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ON PETITION

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In re Patent of: Carlson et al. :
Patent No. 5,716,116 :
Application No. 08/426,265 :
Filed: April 21, 1995 :
Issued: February 10, 1998 :
Attorney Docket No. 648.M117 :

This is a decision on the renewed petition under 37 CFR § 1.378(b), filed August 2, 2002, to reinstate the above-identified patent.

The petition is denied.

Background

The patent issued February 10, 1998. The three and one-half (3½) year maintenance fee could have been paid from February 10, 2001, through August 10, 2001, or with a surcharge during the period from August 11, 2001, to February 10, 2002. Petitioner did not do so. Accordingly, the patent expired February 11, 2002.

In a petition filed May 16, 2002, Petitioner explained, in the Declaration of John H. Welsh in Support of Petition Under 37 C.F.R. § 1.378(b), that he "erroneously decided that there was no commercial need to pay the maintenance fee . . . and [] that [the Intellectual Property Committee] had decided that the maintenance fee should not be paid." Declarant subsequently determined, albeit after the time for paying the maintenance fee, including any allowed grace period, had passed, that claims theretofore deemed commercially unimportant to [the company], were in fact commercially important, and that, therefore, the maintenance fee should have been paid.

That petition was dismissed in a Decision mailed on June 5, 2002. In that Decision, it was provided that

"the discovery of additional information after making a deliberate decision to withhold a timely action is not the "mistake in fact" that might form the basis for acceptance of a maintenance fee pursuant to 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c), under the reasoning of Maldague. The discovery of additional, other information is simply a change in circumstances that occurred subsequent to the expiration of the patent. That Declarant discovered such additional, other information subsequent to the expiration of this patent does not cause the delay resulting from Declarant's previous deliberate decision to become "unintentional." Id.

The instant Petition

The instant petition explains that, upon Mr. Welch's initial review of the patent, he concluded that the subject matter of Claim 1 was not of commercial value. Mr. Welch also concluded that the remaining

claims, including claims 15 through 29, related to the same or similar subject matter as did Claim 1. Based upon this review, the Company's intellectual property committee, of which Mr. Welch is a member, decided that the maintenance fee should not be paid.

Petitioner argues that "[Mr. Welsch] carefully reviewed the main claim of the subject patent and erroneously concluded that all remaining claims related to the same embodiments. However, he later learned that Claims 15-29 did not." *Renewed Petition* at 13. Petitioner contends that Mr. Welsch made a mistake; that the mistake Mr. Welsch made was a mistake of fact, and that In re Maldaque distinguishes between a mistake in fact and "the arrival at a different conclusion after reviewing the same facts a second time."

STATUTE AND REGULATION

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 Commissioner 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(a) provides that:

The Commissioner may accept the payment of any maintenance fee due on a patent after expiration of the patent if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Commissioner to have been unavoidable (paragraph (b) of this section) or unintentional (paragraph (c) of this section) and if the surcharge required by § 1.20(i) is paid as a condition of accepting payment of the maintenance fee. If the Commissioner accepts payment of the maintenance fee upon petition, the patent shall be considered as not having expired, but will be subject to the conditions set forth in 35 U.S.C. 41(c) (2).

37 CFR 1.378(c) provides that:

(c) Any petition to accept an unintentionally delayed payment of a maintenance fee filed under paragraph (a) of this section must be filed within twenty-four months after the six-month grace period provided in § 1.362(e) and must include:

- (1) The required maintenance fee set forth in § 1.20(e)-(g);
- (2) The surcharge set forth in § 1.20(i) (2); and
- (3) A statement that the delay in payment of the maintenance fee was unintentional.

OPINION

The Commissioner **may** accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unintentional"; see 35 U.S.C. 41(c)(1) and its promulgating regulation 37 CFR 1.378(a). That is, the plain language of the statute permits reinstatement of an expired patent, provided the delay in payment of the maintenance fee was "unintentional." See Centigram Communication Corp. v. Lehman, 862 F.Supp. 113, 118, 32 USPQ2d 1346, 1350 (E.D. Va. 1994), appeal dismissed, 47 F.3d 1180 (Fed. Cir. 1995). Nevertheless, the congressional intent is that PTO acceptance of a delayed maintenance fee is discretionary, and contingent upon a showing satisfactory to the Commissioner, that the delay was "unintentional." Id. at 116, 32 USPQ2d at 1348.

