

REPORT

U.S. Patent Term Extension Law And Rules

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Patents issuing from U.S. patent applications filed on or after May 29, 2000, are subject to the Patent Term Guarantee provisions of the American Inventors' Protection Act (the "AIPA"). Thus, U.S. Patent and Trademark Office (PTO) delays are now beginning to allow patent Applicants to accrue term extensions for such patents, assuming that the PTO delays are not offset by the Applicants' own delays. We accordingly take this occasion to review the law and rules now governing patent term extensions arising from PTO delays in examination of patent applications filed on or after May 29, 2000.

I. Patents to Which the Patent Term Guarantee Provisions Apply

The Patent Term Guarantee provisions of the AIPA apply to utility and plant patents issuing on applications filed on or after May 29, 2000. They do not apply to design patents (which already have a guaranteed term of fourteen years from issuance) or to reissue patents (the term of which is determined by the patent being reissued).

For determining whether the Patent Term Guarantee provisions apply to the National Stage of an international (PCT) application, the international filing date, rather than the U.S. National Stage entry date, is considered the date on which the National Stage application is filed. For a continuing application (i.e., a Rule 53(b) continuation application, a Continued Prosecution Application (CPA), a divisional application or a continuation-in-part (CIP) application), the continuing application filing date, rather than the parent application filing date, is considered the date on which the application is filed. Because a Request for Continued Examination (RCE) is not a new application, the filing date of an application in which an RCE is filed, rather than the filing date of the RCE itself, is considered the date on which the application is filed.

II. Calculation of Patent Term Extensions

The basic term of a U.S. Patent is twenty years from its earliest effective U.S. filing date.¹ The amount of a term extension is calculated by adding days to the basic patent term based on three alternative methods of calculating PTO delays, and then subtracting days from the calculated extension based on Applicant delays. The basic term of a patent cannot be shortened as a result of Applicant delays – only the amount of an extension of that basic term can be shortened by Applicant delays. Furthermore, a patent term will not be extended beyond any expiration date specified in a terminal disclaimer.

Most U.S. patents issue in less than three years from their filing dates, without becoming embroiled in appeals, interferences or secrecy orders. As a result, for most patents, calculation of the term extension is a straightforward exercise. This exercise simply involves calculating specified PTO delays (mainly issuance of a substantive Office Action more than fourteen months after the filing date or more than four months after Applicant files a reply to a substantive Office Action), and subtracting from them specified Applicant delays (mainly taking more than three months to reply to any Office Action). In a significant minority of cases, however, the calculation is more complex.

The rules provide three basic methods of calculating PTO delays and one list of offsetting Applicant delays. The methods of calculating PTO delays are respectively discussed below as the "Prompt Response," "Three-Year Overall Pendency," and "Special Delays" methods. To the extent that any of the grounds for extension overlap among these three methods, the adjustment will not exceed the actual number of days the issuance was delayed.

¹ The earliest effective U.S. filing date may be the filing date of a U.S. parent application or the international filing date of a PCT application designating the United States, but not a foreign or U.S. provisional application priority date.

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A. The "Prompt Response" Method of Calculating Patent Office Delay

Under the Patent Term Guarantee provisions, the PTO is required to respond promptly to an Applicant's filings and to a Board of Appeals decision. Thus the PTO must respond to an initial application filing (e.g., by issuing a first substantive Office Action or a Notice of Allowance) within fourteen months after the filing date. The PTO must act within four months after many other filings by an Applicant or after issuance of a decision on Appeal reversing all rejections of at least one claim. For each day of PTO delay beyond these deadlines, the term of the resulting patent will be extended by one day. Such an extension will accrue in an application regardless of whether an RCE has been filed in that application.

1. First Action Within Fourteen Months After the Filing Date

The PTO is required to issue a first substantive Office Action or Notice of Allowance within fourteen months after the filing date of the application. Any delay beyond fourteen months will result in a corresponding patent term extension.

