Two reasonable interpretations appear possible with respect to delays in civil actions under § 146, challenging a final, non-appellate decision of the Board in an interference. The delay in district court resulting from an action under § 146 is either included in delay of issuance of a patent "due to" an interference under § 135(a), or "appeal" is loosely used to include § 146 civil actions, just as in nonappellate civil actions filed in district court under § 145. It is preferable for purposes of clarity, and to preserve the symmetry of the statutory extension scheme, to include delay resulting from a § 146 civil action, an appeal from the district court judgment to the Federal Circuit, and any action in the Supreme Court, as included in the period of delay "due to" an interference under § 135(a).

The remaining theoretical possibility, that delay resulting from a § 146 action is excluded from the period included in the extension, conflict would appear with the statutory requirement that an extension be afforded for any delay "due to" an interference proceeding, and the PTO has agreed that "[p]roceedings under 35 U.S.C. 135(a) include any appeal to federal circuit." 59 Fed. Reg. 63957.

It should again be emphasized that the PTO's opinion on the interpretation of statutory mandates outside its particular administrative competence has been held entitled to no weight or deference. Because the statute expressly addresses § 146, a contrary interpretation of its "plain" meaning by the courts remains a possibility that cannot be ruled out until the Federal Circuit has construed this provision.

(a) Delays due to Successful Appeals to Board of Appeals and to Federal Courts

An important requirement of the statute is that an extension of patent term for appellate review is only afforded if a patent issues to the appellant "pursuant to a decision in the review reversing an adverse determination of patentability." If an appeal does not reverse at least one adverse determination of patentability, the delay resulting from the appeal is not included in the extension period. For example, if an appeal on an issue of patentability is unsuccessful and the appellant returns to *ex parte* prosecution to submit further amendment, evidence, or substantive argument, no extension results, and the patent term is reduced by the period of appellate delay. However, if the Board on appeal reverses any adverse determination of patentability, such as an anticipation rejection, but poses a new obviousness or indefiniteness rejection, or affirms another rejection posed by the examiner, the appellant should be entitled to an extension of term equal to the period of appellate delay, if the remaining rejections are ultimately overcome and a patent ultimately issues.

Under this interpretation, if two or more successful appeals are required to overcome adverse determinations of patentability, the delay resulting from multiple appeals should be cumulated to the maximum five-year limit.

A significant difference between an extension resulting from an appeal to the Board or a federal court under § 154(b)(2) and an interference under § 154(b)(1) is that no requirement of success applies to obtain benefit of the latter term extension. A party who loses an interference and returns to *ex parte* prosecution to obtain a patent to subject matter that is patentable over the lost count is equally entitled to an extension of term under

§ 154(b)(1) with the winning party who obtains a patent as a result of the favorable judgment in the interference.

(4) Appeal More Than Three Years After First Filed Application Under 35 U.S.C. § 120

A further limitation on the extension for appellate review is that the period of extension otherwise available under 35 U.S.C. § (b)(2) "shall be reduced by any time attributable to appellate review before the expiration of 3 years from the filing date of the application for patent." 35 U.S.C. § 154(b)(3)(B).

Evidently the reference to "the filing date of the application for patent" must be to the original filing date of a continuation, divisional, or continuation-in-part application claiming benefit under 35 U.S.C. §§ 102 or 121.

In any application that has been pending three years or more from the filing date of an original application, as defined under § 154(a)(2), any period of appeal will be subject to the term-extension provision.

Neither the statute nor the proposed regulation makes any distinction between appeals occurring before or after the effective date. For this reason, in calculating the term, if the term of a patent issuing on a continuation or divisional application filed after the effective date, and claiming benefit of an earlier original application, the delay in any appeal occurring more than three years after the earliest-claimed filing date should be included in the period of extension applicable to the final patent issuing after the effective date.

(5) Appeal Less Than Three Years Before Original Filing Date

Only in cases that have been pending less than three years from the original filing date will the period of appeal be reduced by any time on appeal prior to the expiration of the three-year period. The incentive to appeal in order to preserve as much of the 20-year term as possible is therefore not limited to applications pending more than three years. Thus, if an appeal is filed after an application has been pending for 34 months, and the appeal results in reversal of an adverse determination of patentability resulting in a final decision in favor of the applicant after 2 additional years, the period of term extension will be 22 months.

c. Determination of Period of Delay

With respect to determination of the period of delay in appeals under § 154(b)(2), the statute provides that the period of extension referred to in this paragraph "shall include any period beginning on the date on which an appeal is filed under section 134 or 141 of this title, or on which an action is commenced under section 145 of this title, and ending on the date of a final decision in favor of the applicant." 35 U.S.C. § 154(b)(3)(A).

Under the proposed implementing regulations, the period of extension resulting from appellate delay will be calculated as follows under 37 C.F.R. § 1.701(c)(3):

> The period of delay under paragraph (a)(3) of this section is the sum of the number of days, if any, in the period beginning on the date on which an appeal to the Board of Patent Appeals and Interferences was filed under 35 U.S.C. 134 and ending on the date of a final decision in favor of the applicant by the Board of Patent Appeals and Interferences or by a federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145.
>
> (d) The period of delay set forth in paragraph (c)(3) of this section shall be reduced by:

> (1) Any time calculated pursuant to paragraph (c)(3) of this section before the expiration of three years from the filing date of the first national application for patent presented for examination, and
>
> (2) Any time, as determined by the Commissioner, during which the applicant for patent did not act with due diligence. In determining the due diligence of an applicant, the Commissioner will examine the facts and circumstances of the applicant's actions during the pendency period of the application to determine whether the applicant exhibited that degree of timeliness as may reasonably be expected from, and which is ordinarily exercised by, a person during the pendency period of an application.

d. Effect of Terminal Disclaimer

Section 154(b)(2) requiring an extension of term to compensate for appellate delay further provides:

> A patent shall not be eligible for extension under this paragraph if it is subject to a terminal disclaimer due to the issue of another patent claiming subject matter that is not patentably distinct from that under appellate review.

This provision evidently establishes a blanket exclusion from extension applicable to any patent that is subject to a terminal disclaimer, based on another issued patent cited as the basis of a double patenting rejection, without regard to the relative length of appellate delay and the term disclaimed. A terminal disclaimer that surrenders only one month of patent term could therefore bar an extension of up to five years, otherwise available due to appellate delay.

With respect to the effect of a terminal disclaimer of the term of a patent issued pursuant to an appellate decision reversing an adverse determination of patentability, proposed 37 C.F.R. § 1.701(a) provides:

> (a) A patent, other than for designs, issued on an application filed on or after the implementation date is entitled to extension of the patent term if the issuance of the patent was delayed due to:
>
> . . .
>
> (3) Appellate review by the Board of Patent Appeals and Interferences or by a federal court under 35 U.S.C. 141 or 145, if the patent was issued pursuant to a decision reversing an adverse determination of patentability and if the patent is not subject to a terminal disclaimer due to the issuance of another patent claiming subject matter that is not patentably distinct from that under appellate review.

As further provided by proposed 37 C.F.R. § 1.701(b):

> The term of a patent entitled to extension under paragraph (a) of this section shall be extended for the sum of the periods of delay calculated under paragraphs (c)(1), (c)(2) and (c)(3) of this section, to the extent that these periods are not overlapping, up to a maximum of five years. The extension will run from the original expiration date of the patent **unless an earlier expiration date is set by terminal disclaimer** (§ 1.321).

(1) Extended Term of Patent Will Be Diminished by the Commissioner for Applicant's Lack of Due Diligence

A further and potentially serious reduction of the maximum five-year term of extension resulting from appellate delay under 35 U.S.C. § 154(b)(2) is the further requirement of 35 U.S.C. § 154(b)(3) that the period of extension "referred to in paragraph (2) . . . shall be reduced for the period of time during which the applicant for patent did not act with due diligence, as determined by the Commissioner." 35 U.S.C. § 154(b)(3)(C).

(a) Statute Limits Diminution Solely to Appeals, Not Interferences or Secrecy Orders

By its terms, the reduction of term for lack of due diligence applies *solely* to the period of extension for appellate delay referred to in § 154(b)(2) and does not apply to any extension for delay resulting from interferences or secrecy orders under § 154(b)(1). The PTO lacks statutory authority to reduce the extension mandated in interferences and secrecy orders, for any reason, including lack of diligence of the applicant.

(b) Proposed PTO Interpretation

In the commentary on the proposed regulations, the PTO has adopted an interpretation of the statutory due diligence requirement that extends far beyond the limited sphere of 35 U.S.C. § 154(b)(2), to include any act in the entire period from the original filing of a patent application until an appeal is taken, in which the applicant extended the term of prosecution:

> The standard for determining due diligence is whether the applicant exhibited that degree of timeliness as may reasonably be expected from, and which is ordinarily exercised by, a person during the pendency period of the application. Examples of what may constitute lack of due diligence for this purpose include requests for extensions of time to respond to Office communications, submission of a response which is not fully responsive to an Office communication, and filing of informal applications.

This harsh interpretation of the modest reduction of the due diligence limitation would extend even to routine extensions of time expressly permitted by 37 C.F.R. § 1.136 for responses to Office Actions. Because the reduction of the extension available for appeal taken in a final application could take into account and cumulate requests for extensions of

time to respond extending over the entire prosecution history of a series of continuation or divisional applications, there are instances in which the extension mandated by statute for appellate delay would be entirely consumed by non-appellate lack of "due diligence," determined at the discretion of an army of examiners, each with a personal standard for determining "that degree of timeliness as may reasonably be expected from, and which is ordinarily exercised by," a patent applicant.

Unless this provision is revised in the final rules, "due diligence" requirement will impose a higher standard of timeliness on an applicant than the applicable rules of practice, which expressly permit routine extensions of time and filing of incomplete or otherwise informal applications.

Until this issue is resolved, either by revision of the proposed guidelines or administrative practice, applicants take *any delay* in prosecution, including a routine request for extension of time, at the peril of losing term extension resulting entirely from *PTO's delay* on appeal. Applicants may wish to consider returning to the practice of requesting extensions from the examiner or group director, explaining in detail in each instance the reasons why an extension of time is required and does not detract from "due diligence." One difficulty with this approach is that 37 C.F.R. § 1.136(b) only permits an extension of time "for sufficient cause" when an automatic extension of time cannot be obtained by payment of a fee. A further difficulty is the possibility that Examiners and Group Directors will consider repeated requests for routine extensions to be a waste of their time, and respond with hostility to a barrage of extension of time requests.

(2) No Petition for Extension Required

In order to obtain an extension of patent term resulting from prosecution delay, it is not necessary to file a request with the PTO. The commentary on the proposed guidelines explains:

> The extension of patent term is automatic by operation of law. It is currently anticipated that applicant would be advised as to the length of any patent term extension at the time of receiving the Notice of Allowance and Issue Fee Due.

59 Fed. Reg. 63,957.

The PTO thus concedes that the statute does not require it determine the term of extension or vest in it discretion to determine the term of a patent that is automatically extended by operation of law under § 154(b).

(3) Remedy if Commissioner's Calculation is Incorrect or Based on Nonstatutory Delay: Petition

Further, the PTO commentary indicates that if an applicant does not agree with the "advice" of the PTO as to the length of patent-term extension, "[r]eview of any determination as to the length of patent term extension would be by way of petition under § 1.181." 59 Fed. Reg. 63,957.

If the sole remedy for a miscalculation of patent term is by petition to the Commissioner, an applicant dissatisfied with the "advice" of the PTO should carefully consider the most advantageous course of action.

No statutory provision requires an extension of time for delay resulting from petition to the Commissioner or from pre-issuance civil actions in district court challenging the determination of the Commissioner, on petition. In view of the expansive use of the term

"appellate review . . . by a Federal court" to include civil actions under 35 U.S.C. §§ 145 and 146, the statutory language possibly could encompass district court review of an adverse determination on petition by the Commissioner. This issue is further clouded by the question whether an adverse determination with respect to the *patent term* could even be an "adverse determination of patentability" under § 154(b)(2) (which appears doubtful), but this is the only statutory basis for extension resulting from appellate reversal.

If the statutory term-extension provisions are mandatory and self-executing, and the only discretion vested in the PTO is to reduce the extension for appellate delay due to a period of lack of diligence occurring on appeal, an applicant may be better advised to obtain an issued patent and then raise the issue of an incorrect PTO advisory opinion as to the patent term in district court infringement litigation or a declaratory judgment action under 28 U.S.C. § 1338 after issuance challenging the incorrect PTO term determination.

