

# Kluwer Patent Blog

## Court Decision Could Extend Term Of Many U.S. Patents

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In a decision issued November 1, 2012 in *Exelixis, Inc. v. Kappos*, the U.S. District Court for the Eastern District of Virginia found that the USPTO has been misinterpreting a provision of the Patent Term Adjustment (PTA) statute in a manner that under-calculates PTA for many patents in which a Request for Continued Examination was filed. Patentees with affected patents will have to take action to have the court's interpretation applied to their patents.

### Patent Term Adjustment

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 Patent Term Adjustment (PTA) to compensate for certain delays that occur during patent prosecution. The PTA statute (35 USC § 154(b)) provides “guarantees” against different types of USPTO delays, and requires a day-for-day deduction of Applicant delays against USPTO delays.

“A” delay accrues when the PTO fails to act in accordance with set time frames (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 accrues when the PTO fails to issue a patent within three years of the actual filing date of the patent application.

“C” delay accrues when the application is involved in an interference or appeal, or is subject to a secrecy order.

### The Impact Of RCEs On B Delay Awards

The filing of a Request for Continued Examination (RCE) can impact the PTA award for B delay under 35 USC § 154(b)(1)(B)(i), which provides:

(B) GUARANTEE OF NO MORE THAN 3-YEAR APPLICATION PENDENCY.- Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the United States Patent and Trademark Office to issue a patent within 3 years after the actual filing date of the application in the United States, *not including*–

(i) any time consumed by continued examination of the application requested by the

**applicant under section 132(b) ....**

the term of the patent shall be extended 1 day for each day after the end of that 3-year period until the patent is issued.

The USPTO's interpretation of this statute is set forth in 37 CFR § 1.703(b)(1):

(b) The period of adjustment under § 1.702(b) is the number of days, if any, in the period beginning on the day after the date that is three years after the date on which the application was filed under 35 U.S.C. 111(a) or the national stage commenced under 35 U.S.C. 371(b) or (f) in an international application and ending on the date a patent was issued, but *not including* the sum of the following periods:

**(1) The number of days, if any, in the period beginning on the date on which a request for continued examination of the application under 35 U.S.C. 132(b) was filed and ending on the date the patent was issued ....**

Under the USPTO's interpretation, once an RCE is filed, the patent no longer accrues B delay, although it might still accrue A delay and/or C delay.

**The Question Before The District Court**

As characterized by the district court, *Exelixis* raised the following question:

Whether 35 § 154(b)(1)(B) requires that an applicant's PTA be reduced by the time attributable to an RCE, where, as here, the RCE is filed after the expiration of AIPA's guaranteed three year period.

The district court found that the statute's "plain language neither addresses nor requires" that PTA be deducted under those circumstances.

**The District Court's Analysis**

The district court reviewed the historical context of the PTA statute—the transition to a patent term measured from the application's filing date and Congressional intent to compensate applicants for USPTO delays. The court also reviewed the patent prosecution process, and noted that RCEs can be a normal step. Against this backdrop, the court considered the statutory language. The court reasoned:

Simply put, the goal of this subparagraph, as its title indicates, is a "Guarantee of no more than 3-year application pendency." It accomplishes this goal by (i) starting a three year clock on the date the application is filed, (ii) *tolling the running of this clock if, within the three year period, any of three events occur, including an RCE filing*, and (iii) adding a day for day PTA to the patent term for any delay in the issuance of the patent after the three year clock, less any tolling, runs out.

The district court found that this interpretation is not only "compelled" by the plain language of the statute, but also comports with its "structure and purpose." In this regard, the court found it significant that the statute does not treat the filing of an RCE as "applicant delay" that warrants a PTA reduction under §154(b)(2)(C). The district court therefore could not support the USPTO's interpretation, which "in essence construed subparagraph (B) to *punish* the applicant for filing the RCE," rather than treating RCE's as a "valuable tool in the patent prosecution process."

Thus, the court held:

The plain and unambiguous language of subparagraph (B) requires that the time devoted to an RCE tolls the running of the three year clock if the RCE is filed within the three year period. And, put simply, RCE's have no impact on PTA if filed after the three year deadline has passed

### **Patent Holders Must Request Additional Patent Term**

It is too early to know whether the USPTO will appeal this decision, but affected patent owners should not wait to request additional patent term. For patents issued within the past two months, it may be possible to pursue additional PTA in a Request for Reconsideration filed with the USPTO. For patents issued within the last 180 days, additional PTA may be pursued in a district court proceeding. While the PTA statute does not expressly provide a route for requesting additional PTA more than 180 days after a patent has granted, there may be some options that affected patent holders could pursue.

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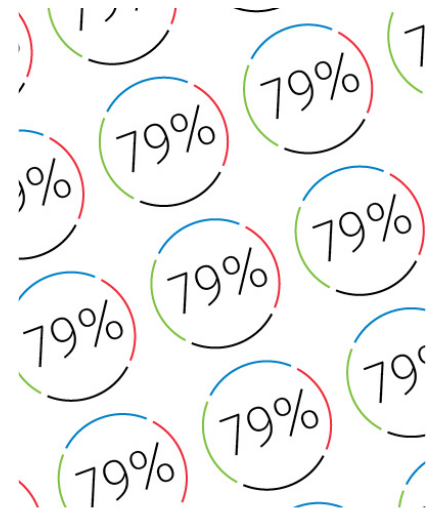
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This entry was posted on Monday, November 12th, 2012 at 1:00 am and is filed under [United States of America](#)

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