

## Review of Changes to Patent Term Adjustment, Statute and Rule

By Rick Neifeld, Neifeld IP Law, PC<sup>1</sup>

### I. INTRODUCTION

On January 14, 2013, Public Law 112-274 titled "Leahy-Smith America Invents Technical Corrections" became law. This law contains changes to Patent Term Adjustment (PTA). On April 1, 2013, the USPTO promulgated interim final rules corresponding to the statutory changes to PTA. See "Revisions to Patent Term Adjustment," 78 FR 19416 (2013).

This article identifies the statutory and regulatory changes, and provides observations and advice.

### II. STATUTORY CHANGES TO PTA

Subsection 1(h) of Public Law 112-274 defines the statutory changes to PTA. Subsection 1(n) made subsection 1(h)'s changes effective on January 14, 2013. Subsection 1(h) reads as follows:

(h) PATENT TERM ADJUSTMENTS.—Section 154(b) of title 35, United States Code, is amended -

(1) in paragraph (1) -

(A) in subparagraph (A)(i)(II), by striking “on which an international application fulfilled the requirements of section 371 of this title” and inserting “of commencement of the national stage under section 371 in an international application”; and

(B) in subparagraph (B), in the matter preceding clause (i), by striking “the application in the United States” and inserting “the application under section 111(a) in the United States or, in the case of an international application, the date of commencement of the national stage under section 371 in the international application”;

(2) in paragraph (3)(B)(i), by striking “with the written notice of allowance of the application under section 151” and inserting “no later than the date of issuance of the patent”; and

(3) in paragraph (4)(A) -

(A) by striking “a determination made by the Director under paragraph (3) shall have remedy” and inserting “the Director’s decision on the applicant’s request for reconsideration

under paragraph (3)(B)(ii) shall have exclusive remedy”; and

(B) by striking “the grant of the patent” and inserting “the date of the Director’s decision on the applicant’s request for reconsideration”.

35 USC 154(b) is shown below, with struck text shown in strikeout and the inserted text

shown in bold:

(b) Adjustment of Patent Term. -

(1) Patent term guarantees. -

(A) Guarantee of prompt patent and trademark office responses. - Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the Patent and Trademark Office to - (i) provide at least one of the notifications under section 132 or a notice of allowance under section 151 not later than 14 months after - (I)the date on which an application was filed under section 111(a); or (II)the date ~~on which an international application fulfilled the requirements of section 371 of this title~~ **of commencement of the national stage under section 371 in an international application**; (ii) respond to a reply under section 132, or to an appeal taken under section 134, within 4 months after the date on which the reply was filed or the appeal was taken; (iii) act on an application within 4 months after the date of a decision by the Patent Trial and Appeal Board under section 134 or 135 or a decision by a Federal court under section 141, 145, or 146 in a case in which allowable claims remain in the application; or (iv)issue a patent within 4 months after the date on which the issue fee was paid under section 151 and all outstanding requirements were satisfied, the term of the patent shall be extended 1 day for each day after the end of the period specified in clause (i), (ii), (iii), or (iv), as the case may be, until the action described in such clause is taken.

(B) Guarantee of no more than 3-year application pendency. - Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the United States Patent and Trademark Office to issue a patent within 3 years after the actual filing date of ~~the application in the United States~~ **the application under section 111(a) in the United States or, in the case of an international application, the date of commencement of the national stage under section 371 in the international application**, not including - (i) any time consumed by continued examination of the application requested by the applicant under section 132(b); (ii) any time consumed by a proceeding under section 135(a), any time consumed by the imposition of an order under section 181, or any time consumed by appellate review by the Patent Trial and Appeal Board or by a Federal court; or (iii) any delay in the processing of the application by the United States Patent and Trademark Office requested by the applicant except as permitted by paragraph (3)(C), the term of the patent shall be extended 1 day for each day after the end of that 3-year period until the patent is issued.

(C) Guarantee of adjustments for delays due to derivation proceedings, secrecy orders, and appeals.— Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to - (i) a proceeding under section 135(a); (ii)the imposition of an order under section 181; or (iii)appellate review by the Patent Trial and Appeal Board or by a Federal court in a case in which the patent was issued under a decision in the review reversing an adverse

determination of patentability, the term of the patent shall be extended 1 day for each day of the pendency of the proceeding, order, or review, as the case may be.

(2) Limitations. -

(A) In general. - 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.

(B) Disclaimed term.— No patent the term of which has been disclaimed beyond a specified date may be adjusted under this section beyond the expiration date specified in the disclaimer.

(C) Reduction of period of adjustment. - (i) The period of adjustment of the term of a patent under paragraph (1) shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application. (ii) With respect to adjustments to patent term made under the authority of paragraph (1)(B), an applicant shall be deemed to have failed to engage in reasonable efforts to conclude processing or examination of an application for the cumulative total of any periods of time in excess of 3 months that are taken to respond to a notice from the Office making any rejection, objection, argument, or other request, measuring such 3-month period from the date the notice was given or mailed to the applicant. (iii) The Director shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.

(3) Procedures for patent term adjustment determination. -

(A) The Director shall prescribe regulations establishing procedures for the application for and determination of patent term adjustments under this subsection.

(B) Under the procedures established under subparagraph (A), the Director shall - (i) make a determination of the period of any patent term adjustment under this subsection, and shall transmit a notice of that determination ~~with the written notice of allowance of the application under section 151~~ **no later than the date of issuance of the patent**; and (ii) provide the applicant one opportunity to request reconsideration of any patent term adjustment determination made by the Director.

