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Paper No. 30

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JUL 08 2008

In re Patent No. 6,066,464
Issue Date: May 23, 2000
Application No. 08/763,244
Filed: December 10, 1996
Inventor: Khosravi et al.

: **OFFICE OF PETITIONS**

: DECISION ON PETITION

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This is a decision on the request for reconsideration, filed June 25, 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. 6,066,464 issued May 23, 2000. The first (3½ year) maintenance fee was due May 23, 2004, and could have been paid from May 23, 2003 through November 23, 2003, or with a surcharge during the period from November 24, 2003 through May 23, 2004. Since the maintenance fee was not timely paid, the patent expired at midnight May 23, 2004.

On October 16, 2006, petitioner Holly Soehnge (Soehnge) filed a first petition to accept an unavoidably delayed payment of the maintenance fee under 37 C.F.R. 1.378(b). Non-payment of the maintenance fee was allegedly unavoidable because (1) a correspondence address change was filed with the USPTO in 2003; (2) the finance office of the apparent party in interest, Diagnostic Systems Labs (DSL), was reminded by e-mail on June 7, 2003 that the maintenance fee was due November 23, 2003; and (3) the record for this patent was updated to reflect that the second maintenance fee was due consistent with the assumption that the first maintenance fee had been paid.

This petition was dismissed on May 3, 2007 and required that any petition for reconsideration explain with a documented showing (1) the responsible person(s) for payment of the maintenance fee, (2) the steps in place by that person(s) to ensure that the fee would be timely paid, and (3) how the system failed in this instance.

The request for reconsideration, filed June 25, 2007, attempted to address this request through the presentation of declarations from Maria E. Rodriguez (Rodriguez), Neeta Shah (Shah), and Soehnge, with supporting documentation.

The declaration of Rodriguez, of the Miami Legal Department of Beckman Coulter, Inc., explained that Beckman Coulter, Inc. purchased the patent at issue in October 2005 and assumed responsibility for fee payments after January 17, 2006. However, these events occurred after the patents expiry. As a result, this declaration does not explain the failure to pay the maintenance fee on or before May 23, 2004. Events of the relevant time period are addressed in the declarations of Shah and Soehnge.

Shah of DSL explained that the system recognized by DSL's Finance Department for the payment of maintenance fees at the time the fee was due was to rely on outside counsel. In particular, Shah stated that:

"I had never been told by DSL management that it was my responsibility to submit maintenance fee payments directly to the U.S. Patent Office. It had always been my responsibility to simply reimburse outside counsel for services provided to DSL, including their payment of Maintenance fees on our behalf. ... Haynes and Boone (outside counsel) sent invoices to DSL for payment of the maintenance fees, upon which I would pay the amounts due to Haynes and Boone and make a record of such payment."

The record does not suggest that Shah or any member of DSL's Finance Department believed that they were responsible for paying maintenance fees at the time the fee was due for Patent no. 6,066,464.

Soehnge of DSL's Legal Department indicated that prior to their withdrawal as counsel on September 2, 2003, Haynes and Boone assisted her with the management of DSL's patent portfolio, including the payment of maintenance fees. After the September 2, 2003 withdrawal of Haynes and Boone as counsel to DSL, Soehnge continued to use the Patent Portfolio Status Report system give by Haynes and Boone to track the due dates of maintenance fees. When the due date approached for Patent No. 6,066,464, Soehnge reminded DSL's Finance Department that the fee was due on November 23, 2003 and erroneously assumed, based on this reminder, that the fee would be paid. In particular, Soehnge stated in section (6) of her declaration that:

"Assuming that the maintenance fee would be paid by the Finance Department as a result of my reminder email to Ms. Shah, I updated the Intellectual Property Status Report to show that the maintenance fee for the above- mentioned patent would be due on November 23, 2007."

That is, the fee tracking system was updated to show that the first maintenance fee was paid based on an assumption that it would be paid. Soehnge explains in section (13) of her declaration that:

"...I (Holly Soehnge) did not follow-up or confirm with Ms. Shah that payment had been made ... (and based on Ms. Shah's understanding of how maintenance fees were paid)

the DSL Finance Department was simply set up to pay invoices upon receipt and could not have been relied upon to pay or track maintenance fees."

The record further includes:

(1) an invoice from Haynes and Boone LLP for the payment of a maintenance fee for U.S. Patent No. 5,935,775, which demonstrated that the steps of tracking and paying maintenance fees utilized by Haynes and Boone were reliable in at least one instance.

(2) an email reminder, dated November 7, 2003 from Soehnge to Shaila Gupta and Shah of DSL's Finance Department that the fee was due on November 23, 2003.

