Intellectual Property News

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USPTO Adopts Policy Of Granting Longer Patent Terms In Cases Of Delay

On February 1, 2010, The U.S. Patent and Trademark Office ("PTO") formally acquiesced to a recent judicial decision that could potentially extend the lifespan of many issued patents. The U.S. Court of Appeals for the Federal Circuit in *Wyeth v. Kappos*, No, 2009-1120 (Fed. Cir., Jan. 7, 2010) ruled that the PTO's old policy of extending the lifespan of patents that had suffered undue delay at the PTO in some cases provided too little extension. The *Wyeth* decision and the recent announcement by the PTO may have an impact on any patent that was under examination for more than three years (that is to say, the date of issuance is more than three years later than the date of filing).

If a patent application was filed after 1995, the patent is in force from the day of issuance until the day exactly twenty years after the patent application was filed (subject to proper payment of all maintenance fees). If the patent application was filed as a divisional application or a continuing application, the patent expires no later than the day twenty years from the day the original application was filed. Patents filed before 1995 may be in force from the day of issuance until the day seventeen years from the day or issuance, depending on the circumstances.

However, under Section 154 of the Patent Act (35 U.S.C. § 154 (b)), the expiration of a patent may be delayed if the PTO failed to act promptly. This is referred to as "patent term adjustment" or "PTA." This is separate from "patent term extension," which is granted for delay that is caused by other regulatory agencies, such as the U.S. Food and Drug Administration. The circumstances under which PTA is to be granted are set out in Section 154, and are elaborated upon by the PTO's own regulations (37 C.F.R. §§ 1.702-1.704).

One element of PTA is the total delay caused by the PTO in its failure to respond to certain events within a certain timeframe, as described in 37 C.F.R. § 1.702(a). This is referred to as "A delay." Delay under subsection (a) includes the PTO's failure to issue a first action within 14 months of the filing of an application, the PTO's failure to respond to an applicant's response to an office action within 4 months, the PTO's failure to take action within 4 months of a decision by the Board of Patent Appeals and Interferences, and the PTO's failure to issue a patent within four months of payment of the issue fee. In each case, for every day that the PTO's action is late the PTA is increased by one day. For example, if the PTO issues a first office action 16 months after the application is filed, two months of PTA will be granted.

A second element of PTA is any failure to issue a patent within three years of filing, as described in 37 C.F.R. § 1.703(b) ("B delay"). For every day the application is pending after the third anniversary of filing, one day of PTA will be granted. Certain acts by the applicant, such as the filing of a request for continued examination, effectively end the period of B delay. Delays due to other events, such as interference proceedings, are not counted toward the three year pendency deadline.

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A third element of PTA is any delay due to interference proceedings or suspension of prosecution initiated by the PTO due to an interference ("C delay").

The last element of PTA is delay caused by the applicant, as described in 37 C.F.R. § 1.704. These delays include, but are not limited to, suspension of action on an application at the applicant's request, deferral of issuance of an application at the applicant's request, and failure to respond to an office action within three months of its mailing date. The applicant's delay is subtracted from the PTA that would otherwise be due to (a) delay and (b) delay.

Section 154 of the Patent Act states that "to the extent that periods of delay attributable to grounds specified in paragraph (1) overlap [A-C delay], the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed." Previously, the PTO interpreted this sentence to mean that PTA should be calculated as the greater of (a) delay or (b) delay, minus applicant's delay. The PTO did not sum the (a) delay and the (b) delay, as it interpreted the delays as "overlapping" during the period of the shorter delay.

However, it was argued by the patent holder in *Wyeth* that the PTO's interpretation is inconsistent with the statute, and that two time periods only "overlap" if they occur at the same time. Therefore it was argued that A delay caused by slow action on the part of the PTO only overlaps with B delay if the A delay occurs after the third anniversary of filing.

The U.S. District Court for the Northern District of California agreed with the patent holder's interpretation, and declared the PTO's interpretation invalid. On appeal, the U.S. Court of Appeals for the Federal Circuit agreed with the district court. The United States has decided to seek no further review of the decision, and the PTO is taking steps to change its manner of calculating PTA to comply with the court's view.

As a result, the PTO is allowing accelerated review of certain PTA decisions without the usual fee or requirement for a formal petition. Such review is being granted if the patent issued within 180 days of the request for review, so long as the patent issued before March 2, 2010. In addition, if a petition has previously been filed to correct the PTA on a patent, review may be requested within two months of the PTO's decision on the petition, regardless of when the patent issued. Lastly, the sole basis for review must be the PTO's failure to calculate PTA in compliance with the *Wyeth* decision.

After March 2, 2010, the PTO plans to use the new method of PTA calculation by default.

We are currently reviewing all files to determine which of our client's patents are eligible for accelerated review. In addition, it is as yet unclear whether the PTO will allow correction of PTA for older patents through the normal petition route. Regardless of our efforts to identify eligible patents, please contact us if you believe you own a patent that is eligible for a correction of PTA as a result of the *Wyeth* decision.

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