(C) The Director shall reinstate all or part of the cumulative period of time of an adjustment under paragraph (2)(C) if the applicant, prior to the issuance of the patent, makes a showing that, in spite of all due care, the applicant was unable to respond within the 3-month period, but in no case shall more than three additional months for each such response beyond the original 3-month period be reinstated.

(D) The Director shall proceed to grant the patent after completion of the Director's determination of a patent term adjustment under the procedures established under this subsection, notwithstanding any appeal taken by the

applicant of such determination.

(4) Appeal of patent term adjustment determination. -

(A) ~~An applicant dissatisfied with a determination made by the Director under paragraph (3) shall have remedy~~ **the Director's decision on the applicant's request for reconsideration under paragraph (3)(B)(ii) shall have exclusive remedy** by a civil action against the Director filed in the United States District Court for the Eastern District of Virginia within 180 days after ~~the grant of the patent~~ **the date of the Director's decision on the applicant's request for reconsideration**. Chapter 7 of title 5 shall apply to such action. Any final judgment resulting in a change to the period of adjustment of the patent term shall be served on the Director, and the Director shall thereafter alter the term of the patent to reflect such change.

(B) The determination of a patent term adjustment under this subsection shall not be subject to appeal or challenge by a third party prior to the grant of the patent.

### III. REGULATORY CHANGES TO PTA

The changes to the interim final rules appear below:

**2. Section 1.702 is amended by revising paragraph (a)(1) and the heading of paragraph (b) to read as follows:**

§ 1.702 Grounds for adjustment of patent term due to examination delay under the Patent Term Guarantee Act of 1999 (original applications, other than designs, filed on or after May 29, 2000).

(a) \* \* \* (1) Mail at least one of a notification under 35 U.S.C. 132 or a notice of allowance under 35 U.S.C. 151 not later than fourteen months after the date on which the application was filed under 35 U.S.C. 111(a) or the date the national stage commenced under 35 U.S.C. 371(b) or (f) in an international application;

\* \* \* \* \* (b) Three-year pendency.

**3. Section 1.703 is amended by revising paragraph (a)(1) to read as follows:**

§ 1.703 Period of adjustment of patent term due to examination delay.

(a) \* \* \* (1) The number of days, if any, in the period beginning on the day after the date that is fourteen months after the date on which the application was filed under 35 U.S.C. 111(a) or the date the national stage commenced under 35 U.S.C. 371(b) or (f) in an international application and ending on the date of mailing of either an action under 35 U.S.C. 132, or a notice of allowance under 35 U.S.C. 151, whichever occurs first; \* \* \* \* \*

**4. Section 1.704 is amended by revising paragraph (e) to read as follows:**

§ 1.704 Reduction of period of adjustment of patent term. \* \* \* \* \*

(e) The submission of a request under § 1.705(c) for reinstatement of reduced patent term adjustment will not be considered a failure to engage in reasonable efforts to conclude prosecution (processing or examination) of the application under paragraph (c)(10) of this section.

**5. Section 1.705 is amended by removing paragraphs (d) and (e), redesignating paragraph (f) as paragraph (d), and revising paragraph (a), the introductory text of paragraph (b), and the introductory text of paragraph (c) to read as follows:**

§ 1.705 Patent term adjustment determination.

(a) The patent will include notification of any patent term adjustment under 35 U.S.C. 154(b).

(b) Any request for reconsideration of the patent term adjustment indicated on the patent must be by way of an application for patent term adjustment filed no later than two months from the date the patent was granted. This two month time period may be extended under the provisions of § 1.136(a). An application for patent term adjustment under this section must be accompanied by: \* \* \* \* \*

(c) Any request for reinstatement of all or part of the period of adjustment reduced pursuant to § 1.704(b) for failing to reply to a rejection, objection, argument, or other request within three months of the date of mailing of the Office communication notifying the applicant of the rejection, objection, argument, or other request must be filed prior to the issuance of the patent. This time period is not extendable. Any request for reinstatement of all or part of the period of adjustment reduced pursuant to § 1.704(b) under this paragraph must also be accompanied by: ...

The foregoing interim final rules are shown below, with struck text shown in ~~strikeout~~ and the inserted text shown in **bold**:

§ 1.702 Grounds for adjustment of patent term due to examination delay under the Patent Term Guarantee Act of 1999 (original applications, other than designs, filed on or after May 29, 2000).

(a) Failure to take certain actions within specified time frames. Subject to the provisions of 35 U.S.C. 154(b) and this subpart, the term of an original patent shall be adjusted if the issuance of the patent was delayed due to the failure of the Office to: ~~(1) Mail at least one of a notification under 35 U.S.C. 132 or a notice of allowance under 35 U.S.C. 151 not later than fourteen months after the date on which the application was filed under 35 U.S.C. 111(a) or fulfilled the~~

requirements of 35 U.S.C. 371 in an international application; **(1) Mail at least one of a notification under 35 U.S.C. 132 or a notice of allowance under 35 U.S.C. 151 not later than fourteen months after the date on which the application was filed under 35 U.S.C. 111(a) or the date the national stage commenced under 35 U.S.C. 371(b) or (f) in an international application;** (2) Respond to a reply under 35 U.S.C. 132 or to an appeal taken under 35 U.S.C. 134 not later than four months after the date on which the reply was filed or the appeal was taken; (3) Act on an application not later than four months after the date of a decision by the Patent Trial and Appeal Board under 35 U.S.C. 134 or 135 or a decision by a Federal court under 35 U.S.C. 141, 145, or 146 where at least one allowable claim remains in the application; or (4) Issue a patent not later than four months after the date on which the issue fee was paid under 35 U.S.C. 151 and all outstanding requirements were satisfied.

