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Paper No. 20

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OFFICE OF PETITIONS

In re Patent No. 5,653,183 :
Issued: 5 August, 1997 :
Application No. 08/310,631 : ON PETITION
Filed: 22 September, 1994 :
Atty Docket No. B010-8000 :

This is a decision on the petition under 37 CFR 1.378(e),¹ filed on 11 July, 2005, requesting reconsideration of a prior decision which refused to accept under § 1.378(b) 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 5 August, 1997. The first maintenance fee could have been paid during the period from 7 August, 2000, through 5 February, 2001, or, with a surcharge during the period from 6 February through 6 August, 2001. Accordingly, this patent expired on 7 August, 2001, for failure to timely remit the maintenance fee. The petition under 37 CFR 1.378(b) filed on 1 February, 2005, was dismissed on 12 May, 2005. This request for reconsideration, accompanied by a check for \$400.00, was filed on 11 July, 2005.

¹ A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must be 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.

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.

STATUTE AND REGULATION

35 U.S.C. § 41(c) (1) states that:

The Commissioner may accept the payment of any maintenance fee required subsection (b) of this section which is made within twenty-four months after the six-month grace period if this delay is shown to the satisfaction of the Commissioner 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.

37 CFR 1.366(a) states that:

The patentee may pay maintenance fees and any necessary surcharges, or any person or organization may pay maintenance fees and any necessary surcharges on behalf of a patentee. Authorization by the patentee need not be filed in the Patent and Trademark Office to pay maintenance fees and any necessary surcharges on behalf of the patentee.

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.

OPINION

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to

have been "unavoidable".³ A patent owner's failure to pay a maintenance fee may be considered to have been "unavoidable" if the patent owner "exercised the due care of a reasonably prudent person."⁴ This determination is to be made on a "case-by-case basis, taking all the facts and circumstances into account."⁵ Unavoidable delay under 35 U.S.C. § 41(b) is measured by the same standard as that for reviving an abandoned application under 35 U.S.C. § 133.⁶ Under 35 U.S.C. § 133, the Commissioner may revive an abandoned application if the delay in responding to the relevant outstanding Office requirement is shown to the satisfaction of the Commissioner to have been "unavoidable". Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁷ However, 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.⁸ In view of In re Patent No. 4,409,763,⁹ this same standard will be applied to determine whether "unavoidable" delay within the meaning of 37 CFR 1.378(b) occurred.

This petition does not satisfy the requirement of 37 CFR 1.378(b)(3). The statements presented in the petition fail to satisfy the showing required to establish unavoidable delay within the meaning of 37 CFR 1.378(b).

A petition to accept the delayed payment of a maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate, verified 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, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1).

³ 35 U.S.C. § 41(c)(1).

⁴ Ray v. Lehman, 55 F.3d 606, 608-09 (Fed.Cir.), cert. denied, -- U.S. ---, 116 S.Ct. 304, L.Ed.2d 209 (1995).

⁵ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁶ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (PTO Comm'r 1988).

⁷ 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, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913).

⁸ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁹ 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd sub nom. Rydeen v. Quigg, 748 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992).

In the original petition, filed on 1 February, 2005, petitioners assert, via the declaration of James O. Boylan, III, president of assignee Balboa Pacific Corporation (hereinafter "Balboa") that they learned on 10 August, 2004, that the present patent had expired. An investigation was then undertaken by Balboa to determine the circumstances surrounding the expiration of the patent.

Petitioners further assert, in the original petition, that the delay in paying the first maintenance fee occurred because petitioners were initially informed by assignee's patent counsel, James Brunton (hereinafter "Brunton"), in a letter dated 8 October, 2001, that the patent was "as far as [Brunton] know[s] in good stead." During investigation of an unrelated matter in August, 2004, however, Brunton informed petitioners that the patent had in fact expired for failure to pay the first maintenance fee.

