Commissioner of Patents and Trademarks
Patent and Trademark Office (P.T.O.)

IN RE APPLICATION OF HIROSHI TAKAO ET AL.
Serial No. 530,358
Attorney Docket No. MFP-2453SUMI
February 27,1990
***1** Filed: September 8, 1983

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ON PETITION

This is a decision on the RENEWED PETITION UNDR 37 C.F.R. SECTION 1.316(b) FOR ACCEPTANCE OF LATE PAYMENT OF AN ISSUE FEE, filed July 28, 1988.

The petition is GRANTED.

Background

The Patent and Trademark Office (PTO) file of the captioned application shows that a Notice of Allowance and Issue Fee Due containing the statements, "THE ISSUE FEE MUST BE PAID WITHIN THREE MONTHS FROM THE MAILING DATE OF THIS NOTICE as indicated above. The application shall otherwise be regarded as ABANDONED." was mailed to counsel for petitioners on April 5, 1985. [FN1] The issue fee was due no later than July 5, 1985.

On August 19, 1985, a Notice of Abandonment was mailed to counsel for petitioners informing them that the application was abandoned due to the "failure to pay the required issue fee within the statutory period of three (3) months from the mailing date of 4-5-85 of the Notice of Allowance."

On October 9, 1986, there was filed a PETITION UNDER 37 CFR 1.137(a) FOR REVIVAL OF ABANDONED APPLICATION. In that paper, it was stated that a declaration of the supervisor of the incoming mail and docketing department accompanying the petition established "that the delay was unavoidable." The abandonment came to our attention only recently when

our newly activated computer brought up the fact that we had received no reply to our January 16, 1985 amendment." See note 1. There was filed also an unexecuted copy of a TERMINAL DISCLAIMER disclaiming "the terminal 16 months of the term of any patent granted on the above-identified application or on any application which is entitled to the benefit of the filing date of the application under 35 U.S.C. 120." [FN2]

On December 16, 1986, the PTO dismissed the October 9, 1986 petition and asked for additional evidence. The decision on petition contained the comment that the initial petition had not been accompanied by an adequate showing of the cause of unavoidable delay. The decision on petition indicated generally what type of information was necessary to establish unavoidable delay. The format of the submitted terminal disclaimer was found "not acceptable." Petitioners were informed that a substituted terminal disclaimer was required and that the "period to be disclaimed will be 19 months, if promptly filed." (Emphasis added.)

The decision on petition also contained the following paragraph:

> If reconsideration on the merits of this petition is desired, an adequate showing of unavoidable delay and an acceptable Terminal Disclaimer must be submitted promptly under a cover letter entitled "Renewed Petition under 37 CFR 1.316(b)." No additional fee for delayed payment is required. (Emphasis added.)

***2** On March 8, 1988, there was filed a RENEWED PETITION UNDER 37 C.F.R. 1.316(b) FOR REVIVAL OF ABANDONED APPLICATION AND ACCEPTANCE OF LATE PAID ISSUE FEE and supporting documentation. [FN3] In the renewed petition, counsel for petitioners traversed the need for a substitute terminal disclaimer. After being told that the application serial number appearing on the submitted document was in error, a new executed terminal disclaimer was filed April 8, 1988 disclaiming 33 months from the term of any patent that may issue from the application.

The renewed petition was dismissed in a decision mailed April 25, 1988 and reading, in pertinent part,

> On December 16, 1986 the Patent and Trademark Office dismissed a prior petition and asked for additional evidence. That decision concluded by indicating that if reconsideration was desired, the additional material requested had to be filed promptly. The renewed petition was filed more than fourteen (14) months after the previous decision. An adequate explanation for the apparent lack of diligence is required. (Original emphasis.)

