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Update: “A” “B” “C”s of USPTO Patent Term Adjustment

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Patent Term Adjustment (“PTA”)

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- **Congressional Action**
 - 1994 - 17 yrs. after grant -> 20 yrs. after filing; “C”-type PTA
 - 1999 - RCEs; added “A”-type PTA & “B”-type PTA
 - ✦ Most “20-year” patents had less than 17-year terms
- **Types of PTA 35 U.S.C. §§ 154(b) (1)(A), (B), and (C)**
 - “A”-type: PTO deadlines (14 months 1st Office action; 4 months subsequent actions, issuance & post-PTAB actions)
 - “B”-type: guarantee of no more than 3-year pendency
 - “C”-type: interferences, secrecy orders, appeals
- **Limitations subtracted from (“A” + “B” + “C”) days**
 - overlapping days, disclaimed term, applicant delay due to
 - (1) no “reasonable efforts” (2) >3 months for “B”-type

§ 371 Commencement Starts “B” Clock

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- Japan Tobacco - Application for Patent Term Adjustment under 37 C.F.R. § 1.705(d)
 - PTO started “B”-type clock only after all § 371 national stage entry documents were filed (after 30 months)
 - Should start (1) at 30 months, if fee and int’l app. are filed or (2) if everything filed & early processing requested
- USPTO Notice September 9, 2009 (& H.R. 6621)
 - “The [PTO] incorrectly calculate[d] the three-year pendency provision of 35 U.S.C. § 154(b)(1)(B) in international applications as being measured from the date that the requirements of 35 U.S.C. § 371 were fulfilled rather than the date the national stage **commenced** under... §§ 371(b),(f).”

(“A” + “B” + “C”) – Their Overlap

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- *Wyeth v. Kappos*, 591 F.3d 1364 (Fed. Cir. 2010)
 - PTA =
 - ✦ [“A” (PTO OA delays) + “B” (3-year overage) + “C” (less frequent)]
 - ✦ Not including
 - (1) overlapping days (*e.g.*, “A” days after “B” window expires) &
 - (2) certain applicant delays
 - Court: PTO used incorrect “greater-of-A-or-B” calculation

Any PTO Action Stops “A” Clock

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- *Univ. Mass. v. Kappos*, 10-894 (D.D.C. Nov. 9, 2012)
 - First Office action apparently vacated; did it stop “A” clock?
 - Yes: Unambiguous language, “[by deadline USPTO must] provide at least one of the notifications under section 132 [term shall] be extended 1 day for each day [thereafter] until [such] action is taken” 35 U.S.C. § 154(b)(1)(A)
 - Statute does not require that PTO actions be correct; PTA created in anticipation of PTO mistakes (*e.g.*, “C” for appeals)
 - Not “arbitrary” despite PTO’s “*rare occurrence*” opposite decision to use 2nd Office action to stop “A” clock. *See Oncolytics Biologics v. Kappos*, 11-621 (D.D.C., filed March 25, 2011) (PTO 1st action treated as non-event)

RCE(s) Stop “B” Clock Only If...

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- *Exelixis v. Kappos (I)* 1:12cv96 (E.D.Va., 11/1/12)
 - PTO refused to credit “B” days consumed by 1st RCE filed after 3-year window (**1 month after 1st action (final)**)
 - “[if issue]... delayed due to failure... to issue a patent within 3 years after the actual filing date..., not including --
 - ✦ (i) [any time consumed by RCE];
 - ✦ (ii) [any time for interference, secrecy order, appeal]; or
 - ✦ (iii) [any delay (beyond 3 months) requested by applicant],the term... shall be extended 1 day for each day after [3 years from the filing date, until issuance].” 35 U.S.C. § 154(b)(1)(B)
 - Court: “RCEs have no impact on the PTA after the three-year deadline has passed” “possible exception [applicant delay]” (**Where is the line?**) See *Hypermed Imaging* (1yr+ abandonment, not “request” - causing more B PTA)

