Intellectual Property Advisory:

Has The PTO Shortchanged You On Your Patent Term Adjustment?

By Robert H. Resis[1]

If you hold a patent that issued more than three years after filing, you may be entitled to a greater patent term adjustment than was calculated by the PTO at the time of issuance. On September 30, 2008, the District Court for the District of Columbia held that the PTO has been misinterpreting the patent term adjustment statute, 35 U.S.C. § 154. *Wyeth v. Dudas*, 88 U.S.P.Q.2d 1538 (D.D.C. 2008).

The adjustment statute provides guarantees of patent term by providing adjustments due to periods of delay by the PTO. A patent is entitled to a one-day extension of its term for every day that issuance of a patent is delayed by a failure of the PTO to comply with deadlines under § 154(b)(1)(A), e.g., the deadline of fourteen months for a first office action. Delays of this type are called "A delays." A patent is also entitled to a one-day extension for every day greater than three years after the filing date that it takes the patent to issue, with certain exclusions, under § 154(b)(1)(B). Delays of this second type are called "B delays."

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The extensions for A delays and B delays are subject to a limitation concerning "overlap" - that "[t]o the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this statute shall not exceed the actual number of days the issuance of the patent was delayed." §154(b)(2)(A). The PTO had been granting adjustments for the greater of the A delays or the B delays, but not A + B delays. In the PTO's view, the entire period during which an application is pending is the "B period" for purposes of identifying "overlap." The district court in *Wyeth* held, however, that overlap in the statute means a day of type A delay and a day of type B delay that occur on the same day.

The court provided a hypothetical example to illustrate how the PTO has been shortchanging patent owners: Assume a patent application is filed 1/1/02, and the patent issues 1/1/08. Assume that in the six years it takes to issue, there are two "A periods of delay" by the PTO, each one year long: (1) the 14-month deadline for the first office action is 3/01/03, but the first office action does not occur until 3/1/04, one year late; (2) the 4-month deadline for patent issuance after payment of the issuance fee is 1/1/07, but the parent does not issue until 1/1/08, another year of delay attributable to the PTO.

Under the PTO's interpretation, the patent owner gets only three years of patent term adjustment, i.e., the "B delay" period from 1/1/05 to issuance on 1/1/08. Under the district court's holding, the patent owner is entitled to four years of adjustment – the first "A delay" does not overlap the "B delay" because it occurs in 2003-04, not in 2005-07. In contrast, the second "A delay," which covers 365 of the same days covered by the "B delay," does overlap and, hence, does not increase the patent term adjustment amount.

The PTO has filed a Notice of Appeal. Several additional companies have filed their own suits against the PTO to get their own patents adjusted under the *Wyeth* decision. More suits based on *Wyeth* are expected since a civil action challenging the PTO's adjustment determination must be filed in the District of Court for the District of Columbia within 180 days after the grant of each affected patent. § 154(b)(4)(A). In addition, more requests for reconsideration based on *Wyeth* of the PTO's adjustment determination are expected to be filed in the Patent Office since a request for reconsideration must be filed within two months of the date each affected patent issued. 37 CFR § 1.705(d).

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