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When Does An RCE Stop The PTA Clock?

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In *Novartis v. Lee* (Fed. Cir. 2014), the Federal Circuit agreed with the USPTO that "time spent in a continued examination" does not count towards the three years the USPTO is allotted to examine a patent before if it must award Patent Term Adjustment (PTA) for "B" delay. Under the USPTO's rules, filing a Request for Continued Examination (RCE) stops that PTA clock, but in *Ariad Pharmaceuticals, Inc. v. Matal*, the U.S. District Court for the Eastern District of Virginia found that the clock should keep running when the USPTO mishandles an RCE. So, exactly when does an RCE stop the PTA clock?

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The PTA Statute At Issue

The PTA statute at issue in this case is 35 USC § 154(b)(1)(B)(i), which provides:

(B) GUARANTEE OF NO MORE THAN 3-YEAR APPLICATION PENDENCY.- Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the United States Patent and Trademark Office to issue a patent within 3 years after the actual filing date of the application in the United States, ***not including***– **(i) any time consumed by continued examination of the application requested by the applicant under section 132(b)** ….

The USPTO's interpretation of this provision is set forth in 37 CFR § 1.703(b)(1):

(b) The period of adjustment under § 1.702(b) is the number of days, if any, in the period beginning on the day after the date that is three years after the date on which the application was filed under 35 USC 111(a) or the national stage commenced under 35 USC 371(b) or (f) in an international application and ending on the date a patent was issued, but ***not including*** the sum of the following periods:
(1) The number of days, if any, in the period beginning on the date on which a request for continued examination of the application under 35 USC 132(b) was filed and ending on the date the patent was issued ….

Thus, under the USPTO's rule, once an RCE is filed, the patent no longer accrues "B" delay, although it might still accrue "A" delay and/or "C" delay. (Please see **this article** for a more detailed discussion of this issue and the PTA framework.)

The Ariad Patent Prosecution History

The Ariad patent at issue is U.S. Patent No. 8, 114,874. During prosecution, Ariad filed an RCE, but the USPTO mishandled it and issued a Notice of Abandonment that took four months rescind:

06-10-2010	Date Forwarded to Examiner
02-12-2010	Request for Continued Examination (RCE)
06-10-2010	Disposal for a RCE / CPA / R129
02-12-2010	Request for Extension of Time - Granted
06-10-2010	Mail Notice of Rescinded Abandonment
06-10-2010	Notice of Rescinded Abandonment in TCs
05-13-2010	Mail-Petition to Revive Application - Granted
05-13-2010	Petition to Revive Application - Granted
03-29-2010	Reference capture on IDS
03-29-2010	Information Disclosure Statement (IDS) Filed
03-29-2010	Information Disclosure Statement (IDS) Filed
03-04-2010	Petition Entered
02-19-2010	Mail Abandonment for Failure to Respond to Office Action
02-04-2010	Examiner Interview Summary Record (PTOL - 413)
02-16-2010	Aband. for Failure to Respond to O. A.
02-12-2010	Workflow - Request for RCE - Begin
08-03-2009	Mail Final Rejection (PTOL - 326)

(Excerpt from the PAIR Transaction History record for U.S. Patent No. 8, 114,874)

When the USPTO calculated PTA for the patent, it applied Rule 703(b)(i) and excluded the entire time from the mishandled RCE to the subsequent Notice of Allowance from its "B" delay calculation.

The PTA Issue On Appeal

Ariad appealed the USPTO's PTA award to the U.S. District Court for the Eastern District of Virginia. The court summarized the issues presented as follows:

The PTO contends that "time consumed by continued examination" includes any time after the filing of an RCE, which occurred in February 2010, and as such, the time from February to June was properly excluded. ARIAD counters by arguing that time during which the PTO erroneously considered the application abandoned and therefore did not conduct continued examination should not be excluded and that this time should be credited to ARIAD as "B Delay."

The district court (Judge Ellis, III) found that the plain language of the statute and the purpose of the statute supported Ariad's position:

To begin with, it is important to note that Congress did not use the phrase—"time after the applicant filed a request for continued examination" … in the statutory text. Instead, Congress chose to draft the provision as "any time consumed by continued examination of the application requested by the applicant."

> Time cannot possibly be used in the course of continued examination where, as here, the PTO erroneously determines the application is abandoned and does not believe it has even received an RCE.

The court continued:

ARIAD's interpretation of the statute also comports with the purpose of this statutory provision. The legislative history of the AIPA suggests that Congress intended the "B Delay" exclusions to include delay attributable to the applicant, and not to the PTO.

> The delay here was indisputably attributable to the PTO; the delay was not the result of the applicant's request for continued examination but rather the delay in question was the result of the PTO's erroneous notice of abandonment.

The USPTO argued that under Ariad's interpretation it would be too burdensome to identify and account for days of actual continued examination (*e.g.*, days the examiner actually examined the application at issue), but the court did not require such a granular application of the statute:

If, as the statute suggests, "time consumed by continued examination" begins when the RCE is forwarded to the patent examiner, the PTO would not need to determine which days the patent examiner actually engaged in continued examination because the clock would begin to run as soon as the request was forwarded.

The court refused to give deference to the USPTO's construction, either as being "contrary to the plain language of an unambiguous statute" or as a procedural rule not entitled to *Chevron* deference.

Thus, the court granted summary judgment in favor of Ariad.

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The district court's decision seems fair on the facts presented. Why should Ariad be denied PTA for examination

delays due to the USPTO's errors? A question remains, however, as to whether the court's decision invalidates Rule 703(b)(i) in all cases, or only "as applied to these facts." Does the USPTO need to rewrite the rule to start the excluded time period on the date on which an application is forwarded to the examiner after an RCE has been filed? Or does it only need to account for a lack of post-RCE examination diligence when it mishandles an RCE?

Anecdotally, it appears that it typically may take a few days after an RCE is filed for an application to be forwarded to the examiner, at least according to Transaction History records on PAIR.