(b) **Three-year pendency.** Failure to issue a patent within three years of the actual filing date of the application. Subject to the provisions of 35 U.S.C. 154(b) and this subpart, the term of an original patent shall be adjusted if the issuance of the patent was delayed due to the failure of the Office to issue a patent within three years after the date on which the application was filed under 35 U.S.C. 111(a) or the national stage commenced under 35 U.S.C. 371(b) or (f) in an international application, but not including: (1) Any time consumed by continued examination of the application under 35 U.S.C. 132(b); (2) Any time consumed by an interference or derivation proceeding under 35 U.S.C. 135(a); (3) Any time consumed by the imposition of a secrecy order under 35 U.S.C. 181; (4) Any time consumed by review by the Patent Trial and Appeal Board or a Federal court; or (5) Any delay in the processing of the application by the Office that was requested by the applicant.

(c) Delays caused by interference and derivation proceedings. Subject to the provisions of 35 U.S.C. 154(b) and this subpart, the term of an original patent shall be adjusted if the issuance of the patent was delayed due to interference or derivation proceedings under 35 U.S.C. 135(a).

(d) Delays caused by secrecy order. Subject to the provisions of 35 U.S.C. 154(b) and this subpart, the term of an original patent shall be adjusted if the issuance of the patent was delayed due to the application being placed under a secrecy order under 35 U.S.C. 181.

(e) Delays caused by successful appellate review. Subject to the provisions of 35 U.S.C. 154(b) and this subpart, the term of an original patent shall be adjusted if the issuance of the patent was delayed due to review by the Patent Trial and Appeal Board under 35 U.S.C. 134 or by a Federal court under 35 U.S.C. 141 or 145, if the patent was issued under a decision in the review reversing an adverse determination of patentability. If an application is remanded by a panel of the Patent Trial and Appeal Board and the remand is the last action by a panel of the Patent Trial and Appeal Board prior to the mailing of a notice of allowance under 35 U.S.C. 151 in the application, the remand shall be considered a decision

by the Patent Trial and Appeal Board as that phrase is used in 35 U.S.C. 154(b)(1)(A)(iii), a decision in the review reversing an adverse determination of patentability as that phrase is used in 35 U.S.C. 154(b)(1)(C)(iii), and a final decision in favor of the applicant under § 1.703(e). A remand by a panel of the Patent Trial and Appeal Board shall not be considered a decision in the review reversing an adverse determination of patentability as provided in this paragraph if there is filed a request for continued examination under 35 U.S.C. 132(b) that was not first preceded by the mailing, after such remand, of at least one of an action under 35 U.S.C. 132 or a notice of allowance under 35 U.S.C. 151.

(f) The provisions of this section and §§ 1.703 through 1.705 apply only to original applications, except applications for a design patent, filed on or after May 29, 2000, and patents issued on such applications.

§ 1.703 Period of adjustment of patent term due to examination delay.

(a) The period of adjustment under § 1.702(a) is the sum of the following periods: ~~(1) The number of days, if any, in the period beginning on the day after the date that is fourteen months after the date on which the application was filed under 35 U.S.C. 111(a) or fulfilled the requirements of 35 U.S.C. 371 and ending on the date of mailing of either an action under 35 U.S.C. 132, or a notice of allowance under 35 U.S.C. 151, whichever occurs first;~~ **(1) The number of days, if any, in the period beginning on the day after the date that is fourteen months after the date on which the application was filed under 35 U.S.C. 111(a) or the date the national stage commenced under 35 U.S.C. 371(b) or (f) in an international application and ending on the date of mailing of either an action under 35 U.S.C. 132, or a notice of allowance under 35 U.S.C. 151, whichever occurs first;** (2) The number of days, if any, in the period beginning on the day after the date that is four months after the date a reply under § 1.111 was filed and ending on the date of mailing of either an action under 35 U.S.C. 132, or a notice of allowance under 35 U.S.C. 151, whichever occurs first; (3) The number of days, if any, in the period beginning on the day after the date that is four months after the date a reply in compliance with § 1.113(c) was filed and ending on the date of mailing of either an action under 35 U.S.C. 132, or a notice of allowance under 35 U.S.C. 151, whichever occurs first; (4) The number of days, if any, in the period beginning on the day after the date that is four months after the date an appeal brief in compliance with § 41.37 of this title was filed and ending on the date of mailing of any of an examiner's answer under § 41.39 of this title, an action under 35 U.S.C. 132, or a notice of allowance under 35 U.S.C. 151, whichever occurs first; (5) The number of days, if any, in the period beginning on the day after the date that is four months after the date of a final decision by the Patent Trial and Appeal Board or by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145 or 146 where at least one allowable claim remains in the application and ending on the date of mailing of either an action under 35 U.S.C. 132 or a notice of allowance under 35 U.S.C. 151,

whichever occurs first; and (6) The number of days, if any, in the period beginning on the day after the date that is four months after the date the issue fee was paid and all outstanding requirements were satisfied and ending on the date a patent was issued.