For a direct U.S. initial or continuing application (including "bypass" continuations of PCT international applications), the filing date is that filing date appearing on the Official Filing Receipt, regardless of whether there are missing parts (e.g., declaration, translation, formal drawings, etc.) that do not affect the filing date. For the U.S. National Stage of a PCT application, the PTO will treat as the filing date the date that the Applicant satisfies 35 U.S.C. §371, including the §371(c) requirements of filing a declaration of the inventors and any necessary translation of the application into English. Thus the filing date for a PCT National Stage application will be the date that all of the National Stage entry requirements have been completed for purposes of the fourteen month "clock."

In order to stop the PTO's initial fourteen month "clock," an Office Action must be a substantive Office Action or a Notice of Allowance. Pre-examination processing notices such as notices to file missing parts, formal drawings, computer readable nucleotide sequences and the like will not stop the PTO's fourteen month "clock." Actions following substantive examination, such as Restriction and Election of Species Requirements, Requirements for Information, Rejections, Ex Parte Quayle actions and Notices of Allowability, on the other hand, will stop the PTO's fourteen month "clock."

2. Action Within Four Months After Applicants' Filings

The PTO is required to issue a further Office Action or Notice of Allowance within four months after the Applicant files a response to a substantive Office Action, and must issue a patent within four months after the Applicant pays the Issue Fee. Any delay beyond four months will result in a corresponding patent term extension.

To avoid interference with the fourteen-month "clock," an Applicant's responses to pre-examination notifications are not included among responses that activate the PTO's four-month "clock." On the other hand, filing a response to a Restriction or Election of Species Requirement, a response to a Requirement for Information, a response to a Rejection, a response to a Final Rejection (if the response is entered and fully overcomes all objections and rejections in the Final Rejection), a proper Appeal Brief, or paying an Issue Fee (with all outstanding requirements satisfied) does activate the PTO's four-month "clock."²

A response to a Final Rejection that does not fully overcome the Final Rejection does not activate the PTO's four-month "clock," because the burden is still on the Applicant to file a Notice of Appeal. Thus PTO delay in issuing an Advisory Action will not initiate a patent term extension. Similarly, filing a Notice of Appeal will not activate the PTO's four-month "clock" because the burden remains on the Applicant to file an Appeal Brief. The PTO is required to mail an Examiner's Answer within four months after Applicant files an Appeal Brief. However, the four month "clock" does not apply to the Board of Appeals mailing of a Notice of Hearing or decision on appeal.

3. Action Within Four Months After Certain Appeal Decisions

The rules relating to post-appeal actions by the PTO are complex. First, there is no requirement for action by the PTO in a case in which all claims remain rejected after appeal. Here the Applicant must request reconsideration, file a civil action in a District Court or an appeal in the Court of Appeals for the Federal Circuit, or file a continuing application within a specified time limit.

² Late filing of a priority document (with processing fee) after payment of the Issue Fee is not construed as relating to an unsatisfied outstanding requirement, and thus will not affect the PTO's four-month "clock". However, as noted below, it may be construed as a failure to engage in reasonable efforts to conclude processing or examination, causing a reduction in term extension.

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The PTO's four-month "clock" also is not activated by a decision on appeal:

- if the appeal decision remands the application to the Examiner;³
- if the appeal decision applies a new ground of rejection to any claim(s); or
- if all claims remain rejected or objected-to after the appeal (even if allowable⁴).

The PTO's four-month "clock" is activated by a decision on appeal, if the above non-activation terms do not apply, and:

- if a claim was allowed (not merely allowable) before the appeal and remains allowed after the appeal; or
- if a rejected claim is held allowable in the decision on appeal (even if dependent from a still-rejected claim).

B. The "Three-Year Overall Pendency" Method of Calculating Patent Office Delays

Under the "Three-Year Overall Pendency" method, a patent term will be extended by one day for each day that issuance of an original patent is delayed due to the failure of the PTO to issue a patent within three years after "the actual filing date of the application in the United States." This provision excludes any time consumed by continued examination after an Applicant files an RCE; time consumed by appeals, interference activities or secrecy orders; or time consumed by any delay requested by the Applicant unless the Applicant makes a showing, prior to issuance of the patent, that the requested delay was unavoidable.

