



INTELLECTUAL
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Patent Term Adjustment Calculation

A recent decision by the Federal Circuit will increase the term of many U.S. patents due to a change in the method of calculation of Patent Term Adjustments. In *Wyeth v. Kappos*, _____, F3d _____ Civ. Act. No. 2009-1120, 2010 U.S. App. LEXIS 300 (Fed. Cir. 2010) the court held that the current system used by the United States Patent & Trademark Office to calculate extensions of patent term for bureaucratic delays short-changed patent owners. After the United States switched to a 20-year term for patents measured from filing date, Congress amended the patent laws to tack on extensions of term due to USPTO delays. 35 USC § 154 provides extensions of term for specific delays, e.g. more than fourteen months to a first action, and for any other delays that extend the time in the USPTO to more than three years.

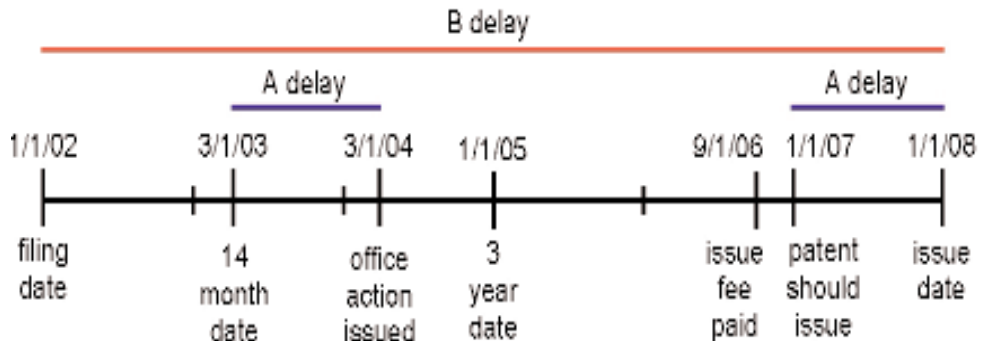
The statute provides that overlapping delays will not count twice. The USPTO interpreted the statute to give applicants the greater of the specific delay or the delay after three years. However, the Federal Circuit held that was erroneous because the USPTO interpreted delays occurring at different times as overlapping which is logically impossible.

The language at issue is presented in 35 U.S.C. 154 (b)(2)(A) which states: "To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed."

Adjustments are made for administrative delays, such as the Office failing to provide the first Action within fourteen months or failing to respond to an amendment within four months and for pendency for more than three years.

In a 2004 explanation of its position, the Office clarified that, if an application qualifies for an adjustment due to pendency beyond three years, then *any administrative delay that occurs throughout the pendency is not credited to the patentee*. Only a daily adjustment for each day beyond the three years of pendency was given.

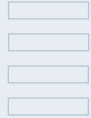
The following diagram, from Patent Docs (www.patentdocs.org) graphically illustrates the USPTO's position.



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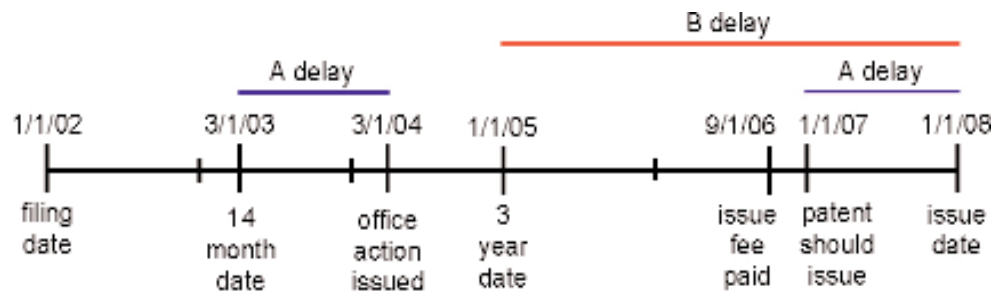
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In the above example, the Office credits the patentee for a three year PTA for the delay beginning January 1, 2005 and ending January 1, 2008 with issuance. The patent holder would not be credited for either of the two "category A" delays, since both "overlap" with the category B period.

Wyeth asserted, the Court agreed, that the term "overlap" requires that the periods specified by the statute must fall on the same calendar day.



In the example given above, a four year PTA is proper. The patentee is credited one year for the first "category A" period. The patentee is also credited an additional three years for the category B period. No credit is given for the second category A delay, since each day of this period is coextensive with the category B delay.

The Federal Circuit agreed with example B on grounds that B-type delays could not occur until after the application was pending for three years. Any A-type delays occurring before the three-year mark could not overlap the delays occurring after the three-year mark.

Patent owners normally have only two months after grant to petition the USPTO to review the calculation of the patent term. 37 CFR 1.705(d). The statute gives them 180 days after issue to file suit in district court to request an adjustment. To forestall unnecessary suits, the USPTO has instituted a special program for patents issuing prior to March 2, 2010, provided the request is submitted within 180 days of issuance. ■

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