



Paper No. 12

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In re Patent No. 4,793,265 :  
Issue Date: December 27, 1988 :  
Application No. 07/148,567 :  
Filed: January 26, 1988 :  
Inventor: Glenn Morris :

ON PETITION

This is a decision on the petition, filed November 4, 1998, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under § 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 is Denied.<sup>1</sup>

BACKGROUND

The patent issued December 27, 1988. The first maintenance fee could have been paid during the period from December 27, 1991, through June 27, 1992, or with a surcharge during the period from June 28, 1992 through December 27, 1992. As no payment was timely received, this patent expired at midnight on December 27, 1992.

A first petition to accept late payment of the maintenance fee under 37 CFR § 1.378(b) was filed on May 29, 1998 on behalf of the putative assignee, Adams Mfg. Co. (Adams). Petitioner asserted that the delay in payment of the maintenance fee was unavoidable due to the failure of the inventor Glenn Morris (Morris), notwithstanding a bill identifying, *inter alia*, the above-identified, which was executed by Morris on August 15, 1990 recording a sale to Adams, to also execute an assignment of the patent to Adams. Petitioner asserted also that Morris did not inform Adams of the need to pay the maintenance fees which were

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<sup>1</sup> This may be viewed as a final agency action within the meaning of 5 USC § 704. See MPEP 1002.02.

due, and Adams was unaware of the need to pay maintenance fees, and further Adams did not receive any reminder that maintenance fees were due.

The petition was dismissed in the decision of September 2, 1998, in that notwithstanding the lack of assignment by Morris to Adams, Adams, or any other person, could have timely paid the maintenance fee under the rules of practice before the PTO, and that a lack of such knowledge was not unavoidable delay. The decision also noted that Adams had not acted diligently after its obtaining at least equitable title in the patent by way of the bill of sale in 1990. The decision also required clarification as to who was the responsible person (owner) of the patent at the time of expiration, and the steps emplaced by that person to pay the fee.

The renewed petition requesting reconsideration of the previous decision was filed November 4, 1998.

#### STATUTE AND REGULATION

35 USC § 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 1.366(a) states that:

"The patentee may pay maintenance fees and any necessary surcharges, **or any person or organization may pay maintenance fees and any necessary surcharges on behalf of a patentee. Authorization by the patentee need not be filed in the Patent and Trademark Office to pay maintenance fees and any necessary surcharges on behalf of the patentee (emphasis added).**"

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."

37 CFR 1.378(d) states that:

"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."

#### OPINION

The Commissioner may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unavoidable"; 35 USC 41(c)(1).

Petitioner requests reconsideration of the decision of November 4, 1998 in that as Morris did not reply to requests for Morris to assign the patent during the period in which the maintenance fee could have been paid, coupled with the language in the bill of sale, the onus of paying the fee rested with Morris. Petitioner further contends that Adams reasonably relied upon Morris to either pay the fee himself, or advise Adams of the need to pay the fee. Petitioner continues to assert that Adams remained unaware of the need to pay the fee,

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

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)). 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).

That Adams may have been unaware of the need for maintenance fee payments, or did not receive a reminder to that effect, does not constitute "unavoidable" delay. See Patent No. 4,409,763, supra, 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). See also "Final Rules for Patent Maintenance Fees," 49 Fed. Reg. 34716, 34722-23 (Aug. 31, 1984), reprinted in 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984). Under the statutes and regulations, the Office has no duty to notify patentee of the requirement to pay maintenance fees or to notify patentee when the maintenance fee is due. While the Office mails maintenance fee reminders strictly as a courtesy, it is solely the responsibility of the patentee to ensure that the maintenance fee is timely paid to prevent expiration of the patent. The failure to receive the Reminder does not relieve the patentee of the obligation to timely pay the maintenance fee, nor will it constitute unavoidable delay if the patentee seeks reinstatement under the regulation. Rydeen, Id. Moreover, a patentee who is required by 35 USC 41(c)(1) to pay a maintenance fee within 3 years and six months of the patent grant, or face expiration of the patent, is not entitled to any notice beyond that provided by publication of the statute. Id. at 900, 16 USPQ2d at 1876.

Furthermore, 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. While the record is unclear if Adams ever read the Notice, after its acquisition of the instant patent, petitioner's failure to read the Notice does not vitiate the Notice, nor does the delay resulting from such failure to read the Notice establish unavoidable delay. Ray, 55 F.3d at 610, 34 USPQ2d at 1789. The mere publication of the statute was sufficient notice to petitioner. Rydeen, supra.

As 35 U.S.C. § 41(c) 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.* However, the showing of record fails to set forth any steps taken by Adams to pay the maintenance fee. In the absence of a showing of any steps taken by Adams, 37 CFR 1.378(b)(3) precludes the acceptance of the 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*, 55 F.3d at 608-609, 34 USPQ2d at 1787. The party whose delay is relevant is the party in interest at the time action is needed to be taken. *See Kim v. Quigg*, 718 F.Supp. 1280, 1284, 12 USPQ2d 1604, 1607 (E.D. Va. 1989). As noted in the decision of September 2, 1998 (at 3), it appears from the bill of sale that Adams had at least equitable, if not also legal, title to the patent at the time in question.<sup>2</sup> As Adams was the party in interest when the maintenance fee was payable and due, it was incumbent upon Adams to itself engage a third party to monitor and track the second maintenance fee payment, or itself undertake that obligation. Moreover, reliance *per se* on a third party for tracking a maintenance fee does not provide a patent holder with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 USC 41(c). Rather, such reliance merely shifts the focus of the inquiry from petitioner to whether that third party acted reasonably and prudently.