³ It is the PTO's position that a remand is not a decision. The PTO's four month "clock" starts on the date of a final decision. Therefore, as the rule is interpreted by the PTO, the four month "clock" will not run against an Examiner who delays acting on an application after remand. According to the PTO interpretation, the Examiner would have no deadline to re-issue a rejection. The PTO's interpretation should not prevail in court and a remand should be treated as a decision.

⁴ A claim may be objected-to but allowable, for example, if it is an allowable dependent claim that depends from a rejected independent claim, and was in that condition before entry of the decision on appeal. Thus it is better to make such claims independent before initiating an appeal.

The time consumed by interference activities and secrecy orders that is excluded from the "Three-Year Overall Pendency" calculation precisely matches the periods of extension separately granted under the "Special Delay" calculation discussed below. Thus such time is directly compensated for by a patent term extension. The exclusion of time consumed by appeals is somewhat different in order to prevent Applicants from creating term extensions by filing meritless appeals.

The appeal time excluded from the "Three-Year Overall Pendency" calculation extends from the date the Applicant files a Notice of Appeal to the date of the last decision by the Board of Appeals or by a court in a civil action or appeal, regardless of the outcome of the appeal.⁵ The counterpart Special Delay extension, however, as discussed below, only applies for a successful appeal. Thus time spent in an unsuccessful appeal will eat into an Applicant's patent term.

For direct U.S. initial and continuing applications (including "bypass" continuations of PCT international applications), the "actual filing date in the United States" is that filing date appearing on the Official Filing Receipt, regardless of whether there are missing parts (e.g., declaration, translation, formal drawings, etc.) that do not otherwise affect the filing date.⁶ Thus the calculation of the filing date for such applications is the same for the "Three-Year Overall Pendency" analysis and for the "Prompt Response" analysis.

For the U.S. National Stage of a PCT application, the situation is more complex. For this case, the PTO construes "the actual filing date in the United States" to be the earlier of (1) the expiration of the 20/30 month time limit (soon to be only a 30 month time limit) under PCT Article 22 or 39, or (2) the filing of an express request by the Applicant coupled with the Applicant's satisfaction of all of the National Stage entry requirements of §371(c).

Thus if an Applicant requests commencement of the National Stage before expiration of the 20/30 month time limit without satisfying all of the requirements of §371(c) (e.g., the Applicant files a copy of the application and the filing fee but does not file §371(c) requirements such as a

⁵ If the Examiner withdraws the Final Rejection during the appeal, such as in response to an Appeal Brief, the exclusion ends with the mailing of an Office Action or Notice of Allowance.

⁶ The filing date of prior applications (e.g., parent or provisional priority applications) is not considered in this analysis.

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declaration or translation), the three-year "clock" will still not start to run until the earlier of the 20/30 month time limit or the date the missing requirements are filed. Thus the calculation of the filing date for a U.S. National Stage application is quite different for the "Three-Year Overall Pendency" analysis than it is for the "Prompt Response" analysis.

C. Special Delays

Delays inherent in certain PTO processes will result in a commensurate patent term extension. Thus a patent term will be extended one day for each day of the pendency of any (1) interference involving the application or suspension of prosecution in view of an interference not involving the application, (2) secrecy order applied to the application, or (3) appellate review by the Board of Patent Appeals and Interferences or by a federal court in which the patent issues under a decision in the review reversing an adverse determination of patentability as to at least one claim without subjecting the claim to a new rejection. In other words, the last Special Delay term extension calculation applies only to appeals that were completely successful as to at least one claim.

As noted above, the exclusion from the "Three-Year Overall Pendency" extension calculation applies to all time spent in an appeal, whereas the Special Delay extension for an appeal only applies to "successful" appeals. Thus time spent in an unsuccessful appeal will not result in a patent term extension, even (1) if allowed or allowable claims are present before and after the appeal, or (2) if the Board reverses the Examiner but enters a new ground for rejection. Furthermore, the PTO will not grant a patent term extension for the duration of the appeal even (3) if the Board reverses a rejection but remands the application to the Examiner or (4) the Examiner withdraws the Final Rejection in response to an Appeal Brief. However, any time taken by the Examiner's delay beyond four months in mailing an Examiner's Answer, new Office Action or Notice of Allowance in response to an Appeal Brief could still result in a "Prompt Response" term extension.

