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OFFICE OF PETITIONS

In re Patent No. 5,811,089 :
Issue Date: 22 September, 1998 :
Application Number: 08/505,236 :
Filing Date: 9 August, 1995 : ON PETITION
Attorney Docket No.: 202.942 :

This is a decision on the petition filed on 22 January, 2007, and resubmitted on 13 March, 2008, which is treated as a petition under 37 C.F.R. §1.378(e) requesting reconsideration of a prior decision which refused to accept under 37 C.F.R. §1.378(b)¹ the delayed payment of a maintenance fee for the above-referenced patent.

The request to accept the delayed payment of the maintenance fee is DENIED.²

BACKGROUND

The patent issued on 22 September, 1998. The first maintenance fee could have been paid during the period from 22 September, 2001, through 22 March, 2002, or, with a surcharge, during the period from 23 March through 22 September, 2002. Accordingly, the patent expired after midnight 22 September, 2002, for failure to timely pay the first maintenance fee.

On 1 November, 2005, a petition under 37 C.F.R. §1.378(b) was filed. On 20 November, 2006, the petition was dismissed, and a two- (2) month non-extendable deadline was set by the Office for any

¹ A grantable petition to accept a delayed maintenance fee payment under 37C.F.R. §1.378(b) must include:

- (1) the required maintenance fee set forth in §1.20(e) through (g);
- (2) the surcharge set forth in §1.20(1)(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.

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

request for reconsideration. On 22 January, 2007, the present request under 37 C.F.R. §1.378(e) was filed, and it was resubmitted on 17 March, 2008, when it became apparent that the materials may have been misplaced in the Office. It is noted that on 13 July, 2007, without explanation the Office appears to have refunded fees previously paid. Under the authorization in the request for reconsideration, the \$400.00 petition fee required herein is charged to Deposit Account 01-0035.

STATUTE AND REGULATION

The grant of authority at 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...after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

The regulations at 37 C.F.R. §1.378(b)(3) set forth 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 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 late payment of the maintenance fee under 35 U.S.C. §41(c) and 37 C.F.R. §1.378(b) if the delay is shown to the satisfaction of the Director to have been "unavoidable."³

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" delay.⁴ Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁵ In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account."⁶ Finally, a petition

³ 35 U.S.C. § 41(c)(1).

⁴ *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)).

⁵ *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 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).

⁶ *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

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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.⁷

Petitioner appears to have ignored the explicit requirements set forth in the 20 November, 2006, and instead submitted only generalities, with little substance and no documentation supporting the averments—particularly the averments of self-dealing to the disadvantage of assignee Emcell.

The following also are noted:

It is helpful to return briefly to what previously was known about this matter, and we may begin with the telling statement by Oleg L. Kornienko (Mr. Kornienko), who states expressly that—although he became the Director General of the assignee Emcell (assignee or Emcell) in August 2003—he only turned his attention to the matter of this patent after “the beginning of 2005 [when the Assignee] received a commercial proposal concerning the patents in the name of Emcell,” and it was only at that time that he “sent a letter on 25 February, 2005 *** to [Counsel] Mr. [Jay] Cinamon [(Counsel)] asking him to advise me of the current status of Emcell’s U.S. patent portfolio.”

Mr. Kornienko goes on to state that only with receipt of the reply of Counsel did he become aware that the instant patent—as well as Patent No. 6,184,033 (the ‘033 patent)—had expired due to non-payment of the maintenance fee. Petitioner sought and obtained reinstatement of the ‘033 patent after alleging unintentional delay.

It is noted that Counsel/Petitioner’s letter of 2 March, 2005, expressly states to Mr. Kornienko that “U.S. [Patent No.] 5,811,089 (Smikodub et al.) *** cannot be reinstated ***.” (Emphasis supplied.)

Dr. Alexander Smikodub (Dr. Smikodub) avers, *inter alia*, in his statement that he was a co-inventor of the instant patent, has been the chief scientist for the assignee since 1994, and he is a minority shareholder in the assignee. He also states that—from February 1994 until November 2001—Dr. Alexy Karpenko (Dr. Karpenko) was the General Director of the assignee, and in that position was entrusted with “all of the administrative functions *** including the maintenance of Emcell’s patent portfolio.” Dr. Smikodub also states that in November 2001 “Mr. V. Radchenko [(Mr. Radchenko)] was installed as General Director of Emcell *** based on a decision by Emcell’s majority stockholder, Mr. V. Sivkovych [Mr. Sivkovych]” and thereafter “all administrative duties, including the maintenance of [Emcell’s] patent portfolio were entrusted to Mr. V. Radchenko.”