...Filed Within 3-Year Window

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- *Exelixis v. Kappos (I)* 1:12cv96 (E.D.Va., 11/1/12)
 - PTO rule 37 C.F.R. §1.703(b)(1) illegally cuts short “B” PTA
 - ✦ Court: Plain statutory language indicates RCE is subtracted from “B”-type PTA only if falls within 3-year window
 - ✦ Otherwise, PTO wrongly punishes applicants for using RCEs
 - Implications
 - ✦ Gives virtually unlimited patent term where multiple RCEs are filed (if 1st RCE filed after 3-yr window)
 - ✦ Also “B”-type PTA for all (ii) interference, secrecy order, appeals (but overlaps “C”) & (iii) applicant delay in prosecution (*i.e.*, > 3 months (is 6 months always “unreasonable efforts”?)
 - ✦ PTO likely forced to reinterpret “applicant failed to engage in reasonable efforts”, subject to further litigation.

On Second Thought...

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- *Exelixis v. Kappos (II)* 1:12cv574 (E.D.Va. 1/28/13)
 - Drawing an inference from legislative “silence” for post-3 year window RCEs “highly doubtful”
 - Not “plain and unambiguous” language; *Skidmore* deference to PTO’s “reasonable conclusion as to proper construction”
 - Congressional record trys to avoid applicant manipulation
 - ✦ H.R. Rep. No. 106-464, at 125 (Nov. 9, 1999) (Conf. Rep.).
‘As the conference report unequivocally states, RCE-triggered time “consumed in the continued examination of the application . . . shall not be considered a delay by the USPTO.” *Id.* at 126 (emphasis added).’
 - ✦ No more “submarine” patents

Others' Litigation Does Not Stop Clock

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- *Novartis v. Kappos*, 10cv1138 (D.D.C. Nov. 15, 2012)
 - Must act now (before law is settled) to preserve your rights
 - Patentees cannot benefit from “equitable tolling”
 - ✦ “[E]quitable tolling is available to a petitioner who has been diligent in pursuing his rights, but for whom some extraordinary circumstance stood in the way and prevented timely filing.”
 - ✦ No equitable tolling of clock just because other cases have not yet been filed or not yet finally determined.

PTO Request Pauses 180-Day Clock?

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- *Janssen Pharma. v. Kappos*, (E.D.Va. Feb. 10, 2012)
 - Maybe no: “180-day statute of limitation... regardless of whether [PTO reconsideration pending,]” at 15-16, but “without expressing an opinion[,]” at 18 (*transfer’ d* to D.D.C.)
- *Novartis v. Kappos*, 10cv1138 (D.D.C. Nov. 15, 2012)
 - Yes (in D.C.): Patentees can benefit from “ordinary tolling”
 - ✦ Patentee requested reconsideration, denied by PTO; then filed at district court within 180 days of PTO decision, but more than 180 days after the patent had issued.
 - ✦ Court: 180-day period does not begin to run “until the agency action is final,” and “[*paused*] during...agency reconsideration.”
- H.R. 6621 (Jan. 14, 2013) – **Yes**: Congress said so

Act Now

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- *Exelixis v. Kappos (I) & (II) (pending at CAFC)*
 - Post 1/14/2013 – Must request USPTO reconsideration within 2 months of issuance (though not effective until CAFC appeal final, since RCE-related rulings were not injunctions)
 - Then lawsuit within 180 days after PTO decision (denial) on reconsideration (not issuance because AIA Tech. Corrects. Act)
 - Current applications: file first RCE just after 3-year window
 - ✦ Gives PTA credit for entire post 3-year window if first RCE is filed after it expires
 - ✦ Entire RCE(s) time would be added to term as long as filing of RCE(s) is not an “unreasonable delay” – factors?
 - Would evidence of strategic concerns matter? New basis for IC?
 - What about an unreasonable rejection + cost of appeal?

Thank you

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Questions or Comments:

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