



Paper No. 31

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OFFICE OF PETITIONS

In re Patent No. 5,858,514 :
Issue Date: January 12, 1999 : **DECISION ON PETITION**
Application No. 08/292,432 :
Filed: August 17, 1994 :
For: Coatings For Vinyl and Canvas :
Particularly Permitting Ink-Jet Printing :

This is a decision is on the petition under 37 CFR 1.378(e), filed February 2, 2006 (certificate of mailing dated Monday, January 30, 2006), 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 January 12, 1999. The first maintenance fee could have been paid during the period from Monday, January 14, 2002 through July 12, 2002, or with a surcharge during the period from July 13, 2002 through January 12, 2003. Accordingly, this patent expired on January 13, 2003, for failure to timely remit the first maintenance fee.

On October 11, 2005, petitioner filed a petition under 37 CFR 1.378(b), which was dismissed by the decision of November 29, 2005. On February 2, 2006 (certificate of mailing dated Monday, January 30, 2006), petitioner filed the present petition requesting reconsideration of the decision of November 29, 2005, refusing to accept the delayed payment of a maintenance under 37 CFR 1.378(b) and reinstate the above-identified patent.

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.
- (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).

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).

The pertinent events leading up to and after the expiration of the patent are as follows:

1. On May 26, 1994, pursuant to a contractual agreement, Wade Bowers assigned all right in the invention to Triton Digital Imaging Systems, Inc. (Triton), which was recorded in the USPTO on August 17, 1995.
2. On January 12, 1999, the patent issued in the name of Wade Bowers.
3. Triton assigned the patent to International Digital Technology, Inc., which subsequently assigned the patent to PhotoArts.
4. On September 28, 1999, Max Bowers, acting on behalf of BF Ink Jet Media, Inc. (BF), entered into an agreement with Wade Bowers, as an individual, and Robert Hughes, acting as president of PhotoArts, in which PhotoArts assigned all rights in the patent jointly to BF and Wade Bowers. The assignment agreement permitted PhotoArts to retain rights in any future royalties or licenses resulting from the enforcement of the patent.
5. On January 3, 2000, Wade Bowers assigned his entire right, title and interest in the patent to BF.
6. On January 24, 2002, Mr. Hughes, acting on behalf of Triton, International Digital Technology, PhotoArts and CanvasArts, relinquished the rights retained in the assignment agreement of September 28, 1999, to BF and Max Bowers, as an individual. Petitioner stated that the assignment failed to mention which party was responsible for the maintenance of the patent, especially the payment of the maintenance fees.
7. On January 25, 2002, William Fuess, Mr. Hughes' patent attorney, mailed Max Bowers a letter, which was accompanied by a third assignment document to assign all rights in the patent to Max Bowers, as an individual. In the letter, Mr. Fuess advised Max Bowers that the communication was sent as a courtesy only and indicated that Max Bowers was not a client of the law firm.

First, petitioner reiterates that Max Bowers and/or BF had no knowledge of the requirement to pay maintenance fees to maintain a patent in force. Specifically, petitioner asserts that Mr. Fuess did not advise Max Bowers of the need to pay maintenance fees generally nor the specific pending requirement to pay the maintenance fees in this patent. Notwithstanding Max Bowers' lack of knowledge regarding the requirement to pay maintenance fees, petitioner insists that Max Bowers took reasonable care to the extent possible and to the degree he knew of any obligations with respect the enforcement of the patent.

Petitioner asserts that the application of the "reasonably prudent person" standard presupposes knowledge of the need to pay maintenance fees to maintain the patent. Furthermore, petitioner avers that the term "ordinary human affairs" does not require specialized patent and/or legal knowledge. Petitioner contends that if a reasonably prudent person does not have notice or knowledge of the need to pay maintenance fees, the person can never meet the "reasonably prudent person" standard because he cannot take any steps to monitor or pay the fees. Petitioner remarks: "[O]ne must take more or greater diligence than is generally used 'in ordinary human affairs' because he must search for requirements he does not know exist, 'just in case.'" *Petition dated 02/02/06, p. 4*. Moreover, petitioner takes issue with the reasoning that upon assignment of the patent, a reasonable and prudent person would have taken steps to discover what legal requirements might exist in maintaining the

patent. Specifically, petitioner argues that the standard applied is higher than the standard of the ordinary reasonably prudent person and that only those persons with specialized knowledge would know to inquire further. Petitioner contends it was reasonable that Max Bowers believed no further action was required after the patent issued.

The Office finds petitioner's assertion that the "showing" requirement under 37 CFR 1.378(b)(3) imposes a higher standard on "lay persons" as unpersuasive. Additionally, the Office finds petitioner's argument that individuals do not attempt to educate themselves with regard to the purchases they make to be lacking.

Contrary to petitioner's assertion, the "reasonably prudent person" standard is not limited to those individuals with specialized patent or legal knowledge. Rather, courts have applied this principle to "lay persons" and have not been persuaded by such an argument. See generally, California Medical Prods. v. Tecno Medical Prods., 921 F. Supp. 1219 (D. Del. 1995). Specifically, in Ray v. Lehman, the court stated:

Ray also takes issue with the PTO's regulation, 37 C.F.R. § 1.378(b)(3), supra, arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these as requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay.

Ray v. Lehman, 55 F. 3d 606, 609, 34 USPQ2d 1786, 1788 (Fed. Cir. 1995).

The Office further notes: "[The purpose of the unavoidable statute] is to encourage diligence in proceedings before the Office." In re Mattullath, 38 App. D.C. 497, 514 (1912). "It is applicable to ordinary human affairs, and requires no more or greater care or diligence than is used and observed by prudent and careful men in relation to their most important business."¹ Id. Therefore, the issue in this case is one of diligence on the part of Max Bowers.