IV. LIMITED RIGHT TO CONTINUE PROSECUTION AND TO NOT HAVE TO DIVIDE OUT RESTRICTED INVENTIONS

The right to a term of 17 years from issuance will be lost if an applicant is forced to file a continuation, divisional, or continuation-in-part application after June 7, 1995. The Act provides some limited options for applicants with old applications to improve their opportunity to have a patent issue from a parent application filed before June 8, 1995, and thereby obtain a term of 17 years from issue.

Two such mechanisms are provided. First, an applicant can avoid the need to file a continuing application in an application under final rejection that has been pending at least two years. Second, in what is likely to be a small number of cases, an applicant can

avoid the need to file a divisional application to prosecute inventions subject to a restriction requirement, but only if the application has been pending at least three years, and the restriction requirement issues on or after April 8, 1995.

These transitional opportunities to continue some prosecution without filing a continuation may reduce the impact of the conversion to the 20-year term in certain fields of technology such as biotechnology. Patent applications for biotechnology inventions have often been subject to long delays during prosecution and multiple restriction requirements, and the examination practice has essentially forced applicants to file continuations in order to continue the protracted prosecution.

It should be noted, however, that both these options are expensive, since they require the payment of a $730 fee. There is no reduction in the fee for a small entity. Indeed, where multiple independent and distinct inventions are subject to restriction requirement, the fee will be $730 for each invention examined.

A. Limited Reexamination

1. Applications Pending Two or More Years on June 8, 1995 May Continue Prosecution After Final Rejection

Applications (but not reissue or design applications) pending **two** or more years on June 8, 1995, may continue to be prosecuted after final rejection, thereby eliminating need to file a continuation. This practice is authorized by § 532(a)(2)(A) of the Act.[60]

Limited examination after final is available only to applications that have been pending for at least **two years** as of June 8, 1995. Therefore, applications filed on or before **June 8, 1993**, taking into account any references to earlier-filed applications under 35 U.S.C. §§ 120, 121, and 365(c), are entitled to have considered on the merits two "submissions" after a final rejection by the examiner. The "submissions" may include: (1) an information disclosure statement, (2) an amendment, (3) new evidence, and (4) new arguments.

The right to have the submission considered is subject, however, to some restrictions. First, the submission must be made prior to or simultaneously with the filing of a notice of appeal. Second, the submission must be made prior to the abandonment of the application. Third, the applicant must submit the fee of $730.00 set forth in 37 C.F.R. § 1.17(r) within one month from the date the Office notifies the applicant that it will not enter a response after final.

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[60] (A) The Commissioner of Patents and Trademarks shall prescribe regulations to provide for further limited reexamination of applications that have been pending for 2 years or longer as of the effective date of section 154(a)(2) of title 35, United States Code, as added by paragraph (1) of this subsection, taking into account any reference made in such application to any earlier filed application under section 120, 121, or 365(c) of such title. The Commissioner may establish appropriate fees for such further limited reexamination.

If these three criteria are met, the Office must consider the submission. Once the fee in proposed 37 C.F.R. § 1.17(r) has been twice paid, the application is treated as a regular application under final as it is under the current practice set forth in 37 C.F.R. § 1.116.

The procedure proposed by the PTO for this additional examination after final is set forth in proposed new Rule 129(a).[61] The PTO has interpreted this proposed rule as follows:[62]

> Paragraph (a) of proposed § 1.129 would provide for limited reexamination in certain applications pending for 2 years or longer as of the effective date of 35 U.S.C. 154(a)(2), taking into account any reference to any earlier application under 35 U.S.C. 120, 121 or 365(c). Under the proposed procedure, an applicant would be entitled to have a first submission entered and considered on the merits after final rejection if (1) the submission is filed prior to or simultaneously with the filing of a notice of appeal and prior to abandonment of the application and (2) the $730.00 fee set forth in proposed § 1.17(r) is paid within one month of any written notification from the Office refusing entry of the first submission and prior to abandonment of the application. If applicant complies with the requirements of the proposed rule, the finality of the previous rejection would be withdrawn and the submission would be entered and considered on the merits to the extent that the submission would have been considered if made prior to final rejection. The subsequent Office action could be made final under existing Office practice. If a subsequent final rejection is made in the application, applicant would be entitled to have a second submission entered and considered on the merits under the same conditions set forth for consideration of the first submission. Paragraph (a) would also define the term "submission" as including, but not limited to, an information disclosure statement, an amendment to the written description, claims or drawings and a new substantive

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61 59 Fed. Reg. 63,964 (Appendix E).

62 59 Fed. Reg. 63,956.

> argument or new evidence in support of patentability. For example, the submission may include an amendment, a new substantive argument and an information disclosure statement. In view of the $730.00 fee required in proposed § 1.17(r), any information disclosure statement previously refused consideration in the application because of applicant's failure to provide the certification under § 1.97(e) or to pay the fee set forth in § 1.17(p) or which is filed as part of either the first or second submission would be treated as though it had been filed within one of the time periods set forth in § 1.97(b) and would be considered without the petition and petition fee required in § 1.97(d), if it complies with the requirements of § 1.98.

This procedure would not be applicable to applications on appeal as of June 8, 1995, and would not apply to responses filed after a Notice of Appeal. (*See* Proposed Rule 129(a).)

B. Limited Waiver of Restriction Requirement

Some applications pending **three** or more years as of June 8, 1995, having a plurality of "independent and distinct" inventions may be examined without enforcing an outstanding restriction requirement. This practice is authorized by § 532(a)(2)(B) of the Act.[63] This practice is limited by the Adminstrative Action Statement, which excludes restriction requirements issued more than two months before June 8, 1995. Thus, only "late" restriction requirements that issue on or after April 8, 1995, will qualify for this procedure.

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[63] (B) The Commissioner of Patents and Trademarks shall prescribe regulations to provide for the examination of more than 1 independent and distinct invention in an application that has been pending for 3 years or longer as of the effective date of section 154(a)(2) of title 35, United States Code, as added by paragraph (1) of this subsection, taking into account any reference made in such application to any earlier filed application under section 120, 121, or 365(c) of such title. The Commissioner may establish appropriate fees for such examination.

The proposed regulations, set forth in proposed Rule 129(b), provide that a restriction requirement shall not be made or maintained in an application pending for at least three years on June 8, 1995, unless the requirement was first made in the application or any earlier-filed application more than two months prior to that date.[64] The proposed PTO rule permits maintenance of earlier restriction made before April 8, 1995. It only applies to "late" restriction requirements issued after April 8, 1995. Therefore this option is very limited. Note, however, that this option will apply to restriction requirements issued after June 8, 1995 in applications that satisfy the requirements of Rule 129(b).

For an application, other than a reissue or design application, filed before June 8, 1992, no restriction requirement will be maintained by the PTO unless (1) the restriction requirement was issued before April 8, 1995, (2) the examiner has not issued an Office Action in the application due to actions by the applicant (e.g., suspending examination), or (3) the fee of $730.00 required for examination of each additional invention was not paid.

If the application contains more than one distinct invention and does not fall within the exceptions noted above, the examiner will withdraw the restriction requirement and provide the applicant one month in which to pay the fee of $730.00 under 37 C.F.R. § 1.17(s) for examination of each distinct invention in excess of one. If the applicant chooses not to pay the fee, the applicant may later file a divisional application under 35 U.S.C. § 121.

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[64] Proposed 37 C.F.R. § 1.129(b), 59 Fed. Reg. 63964. A restriction requirement is also permitted where the examiner has not issued any office action in the application due to actions by the applicant, or where the required fee for examination of each additional invention was not paid. *Id.*

Proposed Rule 129(b) does not apply in those applications that have not been acted on by the examiner because of some action taken by applicant, e.g., applicant filed a series of continuing applications before an action was issued.

The PTO has interpreted the proposed new Rule 129(b) as follows:[65]

> Paragraph (b) of proposed § 1.129 would provide for examination of more than one independent and distinct invention in certain applications pending for 3 years or longer as of the effective date of 35 U.S.C. 154(a)(2), taking into account any reference to any earlier application under 35 U.S.C. 120, 121 or 365(c). Under the proposed procedure, a requirement for restriction or for the filing of divisional applications would only be made or maintained in the application after the effective date of 35 U.S.C. 154(a)(2) if: (1) The requirement was made in the application or in an earlier application relied on under 35 U.S.C. 120, 121 or 365(c) more than two months prior to the effective date; (2) the examiner has not issued any Office action in the application due to actions by the applicant; or (3) the required fee for examination of each additional invention was not paid. If the application contains claims to more than one independent and {pg 63957} distinct invention, and no requirement for restriction or for the filing of divisional applications can be made or maintained as a result of proposed § 1.129(b), applicant will be notified and given a one month time period to pay the $730.00 fee set forth in proposed § 1.17(s) for each independent and distinct invention claimed in the application in excess of one. The fee set forth in proposed § 1.17(s) would not be subject to the 50 percent reduction for a small entity. The additional inventions for which the required fee under § 1.17(s) has not been paid would be withdrawn from consideration under § 1.142(b). An applicant who desires examination of an invention so withdrawn from consideration can file a divisional application under 35 U.S.C. 121.

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[65] 59 Fed. Reg. 63,956-57.

V. PROVISIONAL U.S. APPLICATIONS AND THE NEW DOMESTIC PRIORITY SYSTEM

The Act establishes a new system of "domestic priority" under § 119, which permits applicants to file a "provisional" application in the United States,[66] followed up to 12 months later by a regular U.S. patent application.[67] The Statement of Administrative Action explains that the purpose of the provisional application is to "ensure that applicants who file originally in the United States are not placed at a disadvantage in relation to applicants who file originally in foreign countries."

The most notable feature of provisional applications is that the patent term does not start with the provisional's filing date,[68] but rather from the filing date of the regular application that claims benefit of the provisional application. Nevertheless, the priority afforded by filing the provisional application provides a protective "shield" against prior art dated after the filing date of the provisional application and possibly an offensive "sword" against later-filed applications of others. The new statutory language providing for provisional applications reads as follows:

> **35 U.S.C. § 111(b)**
>
> PROVISIONAL APPLICATION.—
>
> (1) AUTHORIZATION.—A provisional application for patent shall be made or authorized to be made by the inventor, except as otherwise provided in this title, in writing to the Commissioner. Such application shall include—

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[66] 35 U.S.C. § 111(b) .

[67] 35 U.S.C. § 111(a).

[68] 35 U.S.C. § 154(a)(3).

(A) a specification as prescribed by the first paragraph of section 112 of this title; and

(B) a drawing as prescribed by section 113 of this title.

(2) CLAIM.— A claim, as required by the second through fifth paragraphs of section 112, shall not be required in a provisional application.

(3) FEE.— (A) The application must be accompanied by the fee required by law.

(B) The fee may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Commissioner.

(C) Upon failure to submit the fee within such prescribed period, the application shall be regarded as abandoned, unless it is shown to the satisfaction of the Commissioner that the delay in submitting the fee was unavoidable or unintentional.

(4) FILING DATE.— The filing date of a provisional application shall be the date on which the specification and any required drawing are received in the Patent and Trademark Office.

(5) ABANDONMENT.— The provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter.

(6) OTHER BASIS FOR PROVISIONAL APPLICATION.—Subject to all the conditions in this subsection and section 119(e) of this title, and as prescribed by the Commissioner, an application for patent filed under subsection (a) may be treated as a provisional application for patent.

(7) NO RIGHT OF PRIORITY OR BENEFIT OF EARLIEST FILING DATE.—A provisional application shall not be entitled to the right of priority of any other application under section 119 or 365(a) of this title or to the benefit of an earlier filing date in the United States under section 120, 121, or 365(c) of this title.

(8) APPLICABLE PROVISIONS.—The provisions of this title relating to applications for patent shall apply to provisional applications for patent, except as otherwise provided, and except that provisional applications for patent shall not be subject to sections 115, 131, 135, and 157 of this title.

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A. The Provisional Application's Filing Date Is Not Part of the Calculation of 20-year Term

Provisional applications will put U.S. applicants on an equal footing with their foreign inventor counterparts regarding the expiration date of a U.S. patent, a point significant enough to be expressed in the Statement of Administrative Action. The most important aspect of this parity is that the filing date of the provisional application does not start the 20 year clock.