On July 28, 1988, there was filed a RENEWED PETITION UNDER 37 C.F.R. SECTION 1.316(B) FOR REVIVAL OF ABANDONED APPLICATION. Accompanying the second renewed petition was a declaration of G. Lloyd Knight setting forth an explanation of why no petition seeking reconsideration of the December 16, 1986 decision on petition had been filed until March 8, 1988. Mr. Knight declared that he had been registered to practice before the PTO since 1954 and "never had a single patent application go abandoned for failure on [his] part to take some action in a timely fashion." He declared also that, after his law firm became aware, beginning in the summer of 1986, of the number of patent applications that had unintentionally become abandoned, the firm decided to appoint one senior partner to oversee and handle the efforts to secure revival of such applications. He was that senior partner. Mr. Knight declared also that, in some of the cases in which he filed a petition to revive,

the PTO did not in its decision, if adverse, on such a petition, require that any request for reconsideration or renewed petition be submitted "promptly." Mr. Knight further declared that his

> impression from reading this December 16, 1986 decision was the same as [[his] impression from reading ... [the] previous decisions, ..., namely that the issue of whether or not the application would be revived did not require the request for reconsideration or renewed petition to be filed promptly and that the only penalty that might be imposed if the renewed petition were not filed promptly would be a longer period of time for the Terminal Disclaimer. Accordingly, [he] worked on the renewed petition in this case, in the same manner as for the other cases [he] was working on, taking them up with the diligence and attention [he] felt were appropriate under all the circumstances. These circumstances included the importance of having one senior partner, namely, [himself], overseeing the efforts of the firm to secure revival of these applications, and the possible interrelation of the events giving rise to their abandonment. That imposed a significant burden on [him], as evidenced by the number of petitions, renewed petitions and declarations that [he] prepared and filed in 1987 and 1988.

***3** The declaration of Mr. Knight also points out that he was Chairman of the Management Group of the law firm during 1987, which required him to spend many hours daily dealing with law firm matters. Mr. Knight also maintained a full prosecution docket during the period, worked 10 to 12 hours a day during the week (2 to 4 hours on each weekend day), and took little vacation during the period.

Analysis

The pertinent statutory provision applicable to the issue presented by this petition is 35 U.S.C. 151, and particularly the last paragraph thereof which reads as follows:

> If any payment required by this section is not timely made, but is submitted with the fee for delayed payment and the delay in payment is shown to have been unavoidable, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred.

While the concept of unavoidable delay has been an integral part of the patent law since it was first introduced in 1861, there is a dearth of legislative history that might provide some guidance as to what was intended by Congress in using the terms "unavoidable delay." The question of whether an applicant's delay in prosecuting an application was unavoidable must be decided on a case- by-case basis. Smith v. Mossinghoff, 213 USPQ 977 (D.C. Cir. 1982).

The patent law requires an applicant to prosecute a patent application with reasonable diligence. As noted in Planing Machine Co. v. Keith, 101 U.S. 479 (1879):

> The patent law favors meritorious inventors by conditionally conferring upon them for a limited period exclusive rights to their inventions. But it requires them to be vigilant and active in complying with the statutory conditions. It is not unmindful of possibly intervening rights of the public. ... all applications must be completed and prepared for examination within two years after the petition is filed, unless it is shown to the satisfaction of the

Commissioner that the delay was unavoidable. All this shows the intention of Congress to require diligence in prosecuting the claims to an exclusive right.

The diligence required pertains to the act(s) required of applicant to respond to any outstanding Office action or requirement so that the PTO can take appropriate action in completing the examination of the application. As noted by a leading scholar on patents: [FN4]

> Every application pending in the Patent Office is presumed to be awaiting some act, either on the part of the Office or of the applicant, which will advance it to the next stage of the proceedings;
>
> The "inaction" of the applicant is ... his failure to perform the act devolving upon him in order to advance his case.

The concept of diligence in pursuing a patent is further embodied in the provisions of 37 CFR 1.316(b) which require that a petition to accept late payment of the issue fee be "promptly" filed after applicant is notified or otherwise becomes aware of the abandonment. Once an application goes abandoned, it is incumbent on applicant to act with diligence in providing the response necessary to continue to process the application in the normal course of examination. Unless and until the Commissioner accepts an applicant's response as sufficient and complete to take further action in the application, the application remains abandoned and the burden continues to rest with applicant to exercise diligence.

