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Paper No. 24

ECOLOTEC INC.  
WOLF A. VON LERSNER PRES.  
100 SPRINGDALE ROAD A-3  
SUITE 290  
CHERRY HILL NJ 08003

**COPY MAILED**

OCT 03 2005

**OFFICE OF PETITIONS**

In re Application of :  
WOLF A. VON LERSNER :  
Application No. 07/824,560 :  
Patent No. 5,217,688 :  
Filed: January 23, 1992 :  
Issue Date: June 8, 1993 :  
Title: PROCESS FOR THE DISPOSAL OF :  
MEDICAL WASTE :

**DECISION ON PETITION  
UNDER 37 C.F.R. §1.378(e)**

This is a decision on the petition filed July 7, 2005 under 37 C.F.R. §1.378(e) requesting reconsideration of a prior decision refusing to accept the delayed payment of the 7½ year maintenance fee pursuant to 37 C.F.R. §1.378(b)<sup>1</sup> for the above-referenced patent.

The petition under 37 C.F.R. §1.378(e) is **DENIED**<sup>2</sup>.

The patent issued on June 8, 1993. The grace period for paying the 7½ year maintenance fee provided in 37 CFR 1.362(e) expired at midnight on June 8, 2001, with no payment received. Accordingly, the patent expired at midnight on June 8, 2001.

<sup>1</sup> Any petition to accept an unavoidably delayed payment of a maintenance fee filed under 37 C.F.R. §1.378(b) must include:

- (1) The required maintenance fee set forth in 37 C.F.R. §1.20 (e) through (g);
- (2) The surcharge set forth in 37 C.F.R. §1.20(i)(1), and;
- (3) 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.

<sup>2</sup> This decision may be regarded as a final agency action within the meaning of 5 U.S.C. §704 for the purposes of seeking judicial review. See MPEP 1002.02.

On March 9, 2005, a petition under 37 C.F.R. §1.378(b) was filed. The petition included the surcharge required under §1.378(b)(2) and the 7 ½ year maintenance fee required under §1.378(b)(1).

On May 11, 2005, a decision was mailed dismissing the petition on grounds that the petition failed to provide an adequate showing that the delay in paying the maintenance fee was unavoidable, as required under 37 C.F.R. §1.378(b)(3).

On July 7, 2005, the petition under 37 C.F.R. §1.378(e) considered herein was filed.

### The standard

35 U.S.C. §41(c)(1) states:

The Director may accept the payment of any maintenance fee... after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

§1.378(b)(3) is at issue in this case. Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 37 C.F.R. §1.137(a). This is a very stringent standard. Decisions on reviving abandoned applications on the basis of "unavoidable" delay 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<sup>3</sup>.

In addition, decisions are made on a "case-by-case basis, taking all the facts and circumstances into account."<sup>4</sup> Nonetheless, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable."<sup>5</sup>

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. Where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 C.F.R. §1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

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<sup>3</sup> In re Mattullath, 38 App. D.C. 497, 514-15 (1912)(quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 U.S.P.Q. 666, 167-68 (D.D.C. 1963), aff'd, 143 U.S.P.Q. 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913).

<sup>4</sup> Smith v. Mossinghoff, 671 F.2d at 538, 213 U.S.P.Q. at 982.

<sup>5</sup> Haines, 673 F. Supp. at 316-17, 5 U.S.P.Q.2d at 1131-32.

Furthermore, under the statutes and rules, the Office has no duty to notify patentees of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. It is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee and the failure to receive the Maintenance Fee Reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. Thus, in support of an argument that the delay in payment was unavoidable, evidence is required that despite reasonable care on behalf of the patentee and/or the patentee's agents, and reasonable steps to ensure timely payment, the maintenance fee was unavoidably not paid.<sup>6</sup>

Even if the Office were required to provide notice to patentee of the existence of maintenance fee requirements, such notice is provided by the patent itself<sup>7</sup>.

Nonawareness of a PTO rule will not constitute unavoidable delay<sup>8</sup>.

The burden of showing the cause of the delay is on the person seeking to revive the application<sup>9</sup>.