D. The "Applicant Delay" Reduction of Patent Term Extension

What the PTO gives with one hand, it may take away with the other. Thus a patent term that otherwise would have been subject to extension may be subject to a reduction of that extension based upon the Applicant's conduct. In particular, any period of extension will be reduced by a period equal to the time during which the PTO finds that the Applicant failed to engage in reasonable efforts to conclude prosecution (processing or examination)

of the application -- i.e., the period of extension will be reduced by the amount of any Applicant Delay.

Assignment documents are handled separately from prosecution matters by the PTO. Thus papers relating to assignments generally will not be considered in any patent term extension reduction analysis.

1. Taking More Than Three Months to Respond to an Office Action

The most common situation in which a reduction will arise is when an Applicant takes more than three months to reply to any PTO notice or Office Action. Unlike the PTO's four-month "clock," this applies to pre-examination notices Office Actions, as well as to more substantive notices and Office Actions. Thus while filing an application with missing parts will not be treated as an Applicant Delay, failure to respond to a Notice to File Missing Parts within three months will be treated as an Applicant Delay.⁷

The three month period is measured from the date the notice or Office Action is "mailed or given" to the Applicant until the date the response to it is "received" by the PTO.⁸ The PTO used the statutory language "mailed or given" rather than "mailed," because it envisions that it may one day issue (or "give") notices or Office Actions by means other than mailing (e.g., by facsimile transmission or e-mail message over the Internet). However, the PTO does not envision that it would issue (or "give") notices or Office Actions by non-written means (e.g., by telephone). Thus, for example, a telephone restriction requirement would not constitute the giving of notice of an objection or other requirement.

The period for a reply that is set in the notice or Office Action has no effect on the three month period. Thus, for example, an Applicant may obtain a two-month extension of time to respond to a Restriction Requirement (with an initial one month period for reply), but may not obtain any extension of time to respond to a Rejection (with an initial three month period for reply), and may not even take the

⁷ The PTO has announced that if missing parts are causing it to miss deadlines, however, it will reconsider its decision not to treat filing an application with missing parts as a failure to engage in reasonable efforts to conclude processing or examination.

⁸ The date of actual PTO receipt of a response, and not the date of a certificate of mailing, is used to determine when the Applicant responded to an Office Action. However, this is not an issue for our clients because we hand carry all filings to the PTO.

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full time to respond to a Rejection in an application under a Secrecy Order (with an initial six month period for reply), without activating a reduction.

The total reduction will be the sum of such delays, without taking into account any early responses. For example, in an application in which three Office Actions are mailed and the Applicant takes five months, one month and four months, respectively, to respond to them, the extension reduction will be three months.

2. Other Enumerated Examples of Applicant Delay

The PTO rules set forth the following non-exhaustive examples of other types of conduct that can constitute Applicant Delay:⁹

- requesting suspension of examination (this will result in a reduction by the number of days from the filing of the suspension request to the termination of the suspension);
- requesting deferral of the issuance of a patent (this will result in a reduction by the number of days from the date of the request for deferral to the Issue Date of the patent);
- abandoning an application (this will result in a reduction by the number of days from the date of the abandonment to the earlier of (a) the date of mailing of a decision reviving the application or (b) four months after the date of a grantable petition to revive the application);
- failing to file a petition to withdraw a holding of abandonment or revive an application within two months from the mailing date of a notice of abandonment (this will result in a reduction by the number of days beginning on the day after the date two months from the mailing date of the notice of abandonment and ending on the date of a petition to withdraw the holding of abandonment or revive the application);¹⁰
- converting a provisional application to a nonprovisional application (this will result in a reduction by the number of days beginning on the date the provisional application was filed and ending on the date of a request to convert the provisional application to a nonprovisional application);
- filing a preliminary amendment or other preliminary paper (including an Information Disclosure Statement (IDS)) less than one month before the mailing of an Office Action or Notice of Allowance that results in issuance of a supplemental Office Action or Notice of Allowance (this will result in a reduction by the lesser of (a) the number of days beginning on the day after the mailing of the original Office Action or Notice of Allowance and ending on the date of mailing of the supplemental Office Action or Notice of Allowance or (b) four months);
- filing a reply having an omission (or other incomplete submission such as an incomplete petition or incomplete response to a Notice to File Missing Parts) (this will result in a reduction by the number of days beginning on the day after the incomplete reply or other paper was filed and ending on the date of a reply or other paper correcting the omission);¹¹
- filing a supplemental reply or other paper (including an Information Disclosure Statement), unless expressly requested by the Examiner, after a reply has been filed (this will result in a reduction by the number of days beginning on the day the initial reply was filed and ending on the date of the supplemental reply or other paper);
- filing an amendment or other paper (including an Information Disclosure Statement) after a decision

