From: Jack Brennan [mailto:Brennan@fr.com]
Sent: Thursday, January 26, 2012 10:56 AM
To: AC63.comments
Subject: Comments from Japan Tobacco Inc. in Response to Notice of Proposed Rulemaking, Revision of Patent Term Adjustment Provisions Relating to Appellate Review, 76 Fed. Reg. 81432 (December 28, 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.

Please confirm receipt by reply email.

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 Adjustment Provisions Relating to Appellate Review, 76 Fed. Reg. 81432 (December 28, 2011)

Dear Mr. Commissioner:

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

I. Proposed Revision to 37 C.F.R. § 1.703(b)(4)

The Notice proposes amending 37 C.F.R. § 1.703(b)(4) to address the current practice of the United States Patent and Trademark Office ("Office") of not awarding patent term adjustment ("PTA") under 35 USC § 154(b)(1)(B) in those circumstances where an applicant files a notice of appeal and an examiner subsequently issues a new office action or a notice of allowance without jurisdiction having passed to the Board of Patent Appeals and Interferences.

The proposed revision of 37 C.F.R. § 1.703(b)(4) is required by the controlling statutory provision, 35 USC § 154(b)(1)(B)(ii). Consequently, the revised regulation should be applied, at a minimum, to allow for the correction of PTA in all patents for which a correction according to the terms of 35 USC § 154(b)(1)(B)(ii) was requested in an Application for PTA filed with the Office according to the provisions of 37 C.F.R. § 1.705(d).

II. Proposed New 37 C.F.R. § 1.704(c)(9)

The Notice proposes adding a new 37 CFR § 1.704(c)(9) and renumbering current paragraphs (c)(9) through (c)(11) as (c)(10) through (c)(12). Proposed new 37 CFR § 1.704(c)(9) reads as follows.

> (9) Failure to file an appeal brief in compliance with § 41.37 within two months from 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, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date two months from 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 an appeal brief in compliance with 41.37 or a request for continued examination in compliance with § 1.114 was filed.

The proposed new 37 CFR § 1.704(c)(9) would result in applicant delay being assessed in those instances where an applicant files an appeal brief or a request for continued examination more than two months after the filing of a notice of appeal.

A. Concerns with the proposed new 37 CFR § 1.704(c)(9)

35 USC § 154(b)(2)(C)(ii) and 37 CFR § 1.704(b) define three months as the period of applicant diligence when responding to a notice or action from the Office making any rejection, objection, argument, or other request (i.e., applicant delay will be assessed only if an applicant takes more than three months to respond). This three month period applies without consideration to the type of notice or action or the length of the response period that is provided by the notice or action. For example, a response to a Notice to File Missing Parts (providing a two month response period) or a Restriction Requirement (providing a one month response period) will not incur applicant delay even

if an applicant takes an extension of time to file the response up to three months from the date of the notice or action.

Given the significant complexities involved in preparing an appeal brief, it is only reasonable that an applicant should be allowed *at least* the same amount of time that the Office allows for responding to relatively simple actions such as a Notice to File Missing Parts or a Restriction Requirement. It is inconsistent with the spirit of 35 USC § 154(b) and the Office's implementation of the statute to assess a PTA penalty for failure to file an appeal brief within only a short two month time period. There is no rational basis for the Office to provide for a *shorter* period of time for an applicant to file a document (i.e., an appeal brief) that is significantly more complex than many other documents filed during prosecution of an application and that are allowed a three month period. Any applicant delay to be assessed for filing an appeal brief after the filing of a notice of appeal should not begin until at least three months after the filing of the notice of appeal.

37 CFR § 1.704(c)(4) constitutes the single instance in which 37 CFR § 1.704(c) assesses applicant delay for failure of an applicant to take action within two months of receipt of a notice from the Office. According to 37 CFR § 1.704(c)(4), applicant delay is assessed for failure to file a petition to withdraw a holding of abandonment or to revive an application within two months from the mailing date of a notice of abandonment. This unusually short period for applicant action may be justified by the exceptional nature of abandonment, the urgency associated with restoring an application to pending status, and the relative ease with which the petition may be filed. None of these factors are associated with the filing of an appeal brief that would cause it to be accorded a period of time shorter than the three months that the statute and rules otherwise provide for more analogous applicant actions (e.g., responding to an office action).

B. Any new regulation assessing applicant delay based upon the timing of filing an appeal brief must be applied on a prospective basis only

If the Office enacts the proposed new 37 CFR § 1.704(c)(9) (or any new regulation assessing applicant delay based upon the timing of filing an appeal brief), it would be fundamentally unfair to apply the new regulation retroactively against a patent in which a notice of appeal was filed before the final regulation is enacted. At least two circumstances require that such a regulation be applied only prospectively.

First, the current version of 37 CFR § 1.704(c) does not assess applicant delay for filing an appeal brief at any time after the filing of a notice of appeal. Similar to the current proposal, the Office proposed over a decade ago to enact a rule (37 CFR § 1.704(c)(13)) that would have imposed applicant delay in those instances where an applicant filed an appeal brief after the filing of a notice of appeal. See Notice of Proposed Rulemaking: Changes to Implement Patent Term Adjustment Under Twenty-Year Patent Term, 65 Fed. Reg. 17215, 17221 and 17228 (March 31, 2000). However, several public comments opposed the proposed rule and the Office ultimately decided not to adopt it. See Final Rule: Changes to Implement Patent Term Adjustment Under Twenty-Year Patent Term, 65 Fed. Reg. 56366, 56385-56387 (September 18, 2000). Clearly, current Office regulations do not regard failure to file an appeal brief within any specified period of time as a failure to engage in reasonable efforts to conclude processing or examination of an application. It would be fundamentally unfair to retroactively assess applicant delay for an action that unambiguously did not constitute applicant delay according to the regulations existing at the time the action was taken.

Second, there is no means by which an applicant could have reasonably foreseen that the currently proposed new 37 CFR § 1.704(c)(9) would be enacted. Nothing in 35 USC § 154(b) requires that applicant delay be assessed for failure to file an appeal brief within two months (or any period of time) following the filing of a notice of appeal. As a result, it would have been impossible for an applicant to reasonably foresee that the proposed new 37 CFR § 1.704(c)(9) would be enacted by the Office.

In view of these remarks, if the Office enacts the proposed new 37 CFR § 1.704(c)(9) (or any new regulation assessing applicant delay based upon the timing of filing an appeal brief), it must be applied on a prospective basis only.