A delay caused by an applicant's lack of knowledge or improper application of the patent statute, rules of practice, or the MPEP is not rendered "unavoidable" due to either the applicant's reliance upon oral advice from USPTO employees or the USPTO's failure to advise the applicant to take corrective action<sup>10</sup>.

#### **Portions of the Code of Federal Regulations and the MPEP relevant to the abandonment of this application**

§ 1.33 Correspondence respecting patent applications, reexamination proceedings, and other proceedings.

(a) Correspondence address and daytime telephone number.

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<sup>6</sup> See MPEP 2590 (Manual of Patent Examining Procedure, Rev. 2, May 2004).

<sup>7</sup> See Ray v. Lehman, 55 F.3d 606, 610; 34 USPQ2d 1786, 1789 (Fed. Cir. 1995). 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 it is unclear as to who was and is in actual possession of the 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.

<sup>8</sup> See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D.D.C. 1978) for the proposition that counsel's nonawareness of PTO rules does not constitute "unavoidable" delay). Although court decisions have only addressed the issue of lack of knowledge of an attorney, there is no reason to expect a different result due to lack of knowledge on the part of a pro se (one who prosecutes on his own) applicant. It would be inequitable for a court to determine that a client who spends his hard earned money on an attorney who happens not to know a specific rule should be held to a higher standard than a pro se applicant who makes (or is forced to make) the decision to file the application without the assistance of counsel.

<sup>9</sup> Id.

<sup>10</sup> See In re Sivertz, 227 USPQ 255, 256 (Comm'r Pat. 1985).

When filing an application, a correspondence address must be set forth in either an application data sheet (§ 1.76), or elsewhere, in a clearly identifiable manner, in any paper submitted with an application filing. If no correspondence address is specified, the Office may treat the mailing address of the first named inventor (if provided, see §§ 1.76(b)(1) and 1.63(c)(2)) as the correspondence address. The Office will direct all notices, official letters, and other communications relating to the application to the correspondence address. The Office will not engage in double correspondence with an applicant and a registered attorney or agent, or with more than one registered attorney or agent except as deemed necessary by the Commissioner. If more than one correspondence address is specified, the Office will establish one as the correspondence address. For the party to whom correspondence is to be addressed, a daytime telephone number should be supplied in a clearly identifiable manner and may be changed by any party who may change the correspondence address.

The correspondence address may be changed as follows:

- (1) Prior to filing of § 1.63 oath or declaration by any of the inventors. If a § 1.63 oath or declaration has not been filed by any of the inventors, the correspondence address may be changed by the party who filed the application. If the application was filed by a registered attorney or agent, any other registered practitioner named in the transmittal papers may also change the correspondence address. Thus, the inventor(s), any registered practitioner named in the transmittal papers accompanying the original application, or a party that will be the assignee who filed the application, may change the correspondence address in that application under this paragraph.
  - (2) Where a § 1.63 oath or declaration has been filed by any of the inventors. If a § 1.63 oath or declaration has been filed, or is filed concurrent with the filing of an application, by any of the inventors, the correspondence address may be changed by the parties set forth in paragraph (b) of this section, except for paragraph (b)(2).
- (b) Amendments and other papers. Amendments and other papers, except for written assertions pursuant to § 1.27(c)(2)(ii) of this part, filed in the application must be signed by:
- (1) A registered attorney or agent of record appointed in compliance with § 1.34(b);
  - (2) A registered attorney or agent not of record who acts in a representative capacity under the provisions of § 1.34(a);
  - (3) An assignee as provided for under § 3.71(b) of this chapter; or
  - (4) All of the applicants (§ 1.41(b)) for patent, unless there is an assignee of the entire interest and such assignee has taken action in the application in accordance with § 3.71 of this chapter.
- (c) All notices, official letters, and other communications for the patent owner or owners in a reexamination proceeding will be directed to the attorney or agent of record (see § 1.34(b)) in the patent file at the address listed on the register of patent attorneys and agents maintained pursuant to §§ 10.5 and 10.11 or, if no attorney or agent is of record, to the patent owner or owners at the address or addresses of record. Amendments and other papers filed in a reexamination proceeding on behalf of the patent owner must be signed by the patent owner, or if there is more than one owner by all the owners, or by an attorney or agent of record in the patent file, or by a registered attorney or agent not of record who acts in a representative capacity under the provisions of § 1.34(a). Double correspondence with the patent owner or owners and the patent owner's attorney or agent, or with more than one attorney or agent, will not be undertaken. If more than one attorney or agent is of record and a correspondence address has not been specified, correspondence will be held with the last attorney or agent made of record.
- (d) A "correspondence address" or change thereto may be filed with the Patent and Trademark Office during the enforceable life of the patent. The "correspondence address" will be used in any correspondence relating to maintenance fees unless a separate "fee address" has been specified. See § 1.363 for "fee address" used solely for maintenance fee purposes.