According to new § 154(a)(3), "Priority under section 119, 365(a), or 365(b) of this title shall not be taken into account in determining the term of a patent." Thus, a U.S. patent issuing from an application that has a priority claim to a provisional application can receive a term that expires up to 21 years from the date of filing of the provisional application, i.e., 20 years from the filing of the "regular" application plus the one-year pendency of the provisional application.

B. A Provisional Application Provides Priority Under New § 119(e)(1)

The new priority system comes into play through new § 119(e), which allows for the claiming of priority based on the date of the provisional application. New § 119(e)(1) provides:

> An application for patent filed under section 111(a) or section 363 of this title for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in a provisional application filed under section 111(b) of this title, by an inventor or inventors named in the provisional application, shall have the same effect, as to such invention, as though filed on the date of the provisional application filed under section 111(b) of this title, if the application for patent filed under section 111(a) or section 363 of this title is filed not later than 12 months after the date on which the provisional application was filed and if it contains or is amended to contain a specific reference to the provisional application.

In other words, applicants may use the date of the provisional application under § 119(e) as a "shield" against intervening prior art. Of course, such protection can be obtained only if the applicant files a "regular" patent application under 35 U.S.C. § 111(a) not later than 12 months after the filing date of the provisional application and if the applicant specifically refers to the provisional application in the "regular" application.

C. The Relationship Between a Provisional Application and Applications Filed Earlier Under § 119, § 120, and the PCT

A provisional application is not entitled to the right of priority under 35 U.S.C. § 119.[69] Thus, a provisional application cannot claim benefit of the filing date of an earlier-filed foreign application. Similarly, a provisional application is not entitled to the benefit of an earlier U.S. application or earlier PCT application under any of §§ 120, 121, or 365(c).

If one decides nonetheless to file a provisional application based on a previously filed foreign, U.S., or PCT application, the applicant must realize that she may be giving up the benefit of those earlier filing dates and risk exposure to intervening art.

D. Provisional Applications Provide an Early § 102(e)/102(g) Date for Foreign Applicants: A Path Around the *Hilmer* Doctrine

Under current law, when an application "filed in the United States" issues as a patent, it becomes prior art under 35 U.S.C. § 102(e) as of its U.S. filing date against all other applicants. Where the patent claims benefit of a foreign application under § 119, that patent is still prior art as of its *U.S. filing date*, but not as of the date when the foreign priority application was filed.

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[69] 35 U.S.C. § 111(b)(7).

This rule was created judicially in *In re Hilmer*, 359 F.2d 859, 149 U.S.P.Q. 480 (C.C.P.A. 1966), basically on the theory that § 119 relates only to protective priority rights to "save" the applicant but is not, except in the context of an interference, a patent-defeating provision. *Hilmer* thus denied prior art benefit to a § 119 foreign priority application.

In the second *Hilmer* case, *In re Hilmer*, 165 U.S.P.Q. 255 (C.C.P.A. 1970), the court held that the foreign priority document did not create, for the subject matter of the claims, patent-defeating prior art in the U.S.

It appears that a provisional application would be a § 102(e) reference as of its filing date because the provisional application is an application filed in the United States. However, one could argue that the original policy consideration underlying § 102(e) does not apply. Since the provisional application is not examined, it could not possibly have issued on the day it is filed even if the PTO were 100% efficient. Further, one could argue that since priority to the provisional application is claimed under § 119, that the rationale of *Hilmer*, that § 119 and § 102(e) are totally unrelated still applies.

However, it is not clear how these arguments will come out. Even if the provisional application is ultimately held not to create a § 102(e) date, does it create a patent-defeating date under § 102(g)?

In the second *Hilmer* case, the court reiterated that § 119 and § 102(g) are entirely different. However, the court also emphasized that the foreign application was not actually filed in the United States and thus did not satisfy the requirements of § 102(g). Since the provisional application is provided for in the "application" section of the statute, and since the statute requires that inventors be designated, one can argue that the filing of the provisional

application constitutes a constructive reduction to practice in the United States of the inventions disclosed therein. A counterargument would be that the *Hilmer* distinction between § 119 and § 102 is still valid and that the provisional application is more like a foreign priority application than like a regular application. Thus, although there is some doubt, a provisional application may provide a mechanism for a foreign applicant to circumvent the *Hilmer* doctrine.

When the applicant first files a foreign application, the very same application could be filed simultaneously in the U.S. as a provisional application. Then, when the foreign applicant files its U.S. application within one year, it could claim benefit under § 119 of both the foreign priority application and the provisional application. For as little as $150 ($75 for a small entity)[70] the foreign applicant could very possibly establish the earliest possible effective date for at least the subject matter of the claims of its application as prior art against others in the U.S under § 102(e)/(g).

As is evident from this discussion, although a provisional application cannot claim any benefit under § 119 to an earlier-filed foreign application, this does not have to be an impediment to using a provisional application in an effort to attempt to establish an early § 102(e)/(g) date. In particular, if the foreign inventor files the provisional application on the same day that the foreign priority application is filed abroad, or shortly thereafter, then the applicant can claim priority from both applications or rely solely on the provisional application, and it is irrelevant that the provisional application will not have benefit of the foreign application under § 119.

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[70] Proposed 37 C.F.R. § 1.16(k).

E. The Provisional Application Must Satisfy 35 U.S.C. § 112, Paragraph 1

The statute provides expressly that a provisional application must satisfy the *first* paragraph of 35 U.S.C § 112. § 111(b)(1)(A). Thus, the specification must include a "written description" of the invention, must enable a person skilled in the art to make and use the invention, and must include the best mode known to the inventors at the filing for carrying out the invention.

This raises numerous issues. With respect to both enablement and best mode, what has to be enabled and what measures whether the best mode was in fact disclosed? Based on the discussion below with respect to inventorship, one might initially worry that all inventions "disclosed" have to be enabled and the best mode of those inventions has to be set forth.

In reality, however, a main purpose of a provisional application is to provide domestic priority for a later-filed "regular" application that will contain claims. Under well-accepted legal principles such as are enunciated in the Federal Circuit's decision in *In re Gostelli*,[71] one would think that benefit of the provisional filing date under § 119 will be obtained if there is full § 112, first paragraph, support for the invention **claimed** in the regular application and if the best mode of **what is claimed** is disclosed.

F. The Provisional Application Shall Include Drawings Under § 113

Section 111(b)(1)(B) provides that a provisional application shall include a drawing as "prescribed" by § 113.

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[71] 872 F.2d 1008, 10 U.S.P.Q.2d 1164 (Fed. Cir. 1989).

Again, the issue is raised as to what subject matter needs to be drawn. Section 113 requires that the applicant furnish a drawing where necessary for the understanding of the subject matter sought to be patented.

In a provisional application, no claims need be included, thus rendering it somewhat difficult to decide what is the subject matter sought to be patented. The solution, again, is most likely a practical one. Those drawings necessary for the understanding of the subject matter that may ultimately be claimed in a regular application should be included in the provisional application.

G. What Is Not Needed?

1. Claims

Unlike "regular" applications, § 111(b)(2) provides that the provisional application need not include claims. Thus, *pro se* applicants may find filing provisional applications to be a particularly useful way to establish a filing date because the cost is low and the complexities of claim drafting are avoided.

2. Oath

The provisional application need not include an oath as otherwise required by § 115. Section 111(b)(8) states that provisional applications are not subject to § 115. Nonetheless, the cover sheet that accompanies a provisional application must provide the names of the inventors, which raises a host of issues, discussed below.

3. Information Disclosure Statement

According to § 111(b)(8), the provisional application is not subject to § 131, the section providing for examination of an application. Thus, the applicant need not file the Information Disclosure Statement otherwise required during prosecution.

H. Inventorship

Section 111(b)(1) states that the provisional application "shall be made or authorized to be made by the inventor." Accordingly, the rules governing provisional applications require a cover sheet that lists the inventors.[72]

1. Who Should Be Named?

To select inventors for inclusion on the cover sheet, proposed rule § 1.45(c) specifies that "[i]f multiple inventors are named in a provisional application, each named inventor must have made a contribution, individually or jointly, to the subject matter **disclosed** in the provisional application" (emphasis added). This is different from the existing and proposed rule for "regular" applications under § 111(a), where each named inventor must have made a contribution to the subject matter of "at least one claim." The PTO explains that the latter rule would be inappropriate for provisional applications, since provisional applications may be filed without claims.[73] As in all other inventorship determinations, good faith and absence of deceptive intent are key.

The identity of all persons who made a contribution to the subject matter **disclosed** may be different, however, from those persons who would have contributed to at least one

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[72] *See* proposed 37 C.F.R. § 1.51(a)(2) (Appendix E).

[73] 59 Fed. Reg. 63,953.

claim. For instance, it is common practice to refer to or incorporate by reference the published or sometimes even the unpublished work of others, often for purposes of ensuring that the enablement or best mode requirement is met.

To get an idea of some of the issues raised by this requirement to name inventors in provisional applications, consider the following example. *X* and *Y* jointly conceive and reduce to practice a new chemical compound, a new method for making the compound, and a cosmetic use for that compound, all of which are disclosed in a provisional application. For making various starting materials, suppose that various patents of *A, B,* and *C* are also disclosed in the provisional application.

Since the proposed rules provide no guideline other than that given in § 1.45(c), one might argue that the inventors to be named in the provisional application are not only *X* and *Y*, but also *A, B,* and *C*. Depending on how many patents or literature articles are cited, one can conjure up the notion that certain provisional applications might have a large number of inventors, maybe even 20 or 30.

Designation of so many inventors raises some interesting issues that might, but should not, limit the ability to file provisional applications. As discussed earlier, no oath or declaration is required. Thus, the entity filing the provisional application in the example above presumably does not have to obtain signed declarations from inventors *A, B,* and *C,* whom we will assume have absolutely no affiliation with the entity *JKL* for which X and *Y* work.

However, it is clear that provisional applications can be assigned. In particular, proposed Rule § 3.21 specifically refers to requirements relating to the assignment of a

provisional application and states that if the assignment is executed before the provisional application is filed, the assignment must identify by name each inventor so that there is no mistake as to the provisional application intended. Presumably, therefore, the rules intend for all inventors to sign such an assignment.

How can this practically be possible in the example set forth above? Why would *A*, *B*, and *C*, assuming they are available, want to assign whatever rights they have in the provisional application to the totally unrelated entity *JKL* that employs X and *Y*? Payment to *A*, *B*, and *C* by *JKL* might not even necessarily supply the requisite motivation to sign, particularly if *A*, *B*, and *C* work for any competitors of *JKL*.

In addition, new § 111(b)(1) states that the provisional application "shall be made or authorized to be made by the inventor." Is a listing of all the inventors enough to satisfy this, as the PTO's proposed rules seem to assume? If not, as discussed above, A, B, and C might choose not to authorize *JKL* to file the provisional application in their names.

It does not appear that such conundrums were thought of in the rush to include provisional applications in the GATT/TRIPs implementing legislation package. Perhaps *JKL*, however, has a couple of ways to circumvent this apparent dilemma. Consider two possibilities.

First, if one assumes that the requirements of § 111(b)(1) are met by merely listing the inventors' names, even if some have never even been notified that the provisional application has been prepared and filed, *JKL* could file no assignment document. At the end of the 12-month period, *JKL* could then file a regular patent application, presenting claims to subject

matter that is the invention of only *X* and *Y*, claiming benefit under § 119(e) of the provisional, and having *X* and *Y* assign the regular application to *JKL*.

A later-filed complete application may claim priority benefits under new § 119(e)(1) based on a copending provisional application so long as the applications have at least one inventor in common.[74] In this example, these requirements would be met.

Alternatively, the initial application could be filed as a regular application with claims to subject matter that is the invention of only *X* and *Y* and assigned by *X* and *Y* to *JKL*. According to new § 111(b)(6), a regular application can be treated as a provisional application for patent, "[s]ubject to all the conditions in this subsection and section 119(e) of this title, and as prescribed by the Commissioner."[75] In other words, a regular application can be converted to a provisional application.

Proposed Rule 53(b)(2)(ii) facilitates such a conversion, provided that a petition requesting the conversion is timely filed. There is no mention in the proposed rules that the petition has to identify all the inventors of the *nunc pro tunc* provisional application or that any authorization from inventors other than *X* and *Y* must be obtained.

As a practical matter, it would seem that these two alternatives, or some equivalent thereof, must be followed. The Statement of Administrative Action emphasizes:

> Provision of a domestic priority right is important to ensure that applicants who file originally in the United States are not placed at a disadvantage in relation to applicants who file originally in foreign countries.

