

A day (or more) in the life of a patent; term adjustments can be contentious

A cursory glance at the cover page of a series of patents issued to GE in October may provoke a brief flash of puzzlement, and the puzzlement raises a question worth exploring.

There, on the face of U.S. patent 6,809,817, is a little note that says "Subject to any disclaimer, the term of this patent is extended or adjusted under 35 USC 154(b) by 139 days." On the face of 6,809,781 is a similar little note "Subject to any disclaimer, the term of this patent is extended or adjusted under 35 USC 154(b) by 126 days." On 6,809,471, by 71 days. And so on.

What's going on here? Is the term of a U.S. patent subject to extenuating circumstances?

The U.S. Constitution (Article 1, Section 8) established that "Congress shall have the power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries..."

However, the period over which inventors might be granted exclusive rights is completely arbitrary, and "limited time" was not further defined by the founding fathers.

Congress, in 1790, set the term of a utility patent (the subject of this column) at 14 years from the date of issuance of the patent. That is, 14 years from the date that the right to exclude others came into being.

That term was derived from the English Statute of Monopolies of 1623, in which 14 years had been chosen because it was the length of two standard seven-year apprenticeships.

From 1790 to 1861, the term of a U.S. patent remained 14 years from issue. In 1861, the term was lengthened to 17 years.

In 1966, Congress began considering a term of 20 years from filing, rather than 17 years from issue. The primary impetus for the proposal was a phenomenon known affectionately in the trade as "submarine" patents.

Submarine patents were patents that were issued 10 or 20 years after filing initial applications. The applications had been deliberately kept pending as appli-

cations (and therefore secret) until the technology had ripened sufficiently to make the patents that issued from them disproportionately lucrative.

The general experience had been that most applications not piloted by U-boat captains were issued to patent about two to three years from filing, so that 20 years from filing would represent an insubstantial change in the actual effective life of most patents and would largely vitiate the effect of submarine patents.

Despite the apparent advantages of this proposal, legislative inertia reigned for another 28 years until Congress was forced to take action by the need to approve GATT.

When the United States signed the General Agreement on Tariffs and Trade in 1994, we had negotiated a position that essentially forced the United States to adjust the patent term to 20 years from filing to match the terms of the patents of the rest of the world's signatory countries.

Alas, as is so often the case, the well-intentioned and theoretically insubstantial change from 17 years from issue to 20 years from filing, when actually implemented, randomly wrought hardship on applicants who had done nothing to deserve punishment.

The U.S. Patent and Trademark Office (USPTO), in trying to accomplish its mission of protecting the public from unwarranted monopolies while encouraging inventors to bring forth advances in technology, experienced the vagaries of any large human enterprise. Consequently, the system in the aggregate functioned as intended, but individual parts broke down.

While perhaps philosophically satisfying on a macro scale, this observation was not terribly comforting if you were the individual whose part had broken down.

In particular, it happened not infrequently that inventors could wait four, five, six, even 10 years for their patents to issue, despite unwavering diligence on their part through the whole process.

A cry went up from the aggrieved as they watched their effective periods of coverage dwindle away.

So, Congress set about fine-tuning the engine. Henceforth, they said, we shall re-

store the term of those patents that have been held up in the USPTO through no fault of the applicant so that our original intent of a roughly 17-year period of effective coverage remains.

And so, Congress created a section in the "American Inventors Protection Act of 1999" relating to guidelines for patent-term adjustment of any application filed after May 29, 2000.

According to the patent-term adjustment section of the the protection act, in very general outline, the USPTO has 14 months to take up an application for first action, four months to reply to responses from the applicant and four months to issue a patent once the applicant has satisfied all the requirements.

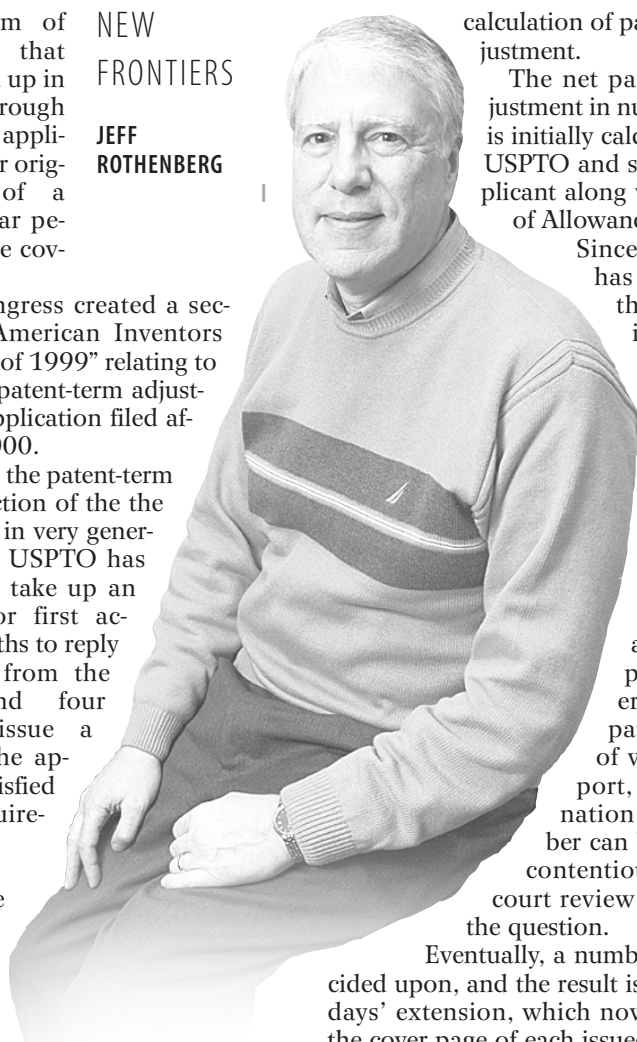
Superimposed on these deadlines is an overall requirement that the USPTO issue the patent within three years. The sum of the number of days that the USPTO goes beyond each of its statutory deadlines is to be added to the patent term.

But, before the measure of the USPTO's shortcomings can be added, the number of days that the applicant contributed to the delay by failure to timely respond to the USPTO's missives must first be subtracted.

The intent is to obtain a net patent-term adjustment that fairly reflects the efforts and failures of both parties to pursue efficient prosecution of the application.

In striving for fairness, Congress sacrificed simplicity and transparency. The complexity of pre-Copernican astronomical calculation pales in comparison to the

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calculation of patent-term adjustment.

The net patent-term adjustment in number of days is initially calculated by the USPTO and sent to the applicant along with a Notice of Allowance.

Since experience has shown that the number is incorrectly calculated by the USPTO in a large percentage of cases, particularly in procedurally complex cases, and since the period of coverage of a patent is often of very great import, the determination of the number can become quite contentious, and even court review is not out of the question.

Eventually, a number will be decided upon, and the result is a number of days' extension, which now appears on the cover page of each issued patent.

The life of a patent is thus 20 years plus the properly calculated extension. If the USPTO has been diligent, or if both parties have been equally lax, it will be exactly 20 years. The term is never reduced below 20 years by any action (or inaction) of either party in prosecution.

The principle is straightforward, but its application is often not. We leave to a future column the question of determining the date from which the 20-year or 20-year-plus extension term is calculated.

JEFF ROTHENBERG is managing partner of the intellectual property law firm **Heslin Rothenberg Farley & Mesiti P.C.** He can be reached at jr@hrfmlaw.com. **PHIL HANSEN**, a principal in the firm, contributed to this column.

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