From: Robin Muthig [redacted]
Sent: Friday, May 06, 2011 3:50 PM
To: AC56.comments
Cc: Herbert C. Wamsley; Kirsten Zewers
Subject: IPO Comments on Patent Term Adjustments

Please see attached comments from Intellectual Property Owners Association in response to 76 Fed. Reg. 18990.

Best regards,

Robin

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May 6, 2011

The Honorable David Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22313-1450
Attention: Kery A. Fries

Via Email—AC56.comments@uspto.gov

Re: Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review and Information Disclosure Statements, 76 Fed. Reg. 18990

Dear Under Secretary Kappos:

Intellectual Property Owners Association (IPO) submits the following comments on the proposed "Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review and Information Disclosure Statements" published in the Federal Register on April 6, 2011 (Patent Term Revisions).

IPO is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies and over 11,000 individuals who are involved in the association either through their companies or as an inventor, author, executive, law firm or attorney members.

IPO thanks the USPTO for reaching out to the patent community as a whole in its efforts to provide patentees the maximum patent term extension or adjustment permitted under the provisions of 35 U.S.C. § 154(b). However, there are aspects of the proposal[1] that IPO believes need reconsideration. In addition, IPO has a suggestion that might avoid the difficulties with the proposed revisions. Accordingly, we ask the USPTO to consider the enclosed comments.

IPO would welcome any further dialog or opportunity to assist the USPTO on this project.

Sincerely,

Douglas K. Norman

Douglas K. Norman
President

[1] IPO takes no position concerning the proposed revisions concerning Information Disclosure Statements.

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Comments

1. **The proposed change in policy regarding the treatment of an examiner reopening prosecution after a notice of appeal has been filed as permitting patent term adjustment under 35 U.S.C. § 154(b) is inconsistent with the express terms of that section of the statute**

35 U.S.C. § 154(b) compensates applicants for three different types of USPTO delay:

"A" delay accrues when the PTO fails to act in accordance with set timeframes.

"B" delay accrues when the PTO fails to issue a patent within three years of the actual filing date of the patent application.

"C" delay accrues when the application is involved in an interference or appeal, or is subject to a secrecy order.

Patent Term Adjustment (PTA) for "A" delay is awarded when the USPTO fails to "respond . . . to an appeal . . . within 4 months after the date on which . . . appeal was taken." On the other hand, PTA for "B" delay (also referred to as "3 year" delay) is not awarded for any time consumed by a [interference] proceeding under section 135(a), any time consumed by the imposition of a [secrecy] order under section 181, or any time consumed by appellate review by the Board of Patent Appeals and Interferences or by a federal court. As noted above, however, PTA for "C" delay can accrue for the delays that are excluded from "B" delay. With regard to "C" delay, however, PTA only accrues for "***appellate review by the Board of Patent Appeals and Interferences*** 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…." 35 U.S.C. § 154(b)(C)(2)(iii) (emphasis added).

If an applicant appeals a rejection and wins at the Board, "B" delay will not accrue while the application was on appeal, but "C" delay will.[2] If an applicant appeals a rejection and loses at the Board, it is not likely that a patent will grant from that application, so PTA is moot.

The proposed patent term revisions address, *inter alia*, what happens when an applicant files a notice of appeal and the examiner reopens prosecution. Under these circumstances the application is not subject to "appellate review by the Board of Patent Appeals and Interferences" as set forth in the statute since the Board does not assume jurisdiction over the appeal until the Board is notified that the briefing is completed. 37 CFR § 41.35(a) ("Jurisdiction over the proceeding passes to the Board upon transmittal of the file, including all briefs and examiner's answers, to the Board.").

The basis for the proposed change in awarding PTA when the examiner reopens prosecution after applicant has filed a notice of appeal is explained as follows:

> [R]eopening of the application after notice of appeal has been filed is the result of a decision in the pre-BPAI review that there is some weakness in the adverse patentability determination from which the appeal was taken, the Office now considers it appropriate to treat such situations as a "decision in the review reversing an adverse determination of patentability" under 35 U.S.C. 154(b)(1)(C)(iii). Consequently, the Office has determined that it is prudent as a matter of policy to allow for a

[2] IPO assumes that any "A" delay that accrues after a Notice of Appeal is filed due to the length of time it takes the USPTO to take action is not changed by this notice.

> correspondent positive patent term adjustment when an examiner reverses his or her prior rejection under these circumstances.

76 FR at 18982, center column.

Since the rules governing the Board expressly state that the Board does not have jurisdiction over the appeal until after the briefing before the examiner is completed, it is not clear how the action of an examiner in reopening prosecution before the Board accepts jurisdiction can be properly imputed to the Board as "reversing an adverse determination of patentability."