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[74] Proposed Rules, 59 Fed. Reg. at 63,954.

[75] A disadvantage to this approach is that a full $730 filing fee would be required for the initial application rather than the reduced $150 fee for a provisional application.

Thus, with respect to inventorship, what probably matters is that the inventors be named who will ultimately be the inventors of subject matter claimed when a regular application is filed and that the best mode they know of practicing the invention be disclosed.

Applicants who file in foreign countries generally file in the name of a company because, in first-to-file systems, inventorship is not nearly as important as it is in the U.S.[76] Thus, to impose impractical requirements on provisional applicants for obtaining authorization of those who are inventors only of disclosed information that does not relate to the invention that will ultimately be claimed frustrates in large part the purpose behind establishing provisional applications.

2. Practical Problems

a. Assignment

If the provisional application is assigned as provided by proposed Rule § 3.21, and the assignment is executed before the provisional application is filed, the assignment must identify each inventor by name. This avoids any mistake as to the provisional application intended to be assigned. Presumably, therefore, the rules intend for all inventors to sign such an assignment.

If the applicant listed those "others" and wanted to assign the application before filing, the initial application could simply be filed as a regular application with claims. Thus, only those inventors who contributed to the claimed invention need execute the assignment document.

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[76] The Patent and Copyright Clause of the U.S. Constitution, art. 1, § 8, cl. 8, gives Congress the power to grant exclusive rights to inventions, i.e., patents, only to "inventors."

According to new § 111(b)(6), a regular application can be converted to a provisional application for patent, "[s]ubject to all the conditions in this subsection and section 119(e) of this title, and as prescribed by the Commissioner . . . ." Thus, the first application could be converted to a provisional application in due course and the practical problem related to assignment would never arise.

b. Best Mode

Any difficulty in naming inventors will be echoed in providing the best mode. Because the specification must provide the best mode known to "the inventors," uncertainty in naming inventors creates uncertainty in providing the best mode. To minimize the problem, one should again consider what inventions will be claimed ultimately, identify the appropriate inventors of those claims, and provide the best mode known to those inventors.

I. No Requirement to File in English?

Like regular U.S. applications, a provisional application need not be filed in English.[77] However, the PTO can, and may, require the filing of a verified English translation of the application by a time certain.[78]

If the PTO should require English translations of provisional applications within the one-year life of the provisional application, this would greatly increase the expense and thus reduce the utility of provisional applications for non-English-speaking foreign applicants.

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[77] 37 C.F.R. § 1.52(d).

[78] 37 C.F.R. § 1.52(d). *See also* Charles Van Horn, in the videotaped *AIPLA CLE Program: Uruguay Round Agreements Act*, suggesting that the PTO may well require a translation within a specified period of time to avoid abandonment.

The Act, moreover, makes clear that provisional applications are not to be examined. So how could the PTO find a statutory basis for examining such applications for language?

If the PTO does not require translations during the pendency of provisional applications, applicants who have filed in other languages should, of course, expect that a translation may be required during the examination of the regular application to enable the examiner to determine whether the provisional application satisfies the requirements of § 112, first paragraph.

J. Conversion of Regular Application to a Provisional

"Regular" applications filed under § 111(a) can be converted to "provisional" applications in accord with new § 111(b)(6), which expressly provides that "an application for patent filed under subsection (a) may be treated as a provisional application for patent." If a "regular" application is filed and later converted to a provisional, an interesting question is whether the conversion deprives the application of § 102(e)/(g).

Another issue is whether a regular application that itself claimed § 119 benefit of an earlier-filed foreign application can be converted under the new law to a provisional application, accompanied, of course, by the timely filing of a second regular application claiming benefit under new § 119(e)(1) of the filing date of the "first regular application." Our best guess is yes, subject of course, to the fact that the conversion of the "first regular application" will cause that application to lose § 119 date benefit of the earlier-filed foreign application. This raises issues of intervening prior art that should be evaluated before any such conversion takes place.

a. When?

Provisional status will be available on or after June 8, 1995. As of that date, one may file a provisional application. Presumably, one cannot convert a regular application filed before June 8 to a provisional application. Any regular application filed on or after June 8, 1995, however, can be converted to a provisional application not later than 12 months after filing.

b. How?

Proposed rule § 1.53(b)(2)(ii) provides a mechanism, namely a petition and fee of $50.00 ($25 if small entity), for converting an application into a provisional.[79] The petition must be filed prior to the earlier of either the payment of the issue fee or the expiration of 12 months after the filing date of the provisional application. The grant of the petition does not entitle the applicant to any refund of the application filing fee.

As an example, consider an application filed under § 111(a) on June 8, 1995. On June 8, 1996, the inventor files a second application under § 111(b)(6), which could be (but need not be) identical to the first application, claiming benefit of the first application under § 119(e)(1). The inventor would also petition to convert the first application to a provisional application. The first application, having been converted to a "provisional," will then go abandoned at one year from filing. The second application will be entitled to benefit of the June 8, 1995, filing date under § 119.

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[79] Proposed 37 C.F.R. § 1.17(q).

c. Why?

The advantages of this strategy are many. First and foremost, the applicant can measure the term of the patent from June 8, 1996, not June 8, 1995. As explained above, the date of the provisional application is not the "filing date" for purposes of measuring the term.

Further, as discussd above, the applicant also possibly gains a June 8, 1995, § 102(e)/(g) date, a "sword" that can be used offensively against others. In addition, via § 119, the applicant gains a June 8, 1995, filing date, a "shield" which can be used against intervening prior art.

Additionally, if the first application was filed as a "regular" § 111(a) application, the PTO may have issued a first Office Action. This would give the applicant the added advantage of knowing the prior art likely to be applied before prosecution of the second application even begins.

d. Why Not?

One disadvantage to the strategy is a financial one: The difference between the higher fee for a regular application and the lower fee for a provisional application will not be refunded when the § 111(a) application is converted to a provisional application.[80] Indeed, one must pay a $50/$25 fee for the conversion.

Thus, filing a regular application, converting it to a provisional application, and then claiming benefit of this provisional application in a second application will be somewhat more expensive than filing the first application as a provisional application in the first place.

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[80] 59 Fed. Reg. 63,959.

Applicants will have to weigh the financial disadvantages against the advantage of having the 20-year term measured from the filing date of the second application.

K. Who Needs It?

1. Everybody Who Wants One Additional Year Before the Patent Expires

As discussed above, by filing a provisional application, an applicant can ultimately obtain a patent that will expire 21 years after the filing date of the provisional application, i.e., the patent will expire 20 years from the "regular" application filing date plus the one-year provisional term.

Provisional applications will be helpful to U.S. inventors seeking to establish an early Paris convention priority date. The simpler requirements should permit applicants working with patent attorneys to prepare and file applications more promptly than a regular application, by postponing the time required to draft claims. The applicant and attorney would then have a year to refine and supplement the application that will be examined in the U.S., subject to the requirement for obtaining date benefit that the claims presented in the regular application must have full § 112, first paragraph, support in the provisional application.

2. Everyone Who Wants To Establish the Earliest Filing Date

Although establishing the earliest possible filing date is crucial for obtaining patents in foreign countries with "first-to-file" patent systems, an early filing date can be important in the U.S. too. Even though priority in interferences can be ultimately proved with extrinsic evidence of conception or actual reduction to practice, an inventor who is able to establish an early filing date (and thus become the "senior party") can have significant procedural

advantages in an interference proceeding. Indeed, there are times when the procedural advantage of being the senior party is outcome determinative. For example, suppose that inventor *A* files a provisional application on July 1, 1995, disclosing a brown box and a regular application, claiming benefit of the provisional, on July 1, 1996, claiming the brown box.

Suppose that inventor *B* files a regular application on June 30, 1996, (the day before *A* files the regular application) disclosing and claiming the same brown box. Suppose further that although *A* was actually the first to invent (as evidenced by the provisional application filed a year earlier), there is some legal insufficiency in *A*'s evidence of actual reduction to practice, such as a lack of corroboration.

In an interference between A and *B*, we will assume *A* gets the benefit of her July 1, 1995, provisional filing date and is designated the senior party. *B* proves an actual reduction to practice on July 5, 1995. *A* should win because *B*'s date of invention is not earlier than *A*'s date of constructive reduction to practice as embodied in the provisional application.

If *A* had not filed a provisional application, *A* would have been the junior party by one day and could not have proved a date of invention earlier than July 1, 1996, the date on which *A* filed the regular application. Filing the provisional application made *A* the senior party and resulted in *A*'s victory in the interference.

3. Other Reasons

A provisional application could replace the PTO's disclosure document program as a means for inventors to record dates of early conception with the PTO.

L. Multiple Provisional Applications

In addition to these advantages, the new provisional applications provide an economical way to cover an invention that develops in significant ways in short periods of time. In the past, the only way to protect such an invention was to file continuation-in-part application upon continuation-in-part application for each new development, each for a filing fee of at least $730. With provisional applications, that applicant can file its series of applications as provisionals at only $150 per application.

For example, an inventor who clones a gene, a valuable invention on its own, would file a first application on the clone. With further work, the inventor determines the sequence of the gene, another potentially valuable independent invention worth protecting with an application. With still further work, the inventor expresses the protein encoded by the gene, yet another potentially valuable and independent invention. With the provisional application, the inventor can file a series of provisional applications, at $150 apiece, and then at the end of the 12-month period from the first application, file a "regular" application claiming priority to all prior provisional applications.

Each provisional application provides the inventor with the earliest filing date possible for each invention. Moreover, the various filing dates can be used both as "shields" against intervening art and as "swords" as discussed above.

M. Timing Considerations for U.S. ApplicantsWho Have Filed Foreign Corresponding Applications or Claim Benefit of Earlier-Filed Foreign PCT Applications

Applicants who have filed corresponding foreign applications or have claimed the benefit of earlier-filed PCT applications cannot file a provisional application that claims the

earlier-filed application. New § 111(b)(7) provides that a provisional application cannot claim any benefit under §§ 119 or 365(c).

Nonetheless, those applicants may still use the provisional application scheme but at the potentially significant risk of intervening art. To use new § 111(b), those applicants would have to file a provisional application after June 8, 1995, and accept that date as the filing date. Thus, any art that arises between the earlier foreign filing date and the provisional filing date might be assertable against any regular application claiming benefit of the provisional application.

VI. TRANSITIONAL STATUTORY PROVISIONS THAT ARE EFFECTIVE *NOW* THROUGH JUNE 7, 1995

A most important provision of the GATT legislation is that the change to a 20-year term from date of original filing does not become mandatory until June 8, 1995.[81] After that date, all applications filed in the United States (whether original applications, or continuations, divisionals, or continuations-in-part of pending applications) will be subject to the 20-year maximum term.[82]

However, any application that is filed before June 8, 1995, will be entitled to the **longer** term of (1) 17 years from the date of grant or (2) 20 years from the date of filing of

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[81] The patent term provisions of § 532 of the GATT legislation (except for § 154(a)(1), which expands the infringement remedy to include offering for sale or importing the invention into the United States) take effect on the date that is 6 months after the date of enactment (December 8, 1994) and apply to all patent applications filed in the United States on or after the effective date. Uruguay Round Act, § 534(a)(1).

[82] Uruguay Round Act, §534(b)(1).

the original application, regardless of whether or not it claims benefit of a chain of applications extending indefinitely into the past.[83] For example, a continuation of a pending application claiming benefit of an original application filed on **June 9, 1975**, that is filed on **June 7, 1995**, and issues after five years of prosecution will have a term of 17 years from the date of grant. The same continuation application filed on **June 8, 1995**, will lapse by operation of law the day after filing, unless the maximum 20-year term is subject to extension under § 154(b).

Applicants should immediately review all pending patent applications to determine if any applications should be filed or refiled before the June 8, 1995, date, in order to obtain the benefit of the 17-year term. Comprehensive review of corporate patent filings is essential to ensure that patent term is preserved.

A. Had We But Worlds Enough, and Time . . .

The strategic exercise of determining the best course of action with respect to any given patent application necessarily involves consideration of a multitude of factors and circumstances, and no blanket rule can possibly cover all possible situations. However, the critical factors become more apparent and more acute as the pendency of any current application extends into the era more than three years before June 8, 1995.