Petitioner Boylan further states that attorney Brunton informed him that the firm of Fulwider Patton Lee & Utecht, LLC (hereinafter "Fulwider") had prosecuted the application which matured into the present patent, and that Fulwider was responsible for informing its clients as to the due dates for maintenance fees. Mr. Boylan further states that "for the next 30 days or so, I was forced to initially turn my attention to the pending foreclosure sale of our demonstration system and the protection of [another] patent."

Petitioners have included a copy of a letter dated 16 July, 1997, from Fulwider to Andrew H. Hansen at Balboa, stating that Fulwider had not docketed the dates for payment of the maintenance fees and would not send reminders. Petitioners conclude stating that they were unaware of the expiration of the patent, but would have paid the maintenance fees timely if they had known that the patent had expired, and would have earlier filed a petition to reinstate the patent.

In the present request for reconsideration, filed on 11 July, 2005, petitioners now assert:

The reasons for reconsideration are:

- I. The delay in reply between August 6, 2000 and August 7, 2001, that originally resulted in the expiration of the '183 Patent was unavoidable because [William] Walker, who was responsible for managing the patent maintenance fees, actively concealed the existence of the '183 patent.

II. The delay that resulted in the filing of the initial Petition pursuant to section 1.378(b) was unavoidable because Petitioner reasonably relied on Walker to alert Boylan of the patent maintenance fee due dates and Petitioner's reliance upon Walker was reasonable and diligent in light of the chaotic circumstances that existed at the Company; and

III. The harm that Petitioner will endure if this petition for reconsideration is denied is such a harsh result and is inconsistent with equitable principles of fairness and justice.

...

In summary, petitioners now assert, via the supplemental declaration of Boylan, that inventor William Walker, who served as Vice President of Balboa through 1997, and stepped down in 1998,¹⁰ was solely responsible for payment of the maintenance fees, and that any delay was due entirely to the acts of Walker.¹¹

A petition to accept the delayed maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate, verified 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, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1). This petition lacks requirement (1).

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable".¹²

The showing of record is inadequate to establish unavoidable delay within the meaning of 37 CFR 1.378(b)(3).

¹⁰ See declaration of James O. Boylan, III originally filed on 1 February, 2005, Page 3, paragraph 12.

¹¹ It is noted in the original Boylan declaration that Walker died in March, 2004.

¹² 35 U.S.C. § 41(c)(1).

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 identical language (i.e. "unavoidable delay").¹³ Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.¹⁴ In this regard:

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.¹⁵

There are three periods to be considered during the evaluation of a petition under 37 CFR 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 revive the application; and
- (3) The delay in filing a *grantable* petition pursuant to § 1.378(b) to revive the application.¹⁶

¹³ 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. 1989)).

¹⁴ 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 by prudent and careful men in relation to their most important business").

¹⁵ In re Mattullath, 38 App. D.C. 497, 514-15 (1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 167-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913). 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 cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

¹⁶ See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131 at 53158 (October 10, 1997).

This petition lacks the showing required by periods (1) and (2).

With regard to period (1), petitioners' evidence has been considered, but is not persuasive.

As stated in the original decision dismissing petition, petitioners have shown, via the 16 July, 1997, letter, that the Fulwider firm, which prosecuted the application, expressly did not docket the maintenance fees for payment. As such, assuming that Brunton, as petitioners' registered patent attorney had been so engaged, then it is incumbent upon petitioners to demonstrate, via a documented showing, that Brunton had docketed this patent for the first maintenance fee payment in a reliable tracking system.¹⁷ If petitioners cannot establish that Brunton had been so engaged, then petitioners will have to demonstrate what steps were established by petitioners to monitor and pay the maintenance fee.¹⁸ The showing of record is that no steps were in place by petitioners or Brunton to monitor and pay the maintenance fee.

