1.378(b) was filed November 8, 2005, and was dismissed in the decision of June 26, 2006.

### Applicable Statutes and Regulations

35 U.S.C. 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

<sup>1</sup> Since the last day for paying the fee fell on a Sunday, the fee could have been paid on Monday, July 28, 2003, and still been considered timely.

35 U.S.C. 41(c)(1) states that, "The Director may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Director to have been unavoidable.**" (emphasis added)

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . 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.

### Opinion

#### **Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.**

The general unavoidable standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.<sup>2</sup> However, "the question of whether [delay] was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."<sup>3</sup> The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

### Facts:

Application no. 08/657,809 was filed May 31, 1996. Application no. 08/657,809 issued as patent no. 5,930,729 (hereafter "the Patent") on July 27, 1999.

At the time the Patent issued, the attorney of record was William Chapin.

In or around February of 2001, Pacific Cellstar, Inc., (hereafter "Cellstar") hired Pillsbury Winthrop, predecessor of Pillsbury Winthrop Shaw Pittman LLP (hereafter "the Law Firm"), to

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<sup>2</sup> 37 CFR 1.378(b) requires "[a] showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be timely paid." The Federal Circuit has stated, "[I]n 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 v. Lehman, 55 F.3d 606, 609, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citing Douglas v. Manbeck, 21 U.S.P.Q.2D (BNA) 1697, 1700 (E.D. Pa. 1991), aff'd 975, F.2d 869 (Fed. Cir. 1992) (table), and In re Mattullath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912)).

<sup>3</sup> Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

file a broadening reissue application based on the Patent. The Office notes inventor Elias G. Khamis is the President of Cellstar.

Prior to the filing of any reissue application, Khamis met with the law firm on several occasions to discuss the filing of a reissue application. Khamis asserts, "It is my recollection that I verbally instructed [the Law Firm] to track and pay maintenance fees [for] the [instant] patent in the course of [the] discussions."<sup>4</sup> The instant petition states the Law Firm does "not agree or understand it was responsible for notifying Petitioner of the dates to pay maintenance fees."<sup>5</sup>

On June 20, 2001, petitioner filed a request for patent no. 5,930,729 to be reissued pursuant to 35 U.S.C. 251. The request was accorded application no. 09/885,376 (hereafter "Reissue 1"). Reissue 1 is currently pending. A final Office action was mailed February 27, 2007. On December 29, 2002, application no. 10/247,003 (hereafter "Reissue 2") was filed as a continuation of Reissue 1. Reissue 2 is currently abandoned. On September 3, 2004, application no. 10/934,134 (hereafter "Reissue 3") was filed as a continuation of Reissue 1. Reissue 3 is currently pending. A final Office was mailed on February 26, 2007.

Cellstar relied on the Law Firm to notify Cellstar of any maintenance fees due for the instant patent. However, the Law Firm failed to take any steps to ensure the maintenance fees would be timely paid. The Office notes the Law Firm would have notified petitioner of the need to pay the maintenance fee but for a clerical error in entering data for the *reissue* applications.

The 3.5 year maintenance fee was due from July 27, 2002, through January 27, 2003, or with a surcharge during the period from January 28, 2003, through July 28, 2003. The 3.5 year fee was not paid by July 28, 2003. Accordingly, the patent expired on July 28, 2003.

In or around February of 2005, the examiner informed attorney Sze the instant patent had expired. Subsequently, attorney Sze informed Cellstar of the patent's expiration. On or around March 1, 2005, the Law Firm notified Cellstar that a check for \$600 would be required to pay the maintenance fees and revive the patent. On or around March 7, 2005, the Law Firm received a \$600 check from Cellstar for the fees to revive the patent.

A petition to "revive" the patent was not filed until November 8, 2005.

#### Analysis:

Petitioner has failed to prove Khamis/Cellstar treated the patent the same as a reasonable and prudent person would treat his or her most important business.

A party treating the patent as his or her most important business would either take steps to ensure the timely payment of maintenance fees or obligate a third party to take such steps. Petitioner does not assert Khamis took any steps to ensure maintenance fees would be timely paid. Instead, Khamis relied on the law firm to take such steps.

<sup>4</sup> Khamis Declaration, paragraph 8, filed August 23, 2006.

<sup>5</sup> Page 4 of the petition filed August 23, 2006.

Khamis and the Law Firm disagree as to party responsible for ensuring the fees would be timely paid. As a result, petitioner has failed to prove Khamis instructed the Law Firm to ensure the fees would be timely paid. In other words, petitioner has failed to prove reliance on the Law Firm was reasonable and prudent.