manually calculated for each application, the time required for the term adjustment calculation could exceed the time required to otherwise process the application. Thus, the "blameless Applicant" is at risk.

¹¹ There is a risk that this provision may create an incentive for Examiners to try to hold replies non-responsive when the PTO's four month deadline was not met. The PTO has stated that patent Examiner performance plans do not hold Examiners responsible for patent term adjustments in applications for which they are responsible, and thus that such an incentive does not exist. However, we suspect that indirect pressures may still provide such an incentive.

⁹ The periods of reduction are generally equivalent to the number of days between when the deemed dilatory actions of the Applicant began and when they ended. Again, overlapping periods are only counted once.

¹⁰ In response to a comment objecting that a "blameless Applicant" who never received a Notice of Abandonment might experience a reduction, the PTO noted that it intends to rely upon its PALM computerized tracking system, and stated that if the patent term adjustment were to be

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by the Board (other than a decision containing a new ground of rejection under Rule 196(b) or statement under Rule 196(c)), or a decision by a federal court, if submitted less than one month before the mailing of an Office Action or Notice of Allowance, which requires the mailing of a supplemental Office Action or supplemental Notice of Allowance (this will result in a reduction by the lesser of (a) the number of days beginning on the date after the mailing of the original Office Action or Notice of Allowance and ending on the date of the mailing of the supplemental Office Action or Notice of Allowance or (b) four months);

- filing an amendment or other paper (including an Information Disclosure Statement) after a Notice of Allowance has been given or mailed (this will result in a reduction by the lesser of (a) the number of days beginning on the date the amendment or other paper was filed and ending on the mailing date of the Office Action or notice in response to the amendment or other such paper or (b) four months).

a. Post-Allowance Activities

The PTO has issued a clarification of the type of submission after Notice of Allowance that would not be considered an Applicant Delay. Timely filing of the following items after a "Notice of Allowance" would not be considered an Applicant Delay: 1) Issue Fee Transmittal, 2) Power of Attorney, 3) Power to Inspect, 4) Change of Address, 5) Change of Status, 6) Response to Examiner's Reasons for Allowance, 7) Application for Patent Term Adjustment, and 8) letters related to government interests.

On the other hand, even a paper filed to correct an erroneous Examiner's Amendment or to request a missing copy of a PTO-1449 after allowance may be considered as a failure to engage in reasonable efforts to conclude prosecution. The PTO has stated that Applicants can avoid such a reduction by making a telephone request for a missing copy of a PTO-1449 or other document as soon as possible after receipt of a Notice of Allowance. The PTO considers that the submission of any of the following after a "Notice of Allowance" is mailed is considered an Applicant Delay: 1) a request for refund, 2) a status inquiry letter,¹² 3)

¹² The PTO encourages Applicants to telephone the Examiner or use the PAIR system to monitor the status of an application rather than submitting written status inquiries.

an amendment under Rule 312, 4) a late priority claim, 5) certified copies of priority documents, 6) drawings, 7) a letter related to biological deposits, 8) an oath or declaration, and 9) an untimely application for, or other correspondence concerning, patent term adjustment.

