



Paper No. 19

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OFFICE OF PETITIONS

In re Patent No. 5,415,900 :
Issue Date: May 16, 1995 :
Application No. 08/180,432 :
Filed: January 12, 1994 :
For: Method of Delivering A Substance :
Into A Material Mass :

DECISION ON PETITION

This is a decision in response to the renewed petitions under 37 CFR 1.378(e), filed on October 5, 2006, and September 13, 2007, requesting reconsideration of a prior decision refusing to accept the delayed payment of a maintenance under 37 CFR 1.378(b) and reinstate the above-identified patent.

The request to accept the delayed payment of the maintenance fee and reinstate the above-identified patent is **DENIED**. This decision is a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1002.02.

BACKGROUND

The patent issued on May 16, 1995. The second maintenance fee could have been paid during the period from May 16, 2002 through Monday, November 18, 2002 or with a surcharge during the period from Tuesday, November 19, 2002 through May 16, 2003. Accordingly, this patent expired on May 17, 2003, for failure to timely remit the second maintenance fee.

On February 17, 2006, petitioner filed a petition under 37 CFR 1.378(b), which was dismissed by the decision of August 18, 2006. On October 5, 2006, petitioner filed a petition requesting reconsideration of the decision of August 18, 2006, refusing to accept the delayed payment of a maintenance under 37 CFR 1.378(b) and reinstate the above-identified patent. In response, on June 14, 2007, the Office mailed a Request for Information for the purpose of clarifying the record as to ownership of the patent at the time the maintenance fee was due. The Request for Information set a non-extendable period of two months for petitioner to reply. During this period, the decision on the petition under 37 CFR 1.378(e) was held in abeyance. The Office requested that petitioner provide documentary evidence and an explanation of the chain of title of the above-identified patent from the original owner to Jerome S. Rydell. In particular, the USPTO was interested in obtaining information regarding the

transfer of patent rights from Surf Tech International, Inc. ("Surf"), William C. Reed, and Claudia Reed to American Capital & Equity Corporation ("American").

On September 12, 2007, petitioner submitted a response to the Request for Information, accompanied by a request for an extension of time for response within the first month pursuant to 37 CFR 1.136(a).¹ On September 13, 2007, petitioner filed a "Petition Under 37 CFR 1.183 to Extend the Two Month Period Limit to Respond," which was granted by the decision of October 9, 2007.

In response to the Request for Information, petitioner provided the Declaration of Jerome S. Rydell, who attested to the chain of title for the above-identified patent from the original owner to Mr. Rydell. Mr. Rydell stated that he was the record title owner of U.S. Patent No. 5,415,900 until August 2006, when this patent and other "Parallex Patents" were assigned to a Michigan Limited Liability Company owned by Mr. Rydell. Mr. Rydell explained that William C. Reed, Claudia Reed and Surf owned the patent, subject to a security interest granted to American in June of 1997. Thereafter, American went into receivership and Carl F. Schoepl was the court appointed Receiver in the case, *Securities and Exchange Commission v. Schaefer*, No. 98-CV-343-Orl (M.D. Fla. Oct. 5, 1999). Mr. Rydell further explained that Surf received the patent pursuant to the Order of October 5, 1999; however, Surf subsequently defaulted. On June 7, 2000, Mr. Schoepl filed a "Receiver's Motion to Amend Order Re: Liquidating Receivership Asserts (Parallex Patents)" to correct the name of the assignee of this patent and other Parallex Patents from Surf to Mr. Rydell. On January 24, 2001, the court issued an Order granting the Motion and directing Mr. Schoepl to sell this patent and other Parallex Patents to Mr. Rydell. Petitioner provided the USPTO with copies of the above-mentioned documents.

Petitioner asserted that he had provided an adequate explanation and documentation to show the chain of title of this patent from the original owner to Mr. Rydell, including information regarding the transfer of patent rights from Surf, William C. Reed, and Claudia Reed to American, as requested by the USPTO for clarification of the record.

Upon review of the documentary evidence and statements provided by petitioner, petitioner has shown to the satisfaction of the Office that Mr. Rydell was the owner of this patent at the time of its expiration.

STATUTE AND REGULATION

35 U.S.C. § 41(b) provides that:

The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.

