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OFFICE OF PETITIONS
A/C PATENTS

In re Patent No. 4,535,259 :
Issue Date: August 13, 1985 :
Application No. 06/389,819 :
Filed: June 18, 1982 :
Inventor: George Smarandoiu et al. :

ON PETITION

This is a decision on the petition under 37 CFR 1.378(e), filed September 29, 1997, requesting reconsideration of a prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent.

The request to accept the delayed payment of the maintenance fee under 37 CFR 1.378(b) is DENIED.

BACKGROUND

The patent issued August 13, 1985. The second maintenance fee due could have been paid during the period from August 13, 1992 through February 15, 1993 (February 13, 1993 being a Saturday), or with a surcharge during the period from February 16, 1993 through August 13, 1993. Accordingly, the patent expired after midnight, August 13, 1993 for failure to timely pay the second maintenance fee. 37 CFR 1.362(g).

A petition under 37 CFR 1.378(b) to accept late payment of the maintenance fee was filed April 3, 1997, and was dismissed in the decision of July 21, 1997.

The instant petition under 37 CFR 1.378(e) requesting reconsideration of the decision of July 21, 1997 was filed on September 29, 1997. Accompanying the petition was a declaration of James C. Brooks (Brooks) accompanied by exhibits A-H.

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

"The Commissioner may accept the payment of any

maintenance fee required by subsection (b) of this section... after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable."

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 under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable." 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 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. 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). 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 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. Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

Petitioner (Atmel, the successor in title to Seeq as of April 1994) urges that the decision of July 21, 1997 be reconsidered in that adequate steps were taken to ensure that maintenance fees would be paid in a timely fashion and that, but for an unavoidable clerical error, the failure to pay the second maintenance fee would not have occurred.

Petitioner has not carried the burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable.

Initially, Petitioner contends that petitioner became owner of the entire interest of this patent in April 1994, which however, is subsequent to the date of expiration of the patent. As there is no adequate evidence that petitioner had a legal or equitable interest in the patent during the one year period that the maintenance fee could have been paid, petitioner's actions during this period are immaterial to a finding of unavoidable delay. See, Kim v. Quigg, 718 F.Supp. 1280, 12 USPQ2d 1604 (E.D. Va 1989). Rather, petitioner is bound by the actions or inactions of the responsible party(s) regarding the maintenance fee for this patent prior to April 1994, unless petitioner can establish that petitioner had some legal or equitable interest in this patent prior to April 1994. Kim supra. As such, petitioner is bound by the delay resulting from Seeq's or Seeq's counsel D'Alessandro's, business decisions, actions, or inactions, including those business decisions, actions, or inactions which led to the failure to schedule and pay the maintenance fee. See Winkler v. Ladd, 221 F.Supp. 550, 552, 138 USPQ 666, 667 (D.D.C. 1963).

The showing of record indicates that the assignee of record Seeq Technology, Inc. (Seeq), shifted responsibility for all of its maintenance fee docketing and payments to Kenneth D'Alessandro (D'Alessandro) in December of 1991. Seeq requested the transfer of all of its files on which maintenance fee docketing was being kept, from its previous attorney of record Lyon & Lyon, to D'Alessandro who had recently left Lyon & Lyon. D'Alessandro was already handling all of Seeq's patent prosecution work. At the time of this request, Seeq had twenty-two patent files on record with Lyon & Lyon. For reasons which remain unclear to Lyon &

Lyon, as stated by James Brooks (Brooks) of Lyon and Lyon, only fourteen of these files were transferred to D'Alessandro. The file which is the subject of the instant petition was not among these fourteen files. Petitioner, as Seeq's successor in interest, through corporation counsel Thomas Schneck (Schneck), discovered the failure to pay the second maintenance fee when Schneck attempted to pay the third maintenance fee.

At the time that the second maintenance fee was first due and payable, D'Alessandro had been given responsibility for it by Seeq. In fact, D'Alessandro had held this responsibility for nearly eight months. Petitioner's focus on the "able and effective" maintenance fee docketing and file transfer system of Lyon and Lyon, and its breakdown in this one instance does not satisfy the requirement for a satisfactory showing of the procedures that Seeq and their representative D'Alessandro had in place to ensure timely payment of maintenance fees. Rather, when the issue of reinstatement is addressed, the focus must be on the rights of the parties as of the time prior to the expiration. See Kim v. Quigg, supra. At the time the second maintenance fee was due and payable, Lyon & Lyon had no responsibility in the matter. It was up to Seeq and its appointed attorney D'Alessandro to exercise the due care and diligence generally used and observed by prudent and careful men in relation to their most important business to ensure that maintenance fees were timely paid. Moreover, as Seeq advised Lyon & Lyon on December 18, 1991 that Seeq would rely upon D'Alessandro for maintenance fee payments for this patent, then the focus of the inquiry shifts to whether D'Alessandro, not Lyon & Lyon (or Seeq), acted reasonably and prudently. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Furthermore, while Seeq chose to rely upon D'Alessandro, such reliance *per se* does not provide Seeq (or petitioner) with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). Id. Nevertheless, as Seeq chose D'Alessandro, petitioner, as the successor in title to Seeq, is bound by any errors that may have been committed by D'Alessandro (and Seeq). Winkler, supra.

