



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov
DM Aug-07

Paper No. 12

KENYON & KENYON
ONE BROADWAY
NEW YORK NY 10004

COPY MAILED

AUG 17 2007

OFFICE OF PETITIONS

In re Patent No. 5,181,974 :
Issued: 26 January, 1993 :
Application No. 07/796,768 : DECISION ON PETITION
Filed: 25 November, 1991 :
Atty Docket No. 52433/248 :

This is a decision on the petition filed on 27 June, 2007, under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept the unintentionally delayed payment of a maintenance fee and reinstate the above-identified patent.

The petition to accept the delayed payment of the maintenance fee and reinstate the above-identified patent is **DENIED**.

BACKGROUND

On 26 January, 1993, the patent issued. The first and second maintenance fees were timely paid. The third maintenance fee could have been paid from 26 January through 26 July, 2004, or, with a surcharge, during the period from 27 July, 2004, through 26 January, 2005. Accordingly, the present patent expired on 26 January, 2005, for failure to timely submit the third maintenance fee.

A petition under 37 CFR 1.378(c) was filed on 3 January, 2007. A decision dismissing the petition was mailed on 25 April, 2007.

The instant petition under 37 CFR 1.378(e) was filed on 27 June, 2007 (certificate of mailing date 22 June, 2007).

Petitioners request reconsideration in that the letter from Koichi Arai (hereinafter "Arai") was not an intentional decision by patent owner Nippon Steel Corporation (hereinafter "NSC") not to pay the maintenance fee in the present patent. In essence, petitioner's state that Arai's role as the individual who prepared and mailed the letter to Computer Patent Annuities (hereinafter "CPA") advising CPA not to pay the maintenance fee was simply ministerial.

Petitioners state that Hidehiro Endo (hereinafter "Endo"), the Manager, Intellectual Property, for NSC, was individual with actual authority to determine whether or not to pay the maintenance fee for the instant patent.

Petitioners further aver that Endo was asked in 2002 to determine whether or not to maintain this patent in force. At the time Endo was asked to make the decision whether or not to maintain the patent in force, he was provided with an information form (hereinafter "the Form") which contained the relevant information pertaining to the patent. After reviewing the form, Endo requested a technical opinion as to whether the patents should be maintained in force. Based on the technical opinion, Endo made the decision not to pay the maintenance fee.

Petitioners assert that Endo failed to observe, however, that the Form was inscribed with a reference number directed to a contract or license agreement. The inclusion of such number was an indication that the patent was subject to a contract or license agreement and required review of the contract or license agreement before a decision could be made not to pay the maintenance fee. Endo states, in his declaration, that if he had noted the reference number he would have known that a study of the contract or license agreement was necessary prior to making a final decision not to pay the maintenance fee.

In essence, petitioners aver that if Endo had noted, prior to his decision not to maintain the patent, that the instant patent was subject to a licensing agreement or contract, he would have paid the maintenance fee.

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 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(a) provides that:

The Director 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 Director 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 Director 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:

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) through (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 Director **may** accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have been "unintentional"; see 35 USC 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 USPTO acceptance of a delayed maintenance fee is discretionary, and contingent upon a showing satisfactory to the Director, that the delay was "unintentional." Id. at 116, 32 USPQ2d at 1348.

Petitioner asserts that the decision whether to pay the third maintenance fee fell to Endo, the responsible person at NSC. Endo asserts that the maintenance fee was not timely paid due to his decision. Endo further asserts that he made the decision, without being aware that the invention which was the subject of the patent was subject to a contract or licensing agreement. In essence, petitioners assert, if it were known to Endo that the instant patent was subject to a contract or licensing agreement at the time he made the decision not to pay the maintenance fee, he would not have permitted the expiration of the patent. As such, petitioner asserts, the delay in payment was unintentional.