b. Information Disclosure Statements

As noted above, filing certain "other papers" will often be treated as an Applicant Delay. Such "other papers" often include Information Disclosure Statements even though they comply with Rules 97 and 98. However, a paper containing only such an Information Disclosure Statement will not be considered an Applicant Delay if it is accompanied by a statement that each item of information contained in the Information Disclosure Statement was cited in a communication from a foreign patent office in a counterpart application, and that the communication was not received by any individual designated in Rule 56(c) more than thirty days prior to the filing of the Information Disclosure Statement. This thirty day period is not extendible. Compliance with this certification requirement would be in addition to compliance with any relevant requirement of Rules 97 and 98 regarding fees for and timeliness of Information Disclosure Statements. We recommend that all Information Disclosure Statements be filed as promptly as possible in every case.

3. Other Possible Bases for Extension Reductions

The PTO has also stated that the actions or inactions set forth above are only exemplary of circumstances that are deemed to constitute an Applicant Delay. The PTO claims that there are a myriad of actions or inactions that occur infrequently that will interfere with the PTO's ability to process or examine an application. The PTO gave as examples of such delay that the parties to an interference obtain an extension of time for purposes of settlement negotiations which do not result in the settlement of the interference, or that an Applicant persists in taking unsuccessful positions for more than six months.¹³

In other words, the conduct listed is not exhaustive of the bases upon which the PTO may reduce the period of

¹³ Thus an Examiner's recalcitrance could result in a determination that an Applicant failed to engage in reasonable efforts to conclude prosecution, e.g., the Examiner may allow some claims early but incorrectly force the Applicant to fight over others for months or years. If the Applicant ultimately concedes to avoid unacceptable appellate costs, the resulting delay may be charged against the Applicant.

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adjustment of a patent term. Therefore, an Applicant may suffer a reduction even if the Applicant avoids the exemplary circumstances that the PTO rules identify as Applicant Delays.

However, the PTO has acknowledged that non-listed conduct will only be considered "in the most peculiar situations." This is because, in practice, the PTO plans to calculate the patent term adjustment with a computer program using the PALM system records of the dates of receipt and nature of Applicant correspondence and the dates of mailing and nature of Office Actions and notices. Thus non-enumerated Applicant Delays should only very rarely be applied.

An apparent loophole in the PTO's "Applicant Delay" lists relates to the time between the filing of a Notice of Appeal and the time for filing an Appeal Brief. This time period is normally two months, extendible with payment of extension fees to seven months. Although it could readily be noted by the PALM system, delayed filing of an Appeal Brief is not included among either the enumerated or non-enumerated examples of Applicant Delays. However, we would recommend, when a term extension (other than that based purely on the appeal) is otherwise going to apply in an application on appeal, that an Applicant file an Appeal Brief within three months of filing a Notice of Appeal in case the PTO decides that further delay should be construed as an "Applicant Delay."

III. Correction of Term Adjustment

The PTO anticipates that there will be disagreement concerning patent term adjustment calculations (i.e., Applicants will assert that the PTO miscalculated the term extension or reduction) in at least 15% of applications. In other words, by its own admission, the PTO is expecting at least one in six of its calculations to be questionable.

A. Vehicles for Correction of PTO Determinations

The PTO intends to include notification of the amount of any patent term extension with the Notice of Allowance. Any extension of the patent term will also be indicated on the patent, which will also reflect any additional extension for issuance of the patent more than four months after payment of the Issue Fee. Any request for (a) reconsideration of a patent term extension or (b) reinstatement of all or part of any reduction therein, must be by way of an application for patent term adjustment filed by the Applicant.¹⁴ A request for reconsideration of a patent

term extension would be filed by Applicant seeking a greater period of extension. Alternatively, a request for reinstatement of all or part of any reduction would be filed by an Applicant who disagrees with the PTO's determination that the Applicant failed to engage in reasonable efforts to conclude prosecution and/or the amount of the patent term extension reduction. An Applicant dissatisfied with the PTO's response can file an action in the U.S. District Court for the District of Columbia.