The record fails to show that Adams, the party in interest at the time the maintenance fee was due, either had taken any steps itself, or had engaged another, to ensure payment of the maintenance fee for this patent. Petitioner seeks to avoid the consequences of its own inactions by contending that the party having responsibility for payment was Morris.

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<sup>2</sup> A *nunc pro tunc* assignment executed May 4, 1998, was proffered with the petition of May 29, 1998, which is purportedly effective, retroactively, to August 15, 1990, the date of the bill of sale, which is asserted to have then transferred title of this patent from Morris to Adams. However, in general, a *nunc pro tunc* assignment does not adequately confer retroactive standing *i.e.*, legal title. *See e.g., Arachnid Inc. v. Merit Industries, Inc.*, 939 F.2d. 1574, 19 USPQ2d 1513 (Fed. Cir. 1991); *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d. 1090, 45 USPQ2d 1368 (Fed. Cir. 1998). Whether the aforementioned assignment conferred legal title retroactively *vel non*, is immaterial to the analysis herein or outcome of this decision.

The record does not show that Morris realized at the time that he was being relied upon by Adams to pay the maintenance fees for this patent. Petitioner has failed to document or establish that Morris was contractually obligated to petitioner for payment of the maintenance fee in question. Absent a contractual obligation of Morris, petitioner has failed to demonstrate that any steps were taken by the owner to ensure payment. There is no evidence to show that Adams took any interest in maintaining this patent by way of payment of the maintenance fee. There is no evidence to show that Adams, as a reasonably prudent person, took any measure to ensure that Morris, understood his alleged obligation in this matter and that Morris was being relied upon by Adams to attend to payment of the maintenance fees. 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 patent holder and his representative 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. It is further brought to petitioners' attention that the Office is not the proper forum for resolving a dispute between a patentee and that patentee's representative(s) regarding the scheduling and payment of maintenance fees. Ray, supra.

Moreover, there is no need in this case to determine the obligation between Morris and petitioner, since the record fails to show that either Morris or petitioner took adequate steps to ensure timely payment of the maintenance fee. See In re Patent No. 4,461,759, 16 USPQ2d 1883, 1884 (Comm'r Pat. 1990). Petitioner's contention that he was "unavoidably" prevented from more timely paying the maintenance fee, due to the delays in obtaining an assignment from Morris, is not well taken. That is, while a patent remains in force, **any** person may pay a maintenance fee without the approval of the patent holder. See 37 CFR 1.366(a). As such, petitioner did not need equitable, much less legal, title in this patent, in order to pay the maintenance fee during the period from December 27, 1991 through December 27, 1992. Likewise, the delay after petitioner's awareness of the expiration of the patent in July 1996 is not seen to have been unavoidable due to the Morris's delay in executing an assignment, as 37 CFR 1.378(d) permits a petition under 37 CFR 1.378 to be

signed by (1) an attorney or agent registered to practice before the PTO, or (2) the patentee, or (3) the assignee, or (4) other party in interest. Clearly, Adams could have sought more timely presentation of a petition by way of items (1) or (4) above. As such, the record remains unclear why petitioner did not pay the maintenance fee during the time in question, or present the petition more diligently after becoming aware in July 1996 of the expiration of the patent (instant petition at 3). Delay resulting from a lack of knowledge of, or the failure to properly apply, the regulations and procedures before the Office is not unavoidable delay. Misapplication, or a lack of awareness, of a rule is not a basis for asserting unavoidable delay. See, Vincent v. Mossinghoff, 230 USPQ 621, 624 (D.D.C. 1985) (counsel's misapplication of certified mailing rule does not constitute unavoidable delay); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978) (counsel's total unawareness of the rule(s) applicable to reissue is not unavoidable delay.)

In the absence of a showing that Morris had assumed the obligation of tracking the maintenance fee on behalf of Adams, then Adams must show the steps that Adams had in place to pay the maintenance fee. See In re Patent No. 4,409,763, 7 USPQ2d 1798, 1801 (Comm'r Pat. 1988). However, as petitioner concedes that Adams was unaware of the need to pay maintenance fees for this patent, any contention that Adams had steps in place to track the fee must be considered untenable.