A person treating the patent the same as a reasonable and prudent person would treat his or her most important business would have ensured he clearly and unambiguously obligated the Law Firm. Prior to the filing of any reissue application, Khamis met with the law firm on several occasions to discuss the filing of a reissue application. Khamis asserts, "It is my recollection that I verbally instructed [the Law Firm] to track and pay maintenance fees [for] the [instant] patent in the course of [the] discussions."<sup>6</sup> The instant petition states the Law Firm does "not agree or understand it was responsible for notifying Petitioner of the dates to pay maintenance fees."<sup>7</sup>

For the reasons above, petitioner has failed to prove petitioner acted reasonably and prudently in relying on the Law Firm to notify petitioner of due dates for maintenance fees due for the instant patent.

Petitioner must prove the Law Firm treated the patent the same as a reasonable and prudent person would treat his or her most important business.

Even if petitioner could establish petitioner was reasonable in relying on the Law Firm, such reliance would not necessarily constitute "unavoidable" delay. When a party relies on an agent, such as a law firm, to take certain steps, the petition must address not only the party's actions *but also* address the agent's actions and inactions.<sup>8</sup> A showing is insufficient if it merely establishes that petitioner did everything petitioner could to monitor the agent's actions and inactions, but fails to address the agent's conduct.<sup>9</sup>

If one chooses to rely on the actions or inactions of a third party, one will be bound by such actions or inactions.<sup>10</sup> The United States Court of Appeals for the Federal Circuit has stated,

If we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.<sup>11</sup>

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<sup>6</sup> Khamis Declaration, paragraph 8, filed August 23, 2006.

<sup>7</sup> Page 4 of the petition filed August 23, 2006.

<sup>8</sup> In *Huston v. Ladner*, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992), the court determined the client was bound by the attorney's actions. The majority was unpersuaded by the dissent which states in part that the "errors occurred despite exceptional vigilance by the client."

<sup>9</sup> See *Id.*

<sup>10</sup> Although generally bound by the mistakes of one's agent, one may not be bound by an agent's conduct if one can demonstrate intentional misconduct, such as embezzlement, by the agent.

<sup>11</sup> *Huston v. Ladner*, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992).

The Supreme Court has stated,

Petitioner voluntarily chose his attorney as his *representative* in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected *agent* ... Each party is deemed bound by the acts of his lawyer-*agent* and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.' (emphasis added).<sup>12</sup>

The petition fails to establish the Law Firm treated the patent the same as a reasonable and prudent person would treat his or her most important business.

The Law Firm failed to take any steps to directly ensure maintenance fees would be timely paid for the instant patent. The record fails to indicate the Law Firm ever took steps to enter the instant patent into its docketing system. A Law Firm responsible for timely notifying a patentee of maintenance fee due dates would have ensured the patent was entered into the docketing system and would not rely on indirect notification resulting from the proper docketing of a reissue application.

Petitioner has failed to prove any steps were in place to ensure maintenance fees would be timely paid for the instant patent.

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include a showing "enumerat[ing] the steps taken to ensure timely payment of the maintenance fee."

Petitioner has not shown the timely payment of maintenance fees for the instant patent was a goal of the Law Firm when it docketed the reissue applications. Therefore, neither petitioner nor the Law Firm took any steps with the intent of ensuring maintenance fees would be timely paid for the instant patent.

Petitioner's comparison of the facts in the instant case with the facts in *California Med. Products, Inc. v. Tecno Med. Products*<sup>13</sup> fails to prove the delay in the instant case was unavoidable.

*California Med. Products, Inc. v. Tecno Med. Products* involved the reinstatement of Reissue Patent No. 32,219. The decision in *Laerdal Med. Corp. v. Ambu, Inc.*<sup>14</sup> involved the same reissue patent and the same facts. In each case, a party alleged the Patent and Trademark Office had acted improperly when it had determined the delay in payment of the 3.5 year maintenance fee was unavoidable. In *Laerdal*, the Court stated,

[W]hile it is certainly not frivolous to argue that the PTO, in the within case, [overreached], in the final balance this Court concludes that the PTO's reinstatement of

<sup>12</sup> *Link v. Wabash Railroad Co.*, 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) (quoting *Smith v. Ayer*, 101 U.S. 320, 326 (1880)).

<sup>13</sup> 921 F. Supp. 1219 (D. Del. 1995).

<sup>14</sup> 877 F. Supp. 255 (D. Md. 1995).

the patent in issue should not be overturned in this instance. That is so even though, in this instance, the PTO may well have stretched the meaning of "unavoidable" to the limit.<sup>15</sup>

In TecnoI, the Court agreed with the PTO that the delay had been unavoidable and determined the patent had been properly reinstated.

Despite some similarities between the facts in this case and those involving the reissue patent in the cases above, the differences indicate the instant petition should not be granted.

