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OFFICE OF PETITIONS**

In re Patent No. 5,803,912 :
Issue Date: September 8, 1998 :
Application No. 08/428,563 : **ON PETITION**
Filed: April 25, 1995 :
Attorney Docket No. SICZEK :

This is a decision on the petition for reconsideration, filed March 30, 2011, which is being treated as a petition under 37 CFR 1.378(e), to reconsider the decision refusing to accept the unavoidably delayed payment of a maintenance fee for the above-identified patent.

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

BACKGROUND

The patent issued on September 8, 1998. The second (7½ year) maintenance fee was due March 8, 2006 and could have been paid from September 8, 2005 through March 8, 2006 or with a surcharge during the time period from March 9, 2006 through September 8, 2006. Accordingly, the patent expired at midnight September 8, 2006.

A petition to accept to accept the seven and one-half year maintenance fee as unavoidably delayed under 37 CFR 1.378(b) was filed June 22, 2010 and was dismissed in a decision mailed February 1, 2011.

The instant request for reconsideration was filed March 30, 2011.

Petitioner requests reconsideration of the decision mailed February 1, 2011. Petitioner states that the delay in paying the maintenance fee was unavoidable due to some form of human error.

STAUTE AND REGULATION

35 U.S.C. § (2)(B)(2) provides, in part, that:

The Office-- may, establish regulations, not inconsistent with law, which

(A) shall govern for the conduct of proceedings in Office.

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:

(b) Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section 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.

37 CFR 1.378(e) provides 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. If the delayed payment of the maintenance fee is not

accepted, the maintenance fee and surcharge set forth in § 1.20(i) will be refunded following the decision on the petition for reconsideration, or after the expiration of the time for filing such a petition for reconsideration, if none is filed. Any petition fee under this section will not be refunded unless the refusal to accept and record the maintenance fee is determined to result from an error by the Patent and Trademark Office.

OPINION

Petitioner has not met the burden of proving 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 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. 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)).

Decisions on reviving abandoned applications 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 (D.C. Cir. 1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32 33 (Comm'r Pat. 1887) see also Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141. 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).

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. Cf. Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960)(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 Commissioner that the delay in payment of a maintenance fee is unavoidable. 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*.

As 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. Ray v. Lehman, 55 F.3d 606, 609, 34 USPQ2d 1786, 1788 (Fed. Cir. 1995). 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 CFR 1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the maintenance fee for this patent. *Id.*

Petitioner requests reconsideration of the previous adverse decision on the petition filed under 37 CFR 1.378(b). Petitioner references a paragraph in the adverse decision in regard to financial condition being a possible form of unavoidable delay in timely paying a maintenance fee. This paragraph was cited merely to exemplify a possible cause of unavoidable delay. However, financial condition has no bearing on petitioner's particular situation, the non-timely payment of the second maintenance fee being caused by a failure in the tracking system.

As the patent holder at the time of expiration, it was incumbent on Siemens to have itself docketed this patent for payment of the maintenance fee in a reliable system as would be employed by a prudent and careful person with respect to his most important business, or to have engaged another for that purpose. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). During the fee payment period from September 8, 2005 through June 25, 2006, Hologic was responsible for tracking and paying the maintenance fee. However, even where another has been relied upon to pay the maintenance fees, such asserted reliance per se does not provide a petitioner with a showing of unavoidable delay within the meaning of 37 CFR § 1.378(b) and 35 USC § 41(c). *Id.* Rather, such reliance merely shifts the focus of the inquiry from the petitioner to whether the obligated party acted reasonably and prudently. *Id.* Nevertheless, a petitioner is bound by any errors that may have been committed by the obligated party. *Id.* Nonetheless, the fee was not due until March 8, 2006, and could have been paid with a surcharge until September 8, 2006. From June 26, 2006 to September 8, 2006, Hologic was not responsible for payment of the fee as this patent was assigned to Siemens. Rather, during this period, responsibility for paying the fee fell to Siemens.

Despite petitioner's arguments to the contrary, there is no evidence that Hologic was responsible for paying the maintenance fee per the agreement. Even assuming, *arguendo*, that Hologic was responsible prior to June 26, 2006, Siemens was responsible for tracking and paying the maintenance fee at the time of expiry of the patent and it was incumbent upon Siemens to have steps in place for tracking and paying the maintenance fee.

