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CLIENT ALERT

Federal Circuit rules that USPTO has been providing too little patent term adjustment

In *Wyeth v. Kappos*, No. 2009-1120 (Fed. Cir. Jan. 7, 2010), the Federal Circuit affirmed a district court ruling that overturned USPTO's interpretation of 35 U.S.C. § 154(b) relating to patent term adjustment. The Federal Circuit's ruling will allow some patent applicants to obtain more patent term adjustment pursuant to 35 U.S.C. § 154(b) than under previously established USPTO procedure. Significantly, according to the Federal Circuit's holding, the delays specified by § 154(b)(1)(A) within the first three years of filing ("A-Delays") should be *added* to the delay beyond three years from filing specified by § 154(b)(1)(B) ("B-Delays"). The total adjustment is not, as USPTO has insisted, the greater of the A-Delay and the B-Delay.

The Court's ruling may be best understood in the context of an example. Suppose the 123 patent was filed for on January 1, 2002. A first office action that satisfies § 154(b)(1)(A)(i) was not issued until two years later, January 1, 2004. The 123 patent eventually issues on January 1, 2006, with no other delays by USPTO or the applicant. With no patent term adjustment the 123 patent would expire on January 1, 2022. There would be an A-Delay of 10 months, because § 154(b)(1)(A)(i) guarantees the specified notification within 14 months. There would also be a B-Delay of one year, because under § 154(b)(1)(B), the applicant is guaranteed a three-year pendency, subject to the conditions stated.

According to the USPTO's calculation, the patent term adjustment would be one year (providing a term ending on January 1, 2023) pursuant to § 154(b)(2)(A), which provides:

To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

In USPTO's view, because the "periods of delay" overlap, the owner of the 123 patent cannot receive patent term adjustment for both the A-Delay (10 months) and the B-Delay (one year), but rather only the greater of the two. USPTO argued that a contrary interpretation would amount to "double counting." In *Wyeth*, the Federal Circuit ruled that the plain language of the statute does not support USPTO's interpretation of § 154(b)(2)(A). Rather, as applied to this hypothetical, the A-Delay occurred during a window of time (March 1, 2003 to January 1, 2004) *distinct* from that of the B-Delay (January 1, 2005 to January 1, 2006). Thus, under the Federal Circuit's view of the statute, the periods of delay do not overlap, and the patent term adjustment for the hypothetical 123 patent would be 22 months (providing a term ending on November 1, 2023).

The Federal Circuit acknowledged that its holding can "produce slightly different consequences for applicants in similar situations," but noted that it was bound by the literal language and meaning of the statute.



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