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Paper No. 15

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In re Patent No. 4,980,572 :
Issue Date: December 25, 1990 :
Application No. 07/124,172 : ON PETITION
Filed: January 25, 1988 :
Inventor(s): Asim K. Sen :

This is a decision on the petition, filed October 17, 1996, 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.

BACKGROUND

The patent issued on December 25, 1990. Accordingly, the first maintenance fee due could have been paid during the period from December 27, 1993 through June 27, 1994 or with a surcharge during the period from June 28, 1994 through December 26, 1994.

Since the time of issuance, title to the above-identified patent has been vested in Synchrosat Limited (Synchrosat), a research and development company owned and operated by Petitioner (Paragraph (1) of the Petition filed May 21, 1996). Petitioner is apparently the sole scientist employed by Synchrosat (Paragraph (1) of the Petition filed May 21, 1996). In 1993, Revenue Canada disallowed the tax credits for work performed by Synchrosat in 1992 and reassessed the credits previously paid for 1991 (Paragraph (2) of the Petition filed May 21, 1996). Further, all subsequent claims for tax credits for the years 1993 and 1994 were either denied or suspended indefinitely (Paragraph (2) of the Petition filed May 21, 1996). However, on February 8, 1996, the Tax Court of Canada rendered a decision in favor of Petitioner with respect to the tax credits for 1991 and 1992 (Exhibit C of the Petition filed May 21, 1996).

Neither Petitioner nor Synchrosat took any steps to ensure timely payment of the maintenance fee

on the above-identified patent. Despite the alleged hardships, Synchrosat's total expenditures on publication, travel, and professional dues in 1993 and 1994 exceeded $2,500 (Exhibits 7 and 12 of the Petition filed October 17, 1996). Further, Synchrosat's expenditures on miscellaneous office expenses more than tripled from $698.41 in 1993 to $2,449.83 in 1994 (Exhibits 7 and 12 of the Petition filed October 17, 1996). In December 1993, Petitioner had well over $3000 in credit available on his VISA account (Exhibit 19 of the Petition filed October 17, 1996). Instead of paying the maintenance fee due on the above-identified patent, Petitioner elected to make discretionary expenditures such as gifts through his VISA credit account (Exhibit 19 of the Petition filed October 17, 1996).

Petitioner received a Notice of Patent Expiration on the above-identified patent from the Patent and Trademark Office (PTO) in April 1995 (Paragraph (5) of the Petition filed May 21,1996). More than a year after receiving actual notice of the expiration of the patent, Petitioner filed a petition under 37 CFR 1.378(b) on May 21, 1996, alleging that financial difficulty rendered the delay in timely payment of the maintenance fee unavoidable. The petition under 37 CFR 1.378(b) was dismissed on September 16, 1996 for lack of a showing of unavoidable delay. This petition under 37 CFR 1.378(e) requesting reconsideration of the prior decision ensued.

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 1.378(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. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee."

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).

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).

A showing of unavoidable delay requires a showing that the ***entire*** delay (i.e., until the filing of a grantable petition) was unavoidable. In re Application of Takao, 17 USPQ2d 1155, 1158 (Comm'r Pat. 1990); 1124 Official Gazette 33 (March 19, 1991). Therefore, a showing of Petitioner's inability to pay the maintenance fee on the above-identified patent from December 27, 1993 to the filing of this petition (October 17, 1996) woul have been required.

Applying these legal principles to the instant fact situation, the conclusion is as follows: Petitioner has not met his burden of proof to establish to the satisfaction of the Commissioner that the delay was unavoidable. For reasons set forth more fully below, a reasonably prudent person exercising due care and diligence would have ensured the timely payment of the maintenance fee on the above-identified patent.

As a preliminary matter, it is noted that the maintenance fee amount due would have been only $465.00 had the payment been made during the period from December 27, 1993 through June 27, 1994. From June 28, 1994 through September 30, 1994, the total amount due would have been $530.00 because the surcharge for paying during the six-month grace period following the expiration would have been $65.00. If payment had been made between October 1, 1994 and December 26, 1994, then the total amount due, including the surcharge and the fee increase which became effective October 1, 1994, would have been $545.00.