(3) communications from Haynes and Boone indicating that they withdrew from representation of DSL on September 2, 2003 in relation to their patent portfolio, and transferred DSL's patent files and related status report to DSL on that date.

The request for reconsideration, filed June 25, 2007, indicates that Haynes and Boone, LLP was responsible for tracking and paying the maintenance fee for Patent No. 6,066,464 until their withdrawal from representation of DSL on September 2, 2003. However, at the time the maintenance fee was due on May 23, 2004 Haynes and Boone, LLP was not the party responsible for payment of the fee due. Additionally, there is no evidence that DSL asked Haynes and Boone, LLP to pay the maintenance fee.

The party responsible for tracking and paying the fee between September 3, 2003 and May 23, 2004, the final day on which the fee could be paid is not established in the request for reconsideration. While responsibility for paying the fee during this period fell to someone at DSL, Shah and the Finance Department did not believe that they had responsibility for paying the fee and Soehnge only assumed responsibility for sending reminders to the Finance Department without follow-up, believing that DSL's Finance Department was responsible for paying the fee.

The Request for Reconsideration has been considered and the Petition of October 16, 2006 has been reconsidered.

STATUTE, REGULATION, AND EXAMINING PROCEDURE

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 request reconsideration of the previous adverse decision on the petition filed under 37 CFR 1.378(b) and submits that due to the failure to have a process in place to pay the maintenance fee due, the expiry of the instant patent is unavoidable.

Petitioner has not met the 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*.

As 35 USC § 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 USC § 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.

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 petitioner to schedule or pay the maintenance fee; in fact there were no steps taken by or on behalf of petitioner to pay the fee after the withdrawal of Haynes and Boone, LLP on September 2, 2003. 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 by or on behalf of petitioner, 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.Supp.2d 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.)

As the patent holder at the time of expiration, it was incumbent on DSL to have itself docketed this patent for payment of the maintenance fee in a reliable system as would be employed by a prudent and careful person with respect to his most important business, or to have engaged another for that purpose. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). During the fee payment period from May 23, 2003 to September 2, 2003, the firm of Haynes and Boone, LLP was engaged for tracking and paying the maintenance fee. However, even where another has been relied upon to pay the maintenance fees, 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 USC § 41(c). Id. Rather, such 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. Nonetheless, the fee was not due until November 23, 2003, and could have been paid with a surcharge until May 23, 2004. From September 3, 2003 to May 23, 2004, Haynes and Boone, LLP was not responsible for payment of the fee since they were no longer representing DSL in regard to this matter. Rather, during this period, responsibility for paying the fee fell to DSL.

During the time period that Haynes and Boone, LLP was responsible for tracking and paying the maintenance fee DSL never requested payment of the maintenance fee for the instant patent. As DSL was responsible for tracking and paying the maintenance fee at the time of expiry of the patent it was incumbent upon DSL to have steps in place for tracking and paying the maintenance fee.

The evidence of record indicates that: (1) from September 3, 2003 to May 23, 2004, DSL utilized a system in which Soehnge tracked the due date of the maintenance fee through the same system utilized by Haynes and Boone, LLP; (2) Soehnge sent Shah, of DSL's Finance Department, an e-mail reminder when a maintenance fee was due; (3) Soehnge assumed that the Finance Department would pay the maintenance fee; and (4) Shah had never been instructed to pay maintenance fees to the USPTO, see item (4) of the Shah declaration.

As noted in MPEP 711.03(c) subsection (II)(C)(2), 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(s) 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).

Unfortunately, the showing of record is that conditions (a), (b), and (c) *supra* were not met. That is, as noted above, the cause of the delay was DSL's failure, after Haynes and Boone, LLP withdrew from representation, to provide a system to ensure that the maintenance fee would be timely paid. The facts are that the fee was not paid because steps were not in place to actually pay the fee. Steps were in place to track the due date for paying the fee; however, the crucial step of actually paying the fee was not in place following the withdrawal of outside counsel. These are not the actions of a prudent and careful person with respect to his or her most important business, and as such precludes a reasonable and rational finding that the delay in payment of the maintenance fee was unavoidable. Rather, a prudent and careful person with respect to his or her most important business, would have initiated its own steps to track and pay the fee. See California, *supra* (noting that "if [the patent attorney] had ceased representing [the patent owner] for some reason, [the patent owner] would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel..."); Femspec, at * 26-*27 (quoting California); Burandt, *supra*.

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. See 37 CFR 1.378(e).

This patent file is being returned to the Files Repository.

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.