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INNOVATIVE TECHNOLOGIES
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MAILED

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OFFICE OF PETITIONS

In re Patent No. 6,403,688 :
Issue Date: 11 June, 2002 :
Application Number: 09/696,895 :
Filing Date: 26 October, 2000 : ON PETITION
Attorney Docket No.: (None) :

This is a decision on the petition filed on 18 December, 2007, supplemented on 22 January, 2008, which is treated as a petition under 37 C.F.R. §1.378(e) requesting reconsideration of a prior decision which refused to accept under 37 C.F.R. §1.378(b)¹ the delayed payment of a maintenance fee for the above-referenced patent.

The request to accept the delayed payment of the maintenance fee is **DENIED**.²

BACKGROUND

The patent issued on 11 June, 2002. The first maintenance fee could have been paid during the period from 11 June, 2005, through 11 December, 2005, or, with a surcharge, during the period from 12 December, 2005, through 11 June, 2006. Accordingly, the patent expired after midnight 11 June, 2006, for failure to timely pay the first maintenance fee.

¹ A grantable petition to accept a delayed maintenance fee payment under 37C.F.R. §1.378(b) must include:

- (1) the required maintenance fee set forth in §1.20(e) through (g);
- (2) the surcharge set forth in §1.20(f)(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.

² This decision may be regarded as a final agency action within the meaning of 5 U.S.C. §704 for purposes of seeking judicial review. See MPEP §1002.02.

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On 2 July, 2007, a petition under 37 C.F.R. §1.378(b) was filed. On 12 September, 2007, the petition was dismissed, and a two- (2-) month non-extendable deadline was set by the Office for any request for reconsideration. On 18 December, 2007, the present request under 37 C.F.R. §1.378(e) was filed more than two months after the deadline, and Petitioner saw fit to supplement that filing on 22 January, 2008.

STATUTE AND REGULATION

The grant of authority at 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...after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

The regulations at 37 C.F.R. §1.378(b)(3) set forth 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.

OPINION

The Director may accept late payment of the maintenance fee under 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b) if the delay is shown to the satisfaction of the Director to have been “unavoidable.”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.⁴ Decisions reviving abandoned applications have adopted the reasonably

³ 35 U.S.C. ' 41(c)(1).

⁴ *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)).

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prudent person standard in determining if the delay was unavoidable.⁵ In addition, decisions on revival are made on a “case-by-case basis, taking all the facts and circumstances into account.”⁶ 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.⁷

From the outset, Petitioner ignored the explicit deadlines set forth by the Office for him to file his request for reconsideration. The time period for Petitioner’s action is jurisdictional.⁸ When Petitioner filed late the instant Request for Reconsideration, there was no substance to that filing. Moreover, Petitioner’s supplement filed on 22 January, 2008, contained only generalities, with little substance and no documentation supporting the averments. And Petitioner provided no supporting statements from others that Petitioner claims are involved herein—notably, former Counsel Gregory M. Stone, inventor Joseph Luongo (Mr. Luongo) and Nye Nobile (Mr. Nobile).

However, the following also are noted:

The decision of 12 September, 2007 (Decision), set forth the following showings that Petitioner had to address on any request for reconsideration:

- Assignee Innovative Technologies Enterprises Corporation (ITEC) “was aware of the need to pay the maintenance fee”—was tracking or had someone else tracking the payment due date—but “was ‘unavoidably’ prevented from making the maintenance fee payment until the petition was filed” (Decision at page 2);
- Provide “a showing of steps in place to pay the maintenance fee” (Decision at page 2);
- Establish/demonstrate “that the entire delay in paying the maintenance fee from the date of expiry until the petition was filed was unavoidable” within the meaning of the statute (Decision at page 3);

⁵ *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 man in relation to their most important business”); *In re Mattullath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912); *Ex parte Henrich*, 1913 Dec. Comm’r Pat. 139, 141 (Comm’r Pat. 1913).

⁶ *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁷ *Haines v. Quigg*, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁸ The regulations at 37 C.F.R. §1.378 provide in pertinent part:

(e) Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set in the decision refusing to accept the delayed payment of the maintenance fee. (Emphasis supplied.)

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- “[I]dentify all funds obtained or remitted by or on behalf of ITEC” during the period from just before expiration to the filing of the original petition, and “explain why the failure to either maintain the [instant] patent in force or earlier seek reinstatement should be considered unavoidable” (Decision at page 3); and
- Demonstrate why the commitment of available funds to matters other than the maintenance or reinstatement of the instant patent was not deliberate/intentional (Decision at page 3 – 4).