However, the record fails to show that adequate steps within the meaning of 37 CFR 1.378(b)(3) were taken by or on behalf of petitioner to schedule or pay the maintenance fee due September 8, 2006; in fact there were no steps taken by or behalf of petitioner to pay the fee after the June 26,

2006 agreement between Siemens and Hologic. Petitioner is reminded that 37 CFR 1.378(b)(3) is a validly promulgated regulation, as is the requirement therein for petitioner's showing of the steps taken to pay the fee. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. In the absence of a showing of the steps taken by or on behalf of petitioner, 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee. See also Korsinsky v. Godici, 2005 US Dist. LEXIS 20850 at *13 (S.D. N.Y. 2005), *aff'd sub nom Korsinsky v. Dudas*, 2007 US Dist. LEXIS 7986 (Fed. Cir. 2007); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee precluded acceptance of the maintenance fee); California, supra; MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on USPTO reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca 2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt v. Dudas, 496 F.Supp.2d 643 at 650 (E.D. Va 2007)(delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees.)

In fact, at the time the maintenance fee fell due the showing of record is that Siemens had no steps in place to ensure timely payment of the maintenance fee, which is fatal to reinstatement. See 37 CFR 1.378(b)(3); Ray, supra; Korsinsky, supra. The failure by Siemens to take any action regarding this patent from June 26, 2006, until September 8, 2006, or to obligate another to pay the fee, or even to query the USPTO, or even to inquire with Hologic (or even the USPTO) as to whether the maintenance fee for this patent had been paid by Hologic who Siemens contends should have paid the fee prior to June 26, 2006, is simply not the manner in which prudent and careful persons conduct their most important business. This is because Siemens had entered Hologic into the Siemens IPAS docketing system as an outside cost carrier and the docketing system automatically suppresses the payment reminder for payment when the payment is made by another entity. Mausolf decl. filed June 22, 2010, ¶ 10. While Siemens blindly remained under the impression that Hologic was tracking the fee payment, such blind faith is not the action of a prudent and careful person with respect to his or her most important business. See Burandt v. Dudas, 496 F.Supp.2d 643 at 650 (E.D. Va 2007). What Siemens did know, on and after June 26, 2006, was that it had released Hologic from its obligations with respect to this patent, and that Siemens had no steps in place of itself.

Indeed, Siemens maintains that it was reasonable and prudent to have assumed that Hologic had paid the fee because according to the agreement between Siemens and Hologic, Siemens was responsible for any cost for patent prosecution including the payment of the patent maintenance fees only from the date forward of the contract between Hologic and Siemens, namely June 26, 2006. Siemens believes this even though they were aware that as of April 20, 2006 Hologic had not paid the maintenance fee. Mausolf decl. ¶¶ 7 and 9. California, supra (noting that "if [the patent attorney] had ceased representing [the patent owner] for some reason, [the patent owner] would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel..."); Femspec, at * 26-*27 (quoting California); Burandt, supra at 461 (finding that delay not unavoidable because "[o]ther than blindly leaving the maintenance fees for the '031 patent to [a third party]...plaintiff has not established that any

steps were taken.”). Siemens knew, or should have known that it was not tracking the maintenance fee due on or about September 4, 2006, the fee payment group received an error protocol from the system for a series of files including this patent which said that the 8th year maintenance could not be paid automatically due to the lack of information on the year for which the fee payment was due. Mausolf received an e-mail from Munzinger of the fee payment group, on September 4, 2006, which asked “From what date on are we responsible for payment of the yearly maintenance fees?” Mausolf responded on September 14, 2006, “As of immediately we are taking on the JG-monitoring-and payment.” Mausolf decl. ¶¶ 11-12, Exhibits C and D. Yet, even given an error message from the IPAS docketing system Siemens failed to inquire with either Hologic or the USPTO as to whether the maintenance fee had been paid.

