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Attn: Ms. Karin L. Tyson
U.S. Patent and Trademark Office
Washington, DC 20231

Re: Comments on Notice of Proposed Rulemaking;
Changes to Implement Patent Term Adjustment Under Twenty-Year Patent Term

Please accept the following comments on the proposed rulemaking entitled Changes to Implement Patent Term Adjustment Under Twenty-Year Patent Term.

As an overall comment, the proposed rules seem to be too heavily biased toward preventing any term adjustment by construing normal application processing time as an unreasonable applicant delay, and ignoring the statutory requirement that any reduction in patent term adjustment be limited to equal the period of applicant's delay under 35 USC 154(b)(2)(C)(i).

Rule 18(e): It is patently unfair to charge an applicant/patentee a fee for patent term adjustment to correct a PTO error in its term calculation. This fee, like a filing receipt correction fee or certificate of correction fee, should only be charged in the case of applicant error.

Rule 702(f): (1) The reference to the undefined term "original applications" makes this section ambiguous. That term could be construed to prohibit application of the provisions of rules 702-705 to continuing applications, in direct contradiction to the express language of the statute, the supporting commentary (e.g., Federal Register, vol. 65, no. 63, 3/31/2000, p. 17216, 3rd column) and to the restrictions applying to continued examination requests. I would recommend rewriting this section to refer to applications other than reissue applications having an actual US filing date on or after May 29, 2000.

(2) This section should also address the date applicable to PCT US National Stage applications. This is the date on which section 371 requirements are fulfilled for calculation of the 14 months to first action (see 35 USC 154(b)(1)(A)(I)(II)), but the "actual filing date of the application in the United States" for calculation of the overall three year pendency (see 35 USC 154(b)(1)(B)). The "actual filing date in the United States" should be clarified; according to the literal language of the patent statutes, it must be the international filing date (35 USC 363 makes no exception relating to section 154). (While for consistency, it seems that it should refer to the date of fulfillment of the section 371 requirements, it does not appear that this clear statutory language can be changed by PTO rulemaking or legislative history.)

Rule 704(a)-(c): The commentary at column 1 of page 17219 of the Federal Register Notice identifies situations where the PTO may allege that substantive positions taken by applicants should result in term adjustment reductions. Such situations would require significant substantive review of an application's prosecution, and may as likely be the result of unreasonable positions taken by an examiner or miscommunication between the examiner and the applicant as of unreasonable positions taken by the applicant. Thus the rule should state that any non-enumerated reasons for reduction of a term adjustment must be approved by the Group Director, or petitionable to the Group Director, and should be identified by the Examiner when they arise during prosecution.

The rule should also make clear that, like with overlapping PTO delays, applicants' patent terms will not be shortened for overlapping applicant delays beyond the actual delay in issuance caused by applicant (see Rule 703(f)). For example, if oath and drawing requirements were simultaneously satisfied 2 months after the deadline (i.e., as proposed, two months after the filing date), the reduction should be two months rather than four months.

Rule 704(c): (c)(3): The phrase "the date after the day the issue fee was due" should be clarified to be "the date of the day after the day the issue fee was due."

(c)(6): The patent statutes and rules expressly provide for post-filing date filing of the fee, translation, and oath or declaration. The legislation provided fourteen months, rather than four months, from filing of an application to allow for such items to be processed. Thus it is unfair and unnecessary for

the PTO to penalize applicants who rely on the missing parts procedures, regardless of their circumstances. The requirement for response within three months of the timely issuance of a Notice to File Missing Parts leaves plenty of time for the PTO to complete processing of an application and provide it to the examiner for action within 14 months. Following the proposed PTO approach will also disrupt the procedure by requiring applicants to file missing parts before they receive the Notice to File Missing Parts. Experience with this in the past shows that it does not stop issuance of the Notice, but rather simply causes further delays and requirements for filing further papers in response to the inaccurate notice, which will correctly be counted as PTO delays justifying term adjustment.

(c)(7): (1) The phrase “earliest of date” should be corrected to the “earlier of the date” for grammatical correctness and conformity with section (c)(8).

(2) This section seems to be drafted to reflect interpretation of the “actual filing date of the application in the United States” as the international filing date under 35 USC 363 (see above comment regarding rule 702(f)), and to try to make up for a perceived inequity in applying the international processing time (up to 2 ½ years) to the three year issuance deadline by imposing an equal but opposite inequity on PCT national stage applicants who “fail,” even for a single day, in satisfying 35 USC 371 or Rule 494 or 495. If it intends to do so in the manner indicated in the commentary, it fails to do so. Filing the 371(c) requirements on the 20 or 30 month deadline does not constitute failure to fulfill the requirements of 35 USC 371(c), 1.494 or 1.495, and thus would not activate this section.