Petitioner asserts that the decision whether to pay the maintenance fee fell to InterMetro's Intellectual Property Committee, of which Mr. Welsch was a member. "Because of Mr. Welsch's experience in the patent procurement process and understanding of the nature and interpretation of patent claims, the task of reviewing all of InterMetro's more than 110 then-unexpired patent families was delegated to him by the Intellectual Property Committee in order to make recommendations to the Committee." Petition at p.5. Mr. Welsch undertook a complete review of all of InterMetro's 110 patent families, which included the subject patent. Welsch Supplemental Declaration at p.6. Moreover, "[w]hile each of the members of the Committee contributed to the deliberations from a business standpoint, it was Mr. Welsch who provided insight into the scope of the patents themselves." Petition at 6. Mr. Welsch was also the responsible person at Metro with whom InterMetro's counsel, Fitzpatrick, Cella, Harper & Scinto, contacted regarding the due date for paying the three and one-half year maintenance fee. Petition at p.6.

Mr. Welsch asserts that the maintenance fee was not timely paid due to the Committee's decision, based upon Mr. Welsch's review of the subject patent¹, that "the maintenance fee should not be paid". Welsch Supplemental Declaration at p.5. Mr. Welsch further asserts that he made the decision not to pay the maintenance fee, prior to expiration of the patent, because he simply missed the significance of all of the claims of the subject patent. Welsch Supplemental Declaration at p.6. Subsequent to the expiration of the patent, after Mr. Welsch became aware that a competitor of InterMetro was offering a product of the type disclosed in the subject patent, Mr. Welsch determined that the subject matter of the patent was in fact commercially important and that the maintenance fee should have been paid. Id. As such, petitioner asserts, the delay in payment was unintentional.

¹Mr. Welsch "summarized the results of our review to the other members of the Intellectual Property Committee by memorandum" on October 6, 2000. Welsch Declaration at p.4.

The record supports the following findings of fact:

- (1) Mr. Welsch "undertook a complete review of all of InterMetro's more than 110 patent families";
- (2) Mr. Welsch reviewed the subject patent;
- (3) Based upon Mr. Welsch's review, he reported the subject patent as a case to be abandoned;
- (4) The Intellectual Property Committee decided that the maintenance fee should not be paid;
- (5) Mr. Welsch, based upon the decision of the Intellectual Property Committee, advised InterMetro's counsel, Fitzpatrick, Cella, Harper & Scinto, not to pay the maintenance fee;
- (6) Mr. Welsch, subsequent to the expiration of the patent, learned that a competitor of InterMetro was offering a product of the type disclosed in the subject patent;
- (7) Thereafter, Mr. Welsch again carefully studied the subject patent and discovered new information - specifically, he learned that Claims 15-29 relate to different embodiments and are of a different scope than Claims 1-14.
- (8) Mr. Welsch then determined that the subject matter of the patent was in fact commercially important and that the maintenance fee should have been paid.

The Director may accept the payment of any maintenance fee required by 35 U.S.C. 41(b) which is made within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unintentional.
See 35 U.S.C. § 41(c)(1).

The "unavoidable" standard in 35 U.S.C. § 41(c)(1) is identical to the "unavoidable" standard in 35 U.S.C. § 133 for reviving an abandoned application because 35 U.S.C. § 41(c)(1) uses the same language (i.e., "unavoidable" delay). See Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (citing In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd, Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990)). Likewise, the "unintentional" standard in 35 U.S.C. § 41(c)(1) is the same as the "unintentionally" standard in 35 U.S.C. § 41(a)(7) because 35 U.S.C. § 41(c)(1) uses the same word ("unintentional"), albeit in a different part of speech (i.e., the adjective "unintentional" rather than the adverb "unintentionally"). With regard to the "unintentional" delay standard:

Where the applicant deliberately permits an application to become abandoned (e.g., due to a conclusion that the claims are unpatentable, that a rejection in an Office action cannot be overcome, or that the invention lacks sufficient commercial value to justify continued prosecution), the abandonment of such application is considered to be a deliberately chosen course of action, and the resulting delay 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: (1) 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; (2) the correctness or propriety of a rejection, or other objection, requirement, or decision by the Office; or (3) 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.

See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131, 53158-59 (October 10, 1997), 1203 Off. Gaz. Pat. Office 63, 86 (October 21, 1997) (discussing the meaning of "unintentional" delay in the context of the revival of an abandoned application).

35 U.S.C. § 41(c)(1) authorizes the Commissioner to accept a delayed maintenance fee payment "if the delay is shown to the satisfaction of the Commissioner to have been unintentional." 35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was intentional, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unintentional. 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); see also In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989) (petition under 37 CFR 1.137(b) denied because the applicant failed to carry the burden of proof to establish that the delay was unintentional).

Petitioner has failed to carry its burden of proof to establish to the satisfaction of the Commissioner that the delay in payment of the third maintenance fee for the above-identified patent was unintentional within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(c).

