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In re Patent No. 4,491,322
Issue Date: January 1, 1985
Application No. 06/512,584
Filed: July 11, 1983
Patentee: Karl J. Heilman

: OFFICE OF PETITIONS
: A/C PATENTS
: ON PETITION
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This is a decision on the petition under 37 CFR 1.378(e), filed November 10, 1997, requesting reconsideration of a prior decision which refused to accept under 37 CFR 1.378(b) or 1.378(c) the delayed payment of a maintenance fee and reinstate the above-identified patent.

The request to accept the delayed payment of the maintenance fee and reinstate the above-identified patent is **DENIED**.

BACKGROUND

The above-identified patent (U.S. Patent No. 4,491,322) issued on January 1, 1985. The first maintenance fee was timely paid. Therefore, the second maintenance fee could have been paid during the period from January 2, 1992 (January 1, 1992 being a federal holiday) through July 1, 1992, or with a surcharge during the period from July 2, 1992 through January 4, 1993 (January 1, 1993 being a federal holiday and January 2, 1993 being a Saturday). The second maintenance fee for the above-identified patent, however, was not timely paid. Accordingly, the above-identified patent expired at midnight on January 1, 1993.¹

¹ While 35 U.S.C. § 21 and 37 CFR 1.7 operate to extend the period during which the maintenance fee (and any required surcharge) may be timely paid, they do not operate to extend the expiration date of the patent when the maintenance fee (and any required surcharge) is not timely paid. See MPEP 2506.

A petition under 37 CFR 1.378(b) and 1.378(c) was filed on May 12, 1997, and was dismissed in the decision of September 23, 1997. The instant petition was filed on November 10, 1997, and requests reconsideration of the decision of September 23, 1997, and acceptance of the delayed payment of a maintenance fee for and reinstatement of the above-identified patent.

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) provides that:

The Commissioner 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 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 Commissioner to have been unavoidable. The Commissioner 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 Commissioner 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 provides that:

(a) The Commissioner may accept the payment of any maintenance fee due on a patent after expiration of the patent if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Commissioner to have been unavoidable (paragraph (b) of this section) or unintentional (paragraph (c) of this section) and if the surcharge required by § 1.20(i) is paid as a condition of accepting payment of the maintenance fee. If the Commissioner accepts payment of the maintenance fee upon petition, the patent shall be considered as not having expired, but will be subject to the conditions set forth in 35 U.S.C. 41(c)(2).

(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)-(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.

(c) 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.

(d) Any petition under this section must be signed by an attorney or agent registered to practice before the Patent and Trademark Office, or by the patentee, the assignee, or other party in interest.

(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. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(h). After decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Commissioner. 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

Petitioner, Ferrari Importing Company (Ferrari Importing), asserts, *inter alia*, that: (1) the above-identified patent was assigned by the patentee to Ferrari Importing in April of 1988; (2) this assignment was recorded in the Patent and Trademark Office (Office) on May 10, 1988; (3) a power of attorney with a change of correspondence address dated June 21, 1988 was submitted to the Office;² (4) the first maintenance fee was submitted to the Office on behalf of petitioner by Hymen Diamond (Diamond) on July 11, 1988; (5) Diamond notified Harry Ferrari by a letter dated December 20, 1990 that a maintenance for the above-identified patent was due before July 1, 1992; (6) Ron Carr (Carr) instructed Diamond by a letter dated March 19, 1991 to, *inter alia*, pay the second maintenance fee for the above-identified patent; (7) payment of the second maintenance fee for the above-identified patent was postponed in reliance upon receipt of the Maintenance Fee Reminder as such payment was nearly seventeen months premature; and (8) Diamond never received the Maintenance Fee Reminder for the second maintenance fee or Notice of Patent Expiration, and was not reminded by Carr or anyone else at Ferrari Importing to pay the second maintenance fee for the above-identified patent. See petition of May 12, 1997 at 2-5 (and attached Exhibits 1-10). Petitioner argues, *inter alia*, that its (or its representatives) reliance upon receipt of the Maintenance Fee Reminder was reasonably prudent because: (1) the first maintenance fee was submitted by Diamond on behalf of petitioner and accepted by the Office; (2) Diamond filed, *inter alia*, a change of correspondence address in 1988; and (3) petitioner's experience in the past with the Maintenance Fee Reminder practice was flawless.

With regard to the petition under 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b), the Commissioner may accept the payment of any maintenance fee required by 35 U.S.C § 41(b) at any time after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable. See 35 U.S.C. § 41(c)(1).

² The power of attorney with a change of correspondence address dated June 21, 1988 was filed on July 14, 1988 and is of record in the file of the above-identified patent. It appears that the change of correspondence address filed on July 14, 1988 was entered, but was superseded by the entry of a change of correspondence address (unsigned) filed on April 8, 1991 on behalf of Senniger, Powers, Leavitt & Roedel.