Failure to fulfill the requirements of 35 USC 371(c) results in abandonment of the national stage application as of the 20 or 30 month deadline, subject to revival under the PTO rules. Under proposed rule 704(c)(7), one day of such abandonment can result in a 2 ½ year loss of patent term. Thus the penalty is far greater than justified by the delay caused by the applicant, and violates the statute, which only permits adjustment reduction by a term “equal to” the period of applicant’s delay. 35 USC 154(b)(2)(C)(i). Such abandonment should be treated under Rule 704(c)(3) like any other abandonment, as it is for all other purposes, rather than by such a draconian penalty, which discriminatorily eliminates the statutory term adjustment benefit to PCT applicants in violation of the statute. If the PTO does not approve of the statutory benefit to PCT applicants, it should address the statute through the legislative process rather than by such discriminatory and draconian provisions in its rules.

If this section was intended to address the “missing requirements” situations in PCT national stage applications corresponding to the “missing parts” situations addressed in proposed rule 704(c)(6), (1) those situations should be addressed as discussed above in the comments relating to proposed rule 704(c)(6), and (2) it fails to achieve its purpose since section 371 and rules 494 and 495 can be fulfilled by filing the “missing requirements” after the respective 20 or 30 month PCT deadlines in accordance with their express language.

If this section is intended to prohibit use of the PCT 20/30 month time limits to extend patent term on the basis of the three year pendency requirements as stated in the commentary, it should refer to “failure to meet the requirements ... on the international filing date...” Even so, however, it appears to violate the clear language of the statute and possibly the Patent Cooperation Treaty itself in an attempt to make the legislative history control over the literal language of the statute.

(c)(8): (1) The phrase “earlier of date” should be corrected to the “earlier of the date” for grammatical correctness.

(2) The language of this section is ambiguous in referring to fulfilling “the requirements of 35 USC 371(c) and 1.494 or 1.495 before the expiration of the applicable time period set forth in 1.494(b) or 1.495(b).” The word “applicable” reflects the fact that the time periods that are expressly identified in rules 494(b) and 495(b) only apply to some of the requirements of section 371(c). Thus it is unclear whether this proposed rule refers only to those few requirements or inaccurately uses the word “applicable.”

(3) This section seems to be drafted to reflect interpretation of the “actual filing date of the application in the United States” as the international filing date under 35 USC 363 (see above comment regarding rule 702(f)), and to try to make up for a perceived inequity in applying the international processing time (up to 2 ½ years) to the three year issuance deadline by imposing an equal but opposite inequity on PCT national stage applicants who “fail,” even for a single day, in requesting national stage processing (a single box on the national stage transmittal letter that can be easily accidentally overlooked). The section 371(c) requirements are usually fulfilled just before the respective 20 or 30 month term of rules 494 and 495. Under proposed rule 704(c)(8), fulfilling section 371(c) one day before the

20/30 month term limit without requesting that national processing begin before the next day can result in a 20-30 month loss of patent term. Thus the penalty is far greater than justified by the delay caused by the applicant, and violates the statute, which only permits adjustment reduction by a term "equal to" the period of applicant's delay. 35 USC 154(b)(2)(C)(i). Such delay should be treated like any other applicant delay (e.g., with the reduction beginning at the date of satisfaction of section 371(c)), rather than by such a draconian penalty, which discriminatorily eliminates the statutory term adjustment benefit to PCT applicants in violation of the statute. If the PTO does not approve of the statutory benefit to PCT applicants, it should address the statute through the legislative process rather than by such discriminatory and draconian provisions in its rules.

In addition, even if Rule 704(c)(8) were amended as discussed above, the penalty is still greater than justified by the delay caused by the applicant. The delay caused by applicant under Rule 704(c)(8), and thus the reduction in term adjustment, should only reflect the period between the date of satisfaction of the 35 USC 371(c) requirements and the end of the applicant-caused delay (i.e., the date on which national processing may begin or the date on which applicant requests it), as required by the statute.

