Federal Circuit Holds that PTO Has Been Shortchanging On

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If you hold a patent that issued more than three years after filing, you should check to see if it is entitled to a greater patent term adjustment than was calculated by the PTO at the time of issuance. On January 7, 2010, the Federal Circuit held that the PTO has been misinterpreting the patent term adjustment statute, 35 U.S.C. § 154. *Wyeth v. Kappos*, Appeal No. 09-1120, *aff'g, Wyeth v. Dudas*, 580 F. Supp. 2d 138 (D.D.C. 2008). A copy of the Federal Circuit opinion can be found here. An earlier Alert regarding the district court decision in *Wyeth* can be found here.

The adjustment statute provides guarantees of patent term by providing adjustments due to periods of delay by the PTO. A patent is entitled to a one-day extension of its term for every day that issuance of a patent is delayed by a failure of the PTO to comply with deadlines under § 154(b)(1)(A), e.g., the deadline of fourteen months for a first office action. Delays of this type are called "A delays." A patent is also entitled to a one-day extension for every day greater than three years after the filing date that it takes the patent to issue, with certain exclusions, under § 154(b)(1)(B). Delays of this second type are called "B delays."

The extensions for A delays and B delays are subject to a limitation concerning "overlap" – that "[t]o the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this statute shall not exceed the actual number of days the issuance of the patent was delayed." §154(b)(2)(A). The PTO has been granting adjustments for the greater of the A delays or the B delays, but not A + B delays. In the PTO's view, the entire period during which an application is pending is the "B period" for purposes of identifying "overlap." The Federal Circuit held that the PTO has been incorrectly using the greater of the "A" delay period or the "B" delay period under 35 U.S.C. § 154 to determine the appropriate adjustment, rather than combining the two. The Federal Circuit held that if an A delay occurs on one day and a B delay occurs on a different day, those two days do not "overlap" under section 154(b)(2).

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