An application for patent term adjustment based on the extension (or lack thereof) identified in the Notice of Allowance must be filed between the mailing of the Notice of Allowance and the payment of the Issue Fee. Any request for reconsideration of the decision on the application for patent term adjustment or of the term extension printed on the patent as a result of issuance delays must be filed within thirty days after the issue date of the patent. Any civil action for a patent term adjustment must be filed within 180 days after the Issue Date of the patent. None of these deadlines is extendible.

If a registered patent attorney receives a determination that an application is eligible for an adjustment in a number of days that the attorney believes is excessive, it is the PTO's position that the patent attorney has a duty to disclose the error to the PTO. He or she may comply with this duty, where the correct adjustment is thought to be less than the number of days indicated by the PTO, by sending a letter that could be filed with the Issue Fee payment. In other words, it is not necessary to file an application for term adjustment under such circumstances.¹⁵

Any correction of a term extension requested by an Applicant at or before payment of the Issue Fee should be printed on the face of the Letters Patent. Any post-issuance correction should be reflected in a Certificate of Correction.

challenge a patent term adjustment during infringement or invalidity litigation.

¹⁵ To illustrate an attorney's ethical obligations regarding a PTO error in a patent term adjustment calculation, the PTO provided what it considers an example of an analogous situation. In the example, the PTO stated that if an Examiner suggests claims that an attorney knows are not patentable, the attorney is precluded from adopting the Examiner's suggestions in an amendment.

¹⁴ Third parties cannot file applications for reconsideration of a patent term adjustment in the PTO. However, they can

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B. Contents of Applications for Patent Term Adjustment

An application for patent term adjustment must be accompanied by the appropriate fee and a statement of the facts involved.

The fee for filing any application for patent term adjustment is \$200, and the additional fee for including a request for reinstatement of all or part of a patent term extension reduction is \$400. These fees are not refundable, even if the PTO's calculations were incorrect. There is also no small entity reduction.

The statement of facts must specify: the correct patent term adjustment and the basis or bases therefor, the relevant dates for which an adjustment is sought and the adjustment to which the patent is entitled, whether the patent is subject to a terminal disclaimer and any expiration date specified in the terminal disclaimer, and any circumstances occurring during the prosecution of the application that constitute a failure to engage in reasonable efforts to conclude processing or examination of the application (i.e., Applicant Delays) or that there were no such circumstances.

Any application for patent term adjustment that requests reinstatement of all or part of an extension reduction for filing a response more than three months after the mailing date of an Office Action must also be accompanied by a showing to the satisfaction of the Director of the PTO that, "in spite of all due care," the Applicant was unable to reply to the Office Action within three months of its mailing date. The PTO will not grant any request for reinstatement of more than three additional months for each such delayed response.

While the legislative history of the AIPA is silent as to the meaning of the phrase "in spite of all due care," the PTO interprets the phrases "all due care" and "unable to respond" to invoke a higher degree of care than does the "unavoidable delay" standard for revival of an abandoned patent application.¹⁶ As the "unavoidable delay" standard itself is very difficult to meet, we anticipate that the PTO will reject most attempts to reinstate all or part of an extension reduction based on "due care" arguments.

The PTO has provided examples of what it may accept as an Applicant being unable to respond within the three-month period in spite of all due care, including, e.g., that the original three-month period was insufficient to obtain test data necessary for an affidavit or declaration under Rule 132 that was submitted with a reply filed outside the original three-month period; a natural disaster; or illness or death of a sole practitioner patent attorney of record who was responsible for prosecution of the application.

The PTO has also provided examples of what it considers insufficient to show that the Applicant was not able to respond within the three-month period in spite of all due care, including: preoccupation with other matters; illness or death of a patent attorney who is associated (e.g., in a law firm) with other patent attorneys; time consumed with communications between the Applicant and his/her representative, including through foreign associates; vacations; use of first class mail rather than Express Mail or hand-filing near the end of a three-month period; or failure of clerical employees of Applicant or Applicant's representative to properly docket the period for response or perform other tasks necessary for the reply within the three-month period.¹⁷