¹ Time periods will not be extended under 37 CFR 1.136(a) in a patent because 35 U.S.C. § 41(a)(8) only authorizes the USPTO to charge fees for extensions of time in proceedings involving an application.

(2) 7 years and 6 months after grant, \$2,300.

(3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent will expire as of the end of such grace period. The Director may require the payment of a surcharge as a condition of accepting within such 6-month grace period the payment of an applicable maintenance fee. No fee may be established for maintaining a design or plant patent in force.

35 U.S.C. § 41(c)(1) provides that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable. The Director may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

37 CFR 1.378(b) provides that:

Any petition 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(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.

OPINION

The Director may accept the late payment of a maintenance fee if the delay is shown to the satisfaction of the Director to have been unavoidable. See 35 U.S.C. § 41(c)(1).

Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. § 133. 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. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present. In re Mattullath, 38 App. D.C. 497, 514-15 (1912) (quoting Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (D.D.C. 1963), *aff'd*, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (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 cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

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 CFR 1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

The Office has carefully considered all of the arguments presented in the petition under 37 CFR 1.378(e); 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).

Petitioner explained that John C. Smith, the patent attorney for the Bankruptcy Receiver, prepared and executed the Patent Assignment Recordation documents for recording the conveyance of the subject patent from Bankruptcy Receiver, Carl F. Schoeppl to Jerome S. Rydell. Petitioner stated at that time Mr. Rydell was being represented by Attorney Joseph H. Spiegel. Petitioner stated that Mr. Rydell did not know about patent maintenance fee requirements and that Mr. Spiegel did not have a background or experience in patent law matters. Petitioner asserted that Mr. Rydell exercised due care of a reasonably prudent person when he employed legal counsel, who in turn relied on Mr. Smith, a patent attorney, to effectuate the proper transfer of patent rights to Mr. Rydell. Petitioner averred that the maintenance fee was not timely paid because Mr. Smith did not notify Messrs. Rydell or Spiegel of the

need to pay the maintenance fee. Furthermore, petitioner asserted Mr. Rydell never saw the original Letters Patent (or the notice to pay maintenance fee in the inside cover) and did not believe that Mr. Spiegel ever received the Letters Patent. Lastly, petitioner stated that Mr. Rydell did not know that maintenance fees must be paid in utility applications until the summer of 2005, when he met with Attorney Weiss.

The general standard applied by the Office requires a petitioner to establish that the patentee or his successors in interest treated the patent the same as a reasonable and prudent person would treat his most important business. Smith v. Mossinghoff, 671 F.2d 533, 538 213 USPQ 977, 982 (D.C. Cir. 1982). In determining whether the 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 v. Lehman, 55 F.3d 606, 608-609, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995). The patent owner at the time of the expiration of the patent is ultimately the person responsible to ensure the timely payment of the maintenance fees. The patent owner may engage another to track and/or pay the maintenance fees; however, merely engaging another does not relieve the patent owner from his obligation to take appropriate steps to ensure the timely payment of such maintenance fees. See California Medical Prods. v. Tecno Medical Prods., 921 F. Supp. 1219, 1259 (D. Del. 1995).

A grantable petition under 37 CFR 1.378(b) must demonstrate that the party having the right to the patent knew of the need to make maintenance fee payments and implemented a reliable tracking system to track the relevant dates. The Office reiterates that Mr. Rydell was the patent owner at the time of the expiration of the patent, and therefore, he alone had an obligation to ensure the timely payment of the maintenance fee. It appears that petitioner is arguing that Messrs. Smith and Spiegel had a duty to Mr. Rydell in which it was reasonable for Mr. Rydell to rely on them to handle and/or notify him of any outstanding matters with regard to the patent at the time of the assignment. Petitioner is reminded that the USPTO is not the proper forum for resolving disputes between Messrs. Rydell, Spiegel and Smith. There is no evidence demonstrating that Messrs. Smith or Spiegel entered into an agreement with Mr. Rydell to track or inform him of the second maintenance fee payment. Nevertheless, for argument sake, if either Messrs. Smith or Spiegel owed any duty to Mr. Rydell regarding notification and payment of the maintenance fee, Mr. Rydell is bound by their actions or lack thereof. The USPTO must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of an applicant, and an applicant is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992). Specifically, delay caused by the actions or inactions of a voluntarily chosen representative do not constitute unavoidable delay. Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 167-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963) (delay caused by a failure to act by or on behalf of the party in interest at the time the action needs to be taken is binding on the successor in title).