Dr. Smikodub further states that Mr. Radchenko never consulted during that period with Dr. Smikodub regarding either of the above-referenced patents—including the instant patent. Dr. Smikodub says that “Mr. V. Radchenko left the employ of Emcell in August 2003 and set up a business in competition with Emcell ***”; and generally, Mr. Radchenko has sought to build a competing stem-cell business to that of Emcell and taken other actions in furtherance of that effort—including his allowance of the Emcell patents—including the instant patent—to expire.

⁷ *Haines v. Quigg*, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

Mr. Karpenko's statement—in essence—tracks the facts set forth by Mr. Kornienko and Dr. Smikodub, but further states that:

- “During the period when the maintenance fee was due for the ‘089 patent, all official correspondence and maintenance fee reminders to Emcell would have been directed to Mr. Radchenko. All he had to do was approve payment upon receiving a reminder. To reiterate, I was never advised of any reminders received from [Counsel’s law firm] Abelman, Frayne & Schwab [AF&S] for the payment of the Maintenance Fee for the ‘089 patent”; and, further,
- “It is my belief that Mr. Radchenko purposely ignored these reminders. This would be in accord with his attempts to ruin Emcell as a competitor of his own business. It proved very difficult for Emcell to remove him from his position.”

The statement of Eva Szilagyi (Ms. Szilagyi) , who identifies herself as the person “in charge of docketing and maintenance fees at the firm of *** AF&S” during the period of 1984 to 2005, states that it was the custom of the AF&S “to send a first reminder for the payment of U.S. maintenance fees four months prior to the date upon which the maintenance fee was due” and she followed that practice, and she “would have sent out the first reminder in November 2001.” Ms. Szilagyi said that she “did not receive a response to he first reminder which [she] sent to Emcell, the assignee of the ‘089 patent, in writing, and also by facsimile, to their offices in Kiev, Ukraine.”

Ms. Szilagyi said that it was “also the firm’s custom and practice, to which [she] adhered to send a second or supplemental reminder two months later in the event that there was no response to the first reminder,” and therefore, “to the best of [her] recollection, [she] would have sent a second reminder to Emcell in January 2002.” Apparently without benefit of office files, Ms. Szilagyi remembered that she “never received a response” in this case. Ms. Szilagyi’s statement continues, that “[i]n the event that there was no response to the second reminder, it was [her] custom at AF&S to send a third reminder two (2) weeks before the three-year, six-month due date, which would have been in the first week of March 2002,” however, she “did not receive a response.”

Finally, Ms. Szilagyi states that:

- “In the event that there was no response to the third reminder, [she] would have sent a fax a few days before the actual due date which in this instance was March 22, 2002”—notably, there is no actual statement by Ms. Szilagyi that she did this, however, she does state that “No response was received”; and
- Approximately ten days before the end of the fourth year, she “typically would have sent a final fax reminding the client, Emcell, that the maintenance fee could still be paid with a surcharge”—again, while there is no statement that she in fact did this, she does state: “I never received a response.”

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None of the attendant supporting documents accompany Ms. Szilagyi's statement, and her statement further sets forth that about the time she retired in April 2005 the AF&S firm was moving its offices and she was instructed by her supervisor, Thomas E. Spath, Esq., "to discard any maintenance fees records which were no longer active"—and, thus, possibly documents regarding this matter were "among the documents which were discarded at that time."

Counsel/Petitioner Mr. Cinamon previously provided no documentation contemporaneous with the period in which the maintenance fee could have been paid—either alone, with a small surcharge in the grace period, or as unintentionally delayed—from 22 September, 2001, through 22 September, 2004.

Nonetheless, in the absence of any documentation such as that discussed above and/or a personal or professional calendar or the like, Counsel recalls specific conversations with the now-retired Ms. Szilagyi dating back some two to three years ago. However, while Counsel acknowledges having personally prosecuted the instant application—he provides no indication that he personally sought to contact Dr. Smikodub and/or any other representative of Emcell in the period of 22 September, 2001, through 22 September, 2004.

Submitted on
Request for Reconsideration

New to the instant petition, Petitioner indicates that the file has been found in storage, and that it contained a jacket cover (copies submitted) evidencing the recordation of the "annuity," or maintenance fee dates of 22 March, 2002 (3.5-year maintenance fee), 22 March 2006 (7.5-year maintenance fee), and 22 March, 2010 (11.5-year maintenance fee).

Also submitted is the 5 January, 1999, letter transmitting the patent to Dr. Smikodub—setting forth the maintenance fee due-date requirements; also included and submitted is a copy of a printout of the AF&S computer record as to the first maintenance fee.