IV. Effect on Continuing Application/RCE Practice

Applicability of the Patent Term Guarantee provisions is a factor in determining whether to file a continuing application or an RCE. For example, in an "after final rejection" situation where amendments are desired that will not be entered after final rejection, a decision must be made whether to file a continuing application or an RCE. If substantial further prosecution time or an appeal is foreseen, selection of the continuing application rather than the RCE may be preferable to preserve an extension based on the further prosecution time. On the other hand, if substantial term extensions have already accrued and further prosecution time is expected to be insignificant, selection of the RCE may be preferable to preserve the accrued extensions. If the existing application was filed before May 29, 2000, and substantial further prosecution time is foreseen, the continuing application may be preferable to obtain some, rather than no, term extension.¹⁸

¹⁶ This interpretation does not seem well-based, since the PTO itself admits that the "unavoidable delay" standard is based on court decisions requiring application of the "due care of a reasonably prudent person in relation to one's most important business." Thus the PTO's interpretation may be successfully challenged in the future.

¹⁷ The last example is a classic example of grounds to revive for unavoidable abandonment.

¹⁸ Other considerations include the desirability of publication (or republication), which will be initiated by the filing of a continuing application, but not by the filing of an RCE; the desirability of activating the disqualification of

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V. Effect on PCT National Stage/Bypass Continuation Practice

Applicability of the Patent Term Guarantee provisions may be a factor in determining whether to enter the U.S. National Stage of, or file a so-called "bypass" continuing application based on, a PCT international application. For an international application filed before May 29, 2000, filing a bypass continuing application, rather than entering the National Stage, will permit term extensions to accrue in the U.S. application. For an international application filed on or after May 29, 2000, both the continuing application and the National Stage application will be subject to the Patent Term Guarantee provisions. However, where an application must be filed with missing parts (e.g., missing declaration or translation), the continuing application will have a greater chance of receiving a term extension than will a National Stage application due to the special ways of determining the filing date for a National Stage application.¹⁹

VI. Special Considerations for Patent Applications Filed from June 8, 1995 to May 28, 2000

Patents issuing on applications filed before June 8, 1995, have a fixed term of the longer of seventeen years from the Issue Date or twenty years from the earliest effective U.S. filing date, subject to terminal disclaimers. For patent applications filed from June 8, 1995 through

May 28, 2000, as for currently filed patent applications, the term is twenty years from the earliest effective U.S. filing date. Some patent term extension is available for applications involved with secrecy orders, interferences and appeals, but not for other PTO delays, in June 8, 1995 through May 28, 2000 filed applications. These patent term extensions were made much more liberal for patent applications filed on or after May 29, 2000. Thus Applicants may want to consider filing continuing applications to maximize patent term in some applications filed in the June 8, 1995 through May 28, 2000 time period.

In particular, the maximum patent term extension for June 8, 1995 through May 28, 2000 filed applications is limited to five years. Many secrecy orders, interferences and appeals last much longer. In addition, the old rules further foreshorten the term extension available from an appeal if the Notice of Appeal was filed less than three years after the application filing date. Thus June 8, 1995 through May 28, 2000 filed patent applications that are involved with a secrecy order, interference or appeal can lose substantial patent term. Based on their individual circumstances, consideration should be given to filing continuing applications in such cases to obtain the benefit of the new patent term extension law and rules. This may be particularly important in cases in which an interference is being requested or an appeal is about to be filed.

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commonly owned §102(e) patents as prior art under §103, which will occur on filing a continuing application, but not an RCE, on a prior application filed before November 29, 1999; the impact of excess claim fees, which are payable on filing a continuing application but not on filing an RCE; the desirability of changing an election among species or restricted groups of claims, which is permitted in a continuing application but not in an RCE; etc.

¹⁹ Other considerations include the desirability of application of PCT unity practice applicable in a National Stage application, rather than U.S. restriction and election of species practice applicable in a bypass continuing application; the need to establish §102(e) prior art status for the application by way of a bypass continuing application (if relevant in view of §102(b) prior art status of an already-existing PCT publication); the need for narrowing preliminary amendments in a National Stage application, which may activate a complete bar against doctrine of equivalents infringement under *Festo v. Shoketsu*, as opposed to presentation of entirely new claims in a bypass continuing application, the result of which is unclear under *Festo*; etc.

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