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Paper No. 18

MAILED

APR 22 2009

In re Patent No. 5,313,735	:	
Issue Date: May 24, 1994	:	OFFICE OF PETITIONS
Application No. 08/049,993	:	ON PETITION
Filed: April 20, 1993	:	
Attorney Docket No.	:	

This is a decision on the renewed petition under 37 CFR 1.378(e), filed November 20, 2007, to accept the unavoidably delayed payment of a maintenance fee for the above-identified patent.

The petition under 37 CFR 1.378(e) is **DENIED**.

BACKGROUND

The above-identified patent issued May 24, 1994. The seven and one-half year maintenance fee was due November 24, 2001, and could have been paid from May 24, 2001 through November 26, 2001 (November 24 being a Saturday), or with a surcharge during the period from November 27, 2001 through May 24, 2002. Since this maintenance fee was not timely paid, the patent expired at midnight on May 24, 2002.

A first petition to accept the seven and one-half year maintenance fee as unavoidably delayed under 37 CFR 1.378(b) along with maintenance fee and applicable surcharge, was filed April 19, 2006, and was dismissed in the decision of February 2, 2007. Thus, the earliest the seven and one-half year maintenance fee was on file at the USPTO was some 47 months after the end of the grace period.

A renewed petition under 37 CFR 1.378(b) was filed March 30, 2007. Petitioner requested reconsideration and provided answers to several inquiries for additional information set forth in the adverse decision of February 2, 2007.

A Request for Information was mailed September 27, 2007.

The instant petition was filed November 20, 2007.

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.

37 CFR 1.378(c) provides that:

Any petition to accept an unintentionally delayed payment of a maintenance fee filed under paragraph (a) of this section must be filed within twenty-four months after the six-month grace period provided in §1.362(e) and must include:

(1) The required maintenance fee set forth in § 1.20 (e) (g);

(2) The surcharge set forth in §1.20(i)(2); and

(3) A statement that the delay in payment of the maintenance fee was unintentional.

37 CFR 1.378(e) provides that:

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. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(f). After the decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director. If the delayed payment of the maintenance fee is not accepted, the maintenance fee and the surcharge set forth in § 1.20(i) will be refunded following the decision on the petition for reconsideration, or after the expiration of the time for filing such a petition for reconsideration, if none is filed. Any petition fee under this section will not be refunded unless the refusal to accept and record the maintenance fee is determined to result from an error by the Patent and Trademark Office.

OPINION

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.

As 35 U.S.C. 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 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).

Desmond LaTouche (LaTouche), sole patentee and owner of the above-identified patent, states (see the declaration filed with the initial petition of April 19, 2006) that he relied entirely on his patent attorneys (Late Mr. Murray Schaffer (Schaffer) at Bauer & Schaffer (B&S)) to handle his patent and intellectual property matters since he has “no legal nor patent training”. The record indicates that Schaffer was hired by the law firm Jaspan Schlesinger Hoffman LLP (JSH) on or

about April 2, 2001. The remaining personnel including Ms. Barbara Patton Silvagni (Silvagni) a paralegal of B&S also began working at JSH in April 2001. The record indicates that the instant patent was transferred to JSH on October 1, 2001 and its further handling within JSH was by Silvagni and other personnel from B&S who had now moved to JSH. A letter from Schaffer dated January 26, 2001 and another from Silvagni dated October 10, 2001 reminded LaTouche about the due date for payment of the 7.5 year maintenance fee. A note from Bobbi Patton (i.e. Silvagni) to LaTouche, dated March 28, 2002, states that "we have attended to the Maintenance fee payment" while referring to the instant patent. However, Office records do not indicate the receipt of the 7.5 year maintenance fee payment from JSH. A copy of the letter from Schaffer to the Office dated November 26, 2001 (Exhibit E, filed April 24, 2006) indicates that an attempt was made to pay the 7.5 year maintenance fee through the Deposit Account 50-1844. However, the Deposit Account statement from the Office for the month of November 2001, indicates insufficient funds to pay the 7.5 year maintenance fee. Indeed Attorney Hechtel in a statement ("Showing" filed April 24, 2006) admits the attempt to pay the maintenance fee in the '735 patent "bounced". Thus, it is not clear as to the basis for the claim "we have attended to the Maintenance fee payment" in the note from Silvagni to LaTouche dated March 28, 2002. An examination of the mode of payment in the list (filed November 29, 2007) of patents for which maintenance fees were apparently paid by Silvagni between May 24, 2001 and May 24, 2002, shows that Deposit Account 50-1844 was last used on February 22, 2002 to pay the maintenance fee in the Patent No. 5,287,829. LaTouche states (declaration filed April 19, 2006) that he sent a check for about \$1200 to "Mr. Schaffer's firm" in 2001. Attorney Hechtel in a statement (Showing) does acknowledge the receipt of funds from LaTouche (Exhibit F, filed April 19, 2006) in a letter to LaTouche dated January 11, 2006.

As LaTouche owned the entire interest in the patent at the time of its expiration, it is the actions or inactions of LaTouche, as the responsible party, that are material. See Kim v. Quigg, 718 F. Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989). It was also incumbent upon LaTouche to implement steps to schedule and pay the fee, or oblige another to make the payment. See California Medical Products v. Technol Med. Prod., 921 F. Supp. 1219, 1259 (D. Del. 1995). Even where another party 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). See California, *supra*. 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 the errors that may have been committed by the obligated party. *Id.* In the absence of a showing that the obligated party 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. In re Katrapat., 6 USPQ2d 1863, 1867 – 1868 (Comm'r Pat. 1988); California, *supra*.