[36 FR 12617, July 2, 1971; 46 FR 29181, May 29, 1981; para. (d) added, 49 FR 34724, Aug. 31, 1984, effective Nov. 1, 1984; para. (c), 50 FR 5171, Feb. 6, 1985, effective Mar. 8, 1985; paras. (a) & (b) revised, 62 FR 53131, Oct. 10 1997, effective Dec. 1, 1997; paras. (a) and (b) revised, 65 FR 54604, Sept. 8, 2000, effective Nov. 7, 2000]

37 CFR 1.362. Time for payment of maintenance fees, states, in part:

- (a) Maintenance fees as set forth in §§ 1.20(e) through (g) are required to be paid in all patents based on applications filed on or after December 12, 1980, except as noted in paragraph (b) of this section, to maintain a patent in force beyond 4, 8 and 12 years after the date of grant.
- (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.
- (f) If the last day for paying a maintenance fee without surcharge set forth in paragraph (d) of this section, or the last day for paying a maintenance fee with surcharge set forth in paragraph (e) of this section, falls on a Saturday, Sunday, or a federal holiday within the District of Columbia, the maintenance fee and any necessary surcharge may be paid under paragraph (d) or paragraph (e) respectively on the next succeeding day which is not a Saturday, Sunday, or Federal holiday.
- (g) Unless the maintenance fee and any applicable surcharge is paid within the time periods set forth in paragraphs (d), (e) or (f) of this section, the patent will expire as of the end of the grace period set forth in paragraph (e) of this section. A patent which expires for the failure to pay the maintenance fee will expire at the end of the same date (anniversary date) the patent was granted in

MPEP 601.03 states, in part:

Where an attorney or agent of record (or applicant, if he or she is prosecuting the application pro se) changes his or her correspondence address, he or she is responsible for promptly notifying the U.S. Patent and Trademark Office of the new correspondence address (including ZIP Code). The notification should also include his or her telephone number. A change of correspondence address may not be signed by an attorney or agent not of record (see MPEP § 405).

MPEP 711.03(c) states, in part:

For example, where an application becomes abandoned as a consequence of a change of correspondence address (the Office action being mailed to the old, uncorrected address and failing to reach the applicant in sufficient time to permit a timely reply) an adequate showing of "unavoidable" delay will require a showing that due care was taken to adhere to the requirement for prompt notification in each concerned application of the change of address (see MPEP § 601.03), and must include an adequate showing that a timely notification of the change of address was filed in the application concerned, and in a manner reasonably calculated to call attention to the fact that it was a notification of a change of address. The following do not constitute proper notification of a change in correspondence address:

- (A) the mere inclusion, in a paper filed in an application for another purpose, of an address differing from the previously provided correspondence address, without mention of the fact that an address change was being made;

MPEP 2506 Times for Submitting Maintenance Fee Payments states, in part:

Maintenance fees cannot be paid in advance since 35 U.S.C. 41(f) permits maintenance fees to be adjusted every year on October 1 to reflect any fluctuations during the previous 12 months in the Consumer Price Index as determined by the Secretary of Labor.