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 Director 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 Director to accept a delayed maintenance fee payment "if the delay is shown to the satisfaction of the Director 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 Director 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 Director 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 third maintenance fee payment for the above-identified patent was due, Endo was the responsible person at NSC. The record indicates that NSC's failure to pay the maintenance fee was not due to an unintentional error or oversight on the part of Endo, but was due to a deliberate decision by Endo not to pay the maintenance fee. 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, Endo, 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 in a good faith error. In re Maldague, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988). In this regard, when the maintenance fee fell due, Endo 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 Endo cannot reasonably be regarded as "unintentional." Moreover, that Endo made a good faith error in judgment 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, Endo decided that there was no compelling reason to continue this patent in force. Petitioner essentially asserts that subsequent to the expiration of the patent, Endo discovered the full value of this patent to NSC, and that if Endo had been aware of this information prior to the maximum statutory period

for payment of the maintenance fee, Endo would have directed that the maintenance fee be paid 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 Endo discovered such additional, other information subsequent to the expiration of this patent does not cause the delay resulting from Endo'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. Petitioner now seeks to revisit the decision of Endo, and comes to the opposite conclusion of Endo. Petitioner overlooks that salient fact that the entire delay resulting from the decision of Endo, as it results from a conscious and deliberate decision, cannot now be regarded as unintentional. G, supra; Maldague, supra. Obviously, NSC now wishes that Endo had given the instructions to pay the maintenance fee. Nevertheless, what NSC now wishes or intends and what Endo would have wished or intended had Endo been aware of the contract or licensing agreement, are both immaterial. The salient point is: there is no adequate showing that, when the third maintenance fee payment for the above-identified patent was due, Endo intended that the payment be made, such that the patent would continue in force. Rather, Endo intentionally withheld payment of the maintenance fee. Endo 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.

Petitioner seeks to avoid the consequences of the deliberate decision of Endo by contending that it was a "mistake of fact" on the part of Endo that he failed to recognize that the instant patent was subject to a contract or licensing agreement at the time he made the decision to let the patent expire, and is therefore unintentional, as Endo would have paid the maintenance fee had he been aware that the patent was subject to a contract or licensing agreement. Manifestly, this argument must fall of its own weight, as Endo made the deliberate decision not to pay the maintenance fee. That is, Endo was the responsible person. Accordingly, the U.S. Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily

chosen representatives of the patent holder, and petitioner is bound by the consequences of those actions or inactions. See California Medical Products v. Technol. Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995); 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); see also Haines v. Quigg, 673 F. Supp. 314, 317, 5 USPQ2d 1130, 1132 (D.N. Ind. 1987).

Moreover, the record supports a finding that NSC expressly permitted Endo to exercise his business judgment in regard to whether the maintenance fee for the instant patent should be paid or not be paid. Therefore, Endo's decisions in the exercise of his business judgment, as the responsible person, on whether to pay or not to timely pay the maintenance fee for, and maintain in force the above-identified patent, are binding on NSC. See Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667 (D.D.C. 1963).

35 U.S.C. § 41(c)(1) authorizes the Director 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 Director 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 Endo. Obviously, a delay resulting from a deliberate decision by the relevant party (Endo) not to pay a maintenance fee cannot reasonably be characterized as an "unintentional" delay within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c). That NSC now seeks to revisit Endo's decision does not cause the delay resulting from Endo's deliberate decision not to pay the third maintenance fee for the above-identified patent to become an "unintentional" delay under 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(c). Moreover, no reason has been given or is apparent as to why the delay resulting from Endo's decision and subsequent, deliberate action (or inaction) is not binding on NSC.

DECISION

The instant petition under 37 CFR 1.378(e) is granted to the extent that the decision of 25 April, 2007, 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.

Since the above-identified patent will not be reinstated, the \$3800.00 maintenance fee and \$1640.00 surcharge submitted by petitioner will be refunded to counsel's deposit account No. 11-0600. The \$400.00 fee for requesting reconsideration has been charged to the same account.

This patent file is being forwarded to the Files Repository.

Telephone inquiries related to this decision should be directed to Senior Petitions Attorney Douglas I. Wood at (571) 272-3231.

A handwritten signature in cursive script, appearing to read "Charles A. Pearson", with a long horizontal line extending to the right.

Charles A. Pearson
Director, Office of Petitions