***4** The delay in making payment of the issue fee relates not only to the period of time from the requirement to make payment to the actual receipt of payment, but also includes the period of time which is required for applicant to file a petition to accept late payment of the issue fee that can be accepted by the Commissioner as showing that the delay in payment was unavoidable. It is only after the receipt of the issue fee and a showing that the delay was unavoidable that the Commissioner would take further action in the normal processing of the application to a patent grant. Hence, the showing of unavoidable delay must embrace the period from the time the action by the Office requiring a response by applicant to the time both the response and a showing of unavoidable delay acceptable to the Commissioner is filed. Ex Parte Naef, 1905 Dec. Comm'r Pats. 121 (Comm'r 1905). In Ex Parte Ruthenburg, 1906 Dec. Comm'r Pats. 90 (Comm'r 1905) Commissioner Allen remarked:

> It is noted that the delay of one year after the notice to the applicant after the case was abandoned does not place him in an equitable position to demand any leniency in considering the question whether or not he has complied with the rule requiring diligent and proper prosecution of a case.

At the time of the Ruthenburg decision, the statutory period for responding to an Office action was one year. Commissioner Allen used this one-year period after notice as a benchmark for evaluating diligence. See also Ex Parte Hanson, 20 Gour 71:21 wherein a delay of more than a year in filing a petition to revive was held to be excessive, resulting in a denial of the petition to revive. Finally, the decision reported in Rosenberg and Parker-Kalon Corporation v. Carr Fastener Company, 10 USPQ 106, 108 (2d Cir. 1931) illustrates a situation where the petition to revive an abandoned application was denied because the showing did not establish that the delay between the first and subsequent petition to revive of 25 months was unavoidable.

The test which is most often applied in determining whether the delay of an attorney in seeking to revive an application from its abandoned status has been unavoidable within the meaning of the patent statutes is whether the attorney has used such care and diligence as a prudent and careful person would have used under the circumstances. Ex Parte Pratt, 1887 Dec. Comm'r Pats. 31 (Comm'r 1887); In re Mattullath, 38 App. D.C. 497 (D.D.C. 1912). The notice to pay the issue fee in this application was mailed April 5, 1985. The issue fee was paid on October 9, 1986, and the most recent attempt to demonstrate that the delay in payment was unavoidable was filed on July 28, 1988. Petitioner cites a heavy workload by the attorney handling the petition in the present application as being a factor in causing the delay. The attorney's preoccupation with other matters that took precedence over responding to the dismissal of the petition mailed December 16, 1986 in this case does not justify a lack of diligence in filing the renewed petition until March 8, 1986. Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981).

***5** The lack of diligence demonstrated by the attorney in charge of the petition to revive appears to have been a conscious decision on his part based on the belief that any delay after paying the issue fee could be cured by filing a terminal disclaimer equivalent to the period of abandonment of this application. While the Office does have a policy of requiring a terminal disclaimer in those situations where there has been a delay of more than six months in filing a petition to revive an application that has become abandoned [[37 CFR 1.316(d)], the terminal disclaimer has never been authorized or set forth in the rules as a substitute for a showing of unavoidable delay. Indeed, such an interpretation and a delay of more than 14 months in filing the renewed petition are contrary to the traditional concept of reasonable diligence, are contrary to the explicit requirement of 37 CFR 1.316(b) that a petition to accept late payment be filed promptly, and are contrary to the explicit notice in the decision of December 16, 1986, that the renewed petition be filed promptly.

Petitioners also provide copies of numerous petition decisions which fail to require that the renewed petition be filed promptly. None of the decisions cited either include a requirement for a prompt response or relate to petitions under 37 CFR 1.137(a) or 1.316(b). Rather, the decisions address requests to withdraw the holding of abandonment or with petitions to revive for unintentional abandonment under 37 CFR 1.137(b). These latter petitions are not subject to the specific requirement that they be "promptly" filed.

The offer to file a terminal disclaimer in this application to reduce the term of the patent because there was a delay in filing a petition to reinstate does not serve to obviate the potential harm that can be caused by delay in the issuance of a patent. A patent issuing with a shortened term may still issue at a time when a full industry has built up and flourished without any blocking patents to be taken into account. In Application of Herring, 17 F.2d 683 (D.C. Cir. 1927), the court, after affirming the decision of the Commissioner not to revive an abandoned patent application, remarked:

> When this applicant permitted his application to become abandoned, other inventors were engaged in the development of this art, and it is common knowledge, as pointed out by the Commissioner, that within a comparatively short time their efforts were crowned with success. In these circumstances, prompt action was demanded of this applicant. To

permit him now, after his long and inexcusable delay, to revive his abandoned application, might result in very serious injustice to those inventors who perservered to the goal of success.
This is not to say that the situation in this case is identical to the facts in Herring. There comes a time, however, when the objectives of the patent system are not achieved by an apparent disregard for the need to take action in a reasonable period of time. Herring illustrates the need to preserve the policies that encourage diligent behavior.