(b) The period of adjustment under § 1.702(b) is the number of days, if any, in the period beginning on the day after the date that is three years after the date on which the application was filed under 35 U.S.C. 111(a) or the national stage commenced under 35 U.S.C. 371(b) or (f) in an international application and ending on the date a patent was issued, but not including the sum of the following periods: (1) The number of days, if any, in the period beginning on the date on which a request for continued examination of the application under 35 U.S.C. 132(b) was filed and ending on the date the patent was issued; (2)(i) The number of days, if any, in the period beginning on the date an interference or derivation proceeding was instituted to involve the application in the interference or derivation proceeding under 35 U.S.C. 135(a) and ending on the date that the interference or derivation proceeding was terminated with respect to the application; and (ii) The number of days, if any, in the period beginning on the date prosecution in the application was suspended by the Office due to interference or derivation proceedings under 35 U.S.C. 135(a) not involving the application and ending on the date of the termination of the suspension; (3)(i) The number of days, if any, the application was maintained in a sealed condition under 35 U.S.C. 181; (ii) The number of days, if any, in the period beginning on the date of mailing of an examiner's answer under § 41.39 of this title in the application under secrecy order and ending on the date the secrecy order was removed; (iii) The number of days, if any, in the period beginning on the date applicant was notified that an interference or derivation proceeding under 35 U.S.C. 135(a) would be instituted but for the secrecy order and ending on the date the secrecy order was removed; and (iv) The number of days, if any, in the period beginning on the date of notification under § 5.3(c) of this chapter and ending on the date of mailing of the notice of allowance under 35 U.S.C. 151; and, (4) The number of days, if any, in the period beginning on the date on which jurisdiction over the application passes to the Patent Trial and Appeal Board under § 41.35(a) of this chapter and ending on the date that jurisdiction by the Patent Trial and Appeal Board ends under § 41.35(b) of this chapter or the date of the last decision by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145, whichever is later.

(c) The period of adjustment under § 1.702(c) is the sum of the following periods, to the extent that the periods are not overlapping: (1) The number of days, if any, in the period beginning on the date an interference or derivation proceeding was instituted to involve the application in the interference or derivation proceeding under 35 U.S.C. 135(a) and ending on the date that the interference or derivation proceeding was terminated with respect to the application; and (2) The number of days, if any, in the period beginning on the date prosecution in the

application was suspended by the Office due to interference or derivation proceedings under 35 U.S.C. 135(a) not involving the application and ending on the date of the termination of the suspension.

(d) The period of adjustment under § 1.702(d) is the sum of the following periods, to the extent that the periods are not overlapping: (1) The number of days, if any, the application was maintained in a sealed condition under 35 U.S.C. 181; (2) The number of days, if any, in the period beginning on the date of mailing of an examiner's answer under § 41.39 of this title in the application under secrecy order and ending on the date the secrecy order was removed; (3) The number of days, if any, in the period beginning on the date applicant was notified that an interference or derivation proceeding under 35 U.S.C. 135(a) would be instituted but for the secrecy order and ending on the date the secrecy order was removed; and (4) The number of days, if any, in the period beginning on the date of notification under § 5.3(c) of this chapter and ending on the date of mailing of the notice of allowance under 35 U.S.C. 151.

(e) The period of adjustment under § 1.702(e) is the sum of the number of days, if any, in the period beginning on the date on which jurisdiction over the application passes to the Patent Trial and Appeal Board under § 41.35(a) of this chapter and ending on the date of a final decision in favor of the applicant by the Patent Trial and Appeal Board or by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145.

(f) The adjustment will run from the expiration date of the patent as set forth in 35 U.S.C. 154(a)(2). To the extent that periods of delay attributable to the grounds specified in § 1.702 overlap, the period of adjustment granted under this section shall not exceed the actual number of days the issuance of the patent was delayed. The term of a patent entitled to adjustment under § 1.702 and this section shall be adjusted for the sum of the periods calculated under paragraphs (a) through (e) of this section, to the extent that such periods are not overlapping, less the sum of the periods calculated under § 1.704. The date indicated on any certificate of mailing or transmission under § 1.8 shall not be taken into account in this calculation.

(g) No patent, the term of which has been disclaimed beyond a specified date, shall be adjusted under § 1.702 and this section beyond the expiration date specified in the disclaimer.

#### § 1.704 Reduction of period of adjustment of patent term.

(a) The period of adjustment of the term of a patent under §§ 1.703(a) through (e) shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution (processing or examination) of the application.

(b) With respect to the grounds for adjustment set forth in §§ 1.702(a) through (e), and in particular the ground of adjustment set forth in § 1.702(b), an applicant shall be deemed to have failed to engage in reasonable efforts to

conclude processing or examination of an application for the cumulative total of any periods of time in excess of three months that are taken to reply to any notice or action by the Office making any rejection, objection, argument, or other request, measuring such three-month period from the date the notice or action was mailed or given to the applicant, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date that is three months after the date of mailing or transmission of the Office communication notifying the applicant of the rejection, objection, argument, or other request and ending on the date the reply was filed. The period, or shortened statutory period, for reply that is set in the Office action or notice has no effect on the three-month period set forth in this paragraph.