(Emphasis included)

2575 Notices

Under the statutes and the regulations, the Office has no duty to notify patentees when their maintenance fees are due. It is the responsibility of the patentee to ensure that the maintenance fees are paid to prevent expiration of the patent. The Office will, however, provide some notices as reminders that maintenance fees are due, but the notices, errors in the notices or in their delivery, or the lack or tardiness of notices will in no way relieve a patentee from the responsibility to make timely payment of each maintenance fee to prevent the patent from expiring by operation of law. The notices provided by the Office are courtesies in nature and intended to aid patentees. The Office's provision of notices in no way shifts the burden of monitoring the time for paying maintenance fees on patents from the patentee to the Office.

**Application of the standard to the current facts and circumstances**

In the original petition, Petitioner set forth that this patent has been assigned several times, and that the latest assignee was unaware of the need to update the correspondence address. As such, the maintenance fee reminder was not received by the assignee, and the 7½ year maintenance fee was not submitted in a timely manner.

The timeframe of the assignments is as follows:

- On June 1, 1994, the inventor assigned the patent to Ecolotec, Inc. The inventor is the president and majority shareholder of this corporation<sup>11</sup>.
- On May 18, 1999, the inventor changed the correspondence address from his address to that of Ecolotec, Inc.. Ecolotec, Inc. is located in New Jersey<sup>12</sup>.
- On November 18, 1999, Ecolotec, Inc. assigned the patent to Ecolotec, LLC. The inventor is a minority shareholder in Ecolotec, LLC. Ecolotec, LLC is located in Alabama<sup>13</sup>.
- The assignment was recorded, but the correspondence address was not changed to that of Ecolotec, LLC in Alabama<sup>14</sup>.
- On December 12, 1999, the inventor retired and filed for dissolution of Ecolotec, Inc<sup>15</sup>.

In the decision mailed 11 May 2005, Petitioner's explanation of the nearly four year delay in submitting the maintenance fee was determined to be insufficient to meet the standard for acceptance of a late payment of the maintenance fee under 35 U.S.C. 41(c) and 37 CFR 1.378(b).

With this renewed petition, Petitioner explains that after the patent issued, Petitioner entrusted care of the patent to the law firm of Karl Leo and Associates (hereinafter referred to as "KLA"), which was the "personal legal agent" for the managing principal of the assignee.<sup>16</sup> Petitioner states that it authorized KLA to seek the assistance of outside patent counsel if KLA believed such was necessary. Petitioner's current counsel states that had KLA obtained the assistance of

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<sup>11</sup> Petition, page 1.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 2.

<sup>16</sup> Allen declaration at para. 8.

an experienced patent practitioner, the patent would not have gone abandoned, as an experienced practitioner would not have:

failed to both docket the case for paying the maintenance fee and would have sent in the change of correspondence address to the Patent Office as soon as the patent assignment was completed<sup>17</sup>.

This language suggests that KLA neither docketed the maintenance fee payment (presumably due to their inexperience with patent matters) nor effectuated a change of correspondence address.

Petitioner acknowledges that the correct standard to apply is that of a prudent and careful man acting in relation to his most important business. Petitioner contends that this standard has been met. Specifically, Petitioner asserts that once a patent owner has turned over the oversight of his patent to a law firm, this is all that the patent owner can be expected to do. Were this to be the case, it would follow that the action of retaining a law firm to handle one's patent wholly satisfies a patentee's duty to act as a reasonable and prudent man in relation to his most important business, and any subsequent action of the attorney which resulted in the loss of a patent would not be imputed to the client patentee.

Petitioner's argument is not persuasive. It is well settled that the actions of the attorney are imputed to the client and clients are therefore bound by the actions of their lawyers<sup>18</sup>. Accordingly, where a patentee relies upon counsel to track and pay maintenance fees, the focus shifts to whether counsel's delay was unavoidable<sup>19</sup>. The actions of the attorney are imputed to the client, for when a petitioner voluntarily chooses an attorney to represent him, the petitioner cannot later distance avoid the repercussions of the actions or inactions of this selected representative, for clients are bound by the acts of their lawyers/agents, and constructively possess "notice of all facts, notice of which can be charged upon the attorney"<sup>20</sup>. The Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and the applicant is bound by the consequences of those actions or inactions<sup>21</sup>. Specifically, Petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of the statute.<sup>22</sup> Courts hesitate to punish a client for its lawyer's gross negligence, especially when the lawyer affirmatively misled the client, but "if the client freely chooses counsel, it should be bound to counsel's actions".<sup>23</sup>

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17 Renewed petition, page 2.