At present, the record fails to show that adequate steps or reasonable care was taken within the meaning of 37 CFR 1.378(b)(3) by or on behalf of LaTouche to ensure that the second maintenance fee would be paid timely. The record shows and Petitioner does not dispute that LaTouche obligated B&S and then JSH to track and pay the maintenance fees for the above-

identified patent. From the letter (dated March 30, 2007, and filed as Exhibit B on April 12, 2007) from Mr. Leonard, Chief Financial Officer at JSH, it is clear that Silvagni was relied upon for communicating with the Accounting department in regard to any "bounced payments" in relation to payments charged to the deposit account. While this letter does not specifically identify the Deposit Account, it is taken herein to be the Deposit Account 50-1844, the same account from which an attempt was made to pay the second maintenance fee (See Exhibit E of the Showing). However, the Deposit Account statement from the Office for the month of November 2001, indicates insufficient funds to pay the 7.5 year maintenance fee. Indeed Attorney Hechtel in a statement ("Showing" filed April 24, 2006) admits the attempt to pay the maintenance fee in the '735 patent "bounced". On page 4 of the Showing, it is asserted that Silvagni was under the supervision of patent attorneys without specifically identifying the attorneys. While the declaration from Attorney Tufariello (a former partner of Schaffer at B&S) states that Silvagni had the experience in managing a Deposit Account, it sheds no light on the handling of the Deposit Account associated with the '735 patent at JSH. Also, from the evidence presented, it is not clear if any auditing of the Deposit Account 50-1844 was undertaken and if so what such auditing reports revealed. An examination of the mode of payment in the list of patents (filed November 29, 2007) for which maintenance fees were apparently paid by Silvagni between May 24, 2001 and May 24, 2002, shows that Deposit Account 50-1844 was utilized for payment for only 5 of the 23 patents listed whereas payment by check appears to be the preferred method of payment of maintenance fees as it was utilized in 16 of the patents listed. There is no explanation as to why payments by check were preferred to payments from the Deposit Account. Thus, the record indicates that the Deposit Account was not maintained in a manner that demonstrates reasonable care was taken to ensure that the maintenance fee for the above identified patent would be paid timely or that the obligated party exercised the care and diligence that is generally used and observed by prudent and careful men in relation to their most important business to ensure timely payment of the 7.5 year maintenance fee.

Even assuming *arguendo* that petitioner should not be bound by the mistakes of his representative(s), the record does not support a finding of unavoidable delay, as petitioner has not shown adequate diligence in this matter. That is, a showing of diligence in matters before the USPTO on the part of the party in interest is essential to support a finding of unavoidable delay herein. 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 duly appointed representative); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of successor in title to the patent to exercise diligence for a period of seven years precluded acceptance of the maintenance fee). The delay was not unavoidable, because had petitioner exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a more timely fashion. Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987); Douglas, supra; Donnelley, supra. The record indicates that from March 28, 2002 to January 11, 2006 LaTouche made no follow-up enquiries with Silvagni or others at JSH as to receipt of any acknowledgement from the Office in

regard to the payment of the maintenance fee in question. LaTouche admits (declaration filed April 19, 2006) that he did not carry out checking of the status of his intellectual property.

The issue at hand is solely whether the maintenance of the instant patent 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. Here, the delay was not unavoidable, because had petitioner exercised the due care of a reasonably prudent person, petitioner would have been able to act to correct the situation in a more timely fashion. See Haines v. Quigg, supra; Douglas v. Manbeck, supra (unavoidable delay not shown where no diligence for over 30 months); R.R. Donnelley & Sons v. Dickinson, supra (N.D. Il. 2000)(a showing of diligence is essential to demonstrate unavoidable delay).

The record fails to demonstrate that reasonable care was taken to ensure that the maintenance fee for the above identified patent would be paid timely or that the obligated party exercised the care and diligence that is generally used and observed by prudent and careful men in relation to their most important business to ensure timely payment of the 7.5 year maintenance fee. Therefore, it is concluded that the Petitioner has not demonstrated or met his burden to the satisfaction of the Director that the delay in paying the 7.5 year maintenance fee for the above-identified patent was unavoidable.

DECISION

Petitioner has failed to meet his burden of proving to the satisfaction of the Director the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) 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**.

Petitioner may request a refund of the maintenance fee and the surcharge fee submitted with the petition. However, the fee of \$400 filed March 30, 2007, for consideration of the reconsideration petition will not be refunded. The request should be made in writing and addressed to: Mail Stop 16, Director of the U.S. Patent and Trademark Office, P. O. Box 1450, Alexandria, VA 22313-1450. A copy of this decision should accompany petitioner's request.

This is a **final agency action** within the meaning of 5 U.S.C. § 704. The Director will undertake no further reconsideration or review of this matter.

This patent file is being returned to the Files Repository.

Telephone inquiries should be directed to Ramesh Krishnamurthy at (571) 272-4914.

A handwritten signature in black ink, appearing to read "Charles A. Pearson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Charles A. Pearson
Director, Office of Petitions

DB

CC: Jaspan Schlesinger Hoffman, LLP
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