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[83] 35 U.S.C. § 154(c)(1) (1995) provides:

> DETERMINATION.—The term of a patent that is in force on or that results from an application filed before the date that is 6 months after the date of the enactment of the Uruguay Round Agreements Act shall be the greater of the 20-year term as provided in subsection (a), or 17 years from grant, subject to any terminal disclaimers.

In order to get and keep the longer of the two alternative terms available until the effective date, applicants should consider the following actions, and should consider them with increasing urgency as the claimed original benefit date approaches June 8, 1975.

1. Applications in Being

Certainly, applications that now claim benefit of applications filed before 1992 require urgent attention and remedial action *before* June 8, 1995.

a. File Divisional Applications Responsive to All Operative Restriction Requirements

A first important step is for applicants to determine if pending applications are subject to restriction requirements issued before April 8, 1995,[84] or if restriction requirements were imposed in earlier applications in the chain of benefit.

If so, applicants should file all divisional applications resulting from all earlier restriction requirements before June 8, 1995. Any divisional applications that are filed before June 8, 1995, will have a 17-year term from the date of grant, even where the restriction requirement was made in a parent, grandparent, or earlier related U.S. application. If such divisional applications are filed on or after June 8, 1995, they will be limited to a term that is 20 years from the filing date of the earliest nonprovisional application for which benefit is claimed. This could result in a severe loss of patent term, where prosecution has extended over a number of continuation or divisional applications, without action on an outstanding restriction requirement in any prior application.

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[84] *See* proposed 37 C.F.R. § 1.129(b)(1)(i).

b. Voluntary Divisionals

One option for obtaining the maximum patent term for applications with no restriction requirements extant, is to decide if there *genuinely* are multiple, patentably distinct inventions disclosed or claimed. This class of pending applications includes all pending applications in which an office action has not yet issued.

In such applications, it is possible to anticipate a restriction requirement, and to file "voluntary" divisional applications, accepting the risk that double patenting rejections will later restrict the entire class of divided applications to the same expiration date, without benefit of any appellate extensions.

An applicant's incentive to file voluntary divisional applications is reduced by the Patent Office proposal to forgo imposing restriction requirements in any application pending for at least three years on the effective date, except where the examiner has not issued any office action in the application "due to actions by applicant." 37 C.F.R. § 1.129(b).

Although the proposed rule would permit an examiner to make or maintain a restriction requirement that was made more than two months before the effective date, a new requirement for restriction evidently will not be imposed in such older applications without providing notice to the applicant that the application contains claims to more than one independent and distinct invention, and a period of one month time to pay the $730.00 fee set forth in proposed § 1.17(s) for each independent and distinct invention claimed in the application in excess of one. 59 Fed. Reg. 63956-57.

Under this provision, where an earlier application was subject to a restriction requirement before April 8, 1995, including a restriction requirement imposed in an original

application filed a decade before that date, the original restriction requirement may be maintained in a divisional filed after the effective date, with devastating result on the term of the resulting patents. Where the original restriction requirement states that the original application claimed separate inventions that were specified to be in various defined groups, it will be essential to file a divisional application claiming each nonelected group for which significant patent protection is desired, prior to June 8, 1995.

However, some earlier restriction requirements may be much more general, and impose a restriction requirement under § 121 between (1) a specific class or subclass of claimed compounds, such as a compound of Formula (I), wherein an R^1 substituent is phenyl, an R^2 substituent is chlorine, and the nucleus of the compound is thiazolidinone, and (2) the entire remaining generic scope of broad original claims (*e.g.*, R^1 is alkyl or aryl, R^2 is halogen, and the nucleus is heterocylic or carbocyclic). Under these circumstances, an applicant could muse from now until June 7, 1995, about possible additional distinct inventions included in the original claim scope, and potential additional restriction requirements. Similarly, an application that was originally subjected to a broad restriction requirement may be subject to further sub-restriction requirements in divisional applications, as the original broadly defined but nonelected groups are presented in divisional applications.

In applications pending for at least three years as of June 8, 1995, taking certain benefit provisions into account, the examiner should not impose a further restriction requirement after April 8, 1995, without also permitting the applicant to elect to pursue the patentably distinct inventions in the same application under proposed 37 C.F.R. § 1.129(b), on payment of the required fee. If this interpretation is adopted by the Patent Office, it will

reduce the necessity and incentive for filing voluntary divisional applications in anticipation of additional restriction requirements, except in circumstances that may arise with respect to applications filed after June 8, 1992, or where more recently-filed applications have not been the subject of an office action.

c. Review Continuation Applications Pending More Than Two Years

If prosecution has extended significantly beyond two years in any chain of continuation applications claiming benefit under 35 U.S.C. § 120, it would be beneficial to consider whether these applications could be refiled or divided into separate applications prior to the effective date. After June 7, 1995, it will be important to avoid filing further continuation applications claiming benefit, and may be helpful to divide the application into various sub-applications to provide the best probability that claims of differing scope will be allowed without further continuations after the effective date.

d. Applications Subject to Special Transitional Provisions

It will be advantageous to file continuation applications prior to June 8, 1995, in applications that have been pending (measured from the earliest benefit date) for two years or more on the effective date. Under § 532(a)(2) of the Uruguay Round Act, as implemented by proposed 37 C.F.R. § 1.129(a), **all** applications filed on or before **June 8, 1993**, or claiming benefit of such an earlier-filed application, are subject to limited continued examination without the necessity of a further continuation application after the effective date.

This is the most important transitional provision of the new law, which applies without limitation to all pending applications on file for two or more years, and does not require any action by the applicant before the effective date. In any application subject to 37 C.F.R.

§ 1.129(a), **no continuation application should be filed** on or after the effective date, without exhausting the opportunity to present two additional substantive responses after final rejection upon payment of the required fee.

Applicants should also consider refiling older pending applications that are subject to the extended prosecution provision, before the effective date, or dividing complex applications into separate applications prior to June 8, 1995. The effect of filing a continuation application (at any stage of prosecution after first rejection) in such an application would be to guarantee not only a 17-year minimum term for any patent issuing from the application, but also an additional three substantive first-action responses to further rejections, on payment of the appropriate fee.

e. Review Applications Under Final Rejection or on Appeal

If any pending application (including an original application) is finally rejected prior to the effective date, it may also be advantageous to file an immediate continuation application to ensure the maximum patent term, submitting a later supplemental response, amendment or declaration after the effective date where necessary.

With respect to applications that are already on appeal to the Board or the Federal Circuit, it will be necessary to weigh factors such as the potential loss of term resulting from a further continuation filed after an unsuccessful appeal and the possible extension of time resulting from a successful appeal, including an appeal filed before the effective date. Where doubt exists as to whether a pending appeal will succeed without entry of an additional amendment or consideration of additional comparative evidence, it may be preferable to

abandon the appeal and file a continuation application before the effective date, in order to ensure the maximum patent term.

2. Applications To Be Filed

a. Review Foreign-Filed Priority Applications for Early U.S. Filing

When it is reasonably anticipated from experience with a particular examining group that prosecution of a new U.S. patent application will extend beyond three or four years, exclusive of appeals, applicants should consider filing these applications before June 8, 1995. Particularly, U.S. applications claiming priority under § 119(a) from earlier foreign-filed applications may benefit from a 17-year term from date of issuance, even if most or all of the convention year is lost from the earlier filing.

b. Invention Disclosures

With respect to the question whether to accelerate the filing of applications, and to ensure that all new applications are filed before June 8, 1995, the entire panoply of term-limiting and term-extending provisions of the new law must be considered, the period of obsolescence of the claimed invention, and the art unit responsible for examining it.

Certainly, in many cases it may be prudent to file an application before June 8, 1995, in order to lock in a minimum 17-year patent term, while having benefit of the maximum 20-year term if prosecution takes less than three years. Particularly if the Patent Office is deluged with original and continuation applications prior to the effective date, prosecution will inevitably be slowed in applications filed on or after June 8, 1995. Indeed, it may be difficult to imagine circumstances in which applicants would not want to make every effort possible to ensure that all new 1995 applications are filed by June 7, 1995.

However, there are circumstances in which an applicant with an application in hand on June 7, 1995, may elect to postpone filing until the effective date.

For example, assume that a U.S. applicant has an application ready for filing on June 7, 1995. The applicant's options are (1) to file a provisional application on June 8, 1995, followed by a regular § 111(a) application on June 8, 1996, claiming benefit under § 119(e) of the provisional application, or (2) to file a regular patent application on June 7, 1995. If the applicant reasonably considers, based on past experience with an art unit or examiner, that *ex parte* prosecution (exclusive of any appeal but including payment of the issue fee and issuance of the patent) will take more than four years, including the time required for a continuation application, then accelerated filing may be warranted.

Specifically, in this example, under option (1) under the new patent term provisions, the patent will expire 21 years from the provisional application filing on June 8, 2016, because the filing date of the provisional application does not start the running of the 20-year patent term.

Enhanced patent term from accelerated filing under option (2) will be obtained only if the patent issues after June 8, 1999, which is four years and one day after June 7, 1995.

If an applicant reasonably expects an average pendency of 18 months, filing a provisional application under option (1) will result in a longer effective patent term. However, issuance of the patent will also be delayed by the same period that is gained by filing a provisional application, because provisional applications are not examined. This raises questions of how important the early years of the patent are compared to the later years.

VII. FURTHER CHANGES IN PROSECUTION PROCEDURE UNDER A 20-YEAR TERM SYSTEM

This change in expiration of patent term to 20 years from filing will significantly alter U.S. prosecution practice in a number of basic respects. For example, extensions of time for response to an office action will typically be at the expense of the effective term of the issued patent, placing a much higher premium on early and complete response to rejections during prosecution. It is evident from what has been explained above that traditional continuation and divisional practice will be significantly altered in attempts to preserve patent term under the 20-year limit.

Other strategies conventionally pursued by patent applicants may be fundamentally changed, as illustrated by the following.

A. End of Conventional Continuation Practice

In the past, continuing application practice, which included the filing of both continuation and continuation-in-part (CIP) applications, has been important. This practice provided patent applicants with an opportunity to fully develop a record for appeal or better yet, ultimately avoid the necessity of filing an appeal by resolving the patentability of the claims at the examiner level.

The delay attendant with continuing application practice under the old law was mainly problematical in cases where it was very important to expedite the issuance of the patent. The practice, however, did not affect length of effective patent term because once the patent issued, it was entitled to the 17-year statutory term. As the following examples will illustrate, those days are gone.

Assume that an original patent application was filed on June 9, 1989. On June 8, 1995, applicant files a continuation application and claims § 120 benefit of the 1989 application. It is only safe to assume that if a patent then issues from the continuation application, it expires 20 years from June 9, 1989, and not 17 years from issue. The patent will thus expire on June 9, 2009, about four years earlier than 17 years from an assumed issuance of a patent in 1996 (2013) or 1997 (2014).

Patent applicants thus risk losing the possibility of 17 years of protection from issue and facing a term measured from the earliest filing date if they file a continuation application of such an application after June 7, 1995. In this example, at least four years of patent term could be lost by virtue of filing the continuation application on June 8, 1995.

Now assume that the original application was filed on June 9, 1989, but this time the applicant files on January 2, 1996, a CIP and claims § 120 benefit of the 1989 application. The 1989 application is abandoned. Of thirty claims in the CIP, all but one are clearly supported in the 1989 application. The CIP issues in 1997. What is the patent term?

Again, it is only safe to assume that the new law will utilize the filing of a continuation-in-part application after January 1, 1996, as a hook to sweep the resulting patent into the web of the 20-year term. Consequently, one must assume that the term of any patent issuing from the CIP runs 20 years from June 9, 1989, even though only one claim is not supported in the 1989 application.

No provision in the new law would authorize different expiration dates for claims in a single patent, such as 17 years from issue for some (those supported in the 1989 application) and 20 years from filing for others (the claim not supported in the 1989 application). Rather,

the literal reference in the statute to § 120 benefit in both § 154(a)(2) and § 534(b)(3) cuts against an interpretation providing different expiration dates for claims within a single patent. Moreover, the authoritative Statement of Administrative Action referred to above, expressly states that "the term of a patent that results from any application" filed after June 7, 1995 "shall end," if priority to an earlier application or applications is claimed under sections 120, 121, or 365(c) of Title 35, 20 years from the date of the earliest of such applications.

It is thus only safe to assume that the term of the resulting patent will expire on June 9, 2009, which will be a time considerably shorter than 17 years from grant would have been. Clearly, this signals the end of CIP practice, as we have known it.

