

Tips On Maximizing Patent Term Adjustment

Law360, New York (November 16, 2010) -- As originally enacted in 1995, the “20-year term”[1] for U.S. patents could only be extended up to five years as a result of certain U.S. Patent and Trademark Office delays, such as a secrecy order, an interference proceeding or a successful appeal.[2]

In 2000 the patent term adjustment provisions were enacted to extend the term of a patent to compensate for these and various other USPTO delays, such as delays in mailing the first office action or in issuing the patent.[3] In general, PTA extends the term of the patent by the total of the USPTO delays offset by delays caused by the applicant.

Many practices commonly employed during patent prosecution can unnecessarily reduce the patent term by cutting off accrual of PTA for certain types of USPTO delays.



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To maximize the term of a patent, applicants need to have an understanding of key concepts of PTA and of how different prosecution strategies can positively and negatively affect the accrual of PTA — and thus the term of a patent.

For example, patent term can be maximized by avoiding terminal disclaimers and requests for continued examination, resorting frequently and aggressively to appeals, acquiescing to restriction requirements and replying to office actions within three months.

Understanding Patent Term Adjustment[4]

PTA allows the term of a patent to be extended to account for delays caused by the USPTO. For example, if the USPTO delays issuance by one year, then in absence of certain countervailing actions or inaction by the applicant, the patent term will be extended to expire 21 years after the earliest nonprovisional priority date. The USPTO delays include what are referred to as “A delay,” “B delay” and “E delay.”[5]

Two types of events result in an A delay: 1) the USPTO fails to mail a first office action within 14 months of application filing; and 2) the USPTO fails to respond within four months to certain applicant actions (e.g., the applicant files a reply to an office action).[6] The A delay is the total of all such delays.

The B delay results from the USPTO failing to issue a patent within three years of the application filing date. Thus, the B delay is generally calculated as the time starting three years after the application filing date and ending on the issue date. The B delay, however, has some important exceptions.

First, the filing of an RCE will cut off the accrual of B delay.[7] Second, the B delay will not include time consumed by appellate review (i.e., the Board of Patent Appeals and Interferences or a federal court).[8] After appellate review, the accrual of B delay will restart.[9] This restart can be significant, for example, if the board reverses the rejection of the claims but issues a new ground of rejection. Thus, the B delay will accrue during the subsequent prosecution.

The E delay, however, compensates for the delay due to successful appellate review excluded from B delay.[10] An appellate review is successful when the rejection of at least one claim is reversed.[11]

The USPTO delay is the sum of the A, B and E delays, not including any overlap.[12] Such an overlap would result in a single day being counted multiple times.

The calculation of USPTO delays is only half the story of PTA. The PTA is the USPTO delay reduced by the time “during which the applicant failed to engage in reasonable efforts to conclude prosecution,”[13] which is referred to as the applicant delay.

The applicant delay is the total time in excess of three months it takes the applicant to reply to a USPTO action.[14] The applicant delay is not calculated based on the due date (without extensions) of a response; it is simply calculated from the three-month date after the action or notice.[15]

Finally, a terminal disclaimer may limit the effect of PTA.[16] No matter how much PTA may be accrued, the term will not include any of the disclaimed terminal portion.

Prosecution Strategies to Maximize PTA

Prosecution strategy should try to achieve the delicate balance between quick issuance, maximum patent term adjustment and maximum scope.

Quick issuance and maximum scope are competing goals, as claims with a narrow scope will generally issue more quickly than claims with a broader scope. An applicant can help maximize PTA by minimizing applicant delay, avoiding terminal disclaimers, prosecuting by appeal and acquiescing to restriction requirements.

Avoid Terminal Disclaimers

If there were no PTA, then patents with the same priority date would expire on the same date 20 years later. If the examiner rejects a claim based on obviousness-type double patenting in view of a related patent, applicants often simply file a terminal disclaimer to overcome the rejection.[17]

If the application and the patent have the same priority date, which is often the case, then the terminal disclaimer would in effect disclaim no term. Such a “terminal disclaimer” is needed, however, to ensure that the patent that issues from the application and the related patent are not separately assigned.[18]

However, PTA may result in a patent expiring later than the patent that is the basis of an obviousness-type double patenting rejection. Applicants should consider addressing such a rejection in a way that avoids a terminal disclaimer.

Of course, one way to address the rejection is to overcome the rejection via arguments. Assuming that such arguments are not successful, the applicant has several choices.

If some of the claims are allowed, the applicant may want to consider canceling the rejected claims and letting a patent issue with the allowed claims. Such a patent would be entitled to the full PTA. The applicant can then pursue the canceled claims in a continuation and file a terminal disclaimer in the continuation as appropriate. The applicant can also appeal the rejection.

As discussed above, the time needed for a successful appeal is an E delay resulting in adjusting of the patent term to compensate for time on appeal.

Prosecute by Appeal

Filing the first RCE terminates the accrual of B delay — so no more delay accrues for failure to issue within three years.[19]

Instead of filing an RCE, an applicant may want to consider filing a notice of appeal[20] and an appeal brief — assuming the rejection of at least one claim is without merit.

To respond to the appeal brief, the examiner has four choices: filing an answer, mailing a notice of allowance, calling to make a deal or reopening prosecution.

If the examiner files an answer, then the appeal will likely go to the board — unless, as the applicant would prefer, the examiner throws in the towel after reading the applicant's subsequent reply brief.

Calling to make a deal is the second preferred choice, as the applicant seems to have the upper hand if the examiner or others in the conference panel think the applicant will prevail at least in some respects on the appeal.

