



Paper No. 15

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OFFICE OF PETITIONS

Patentee: Barnett et al. :
Patent No. 5,268,166 :
Application No. 07/910,942 :
Filed: July 9, 1992 :
Issue Date: December 7, 1993 :
Title of Invention: Cosmetic Application System :

ON PETITION

This is a decision on the petition under 37 CFR 1.378(e), filed on November 28, 2005, requesting reconsideration of a prior decision refusing to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent.

The petition under 37 CFR 1.378(e) is **DENIED**.¹

BACKGROUND

The above-identified patent issued December 7, 1993. The 7.5 year maintenance fee could have been paid from December 7, 2000 to June 7, 2001, or with a surcharge during the period from June 8, 2001 to December 7, 2001. The maintenance fee was not timely paid. Accordingly, the patent expired at midnight December 7, 2001.

A petition to accept the delayed payment of the maintenance fee pursuant to 37 CFR 1.378(b) was filed on April 18, 2005 and dismissed on September 29, 2005.

The instant petition requests reconsideration of the decision of September 29, 2005. The request for reconsideration is accompanied by declarations of Cathy E. Shore-Sirotnin and Oscar E. Marina.

¹This decision may be viewed as a final agency action within the meaning of 5 U.S.C. §704 for purposes of seeking judicial review. See MPEP 1002.02

STATUTE AND REGULATION

35 U.S.C. § 41 (c)(1) states that :

The Director 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 Director to have been unavoidable.

A petition under 37 CFR 1.378(b) to accept an unavoidably delayed payment of a maintenance fee must include:

- (1) The required maintenance fee set forth in §1.20 (e) through (g);
- (2) The surcharge set forth in §1.20(l)(1); and
- (3) A showing that the delay was unavoidable since reasonable care was taken to ensure 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 petition under 37 CFR 1.378(b) for the acceptance of an unavoidably delayed payment of maintenance fee is considered under the same standard as that for reviving an application unavoidably abandoned under 37 CFR 1.137(a) because 35 U.S.C. § 41(c)(1) uses the identical language, *i.e.*, "unavoidable" delay.² Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.³ To meet this standard, petitioner must establish that he or she treated the patent the same as a reasonably prudent person would treat his or her most important business. In addition, decisions on revival are

²Ray 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)).

³Ex 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 man 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).

made on a "case-by-case basis, taking all the facts and circumstances into account."⁴ 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 that the delay was unavoidable.⁵

The instant petition asserts:

1. Arden acted prudently in entering into the Purchase Agreement;
2. Arden did not second guess its decision to pay the maintenance fee; and
3. It was reasonable and prudent for Arden to rely upon advice of counsel.

The petition under 37 CFR 1.378(e) has been considered. However, the showing of record is not sufficient to establish to the satisfaction of the Director that the delay was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b). A showing of unavoidable delay requires a showing that the **entire** delay in filing a grantable petition under 37 CFR 1.378(b) was unavoidable. In re Application of Takao, 17 USPQ2d 1155,1158 (Comm'r Pat. 1990). For reasons below, the record fails to establish that the entire delay was unavoidable.

A. Arden Did Not Act Prudently in Reviewing the Patents Purchased.

Petitioner insists that Arden acted prudently when entering into the purchase agreement. The purchase agreement was entered on October of 2000 and concluded in June of 2001.⁶ Petitioner contends the window for paying the maintenance fee did not open until December 2000 and the transaction was completed by January 2001. Petitioner states any investigation during the transaction would have shown that the patent was still enforce. However, a review of the purchase agreement/all schedules would have shown that two patents had been left off of schedule 4.18(j). Schedule 4.18(j) was Unilever's listing of patents subject to licensing. A patent should not be purchased without proper investigation into the status of the patent. The other schedules provided by Unilever informed Arden that there was a patent which was subject to maintenance fee payments. A prudent person would track all patents, not just patents that were contained on a schedule provided by the seller. Upon the purchase of a patent a reasonable and prudent person would take immediate steps to ensure steps were in place to maintain the patent.

⁴Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. 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); Vincent v. Mossinghoff, 1985 U.S. Dist. Lexis 23119, 13 230 U.S.P.Q. (BNA) 621 (D.D.C. 1985) (Plaintiffs through their counsel's actions or their own must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications).

⁵Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁶Renewed petition, pg. 3.

Further on renewed petition, petitioner acknowledges evidence has been located which establishes that Arden was or should have been aware that there was a licensing agreement for the above-identified patent as early as March of 2001.⁷ Thus a prudent person would have reviewed the documents received with the purchase agreement or confirmed that counsel was aware that the patent needed to be added to schedule 4.18(j).