Petitioners' statement that Walker was responsible for payment of the maintenance fees for the present patent is not supported by the showing of record. As stated in the original Boylan declaration, Walker was neither an officer nor a director of Balboa after 1998.¹⁹ Additionally, Walker sent a letter, dated 15 August, 2000, to Boylan at Balboa stating that he was resigning as a consultant to Balboa and specifically that "I do not have any contractual obligation with Balboa Pacific Corporation for either employment or consulting services. I also hold no position as an officer or executive in the current management..." While petitioners state that, this letter notwithstanding, Walker continued to consult for Balboa and pay maintenance fees on various patents, the record does not show that there was ever any agreement that Walker would pay the maintenance fee for the present patent, or that Walker even had any direct business dealings with Balboa after August, 2000. Further, the mere fact that Walker paid the maintenance fees on other patents does not mean that Walker had agreed to pay the maintenance fee on the present patent.

¹⁷ Id.

¹⁸ Id.

¹⁹ See declaration of James O. Boylan, III originally filed on 1 February, 2005, Page 3, paragraph 12.

Additionally, there is insufficient evidence suggesting that Walker "concealed the existence" of the present patent. The existence of the present patent should hardly have been a secret to Balboa's management. It is noted that Boylan stated, in his original declaration, that Hansen, was notified by Fulwider that the patent would issue.²⁰ As such, Walker was not the only person connected with Balboa who knew that the patent would be issued. Furthermore, the assignment was made in 1994, long before the patent issued. As such, petitioners' counsel should have notified Balboa, as its client, that the patent had been issued and that maintenance fees were due. It appears, therefore, that there may have been a failure in communication between attorney and counsel. It is unclear why Boylan did not learn, from Hansen or otherwise, the existence of the patent after becoming president of Balboa. Moreover, the mere fact that Boylan did not know of the existence of the patent until 8 October, 2001,²¹ does not support a finding of malfeasance on the part of Walker, only that Boylan and Balboa were preoccupied with other matters and did not have a system for tracking payment of the maintenance fees.

To the extent that Boylan was led to believe, by Walker or others, that the present patent was "unimportant," or that Boylan relied on Walker to pay the maintenance fee, such was a mistake on the part of Boylan. While petitioners state that Walker was "exploiting the chaotic time of Company for his benefit" the showing is rather that any chaos resulted from the errors or omissions of Boylan and Balboa. To this end, petitioners' statement that "Walker knew that Boylan would rely on [Walker's] characterization of the patent (as unimportant)" misses the point that whatever Walker may or may not have believed that Boylan would or would not rely on is irrelevant. Balboa, as the owner of the patent, was responsible for payment of the maintenance fee. It was Balboa's responsibility, as owner of the patent, to track the maintenance fees for patents it owned and to docket those patents for payment of maintenance fees. Boylan was the president of Balboa at the time, and the showing of record is that Balboa did not have the maintenance fee docketed for payment; Boylan clearly could not rely on Walker to pay the maintenance fee, as Walker resigned in writing from Balboa shortly after the window for payment of the maintenance fee opened, and prior to the date the maintenance fee was due.

²⁰ Boylan declaration filed 1 February, 2005, page 7, paragraph 25.

²¹ Boylan declaration filed 11 July, 2005, Page 3, paragraph 8.

Similarly, the statement that Hansen told Boylan, presumably around October, 2004,²² that Walker was responsible for docketing the maintenance fees is unpersuasive given that Walker had informed Boylan by letter dated 15 August, 2000, that he was severing all ties with the company. Likewise, assuming, *arguendo*, Walker had characterized the patent as unimportant to Boylan,²³ Boylan as president of Balboa, had ultimate authority to determine the relevant importance of the present patent, and whether Balboa should or should not pay the maintenance fee. Any decision not to pay the maintenance fee for the present patent reflects a business judgment on the part of Boylan as president of Balboa, and one for which he and Balboa are responsible.