If the examiner reopens prosecution, then the examiner will mail a nonfinal office action with a new rejection. The applicant can either reinstate the appeal by filing a new appeal brief or respond to the office action.[21]

The applicant cannot amend the claims and reinstate the appeal.[22] If the applicant wants to amend the claims, the applicant must file a reply to the office action. When the reply to the office action is filed, any possible E delay that has accrued since the filing of the notice of appeal is lost.[23]

However, the A delay will continue to accrue. So if the examiner responds to the appeal brief by reopening prosecution one year after the appeal brief was filed, then the A delay is increased by eight months (i.e., one year minus four months).

Also, since no RCE was filed, and assuming it is more than three years since the application filing date, the accrual of B delay will restart on the date of the office action reopening the prosecution.

After the next office action, the applicant can again file a notice of appeal and repeat the process indefinitely, suspending B delay but accruing E delay. This prosecution approach of avoiding RCEs maximizes total PTA by accruing E delay for successful appeals and allowing B delay to continue accruing when prosecution reopens and the appeal process ends.

Acquiesce to Restriction Requirements

A requirement for restriction may be a win-win situation for the applicant and the examiner in that the applicant may avoid the filing of a terminal disclaimer and the examiner will be able to focus on one "invention" in the application.

When the examiner issues the restriction requirement, the applicant could either traverse or not traverse the requirement. The primary advantage of successfully traversing a restriction requirement is that the claims whose restriction was successfully traversed stay in the application.

A significant disadvantage may occur, however, when the claims from one of the groups are allowed and the claims from another group are rejected.

The applicant may want to let the allowed claims issue and pursue the rejected claims in a continuation application. The applicant may also end up with an obviousness-type double patenting in the continuation that can only be overcome with a terminal disclaimer — possibly giving up significant term.

If, on the other hand, the applicant did not traverse the restriction requirement, the applicant could pursue a divisional application with the same claims that would have been rejected. In such a divisional application, an obviousness-type double patenting rejection on the restricted claims is not appropriate.[24]

As a result, even if prosecution took a long time, the terminal portion extending beyond the term of the patent issuing from the parent application would not need to be disclaimed.

A disadvantage of not traversing the restriction requirement is that the filing of the divisional application may ultimately

delay the issuance of claims. This is especially true if the applicant elects to pursue claims in the parent application that the examiner believes are not allowable and pursues in the divisional application that the examiner believes are allowable.

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[1] This paper will refer to this term as the 20-year term with the understanding that 20 years represents the expiration date from the earliest nonprovisional priority date and that the term will never actually be 20 years. If the applicant first filed a provisional patent application, priority may be extended to this earlier filing date while still setting the 20-year term from the filing of the subsequent nonprovisional application. 35 U.S.C. § 119(e) (1999); 35 U.S.C. § 111(b) (1982).

[2] 35 U.S.C. § 154(b)(1)(C).

[3] 37 C.F.R. §§ 1.702–.705 (1999).

[4] This section provides an overview of key PTA provisions. PTA provisions are complex and open to different interpretations. See *Wyeth v. Kappos*, 591 F.3d 1364 (Fed. Cir. 2010). This paper is based on the author's interpretation; the USPTO and the courts may ultimately have a different interpretation.

[5] 37 C.F.R. § 1.702(a), (b), (e). There are also C and D delays relating to interferences and secrecy orders. 37 C.F.R. § 1.702(c), (d).

[6] 37 C.F.R. § 1.702(a).

[7] 37 C.F.R. § 1.702(b)(1).

[8] 37 C.F.R. § 1.702(b)(4).

[9] 37 C.F.R. § 1.702(b).

[10] 37 C.F.R. § 1.702(e).

[11] The term shall be adjusted “if the patent was issued under a decision in the review reversing an adverse determination of patentability.” 37 C.F.R. § 1.702(e) (remand is considered reversal of an adverse decision when it ultimately results in a mailing of a notice of allowance); see also 37 C.F.R. § 1.703(e); 35 U.S.C. § 154.

[12] *Wyeth*, 591 F.3d at 1369.

[13] 37 C.F.R. § 1.704(a).

[14] 37 C.F.R. § 1.704(b).

[15] The regulations specify several other circumstances that are considered to be failure to engage in reasonable efforts to conclude prosecution. These circumstances include filing of a noncompliant reply, abandonment of the application and filing of a supplemental response. 37 C.F.R. § 1.704(c).

[16] 35 U.S.C. § 154(c)(1).

[17] 37 C.F.R. § 1.321(c); Applied Materials Inc. v. Advanced Semiconductor Materials Am. Inc., 98 F.3d 1563, 1577 (Fed. Cir.

1996); *In re Longi*, 759 F.2d 887, 894 (Fed. Cir. 1985).

[18] 37 C.F.R. § 1.321(c)(3).

[19] 35 U.S.C. § 154(b)(1)(B)(i); 37 C.F.R. § 1.702(b)(1); 37 C.F.R. § 1.703(b)(1).

[20] An applicant has the option of filing pre-appeal brief arguments under OG Notice of 12 July 2005. In the author's experience, the success rate with such arguments is low. In some cases, the same arguments that were presented unsuccessfully in the pre-appeal brief turn out to be successful in the appeal brief.

[21] 37 C.F.R. § 41.31(a)(1) (2010); 37 C.F.R. § 1.111 (2010).

[22] 37 C.F.R. § 41.31(c).

[23] 37 C.F.R. § 1.702(e); 37 C.F.R. § 1.703(e).

[24] 35 U.S.C. § 121 (2009).