In TecnoI, the same attorney prosecuted the original application and the reissue application. In TecnoI, the attorney had entered the original patent into his docketing system and later entered the reissue patent into the docketing system. In the instant case, the Law Firm never took any steps to enter the original patent into its docketing system. Unlike TecnoI, the instant case involves the original patent expiring due to a failure to pay the 3.5 year maintenance fee, not a reissue patent. In TecnoI, the attorney accepted responsibility for notifying the inventor of due dates and affirmatively took steps to ensure this task would be accomplished. In the instant case, the Law Firm has not stated it was responsible for notifying petitioner of due dates for the original patent and never took any affirmative steps with the intent of ensuring petitioner would be timely notified of the dates. In TecnoI, the inventor's reliance followed the receipt of a letter from the attorney which indicated due dates for each maintenance fee. In the instant case, petitioner has failed to provide any written discussion of maintenance fees from the Law Firm.

For the reasons above, petitioner's analogy between the instant case and the facts surrounding the reinstatement of Reissue Patent No. 32,219 fails to prove the delay in the instant case was unavoidable.

Petitioner has failed to prove the entire delay in the payment of the maintenance fee was unavoidable.

Even if petitioner could establish the initial failure to pay the 3.5 year fee was unavoidable, the petition would still be denied because petitioner has failed to prove the entire delay was unavoidable.

Petitioner must establish the entire delay in the payment of the maintenance fee was 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 petition was filed promptly after the patentee . . . became aware of . . . the expiration of the patent."

A petition was not filed until more than 8 months had passed from the date the Law Firm first learned of the patent's expiration. Petitioner states the delay in the submission of the maintenance fee and petition was the result of a need to clarify ownership of the patent. However, petitioner has not proven clarifying ownership required petitioner's delay in reinstating the instant patent.

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<sup>15</sup> Id. at 259.

Petitioner could have filed a petition at any time after learning of the patent's expiration. Either attorney Anthony Smyth or Elias Khamis could have signed the petition. MPEP 2590 states,

Any petition under 37 CFR 1.378 must be signed by an attorney or agent registered to practice before the U.S. Patent and Trademark Office, or by the patentee, the assignee, or other party in interest. A person or organization whose only responsibility insofar as the patent is concerned is the payment of a maintenance fee is not a party in interest for purposes of 37 CFR 1.378. If the petition is signed by a person not registered to practice before the Office, the petition must indicate that the person signing the petition is the patentee, assignee, or other party in interest. An assignee must comply with the requirements of 37 CFR 3.73(b) which is discussed in MPEP § 324.

Massimo Massa and Elias Khamas are the inventors of record. The petition states Massa's intent when the patent expired is irrelevant if petitioner was the sole owner of the patent. Petitioner could establish sole ownership by filing a showing in compliance with 37 CFR 3.73(b).

Compliance with 37 CFR 3.73(b) did not require an assignment be recorded with the USPTO *prior* to the filing of the petition. At the time that petitioner and the law firm learned the patent had expired, 37 CFR 3.73(b)(1)(i) stated, with emphasis added,

The documents submitted to establish ownership **may** be required to be recorded pursuant to § 3.11 in the assignment records of the Office as a condition to permitting the assignee to take action in a matter pending before the Office

Petitioner has possessed proof that petitioner is the sole owner of the patent for years. The petition filed August 23, 2006, states, "ownership of all the rights of the '729 patent was obtained by Petitioner through a Judgment issued in a California Superior Court."<sup>16</sup> The judgment is dated *July 21, 1995*. Therefore, petitioner has been the sole owner of the patent since the patent issued on July 27, 1999. Petitioner could have filed the petition along with a copy of the July 21, 1995 judgment. Petitioner did not need to record an assignment in order to comply with 37 CFR 3.73(b).

Effective November 25, 2005, 37 CFR 3.73(b) was amended. Currently, a showing under 37 CFR 3.73(b) may still include documents establishing ownership. However, one **must** establish the documents have been submitted for recordation pursuant to 37 CFR 3.11 or state the documents are being submitted for recordation at the same time as the showing under 37 CFR 3.73(b).

Even under the current rule, 37 CFR 3.73(b) would not require the law firm or petitioner to delay the filing of a petition under 37 CFR 1.378(b). A copy of the judgment could have been submitted for recordation on the same date the petition was filed.

The delay resulting from a desire to record ownership *prior to* filing a petition was not unavoidable delay.

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<sup>16</sup> Page 6.

35 U.S.C. 41(c)(1) states that, "The Director may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Director to have been unavoidable.**" (emphasis added) The evidence submitted by petitioner fails to establish the delay in the submission of the maintenance fee was unavoidable.

### Decision

The prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the reasons herein and stated in the previous decision, the entire 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). Therefore, the petition is **denied**.

As stated in 37 CFR 1.378(e), the Office will not further consider or review the matter of the reinstatement of the patent.

The patent file is being forwarded to Files Repository.

Telephone inquiries may be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Charles Pearson  
Director  
Office of Petitions