With regard to petitioners' argument that Walker did not timely pay the maintenance fee on this patent to further his own personal gain to the detriment of Balboa, this constitutes speculation not supported by the evidence of record. While the showing of record is that Walker may have had a financial interest in a competitor of Balboa, the fact remains that Walker tendered a written resignation from Balboa in August 2000. It may well be that Walker did not provide files related to the patent to Balboa upon his resignation, as it appears that Walker parted on less than amicable terms. Nevertheless, Boylan, as president of Balboa, and Balboa, as the assignee of the patent, were responsible for determining what maintenance fees were due and docketing those maintenance fees. Based on Boylan's statement that Balboa was embroiled in hostile takeover attempts, financial difficulties including but not limited to an involuntary bankruptcy petition, as well as trade secret violations by former employees and licensees, the showing is that petitioners Boyland and Balboa were preoccupied with other matters, and such preoccupation is not unavoidable delay.

Regarding petitioners' second contention, as stated above, Boylan and Balboa could not have reasonably relied upon Walker to pay the maintenance fee. At the outset, despite petitioner's assertions to the contrary, Walker had expressly resigned himself from all activity related to Balboa nearly a year prior to the date that payment of the first maintenance fee was due. Assuming, *arguendo*, Walker had been responsible for monitoring the maintenance fees prior to his departure, there is no showing that Boylan, nor anyone else connected with Balboa, had attempted to contact Walker to determine the maintenance fee status of any patents. With regards to the letter 11 February 2002 from

²² Id. at page 4, paragraph 9.

²³ Id.

Brunton to Walker, regarding payment of a maintenance fee in the Patent No. 5,868,085, there is no mention of Balboa or any obligation thereto. The mere fact that Walker may have forwarded this letter to Boylan does not mean that Walker had agreed to pay the maintenance fee in the present patent, or any other patent.

With regard to the letter from attorney Brunton to Boylan dated 8 Oct 2001, nothing in said letter suggests that Walker had assumed responsibility for the payment of the maintenance fee for the present patent, or that Boylan was entitled to rely on Walker for payment of the maintenance fee for this patent. Rather the letter simply stated that the present patent "issued, as far as we know, in good stead." There is no mention of maintenance fees, or of any relationship between Walker and the payment of the maintenance fees for the present patent.

Delay resulting from a failure in communication between a client and a registered practitioner is not unavoidable delay.²⁴ Specifically, delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 U.S.C. § 41(c), and 37 CFR 1.378(b).²⁵ Furthermore, while petitioner allegedly chose to rely upon counsel, such reliance *per se* does not provide petitioner with a showing of unavoidable delay within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b).²⁶ Rather, reliance merely shifts the focus of the inquiry from petitioner to whether the practitioners acted reasonably and prudently.²⁷ Nevertheless, petitioners are bound by any errors that may have been committed by counsel.²⁸ Petitioners should also note that the U.S. Patent and Trademark Office is not the proper forum for resolving disputes between patentees and their representatives.

Petitioners are reminded that any errors or omissions of Brunton did not relieve petitioners from their obligation to exercise diligence with respect to this patent.²⁹ In the absence of an adequate showing of petitioners' diligence in this matter

²⁴ In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988).

²⁵ See Ray, at 619, 34 USPQ2d at 1789.

²⁶ See California Medical Products v. Technol Med. Prod, 921 F. Supp. 1219, 1259. (D. Del. 1995).

²⁷ Id.

²⁸ California, *supra*.

