From: Jack Brennan [redacted]
Sent: Thursday, May 05, 2011 3:15 PM
To: AC56.comments
Subject: Comments from Japan Tobacco Inc. in Response to Notice of Proposed Rulemaking, Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review and Information Disclosure Statements, 76 Fed. Reg. 18990 (April 6, 2011)

Attention: Kery A. Fries
Senior Legal Advisor
Office of Patent Legal Administration
Office of the Associate Commissioner for Patent Examination Policy

Dear Mr. Fries,

On behalf of our client, Japan Tobacco Inc., we ask that you consider the attached comments in response to the above-referenced Notice of proposed rulemaking.

Best regards,

Jack Brennan
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Attention: Kery A. Fries
Senior Legal Advisor
Office of Patent Legal Administration
Office of the Associate Commissioner for Patent Examination Policy

From: Japan Tobacco Inc.

Re: Comments in Response to Notice of Proposed Rulemaking, Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review and Information Disclosure Statements, 76 Fed. Reg. 18990 (April 6, 2011)

Dear Mr. Commissioner:

Japan Tobacco Inc. hereby submits comments in response to the Notice of Proposed Rulemaking ("Notice").

I. The Problem to be Addressed by the Proposed Rulemaking

The Notice proposes amending 37 C.F.R. to address the current practice of the United States Patent and Trademark Office ("Office") of not awarding patent term adjustment (PTA) in those circumstances where an applicant files a notice of appeal and an examiner subsequently reopens prosecution by issuing a new office action or a notice of allowance. Japan Tobacco greatly appreciates the Office's decision to engage in

rulemaking to address the inequity that results when the Office categorically refuses to award PTA in such circumstances.

II. The Notice Proposes Solving The Problem By Awarding PTA Under C Delay

The Notice proposes amending 37 C.F.R. § 1.702 to provide that

> if the Office reopens prosecution after a notice of appeal has been filed but before any decision by the Board of Patent Appeals and Interferences and issues an Office action under 35 U.S.C. 132 or notice of allowance under 35 U.S.C. 151, the … issuance of an Office action under 35 U.S.C. 132 or notice of allowance under 35 U.S.C. 151 shall be considered 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).

The proposed amended rule would result in PTA being awarded under the "C Delay" provisions of 35 U.S.C. § 154(b)(1)(C)(iii) when an examiner reopens prosecution after the filing of a notice of appeal.

III. Section 154(b)(1)(B) of Title 35 Mandates That The Problem Be Solved By Awarding PTA Under B Delay For Applications Pending For More Than Three Years

Although the proposed rule would award PTA under C Delay for the time period between an applicant's filing of a notice of appeal and an examiner's reopening of prosecution, 35 U.S.C. § 154(b)(1)(B)(ii) already requires that PTA must be awarded under "B Delay" for this time period where an application has been pending for more than three years (and where no other exclusions provided under 35 U.S.C. § 154(b)(1)(B) apply).

(A) Statutory and regulatory framework for B Delay

Section 154(b)(1)(B) of Title 35 provides for extension of the term of a patent for failure of the Office to issue a patent within three years of the filing date of an application ("B Delay"). The statute provides several narrowly tailored time periods that are to be excluded from B Delay. One of the periods excluded by the statute is appellate review by the Board of Patent Appeals and Interferences.

> "[I]f 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, not including …any time consumed by appellate review by the Board of Patent Appeals and Interferences …, 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." 35 USC 154(b)(1)(B)(ii) (emphasis added).

The Office promulgated 37 C.F.R. § 1.703(b)(4) in an effort to implement this statutory provision.