B. Delay was caused in part by Arden's reevaluation of the value of the patent.

Petitioner's contention that the petition decision considered under 37 CFR 1.378 mischaracterizes the decision not to pay the maintenance fee is not persuasive. Here, petitioner contends that the reevaluation whether to pay the maintenance fee was based upon discovering new facts rather than a reevaluation of the same facts. Petitioner further contends that once new facts were discovered, Arden's counsel was directed to file a petition under the unintentional standard.

35 U.S.C. 133 and 151 each require a showing that the "delay" was "unavoidable," which 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 until the filing of a petition to revive. See *In re Application of Takao*, 17 USPQ2d 1155 (Comm'r Pat. 1990). The patent was abandoned when counsel for Arden Ms. Shore told counsel at Abelman not to submit the 7.5 year maintenance fee payment. The goal was to reduce corporate IP expenses.⁸ The fact that Ms. Shore was not aware that there was a licensing agreement does not change the fact that there was a deliberate decision not to pay the 7.5 year maintenance fee. The belated request to reinstate under the unintentional standard after learning that there was a licensing agreement for the above-identified patent does not make the abandonment unavoidable. As set forth in MPEP 711.03(c):

...[W]here the applicant deliberately chooses not to seek or persist in seeking the revival of an abandoned application, or where the applicant deliberately chooses to delay seeking the revival of an abandoned application, the resulting delay in seeking revival of the abandoned application cannot be considered as "unintentional" within the meaning of 37 CFR 1.137(b). An intentional delay resulting from a deliberate course of action chosen by the applicant is not affected by:
(A) the correctness of the applicant's (or applicant's representative's) decision to abandon the application or not to seek or persist in seeking revival of the application;

⁷Renewed petition, pg. 2.

⁸ *Id.*, pg. 5. and Mystic Tan Letter (3/1/01)

(B) *the correctness or propriety of a rejection, or other objection, requirement, or decision by the Office; or*

(C) *the discovery of new information or evidence, or other change in circumstances subsequent to the abandonment or decision not to seek or persist in seeking revival.*

Petitioner intended to not pay the maintenance fee because there was no known licensing agreement. In other words, the above-identified patent lacked sufficient commercial value to justify the expense of paying the maintenance fee. Even to the extent that the decision not to pay the maintenance fee and subsequent effort to reinstate was based upon new information i.e. the licensing agreement, it does not equate to unavoidable delay. Delaying the revival of an abandoned application, by a deliberately chosen course of action, until the industry or a competitor shows an interest in the invention is the antithesis of an "unavoidable" or "unintentional" delay. An intentional abandonment of an application, or an intentional delay in seeking the revival of an abandoned application, precludes a finding of unavoidable or unintentional delay pursuant to 37 CFR 1.137. See *Maldague*, 10 USPQ2d at 1478.

C. Attorney Error is not Unavoidable Delay.

Petitioner argues it was reasonable and prudent to rely on the actions of the various attorneys involved with this patent. Petitioner states after requesting the patent be reinstated, Ms. Shore continued to follow-up with Arden's lawyers at Abelman. Petitioner further contends the Ross firm informed Arden that the maintenance fee department verified patent data with publicly available sources to ensure data in the docket system was accurate. As evidence petitioner has submitted an e-mail from Andrew Wilford, a partner at the Ross Firm which indicates the general procedure when a patent was entered into the Ross docketing system. Petitioner states the fact the patent was entered into the Ross Firm's docketing system, supports the believe that the patent was in full force.

Petitioner has failed to provide sufficient evidence of the steps of the two law firms in place to ensure the timely submission of the maintenance fee and the filing of a petition for reinstatement.

The U.S. Patent and Trademark 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.⁹ Specifically, petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 U.S.C. 133 or 37 CFR

⁹Link v. Wabash, 370 U.S. 626, 633-34 (1962).

1.137(a).¹⁰ A delay resulting from an attorney's preoccupation with other legal matters or with the attorney's inadvertence or mistake is not sufficient to establish to the satisfaction of the Commissioner that the delay was unavoidable within the meaning of 35 USC 151 and 37 CFR 1.137(a). Mossinghoff, 671 F.2d at 536. Case law is clear that the mistakes of an attorney do not rise to the level of unavoidable delay and that the actions of patentees representatives are imputed onto patentee.¹¹ The assurances that petitioner may have received with regard to reinstatement of the patent does not rise to the level of gross negligence nor does it supersede the acts of Arden.

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 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

Since this patent will not be reinstated, a refund covering the maintenance fee and surcharge fee will be forwarded to petitioner.

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

The application is being forwarded to Files Repository.

Telephone inquiries should be directed to Petitions Attorney Charlema R. Grant at (571) 272-3215.



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¹⁰ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987); 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. 130, 131 (Comm'r Pat. 1891).

¹¹ See. California v. Medical Products, Inc. v. Tecnol Medical Products, Inc, 921 F. Supp 1219 and Haines v. Quigg 673 F. Supp 314,