²⁹ Douglas v. Manbeck, 1991 U.S. Dist. LEXIS 16404, 21 USPQ2d 1697, 1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (applicant's failure over two and one half year period, to exercise any diligence in prosecuting his application overcame and superseded any omissions on the part of his representative).

throughout the period in question, the actions or inactions of the registered practitioners will remain imputed to petitioners.³⁰

In view of Walker's unhappy written dissociation from Balboa in August of 2000, Boylan, as a reasonable and prudent individual in the conduct of his most important business, would not have entrusted his most important business (i.e., tracking and timely payment of the maintenance fee in the present patent) to Walker. Further, with regard to petitioners' claim of "chaotic circumstances" a delay resulting from a lack of knowledge or improper application of the patent statute, rules of practice, or the MPEP does not constitute an "unavoidable" delay.³¹ Petitioners' preoccupation with other matters which took precedence over the above-identified maintenance fee does not constitute unavoidable delay.³²

Lastly, petitioners assert a breach of fiduciary duty by Walker in that "[p]etitioner reasonably expected that Walker would give accurate information regarding the due dates for the payment of the maintenance fees." Specifically, petitioners assert that "Walker, as a departing member of the management team, had a fiduciary obligation to the Company, which he never fulfilled." While Walker may have had some fiduciary obligation to Balboa, the showing of record does not support a finding that such obligation extended to tracking and paying the maintenance fees for the present patent. At the outset, as stated previously, it was Hansen, not Walker, who received notification of the patent issuance, and the patent application file, from Fulwider. Additionally, in light of the showing Walker stepped down as a corporate officer and director in 1998, shortly after the patent had issued, and had resigned in writing from any obligation to the company in August, 2000, nearly a year before the maintenance fee was due, the showing of evidence that Walker was responsible for the payment of this maintenance fee is extremely weak.

While petitioners cite several cases which petitioners argue support granting this petition on the basis of "equitable principles". *In re Lonardo*³³ dealt with the conduct of an attorney representing the patent owner. Walker, however, was

³⁰ See *In re Lonardo*, 17 USPQ2d 1455 (Comm'r Pat. 1990).

³¹ See *Haines v. Quigg*, 673 F. Supp. 314, 317, 5 USPQ 1130, 1132 (N.D. Ind. 1987), *Vincent v. Mossinghoff*, 230 USPQ 621, 624 (D.D.C. 1985); *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 (1891).

³² See *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, ¶2 (D.C. Cir. 1982).

³³ 17 U.S.P.Q.2d 1455 (Comm'r Pat. 1990).

neither an attorney nor a representative of Balboa. *Futures Technology v. Quigg*,³⁴ is similarly unpersuasive, as while Walker may have been an equitable owner of the patent, insomuch as he was a shareholder in Balboa, there is no evidence of any agreement, express or otherwise, by which Walker agreed to pay the maintenance fee in the present patent. Petitioners' argument, if accepted, would extend responsibility for payment of maintenance fees to each and every shareholder of a closely held corporation, regardless of whether an agreement to pay said maintenance fees by the shareholder existed.

In summary, while this is an unfortunate situation in that Walker and Balboa had an unhappy parting, the responsibility remained with Balboa to track and pay this maintenance fee.

With regard to period (2) petitioner Boylan's statement in the original petition that for the first 30 days after he learned that the patent was expired, he was concentrating on other duties and did not immediately take steps to prepare and file a petition to reinstate the present patent. This suggests, that, rather than unavoidable delay, petitioners were preoccupied with other matters during the time the first maintenance fee on the present patent was due. Petitioners' preoccupation with other matters which took precedence over the present patent does not constitute unavoidable delay.³⁵

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.³⁶ 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 second maintenance fee for this patent.³⁷ Petitioner is reminded that 37 CFR 1.378(b)(3) is a validly promulgated regulation, as is the requirement therein for a showing of the steps taken to pay the fee.³⁸ In this instance, there is no showing that anyone took any steps to schedule and pay the first maintenance fee. In the

³⁴ 684 F.Supp. 430 (E.D. Va. 1988).

³⁵ See *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

³⁶ *Ray*, 55 F.3d at 609, 34 USPQ2d at 1788.

