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OFFICE OF PETITIONS

In re Patent No. 5,401,270 :
Issued: March 28, 1995 :
Application No. 08/185,023 : ON PETITION
Filed: January 24, 1994 :
Docket No.: 10286.100001 :

This is a decision on the petition under 37 CFR 1.378(e), filed December 1, 2006.

The petition is **DENIED**¹.

BACKGROUND

The patent issued March 28, 1995. The 3.5-year maintenance fee was timely paid September 14, 1998. The 7.5-year maintenance fee could have been paid from March 28, 2002 to September 28, 2002 without a surcharge or from September 29, 2002 to March 28, 2003 with a surcharge. The maintenance fee, however, was not submitted. Accordingly, the patent expired March 28, 2003 for failure to timely submit the 7.5-year maintenance fee.

A petition under 37 C.F.R. § 1.378(b) to accept late payment of the maintenance fee was filed May 26, 2006 and dismissed September 25, 2006.

Petitioners continue to attribute the failure to timely remit the 7.5-year maintenance fee to the docketing error of former employee Mr. Zahlhaas. Mr. Zahlhaas was hired by assignee in 1998. The patent was acquired by assignee in 1999 and an assignment to this effect was recorded in 2001.

Upon acquisition of a patent, Mr. Zahlhaas' duties entailed creating a file for the patent and forwarding information for the patent to an annuity firm. In return, the annuity firm would

¹ This 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.

provide patent renewal notices to assignee through Mr. Zahlhaas. Mr. Zahlhaas would then give the notices from the annuity firm to Mr. Wunderl whereupon Mr. Wunderl and Mr. Hepp would review the notice and decide whether or not to pay a particular maintenance fee.

Mr. Wunderl declares that Mr. Hepp, Mr. Zahlhaas' supervisor at the time, verbally informed Mr. Zahlhaas of the acquisition of the instant patent. Mr. Wunderl declares that Mr. Zahlhaas did not create a patent file for the instant patent, and, further, declares that Mr. Zahlhaas failed to notify the annuity firm to monitor the instant patent.

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 ... at any time after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable."

37 C.F.R. § 1.378(b)(3) states that any petition to accept the 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 C.F.R. § 1.378(e) states in pertinent that:

"Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set in the decision refusing to accept the delayed payment of the maintenance fee. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(f). After the decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director."

OPINION

The Director may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have been "unavoidable."² Moreover, a late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. 133 because 35 U.S.C. 41(c)(1) uses the identical language, i.e., "unavoidable" delay³. Decisions on reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable⁴. Further, decisions on revival are made on a "case-by-case basis, taking all the fact and circumstances into account"⁵. 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 delay⁶.

Petitioners have failed to establish that Mr. Zahlhaas was ever advised of the acquisition of the instant patent. Nor have petitioners established that Mr. Zahlhaas was ever instructed to create a file for the patent and advise the annuity firm to monitor the patent. Notwithstanding the death of Mr. Hepp in 2005, Mr. Wunderl's declaration that Mr. Hepp verbally informed Mr. Zahlhaas of the patent acquisition is mere hearsay and is no more persuasive than Mr. Hepp did not inform Mr. Zahlhaas of the acquisition. Moreover, the statement is not substantiated by any supporting documentation.

Further, even assuming arguendo that Mr. Zahlhaas was advised of the patent acquisition, petitioners have failed to establish that Mr. Zahlhaas was adequately supervised such that reliance on Mr. Zahlhaas represented the exercise of due care. There is nothing in the record to indicate that procedures were in place to ensure that Mr. Zahlhaas had performed the duties charged to him. It doesn't appear that Mr. Zahlhaas' supervisors reviewed

² 35 U.S.C. 41(c)(1).

³ See, Ray v. Lehman, 55 F3d 606, 608-609, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988)).

⁴ See, 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, 514-515 (D.C. Cir. 1912), Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913).

