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Federal Circuit Grants Patent Term Extensions

In a much anticipated decision, the Federal Circuit held yesterday that two pharmaceutical companies, Wyeth and Elan Pharma, were entitled to extended patent term adjustments because the U.S. Patent and Trademark Office failed to perform a correct calculation of the adjustment. *Wyeth v. Kappos*, No. 2009-1120 (Fed. Cir.). The decision has broad implications because the incorrect calculations were performed as a result of a flawed interpretation of the patent term adjustment statute, 35 U.S.C. sec. 154(b), that the USPTO was applying to all patentees.

Under section 154(b)(1)(A) (the "A clause"), the USPTO is supposed to extend the term of a patent one day for each day that the USPTO fails to meet certain examination deadlines. Under section 154(b)(1)(B), the USPTO is supposed to extend the term of a patent one day for each day issuance is delayed due to the USPTO's failure to issue a patent within three years after the actual filing date of the application. Section 154(b)(2)(A) provides that, to the extent that periods of delay overlap, the period of any adjustment granted shall not exceed the actual number of days the issuance of the patent was delayed.

Under the USPTO's interpretation of the overlap provision, the overlap between "A" adjustments and "B" adjustments could arise and begin during the first three years of a patent application. The effect of this interpretation was that the USPTO used the greater of the "A" delay and the "B" delay to determine the appropriate adjustment, but never combined the two. Wyeth and Elan disputed this interpretation, arguing that the period of delay for purposes of the B clause could not start until three years after an application's filing date.

The Federal Circuit agreed with Wyeth and Elan, holding that "[b]efore 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." Thus, if a patent application issues three years and thirty days after filing, and thirty days of A delay are incurred before the three-year mark, then the applicant is entitled to a sixty day adjustment.

The Federal Circuit did not indicate whether its holding will have any retroactive effect. Patent applicants who have recently received an issue notification should consider whether to request patent term adjustment in light of *Wyeth v. Kappos*.

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