(c) Circumstances that constitute a failure of the applicant to engage in reasonable efforts to conclude processing or examination of an application also include the following circumstances, which will result in the following reduction of the period of adjustment set forth in § 1.703 to the extent that the periods are not overlapping: (1) Suspension of action under § 1.103 at the applicant's request, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the date a request for suspension of action under § 1.103 was filed and ending on the date of the termination of the suspension; (2) Deferral of issuance of a patent under § 1.314, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the date a request for deferral of issuance of a patent under § 1.314 was filed and ending on the date the patent was issued; (3) Abandonment of the application or late payment of the issue fee, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the date of abandonment or the date after the date the issue fee was due and ending on the earlier of: (i) The date of mailing of the decision reviving the application or accepting late payment of the issue fee; or (ii) The date that is four months after the date the grantable petition to revive the application or accept late payment of the issue fee was filed; (4) Failure to file a petition to withdraw the holding of abandonment or to revive an application within two months from the mailing date of a notice of abandonment, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date two months from the mailing date of a notice of abandonment and ending on the date a petition to withdraw the holding of abandonment or to revive the application was filed; (5) Conversion of a provisional application under 35 U.S.C. 111(b) to a nonprovisional application under 35 U.S.C. 111(a) pursuant to 35 U.S.C. 111(b)(5), in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the date the application was filed under 35 U.S.C. 111(b) and ending on the date a request in compliance with § 1.53(c)(3) to convert the provisional application into a nonprovisional application was filed; (6) Submission of a preliminary amendment or other preliminary paper less than one month before the

mailing of an Office action under 35 U.S.C. 132 or notice of allowance under 35 U.S.C. 151 that requires the mailing of a supplemental Office action or notice of allowance, in which case the period of adjustment set forth in § 1.703 shall be reduced by the lesser of: (i) The number of days, if any, beginning on the day after the mailing date 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 (ii) Four months; (7) Submission of a reply having an omission (§ 1.135(c)), in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date the reply having an omission was filed and ending on the date that the reply or other paper correcting the omission was filed; (8) Submission of a supplemental reply or other paper, other than a supplemental reply or other paper expressly requested by the examiner, after a reply has been filed, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date the initial reply was filed and ending on the date that the supplemental reply or other such paper was filed; (9) Submission of an amendment or other paper after a decision by the Patent Trial and Appeal Board, other than a decision designated as containing a new ground of rejection under § 41.50 (b) of this title or statement under § 41.50(c) of this title, or a decision by a Federal court, less than one month before the mailing of an Office action under 35 U.S.C. 132 or notice of allowance under 35 U.S.C. 151 that requires the mailing of a supplemental Office action or supplemental notice of allowance, in which case the period of adjustment set forth in § 1.703 shall be reduced by the lesser of: (i) The number of days, if any, beginning on the day after the mailing date of the original Office action or notice of allowance and ending on the mailing date of the supplemental Office action or notice of allowance; or (ii) Four months; (10) Submission of an amendment under § 1.312 or other paper after a notice of allowance has been given or mailed, in which case the period of adjustment set forth in § 1.703 shall be reduced by the lesser of: (i) The number of days, if any, beginning on the date the amendment under § 1.312 or other paper was filed and ending on the mailing date of the Office action or notice in response to the amendment under § 1.312 or such other paper; or (ii) Four months; (11) Failure to file an appeal brief in compliance with § 41.37 of this chapter within three months from the date on which a notice of appeal to the Patent Trial and Appeal Board was filed under 35 U.S.C. 134 and § 41.31 of this chapter, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date three months from the date on which a notice of appeal to the Patent Trial and Appeal Board was filed under 35 U.S.C. 134 and § 41.31 of this chapter, and ending on the date an appeal brief in compliance with § 41.37 of this chapter or a request for continued examination in compliance with § 1.114 was filed; and (12) Further prosecution via a continuing application, in which case the period of adjustment set forth in § 1.703 shall not include any period that is prior to the actual filing date of the application that

resulted in the patent.

(d)(1) A paper containing only an information disclosure statement in compliance with §§ 1.97 and 1.98 will not be considered a failure to engage in reasonable efforts to conclude prosecution (processing or examination) of the application under paragraphs (c)(6), (c)(8), (c)(9), or (c)(10) of this section if it is accompanied by a statement that each item of information contained in the information disclosure statement: (i) Was first cited in any communication from a patent office in a counterpart foreign or international application or from the Office, and this communication was not received by any individual designated in § 1.56(c) more than thirty days prior to the filing of the information disclosure statement; or (ii) Is a communication that was issued by a patent office in a counterpart foreign or international application or by the Office, and this communication was not received by any individual designated in § 1.56(c) more than thirty days prior to the filing of the information disclosure statement. (2) The thirty-day period set forth in paragraph (d)(1) of this section is not extendable.

~~(e) Submission of an application for patent term adjustment under § 1.705(b) (with or without request under § 1.705(c) for reinstatement of reduced patent term adjustment) will not be considered a failure to engage in reasonable efforts to conclude prosecution (processing or examination) of the application under paragraph (c)(10) of this section.~~

**(e) The submission of a request under § 1.705(c) for reinstatement of reduced patent term adjustment will not be considered a failure to engage in reasonable efforts to conclude prosecution (processing or examination) of the application under paragraph (c)(10) of this section.**

§ 1.705 Patent term adjustment determination.