However, the file does not include reminder letters from AF&S to the patentee/assignee. Samples of such letters to other AF&S clients are submitted but are not related to the instant application.

What is relevant to the instant application is the 21 June, 2005, e-mail (submitted with the request for reconsideration) to "Dr. Smikodub" (sic) from one Calvin Cao (Mr. Cao), whose message identifies him as Chairman and CEO of Stem Cell Therapy International Corp. (SCTIC), and describing Mr. Cao's company's willingness to pay "\$20 million" for a one-half interest in a follow-on venture to be identified as "EmCell International" using Emcell's technology, and which they "will own EmCell International together 50/50 ***."

What also are relevant to the instant matter are two entries submitted from the Emcell corporate records (originals and translations) that reflect on 14 November, 2001, the act to "[a]ppoint Mr. Radchenko Victor Volodymyrovych [Mr. Radchenko] General Director of the Company," and on 28 August, 2003,

the “[r]elease of Mr. Radchenko Victor Volodymyrovych from the position of the General Director of the Company on his own free will. The decision was unanimous.”

Not only did Mr. Radchenko depart Emcell of “his own free will,” but, as is clear from the statement (above) of Mr. Kornienko, the quality of Mr. Radchenko’s service and the status of the instant patent were of no of concern to the assignee until a “commercial proposal” was made to the Emcell in “the beginning of 2005”—several months after Emcell lost the opportunity to reinstate the instant expired patent with an allegation of unintentional delay.

Only then did Emcell commence to allege that the person it placed in authority over its governance—and whom it allowed after twenty-one (21) months of service to depart “of his own free will” without any further inquiry, investigation or audit of his service—took advantage of that position to act so as to deprive Emcell of property rights it might possess with regard to the patent, so as possibly to advance his own personal financial interests against and over that of Emcell. Yet Emcell has presented no such showing of misdeeds on the part of Mr. Radchenko. However, even if such evidence could be presented, the United States Patent and Trademark Office is not the forum for such disputes. It would appear from the record that Mr. Radchenko had the authority to take such actions. And while it may be that Mr. Radchenko took these actions contrary to the interests of Emcell, actions alleged to be taken fraudulently in the non-payment of maintenance fees are not covered by the rules.

The decision of 20 November, 2006 (Decision), set forth at its closing the following showings that Petitioner had to address/present on any request for reconsideration:

- “documents regarding the alleged cause of the delay and copies of any documents referred to in Petitioner’s statement as to the cause of the unavoidable delay”;
- “all the causes which contributed to the failure to timely pay the maintenance fee must be presented and supported with appropriate evidence”;
- “[a] showing must be made (with supporting documents) outlining the efforts made to ensure timely payment of the maintenance fee—including scheduling and calendaring information, appointment of an individual with the authority and responsibility to pay the fee, and detailing of the causes for a failure in that process;

with these requirements (Decision, at page 13) set out alongside the controlling statutes and regulation in order for Petitioner to know what must be done and presented in order for Emcell to prevail in on a request for reconsideration.

In response, Petitioner presented only the additional documents described above (Petition, attachments.)

This petition does not satisfy the requirement of 37 C.F.R. §1.378(b)(3). As discussed below, the statements and documents presented in the petition fail to satisfy the showing required to establish unavoidable delay within the meaning of 37 C.F.R. §1.378(b).

The statute, 35 U.S.C. §41(c)(1), does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the Petitioner has failed to carry his or her burden to establish that the delay was unavoidable.⁸ 35 U.S.C. §133 does not require the Commissioner to affirmatively find that the delay was avoidable, but only to explain why the applicant's petition was unavailing. Petitioner is reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Director that the delay in payment of a maintenance fee is unavoidable.⁹

Because 35 USC § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 USC §133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees.¹⁰ That is, 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 C.F.R. §1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the second maintenance fee for this patent.¹¹

There are three periods to be considered during the evaluation of a petition under 37 C.F.R. §1.378(b):

- (1) The delay in reply that originally resulted in expiration;
- (2) The delay in filing an initial petition pursuant to §1.378(b) to reinstate the patent; and
- (3) The delay in filing a grantable petition pursuant to §1.378(b) to reinstate the patent.¹²

At the outset, the showing is not persuasive with regards to items (1) and (2).

As to Item (1): Petitioner has provided no clear explanation supported by documentary evidence as to the mechanism by which the delay occurred with the resulting expiration of the instant patent.