³⁷ *Id.*

³⁸ *Ray*, 55 F.3d at 609, 34 USPQ2d at 1788.

absence of a showing of the steps taken, 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee.³⁹

That no one may have been aware of the need to pay the fee is unavailing, as neither the patentee nor the assignee were entitled to personalized notice from the USPTO that the patent would expire if the maintenance fee were not paid. That is, a lack of knowledge of the need to pay the maintenance fee, or a lack of receipt of any reminder, does not constitute unavoidable delay.⁴⁰ Under the statutes and regulations, the Patent and Trademark Office has no duty to notify patentee of the requirement to pay maintenance fees or to notify patentee when the maintenance fee is due. While the PTO mails reminders strictly as a courtesy, it is solely the responsibility of the patentee to ensure that the maintenance fee is timely paid to prevent expiration of the patent. The failure to receive the reminder does not relieve the patentee of the obligation to timely pay the maintenance fee, nor will it constitute unavoidable delay if the patentee seeks reinstatement under the regulation.⁴¹ Moreover, a patentee who is required by 35 USC 41(c)(1) to pay a maintenance fee within four years of the patent grant, or face expiration of the patent, is not entitled to any notice beyond that provided by publication of the statute.⁴² That Mr. Walker may have concealed the existence of this patent from Balboa is likewise unpersuasive of unavoidable delay. As the Court noted in *Sontag Chain Stores Co. v. National Nut Co.*,⁴³ upon issuance of a patent and its recordation in the Patent Office, "constructive notice of [its] existence goes thus to all the world." Balboa has not shown that it was "unavoidably" prevented from obtaining information regarding its own patent issued to itself as the assignee of the entire interest.

In summary, the showing of record is inadequate to establish unavoidable delay. Petitioners have not shown that either counsel or assignee Balboa had docketed the patent for payment of the first maintenance fee in a reliable tracking system. Rather, than unavoidable delay, the showing of record is that petitioners

³⁹ See also *R.R. Donnelley & Sons Company v. Dickinson*, 123 F.Supp.2d 456, 57 USPQ2d 1244 (N.D.Ill. 2000) (delay not unavoidable where responsible party fails to itself implement, or obligate another to have, steps in place to pay maintenance fee).

⁴⁰ See *In re Patent No. 4,409,763* 7 USPQ2d 1798 (Comm'r Pat. 1988), *aff'd Rydeen v. Quigg*, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd without opinion* (Rule 36), 937 F.2d 623 (Fed. Cir. 1991), *cert. denied*, 60 U.S.L.W. 3520 (January 27, 1992).

⁴¹ *Rydeen, Id.*

⁴² *Ray*, 55 F.3d at 610, 34 USPQ2d at 1789.

⁴³ 310 U.S. 281, 295, 45 USPQ 448 (1940).

failed to take adequate precautions to ensure that maintenance fees were timely paid. Nor have petitioners shown that Walker was under any obligation, or had any agreement, to track and pay the maintenance fee for the present patent. As petitioners have not shown that they exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition will be denied.⁴⁴

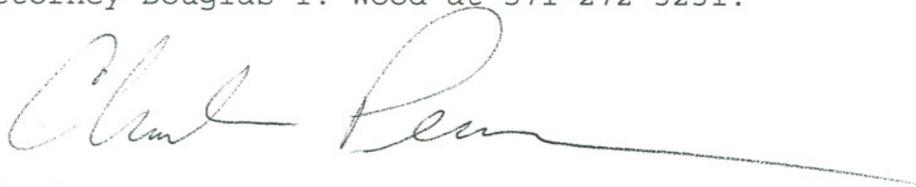
CONCLUSION

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

Since this patent will not be reinstated, the maintenance fee(s) and surcharge fee(s) submitted by petitioner will be refunded by treasury check. The \$400.00 fee for reconsideration will not be refunded.

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

Telephone inquiries should be directed to Senior Petitions Attorney Douglas I. Wood at 571-272-3231.



Charles A. Pearson
Director, Office of Petitions
Office of the Deputy Commissioner
for Patent Examination Policy

⁴⁴ See note 7, supra.