In response, Petitioner Jim Nicholls answers on behalf of ITEC that:

- It “has no attorney”: Petitioner Jim Nicholls (Petitioner) submits the instant petition because, he avers, “ITEC borrowed \$25,000.00 to pay [Whiteford Taylor & Preston LLP (WTP), the law office of ITEC’s former Counsel, Gregory M. Stone] and supplied the retainer directly to WTP” and there were no remaining funds to obtain replacement Counsel. (Petition Supplement of 22 January, 2008 (Petition Supplement), page 2.)
- “The tracking and docketing system was being handled by WTP. *** It is strange that a law firm as reputable as WTP failed to show a sufficient showing on this issue. ITEC was unaware that this was necessary. Their trust was with WTP in that they were an experienced firm and knew what had to be done.” (Petition Supplement, page 4.)
- “ITEC [lacked] the funds to pay the maintenance fees. Dr. Nicholls [in the declaration presented with the original petition] stated: ‘ITEC had no bank account or any operating funds.’ *** These were not words inserted to look good or to mislead or deceive. They are a fact and the truth. There was no bank account or no operating fund. No one needs a Philadelphia lawyer to understand the meaning of that. If there is no blood in a turnip you can’t draw blood out of it. Period.” (Petition Supplement, page 5.)
- “During [the relevant] period of time, as far as ITEC’s knowledge was concerned they needed an attorney to file the maintenance fees, (sic) ITEC believed that it was not just a matter of the \$450.00 or \$500.00; it was a matter of \$16,000.00 or \$17,000.00 that was needed. Our attorney’s bill must be paid in order for him to file the maintenance fees. *** [T]here was no one in ITEC that had had any dealings or experience with patent, patent laws or patent [rules and regulations].” (Petition Supplement, page 5.)
- The reason that Petitioner did not pay the maintenance fees is that he and his wife live on a “combined [income of] approximately \$1,600.00 per month.” (Petition Supplement, page 5.) And Petitioner’s associate Mr. Nobile was injured (on a date apparently not given) as the result of a fire at his former business and “had horrible injuries and is not

able to work. *** With no income he has no money to invest. He does not have a credit card." (Petition Supplement, page 5 - 6.)

- "ITEC *** had no knowledge as to the maintenance fees being paid for [the maintenance fees of other patents] Nor does ITEC have any knowledge as to why [those particular patents] were chosen." Petitioner goes on to state that he later learned that the inventor paid the other maintenance fees with his credit card, however, "If you check your records you will find that it was Joe Luongo who made these payments and ITEC was unaware of it. ITEC DID NOT MAKE TWO (sic) BUSINESS DECISION." (Petition Supplement, page 7.)

(It is noted that while the transmittal for the 22 January, 2008, Petition Supplement is signed, neither copy of the Petition Supplement that contains the foregoing statements is signed. (*See: inter alia*, 37 C.F.R. §10.18, MPEP §402, §410, §714.01(a))

This petition does not satisfy the requirement of 37 C.F.R. §1.378(b)(3). As discussed below, the statements presented in the petition fail to satisfy the showing required to establish unavoidable delay within the meaning of 37 C.F.R. §1.378(b).

The statute, 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.⁹ 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 Director that the delay in payment of a maintenance fee is unavoidable.¹⁰

Because 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.¹¹ 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 C.F.R. §1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the second maintenance fee for this patent.¹²

⁹ See *Commissariat A. L'Energie Atomique v. Watson*, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960).

¹⁰ 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*.

¹¹ *Ray*, 55 F.3d at 609, 34 USPQ2d at 1788.

¹² *Id.*

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There are three periods to be considered during the evaluation of a petition under 37 C.F.R. §1.378(b):

- (1) The delay in reply that originally resulted in expiration;
- (2) The delay in filing an initial petition pursuant to §1.378(b) to reinstate the patent; and
- (3) The delay in filing a grantable petition pursuant to §1.378(b) to reinstate the patent.¹³

At the outset, the showing is not persuasive with regards to items (1) and (2). Petitioner has provided no clear explanation as to how and when they learned that the subject patent had expired. Nor does Petitioner provide a reasoned explanation of why something less than \$500.00 was not set aside from the \$25,000.00 borrowed—two percent of the loan—to pay the maintenance fee that could have protected an asset which then might have generated many times that amount in the effort to pay ITEC's overall liabilities.

The showing of record is that rather than unavoidable delay, it appears that Petitioners were preoccupied with other matters during the time the maintenance fees on the present patent were due. Petitioners' preoccupation with paying attorneys fees, that took precedence over timely payment of the maintenance fee in the present patent does not constitute unavoidable delay.¹⁴ Notably, rather than pay less than \$500.00 in maintenance fees, Petitioner chose to direct substantially all of a \$25,000.00 loan to pay attorneys fees.