However delay resulting from the failure of the patent holder to have any steps in place to pay the fee by either obligating a third party to track and pay the fee, or by itself assuming the obligation to track and pay the fee, is not unavoidable delay. See R.R. Donnelley & Sons Co. v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244, 1247 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee precluded acceptance of the maintenance fee; Ray, supra; California, supra; MMTC v. Rogan, 369 F.Supp2d 675 (E.D. Va 2004)(passive reliance on reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D.Ca 2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt. v. Dudas, supra (delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees, no inquiry by patent holder of responsible party or even Patent and Trademark Office as to whether maintenance fees would, or already had been paid.) While petitioner continues to assert that the docketing system and personnel at Siemens were reliable, such that Siemens was prudent in its reliance thereon, this contention is not readily reconciled with petitioner’s concurrent admission that an error message was generated by the IPAS docketing system and there was no inquiry made as to whether the maintenance fee had been paid.

The evidence of record indicates that: (1) from September 8, 2005 to June 25, 2006, Hologic was the party responsible for tracking the due date of the maintenance fee; (2) from June 26, 2006 to September 8, 2006 Siemens was responsible for tracking the due date of the maintenance fee; (3) Siemens entered the patent into the IPAS docketing system with an indication that Hologic was an outside carrier and thus suppressed the reminder to pay the fee, thus suppressing the payment reminder, and thus there was no tracking system in place to pay the 7 ½ year maintenance fee; (4) the IPAS system generated an error message indicating that the fee could not be automatically paid; and (5) Siemens failed to act upon this error message and check to see if the fee had been paid.

As noted in MPEP 711.03(c) subsection (II)(C)(2), a delay resulting from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function may provide the basis for a showing of "unavoidable" delay, provided it is shown that:

(A) the error was the cause of the delay at issue;

(B) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and

(C) the employee(s) was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care.

See In re Egbers, 6 USPQ2d 1869, 1872 (Comm'r Pat. 1988), rev'd on other grounds sub nom., Theodor Groz & Sohne & Ernst Bechert Nadelfabrik KG v. Quigg, 10 USPQ2d 1787 (D.D.C. 1988); In re Katrapat, 6 USPQ2d 1863, 1867-68 (Comm'r Pat. 1988).

Unfortunately, the showing of record is that conditions (a), (b), and (c) supra were not met. That is, as noted above, the cause of the delay was Siemen's failure, after acquiring the patent from Hologic, to provide a system to ensure that the maintenance fee would be timely paid. The facts are that the 7 ½ year maintenance fee was not paid because steps were not in place to track and pay the fee. The patent was entered into the IPAS docketing system by Siemens; however, the maintenance fee could not be paid automatically due to the lack of information on the year for which the fee payment was due and Hologic was entered into the docketing system as an outside cost carrier which suppressed the payment reminder. Moreover, there is no evidence that when the docketing system generated an error message that anyone at Siemens inquired with Hologic or the USPTO to see if the fee had been paid. These are not the actions of a prudent and careful person with respect to his or her most important business, and as such preclude a reasonable and rational finding that the delay in payment of the maintenance fee was unavoidable. Rather, a prudent and careful person with respect to his or her most important business would have checked to see if the maintenance fee had been paid and if it had not been paid would have initiated its own steps to track and pay the fee. See California, supra (noting that "if [the patent attorney] had ceased representing [the patent owner] for some reason, [the patent owner] would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel..."); Femspec, at * 26-*27 (quoting California); Burandt, supra. In any event, petitioner's contention that the system in place functions in an effective manner that is manifested by its negligible error rate is not deemed persuasive. As there is no "sliding scale" based upon the care given to this patent *vis-à-vis* the maintenance in force *vel non* of other patents by the assignee; the issue is solely whether the maintenance of *this* patent—and its subsequent reinstatement, 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 record fails to show that the system in place had a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance. Thus, the proximate cause of the delay herein cannot be realistically ascribed to clerical error.

The record further does not support a finding of unavoidable delay, as petitioner has not shown adequate diligence in this matter. That is, a showing of diligence in matters before the USPTO on the part of the party in interest is essential to support a finding of unavoidable delay herein. See Futures Technology, Ltd. v. Quigg, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va.