Second, petitioner cites to In re Patent No. 4,349,120, 14 U.S.P.Q.2d (BNA) 1911 (Comm'r Pat. 1988) in support of his argument that a delay caused by a lack of knowledge of the requirements to pay maintenance fees is excusable because such requirements are not generally known to those that do not have knowledge of the patent practice and procedures. Additionally, petitioner asserts that Max Bowers never received a ribbon copy of the patent and that the publicly available versions do not alert anyone to the requirements to pay maintenance fees. Thus, petitioner contends that Max Bowers cannot be said to have had notice of the requirement.

¹ "This [construction of the word unavoidable] is broad and liberal, breathing the spirit of equity, and more in accordance with the general policy of our patent laws." In re Mattullath, 38 App. D.C. 497, 514, 515 (1912).

Petitioner's arguments have been considered but are not found persuasive. In Patent No. 4,349,120, the patent issued on September 14, 1982, less than two years after the requirement for payment of maintenance fees at three separate intervals to maintain a patent.² Additionally, the patentee in that case received the Letters Patent; however, the Letters Patent itself did not specify that the patent was subject to maintenance fees. Unlike in Patent No. 4,349,120, twenty-six years have passed since the requirement for payment of maintenance fees, and therefore, it cannot reasonably be argued that this requirement has not become generally known during this period of time. Although petitioner alleged that Max Bowers did not receive the Letters Patent from the previous assignee(s), the Office mailed the Letters Patent, which specified that the patent was subject to maintenance fees. The Office reiterates that the mere publication of the statute was sufficient notice to Max Bowers of the need to pay maintenance fees. Rydeen v. Quigg, 748 F. Supp. 900, 905, 906 (D.D.C. 1990). Furthermore, Max Bowers could have contacted the USPTO 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.

Third, petitioner contends that Mr. Fuess did not forward any correspondence to Max Bowers nor did he inform Max Bowers of the need to change the correspondence address with the USPTO. Petitioner avers that even though Mr. Fuess had no obligation to Max Bowers by virtue of an attorney-client relationship, Mr. Fuess had an obligation to the USPTO and the patent system to notify the Office of "withdrawal" and submit a change of correspondence address. Moreover, petitioner asserts that pursuant to 37 CFR 10.23(c)(8), Mr. Fuess had a duty to Mr. Hughes, as his client or former client, to inform Mr. Hughes of correspondence received from the Office when the correspondence could have a significant effect on the matter, and is of such nature that the client or former client should be notified. Petitioner makes the tenuous argument that Mr. Hughes under common law contract principles had a fiduciary duty to Max Bowers and/or BF to inform them of this type of correspondence during any pending action, if it was not otherwise readily available.

It appears that petitioner is arguing that Mr. Hughes and/or Mr. Fuess had a duty to Max Bowers in which it was reasonable for Max Bowers 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. Again, petitioner is reminded that the USPTO is not the proper forum for resolving disputes between Max Bowers, Mr. Hughes and Mr. Fuess. Moreover, neither Mr. Fuess nor Mr. Hughes retained any legal or equitable interest in the patent at the time of expiration. Mr. Hughes gave up all legal rights to the patent when the invention was assigned. Therefore, it is not relevant to consider their conduct when deciding whether the delay was unavoidable. Nevertheless, for argument sake, if either Mr. Fuess or Mr. Hughes owed any duty to Max Bowers regarding notification and payment of the maintenance fee, Max Bowers 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

² Public Law 96-517, enacted December 12, 1980, established the requirement to pay maintenance fees for applications filed on or after that date.

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).

For the purpose of reinstating a patent due to unavoidable delay, the focus must be on the rights of the parties as of the time of expiration. See Kim v. Quigg, 718 F. Supp. 1280 (E.D. Va. 1989). In this instance, Max Bowers, representing BF, was the patent owner at the time of the expiration of the patent,³ and therefore, he alone had an obligation to ensure the timely payment of the maintenance fee. It is Max Bowers' actions or lack thereof that are at issue. A patentee who fails to pay the required maintenance fee on a patent bears the burden of showing that his delay in payment was unavoidable. See Korsinsky v. Godici, 2005 U.S. Dist. LEXIS 20850 (S.D.N.Y. Sept. 22, 2005).

The record reveals that Max Bowers did not make a diligent effort to ascertain information regarding the legal requirements applicable to the patent. Max Bowers could have easily inquired with and obtained information from the USPTO as to the requirements to pay maintenance fees to maintain the patent. Accordingly, petitioner has not presented sufficient facts to establish that the delay in submitting the first maintenance fee was "unavoidable."

DECISION

The Office has reconsidered the prior decision refusing to accept the delayed payment of the first 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 Director that the entire delay in paying the first 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 \$450.00 maintenance fee and the \$700.00 surcharge will be refunded to the Deposit Account.

The patent file is being forward to Files Repository.

³ With regard to the issue of ownership of the subject patent, petitioner stated that at least three "purported assignment" documents were executed between Mr. Hughes and the parties related to BF. Petitioner asserted: "It is not clear, without court determination, from the chain of multiple pro se assignments when ownership passed and who it passed to at any given time." *Petition dated 02/06/06, p. 8*. As correctly stated by the practitioner, the issue of ownership is properly address by the court. The USPTO is not a proper forum for resolving any questions regarding ownership of the patent.

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

A handwritten signature in black ink, appearing to read "Charles A. Pearson". The signature is fluid and cursive, with a long horizontal line extending to the right.

Charles A. Pearson, Director
Office of Petitions
Office of the Deputy Commissioner
for Patent Examination Policy