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Paper No. 11

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In re Patent No. 4,609,067 :
Issue Date: September 2, 1986 :
Application No. 06/732,243 : DECISION DENYING PETITION
Filed: May 8, 1985 :
For: HEAT SHIELD FOR A VEHICULAR :
MUFFLER :

This is a decision on the petition filed by facsimile transmission February 20, 1998, requesting a refund of the third maintenance fee for the above-identified patent.

The petition is DENIED.

## BACKGROUND

The above-identified patent (U.S. Patent No. 4,609,067) issued on September 2, 1986. The first and second maintenance fees were timely paid. Therefore, the third maintenance fee became payable on September 2, 1997, and was due on March 2, 1998.

Petitioner (McAndrews, Held & Malloy) asserts that (1) applicant does not desire to maintain the patent in force, (2) the $3610 payment was inadvertently submitted February 3, 1998, and (3) as the request for a refund is being made within two months of the fee payment, a refund is in order.

## STATUTE, REGULATION, AND EXAMINING PROCEDURE

35 U.S.C. § 6(a) provides, in part, that:

> The Commissioner...may, subject to the approval of the Secretary of Commerce, establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office.

35 USC § 41(b) states in pertinent part:

> The Commissioner shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:
>
> (1) 3 years and 6 months after grant, $650[$1050][1].
>
> (2) 7 years and 6 months after grant, $1,310[$2100].
>
> (3) 11 years and 6 months after grant, $1,980[$3160].
>
> Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period. The Commissioner may require the payment of a surcharge as a condition of accepting within such six-month grace period the late payment of an applicable maintenance fee. No fee will be established for maintaining a design or plant patent in force.

35 USC § 42(d) provides that:

> The Commissioner may refund any fee paid by mistake or any amount paid in excess of that required.

37 CFR 1.26(a) states in pertinent part that:

> Any fee paid by actual mistake or in excess of that required will be refunded, but a mere change of purpose after the payment of money, as when a party desires to withdraw an application, an appeal, or a request for oral hearing, will not entitle a party to demand such a return. Amounts of twenty-five dollars or less will not be returned unless specifically requested within a reasonable time, nor will the payer be notified of such amounts; amounts over twenty-five dollars may be returned by check or, if requested, by credit to a deposit account.

37 CFR 1.28(a) provides that:

> 1)The failure to establish status as a small entity (§§

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[1] As in effect October 1, 1997. See 37 CFR 1.20(e)-(g). The fees are subject to adjustments pursuant to 35 U.S.C. 41(f), and are reduced by one-half for small entities pursuant to 35 U.S.C. § 41(h). Thus, the third maintenance fee payable on the above-identified patent on February 3, 1998 was $3160.

1.9(f) and 1.27 of this part) in any application or patent prior to paying, or at the time of paying, any fee precludes payment of the fee in the amount established for small entities. A refund pursuant to § 1.26 of this part, based on establishment of small entity status, of a portion of fees timely paid in full prior to establishing status as a small entity may only be obtained if a statement under § 1.27 and a request for a refund of the excess amount are filed within two months of the date of the timely payment of the full fee. The two-month time period is not extendable under § 1.136. Status as a small entity is waived for any fee by the failure to establish the status prior to paying, at the time of paying, or within two months of the date of payment of, the fee.

37 CFR 1.362 states in pertinent part that:

d)Maintenance fees may be paid in patents without surcharge during the periods extending respectively from:

(1)3 years through 3 years and 6 months after grant for the first maintenance fee,

(2)7 years through 7 years and 6 months after grant for the second maintenance fee, and

(3)11 years through 11 years and 6 months after grant for the third maintenance fee.

e)Maintenance fees may be paid with the surcharge set forth in § 1.20(h) during the respective grace periods after:

(1)3 years and 6 months and through the day of the 4th anniversary of the grant for the first maintenance fee.

(2)7 years and 6 months and through the day of the 8th anniversary of the grant for the second maintenance fee, and

(3)11 years and 6 months and through the day of the 12th anniversary of the grant for the third maintenance fee.

OPINION

The applicable statute, 35 USC 42(d), authorizes the Commissioner to refund "any fee paid by mistake or any amount paid in excess of that required." Thus the patent and Trademark Office (PTO) may refund: (1) a fee paid when no fee is required (*i.e.*, a fee paid by mistake), or (2) any fee paid in excess of the amount of the fee that is required. See Ex Parte Grady, 59 USPQ 276, 277 (Comm'r Pats. 1943)(the statutory authorization for the refund of fees is applicable only to a mistake relating to the fee payment). In the situation in which an applicant or patentee

takes an action "by mistake" (e.g., files an application "by mistake"), the submission of fees required to take that action (e.g., a filing fee submitted with such application) is not a "fee paid by mistake" within the meaning of 35 U.S.C. § 42(d).

