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In re Patent No. 5,486,068 :
Issue Date: January 23, 1996 :
Application No. 08/145,218 : ON PETITION
Filed: November 3, 1993 :
Attorney Docket No. 7377P57370 :

This is a decision on the Response to the second Request for Information, filed March 16, 2009, which is being treated as a petition under 37 CFR 1.378(e), to reconsider the decision refusing 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 patent issued January 23, 1996. The second maintenance fee was due July 23, 2003, and could have been paid from January 23, 2003 through July 23, 2003 or with a surcharge during the period from July 24, 2003 through January 23, 2004. Accordingly, the patent expired at midnight January 23, 2004, for failure to timely pay the first maintenance fee.

A first petition to accept the seven and one-half year maintenance fee as unavoidably delayed under 37 CFR 1.378(b) was filed November 13, 2007 and was dismissed in a Decision mailed May 13, 2008.

A renewed petition under 37 CFR 1.378 was filed July 9, 2008, which resulted in a Request for Information mailed September 9, 2008.

A Response to the Request for Information was filed November 10, 2008, which resulted in a second Request for Information mailed February 6, 2009.

The instant second Response to the second Request for Information was filed March 16, 2009.

Petitioner requests reconsideration of the Decision mailed May 13, 2008. Petitioner states that the delay was unavoidable due to the fact that the person allegedly responsible for paying the maintenance fee failed to do so due to medical incapacitation.

STAUTE AND REGULATION

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(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 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

Petitioner requests reconsideration of the previous adverse decision on the petition filed under 37 CFR 1.378(b) and submits the applicant, Harold Wilson (Wilson), was responsible for forwarding the second maintenance fee payment to his attorney who would then submit the fee payment to the Office. When Wilson was informed that the second maintenance fee was due, he indicated to his attorney he would not be paying the second maintenance fee and wished to let the instant patent expire. The second maintenance fee was thus not timely paid. Therefore, the expiry of the instant patent was not unavoidable.

Petitioner has not met his burden of proving to the satisfaction of the Director that the delay was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

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. 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 was unavoidable:

The word 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. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.

In re Mattullath, 38 App. D.C. 497, 514 15 (D.C. Cir. 1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32 33 (Comm'r Pat. 1887) see also 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).

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 v. Lehman, 55 F.3d 606, 609, 34 USPQ2d 1786, 1788 (Fed. Cir. 1995). 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.

As the patent holder at the time of expiration, it was incumbent on petitioner 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). 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.

Petitioner asserts that there was a four step process in place to assure payment of the maintenance fee:

1. Wilson's attorney, Jacobsen Price Homan & Stern (JPH&S), would monitor maintenance fee due dates and inform Wilson when fees were due.
2. Wilson would notify the assignee, SWM, of the required fee amount due.

3. SWM would issue a check to Wilson.
4. Wilson would deposit the check and make payment to his attorney JPH&S who would then forward the required maintenance fee to the Office.

Petitioner indicates that this system worked properly for payment of the first maintenance fee and had no reason to believe it would not work as well for payment of the second maintenance fee. When the second maintenance fee was due, JPH&S informed Wilson that the fee was due. As noted above, Wilson informed his attorney he wished the patent to expire. For reasons unknown, Wilson waited until the second maintenance fee was overdue and then informed SWM that payment for the second maintenance fee was due, SWM sent a check to Wilson, Wilson cashed the check and forwarded the fee to JPH&S but informed them to use the fee to pay the maintenance fee for another patent for which SWM was not the assignee. SWM was not aware of this fact and did not discover that the instant patent had expired until several years later.

Collectively, the petitions and responses to requests for information indicate that failure to timely pay the second maintenance fee was based solely on Wilson's failure to properly handle his responsibilities in the four step payment process as set forth above. Petitioner alleges that Wilson had debilitating mental health issues at the time in question and that this was the cause of Wilson's mishandling of his responsibilities in regard payment of the maintenance fees. Apparently petitioner was not aware of Wilson's declining mental health at that time. Petitioner was requested to provide medical records to verify Wilson's mental health issues. Petitioner provided records from medical consultations dated May of 1998 and July of 2007. The 2007 records have no bearing on the state of Wilson's health at the time the maintenance fee was due back in 2003. The records from May 1998 are not indicative of mental health issues. Further, petitioner has stated the payment of the first maintenance fee in March of 1999 was made without any problem.

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 in regard to payment of the maintenance fee. The petitioner describes a multi-step process needed to pay the maintenance fees. SWM makes it clear that they gave total control to Wilson for maintenance fee payment and specifically did not want to contact Wilson to verify fee payments as they wanted to keep a good working relationship with him and also because Wilson had a large financial interest in the patent. SWM was excluded from contacting Wilson's attorney to verify payment of the maintenance fee since Wilson's attorney did not permit third party communication. By specifically handing over all responsibility of maintenance fee payments to Wilson and with no system in place to monitor actual payment of maintenance fees, petitioner was bound by the actions (or inactions) of Wilson and JPH&S.

Unfortunately, the record does not show that petitioner was reasonable and prudent in relying on Mr. Wilson or the firm of JPH&S for payment of the maintenance fee due. First, at the time the maintenance fee was due (January 2004) petitioner intimates that either petitioner or Wilson was the responsible party for paying the maintenance fee. However, the contract between Wilson

and SWM states that SWM was the party responsible for payment of the maintenance fee. SWM admits that they did not monitor and track the maintenance fee. There is no statement on the record from Wilson as to the facts surrounding the failure to timely pay the maintenance fee, or as to what he believed the check dated May 28, 2004 was for. Additionally, JPH&S states that Wilson instructed them to not pay the maintenance fee due. In the present application, a person with responsibility for effecting payment of the maintenance fee intentionally instructed the attorney not to pay the maintenance fee. Intentional action of this sort precludes acceptance of the maintenance fee. A delay caused by the deliberate decision not to take appropriate action within a statutorily prescribed period does not constitute an unintentional delay within the meaning of 35 U.S.C. 41. In re Application G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989). Unavoidable delay is the epitome of unintentional delay and thus an intentional delay precludes reinstatement under the unavoidable standard or unintentional standard.

As the patent holder at the time of expiration, it was incumbent on petitioner 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., supra. Nevertheless, a petitioner is bound by any errors that may have been committed by the obligated party. Id.

As the Court noted in Sontag Chain Stores Co. v. National Nut Co., 310 U.S. 281, 295, 45 USPQ 448 (1940), upon issuance of a patent and its recordation in the Patent Office, "constructive notice of [its] existence goes thus to all the world." Petitioner would have the USPTO accept as a line of argument that petitioner, Wilson, and JPH&S were all somehow "unavoidably" prevented from communicating between and among themselves-if not also with the USPTO as well, with respect to the fact that the patent had expired for failure to pay the maintenance fee due, until long after it had expired in January 2004. Wilson was entrusted with handling this file and Wilson informed JPH&S to not pay the maintenance fee therein. The USPTO must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and petitioner 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); California, supra. Specifically, petitioner's delay caused by the mistakes or omissions of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133. See Haines v. Quigg, supra; 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). It follows that such is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Ray, supra. Since such an error could have been avoided by the exercise of the ordinary care and diligence that is observed by prudent and careful persons with respect to their most important business, petitioner has failed to show the delay in payment of the maintenance fee is unavoidable.

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. Il. 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, supra; Douglas, supra; Donnelley, supra.

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).

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**.

The USPTO will not further consider or reconsider this matter. See 37 CFR 1.378(e). 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.

This patent file is being returned to the Files Repository.

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