Petitioner has not established that there was a system in place to ensure that the maintenance fee would be paid. Giving Petitioner's statements the broadest interpretation that could be given, the system presented relates only to the activities of Petitioner's attorney and not to Petitioner. It would appear that it was the practice here for Petitioner's attorney to contact Petitioner's General Director, Mr. Radchenko, to get permission to pay the maintenance fee. Mr. Radchenko was fully empowered to make the decisions with respect to the maintenance fee. Based upon Petitioner's submission, Mr. Radchenko intentionally made a decision not to pay the maintenance fee. Whatever the reason may be for Mr. Radchenko's decision, he was duly appointed and empowered to take this intentional act. This precludes a finding that the delay was unavoidable.

⁸ See *Commissariat A. L'Energie Atomique v. Watson*, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960).

⁹ See *Rydeen v. Quigg*, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd* 937 F.2d 623 (Fed. Cir. 1991)(table), *cert. denied*, 502 U.S. 1075 (1992); *Ray v. Lehman*, *supra*.

¹⁰ *Ray*, 55 F.3d at 609, 34 USPQ2d at 1788.

¹¹ *Id.*

¹² See Changes to Patent Practice and Procedure: Final Rule Notice 62 Fed. Reg. 53131 at 53158 (October 10, 1997).

As to Item (2): Nor has Petitioner provided a clear explanation supported by documentary evidence as to the mechanism by which the delay occurred between the departure of Mr. Radchenko from Emcell and the expiration of the period within which the instant patent might have been reinstated as expired due to unintentional delay—if such was the case. This thirteen- (13) months period was more than sufficient time for an audit of Emcell assets if Emcell and/or its successor management believed Mr. Radchenko to be the self-dealer they now aver him to have been.

As to Item (3): Petitioner has presented only a showing that Emcell and/or its successor management following Mr. Radchenko took no action with regard to the instant patent until they perceived a very lucrative “commercial proposal” from a potential partner.

The showing of record is that rather than unavoidable delay, it appears that Petitioners may have been preoccupied with other matters during the time the maintenance fees on the present patent were due. Petitioners’ preoccupation with other matters which took precedence over timely payment of the maintenance fee in the present patent does not constitute unavoidable delay.¹³

The showing must also enumerate the date and the manner in which patentees became aware of the expiration of the patent, and the steps taken to file the petition promptly. Statements from all persons who contributed to the delay are also required. Furthermore, Petitioner should identify the party responsible for making the payment.

In the decision mailed on 20 November, 2006, Petitioners were advised to include an exhaustive attempt to provide the information required, since, after a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director.

In this regard, a showing of diligence in matters before the Office is essential to support a finding of unavoidable delay herein.¹⁴ There is no “sliding scale” based upon the priority given to maintaining this patent in force, or more diligently seeking reinstatement, vis-a-vis other matters by Petitioner; the issue is solely whether the maintenance, or reinstatement, of the patent at issue was actually conducted with the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business.

The delay was not unavoidable, because had Petitioner exercised the due care and diligence of a reasonably prudent person, Petitioner would have been able to act to pay the fee or seek reinstatement in a timely fashion. The record fails to adequately evidence that Petitioner exercised the due care and diligence observed by prudent and careful persons, in relation to it/his most important business, which is necessary to establish unavoidable delay.¹⁵

¹³ See *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

¹⁴ See *Futures Technology, Ltd. v. Quigg*, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant’s diligent inquiry into the status of the application is required to show unavoidable delay); *Douglas v. Manbeck*, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff’d*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (even representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant’s lack of diligence extending two and one half years overcame and superseded any omissions by his counsel).

¹⁵ *Pratt, supra*.

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The Office is unable to grant the requested relief because Petitioner has not provided a showing that the delay was unavoidable.

In summary, the showing of record has been considered, but does not rise to the level of unavoidable delay. Rather, the showing of record is of a lack of diligence on the part of Petitioner.

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).

The petition under 37 C.F.R. §1.378(e) is **denied**.

As stated in 37 C.F.R. §1.378(e), no further reconsideration or review of the decision refusing to accept the delayed payment of the maintenance fee under 37 C.F.R. §1.378(e) will be undertaken.

This decision may be regarded as a **final agency action** within the meaning of 5 U.S.C. §704 for purposes of seeking judicial review. See MPEP §1001.02.

Since this patent will not be reinstated, a refund check covering, the maintenance fee and surcharge fee, less the \$400.00 fee for the present request for reconsideration, has been scheduled.

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

Telephone inquiries regarding this decision should be directed to John J. Gillon, Jr., attorney, at 571-272-3214.



Charles A. Pearson
Director, Office of Petitions