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In re Patent No. 4,544,600
Issue Date: October 1, 1985
Application No. 06/408,666
Filed: August 16, 1982
Inventor: George M. Kern

DECISION ON PETITION

This is a decision on the petition for reconsideration filed under 37 CFR 1.378(e) on November 19, 1998. The petition seeks reconsideration of a prior decision which refused to accept the delayed payment of the first, second, and third maintenance fees for the above-identified patent.

The request to accept the delayed payment of the maintenance fees is **denied**.

BACKGROUND

The patent issued October 1, 1985. Accordingly, the first maintenance fee could have been paid during the period from Monday October 3, 1988 (October 1, 1988 being a Saturday) through Monday April 3, 1989 (April 1, 1989 being a Saturday) or with a surcharge during the period from Tuesday April 4, 1989 through Monday October 2, 1989 (October 1, 1989 being a Sunday). Since no maintenance fee was forthcoming during these periods, this patent expired pursuant to 37 CFR 1.362(g) at midnight on October 1, 1989 for failure to timely pay the first maintenance fee. Petitioner attempted to pay the second maintenance fee on May 26, 1993, however as this patent was already expired, the second maintenance fee was credited to petitioner's deposit account. Petitioner attempted to pay the third maintenance fee on March 25, 1997; the Patent and Trademark Office (Office) returned petitioner's check with a Notification of Refund/Non-acceptance of Maintenance Fee.

The following facts are uncontroverted with respect to the abandonment of this patent: (1) the first maintenance fee was never paid for this patent; (2) the \$1000.00 (\$935.00 second maintenance fee and \$65.00 surcharge) submitted to the Office for the second maintenance fee on May 26, 1993 was credited to petitioner's deposit account, No. 23-

0813, on June 18, 1993; and (3) the \$1540.00 check submitted on March 25, 1997 for the third maintenance fee was refused by the Office and returned to petitioner with a Notification of Refund/Non-acceptance of Maintenance Fee on or about April 10, 1997.

The first petition to accept the delayed payment of the first and second maintenance fees was filed on August 18, 1997. In this petition, petitioner states the following facts:

- **The first maintenance fee.** The paralegal at petitioner's law firm at the time of the payment of the first maintenance fee followed established procedures to pay the first maintenance fee. Specifically, the paralegal mailed a letter to the applicant, Mr. Kern, on June 21, 1989 asking Mr. Kern for instruction on whether or not the first maintenance fee for this patent should be paid. If Mr. Kern wanted to pay the maintenance fee, Mr. Kern was to return the letter by September 1, 1989 with the appropriate payment. Petitioner explained that the returned letter has not been located.
- **The second maintenance fee.** Petitioner states that the same procedure was carried out with respect to the second maintenance fee as with the first, i.e., that a letter was sent to Mr. Kern on February 9, 1993 instructing Mr. Kern to submit the second maintenance fee payment by March 1, 1993. On this occasion, Mr. Kern returned the letter with the requisite maintenance fee which was submitted to the Office in the form of a negotiable instrument on May 26, 1993. Petitioner asserts that they did not know that this fee was refunded to Deposit Account No. 23-0813 until after petitioner attempted to pay the third maintenance fee. As a demonstration of the firm's belief that all fees for this patent were paid, petitioner provides a copy of a 3" x 5" card which records the dates of maintenance fees due and paid. On the card for this patent, the following maintenance fee dates are checked as matters being attended to: April 1, 1989, April 1, 1993, and April 1, 1997 (these dates represent the last day of the window period to pay the maintenance fee without a surcharge). While this card indicates that the second maintenance fee was paid, it does not indicate that the first or third maintenance fees were ever paid.
- **The third maintenance fee.** Petitioner states that the same procedure was carried out with respect to the third maintenance fee as with the first and the second, i.e., that a letter was sent to Mr. Kern on January 7, 1997 instructing Mr. Kern to submit the third maintenance fee payment by March 1, 1997. Mr. Kern returned this letter with the requisite maintenance fee which was submitted to the Office in the form of a negotiable instrument on March 25, 1997. Petitioner received the Notification of Refund/Non-Acceptance of Patent Maintenance Fee on April 10, 1997. Petitioner's state that this was the first time that they had any

indication that the subject patent had expired on October 1, 1989. Petitioner argues that based upon the facts presented, had the Patent and Trademark Office (Office) notified petitioner of the abandoned status of the application, petitioner would have timely filed a petition to accept the delayed payment of the first and second maintenance fee as there was never any intention to abandon this patent.

This first petition was dismissed by the Decision on Petition mailed September 14, 1998. Petitioner was informed in the Decision on Petition that the Office did not have a duty to inform petitioner as to the abandoned status of a patent. Because petitioner had notice of the abandonment via the listing of the abandoned file in the Official Gazette on October 1, 1989 and because petitioner had notice of the crediting of the second maintenance fee to petitioner's deposit account via the June 1993 Monthly Statement of Deposit Account (Deposit Account Statement) mailed from the Office, the delayed payment of the first and second maintenance fees were not found to be unavoidable.