⁵ See, Smith v. Mossinghoff, 671 F.2d 533, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁶ See, Haines v. Quigg, 673 F.Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

the files he was charged with creating to ensure they were done in accordance with assignee's procedures. Herein, petitioners state that Mr. Zahlhaas was verbally advised of a patent acquisition. The mere advisal of an acquisition without more does not imply Mr. Zahlhaas would then have created a file and contacted the annuity firm. There is nothing in the record to indicate that follow-up procedures were in place to ensure that Mr. Zahlhaas had in fact completed tasks assigned to him verbally.

Moreover, it was known to assignees as early as April 2001 that Mr. Zahlhaas' performance of his duties was questionable, i.e., Mr. Zahlhaas having allowed patents and trademarks to lapse. Thus, it was reasonably foreseeable that Mr. Zahlhaas had not executed all duties that had been charged to him, such as creating patent files and notifying the annuity firm to monitor certain patents.

Petitioners have not established that reasonable care was taken to ensure that the maintenance fee would be paid timely. Upon the realization that Mr. Zahlhaas was not properly executing his duties, assignee did not take adequate steps to ensure the maintenance fee for the instant patent was being duly monitored.

Mr. Wunderl indicates that upon the discovery of irregularities in assignee's patent portfolio, a "complete listing of all files concerning patent applications and patents with irregularities..." was generated.⁷ The irregularities were attributed to Mr. Zahlhaas' patent administration. Petitioners have failed to establish that the entire patent portfolio was reviewed, or, minimally a review was made of all patents acquired by assignee from the time that Mr. Zahlhaas' employment commenced in January 1998 until the time Mr. Zahlhaas' employment ended in August 2001 was conducted. Had a review been made of all patents acquired between January 1998 and August 2001, the full extent of the "irregularities" would have likely been discovered.

Petitioners fail to explain how scrutinizing patents that contained "irregularities" would constitute a thorough investigation of Mr. Zahlhaas' work. Clearly, assignee's files would not identify patents for which a file had not been created. Nor do petitioners explain how or why scrutiny of patent files with known "irregularities" would constitute an adequate investigation. If a file was not created for the

⁷ Wunderl Declaration p. 8.

patent, how would reliance upon reviewing files with known "irregularities" have uncovered undocketed patents?

In short, the record fails to show that petitioners, upon notice of Mr. Zahlhaas' purported impropriety, undertook an adequate investigation of Mr. Zahlhaas' work. Petitioners had a duty to exercise due diligence, and this duty was not discharged by the negligence of Mr. Zahlhaas. See Douglas v. Manbeck, 21 U.S.P.Q.2D (BNA) 1697 (E.D. Pa. 1991), *aff'd* 24 F.3d 1318, 24 USPQ2d 1318 (Fed. Cir. 1992) (applicant's lack of due diligence "overcame and superseded any negligence by the attorney. The delay was not unavoidable, because had the plaintiff exercised the due care of a reasonably prudent person, he would have been able to act to correct the situation in a timely fashion.").

Accordingly, the record fails to establish that patentee took adequate steps to ensure timely payment of the maintenance fee as required by 37 CFR 1.378(b)(3). Since adequate steps were not taken by patentee, 37 CFR 1.378(b) precludes acceptance of the delayed payment of the maintenance fee. Petitioners may request a refund of the surcharge and maintenance fee submitted with the instant petition by writing to the Finance Office, Refund Section. A copy of this decision should accompany any request for refund.

DECISION

The prior decision dismissing petition under 37 CFR 1.378(b) to accept delayed payment of maintenance fee has been reconsidered. For the reasons set forth herein the delay in payment of the maintenance fee cannot be regarded a unavoidable within the meaning of 35 USC 41 and 37 CFR 1.378(b). Accordingly, the offer to pay the delayed maintenance fee will not be accepted and this patent will not be reinstated.

This file is being forwarded to files repository.

Telephone inquiries concerning this matter may be directed to Petitions Attorney Alesia M. Brown at 571-272-3205.



Charles Pearson
Director
Office of Petitions