> (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 … and ending on the date a patent was issued, but not including the sum of the following periods …
>
> (4) The number of days, if any, in the period beginning on the date on which a notice of appeal to the Board of Patent Appeals and Interferences was filed under 35 U.S.C. 134 and § 41.31 of this title and ending on the date of the last decision by the Board of Patent Appeals and Interferences 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 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, if the appeal did not result in a decision by the Board of Patent Appeals and Interferences. 37 C.F.R. § 1.703(b)(4) (emphasis added)

The application of 37 C.F.R. § 1.703(b)(4) reduces the amount of B Delay awarded for the time between an applicant's filing of a notice of appeal and an examiner's reopening of prosecution by mailing a new office action or a notice of allowance. However, the exclusion of this period from B Delay is inconsistent with 35 U.S.C. § 154(b)(1)(B)(ii), which excludes from B Delay only "time consumed by appellate review by the Board of Patent Appeals and Interferences."
37 C.F.R. § 1.703(b)(4) goes beyond the statutorily defined exclusion, by removing from B Delay time periods following the filing of a notice of appeal where an examiner retains control of an application (and during which appellate review by the Board does not occur). "Appellate review by the Board of Patent Appeals and Interferences" if it ever occurs at all after a notice of appeal is filed, cannot occur until jurisdiction passes to the Board.

By its unambiguous meaning, "appellate review by the Board of Patent Appeals and Interferences" can only occur when the Board reviews an appeal. Consistent with the notion that appellate review by the Board does not occur by the mere filing of a notice of appeal, 37 C.F.R. § 41.35(a) provides that "[j]urisdiction over the proceeding [an appeal] passes to the Board upon transmittal of the file, including all briefs and examiner's answers, to the Board." In those instances where an Examiner reopens prosecution without jurisdiction ever passing to the Board, there is obviously no appellate review by the Board. Section 154(b)(1)(B) of Title 35 provides for no reduction of B Delay in these instances. The Office therefore lacks the statutory authority to deny applicants B Delay for this period of time.

(B) The Office has conceded that appellate review by the Board of Patent Appeals and Interferences does not encompass examiner activities before jurisdiction passes to the Board

The Office has taken several official positions that indicate an apparent agreement with the notion that "appellate review by the Board of Patent Appeals and Interferences" does not occur when an examiner retains control over an application and reopens prosecution subsequent to an applicant's filing of a notice of appeal.

1. The Office's remarks in the present Notice of Proposed Rulemaking

The Notice states that:

> under current Office practice, the process for seeking appellate review by the BPAI involves at least one decision in the review before the application is forwarded to the BPAI, and a decision in these pre-BPAI reviews may result in the reopening of prosecution and issuance of an Office action or notice of allowance. Since in many such situations the reopening 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 correspondent positive patent term adjustment when an examiner reverses his or her prior rejection under these circumstances. (page 18992;

emphasis added)

The Office is explicit in the passage above that the period defined by an applicant filing a notice of appeal and an examiner reopening prosecution constitutes "pre-BPAI review." Given the admission that this period does not constitute review by the Board, the Office cannot continue to maintain 37 C.F.R. § 1.703(b)(4) in its current form because it deprives applicants of B Delay for time that is "pre-BPAI review" and thus not "consumed by appellate review by the Board of Patent Appeals and Interferences." If the Office declines to take action in this rulemaking process to remedy the defects in 37 C.F.R. § 1.703(b)(4), then it would be taking the untenable position that a period that it considers to be "pre-BPAI review" at the same time constitutes "appellate review by the Board of Patent Appeals and Interferences."

2. The Office's interpretation of 35 U.S.C. § 154(b)(1)(A)(ii)

An applicant is awarded PTA under "A Delay" when the Office fails to respond promptly to an applicant's appeal. Specifically, PTA is awarded if the Office fails to respond "within 4 months after the date on which … the appeal was taken." 35 U.S.C. § 154(b)(1)(A)(ii). The Office interprets the phrase "the date on which … the appeal was taken" as being the date on which an applicant files an appeal brief. *See* Changes to Implement Patent Term Adjustment Under Twenty-Year Term, 65 Fed. Reg. 56366, 56386 (September 18, 2000).

Although 35 U.S.C. § 154(b)(1)(B) and 35 U.S.C. § 154(b)(1)(A) use different terms, they both relate to an "appeal" and must be able to be read together in a way that is not inconsistent. Common sense dictates that "appellate review by the Board of Patent Appeals and Interferences" cannot occur *before* an "appeal was taken." Given that the Office considers that an appeal is not "taken" until an appeal brief is filed, then it necessarily follows that "appellate review by the Board of Patent Appeals and Interferences" cannot occur until sometime *after* the filing of an appeal brief. As detailed herein, appellate review by the Board can occur only after the Board takes jurisdiction over an appeal.