Turning to Petitioners' assertion of financial hardship, Petitioners are reminded that a showing of unavoidable delay based upon financial condition must establish that the financial condition of the responsible party during the entire period of the delay was such as to excuse the delay.¹⁵ A complete showing is required of Petitioner's—or any other party responsible for payment of the maintenance fee—financial condition including all income, expense, assets, credit, and obligations which made the delay from the expiration of the instant patent after midnight 11 June, 2006, until the filing of a grantable petition.

The showing must also enumerate the date and the manner in which patentees became aware of the expiration of the patent, and the steps taken to file the petition promptly. Statements from all persons who contributed to the delay are also required. Furthermore, Petitioner should identify the party responsible for making the payment.

¹³ See *Changes to Patent Practice and Procedure: Final Rule Notice* 62 Fed. Reg. 53131 at 53158 (October 10, 1997).

¹⁴ See *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

¹⁵ See *Ex parte Murray*, 1891 Dec. Comm'r Pat. 130, 131 (1891).

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In the decision mailed on 12 September, 2007, Petitioners were advised to include an exhaustive attempt to provide the information required, since, after a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director.

The Office is mindful of Petitioner's predicament. And the Office is aware of the difficult circumstances Petitioner has encountered. However, the showing of record includes no documentary evidence of Petitioner's income, expenses or assets. Rather, Petitioner has simply provided general—and unsupported—statements and allegations. Simply put, Petitioner has shown neither that ITEC lacked the funds to pay the maintenance fee at the time it was due, nor why when ITEC (or he) received sufficient funds through a sizeable loan why a small fraction of it was not used to pay timely the maintenance fee. In this fashion, Petitioner flatly ignored the requirement to make a showing for the period before expiration, or for such time thereafter until the original petition was filed herein.

In this regard, a showing of diligence in matters before the Office is essential to support a finding of unavoidable delay herein.¹⁶ There is no "sliding scale" based upon the priority given to this maintaining this patent in force, or more diligently seeking reinstatement, vis-a-vis other matters by Petitioner; the issue is solely whether the maintenance, or reinstatement, of the patent at issue was actually conducted with the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business.

The delay was not unavoidable, because had Petitioner exercised the due care and diligence of a reasonably prudent person, Petitioner would have been able to act to pay the fee or seek reinstatement in a timely fashion. The record fails to adequately evidence that Petitioner exercised the due care and diligence observed by prudent and careful persons, in relation to his most important business, which is necessary to establish unavoidable delay.¹⁷

Further, with regard to period (2), Petitioner failed even to file timely his request for reconsideration and failed to provide an adequate explanation as to the delay in filing the present petition. As stated above, the showing of record is that rather than unavoidable delay, Petitioner was preoccupied with other matters.

Petitioner adds that both he and his wife suffered severe injuries in an automobile accident in May 2006—only days before the window closed for payment of the maintenance fee within the "grace period." Moreover, these injuries required that both Petitioner and his wife undergo back

¹⁶ See *Futures Technology, Ltd. v. Quigg*, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiry into the status of the application is required to show unavoidable delay); *Douglas v. Manbeck*, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (even representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant's lack of diligence extending two and one half years overcame and superseded any omissions by his counsel).

¹⁷ *Pratt, supra*.

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surgery—with adverse effect and long periods of rehabilitation associated therewith. (It is noted that Petitioner submits no documentation in support of these averments. The Office does not question Petitioner's statements—rather, the Office simply requires documentary support for the averments presented, as one might do in advancement of one's most important business affairs.¹⁸) However, the Office is unable to grant the requested relief because Petitioner has not provided a showing that the delay was unavoidable.

In summary, the showing of record has been considered, but does not rise to the level of unavoidable delay. Rather, the showing of record is of a lack of diligence on the part of Petitioner.

CONCLUSION

The prior decision which refused to accept under 37 C.F.R. §1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. §41(c)(1) and 37 C.F.R. §1.378(b).

The petition under 37 C.F.R. §1.378(e) is **denied**.

As stated in 37 C.F.R. §1.378(e), no further reconsideration or review of the decision refusing to accept the delayed payment of the maintenance fee under 37 C.F.R. §1.378(e) will be undertaken.

This decision may be regarded as a **final agency action** within the meaning of 5 U.S.C. §704 for purposes of seeking judicial review. See MPEP §1001.02.

Since this patent will not be reinstated, a refund check covering, the maintenance fee less the \$400.00 fee for the present request for reconsideration, has been scheduled. The surcharge for the late payment of the maintenance fee has not been submitted by Petitioner, and, thus, cannot be refunded.

As stated in 37 C.F.R. §1.378(e), no further reconsideration or review of this matter will be undertaken.

¹⁸ Pratt, *supra*.

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Telephone inquiries regarding this decision should be directed to John J. Gillon, Jr., attorney, at
571-272-3214.

A handwritten signature in black ink, appearing to read 'Charles A. Pearson', with a long horizontal flourish extending to the right.

Charles A. Pearson
Director, Office of Petitions