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LEGAL ALERT

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Patent Term Adjustment Statute Interpreted by the Federal Circuit

In *Wyeth v. Kappos* (Appeal No. 2009-1120), the U.S. Court of Appeals for the Federal Circuit affirmed a decision of the U.S. District Court for the District of Columbia (*Wyeth v. Dudas* – Civil Action No. 07-01492) finding that the U.S. Patent and Trademark Office (USPTO) had misconstrued the law governing calculation of patent term adjustments for prosecution delays, therefore denying the patent holder a portion of the patent term to which it was entitled. In view of this case, it may be possible for other U.S. patent holders to obtain lengthened patent terms through a petition to correct the Patent Term Adjustment determined under the USPTO's prior incorrect calculation.

The term of a patent changed in 1994 from 17 years from *issuance* to 20 years from *filing*, regardless of prosecution delays. A prosecution delay would thereby unfairly shorten a patent's effective term. As a result, in 1999 Congress enacted the American Inventors Protection Act, 35 U.S.C. § 154(b), to allow a patentee to recoup certain periods of a USPTO-imposed prosecution delay.

Subsection (b)(1)(A) provides for a one-day extension of the patent term for every day that the issuance of a patent is delayed by failure of the USPTO to comply with various enumerated statutory deadlines, such as 14 months for a first office action or four months to respond to an applicant's reply to an office action. Subsection (b)(1)(B) provides for a one-day extension of the patent term for every day greater than three years after the filing date of a patent application required for the patent to issue.

However, subsection (b)(2)(A) prevents double counting of overlapping periods of delay under subsections (b)(1)(A) and (b)(1)(B). If an application was entitled to an adjustment under the three-year pendency provision of subsection (b)(1)(B), then the USPTO erroneously took the position that the entire period during which the application was pending was the relevant period for determining whether delay periods were overlapping (*Wyeth* at pp. 4-5). In other words, the USPTO asserted that the period for calculating a three-year pendency delay began when the application was filed. Accordingly, the USPTO used either the greater of the subsection (b)(1)(A) delay or the subsection (b)(1)(B) delay to determine the proper adjustment, but never a combination of the two.

The Federal Circuit disagreed with the USPTO's construction of the overlap provision. The court found the plain meaning of subsection 154(b)(1)(B) to require a three-year pendency delay to be counted from the point in time at which a patent application has been pending for three years until a patent has been issued by the USPTO (*Id.* at p. 8). Accordingly, no overlap with other delays can occur until a patent application has been pending for three years. As a result of *Wyeth*, the USPTO must count separately all delays under subsection (b)(1)(B) and all delays under subsection (b)(1)(A) occurring prior to three years from filing.

U.S. patent holders should evaluate whether an opportunity exists to petition for an additional term for their patents with term adjustments calculated erroneously by the USPTO prior to *Wyeth*. The USPTO has not yet indicated whether it will apply *Wyeth* retroactively. Under 37 C.F.R. § 1.705(d), a request for reconsideration of patent term adjustment must be filed within two months of patent issuance. However, it may be advisable for certain patent owners to request that the USPTO suspend the two-month limitation on requests for reconsideration in order to comply with correct patent term adjustment re-

calculation. Petitions for correction of an erroneous term should be filed sooner rather than later to reflect appropriate diligence. Patentees that have any questions about *Wyeth* or the potential for requesting an additional patent term should contact a patent attorney in the near future.

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If you have any questions regarding this Legal Alert, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.

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