~~(a) The notice of allowance will include notification of any patent term adjustment under 35 U.S.C. 154(b).~~

**(a) The patent will include notification of any patent term adjustment under 35 U.S.C. 154(b).**

~~(b) Any request for reconsideration of the patent term adjustment indicated in the notice of allowance, except as provided in paragraph (d) of this section, and any request for reinstatement of all or part of the term reduced pursuant to § 1.704(b) must be by way of an application for patent term adjustment. An application for patent term adjustment under this section must be filed no later than the payment of the issue fee but may not be filed earlier than the date of mailing of the notice of allowance. An application for patent term adjustment under this section must be accompanied by:~~

**(b) Any request for reconsideration of the patent term adjustment indicated on the patent must be by way of an application for patent term adjustment filed no later than two months from the date the patent was granted. This two month time period may be extended under the provisions of § 1.136(a). An application for patent term adjustment under this section**

**must be accompanied by:** (1) The fee set forth in § 1.18(e); and (2) A statement of the facts involved, specifying: (i) The correct patent term adjustment and the basis or bases under § 1.702 for the adjustment; (ii) The relevant dates as specified in §§ 1.703(a) through (e) for which an adjustment is sought and the adjustment as specified in § 1.703(f) to which the patent is entitled; (iii) Whether the patent is subject to a terminal disclaimer and any expiration date specified in the terminal disclaimer; and (iv)(A) Any circumstances during the prosecution of the application resulting in the patent that constitute a failure to engage in reasonable efforts to conclude processing or examination of such application as set forth in § 1.704; or (B) That there were no circumstances constituting a failure to engage in reasonable efforts to conclude processing or examination of such application as set forth in § 1.704.

~~(c) Any application for patent term adjustment under this section that requests reinstatement of all or part of the period of adjustment reduced pursuant to § 1.704(b) for failing to reply to a rejection, objection, argument, or other request within three months of the date of mailing of the Office communication notifying the applicant of the rejection, objection, argument, or other request must also be accompanied by:~~

**(c) Any request for reinstatement of all or part of the period of adjustment reduced pursuant to § 1.704(b) for failing to reply to a rejection, objection, argument, or other request within three months of the date of mailing of the Office communication notifying the applicant of the rejection, objection, argument, or other request must be filed prior to the issuance of the patent. This time period is not extendable. Any request for reinstatement of all or part of the period of adjustment reduced pursuant to § 1.704(b) under this paragraph must also be accompanied by:** (1) The fee set forth in § 1.18(f); and (2) A showing to the satisfaction of the Director that, in spite of all due care, the applicant was unable to reply to the rejection, objection, argument, or other request within three months of the date of mailing of the Office communication notifying the applicant of the rejection, objection, argument, or other request. The Office shall not grant any request for reinstatement for more than three additional months for each reply beyond three months from the date of mailing of the Office communication notifying the applicant of the rejection, objection, argument, or other request.

~~(d) If there is a revision to the patent term adjustment indicated in the notice of allowance, the patent will indicate the revised patent term adjustment. If the patent indicates or should have indicated a revised patent term adjustment, any request for reconsideration of the patent term adjustment indicated in the patent must be filed within two months of the date the patent issued and must comply with the requirements of paragraphs (b)(1) and (b)(2) of this section. Any request for reconsideration under this section that raises issues that were raised, or could have been raised, in an application for patent term adjustment under paragraph (b) of this section shall be dismissed as untimely as to those issues:~~

~~(c) The periods set forth in this section are not extendable.~~

~~(f)~~

(d) No submission or petition on behalf of a third party concerning patent term adjustment under 35 U.S.C. 154(b) will be considered by the Office. Any such submission or petition will be returned to the third party, or otherwise disposed of, at the convenience of the Office.

#### IV. DISCUSSION OF STATUTORY CHANGES TO PTA

##### A. 154(b)(1)(A)(1)(ii)

154(b)(1)(A)(1)(ii), as amended, changes when start of the 14 month PTA period, for a PCT application, from "[when] the requirements of section 371" were fulfilled to the "date of commencement of the national stage under section 371 in the international application." As amended 154(b)(1)(A) sets the date beginning the 14 month PTA period at the date of commencement of the national stage. 35 USC 371(b) and (f) define commencement of the national stage as follows:

(b) Subject to subsection (f) of this section, the national stage shall commence with the expiration of the applicable time limit under article 22 (1) or (2), or under article 39 (1)(a) of the treaty. \*\*\*

(f) At the express request of the applicant, the national stage of processing may be commenced at any time at which the application is in order for such purpose and the applicable requirements of subsection (c) of this section have been complied with.

PCT article 22(1) and 39(a) both set a 30 month time limit. Accordingly, the national stage commences not later than 30 months which means that the start of the 14 month period for patent term adjustment begins not later than 30 months.

The national stage commences earlier than 30 months, when 371(f) is complied with. There are three requirements for compliance with 371(f):

- (1) "the express request of the applicant"
- (2) "at any time at which the application is in order for such purpose"; and
- (3) "the applicable requirements of subsection (c) of this section have been complied with".

It is important to note that "commencement of the national" requires compliance with 371(c), and 371(c)(3) requires the PTO to have received (from the applicant or the International Bureau (IB) of WIPO) "amendments, if any, to the claims in the international application, made under article 19 of the treaty." This is significant, because it is a common practice to file a new claim set when entering the US national stage. In an application where the filing of the new claims results in failure of the PTO to receive article 19 amended claims, this failure could delay

371 commencement and therefore delay the start of the 14 month PTA period. Consequently, it could result in failure to acquire certain PTA. (Any amendments under PCT Article 19 which are received by the IB within the time limit of PCT rule 46.1 and are thereby processed as such are published. Where the PCT application has already published, a republication takes place; PCT rule 48.2(h)). Article 19 amendments would not be processed by the IB either if they are received where no search report has been established yet or where a declaration of non-establishment of search report is issued.)