As the language in 35 U.S.C. § 41(c)(1) is identical to that in 35 U.S.C. § 133 (i.e., "unavoidable" delay), a delayed maintenance fee is considered under the same standard as that 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) (citing In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd, 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)). 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 (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).

Petitioner has failed to carry its burden of proof to establish to the satisfaction of the Commissioner that the delay in payment of the second maintenance fee for the above-identified patent was unavoidable within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3).

The clear showing of record is that petitioner's (Ferrari Importing's) representative (Diamond) was instructed in March of

1991 to pay the second maintenance fee for the above-identified patent. There is, however, no showing that petitioner's representative (Diamond) took any steps, other than to await receipt of a Maintenance Fee Reminder, to docket or calendar the payment of the second maintenance fee for the above-identified for any date between January 2, 1992³ (when the maintenance fee was payable) and January 4, 1993 (when the maintenance fee was due with a surcharge).

The second maintenance fee is due seven years and six months after the date of the patent grant. See 35 U.S.C. § 41(b)(2). Each maintenance fee, however, may also be paid within a grace period of six months after the fee is due. See 35 U.S.C. § 41(b). The Office attempts to notify patentees that a maintenance fee payment is past due by mailing a Maintenance Fee Reminder during the grace period. See MPEP 2575. While it may be the practice of petitioner's representative to await a Maintenance Fee Reminder (and to pay the surcharge under 37 CFR 1.20(h)), such a Maintenance Fee Reminder is not mailed until after a maintenance fee is past due under 35 U.S.C. § 41(b)(1)-(3).

A practitioner's reliance upon receipt of a Maintenance Fee Reminder for timely payment of a maintenance fee cannot be characterized as the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business. See Pratt, 1887 Dec. Comm'r Pat. at 32-33. First: The regulations promulgated by the Office in 1984 concerning the payment of maintenance fees clearly advised the public that Maintenance Fee Reminders would be mailed merely as a courtesy, and that these notices, errors in the notices, or lack of notices would not relieve patentees of the burden of monitoring the due dates for payment of maintenance fees. See Final Rules for Patent Maintenance Fees; Final Rule Notice, 49 Fed. Reg. 34716, 34722-23 (August 31, 1984), 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). Second: The Office has refused to consider a patentee's failure to receive a Maintenance Fee Reminder to constitute unavoidable delay under 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b) (see Patent No. 4,409,763, 7 USPQ2d at 1800-01), and this decision has been upheld on judicial review. See Rydeen, 748 F. Supp. at 905-07, 16 USPQ2d 1880-82. The delay resulting from petitioner's (or petitioner's representative's) decision to rely upon receipt of a Maintenance

³ While petitioner argues that the instructions from Carr were seventeen months premature, they were in fact provided only ten months before the second maintenance fee was first payable (in January of 1992).

Fee Reminder in the face of these repeated admonitions by the Office cannot reasonably be characterized as unavoidable delay under 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b). See Vincent v. Mossinghoff, 230 USPQ 621, 624 (practitioner's failure to heed unambiguous Office warnings does not constitute unavoidable delay).

Petitioner's arguments based upon Smith v. Mossinghoff, Commissariat A L'Energie Atomique v. Watson, 274 F.2d 594, 124 USPQ 126 (D.C. Cir. 1960), Mattullath, Henrich, and Pratt have also been considered; however, these decisions do not warrant granting the instant petition under 37 CFR 1.378. Petitioner's reliance upon the specific facts of these decisions is questionable, inasmuch as paying the fees required for issuance (35 U.S.C. § 151) and maintenance (35 U.S.C. § 41(b)) of a patent do not require the legal effort necessary for prosecuting an application to avoid abandonment under 35 U.S.C. § 133. See Brenner v. Ebbert, 398 F.2d 762, 764, 157 USPQ 609, 611 (D.C. Cir. 1968). Petitioner's arguments also fail to appreciate that prosecuting an application under 35 U.S.C. § 133 and paying the issue fee under 35 U.S.C. § 151 involve reply to an action or notice by the Office, where paying a maintenance fee under 35 U.S.C. § 41(b) merely involves paying fees at specified times to maintain a patent in force. See Ray, 55 F.2d at 609, 34 USPQ2d at 1788. The salient point remains that the delay at issue was caused by petitioner's (or petitioner's representative's) imprudent reliance upon receipt of a Maintenance Fee Reminder, and it is well established that a delay caused by a registered practitioner's failure to follow the published admonitions of the Office does not constitute unavoidable delay. See Vincent v. Mossinghoff, 230 USPQ at 624; see also 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).