It appears that Mr. Rydell relied solely on Messrs. Smith and Spiegel and did not take any further steps to ensure that the maintenance fee was paid timely. The delay resulting from the lack of knowledge or **improper application of the patent statutes, rules of practice or the Manual of Patent Examining Procedure** does not constitute "unavoidable" delay. Vincent v. Mossinghoff, 230 USPQ 621, 624

(D.D.C. 1985); 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 (1891). During the acquisition of the patent, Mr. Rydell chose to hire an attorney who lacked knowledge of patent law and related matters, and therefore, must bear the unintended and unforeseen consequences of that decision.

Petitioner asserted that Mr. Rydell never saw the original Letters Patent (or the notice to pay maintenance fee in the inside cover) and did not believe that Mr. Spiegel ever received the Letters Patent. The Office reiterates that the mere publication of the statute was sufficient notice to Mr. Rydell of the need to pay maintenance fees. Rydeen v. Quigg, 748 F. Supp. 900, 905, 906 (D.D.C. 1990). Furthermore, Mr. Rydell could have contacted the USPTO or hired a registered patent practitioner to inquire into the status of the patent and whether any requirements existed to maintain the patent instead of relying solely upon a third party to provide him with such information. Moreover, a patentee who is required by 35 U.S.C. 41(c)(1) to pay a maintenance fee within 7 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. Rydeen, 748 F. Supp. at 906.

Mr. Rydell asserted that he was unaware of the need to pay maintenance fees to enforce the patent until the summer of 2005, when he retained new patent counsel. Although Mr. Rydell's failure to pay the required maintenance fee may have been unintentional, it does not rise to the stringent standard of "unavoidable delay." Femspec, L.L.C. v. Dudas, 2007 U.S. Dist. LEXIS 8482, 7 (N.D. Cal. Jan. 26, 2007). "In order to meet that standard, [patentee] would have had to establish that he made an effort to inform himself of the legal obligations associated with owning a patent. See California Med. Prods. v. Tecnol Med., 921 F. Supp. 1219 (D. Del. 1995) (noting that "if [the patent attorney] had ceased representing [the patent holder] for some reason, the patent holder would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel . . .")." Femspec, 2007 U.S. Dist. LEXIS 8482 at 7. Here, Mr. Rydell was aware of the existence of the patent; however, he did not show that he had taken steps to discover the legal requirements that existed in maintaining the patent. Id. (concluding that the PTO did not act contrary to law nor abused its discretion in finding that the unavoidable delay standard was not met when patentee failed to inform himself of the obligations associated with patent ownership). The Office reminds petitioner that the Office is precluded from accepting the delayed payment of the maintenance fee under 37 CFR 1.378(b) where the record fails to disclose that the patentee took reasonable steps to ensure timely payment of the maintenance fee. See 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3). As the record discloses that Mr. Rydell did not take reasonable steps to ensure timely payment of the maintenance fee, the Office is precluded from accepting the delayed payment of the maintenance fee under 37 CFR 1.378(b).

DECISION

The Office has reconsidered the prior decision refusing to accept the delayed payment of the maintenance fee under 37 CFR 1.378(b) and reinstate the above-identified patent. For the reasons stated, petitioner has failed to show to the satisfaction of the Office that the entire delay in paying the maintenance fee for the above-identified patent was unavoidable within the meaning of 35 U.S.C.

§ 41(c) and 37 CFR 1.378(b)(3). Therefore, the Office is precluded from accepting the delayed payment of the maintenance fee for the above-identified patent. The Director will not undertake any further review or reconsideration of the matter. See 37 CFR 1.378(e).

As the above-identified patent will not be reinstated, the \$1,150.00 maintenance fee and the \$700.00 surcharge will be refunded to the Deposit Account.

The patent file is being forward to Files Repository.

Telephone inquiries should be directed to Senior Petitions Attorney Christina Tartera Donnell at (571) 272-3211.



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