Seeq, as assignee, and D'Alessandro as counsel, acting as prudent and careful men should have taken steps to ensure that D'Alessandro possessed all of the files with which Seeq was concerned. At the very least, such steps would have involved communicating with one another, and possibly with the firm of Lyon and Lyon, as to the number of files which Seeq had, and intended to become D'Alessandro's responsibility. Merely relying

on the former law firm to forward all files without even knowing what files existed does not show reasonable prudence and care. Even had Lyon & Lyon properly forwarded all files to D'Alessandro there was no system in place by either Seeq or D'Alessandro to ensure that all necessary files had arrived. Seeq should have informed D'Alessandro of all of the files it had on record with Lyon and Lyon, and D'Alessandro should have confirmed the number and nature of all the files with which Seeq was entrusting him. The fact that eight of Seeq's files never made it into D'Alessandro's possession from Seeq's previous attorney, and that this fact was never discovered by Seeq or D'Alessandro militates away from any finding that Seeq and D'Alessandro acted in a manner that was reasonably prudent and careful.

Even assuming arguendo that Seeq and D'Alessandro exercised reasonable care in relying on Lyon and Lyon to properly handle all facets of the transfer, there is no record that Lyon & Lyon provided an itemized list of the transferred files to D'Alessandro. Brooks states that normal Lyon & Lyon transfer procedure dictates that a cover letter to the new attorney be prepared, which identifies the transferred file wrappers. However, neither Brooks nor D'Alessandro have provided any record that this procedure was in fact followed, or that either communicated with the other as to the identities of the files being transferred. A transfer procedure that fails to identify the files being transferred, and only results in the successful transfer of fourteen of twenty-two files, cannot be said to be a procedure which reasonably prudent persons would rely upon with regard to their most important business.

The showing of record is that the failure among all parties to communicate with regard to what files were being transferred resulted in the failure to pay the maintenance fee in a timely fashion. Delay resulting from a lack of proper communication between a patentee and that patentee's representative(s) as to the responsibility for scheduling and payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). See, In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988). Specifically, delay resulting from a failure in communication between a representative and his client regarding a maintenance fee payment is not unavoidable delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(b). Ray, 55 F.3d at 610, 34 USPQ2d at 1789. That all parties failed to take adequate steps to ensure that each fully understood the other party's meaning, and thus, their own obligation in this matter, does not reflect the due care and diligence of prudent and careful persons with respect to their most important business

within the meaning of Pratt, supra.

The Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the client, and client is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962). Specifically, petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133 or 37 CFR 1.137(a). Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987); 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).

Petitioner, citing In re Lonardo, 17 USPQ2d, 1455 (Comm'r Pat. 1990), asserts that Lyon and Lyon's mistake or inaction led to the failure to pay maintenance fees, and that such error should not be charged to petitioner. Petitioner relies on Lonardo for the proposition that petitioner may "demonstrate unavoidable delay based on effective procedures then in place."

Petitioner's reliance on Lonardo is not well taken. In Lonardo an application was held to be unavoidably abandoned in view of (1) a showing of diligent efforts by the applicant to obtain from his representative the status of the application, (2) a showing of affirmative misrepresentations as to the true status of the application by the representative, and (3) a showing of illness of the representative which caused or contributed to the misrepresentations. While a showing of illness may be deemed unnecessary, the showing of record fails to provide evidence of any inquiry being made with respect to this application ever, by Seeq, to their representative D'Alessandro. Furthermore, the showing of record fails to provide any evidence of misrepresentation on the part of D'Alessandro with regard to this case. Indeed, D'Alessandro was never even aware of the case. There is no record that Seeq made any inquiries to D'Alessandro concerning the patent which is the subject of this petition. Obviously then, there is no showing of affirmative misrepresentations by Seeq's representative D'Alessandro.

Petitioner further argues that D'Alessandro was only chargeable with maintaining the patents and patent application files actually transferred to him by Lyon and Lyon, and that Lyon and Lyon retained responsibility for any remaining Seeq files. This position is completely at odds with the showing of record. Seeq's December 18, 1991 letter to Lyon & Lyon clearly states

that D'Alessandro will be handling all maintenance fees for Seeq, and that Lyon & Lyon is released from any further responsibility for such fees. Furthermore, petitioner is reminded that it was not necessary for D'Alessandro to possess the patent file to pay the maintenance fee.

Finally, petitioner's contention that Schneck had no reason to be alerted to the expired status of the patent is not persuasive. Petitioner again focuses on what was not in the summary memorandum of the '259 patent. This is exactly the point. Petitioner states that Schneck believed that Lyon & Lyon was responsible for the files in its possession including maintenance fee payments. Thus, Schneck would have believed that Lyon & Lyon would notate the summary memorandum according to its procedures. The summary memorandum of the '259 patent is notated to indicate that the first maintenance fee payment had been made, but there is no notation, where it should have appeared, that a second fee payment had been made, even though Schneck knew at the time he examined the '259 record, that such a payment should have been made. A prudent and careful person, faced with these facts, would at the least, have inquired as to this discrepancy, and would have learned of the true status of the second maintenance fee.

In determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray, at 608-609, 34 USPQ2d at 1787. A reasonably prudent patent holder would have exercised due care and diligence to ensure that adequate steps were taken to timely submit the maintenance fee. The record fails to adequately evidence that Seeq and their counsel D'Alessandro exercised the due care and diligence observed by prudent and careful persons, in relation to their most important business. Pratt, supra. This failure precludes a finding of unavoidable delay. See California, supra.

CONCLUSION

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

Since this patent will not be reinstated, petitioner may request a refund by treasury check in the amount of \$5810, (\$2050 for

second maintenance fee, \$3,080 for third maintenance fee, and \$680 for the "Late payment is unavoidable" surcharge), by enclosing a copy of this decision with a request for refund to the Office of Finance, Refund Section.

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

This file is being returned to the Files Repository.

Telephone inquiries related to this decision should be directed to Mark Graham at (703)305-9177, or in his absence, Special Projects Examiner Brian Hearn at (703) 305-1820.



Manuel Antonakas,
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