Moreover, even assuming, *arguendo*, that Morris had been engaged to track the maintenance fee payment by, or on behalf of, Adams, such would not support a finding of unavoidable delay. That is, the showing of record is that the cause of unavoidable delay was Morris' specific instruction to his counsel (that is, Morris's counsel had not been engaged by Adams) not to pay the maintenance fee. (See letter bearing the date April 24, 1992 from Morris to his registered practitioner, filed with the instant petition). A delay caused by the deliberate decision not to take appropriate action within a statutorily prescribed period does not constitute an unintentional, much less unavoidable, delay within the meaning of 35 U.S.C. § 41. In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989). Such intentional action or inaction precludes a finding of unintentional, much less unavoidable, delay. In re Maldague, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988). As such, the delay resulting from Morris's deliberate decision not to pay the maintenance fee is not unintentional, much less unavoidable, delay within the meaning of 35 USC 41(c) and 37 CFR 1.378(c).

That is, assuming, *arguendo*, that Morris was relied upon by Adams to conduct petitioner's business matters subsequent to the bill of sale, including matters pertaining to the payment of the maintenance fee, then petitioner remains bound by the delay

resulting from the decisions, actions, or inactions, of Morris, including the decisions, actions, or inactions, which resulted in the lack of timely payment of the maintenance fees for this patent. See, Winkler v. Ladd, 221 F. Supp 550, 552, 138 USPQ 666, 667 (D.D.C. 1963) (delay resulting from a bankruptcy trustee's decision not to prosecute is binding on then current party of interest, as well as successor in title, notwithstanding that current or future party in interest did not directly select trustee). Likewise, Morris's failure to apprise petitioner of his decision not to pay the maintenance fee, or to apprise petitioner of its need to pay the maintenance fee, is binding upon petitioner. Id.

Petitioner has failed to adduce any document, much less a contract, establishing that Morris had been engaged to pay the maintenance fee by or on behalf of Adams. Even assuming that such a document(s) existed, petitioner has also failed to demonstrate why petitioner's failure to diligently monitor Morris's performance under the putative contract can reasonably be considered to constitute unavoidable delay. See Futures Technology Ltd. v. Ouigg, 684 F.Supp. 430, 7 USPQ2d 1588 (E.D. Va. 1988). That is, petitioner's failure to monitor Morris's performance under the alleged contract, or diligently inquire of Morris, or anyone else, into the status of the patent and maintenance fee payment, does not reflect the due care and diligence employed by a prudent and careful person with respect to their most important business, and as such, cannot demonstrate that the delay was unavoidable delay. Id. Rather, a prudent person takes diligent action to ensure that contracted services are timely performed as specified. Id.

Even assuming, *arguendo*, that petitioner would not be bound by the mistakes or omissions of Morris, diligence on the part of petitioner would still be essential to show unavoidable delay. See, Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (applicant's lack of diligence over a two and one half year period in taking any action with respect to his application, precluded a finding of unavoidable delay). However, the record lacks an adequate showing of petitioner's diligence in this matter during the entire period extending from date of the bill of sale of August 15, 1990, until the filing of the first petition in May 1998, almost eight years, which would be necessary to support a finding of unavoidable delay. Id. Specifically, diligence on the part of the equitable owner is necessary to show unavoidable delay when that owner's putative agent(s) fails to take timely and proper steps with respect to a proceeding before the Patent and Trademark Office. Futures, 684 F.Supp. 430 at 431, 7 USPQ2d at 1589. However, Adams has not shown diligence with respect to any aspect of the payment of the



maintenance fee for this patent. Petitioner's lack of due diligence with respect to this patent, for a period of time of almost eight years, overcame and superseded any omissions or commissions by his representative(s). Douglas, supra; Haines v. Quigg, supra. The delay was not unavoidable, because had Adams exercised the due care of a reasonably prudent person, Adams would have been able to act to correct the situation in a timely fashion. Haines v. Quigg, supra; Douglas, supra. In this regard, a prudent and careful person, with respect to his most important business, upon his obtaining a valuable property asset as a patent, would ensure that asset received due care and attention.

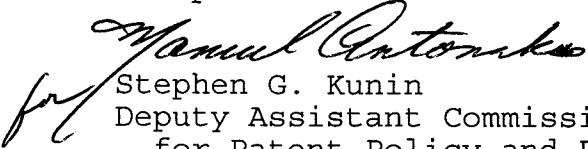
#### CONCLUSION

The prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC § 41(c)(1) and 37 CFR § 1.378(b).

Since this patent will not be reinstated, maintenance fee and surcharge fees totaling \$1705 have been credited to counsel's deposit account 02-4553. The \$130 fee for requesting reconsideration is not refundable.

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

Any telephone inquiry regarding this decision should be directed to Special Projects Examiner Brian Hearn at (703) 305-1820.<sup>3</sup>

  
Stephen G. Kunin  
Deputy Assistant Commissioner  
for Patent Policy and Projects

Enclosure: Blank 3.73(b) Certification Form

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<sup>3</sup> A communication was filed August 30, 1999, requesting reconsideration of the PTO communication of July 29, 1999, which noted that as the certification required by 37 CFR 3.73(b) had not been received, the power of attorney filed November 4, 1998 by way of the assignee had not been accepted. While petitioner correctly notes that an assignment to Adams has been recorded, nevertheless, petitioner has yet to file a certification under 37 CFR 3.73(b). See MPEP 324. A blank 37 CFR 3.73(b) certification form is enclosed for petitioner's convenience.