In this example, a prudent course would be to file a new application containing the new claim without claiming any priority benefit and maintain the parent case pending, in an effort to obtain the other claims. In such case, if the parent or the disclosure of the parent constitutes prior art, it will be necessary to prove that the new claim is separately patentable.

To designate the application a CIP and claim priority benefit will only lose patent term. It is thus difficult to conjure up situations after June 7, 1995, that will justify filing CIP applications.

If this is the case, CIP practice should be limited to a presentation in a new application, not claiming benefit of the earlier cases, of claims not supported in the earlier case. If possible, the earlier application should be prosecuted to allowance, not abandoned, to obtain a patent term of 17 years from issuance.

As an initial practical matter, therefore, one should advise a client to file a continuing/divisional application after June 7, 1995, of an application filed before that date,

only after careful consideration of all the alternatives and consequences. A patent applicant having troubles in prosecution as of June 7, 1995, might, moreover, run down to the PTO and file a continuation application on that day to avoid the new law, but even this will not be effective if subsequent continuing/divisional applications are filed, as explained above. Further, before filing such a continuation, one will have to weigh the opportunities afforded by new provisions for continued prosecution after final referred to above.

B. Restriction and Divisional Practice

Under former law, it was possible to prosecute a chain of divisional applications directed to a number of nonelected inventions subject to an original restriction requirement, and to obtain a patent for each having a 17-year term from the date of eventual grant. A later-filed divisional directed to inventions subject to an earlier restriction requirement cannot be rejected over the original application, because 35 U.S.C. § 121 bars the use of the original application as a reference, whether as prior art or as the basis for a double patenting rejection. However, a reference to an earlier application in a divisional application filed after June 8, 1995, will have the effect of limiting the term of the divisional to a maximum of 20 years from the filing date of the original application.

The impact of restriction and divisional practice under the patent term legislation will be most acute in the pharmaceuticals field, where claims to a family of new compounds, methods for making them, and one or more therapeutic uses are commonly subject to multiple restriction requirements. Until now, it was possible to obtain successive patents each having a 17-year term from the date of grant, for nonelected compounds and therapeutic methods,

effectively extending the term of the patent to compensate for regulatory delay. This option will no longer exist, and a new strategy must be devised to avoid loss of critical patent term.

1. Simultaneous Prosecution

The simultaneous prosecution of multiple divisional applications will be essential to preserve patent term, in contrast to the traditional prosecution system, in which consecutive prosecution of applications directed to nonelected subject matter has been the rule. The simplest strategy for obtaining the maximum patent term for a number of related applications, that would normally have been claimed in a series of sequential divisional applications, is to file divisional applications that will (or should) be prosecuted concurrently.

When a restriction requirement under 35 U.S.C. § 121 is issued by the examiner, applicants should consider filing all required divisional applications at the time of initial response, in order to avoid potential loss of patent term.

Where a restriction requirement is all but inevitable, as in an application claiming a chemical or pharmaceutical compound and a method for making the compound, the applicant may consider initial filing of two (or more) separate applications to avoid the potential loss of term in the divisional resulting from prosecution delay until the original restriction requirement is imposed.

For example, suppose that an original pharmaceutical application is filed fully disclosing and claiming two separately classified families of compounds (*e.g.*, based on nitrogen and sulfur heterocyclic ring nuclei), a method for making each, and two unrelated therapeutic methods for using the compounds (*e.g.*, as analgesic and for treatment of asthma). The applicant faces an almost certain multiple restriction requirement, on the basis that the

application claims separate and distinct compounds (two inventions, and possibly more depending on the complexity of the compounds, claimed structural variations of each, and the effect of substituents), a method of making (at least one invention), and therapeutic methods (probably at least four inventions, since the two therapeutic methods involve the use of two classes of compounds).

The applicant's options include filing a single application claiming all of the inventions, or immediately filing multiple "voluntary" divisional applications.

a. Simultaneous Filing of Multiple Voluntary Divisional Applications

The applicant initially could file seven simultaneous voluntary divisional applications, to avoid the expected restriction requirement. If a further restriction requirement is imposed in any of the applications, the applicant could immediately file further divisional applications covering any nonelected subject matter, and claiming benefit under § 120 of the original applications. This course of action will have the considerable attraction of simplifying management of the multiple related applications, and of preserving a significant portion of the 20-year term in each case that is allowed.

However, the simultaneous filing of the original applications, and claims to benefit in the divisional applications, will ensure that all patents expire a maximum of 20 years from the date of original filing. The PTO would not be prevented from issuing double patenting rejections requiring the applicant to file a terminal disclaimer of any term that would extend beyond that of the first-allowed patent that claims a patentably nondistinct invention, but such double-patenting rejections would be meaningless within the family of applications expiring on the same date.

The central issue with respect to double-patenting rejections would arise with respect to the extension of patent term under § 154(b) to time lost due to appeals in any of the voluntary divisional applications. In the absence of a restriction requirement, if it is necessary to file a terminal disclaimer with respect to an earlier issued patent, the extension of up to five years under § 154(b)(2) for appellate delay would not be available.

If it is necessary to contest a double-patenting rejection with comparative evidence, or to appeal in order to overcome the double-patenting rejection, additional time will be consumed in prosecution that will reduce the effective patent term, even if the appeal is successful. If an appeal on the double-patenting issue is not successful, and it is necessary ultimately to file a terminal disclaimer, significant loss of the patent term will result.

b. Filing Divisionals After a Restriction Requirement

Under 35 U.S.C. § 121, it is not possible to pose a double patenting rejection based on the claims of a patent issuing on an application with respect to which a requirement for restriction has been made, or on an application filed as a result of such a requirement.

An alternative strategy to filing several original voluntary divisional applications would be to file a combined application, and immediately upon receiving a restriction requirement, to file all divisional applications claiming benefit of the original filing date under § 120. The divisional applications under § 121 would each have a maximum term of 20 years from the original application filing date, as in the previous example of initially filing multiple divisional applications.

The principal difference would be that if one or more of the divisional applications issues early, and others require appeals consuming up to five years, a double-patenting

rejection could not be posed by the examiner, and a terminal disclaimer could not be required. For this reason, the appellate delay would result in an extension of patent term without the necessity of contesting the propriety of a double patenting rejection.

2. Timing of Applications

Although simultaneous prosecution will often be the rule under the patent term amendments, this does not necessarily mean that simultaneous filing of original or divisional applications is essential.

One strategy that is being discussed as a result of the PTO's explanation of the term amendments[85] is that the applicant can waive benefit of an earlier application under § 120, in order to extend the patent term to 20 years from the filing date of a "non-benefit" continuation application filed under 37 C.F.R. § 1.53. According to the PTO, the applicant could control the expiration date of the patent, but "would have to balance the benefit of getting behind some prior art with a specific reference to the earliest application, against obtaining a later expiration date with a specific reference to a later application."[86]

This approach could also be employed in filing voluntary divisional applications. In either case, the patent term can be extended by successive filing of related applications, without claiming benefit of the earlier application(s), so long as no prior art event requires that benefit under § 120 be established. A claim to benefit can be added by amendment at any time during prosecution, and can be postponed, if desired, until the issue fee in a

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[85] *See, e.g., Applicant Can Control Patent Term with Specific Reference to Prior Applications*, 49 PAT. TRADEMARK & COPYRIGHT J. (B.N.A.) 225 (1995).

[86] *Ibid.*, quoting Charles Van Horn of the PTO's Office of Legislation and International Affairs.

voluntary divisional is paid. If at that time, no prior art event requires that benefit under § 120 be established, the applicant can file a further voluntary divisional without a claim to benefit. However, the success of this filing strategy depends on the **critical assumption** that **all the prior art is known** at the time the later application is filed without a claim to benefit.

One thing must be certain if this strategy, or any variant that involves waiver of benefit under § 120, is adopted to extend the 20-year term. The applicant must be sure that the potential benefit of an extended patent term outweighs the likelihood that an opponent in litigation will be able to discover invalidating prior art that could have been overcome by the claim to benefit. If a company's patent strategy is solely to obtain issued U.S. patents, with the expectation of licensing or cross-licensing, that will produce royalties or rights for the term of the patents, and plans seldom or never to enforce its patents in litigation, such a strategy of forfeiting assured protection against intervening prior art in order to obtain an extended patent term may be suitable. However, if an applicant ever intends to enforce its patents in litigation, the original claim to benefit is likely to be essential in defending against prior art discovered by the defendant during litigation.

3. Proposed Regulations

The PTO proposes to change the procedures for filing continuation and divisional applications, by eliminating Rule 60 continuation and divisional applications entirely, retaining only Rule 62 file-wrapper continuation practice. Consequently, all divisional applications would be filed as original applications under Rule 53, and applicants would have the option of filing continuation applications either under Rule 53 or Rule 62. The commentary on the proposed rule change explains:

> In order to simplify the procedures for filing continuation and divisional applications, it is proposed that § 1.60 be deleted. The procedures set forth in § 1.60 are unnecessary in view of the recent rule change to § 1.6(d) which permits the filing of a copy of an oath or declaration. Applicants may use the procedures set forth in § 1.53 to file a continuation or divisional application under 35 U.S.C. 111(a), as contained in S. 2467 and H.R. 5110, by providing the Office with a copy of the prior application as filed.

59 Fed. Reg. 63955.

With respect to the use of a copy of an oath or declaration filed years before the continuation application, and the duty of disclosure, the commentary further indicates:

> This is appropriate since neither the statute nor the rules require a recent date of execution to appear on the oath or declaration and the duty of disclosure requirements under § 1.56 would apply to the continuing application. The issue of a stale oath or declaration would be eliminated by appropriately amending the procedures set forth in the Manual of Patent Examining Procedure.

Id.

The purpose for this formal change in the rules appears to be administrative convenience, as further indicated in the PTO commentary:

> The Office currently receives a number of petitions requesting that an application filed under § 1.60 be accepted even though at the time of filing of the application, applicant failed to comply with all the requirements of § 1.60 due to inadvertent error on the part of the applicant. The deletion of § 1.60 will help reduce the number of petitions and will simplify the procedures for filing an application for both the Office and patent *practitioners.*

Id.

Under the amended rules, applicants may use the procedures set forth in § 1.53 to file a continuation or divisional application under 35 U.S.C. § 111(a), by providing the PTO with a copy of the prior application. The commentary indicates that failure to submit a complete copy of the prior application may be corrected by way of a petition under § 1.182.

With respect to file-wrapper continuations, proposed § 1.62 would state that the procedure could be used for filing a continuation, division, or continuation-in-part of a complete application filed under § 1.53(b)(1) but not a provisional application under § 1.53(b)(2). The proposed rule would specifically preclude the use of the file-wrapper continuing procedures set forth in § 1.62 for filing the first complete application under 35 U.S.C. § 111(a), which claims the benefit of an earlier filing date of a provisional application. *Id.*

4. Transitional Provisions

The patent-term amendments require the PTO to prescribe regulations to provide for the examination of more than one independent and distinct invention in an application that has been pending for three years or longer as of the effective date of §§ 154(a)(2), taking into account any reference made in such application to any earlier filed application under section 120, 121, or 365(c) of such title. *See* § 532(a)(2)(B) of the Act.

In response to this requirement, the PTO has proposed an extremely restrictive interpretation that permits the examination of more than one independent and distinct invention in an application that would normally be subject to a restriction requirement, only when the restriction requirement is first made on or after April 8, 1995, and only when the fee for filing a new application is separately paid for each independent invention.

The commentary on proposed 37 C.F.R. § 1.129 explains:

> Paragraph (b) of proposed § 1.129 would provide for examination of more than one independent and distinct invention in certain applications pending for 3 years or longer as of the effective date of 35 U.S.C. 154(a)(2), taking into account any reference to any earlier application under 35 U.S.C. 120, 121 or 365(c). Under the proposed procedure, a requirement for restriction or for the filing of divisional applications would only be made or

> maintained in the application after the effective date of 35 U.S.C. 154(a)(2) if: (1) The requirement was made in the application or in an earlier application relied on under 35 U.S.C. 120, 121 or 365(c) more than two months prior to the effective date; (2) the examiner has not issued any Office action in the application due to actions by the applicant; or (3) the required fee for examination of each additional invention was not paid. If the application contains claims to more than one independent and distinct invention, and no requirement for restriction or for the filing of divisional applications can be made or maintained as a result of proposed § 1.129(b), applicant will be notified and given a one month time period to pay the $730.00 fee set forth in proposed § 1.17(s) for each independent and distinct invention claimed in the application in excess of one. The fee set forth in proposed § 1.17(s) would not be subject to the 50 percent reduction for a small entity. The additional inventions for which the required fee under § 1.17(s) has not been paid would be withdrawn from consideration under § 1.142(b). An applicant who desires examination of an invention so withdrawn from consideration can file a divisional application under 35 U.S.C. 121.