Another common practice is late filing of the inventor declaration in 371 filings. Under the revised law, it is clear that late filing of the inventor declaration will delay the start of the 14 month PTA period up to, but not beyond, the PCT 30 month date.

Applications filed under 111(a) are unaffected by changes to 154(b)(1)(A). They continue to have their 14 month PTA period begin from "the date on which an application was filed under section 111(a)," and that date is defined by 111(a)(4) to be "the date on which the specification and any required drawing are received in the Patent and Trademark Office."

#### **B. 154(b)(1)(B)**

154(b)(1)(B), as amended, changes the start of the 3 year PTA period for a PCT application, from "the actual filing date of the application in the United States" to "the date of commencement of the national stage under section 371 in the international application." The meaning of "the actual filing date of the application in the United States" for a PCT application is unclear. Amended 154(b)(1)(B) clarifies the ambiguity to set the start of the 3 year PTA period for a PCT application to the date of national stage commencement, the same as the start of the 14 month PTA period, as noted above.

Given these changes, it is advisable to ensure that article 19 amendments and their translations are filed in the PTO when complying with the other requirements of 371(c) in order to promptly start the PTA 14 and 30 month time periods. Moreover, delays in complying with 371(c) beyond 30 months no longer count against PTA. Therefore, the value of prompt filings of missing 371(c) requirements after 30 months is reduced.

Applications filed under 111(a) are unaffected by changes to 154(b)(1)(B). They continue to have their 3 year PTA period begin from "the actual filing date of the application under section 111(a) in the United States" and that date is defined by 111(a)(4) to be "the date on which the specification and any required drawing are received in the Patent and Trademark Office."

#### **C. 154(b)(3)**

154(b)(3), as amended, changes when the PTO has to provide the applicant a determination of the period of any PTA from "with the written notice of allowance of the application under section 151" to "no later than the date of issuance of the patent." This change allows the PTO to change its prior practice of issuing a determination of PTA upon allowance followed by another determination of PTA upon issuance, by only issuing one determination.

#### **D. 154(b)(4)**

154(b)(4) changes the basis for jurisdiction Court for review of a PTA determination from "a determination made by the Director under paragraph (3)" to "the Director's decision on the applicant's request for reconsideration under paragraph (3)(B)(ii)." Section 3(B)(ii) specifies that "The Director shall ... (ii) provide the applicant one opportunity to request reconsideration of any patent term adjustment determination made by the Director." Thus, the right to review specified in 154(b)(4) is for review of the Director's decision after the applicant's "request [for] reconsideration" of the Director's PTA determination. Since 154(b)(4)(A) expressly applies the Administrative Procedures Act, and because 154(b)(4)(A), as amended, requires the Director to promulgate regulations allowing a request for reconsideration of the Director's initial PTA determination, amended 154(b)(4)(A) invokes the doctrine of administrative exhaustion. Darby v. Cisneros, 509 US 137, 154 (1993):

But where the APA applies, an appeal to "superior agency authority" is a prerequisite to judicial review only when expressly required by statute or when an agency rule requires appeal before review and the administrative action is made inoperative pending that review. Courts are not free to impose an exhaustion requirement as a rule of judicial administration where the agency action has already become "final" under § 10(c).

This is consistent with the Court in Janssen Pharmaceutica, NV v. Kappos, note 7 (EDVA 2/10/2012), specific construction of the earlier version of 154(b)(4), where it stated that:

Section 154(b)(4)(A)'s explicit reference to and incorporation of the APA completely undermines plaintiff's argument that defendants' reading repeals the APA by implication. The patent statute merely imposes an exclusive forum requirement and a statute of limitations on civil actions that, in all other respects, must proceed pursuant to APA procedures.

Accordingly, 154(b)(4), as amended, removes the right to review the Director's original determination of PTA and requires a request for reconsideration and a decision on the request, for entitlement to Court review.

154(b)(4), as amended, also changes the deadline for filing a civil action challenging the Director's PTA determination from within 180 days after "the grant of the patent" to "the date of the Director's decision on the applicant's request for reconsideration." This change is consistent with the foregoing change to 154(b)(4) allowing court review only upon "the Director's decision on the applicant's request for reconsideration."

154(b)(4), as amended, also changes the right to court review from "shall have remedy" to "shall have exclusive remedy" ... "in the United States District Court for the Eastern District of Virginia." This change clarifies that only the Eastern District of Virginia has jurisdiction to hear 154(b)(4) civil actions.

## **V. REGULATORY CHANGES TO PTA**

The interim final rule package contains an effective and applicability date provision; a section titled "Summary of Major Provisions" at 78 FR 19417 (Summary); a section titled "Background" at 77 FR 19417-18; a section titled "Discussion of Specific Rules" at 78 FR 19418-19 (Discussion); and the changes to rules 1.702-1.705 copied above.

### **A. EFFECTIVE DATE**

The effective and applicability date provision reads as follows:

#### **DATES:**

Effective date: April 1, 2013.

Applicability date: The changes to 37 CFR 1.702, 1.703, and 1.705 in this interim rule apply to any patent granted on or after January 14, 2013. The change to 37 CFR 1.704 in this interim rule applies to any application in which a notice of allowance was mailed on or after April 1, 2013.