3. Proposed Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 75 Fed. Reg. 69828 (November 15, 2010)

The Office has proposed amending 37 C.F.R. § 41.35(a) such that jurisdiction over an appeal would pass to the Board upon applicant's filing of a reply brief or the expiration of the time in which to file a reply brief, whichever is earlier. The Office rejected a comment suggesting that 37 C.F.R. § 41.35(a) should be amended such that jurisdiction should pass to the Board upon the filing of a notice of appeal (stating that "[t]he Office chose not to adopt this proposed change, because if the Board acquired jurisdiction upon filing of a notice of appeal, this change would foreclose the opportunity for the examiner, upon reviewing the appeal brief, to find some or all of the appealed claims patentable prior to the Board taking jurisdiction, thus obviating the need to proceed with the appeal"). Proposed Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 75 Fed. Reg. 69828, 69832 (November 15, 2010). The Office's remarks make clear that the period following the filing of a notice of appeal, when an examiner retains control over an application, is distinct from and precedes jurisdiction passing to the Board (which does not occur at all if the examiner decides to reopen prosecution).

4. Decision by the Office in U.S. Patent No. 6,484,146

The problem addressed in the Notice was raised previously in Catalina Marketing International, Inc. v. James E. Rogan, No. 1:03CV01198 (D.D.C. filed June 3, 2003). The plaintiff in Catalina Marketing International argued that U.S. Patent No. 6,484,146 should be accorded PTA under the C Delay provisions of 35 U.S.C. § 154(b) for the time between the filing of a notice of appeal and an examiner's reopening of prosecution. In a Decision by the Office of Petitions on November 26, 2003, the Office rejected this argument, stating that "35 U.S.C. § 154(b)(1)(C)(iii) does not provide for patent term adjustment simply because an examiner changes his or her position on the patentability of the claims in an application as a result of an appeal brief being filed in an application."[1] However, the Decision stated that "such delays in the examination process caused by an examiner changing his or her position on the patentability of the claims are taken into

[1] This does not appear to be the Office's current position in light of its proposed rulemaking.

account in the patent term adjustment provisions of the AIPA in … § 154(b)(1)(B) (provides for the possibility of patent term adjustment if the USPTO fails to issue a patent within three years of the actual filing date of the application)." This constitutes an explicit acknowledgement by the Office that PTA should be awarded under B Delay in those circumstances where an application has been pending for more than three years and an examiner reopens prosecution after the filing of a notice of appeal.

(C) The Office must amend 37 C.F.R. § 1.703(b)(4) to render it consistent with 35 U.S.C. § 154(b)(1)(B)

37 C.F.R. § 1.703(b)(4) as it currently stands is inconsistent with the controlling statute and must be amended to correct the deficiencies noted herein. The Office does not have the option of leaving this defective regulation in place, based on the premise that it intends to provide applicants with PTA for the time period in question in an alternative manner (i.e., via the proposed rulemaking with respect to C Delay). The statute is clear that the Office must provide this time as B Delay in those instances where an application has been pending for more than three years.

The correct implementation of 35 U.S.C. § 154(b)(1)(B) requested herein may in some instances result in awarding PTA for the same period as the Office's proposed new rules (i.e., the time between the filing of a notice of appeal and the reopening of prosecution by mailing a new office action or notice of allowance). However, the drafters of 35 U.S.C. § 154(b) foresaw that overlap between different statutory bases for PTA might occur and accounted for such situations by forbidding double counting in those instances where periods of delay attributable to multiple grounds under 35 U.S.C. § 154(b)(1) occur on the same day(s). See 35 U.S.C. § 154(b)(2)(A). As such, no adverse consequences will result from the Office amending 37 C.F.R. § 1.703(b)(4) to correct its deficiencies and render it consistent with the controlling statute.