(c)(9): As discussed in comments directed to the proposed 18-month publication rules, and the comments above regarding missing parts issues, the PTO should strike a balance regarding the timing of requiring full compliance with the formality rules. First, the 14-month period to first action allows time for correction of many informalities, which can be corrected without imposing any delay and thus without justifying any penalty under 35 USC 154(b)(2)(C)(i). For this reason, the proposed rule violates the requirement of the statute that the reduction in the term adjustment "shall be equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application." Second, following publication, most informalities of the type described in the proposed rule are addressed simultaneously with substantive objections and rejections, and thus cause no delay at all. For example, objections under rule 84(p)(5) are commonly addressed during examination after the examiner has read the specification, and are corrected in the response to the first action or following approval of proposed corrected drawings and allowance of the application. In each of these situations, the proposed rule would limit a term adjustment by potentially over a year or more, even though no delay was caused by the informality in the drawings, clearly violating the express terms of the statute. Third, any delay that is associated with correction of such formalities during examination does not extend back to the filing date of the application, and thus again the penalty imposed by the proposed rule violates the requirement of the statute. Finally, while the PTO is clearly concerned that filing of formal drawings, etc., after allowance might have an undue effect on term adjustments, it is protected by the statutory starting point for measuring the 4-month time limit for issuing a patent, and could be protected by a much more precisely tailored rule regarding the three year pendency limit (e.g., by reducing a term adjustment by the amount of time between three months after the mailing of the Notice of Allowance and completion of the subject formalities corrections).

(c)(10): This proposed rule leaves an immense loophole for unlimited PTO delay in violation of the statute by penalizing applicant in an amount of time determined only by when the PTO deigns to issue a supplemental office action. Experience has shown that examiners can and do delay for months in issuing supplemental office actions. In order to comply with the express terms of the statute, the penalty should at least be limited to the lesser of (a) the presently stated delay or (b) the sum of (i) the time between issuance of the original office action and the filing of a request by applicant for issuance of a supplemental office action plus (ii) the lesser of four months and the time between the filing of the request and the issuance of the supplemental office action.

(c)(11): This proposed rule also leaves an immense loophole for unlimited PTO delay in violation of the statute by penalizing applicant in an amount of time determined only by when the PTO deigns to identify the omitted matter, and encourages examiners to overreach to identify alleged omissions when they have exceeded their four-month limit for responding to a reply. This is likely to increase petition practice, causing further burden to the PTO and applicants and causing additional term adjustments since applicants will have lost their now-existing incentive to simply mollify examiners by not arguing over alleged omissions. In order to comply with the express terms of the statute, the penalty should at least be limited to the lesser of (a) the presently stated delay, (b) the sum of (i) the time between filing of the original reply and issuance by the PTO of a requirement to supply the omission plus (ii) the time between issuance by the PTO of the requirement to supply the omission and the filing of the omitted item, and (c) the sum of (i) four months plus (ii) the time between issuance by the PTO of a requirement to supply the

omission and the filing of the omitted item. This change would accommodate situations where the applicant promptly noticed the defect and promptly corrected it (a); the PTO promptly noticed the defect and required its correction in less than four months (b); the PTO delayed in considering the reply beyond its permitted four months (c).

(c)(13): The proposed rule in context with the other proposed rules allows the PTO to take four months to respond to a reply to a final rejection, and then penalizes applicant for every day between the date three months after the mailing of the final rejection and filing of an Appeal Brief regardless of how early any amendments, evidence, and/or arguments responsive to the final rejection were filed. Thus the applicant must pay extension fees and rush to file an Appeal Brief without any time to pause and consider its best course of action and prepare its best Appeal Brief. This will increase the number of appeals and degrade the quality of briefing in them, both to the detriment of the PTO and applicants, and with a likely effect of increasing the number and length of term adjustments based on appeals. While it is appreciated that the legislation imposed a short limit for examiners' answers to Appeal Briefs, the entire burden of that limit should not be imposed on applicants. Applicants should be given at least a month to prepare an Appeal Brief after filing a Notice of Appeal, leaving the PTO three further months to respond to the Appeal Brief, without creating a term adjustment or reduction therein.

(c)(14): This proposed rule leaves an immense loophole for unlimited PTO delay in violation of the statute by penalizing applicant in an amount of time determined only by when the PTO deigns to issue a supplemental office action. Experience has shown that examiners can and do delay for months in issuing supplemental office actions. In order to comply with the express terms of the statute, the penalty should at least be limited to the lesser of (a) the presently stated delay or (b) the sum of (i) the time between issuance of the original office action or notice of allowance and the filing of a request by applicant for issuance of a supplemental office action plus (ii) the lesser of four months and the time between the filing of the request and the issuance of the supplemental office action.

(c)(16): This proposed rule is unnecessary, since time periods before the filing date of an application are not relevant to patent term adjustment and do not constitute delays in prosecution of the application.

Rule 705: This rule fails to address correction of improper term reductions under Rules 704(a) and (c), leaving applicants in limbo regarding errors in those term adjustments. Thus the references to 1.704(b) should be changed to refer simply to 1.704.

In addition, the fee for correction under Rule 705(b)(1) should be refunded in the event that the patent term is adjusted in response to the request due to PTO error in the initial term adjustment calculation.