***6** While the above analysis is considered to be a correct analysis of the letter and intent of the law on unavoidable delay, the Patent and Trademark Office has not acted in a way in the past that necessarily would be characterized as consistent with this analysis. Thus, the terminal disclaimer practice that petitioner has relied upon appears to have been announced in a notice [FN5] published in January 1972, the substance of which has been incorporated in M.P.E.P. 203.08, that linked the concept of diligence with the filing of a terminal disclaimer as follows:

> In an effort to sharply reduce the volume and need for status inquiries, the past policy that diligence must be established by making timely status requests in connection with petitions to revive is hereby discontinued.
>
> When an application has been abandoned for an excessive period before the filing of a petition to revive, an appropriate terminal disclaimer may be required.

Likewise, in amending the rules related to petitions to revive an abandoned application or accept late payment of an issue fee in 1982, the PTO again linked the concepts of a prompt (diligent) filing of a petition with the filing of a terminal disclaimer as follows: [FN6]

> Paragraph (c) requires that any petition for revival under paragraphs (a) or (b) of § 1.137 be promptly filed and that a terminal disclaimer, equivalent to the period of abandonment of the application, be filed with any petition filed more than six months after the date of abandonment.
>
> Paragraph (d) [of Section 1.316] is added to require a terminal disclaimer equivalent to the period of abandonment of the application where any petition under this section is not filed within six months of the date of abandonment.

While it was not the intent of the PTO to permit a petitioner to cure a lack of diligence in providing all the necessary requirements to accept late payment of an issue fee, as suggested by petitioner in the instant case, such an understanding is not unreasonable in light of past actions by the PTO and the absence of clear guidance on this issue.

Petitioner has adequately explained the reasons that the issue fee was not paid within the time period set in the Notice mailed April 5, 1985, and has forthrightly provided a detailed explanation of the activity and motivations that guided the activity that was undertaken to request the Commissioner to accept late payment of the issue fee. Under the circumstances of this case, the delays in payment of the issue fee and in providing the information necessary to accept late payment [based, in part, on petitioner's reasonable misunderstanding of the policy and practice of the PTO] are considered unavoidable within the meaning of 35 U.S.C. § 151. In re Decision Dated February 18, 1969, 161 USPQ 383 (Ass't Comm'r. 1969). In the future, a practitioner's diligence in seeking to revive an abandoned application

or accept a late payment of an issue fee will be considered in determining whether any delay was unavoidable. A terminal disclaimer will not be accepted as a substitute for diligent conduct.

Decision

***7** Based on the facts presented in this record and for all the reasons discussed above, it is concluded that the delay in payment of the issue fee in this application was unavoidable within the meaning of 35 U.S.C. 151. Accordingly, the petition to accept late payment of the issue fee is GRANTED.

FN1. The Notice of Allowance and Issue Fee Due was mailed after PTO review of an amendment filed January 16, 1985 and after a March 27, 1985 telephone conversation between the patent examiner and an attorney for petitioners regarding minor claim changes that would be made by an examiner's amendment to place the application in condition for allowance.

FN2. The executed TERMINAL DISCLAIMER was filed November 4, 1986; the application Serial No. was incorrect in both the executed and unexecuted versions. The TERMINAL DISCLAIMER was filed because 37 C.F.R. § 1.316(d) requires, in those instances where a petition to accept late payment of an issue fee is filed after six months of the date of abandonment, the filing of a terminal disclaimer "dedicating to the public a terminal part of the term of any patent granted thereon equivalent to the period of abandonment of the application."

FN3. The renewed petition was filed almost fifteen months after the mailing of the December 16, 1986 decision on petition.

FN4. Robinson, Treatise on the Law of Patents, § 576 (1890).

FN5. 893 Off. Gaz. Pat. Off. 810 (January 1972).

FN6. 1021 Off. Gaz. Pat. Off. 32 (August 10, 1982).

17 U.S.P.Q.2d 1155

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