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Maximizing Patent Term Adjustment For U.S. Patents

Courtenay C. Brinckerhoff (Foley&Lardner LLP) · Thursday, March 26th, 2015

Under U.S. patent laws, the 20-year term of a patent can be extended if the USPTO fails to meet certain timeliness benchmarks during the patent examination process. The statute provides for Patent Term Adjustment (PTA) equal to the number of days of USPTO delay, less the number of days of applicant delay. The statute defines taking more than three months to respond as one type of applicant delay, and delegates authority to the USPTO to define other circumstances that amount to applicant delay, which the USPTO has done in 37 CFR § 1.704. While many of the USPTO's circumstances are not surprising, one category in particular can result in PTA deductions for actions made to advance prosecution.

The Patent Term Adjustment Statute

The PTA statute at issue is 35 USC § 154(b)(2)(C), which provides for a deduction from any PTA award “equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application.” The statute also expressly delegates to the USPTO the authority to “prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.”

The Patent Term Adjustment Rules

The USPTO exercised its delegated authority in 37 CFR § 1.704(c), which sets forth a number of circumstances deemed to constitute Applicant Delay under the PTA statute. In recent PTA decisions, the USPTO has invoked § 1.704(c)(8) as the basis for charging Applicant Delay when the applicant has filed a paper after filing a Request for Continued Examination, but before the next Office Action or Notice of Allowance:

(8) Submission of a supplemental reply or other paper, other than a supplemental reply or other paper expressly requested by the examiner, after a reply has been filed, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date the initial reply was filed and ending on the date that the supplemental reply or other such paper was filed.

Although the U.S. Court of Appeals for the Federal Circuit recently upheld the application of this rule to an Information Disclosure Statement (IDS) filed after a Restriction Requirement in *Gilead v. Lee*, neither that case, Rule 704(c)(8) itself, nor the Federal Register Notice in which Rule 704(c)(8) first was published indicate that the rule applies to post-RCE submissions. Indeed, given that RCEs are docketed to Examiners like other new continuing applications and are listed in the

USPTO's Patent Application Information Retrieval (PAIR) website with a status of "Docketed New Case – Ready for Examination," the rule for preliminary submissions (Rule 704(c)(6)) seems to be more appropriate. That rule only calls for a PTA deduction if the submission was filed "less than one month before the mailing of an Office action ... or notice of allowance ... [and required] the mailing of a supplemental Office action or notice of allowance."

Post-RCE Submissions That Can Trigger PTA Deductions

The USPTO has been applying Rule 704(c)(8) broadly to any submission made in the post-RCE period, regardless of whether the submission had any impact on the examination process, and even when the submission was made in an effort to advance prosecution. For example, the following types of submissions in the post-RCE period may trigger a PTA deduction:

- **Filing an Information Disclosure Statement (IDS) without the 30-day certification of Rule 704(d)**, i.e., filing an IDS without certifying that the information submitted was "first cited in any communication from a patent office in a counterpart foreign or international application or from the Office [that] was not received ... more than thirty days prior" or the that information itself is such a communication. This means that an IDS that is timely under the IDS rules (which permits the filing of an IDS in the post-RCE period anytime before the next Office Action is issued) can result in a PTA deduction.
- **Filing an Amendment.** When the RCE backlog was at its worst, applicants were advised that examiners could take up an application out of turn if the application was believed to be in condition for allowance. This led some applicants to file Amendments to focus on claims the examiner had agreed to allow. Such Amendments may trigger a PTA deduction for Applicant Delay, even though they were made to advance prosecution.
- **Filing an Amendment to support a Request for Track I Examination.** The Track I program permits an applicant to obtain expedited examination of an RCE by filing a Request for Track I Examination, \$4000 fee and \$130 processing fee. The Track I program places limits on the number of claims that can be pending in the application, but permits an applicant to file an Amendment with a Track I Request to cancel claims to comply with those requirements. Such an Amendment may trigger a PTA deduction for Applicant Delay, even though the Applicant simultaneously sought expedited examination—and paid a hefty fee to do so.

When the USPTO charges a deduction under this rule, the deduction is equivalent to the number of days from the day the RCE was filed to the day the submission was made. This means that if an IDS is filed one year after an RCE is filed, but still one year before the next Office Action, the USPTO will deduct one year of PTA from the total PTA award. In this way, the USPTO seems to be trying to hide the impact of the RCE backlog and shift the burden to the patent holders, instead of taking responsibility and awarding the full amount of PTA that would be due for post-RCE examination delays. (Although an application does not earn "B" type PTA from the time an RCE is filed until a Notice of Allowance is issued, an application still can earn "A" type PTA when the USPTO takes more than four months after the RCE is filed to act on the application. Thus, an application could earn significant PTA during the post-RCE period)

Ripe For Judicial Review?

As noted above, the Federal Circuit recently upheld the application of Rule 704(c)(8) to an IDS filed after a Restriction Requirement. However, applying Rule 704(c)(8) to submissions made in the post-RCE period raises different issues. Thus, a patentee facing a significant PTA deduction

under this rule should considering bringing a civil action to challenge the USPTO's PTA decision. The court could reverse the USPTO if it finds that the application of Rule 704(c)(8) to the facts at issue amounts to an incorrect interpretation of the statute, or otherwise is arbitrary, capricious, or an abuse of discretion. Patent holders reluctant to bring such a challenge should remember the significance of cases like *Wyeth v. Kappos* and *Novartis v. Lee*, which successfully challenged the USPTO's interpretations of other aspects of the PTA statutes.

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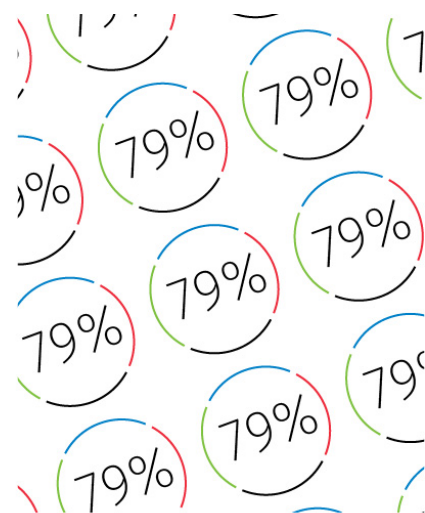
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