1988)(applicant's diligent inquiries into the status of the application coupled with affirmative misrepresentations by its fiduciary as to its true status which prevented more timely action showed 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 duly appointed representative); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of patent owner to itself track or obligate another to track the maintenance fee and its failure to exercise diligence for a period of seven years, precluded acceptance of the maintenance fee); MMTC v. Rogan, 369 F.Supp.2d 675 (E.D. Va 2004)(passive reliance on reminder notice resulting in failure to take any steps to ensure payment of the maintenance fee is not unavoidable delay); Femspec v. Dudas, 2007 U.S. Dist. LEXIS 8482 (N.D. Ca 2007)(lack of any steps in place to maintain patent in force by estate executor unfamiliar with patent law is not unavoidable delay); Burandt v. Dudas, *supra* (delay not unavoidable where no steps shown to be employed to remind responsible party to timely pay maintenance fees, no inquiry by patent holder of responsible party or Patent and Trademark Office as to whether maintenance fees would, or already had been paid). The delay was not unavoidable, because had patent holder exercised the due care of a reasonably prudent person upon receipt of the letter dated April 20, 2006 which indicated that the maintenance fee had not yet been paid, petitioner would have been able to act to correct the situation in a more timely fashion. Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987); Douglas, *supra*; Donnelley, *supra*; Burandt, *supra*.

The record does not recount a situation where any person or firm, on and after June 26, 2006: falsely represented to Siemens that the maintenance fee was being tracked by that entity on Siemens' behalf; or falsely represented to Siemens that the maintenance fee had been paid on Siemens' behalf; or falsely represented to Siemens that this patent had been maintained in force on Siemens' behalf, such that Siemens was "unavoidably" prevented from taking more timely action in this matter. *Cf. Futures*, *supra*. Rather the record shows that on and after June 26, 2006, Siemens was and remained able to freely communicate with e.g., Hologic, as to whether this patent was being tracked, whether the fee had been paid, or whether the patent was in force, and even the USPTO as to whether the fee had been paid, or whether the patent was in force. However, Siemens took no further action after June 26, 2006, with respect to tracking, paying, or checking the status of this patent until June, 2010. The record showing of this protracted absence of due care and diligence by Siemens is inconsistent with the actions of a prudent and careful person with respect to his most important business, and as such precludes a reasonable and rational finding that the delay in payment of the maintenance fee was unavoidable.

It is pointed out that in view of the inordinate delay in this case, even if petitioner could have shown the existence of a clerical error(s) in this case, it would still have been necessary to demonstrate why the lack of assignee diligence for a period of over three years should not be fatal to reinstatement. See Donnelley, *supra*; Douglas, *supra*. Rather, as also noted in Douglas, *supra*, and Haines, *supra*, it would appear that petitioner's lack of diligence would overcome and supersede any delay caused by its representative(s).

As noted above, the responsible party, Siemens, in the first period, ceased all steps in place to track the fee on an after June 26, 2006, which lead to the expiry. In the second period, Siemens took no action from expiry on September 8, 2006, to June 2010 (3 ½ years) to either check the status of the patent or enquire of either Hologic or even the USPTO, as to whether the fee had been paid and this patent maintained in force. Accordingly, having failed to show adequate activity in the first 2 of the relevant 3 time frames, any Siemens activity in the third time frame comes as too little, too late and does not excuse or mitigate the prior delay causing expiry, or the lack of an earlier attempt at reinstatement. As the court noted in Douglas v. Manbeck, at 1700:

Diligence on the part of the applicant is essential to show unavoidable delay. See Future Technology, Ltd. v. Quigg, 684 F.Supp. 430, 431 [7 USPQ2d 1588] (E.D. Va. 1988). Diligent inquiry into the status of the application is required. Id. For two and a half years there was no inquiry into the status of the application. There is no evidence that the plaintiff was misled or deceived into believing somebody was pursuing the application. The plaintiff may well have not known that his application was abandoned, but the test is whether he exercised due diligence to find out and correct the problem. Based on the facts as developed in the administrative record, the Court agrees with the Deputy Commissioner that the plaintiff failed to exercise due diligence with regard to his application. That reason alone would be sufficient to demonstrate that there was no unavoidable delay.

Thus while petitioner may have exercised diligence after being alerted to expiry, this does not excuse the delay causing expiry, or in filing the first petition, or show that Siemens exercised due diligence in finding out and correcting the problem: expiry.

DECISION

Petitioner has failed to meet his burden of proving to the satisfaction of the Director the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b). Accordingly, the maintenance fee will not be accepted, this patent will not be reinstated, and this patent remains expired. The petition is **denied**.

The USPTO will not further consider or reconsider this matter. See 37 CFR 1.378(e). 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.

Telephone inquiries should be directed to Carl Friedman at (571) 272-6842.



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