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In re Patent No. 5,742,111 :
Issue Date: April 21, 1998 :
Application No. 08/588,342 : ON PETITION
Filed: January 18, 1996 :
Attorney Docket No. SUR320/95855 :

This is a decision on the Response to Request to Accept Renewed Petition and Reconsideration, filed October 20, 2008, 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 April 21, 1998. The first maintenance fee could have been paid from April 21, 2001, through October 21, 2001, or with a surcharge during the period from October 22, 2001 through April 21, 2002. Accordingly, the patent expired at midnight April 21, 2002, for failure to timely submit the three and one-half year maintenance fee.

A first petition to accept the three and one-half year maintenance fee as unintentionally delayed under 37 CFR 1.378(c) was filed October 26, 2007 and was dismissed as time barred in a Decision mailed June 4, 2008. A first petition to accept the three and one-half year maintenance fee as unavoidably delayed under 37 CFR 1.378(b) was filed August 4, 2008 and was dismissed in a Decision mailed September 5, 2008. The instant renewed petition under 37 CFR 1.378(e) was filed October 20, 2008.

Petitioner requests reconsideration of the Decision mailed September 5, 2008. Petitioner states that the delay was unavoidable due to the fact that investors had agreed to pay the maintenance fees and failed to do so. Further, the assignee had no money to pay the maintenance fees themselves.

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). Petitioner submits that the assignee, Surge Power Corporation (SPC) had no funds to pay maintenance fees and had therefore acquired investors who agreed to pay maintenance fees. The investors failed to carry out their responsibilities and the first maintenance fee was not paid. Therefore, the expiry of the instant patent was unavoidable. Petitioner has not met her 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.

Petitioner asserts she entered into an agreement with Green Heaven International (GHI) and Mag Tech to pay the fees but they failed to do so. Petitioner also mentions that the assignee, SPC, has it's shares owned by NRG Enterprises but no further mention is made of Mag Tech or NRG in any of the petitions.

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. Petitioner clearly indicates that she was aware that maintenance fees were due at three and one-half, seven and one-half and eleven and one-half years from the date of issue. Petitioner indicates that she gave full responsibility to GHI to track and pay all maintenance fees. Petitioner had no system in place to track due dates and verify payment of the maintenance fees. In fact, petitioner was not aware that maintenance fees had not been paid until August of 2008, over six years after the due date for the first maintenance fee.

The record further 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 inquiries into the status of the application coupled with affirmative misrepresentations by its fiduciary as to its true status which prevented more timely action showed 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 patent owner to itself track or obligate another to track the maintenance fee and its failure to exercise diligence for a period of seven years, precluded acceptance of the maintenance fee); MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va

2004)(passive reliance on 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, supra (delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees, no inquiry by patent holder of responsible party or Patent and Trademark Office as to whether maintenance fees would, or already had been paid). The delay was not unavoidable.

Petitioner raises two issues to support unavoidable delay in timely payment of the first maintenance fee, the first being lack of funds to pay the maintenance fees and the second being total dependence on GHI to pay the fees.

Petitioner states that the assignee had no funds to pay the maintenance fees. When asked to provide supporting documentation in the petition decision mailed September 5, 2008, petitioner indicated in the renewed petition that since SPC had no funds, they kept no bank accounts. This showing of lack of funds is insufficient as bank accounts are but one form of showing financial condition. The decision of September 5, 2008 stated that documentation of a showing of financial condition should include all income, expenses, assets, credit and obligations. While petitioner stated SPC had no funds to pay the maintenance fee, petitioner goes on to state that she personally took responsibility to pay out of her personal funds to avoid loss of patent rights (this is taken to mean petitioner provided the funds for the petition fees and the maintenance fee included with the first petition). It is noted that petitioner, Evelyn Reed, is also president of the assignee, SPC. Therefore the record is not sufficient to show financial condition made the delay in payment of the maintenance fee unavoidable.

According to the petition, assignee sought outside funding for their patent and entered into an agreement with GHI to pay fees including the maintenance fees. According to the petition, GHI failed to carry out any of it's obligations including payment of any maintenance fees for the above identified patent. Petitioner indicates that while she was aware of the need to pay maintenance fees and when they were due, she gave full responsibility of tracking and payment of the fees to GHI. For unknown reasons, it was apparently GHI's intent to neither track nor pay the required maintenance fees.

If GHI was responsible for paying the maintenance fee, petitioner must show that the responsible party (GHI) had steps in place to pay the maintenance fee. 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, in this instance, GHI. 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 proffered no showing that GHI had any steps in place to pay the maintenance fee.

Petitioner has failed to prove any steps were in place to ensure maintenance fees would be timely paid for the instant patent. 37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include a showing "enumerate[ing] the steps taken to ensure timely payment of the maintenance fee." Petitioner has not shown that timely payment of the maintenance fees was a goal of GHI. Therefore neither petitioner nor GHI took any steps with the intent of ensuring maintenance fees would be timely paid for the instant patent. Since no steps were taken, 37 CFR 1.378(b) precludes acceptance of the delayed payment of the maintenance fee.

DECISION

Petitioner has failed to meet her 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.

Telephone inquiries should be directed to Carl Friedman at (571) 272-6842.

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