

# Clients & Friends Alert

## New Decision Increases Calculation of Patent Term

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Yesterday, in *Novartis AG v. Lee*, 2013-1160 (Fed. Cir., Jan. 15, 2014), the Federal Circuit determined that the USPTO has been incorrectly calculating patent term adjustments, potentially shortening the terms of thousands of U.S. patents. Recently issued U.S. patents should be reviewed as soon as possible to determine whether the USPTO incorrectly calculated valuable patent terms so that any loss can be recaptured.

Congress enacted patent term adjustments in order to remedy delays caused by the backlog in the USPTO, which consequently results in unfairly shortened patent terms. One of the provisions in the patent term adjustment statute is that an application should not be pending for more than three years from its filing date. In the event that the application takes longer than three years to issue, the statute provides for a patent term adjustment (additional time the patent is in force) determined by the number of days between the issue date of the patent and the three year filing anniversary date. However, the three-year pendency provision does not apply to the delay following a request for continued examination because this is not a delay caused by the USPTO. Requests for continued examination (“RCE”) are filed in many applications by applicants to restart prosecution after the Examiner closes examination following a few rounds of communications.

Prior to yesterday's decision, in cases where no RCE was filed, the USPTO calculated the three-year patent term adjustment by determining the number of days between the three year filing anniversary and the issue date of the patent. In cases where an RCE was filed, the USPTO calculated this adjustment by determining the number of days between the three year filing anniversary and the filing date of the RCE, thereby cutting off any adjustment following the filing date of the RCE -- including the time period between allowance and issuance.

In *Novartis AG v. Lee*, the Federal Circuit held that the USPTO applied the incorrect method of calculating the three-year pendency provision, disagreeing with the USPTO's position that the time between allowance and issuance is forfeited after an RCE. Indeed, all else being equal, the time between allowance and issuance is added to the patent term where there was no RCE filed. The time period between allowance and issuance was not a delay caused by the continued examination request, and it should have been added to the patent term.

