



Intellectual Property ADVISORY ■

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The Federal Circuit Grants Additional Patent Term Adjustment Following Continued Examination

On January 15, 2014, the U.S. Court of Appeals for the Federal Circuit ruled that eligible patentees are entitled to additional patent term adjustment (PTA) for patents in which a request for continued examination (RCE) has been filed. The ruling provides for additional PTA for the period between the notice of allowance and the issue date of the patent. The court, however, rejected arguments for additional PTA for RCEs filed more than three years from an application's filing date.

The decisions, *Exelixis, Inc. v. Michelle K. Lee*, Nos. 2013-1175, -1198 (Jan. 15, 2014) (per curiam), and *Novartis AG and Novartis Vaccines and Diagnostics, Inc. and Dana-Farber Cancer Institute v. Michelle K. Lee*, Nos. 2013-1160, -1179 (Jan. 15, 2014), were issued on appeals to the Federal Circuit from district court decisions that rejected the U.S. Patent and Trademark Office's (USPTO) interpretation of 35 USC 154(b)(1)(B), which is intended to compensate patentees for certain delays in the processing and examination of applications by the USPTO. The Federal Circuit reversed in part, and affirmed in part.

The Statutory Guarantee of Three-Year Application Pendency

The statute in question provides a "[g]uarantee of no more than 3-year application pendency" and provides that "the term of the patent shall be extended one day for each day after the end of that 3-year period until the patent is issued." This guarantee is subject to certain exclusions, among which is "any time consumed by continued examination of the application requested by the applicant." The USPTO has interpreted these provisions to exclude from the PTA determination the period from the filing date of an RCE, no matter when initiated, to the issue date of the patent.

The plaintiffs in the district court actions had challenged the USPTO's interpretation of the three-year guarantee on two points. First, the plaintiffs argued that if an RCE was first filed more than three years after the filing date of the application from which a patent was granted, the time consumed by the continued examination should not be excluded from the PTA determination because the USPTO has already failed to meet its three-year guarantee. Second, the plaintiffs argued that the period of time from the notice of allowance to the issue date of the patent should not be excluded from the PTA determination because

this period is counted toward the three-year guarantee in cases not involving continued examination. In each case, the district court agreed with the plaintiffs and rejected the USPTO's statutory interpretation. The Federal Circuit reversed the lower court's decision as to point one, but affirmed as to point two.

Continued Examination Ends with the Notice of Allowance

In reversing the decisions as to the first point, the court found that the USPTO's view is the one that best supports the language of the statute and its purpose, holding that "time spent in continued examination does not deplete the PTO's allotment of three years for application processing before a resulting patent has its term extended, no matter when the continued examination begins." On the second point, the court affirmed the lower court decisions, holding that "[t]he common-sense understanding of 'time consumed by continued examination,' 35 U.S.C. § 154(b)(1)(B)(i), is time up to allowance, but not later, unless examination on the merits resumes."

Challenging Improper PTA Determinations

An improper PTA determination can be challenged via a request for reconsideration filed with the USPTO within two months of the issue date of a patent, which period is extendable by up to an additional five months. Dissatisfied patentees can then challenge the PTA determination by a civil action in the United States District Court for the Eastern District of Virginia within 180 days of the decision on the request for reconsideration. The district court decisions resulted in several cases being filed to challenge PTA determinations. This Federal Circuit decision may have a similar effect, resulting in another set of cases being filed.

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