The PTO clarifies the date applicability with the following comments:

Section 1(n) of the AIA Technical Corrections Act provides that amendments made by the AIA Technical Corrections Act shall take effect on January 14, 2013 (the date of enactment of the AIA Technical Corrections Act), and shall apply to proceedings commenced on or after January 14, 2013. See 126 Stat. at 2459. Section 1(n) of the AIA Technical Corrections Act does not limit the applicability of the changes in section 1(h) to applications filed on or after January 14, 2013. Cf. Section 4405(a) of the American Inventors Protection Act of 1999 (AIPA), Public Law 106–113, 113 Stat. 1501, 1501A–552 through 1501A–591 (1999) (limiting the applicability of the patent term adjustment provisions of the AIPA to applications filed on or after May 29, 2000 (the date that is six months after the date of the enactment of AIPA). Patent term adjustment proceedings are not “commenced” until the Office notifies the applicant of the Office’s patent term adjustment under 35 U.S.C. 154(b)(3), which now occurs when the patent is granted. Therefore, the changes to 35 U.S.C. 154 in section 1(h) of section 1(n) of the AIA Technical Corrections Act apply to any patent granted on or after January 14, 2013.

Note that the rule change to 1.702 and 1.703 are retroactive to patents granted on and after January 14, 2013. This means that the prior determinations of PTA based upon a notice of allowance or patent, for patents issued from 371 applications on and after January 14 may be incorrect and should be reviewed. Note that the effective date and applicability date provisions do not exclude actions occurring years in the past at the time of 371 national stage entry. Accordingly, the rules changes may affect the anticipated PTA based upon actions an applicant

took years ago.

## **B. COMMENCEMENT OF NATIONAL STAGE STARTING THE PTA TIME PERIODS**

The PTO's Summary states that:

The Office is revising the rules of practice pertaining to patent term adjustment for consistency with the change to 35 U.S.C. 154(b)(1)(A)(i)(II) to indicate that the fourteen-month period is measured from the date of commencement of the national stage under 35 U.S.C. 371 in an international application. The change to 35 U.S.C. 154(b)(1)(B) does not require a change to the rules of practice, as the current rules of practice interpret the phrase "actual filing date of the application in the United States" in former 35 U.S.C. 154(b)(1)(B) as meaning the date of commencement of the national stage under 35 U.S.C. 371 in an international application.

Regarding 35 U.S.C. 154(b)(1)(A)(i)(II), the PTO's Background notes that "[t]he change to 35 U.S.C. 154(b)(1)(A)(i)(II) requires a change in Office practice, as the date of commencement of the national stage under 35 U.S.C. 371 is not always the date on which an international application fulfilled the requirements of 35 U.S.C. 371." The PTO's corresponding rule changes Discussion notes that "[s]ection 1.702(a)(1) is amended to measure the fourteen-month period from the date of commencement of the national stage" and "Section 1.703(a)(1) is amended to measure its fourteen-month period from the date of commencement of the national stage ...."

## **C. PROCEDURAL CHANGES FOR PTA REVIEW**

The second paragraph of the Summary states:

The Office is also revising the provisions pertaining to seeking reconsideration of a patent term adjustment determination, in light of the changes to 35 U.S.C. 154(b)(3) and (b)(4). The Office is continuing to provide that any request for reconsideration of the patent term adjustment indicated on the patent must be filed within two months from the date the patent was granted. The Office is revising this provision to indicate that this two-month time period may be extended by an additional five months, permitting an applicant to request reconsideration of the patent term adjustment indicated on the patent as late as seven months after the date the patent was granted.

Regarding 154(b)(3)(B)(i), the PTO's Background notes that this change "eliminates the need for the Office to provide an initial patent term adjustment determination with the notice of allowance...." Regarding the change to 154(b)(3), the PTO's Background notes that this change

"clarifies that: (1) A civil action under 35 U.S.C. 154(b)(4) is not an alternative to requesting reconsideration of a patent term adjustment under 35 U.S.C. 154(b)(3)." The PTO's corresponding rule changes Discussion notes that Section 1.705(b) "no longer provides for a request for reconsideration of the Office's patent term adjustment determination prior to the grant of a patent" and that "any request for reconsideration of the patent term adjustment indicated on the patent must be by way of an application for patent term adjustment filed no later than two months from the date the patent was granted" but that the 2 month period is extendable under the provisions of 1.136(a). The PTO's corresponding rule changes Discussion notes that Sections 1.705(d) and (e) are removed.

## **VI. SUMMARY**

The interim final rules promulgate changes that define the start dates for the 14 month and 3 year periods for PTA, for PCT applications, to be the date of commencement of the national stage. This date is not later than 30 months from the PCT priority date, and will be earlier if the applicant makes an "express request" for national stage processing and the "applicable requirements of" 371(c) are satisfied. Failure to provide an article 19 amendment, if one exists and has not been provided by the IB to the PTO, will prevent an earlier start date (than 30 months) for the PTA 14 month and 3 year time periods.

Requests for reinstatement of PTA due to applicant delays during prosecution must be filed prior to issuance. Requests for reconsideration of PTA indicated on a patent are due within 2 months of the date of patent issuance, extendable pursuant to 1.136(a).

No court has jurisdiction to hear a civil action by the patentee requesting correction of PTA until the PTO has rendered a decision on a requests for reconsideration of PTA, and the deadline for such a civil action is 180 from the date of the PTO's decision on the request for reconsideration of the PTA indicated on the patent. The Eastern District of Virginia has exclusive jurisdiction over such cases.

The rules are generally retroactive to January 14, 2013 and therefore affect PTA determinations for applications issued on and after that date.

1. I can be reached via telephone at 1-703-415-0012 or via the firm web site: [Neifeld.com](http://Neifeld.com)