59 Fed. Reg. 63,957. The transitional provisions are discussed in Section IV.B, *supra*, but the harshness of this position is evident.

The only significant limitation is that the PTO will not pose a first restriction requirement in an application that has been pending for three years on the effective date, without permitting the applicant to pay a fee for examination of the independent inventions in the same application.

Because the PTO has refused to provide broader relief to long-pending applications under § 532(b)(3) of the Act, any applicant having an application pending for more than three years, and subject to a restriction requirement made prior to April 8, 1995, should immediately review the prior application and all parent applications, to determine if divisional applications must be filed before June 8, 1995, in order to preserve the guaranteed 17-year patent term available only for applications filed by June 7, 1995.

C. Submarine Patents Float Out to Sea

In the U.S. patent community over the last few years, the subject of submarine U.S. patents has caused quite a stir.[87] In particular, many have expressed their concerns about those U.S. patents relating to technology developed during the infancy of a technical field, such as computer chips or lasers. Typically, after a very long prosecution, perhaps even 20-30 years, those patents can emerge from the PTO with very broad patent claims that dominate the contemporary technology of a mature industry *and* will be in force for 17 years from issuance.

The clear intent of the Act is that *once* a continuing (continuation or continuation-in-part) or divisional application is filed on or after June 8, 1995, claiming benefit of an earlier-filed U.S. application, any patent issuing from it will expire 20 years from the *earliest application filing date.*

Moreover, the authoritative Statement of Administrative Action referred to above expressly states that "the term of a patent that results from any application" filed after June 7, 1995 "shall end," if priority to an earlier application or applications is claimed under §§ 120, 121, or 365(c) of title 35, 20 years from the date of the earliest of such application.

Thus, where an application was filed on December 1, 1980, and a continuation application was filed after June 7, 1995, the intent of the new law is to limit any patent that

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[87] Paul Karon, "Critics Take Aim at 'Submarine Patent' Amendments," *Los Angeles Times*, June 1, 1994, at D9; James W. Morando and Christian H. Nadan, "Silent Enemies," *The Recorder*, May 4, 1994, at 10; Teresa Riordan, "Patents," *New York Times*, Apr. 4, 1994, at D2; and Guy Webster, "U.S. Patent Boss is Pushing Changes," *Arizona Republic*, Mar. 6, 1994, at H4.

issues to 20 years from December 1, 1980. In a patent that issues in 1996, that patent would enjoy less than a five-year usable term.[88]

This construction of the statute would certainly address the cries that have arisen against inventors who years after filing obtain submarine U.S. patents with very broad claims that dominate a particular area of technology and do not issue until others have invested substantial sums in commercializing that technology. It is only safe to assume that the statute will be applied as set forth in the Statement of Administrative Action. All potential submarine patents based on pre-June 8, 1995, filings will ultimately be forced to the surface and, if continuation or divisional applications are filed, will lose substantial patent term.

D. Terminal Disclaimer Practice

If a double-patenting rejection is issued by the examiner, applicants must also consider the effect of filing a terminal disclaimer, where the rejection is based on a patent having a patent term under the new law that is less than 17 years from issue. Where the double-patenting rejection is based on an issued U.S. patent, it will be possible to determine the effect of a terminal disclaimer. In this case, where the cited patent issues from an application filed before June 8, 1995, that patent will have at least a 17-year term from date of grant. Where the cited patent issues on an application filed on or after June 8, 1995, that patent will be limited to a term expiring 20 years from the earliest U.S. application, other than a

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[88] This harsh result could well explain why the 20-year term has caused quite a controversy in the U.S., as evidenced by full-page advertisements and editorials appearing in recent months in widely read newspapers opposing this provision. For example, see Paul Heckel, "Before We Abandon the U.S. Patent System, America's Innovators Would Like to Be Heard," *The Washington Post*, Sept. 14, 1994, at A17.

provisional application, for which benefit is sought, and any terminal disclaimer will similarly limit the patent term of the affected application.

However, where the PTO issues a "provisional" double-patenting rejection, based only on a copending commonly-owned application, if a terminal disclaimer is filed, the term of the patent cannot be determined until the cited application issues as a patent. If the cited application is refiled as a continuation application after June 8, 1995, the patent term will be limited to 20 years from the earliest U.S. filing date relied upon in the continuation application.

Until an application cited in a "provisional" double-patenting rejection issues, it should be assumed that a terminal disclaimer could have the effect of limiting the term of the patent issuing in an application rejected for double patenting to the abbreviated 20-years-from-filing expiration date of any patent issuing from the cited application.

The problem will be most acute where improvement patents are rejected for obviousness-type double-patenting over basic patents offering broad coverage that have been pending through many continuation applications. If such basic patent applications are refiled after June 8, 1995, their term will be severely limited, and terminal disclaimers of improvements on the basic technology will be similarly affected. Therefore, in many cases, it will be necessary to amend the claims or to contest an obviousness-type double patenting rejection on the merits, to avoid significant loss of patent term that would not have occurred under former terminal disclaimer practice.

E. Early Allowance of Narrow Claims

In many cases, in applications filed after January 8, 1995, it will be advantageous to obtain narrow claims to a preferred commercial embodiment early in prosecution to enjoy benefit of maximum effective patent term. It will be increasingly advantageous to file narrow claims that may be allowed in a first office action, subject of course to problems existing under the present case law of the Federal Circuit in enforcing such narrow claims under the doctrine of equivalents.

The patentability of broader claims can be pursued in a divisional or continuation application, which might advantageously be filed only if an appeal to overcome the rejection of broader original claims is not successful. An advantage of this procedure is that if the appeal is successful, an administrative extension of the patent term up to five years results from the period of appeal to the Board or to a federal court, including the Federal Circuit.

F. When Should Applicants Claim Benefit?

Until the effective date of the patent term amendments, a claim to benefit of earlier-filed U.S. applications, extending through a chain of prior applications, has been automatic, because a claim to benefit under § 120 was sufficient to overcome any intervening prior art reference or event, without affecting the 17-year term of the patent.

Under the patent term provisions which limit the maximum term to 20 years from the date of filing of any application for which benefit is claimed, the customary practice of claiming benefit in every continuation, divisional, or continuation-in-part is abruptly ended. It is evident that in many pending applications in which claims to benefit extend through a long series of continuation applications, benefit is essential to overcome statutory bars, such as

patents issued on earlier applications in the chain, or sale of the claimed products more than one year before a continuation or divisional filing date. In such cases, if a further continuation or divisional application is filed after June 8, 1995, a claim to benefit under § 120 will also be essential. With the exception of continued prosecution permitted under the transitional provisions for some applications having a U.S. filing date of June 8, 1993 or before,[89] the claim to benefit will reduce the effective term of the patent finally issuing from a chain of applications extending for more than three years.

1. A Claim to Benefit is Optional

A claim to benefit of the filing date of an earlier application under 35 U.S.C. § 120 is not a mandatory requirement, and any applicant can elect to file a "continuation" or "divisional" application containing the same disclosure as an original application under 37 C.F.R. § 1.53, without making any reference to an earlier-filed U.S. application under § 120.

The PTO has acknowledged that a continuation applicant has a choice as to whether to claim benefit, and if benefit is claimed under § 120, to elect the earlier application date for which benefit is claimed.[90] The applicant faces the choice between claiming benefit of an earlier application date, and antedating prior art, or waiving benefit of an earlier application and date and obtaining a later patent expiration date,[91] except in one circumstance, in which a claim to benefit serves no purpose under the patent term amendments.

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[89] Under § 532(a)(2)(A) of the Uruguay Round Agreements Act, discussed *supra* Section III.B.

[90] *Applicant Can Control Patent Term with Specific Reference to Prior Applications*, 49 PAT. TRADEMARK & COPYRIGHT J. (B.N.A.) 225 (Jan. 5, 1995), quoting Charles Van Horn of the PTO's Office of Legislation and International Affairs.

[91] Discussed *supra*, Section VII.B.2.

2. Continuation-in-Part Applications

Continuation-in-part applications, that contain any claim that is not fully supported by an earlier application, should never claim benefit of the earlier application under § 120 after June 8, 1995. They should only be filed as separate original applications containing claims supported by the new matter added. If an application is filed containing both claims supported by the original application, and claims supported by new matter added to the C-I-P, the patent will only have a term extending 20 years from the filing date of the first application under which benefit is claimed. Claims that are supported only as of the C-I-P filing date will not be entitled to benefit of any earlier filing date, and these claims should be presented in a separate Rule 53 application, to ensure that the maximum patent term results.

3. Loss of Protection Against Unknown Prior Art

As discussed above (Section VII.B.2), the election to waive benefit under § 120 deprives an applicant who intends or expects to enforce a patent in litigation of the ability to defend against prior art that is unknown at the time a claim to benefit is waived during prosecution. It will not be possible to remove a statutory bar reference or event under § 102(b), having an effective date more than one year prior to the filing date for which benefit is claimed, if a defendant is later able to discover such a reference. For this reason, very careful consideration of the patent owner's objectives should be taken into account before the decision is made to forgo a claim to benefit in any patent application.

If for some reason, the increased patent term possible by filing a non-benefit continuation or divisional application is considered to be a compelling advantage, the applicant should consider the effective extension of patent term that may be accomplished by

filing a provisional application or through a successful appeal on an issue of patentability, without sacrificing benefit of the original filing date.

G. Appeal

A highly significant provision of the patent-term legislation, which will fundamentally alter the course of prosecution in many U.S. applications, is the term extension provided by 35 U.S.C. § 154(b). Under this section, if the issue of a patent is delayed due to appellate review by the Board of Patent Appeals and Interferences, or by a federal court, and the patent is issued pursuant to a decision in the review reversing an adverse determination of patentability, the term of the patent may be extended for a period up to five years.[92]

The period of extension includes any period beginning on the date on which an appeal is filed under 35 U.S.C. §§ 134 or 141, or on which a district court action is commenced under 35 U.S.C. § 145, and ending on the date of a final decision in favor of the applicant.[93]

An important limitation that will determine the time for filing such an appeal is that the extension will be reduced by any time attributable to appellate review before the expiration of three years from the filing date of the application for patent.[94]

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[92] A similar extension of term is afforded if the issue of an original patent is delayed due to an interference under 35 U.S.C. § 135(a) or because the application is placed under a secrecy order pursuant to 35 U.S.C. § 181. 35 U.S.C. § 154(b)(1) (1995). The total duration of all extensions under § 154(b) may not exceed five years. *Id.* § 154(b)(4).

[93] 35 U.S.C. § 154(b)(3)(A).

[94] 35 U.S.C. § 154(b)(3)(B). The statute further provides that the extension shall be reduced for the period of time during which the applicant for patent did not act with due diligence, as determined by the Commissioner. *Id.* § 154(b)(3)(C).

1. Applicants' Incentive to Appeal

An appeal to the Board or to the Federal Circuit will become essential in order to preserve a 17-year patent term, when prosecution extends beyond three years in any application filed after the effective date. After the expiration of three years, measured from the earliest-filed application for which benefit is claimed, the time up to five years spent urging patentability before the Board and the Federal Circuit (or a district court) will not be subtracted from the patent term. In contrast, the same period spent urging the same points in prosecution before the examiner will automatically reduce the term of the patent.

This exception from the patent-term limitation resulting from extended prosecution will greatly increase applicants' incentive to appeal immediately after either a final rejection or a second rejection on the merits of any claim (35 U.S.C. § 134). The former practice of extending prosecution through a series of continuation applications to present additional *ex parte* evidence, amendments, and arguments will result in an automatic loss of patent term.

Appeal to the Board and the Federal Circuit will be the only area where applicants will retain some discretion and effective control over the loss of patent term resulting from delay in the PTO.

However, if an applicant plans to exhaust the maximum five-year extension in an appeal to the Federal Circuit, it is essential that the appellate record be fully developed in the response to the first office action and that every argument an applicant might later wish to raise before the appellate court is supported in the *ex parte* record and briefed to the Board.