18 See Winkler v. Ladd, supra.

19 California Medical Products v. Technol Medical Products, 921 F. Supp. 1219, 1259 (D. Del. 1995).

20 Link at 633-634.

21 Link v. Wabash, 370 U.S. 626, 633-634 (1962).

22 Haines, 673 F.Supp. at 316-17, 5 U.S.P.Q.2d at 1131-32; 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. 103, 131 (Comm'r Pat. 1891).

23 Inryco, Inc. v. Metropolitan Engineering Co., Inc., 708 F.2d 1225, 1233 (7th Cir. 1983). See also, Wei v. State of Hawaii, 763 F.2d 370, 372 (9th Cir. 1985); LeBlanc v. I.N.S., 715 F.2d 685, 694 (1st Cir. 1983).

In the present case, Petitioner has suggested that KLA failed to docket the payment of the maintenance fee, presumably due to the firm's inexperience in patent matters. As set forth above, clients are not insulated from the actions of their lawyers.

Petitioner has failed to include a showing of the steps KLA had in place for ensuring that the maintenance fee would be submitted in a timely manner. As such, Petitioner has failed to satisfy the requirement under 37 C.F.R. §1.378(b)(3) for a grantable petition.

#### Public Policy Considerations

Petitioner sets forth that due to the subject matter of this patent, and due to the time and money expended by the patentee at bringing this invention to market, the relevant rules should be liberally interpreted. This is not persuasive. Neither the subject matter of the patent nor the efforts expended at capitalizing on the invention are relevant in the determination of whether the failure to timely submit the maintenance fee was unavoidable. See, e.g., In re Patent No. 4,409,763, 7 USPQ2d 1798 (Comm'r Pat. 1988) *aff'd sub nom. Rydeen v. Quigg*, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd* 937 F. 2d 623 (Fed. Cir. 1991) ("Petitioner argues in favor of acceptance of delayed payment of maintenance fees by alluding to commercial success of the patent. The PTO cannot apply the patent statutes and rules selectively, based on commercial success of a patent."). Moreover, even a liberal interpretation could not avoid the requirement under 37 C.F.R. §1.378(b)(3) for a showing of the steps in place to ensure the timely payment of the maintenance fee. See Ray v. Lehman, 55 F.3d 606, 34 U.S.P.Q.2d 1786 (Fed. Cir. 1995) ("We do not see [the requirement under §1.378(b)(3)] as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay").

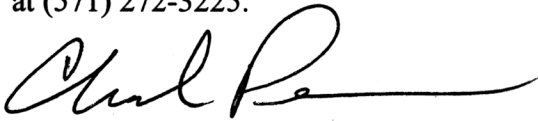
#### CONCLUSION

The prior decision which refused to accept, under 37 C.F.R §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 U.S.C. §41(c)(1) and 37 C.F.R. §1.378(b).

Since this patent will not be reinstated, the petitioner is entitled to a refund of the surcharge and the 7 ½ year maintenance fees, but not the \$400 fee associated with the filing of the instant renewed petition under 37 C.F.R. §1.378(e). A treasury check will be issued in due course.

The petition indicates that a change of correspondence form was filed contemporaneously therewith to change the correspondence address to counsel's address indicated below. The USPTO has no record of this change. A courtesy copy will be mailed to counsel at the address specified below. However, all future correspondence will be directed to the address of record until such time as a change of correspondence address has been properly effected.

Telephone inquiries regarding this decision should be directed to Senior Attorney Paul Shanoski at (571) 272-3225.



Charles Pearson  
Director, Office of Petitions  
Office of the Deputy Commissioner  
For Patent Examination Policy

Cc:  
Donald C. Simpson, Esq.  
126 Borton Landing Road  
Moorestown, N.J. 08057-3055