

# Kluwer Patent Blog

## Court Decision Changes U.S. Patent Term Adjustment Calculations

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The Federal Circuit decision in *Novartis AG v. Lee*, Nos. 2013-1160, -1179 (Jan. 15, 2014), interpreted 35 USC § 154(b)(1)(B)(i) as it relates to the impact that a Request for Continued Examination (RCE) has on a PTA award for the USPTO's failure to grant a patent within three years of its filing date (so-called "B delay" PTA). The court partly upheld and partly reversed the USPTO's interpretation of the statute, rendering a decision that could mean an additional several months of PTA for impacted patents.

### The Statute At Issue

The statute at issue in this case is 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 USPTO's interpretation of this provision 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 USC 111(a) or the national stage commenced under 35 USC 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 USC 132(b) was filed and ending on the date the patent was issued ....**

Thus, 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. (Please see [my article on Exelixis I](#) for a more detailed discussion of this issue and the PTA framework.)

### The Federal Circuit Decision

The precedential Federal Circuit decision resolves the issues raised in *Exelixis I*, *Exelixis II* and *Novartis*. In particular, the Federal Circuit agreed with the USPTO that “any time consumed by continued examination” should not count towards any B delay award regardless of when the RCE is filed, but did not agree that time after allowance is time “consumed by continued examination” that should be excluded from the B delay calculation.

The first issue under § 154(b)(1)(B)(i) decided by the court (the issue over which *Exelixis I* and *Exelixis II* are at odds) is whether an RCE filed more than three years after the application was filed has any impact on the B delay PTA calculation. The Federal Circuit agreed with the USPTO on this issue:

[T]he correct interpretation of the statute is the PTO’s view that time spent in a continued examination does not deplete the PTO’s allotment of three years for application processing before a resulting patent has its term extended, no matter when the continued examination begins.

The second issue under § 154(b)(1)(B)(i) decided by the court is whether the “time consumed by continued examination” that is excluded from the B delay calculation runs until the patent issues. On this issue, the Federal Circuit disagreed with the USPTO:

We reject the PTO’s view that the time after allowance, until issuance, is “time consumed by continued examination” and so is excluded from adjustments given to the patentee. Such time from allowance to issuance undisputedly would count toward the PTO’s three-year allotment in a case not involving a continued examination. There is no basis for distinguishing a continued examination case.

Because the USPTO had not awarded PTA in accordance with the court’s interpretation of the statute, the court remanded the case to the USPTO “for redetermination of the proper adjustments in accordance with this opinion.”

### **Obtaining Additional PTA**

Patent holders who may have patents impacted by this decision should review their portfolios and identify those cases where additional PTA may be available. Under the current law and regulations that apply to patents granted on or after [January 14, 2013](#), a patentee can seek reconsideration of a PTA award by filing a request for reconsideration (and \$200 fee) within 2 months of the patent’s grant date, which period is extendable for up to 5 months under normal extension of time practice.

The USPTO has not yet issued any special procedures for obtaining additional PTA under this new court decision, although it is possible that the USPTO may decide to waive the request for reconsideration fee or the extension of time fees.

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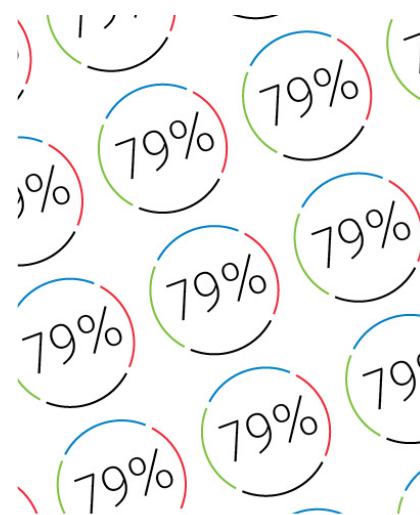
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