35 U.S.C. 41(b) requires that the Commissioner charge a fee of $3160 to maintain the above-identified patent in force after twelve years form its date of grant. 37 CFR 1.362(d) provides that this $3160 maintenance fee was payable on or after September 2, 1997 and was due (without a surcharge) on March 2, 1998. Thus, the $3160 maintenance fee paid on February 3, 1998 was not a fee paid when no fee was required, and was not a fee paid in an amount in excess of that required. That petitioner now considers it to have been a "mistake" for action to have been taken to have maintained the above-identified patent in force does not cause the maintenance fee submitted on February 3, 1998 to be a "fee paid by mistake" within the meaning of 35 U.S.C. § 42(d). Moreover, the applicable regulation, 37 CFR 1.26, requires that the money had to be paid by actual mistake, for a refund to be authorized. The mistake, however, must clearly be in relation to the payment itself in order to be refundable. Grady, supra. Rather, the amount paid herein was owed at the time it was paid, and it was paid by an authorized representative of the applicant. Such is not a mistake within the meaning of the aforementioned statute and regulation, that warrants a refund.

In this regard, contrary to petitioner's assertion, there was no mistake relating to the payment itself. Petitioner is reminded that the use of "shall" appears in 35 USC § 41(b) pertaining to collection of fees upon the filing of an application with the PTO. It is well settled that the use of "shall" in a statute is the language of command, and where the directions of a statute are mandatory, then strict compliance with the statutory terms is essential. Farrel Corp. v. U.S. Int'l Trade Comm'n, 942 F.2d 1147, 20 USPQ2d 1912 (Fed. Cir. 1991). That is, it is mandatory that the Commissioner charge, and the applicant pay, the fees specified by statute upon presentation of a request for a service by the PTO. See BEC Pressure Controls Corp. v. Dwyer Instruments, Inc., 380 F.Supp. 1397, 1399, 182 USPQ 190, 192 (N.D. Ind. 1974). As such, the third maintenance fee was due when such was submitted to the PTO on February 3, 1998, and was paid in the correct amount. Id. The language of the statute does not permit the Commissioner any discretion with respect to charging the fees set forth therein. Id.

Rather, petitioner appears to confuse its desire not to maintain this patent in force, "after review of information concerning the above patent," with the presentation and payment of the third maintenance fee for this patent to the PTO. That is, as noted in 37 CFR 1.26(a), a change of purpose does not constitute a "mistake" in payment warranting refund of the fees previously paid. The payment of the fee automatically was due, by statute, when counsel presented, rightly, or wrongly, the aforementioned submission to the PTO for maintenance of the patent in force. Thus, it is immaterial to the question of "mistake" in payment of the instant maintenance fee, that petitioner may have erred in initially deciding to maintain this patent in force.

Petitioner requested that the twelve year maintenance fee be accepted, so that this patent would be maintained in force thereafter. While petitioner now contends that the papers and fee for accomplishing this result were presented to the PTO in error, petitioner's alleged error of presentation did not relieve applicant from his statutory mandate to pay to the PTO the fees required for the PTO to maintain this patent in force. Similarly, petitioner's alleged error in presenting those papers and fee does not relieve the PTO from its statutory mandate to collect the fees due to the PTO for maintaining the patent in force. Rather, as the patent has been maintained in force, petitioner received precisely what petitioner requested, and paid for. As such, there clearly was no error in relation to the payment of fees to the PTO. As noted above, the filing fees were owed, by law, at the time they were paid, and they were paid by a representative of the applicant. Such does not warrant either a finding of mistake relating to the payment, or a refund of the fee. See In re Hartman, 145 USPQ 402 (Comm'r Pat. 1965). The fact that the fee was necessary at the time it was paid warrants a conclusion that no error in payment was involved. See Meissner v. U.S., 108 USPQ 6 (D.C. Cir. 1955). Such is not a mistake as contemplated by the statute. Id.

Lastly, while petitioner notes that the instant petition was filed within two months of the fee payment, such is immaterial to the question herein. Petitioner may be confusing the two month time period set forth in 37 CFR 1.28(a)(1) for requesting a refund of a **portion** of fees timely paid in full as a large entity, prior to establishing status as a small entity. See 37 CFR 1.28(a)(1). Where, as here, there is no issue as to change in status for purposes of payment (or refund of the large entity part) of fees, the two month period set forth in 37 CFR 1.28(a)(1) simply does not apply.

DECISION

In that petitioner has failed to establish the existence of a mistake in payment of the maintenance fee within the meaning of the statute and regulation, no refund of the entire, or any fractional part thereof, is, or can be, authorized. Accordingly the petition is denied.

This patent file is being returned to the Files Repository.

Telephone inquiries relevant to this decision should be directed to Special Projects Examiner Brian Hearn at (703)305-1820.

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