When the maintenance fee payment for the above-identified patent was due, Mr. Welsch was the responsible person at Metro. The record indicates that Metro's failure to pay the maintenance fee was not due to an unintentional error or oversight on the part of Mr. Welsch, but was due to a deliberate decision by Mr. Welsch not to pay the maintenance fee. The decision not to pay the maintenance fee was made after Mr. Welsch undertook a complete review of all of InterMetro's more than 110 patent families (including the subject patent); a review that was done in a conscientious and diligent manner. *Petition* at p.5. Thus, the showing of record is that the delay resulting in the expiration of this patent is due to an intentional decision by the responsible person, Mr. Welsch, to not continue this patent in force, but rather, to permit the expiration of the patent by deliberately withholding the maintenance fee. This course of action, deliberately chosen, cannot reasonably be considered to have been unintentional within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c).

A delay caused by the deliberate decision not to take appropriate action within a statutorily prescribed period does not constitute

an unintentional delay within the meaning of 35 U.S.C. § 41. In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989). Such intentional action or inaction precludes a finding of unintentional delay, even if the agent-representative made his decision not to timely take the necessary action with reasonable care and diligence. In re Maldague, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988). In this regard, when the maintenance fee fell due, Mr. Welsch did not intend to make the payment, or cause the payment to be made. As such, the delay resulting from this deliberate action (or inaction) of Mr. Welsch cannot reasonably be regarded as "unintentional." Moreover, that Mr. Welsch made an error in judgment, albeit with reasonable care and diligence, does not convert the ensuing delay into "unintentional" delay within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c). Maldague, supra. Rather, the showing of record is that, when the maintenance fee was due, Mr. Welsch decided that there was no compelling reason to continue this patent in force.

Petitioner asserts that subsequent to the expiration of the patent, Mr. Welsch discovered the full value of this patent to InterMetro, and that if Mr. Welsch had been aware of this information prior to the maximum statutory period for payment of the maintenance fee, Mr. Welsch would have caused the maintenance fee to be submitted in a timely manner.

The discovery of additional information after making a deliberate decision to withhold a timely action is not the "mistake in fact" that might form the basis for acceptance of a maintenance fee pursuant to 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c), under the reasoning of Maldague. The discovery of additional, other information is simply a change in circumstances that occurred subsequent to the expiration of the patent. That Mr. Welsch discovered such additional, other information subsequent to the expiration of this patent does not cause the delay resulting from Mr. Welsch's previous deliberate decision to become "unintentional." Id. Petitioner contends that the instant petition is based upon a mistake of fact and not a change of mind after reviewing the facts a second time. Nevertheless, the latter condition is precisely the situation herein. The record reveals that Mr. Welsch reviewed the patent and decided not to pay the maintenance fee. Petitioner now seeks to revisit the decision of Mr. Welsch, and comes to the opposite conclusion - the maintenance fee should have been paid. Petitioner overlooks that salient fact that the entire delay resulting from the decision of Mr. Welsch, as it results from a conscious and deliberate decision, cannot now be regarded as unintentional. G, supra; Maldague, supra. Obviously, InterMetro now wishes that Mr. Welsch had given the instructions to pay the maintenance fee. Nevertheless, what InterMetro now wishes or intends and what Mr. Welsch would have wished or intended had Mr. Welsch been aware of the commercial importance of the subject patent, are both immaterial. The salient point is: there is no adequate showing that, when the maintenance fee payment for the above-identified patent was due, Mr. Welsch intended that the payment be made, such that the patent would continue in force. Rather, Mr. Welsch intentionally withheld payment of the maintenance fee. Mr. Welsch intended that the patent expire. As such, it is antithetical to the meaning of "unintentional," to now accept the maintenance fee and reinstate the patent.

35 U.S.C. § 41(c)(1) authorizes the Commissioner to accept the delayed payment of a maintenance fee under 35 U.S.C. § 41(b) if,

inter alia, "the delay is shown to the satisfaction of the Commissioner to have been unintentional." In this case, petitioner has failed to carry its burden to establish that the delay in paying third maintenance fee payment for the above-identified patent was not unintentional on the part of Mr. Welsch.

DECISION

The instant petition under 37 CFR 1.378(e) is granted to the extent that the decision of March 13, 1998 has been reconsidered; however, the petition to accept under 37 CFR 1.378(c) the delayed payment of a maintenance fee and reinstate the above-identified patent is **DENIED**.

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

This patent file is being forwarded to the Files Repository.

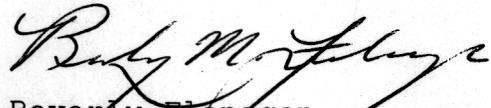
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