With the instant renewed petition, petitioner presents a more detailed showing of the procedures employed by petitioner's law firm regarding the payment of maintenance fees. Petitioner cannot provide an explanation regarding the failure of the firm to notice that the first maintenance fee was never paid but argues that the failure to pay the first maintenance fee payment was an anomaly from the firm's regular practice. With respect to the second maintenance fee, petitioner provides a copy of all monthly Deposit Account Statements for the year 1993. The June 30, 1993 entry in the June 1993 Deposit Account Statement clearly shows the credits for the second maintenance fee and its accompanying surcharge (\$935.00 and \$65.00 respectively); both of these credits have "ok" written in next to them. The secretary/paralegal who okayed the second maintenance fee and surcharge credits states that she did so because the entries did not raise a "question" in her mind. She adds that if the entries had raised a question, she would have checked with one of the staff attorneys about the accuracy of the entry. *Declaration of Susan Feeney, page 2, paragraph 7 (November 19, 1998)*. Based upon petitioner's failure to realize Mr. Kern never returned the first maintenance fee letter and Ms. Feeney's failure to question the second maintenance fee credits, petitioner argues for the acceptance of the first, second, and third maintenance fees as unavoidably delayed.

STATUTE AND REGULATION

35 USC 41(c)(1) provides as follows:

"The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section... at any time 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

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 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)). Consequently, the Commissioner may revive an abandoned application or reinstate an expired patent if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable." 35 USC 133. 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 (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). The requirement in 35 USC 133 for a showing of unavoidable delay requires not only a showing that the delay which resulted in the abandonment of the application was unavoidable, but also a showing of unavoidable delay from the time an applicant becomes aware of the abandonment of the application until the filing of a petition to revive. See, In re Application of Takao, 17 USPQ2d 1155 (Comm'r Pat. 1990). Finally, a petition under 35 USC 133 cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable" within the meaning of 35 USC 133. Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

Petitioner has not demonstrated to the satisfaction of the Commissioner that the delay in payment of the second maintenance fee was unavoidable. With respect to the first maintenance fee, petitioner's procedures demonstrate an attempt to promptly notify Mr. Kern of the impending first maintenance fee due date. Petitioner's failure to follow up on applicant's nonresponse to this correspondence would have been excusable had petitioner been more alert to the status of this patent in the ensuing years. Most specifically, the credits of the second maintenance fee seen in the June 30, 1993 Deposit Account Statement should have instantly alerted petitioner that there was a potential problem with the subject patent.

A review of the June 1993 Deposit Account Statement shows the credits for the second maintenance fee and surcharge next to this patent number. Surely, it cannot be argued that reasonable and prudent measures would require each transaction to be matched against the appropriate case file to ensure that the fees have been appropriately charged or credited. Ms. Feeney, a secretary and paralegal in petitioner's law firm, states in her declaration that under practices in effect at the firm, she would "ok" entries which did not raise a "question" in her mind. Certainly, instructing an employee to "ok" financial entries without matching the entry to the actual transaction is not a reasonable and prudent practice with respect to one's "most important business." Had Ms. Feeney, or any other person at the firm, investigated these credits, it would have become apparent at the time of payment for the second maintenance fee that this application had become abandoned on October 1, 1989 for failure to pay the first maintenance fee.

A survey of petitioner's monthly Deposit Account Statements for 1993 reveal that these statements are not unduly large or cumbersome; indeed, each sheet shows no more than 15 entries. Accordingly, on a monthly basis, matching each charge or credit to its respective application or patent file would be a nominal task. In defense of the firm's practice with respect to the treatment of the monthly Deposit Account Statements, Ms. Feeney declares that two other "charge" entries show notations that indicate a follow up with one of the staff attorneys. While these notations indicate approvals of certain charges made to petitioner's deposit account, they do not demonstrate an established procedure at petitioner's law firm of diligently matching each transaction with its respective case. Accordingly, petitioner's showing does not demonstrate an "unforeseen fault or imperfection" of an ordinary and trustworthy means, agency, or instrumentality, rather, petitioner's showing demonstrates a failure to exercise the diligence "generally used and observed by prudent and careful men in relation to their most important business." Mattullath, 38 App. D.C. at 514-515.

CONCLUSION

Petitioner's failure to establish the necessary diligence with respect to the status of this patent subsequent to the attempted payment of the second maintenance fee precludes a finding of unavoidable delay under 35 USC 41(c) and 37 CFR 1.378(b). Because petitioner has not carried his burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable, the petition for reconsideration must be denied and the delayed payment of the first, second, and third maintenance fees for this patent will not be accepted. As stated in 37 CFR 1.378(e), this decision is a final agency action and no further reconsideration or review of this matter will be assumed.

This file is being forwarded to Files Repository.

Telephone inquiries concerning this matter should be directed to Petitions Attorney Karen Canaan at (703) 306-3313.



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