Assuming, *arguendo*, that the Office has a duty to provide notice that a maintenance fee is due, petitioner was still given two (2) notices of the need to timely pay maintenance fees to maintain the above-identified patent in force. First: The Letters Patent contains a Maintenance Fee Notice that warns that the patent may be subject to maintenance fees if the application was filed on or after December 12, 1980. Accordingly, a reasonably prudent patentee would have inquired to see if his or her patent was subject to maintenance fees. See Ray, 55 F.3d at 610, 34 USPQ2d at 1788. Second: A notice that the maintenance fee due at seven years and six months from the issue date was now payable for utility patents having patent numbers between 4,490,855 through 4,491,984 was published in the Official Gazette at 1134 Off. Gaz.

Pat. Office 601 (January 7, 1992). See Patent No. 4,409,763, 7 USPQ2d at 1801.

The issue is not whether the Office gave petitioner or its representative adequate notice that a maintenance fee was due in July of 1992 for the above-identified patent; petitioner and its representative were both aware that a second maintenance fee for the above-identified patent was due on July 1, 1992. See petition of May 12, 1997 at 4. Petitioner's representative simply failed to take reasonable steps to ensure that this maintenance fee would be paid timely. Petitioner (Ferrari Importing), however, is bound by the consequences of the actions or inactions of its voluntarily chosen representative. See Link v. Wabash, 370 U.S. 626, 633-34 (1962); see also Haines, 673 F. Supp. at 317, 5 USPQ2d at 1132.

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. There is, however, no showing that petitioner took any steps to docket, calendar, schedule, or otherwise track the due dates of the maintenance fees for the above-identified patent. As the record fails to disclose that the patentee took any (much less reasonable) steps to ensure timely payment of the maintenance fee, 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee for the above-identified patent.

With regard to the petition under 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c), the Commissioner may accept the payment of any maintenance fee required by 35 U.S.C. § 41(b) within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unintentional. See 35 U.S.C. § 41(c)(1).

The six month grace period ended and the above-identified patent expired on January 1, 1993. The second maintenance fee and petition under 37 CFR 1.378(c), however, was not filed until May 12, 1997, more than fifty-two (52) months after the expiration of the six-month grace period specified in 35 U.S.C. § 41(b). Thus, the instant petition under 37 CFR 1.378(c) was not filed within

the twenty-four (24) month period specified in 35 U.S.C. § 41(c)(1).

Petitioner argues the Notice of Patent Expiration was not received by petitioner (or its representative), and that a petition under 37 CFR 1.378(c) would have been timely filed under 35 U.S.C. § 41(c)(1) had petitioner or its representative been timely notified of the expiration of the above-identified patent. The twenty-four (24) month period in 37 CFR 1.378(c) is a requirement of statute. See 35 U.S.C. § 41(c)(1). It is axiomatic that the Commissioner lacks the authority to waive or ignore a requirement of statute. See 37 CFR 1.183; see also Brenner v. Ebbert, 398 F.2d at 764, 157 USPQ at 610 (the Commissioner has no authority to accept the issue fee outside the period specified by statute). Therefore, the Commissioner lacks the authority to waive or ignore the twenty-four (24) month filing period requirement in 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c).

CONCLUSION

35 U.S.C. § 41(c)(1) authorizes the Commissioner to accept a delayed maintenance fee payment within twenty-four (24) months after the expiration of the six-month grace period specified in 35 U.S.C. § 41(b) if the delay is shown to have been unintentional, and authorizes the Commissioner to accept a delayed maintenance fee payment at any time if the delay is shown to have been unavoidable. Thus, 35 U.S.C. § 41(c)(1) does not authorize the Commissioner to accept a delayed maintenance fee payment later than twenty-four (24) months after the expiration of the six-month grace period specified in 35 U.S.C. § 41(b) unless the delay is shown to have been unavoidable.

For the reasons stated above: (1) petitioner has failed to carry its burden of proof to establish to the satisfaction of the Commissioner that the delay in payment of the second maintenance fee for the above-identified patent was unavoidable within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b); and (2) the instant petition under 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c) was not filed within twenty-four (24) months after the expiration of the six-month grace period specified in 35 U.S.C. § 41(b).

Accordingly, 35 U.S.C. § 41(c)(1) precludes acceptance of the delayed payment of the maintenance fee for the above-identified patent.

The instant petition under 37 CFR 1.378(e) is granted to the extent that the decision of September 23, 1997 has been


reconsidered; however, the request to accept the delayed payment of the maintenance fee for the above-identified patent is **DENIED**.

Since the above-identified patent will not be reinstated, the \$4,845.00 in maintenance fees and surcharges submitted by petitioner will be refunded to Deposit Account No. 04-1000.

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

Telephone inquiries regarding this decision should be directed to Robert W. Bahr at (703) 305-9282.

The patent file is being returned to Files Repository.


Manuel A. Antonakas, Director
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