Kluwer Patent Blog

Getting The Most Out Of Your U.S. Patent

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In the mid-1990s, the U.S. joined most of the rest of the world by adopting a 20-year patent term for patent applications filed on or after June 5, 1995. However, the U.S. patent system is unique in that patents can obtain term adjustments to compensate for certain delays that occur during patent prosecution. The relevant law (35 USC § 154(b)) and implementing regulations are complicated, but it is important for applicants to understand how they work so that they can maximize the term—and the value—of their U.S. patents.

Patent Term Adjustment Awards

Patent term adjustment ("PTA") is available to U.S. patents granted from applications filed on or after May 29, 2000.

The PTA statute provides "guarantees" against three different types of U.S. Patent Office ("USPTO") delay:

> "A" delay, when the USPTO fails to act in accordance with set timeframes, such as issuing a first Office Action within 14 months, issuing a second Action or Allowance within 4 months of a response, and issuing a patent within 4 months of the Issue Fee payment.
>
> "B" delay, when the USPTO fails to issue a patent within three years of the ***actual*** filing date of the patent application.
>
> "C" delay, when the application is involved in an interference or appeal, or is subject to a secrecy order.

The statute provides that "[t]o the extent that periods of delay . . . overlap, the period of adjustment . . . shall not exceed the actual number of days the issuance of the patent was delayed." In the well-known *Wyeth v. Kappos* case, the U.S. Court of Appeals for the Federal Circuit decided that such "overlap" occurs only if different types of delay occur on the same calendar day. That means that an application that waits a long time for a first Office Action can accrue both "A" delay for the initial delay period as well as "B" delay if the entire examination process takes more than three years.

Patent Term Adjustment Deductions

The patent term adjustment statute is not one-sided, but requires deductions from PTA awards if

"the applicant failed to engage in reasonable efforts to conclude prosecution of the application."

The statute defines taking ***more than three months*** to respond to any notice as an example of conduct that warrants a PTA deduction. The USPTO has enumerated other dilatory applicant conduct in 37 CFR § 1.704, from the obvious (filing a request to suspend prosecution) to the less intuitive (filing a supplemental response or filing a paper after a Notice of Allowance is received but before the Issue Fee payment is made). This is where maximizing PTA can get tricky, because actions taken to ***advance*** prosecution, such as filing a supplemental response after an interview or submitting an Information Disclosure Statement (IDS) after a response was filed but before the next Office Action, can be deemed to be dilatory conduct that results in substantial PTA deductions.

The statute also provides that "B" delay does not accrue once a Request for Continued Examination (RCE) is filed. However, it is important to remember that both "A" and "C" delay still can accrue, so applicants should continue to be mindful of PTA even after an RCE has been filed.

Patent Term Adjustment Calculations

The USPTO includes a preliminary PTA calculation with the Notice of Allowance. The initial PTA calculation often is lower than the final award because the USPTO does not calculate "B" delay until the patent actually is granted, and additional "A" delay can accrue if the patent issues more than four months after the Issue Fee was paid.

Even though the calculation provided with the Notice of Allowance is subject to change, applicants should review the USPTO's calculation and request reconsideration if necessary. This is because 37 CFR § 1.705 requires applicants dispute any award "indicated in the notice of allowance . . . no later than payment of the issue fee." If the PTA award is revised when the patent grants, the patentee has two months from the grant date to request reconsideration of any new issues raised by that award.

The statute also provides for judicial review of PTA awards, giving patent holders a right to bring suit in the U.S. District Court for the Eastern District of Virginia within 180 days of the patent's grant date. (Cases filed before September 16, 2011 were to be brought in the U.S. District Court for the District of Colombia.) In ***Bristol Meyers Squibb Co. v. Kappos*** (D.C. D.C. Jan. 27, 2012), the court decided that this deadline is ***tolled*** when the patentee pursues reconsideration of the USPTO decision, such that the patentee need not file suit until the USPTO has issued its final agency decision on any requests for reconsideration.

Patent Term Adjustment Issues

As noted above, the patent term adjustment statute is complicated, and the USPTO's implementing regulations can be even more confusing. At Foley & Larder LLP, we use our own software program to verify the USPTO's calculations, and we frequently update our program to reflect current interpretations of the statute—or new challenges to the USPTO's methodology. While the *Wyeth* case resolved one specific PTA issue, others have challenged the USPTO's application of the statute to other circumstances, such as its treatment of withdrawn Office Actions and responses filed the day after a federal holiday.

These issues are worth pursuing. According to one commentator, the average PTA award increased

by about ***200 days*** after the *Wyeth* case, to about 600 days. I have seen patents awarded PTA ranging from a few days (still valuable in the pharmaceutical industry) to over 1,000 days (valuable in any industry!). Being aware of the PTA statute and the USPTO's rules, keeping them in mind when devising patent prosecution strategies, verifying the USPTO's calculations and awards, and challenging them in court when necessary are steps that every applicant can take to ensure that they get the most out of their U.S. patents.

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