IPO expresses concern that the quotation of 35 U.S.C. § 154(b)(1)(C)(iii) used in the above identified portion of the notice is incomplete. As noted, this section of the statute provides PTA ***only*** when the Board or a federal court issues a "decision…reversing an adverse determination of patentability." *Id.* The notice does not take the actual language of the statute into account in promulgating this new "policy." Nor does the notice take into account the fact that the Board has not accepted jurisdiction in the case when the examiner reopens prosecution after a notice of appeal is filed. Consequently, IPO is concerned that any additional term added to a patent upon grant thereof per the proposed change in policy would not be authorized by the statute. Given the substantial value provided to some patents for each additional day of term provided by the USPTO, the change in policy will ultimately be an issue in future patent litigation.

Since the proposed change in policy appears to be inconsistent with the express terms of 35 U.S.C. § 154(b)(1)(C)(iii), IPO requests that the USPTO provide clarification regarding the propriety of the proposed change in policy.

2. The proposed change in policy regarding the treatment of an examiner reopening prosecution after a notice of appeal has been filed as permitting patent term adjustment under 35 U.S.C. § 154(b) is inconsistent with USPTO precedent

In addition to the proposed change in policy being inconsistent with the express terms of 35 U.S.C. § 154(b)(1)(C)(iii), it is inconsistent with the decision in *In re Patent No. 6,484,146,* 2003 TTAB LEXIS 608.[3] Therein, petitioner raised a number of PTA issues concerning the grant of PTA based upon the examiner reopening prosecution after a notice of appeal had been filed but before the Board had assumed jurisdiction over the case. The facts under review required the USPTO to consider the appropriateness of granting PTA when an examiner reopens prosecution after a notice of appeal has been filed in both (1) an original patent application where PTA issues were governed by *35 U.S.C. § 154* (b) as amended by § 532(a) of the Uruguay Round Agreements Act (URAA) and (2) in a Continuing Prosecution Application (CPA) thereof where the PTA issues were governed by *35 U.S.C. § 154(b)* as amended by § 4402 of the American Inventors Protection Act of 1999 (AIPA). Slip op. at 6. The USPTO denied the petition, stating in relevant part that:

> the appeal in [the original application] did not result in appellate review by the Board of Patent Appeals and Interferences or by a federal court under the URAA patent term extension provisions of former *35 U.S.C. § 154(b)(2)*

and

> the appeal in the CPA filed on December 12, 2000 did not result in appellate review by the Board of Patent Appeals and Interferences or by a Federal court under the AIPA patent term adjustment provisions of *35 U.S.C. § 154(b)(1)(C)(iii)*.

[3] While the case is reported as a decision of the Trademark Trial and Appeal Board (TTAB), it is actually a decision on petition by Stephen G. Kunin, Deputy Commissioner for Patent Examination Policy issued on November 19, 2002.

The USPTO went on to observe in regard to the PTA issue in the original application that "[t]he plain meaning of [the then existing 35 U.S.C. § 154(b)(2)] requires that the decision reversing the adverse patentability determination be a decision by the Board of Patent Appeals and Interferences or by a Federal court." Slip op. at 10. The USPTO made a similar observation in regard to the PTA issue in the CPA stating:

> While the language of *35 U.S.C. § 154(b)(1)(C)(iii)* is not identical to the language of former *35 U.S.C. § 154(b)(2)*, there is nothing in the language of *35 U.S.C. § 154(b)(1)(C)(iii)* or its legislative history suggesting that it provides for the possibility of patent term adjustment where a patent is issued after an adverse determination of patentability has been withdrawn by an entity other than either the Board of Patent Appeals and Interferences or a federal court *(i.e.*, by the examiner or his or her supervisor).

Slip op. at 12.

The change in policy set forth in the notice is directly opposite the decision of the USPTO in the decision on petition; yet, the notice provides no explanation why the change in direction. Clarification is respectfully requested.

3. IPO Suggestion

IPO believes that the USPTO has identified an important gap in the examination process where PTA is warranted but is not being currently provided and appreciates the USPTO's attempt to fill this gap. However, any fix to this problem must be in accordance with the language of the statute so that patentees who are favored with PTA under these circumstances will have a high level of confidence that the grant of PTA by the USPTO is appropriate.

Accordingly, IPO suggests that the USPTO account for delays when prosecution is reopened after a notice of appeal is filed without consideration by the Board or a Federal court by relying on authority under 35 U.S.C. §154(b)(1)(B). Section 154(b)(1)(B) provides, *inter alia*, patent term adjustment for applications pending more than 3 years "**not including** . . . any time consumed by appellate review by the Board of Patent Appeals and Interferences or by a Federal court . . . ." 35 U.S.C. §154(b)(1)(B)(ii) (emphasis added). Delays resulting from reopening prosecution after a notice of appeal has been filed can therefore accrue under section 154(b)(1)(B) until jurisdiction passes to the Board. Thus, section 154(b)(1)(B) provides statutory support for patent term adjustment due to pre-appeal examiner review for applications pending more than three years. If the USPTO is concerned about misuse of such a rule, the USPTO has authority pursuant to 35 U.S.C. §154(b)(2)(C)(iii) to 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.