

## Intellectual Property Client Service Group

To: Our Clients and Friends

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### *Wyeth and Elan Pharma International Ltd. v. Kappos* - - Federal Circuit concludes that the USPTO's methodology for calculating patent term adjustment is incorrect.

In *Wyeth v. Kappos*, No. 2009-1120 (Fed. Cir. Jan. 7, 2010), Wyeth sought an order directing the U.S. Patent and Trademark Office ("USPTO") to grant a patent term adjustment ("PTA") per Wyeth's interpretation of the relevant statute. The District Court for the District of Columbia granted summary judgment in favor of Wyeth, finding that the USPTO had misconstrued 35 U.S.C. § 154(b)(2)(A) and, as a result, had denied Wyeth a portion of the patent term to which it was entitled. The Federal Circuit affirmed.

In 1994, the term of a patent was changed from seventeen years commencing from issuance to twenty years from filing. Originally, patent term was measured from issuance and thus, USPTO delays in prosecution could not diminish the term of a patent. After the change, however, such USPTO delays effectively diminished the term of a patent.

In 1999, 35 U.S.C. § 154(b) was amended to restore patent term lost due to USPTO delays. According to the statute, applicants are provided one extra day of patent coverage for each day the USPTO fails to hit certain interim deadlines (subsection "A" delay) and one extra day of patent coverage for each day the USPTO fails to hit a three-year target for issuance of the patent (subsection "B" delay). To the extent subsection A and B delays overlap, the period of any adjustment granted "shall not exceed the actual number of days the issuance of the patent was delayed." 35 U.S.C. § 154(b)(2)(A). It is the application of this "overlap" provision that led to the controversy.

According to the USPTO, 35 U.S.C. § 154(b) provides applicants with a PTA equal to the greater of the amounts provided by subsections A and B. For example, if the USPTO failed to meet certain interim deadlines and incurred a delay of thirty days (subsection A delay) within three years of the filing date, and the patent issued three years and thirty days after filing, under the USPTO's interpretation the applicant would be entitled to a PTA of thirty days.

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According to *Wyeth*, 35 U.S.C. § 154(b) provides applicants with a PTA equal to the sum of (i) the number of days provided by subsection A to the extent the subsection A delay is within three years of the filing date of the patent application and (ii) the number of days provided by subsection B. Under *Wyeth's* interpretation, overlap can only occur when subsection A delays occur more than three years after the filing date of the patent application. For example, if the USPTO failed to meet certain interim deadlines and incurred a delay of thirty days (subsection A delay), and the patent issued three years and thirty days after filing, according to *Wyeth* the applicant is entitled to a PTA of sixty days (the sum of the A and B delay) if the A delay occurred within three years of the filing date, but only thirty days (the actual number of days the issuance was delayed) if the A delay occurred more than three years after the filing date (and thus simultaneously with the B delay).

Siding with *Wyeth*, the Federal Circuit held there is "overlap" only when the delays occur at the same time. "Each 'period of delay' has its own discrete time span whose boundaries are defined in section 154(b)(1). That is, each has a start and an end. Before the three-year mark, no 'overlap' can transpire between the A delay and the B delay because the B delay has yet to begin or take any effect. 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)."

The USPTO has used its erroneous methodology for calculating PTA for a number of years and the impact of the Federal Circuit's decision is not limited to the patents at issue in *Wyeth*. The term of many patents not at issue in *Wyeth* have been increased, some significantly increased, as a result of this decision.

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