Although Petitioner has not submitted ***all*** of the relevant financial records for the period from December 27, 1993 through October 17, 1996, the documents which have been made of record do not support Petitioner's position that the delay in timely payment of the maintenance fee on the above-identified patent was unavoidable. As a matter of fact, the evidence shows that the delay could have been avoided by a reasonably prudent person exercising due care and diligence. In

1993 and 1994, Synchrosat's total expenditures on publication, travel and professional dues exceeded $2,500. See Exhibits 7 and 12 of the Petition filed October 17, 1996. Furthermore, Synchrosat's spending on miscellaneous office expenses more than tripled from $698.41 in 1993 to $2,449.83 in 1994. See Exhibits 7 and 12 of the Petition filed October 17, 1996. These expenditures suggest that Synchrosat made a conscious business decision to pay for publication, travel, professional dues, and miscellaneous office expenses rather than pay the maintenance fee on the above-identified patent. Choices made by Synchrosat to place these types of discretionary expenditures ahead of important patent rights do not render the failure to timely pay the maintenance fee on the above-identified patent unavoidable.

Like Synchrosat, Petitioner also failed to exercise due care and diligence. Instead of paying the maintenance fee on the above-identified patent, Petitioner made nonessential purchases such as gifts through his VISA credit account, which carried an available credit of over $3,000 in December 1993. See Exhibit 19 of the Petition filed October 17, 1996. Petitioner has not provided any persuasive reason as to why he did not take advantage of the available credit, especially since the record reflects that the credit account was used extensively for discretionary spending. Petitioner's personal choices to make these nonessential purchases through his credit accounts cannot serve as a basis for finding unavoidable delay in timely payment of the maintenance fee on the above-identified patent.

Petitioner contends that the actions of the tax auditor from Revenue Canada caused undue hardships on Petitioner and Synchrosat, thereby preventing timely payment of the maintenance fee on the above-identified patent. As discussed above, however, both Petitioner and Synchrosat made numerous discretionary expenditures during the relevant time period. Apparently, Petitioner and Synchrosat regarded publication, travel, professional dues and miscellaneous office expenses to be more important than maintaining the above-identified patent in force. As such, there is no reasonable basis to conclude that the delay in the payment of the maintenance fee on the patent was unavoidable.

In the Petition filed May 21, 1996, Petitioner urges that he never received any notice from the PTO regarding payment of the maintenance fee on the above-identified patent. However, PTO records show that a Maintenance Fee Reminder was mailed to Petitioner on August 2, 1994. If Petitioner did not receive the reminder, he did not receive it because he moved and the PTO was not properly notified of his new address. Moreover, it has been held that the failure to receive the Maintenance Fee Reminder does not constitute unavoidable delay; see In re Patent No. 4,409,763, 7 USPQ2d 1798 (Comm'r Pat. 1988), aff'd Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), aff'd without opinion (Rule 36), 937 F.2d 623 (Fed. Cir. 1991), cert. denied, 60 U.S.L.W. 3520 (January 27, 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 Patent and Trademark Office (PTO) has no duty to notify patentee of the requirement to pay maintenance fees or to notify patentee when the

maintenance fee is due. It is solely the responsibility of the patentee to assure that the maintenance fee is paid timely to prevent expiration of the patent. The failure to receive the reminder notice will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the PTO.

A reasonably prudent person exercising due care and diligence would have taken the necessary steps to ensure timely payment of the maintenance fee on the above-identified patent. The record fails to disclose that the patentee took reasonable steps to ensure timely payment of the maintenance fee. In fact, the record indicates that no steps were taken by patentee to ensure timely payment of the maintenance fee. Since no steps were taken by patentee, 37 CFR 1.378(b) precludes acceptance of the delayed payment of the maintenance fee.

Under these circumstances, it cannot be said that the delay in the timely payment of the maintenance fee on the above-identified patent was unavoidable. While Petitioner and Synchrosat may spend their money and pay their bills as they wish, they cannot prevail in their attempt to show unavoidable delay when the record shows that they have assigned a low payment priority to the maintenance fee due on the above-identified patent.

In the prior decision dismissing the petition under 37 CFR 1.378(b), Petitioner was encouraged to take advantage of Public Law 102-444, effective October 23, 1992, which provides for the reinstatement of an "unintentionally" expired patent. See 37 CFR 1.378(c). However, it is noted that Petitioner has elected to not file a petition under the unintentional standard. Given that more than two years have lapsed since the date of expiration of the patent, the "unintentional" provisions are no longer applicable.

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, however, the delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41 and 37 CFR 1.378(b).

Since this patent will not be reinstated, the maintenance fee and the surcharge fee submitted by petitioner will be refunded.

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

Any inquiry concerning this decision should be directed to Romulo Delmendo at (703) 305-9285.

Charles Pearson
Patent Legal Administrator
Office of the Deputy Assistant Commissioner
for Patent Policy and Projects

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