Where time and prior art permit, and the minimum three-year prosecution period has not run, it may be advantageous to file a continuation application in order to submit

additional evidence or amendments that would be required for success on appeal, rather than risk an appeal that is unsuccessful on all issues of patentability and that will not provide a basis for any extension of patent term under § 154(b)(2).

2. Preparation for Immediate Appeal

Because of the increased importance of appeals, it will be critical to submit any contemplated amendments, including amendments presenting claims of broader or narrower scope to be argued on appeal, and any declaration evidence, in response to a first rejection. An immediate notice of appeal from a final rejection will toll the running of the patent term, and permit consideration of broader claims argued separately on appeal.

In order to prepare effectively for success in an immediate appeal, it is important to ensure that the response to the first office action is as complete as possible, including correction of claim language, presentation of a broad spectrum of claims of interest, including species claims to most preferred compounds, supported by whatever declaration evidence is necessary for allowability. The opportunity to present additional substantive arguments, claim amendments, and comparative evidence is severely restricted after final rejection, and the record both before the Board and the Federal Circuit or a district court may be limited to evidence presented in response to the first rejection on the merits.

The importance in chemical cases of presenting and appealing narrow claims, supported by whatever declaration evidence may be necessary to establish patentability, is that success on appeal with respect to such a narrow claim should constitute a "decision in the review reversing an adverse determination of patentability" under § 154(b)(2), providing a basis for including the appeal period in an extension pursuant to that section.

If additional evidence or amendment is required for patentability of the broader claims that are not allowed on a first appeal, the appellate review period will toll the running of the patent term and provide the applicant and the examiner in renewed prosecution with specific guidance on these issues. Particularly where extensive comparative testing may be required to establish the patentability of an important chemical genus, such testing may effectively be conducted during the pendency of an appeal, rather than during a series of extensions of time under 37 C.F.R. § 1.136 and continuation applications, as under former practice. Even where such additional evidence is not available in the first appeal, if narrower claims are allowed, the appeal should stop the clock in *ex parte* prosecution.

3. Preparation of Original Application

If based on an applicant's experience in a given examining group, the broadest claims presented in an application are not likely to be allowed before final rejection, and these broad claims are of significant commercial interest, the applicant should consider a strategy for preparing the application that will increase both the likelihood of success on appeal, and the chance that at least some narrow claims will be allowed early in prosecution.

Particularly, if the narrowest claims covering known commercial embodiments of current interest are allowed on a first office action, a patent having a maximum enforceable term against competitors may issue, that will generally be longer than the former 17-year term. At that time, applicants will have a choice whether to pay the issue fee and file a continuation containing the broader claims, or to continue prosecuting the original application through appeal. If an adverse determination of patentability with respect to claims of intermediate or broad scope is reversed on appeal, the appellate review period up to 5 years

will provide the basis for an extension of the patent term. If not, and if the narrower claims were not issued before the appeal, the length of patent term will be reduced.

In this case, the election to obtain an early patent to the originally allowed narrow claims, or to continue prosecution of the broader claims in the same application, will have a critical impact. Unless the broader or intermediate claims are patentably distinct from the originally allowed narrow claims, it is likely that a double-patenting rejection will be made citing any patent to the narrower allowed claims that has issued. Unless the double-patenting rejection can be overcome, the period of appellate review will not be available for a term extension. However, if the originally allowed claims do not issue in a separate patent, and prosecution is continued through a successful appeal with respect to intermediate or broader claims, an extension should be available for the patent that issues. Under the new patent term legislation, as under former law, the patent has a term, and not the individual claims of the patent.

Under the new appeal provisions, it will be necessary to balance the commercial importance of early allowance of narrow claims with the postponement of issuance and extension of term available through a successful appeal.

4. Conduct of the Appeal

Because the statute requires the PTO to reduce the time of appellate review extension by any time "during which the applicant for patent did not act with due diligence," 35 U.S.C. § 154(d)(2), it is particularly important for the appellant to avoid any unnecessary delay. Even routine extensions of time for response to the first office action should be avoided unless essential to provide essential declaration evidence. Any request for extension of time

under 37 C.F.R. § 1.136 may be considered to be evidence of lack of due diligence by the PTO, and until this policy is tested, the expected loss of extension should be weighed in each case against the potential benefit. Little, if any, advantage is typically expected from extending the period for response after a final rejection, except for an interview with the examiner to determine if narrowing or clarifying amendments will be permitted under 37 C.F.R. § 1.116(a). After such a conference, an immediate notice of appeal from final rejection will provide two months for further discussion with the examiner and consideration of additional evidence or narrowing amendment if permitted under 37 C.F.R. § 1.116(b).

Extensions after a notice of appeal are the delays that are most closely related to the period of appellate review and should be avoided at all costs, along with errors such as filing an incomplete brief under 37 C.F.R. § 1.192(c)-(d).

5. Terminal Disclaimers Eliminating Appellate Extension

Section 154(b)(2) requiring an extension of time to compensate for appellate delay further provides:

> A patent shall not be eligible for extension under this paragraph if it is subject to a terminal disclaimer due to the issue of another patent claiming subject matter that is not patentably distinct from that under appellate review.

Evidently, if an applicant acquiesces in an obviousness-type double-patenting rejection and files a terminal disclaimer disclaiming the term of any patent that may issue on the application that would extend beyond the term of an issued patent, no period of delay attributable to appellate review during prosecution of that application would be eligible for extension of the patent term.

This provision alone should provide ample incentive to contest double-patenting rejections on the merits and to present comparative and opinion evidence supporting the patentable distinctness of the claimed invention over the claims of the cited patent, unless the applicant is assured of early allowance of the claims without the necessity of an appeal to the Board on any issue.

Where the possibility of an appeal on other issues is present in an application, the applicant presented with a double-patenting rejection normally would contest this rejection on appeal along with any other issues of patentability, rather than file a terminal disclaimer. Success on appeal with respect to the double-patenting rejection would ensure that the term of appellate delay is available for patent-term extension, rather than being lost from a terminal disclaimer.

H. Summary: Changes in Prosecution Procedure

To maximize the patent term under the new law, applicants should consider the following:

1. avoid extensions of time;
2. present all claims within three months of first rejection;
3. present all evidence with response to first rejection;
4. appeal immediately on second rejection; and
5. present status inquiry after three months of PTO inaction.

VIII. PROSPECTS FOR FURTHER LEGISLATION

A. Rohrbacher Bill

On January 4, 1995, Representative Dana Rohrbacher (R-Cal.) introduced a bill, H.R. 359, that would restore the 17-year term. It would amend the patent statute to provide a term of 17 years from issue or 20 years from filing, whichever is longer. The bill attempts to address concerns about "submarine patents" by providing for automatic publication of continuing applications that claim benefit of the filing date of an application filed more than five years earlier. Prospects for passage are uncertain.

IX. IS THERE AMBIGUITY ABOUT THE JUNE 8, 1995, EFFECTIVE DATE?

The intellectual property provisions of the Act appear in Title V. The patent provisions in turn appear in "Subtitle C" and divide out as follows:

The Act Sections	Topics Covered
Section 531	Treatment of inventive activity.
Section 532	Patent term and internal priority.
Section 533	Patent rights.
Section 534	Effective dates and application.

The effective-date provisions of § 534 essentially carve the statute into two parts: (1) inventive activity and patent rights (§§ 531 and 533) and (2) the 20-year term and priority provisions (§ 532). The effective-date provisions then proceed to give the first part one date; the second part, another date.

Section 534 provides these two effective dates in two subsections: "(a)" for inventive activity and patent rights, and "(b)" for the 20-year term and priority provisions.[95] Subsection (b) is further divided into (1), (2), and (3). As the readers will soon see, subsections (a) [inventive activity and patent rights] and (b) [20-year term and priority provisions] seem plain enough, but part (3) in subsection (b) has the potential of wreaking havoc on patent practice during the next few years.

Section 534(a) prescribes a one-year effective date for the inventive-activity and patent-rights provisions (§§ 531 and 533) as follows:

> (a) IN GENERAL.--Subject to subsection (b), the amendments made by this subtitle take effect on the date that is one year after the date on which the WTO Agreement enters into force with respect to the United States.

Oddly enough, § 531 of the Act (treatment of inventive activity) has its own effective date spelled out in § 531(b)(1). Thankfully, it too pegs the effective date at the same time and "appl[ies] to all patent applications that are filed on or after the date that is 12 months after the date of entry into force of the WTO Agreement with respect to the United States." Presumably, the "12 months" under § 531(b)(1) and the "one year" under § 534(a) mark the same moment in time although one could certainly imagine some astute attorneys engaging in some statutory-construction and calendar-interpretation arguments. (Fortunately, leap year does not occur until 1996.)

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[95] A slight exception to this division is that new § 154(a)(1), defining contents of a patent and setting forth the scope of the exclusionary patent rights, is found in § 532. Section 534(b)(2), however, provides that § 154(a)(1) shall have the effective date provided in § 534(a).

As explained earlier, the WTO Agreement "enter[ed] into force with respect to the United States" on January 1, 1995. Thus, the one-year effective-date provision of § 534(a) or the special 12-month effective-date provision of § 531(b) will peg January 1, 1996, as the first effective date in the dual effective-date scheme.

The second prong of this dual-date scheme appears in § 534(b). Section 534(b) primarily carves out the 20-year term and internal priority provisions and makes them effective approximately six months earlier than the entire balance of the Act. Section 534(b)(1) provides:

> (b) PATENT APPLICATIONS--
>
> (1) IN GENERAL--Subject to paragraph (2), the amendments made by section 532 [patent term and internal priority] take effect on the date that is 6 months after the date of enactment of this Act and shall apply to all patent applications filed in the United States on or after the effective date.

Thus, on its face, § 534(b)(1) indicates that the provisions governing the new United States 20-year patent term and the internal priority system become effective and apply to all patent applications filed on or after six months after Congress enacts and the President signs the Act. Because the President signed it on December 8, 1994, the six-month effective date is June 8, 1995. But all other provisions of the Act will not become effective until "one year" (or "12 months") after the WTO Agreement "enters into force with respect to the United States."

Perhaps the patent bar, the USPTO, and the courts could live with and sort out the issues this dual effective-date system no doubt will raise. But issues of which applications are governed by which effective date are perhaps not as clear as initially appears under § 534(b)(1) but may proliferate because of part (3) in § 534(b). Quite inexplicably, part (3) seems to restate the 20-year term provisions of new § 154(a)(2) (already incorporated by

§ 534(b)(1) and given a six-month-after-enactment effective date) but then applies "the date on which the earliest such application was filed" alternative of new § 154(a)(2) to continuing/divisional patent applications filed on or after the effective date described in § 534(**a**), which is one year after the WTO Agreement enters into force.

So that this distinctly strange provision can sink in, here it is in its entirety (emphasis added):

> (3) EARLIEST FILING--The term of a patent granted on a [sic] application that is filed on or after the effective date described in subsection (a) *and* that contains a specific reference to an earlier application filed[96] under the provisions of section 120, 121, or 365(c) of title 35, United States Code, shall be measured from the filing date of the earliest filed application. [Emphasis and footnote added.]

Where does one begin in answering the many questions this provision raises? Several starting points come to mind. First, § 534(b)(3) apparently contains a glaring mistake: The reference to "subsection (a)" should read "subsection (b)(1)."[97] When one reads the provision as is, the result is internally inconsistent: Part (b)(1) applies a **six-month** effective date to the new 20-year patent terms of continuing/divisional applications by incorporating § 154(a)(2); part (b)(3) then turns around and defines the 20-year patent term of continuing/divisional applications filed on or after the **one-year** effective date of § 534(a), whose patent terms have already been defined by § 154(a)(2). In other words, under (b)(1) a continuing application

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[96] Read literally, this makes very little sense because it is not the **earlier** application that is filed under the provisions of one of the sections under discussion. The drafter must have intended "earlier filed application," i.e., the precise language used in new § 154(a)(2).

For another interpretation, see the discussion in text following this footnote.

[97] This error, however, could not be corrected by amendment because the Act was presented to the U.S. Congress under the fast-track provisions.

filed after the six-month effective date has a 20-year term measured from the earliest filed application. And in even more words, under (b)(3) a continuing application filed after the one-year effective date has a 20-year term measured from the earliest filed application.

But, in view of (b)(1), the practitioner would think that the term of patents issuing from continuing/divisional applications is 20 years from the earliest-filed application, beginning with all continuing/divisional applications filed at the six-month date. Why then does (b)(3) immediately turn around and state that the term of patents issuing from continuing/divisional applications is 20 years from the earliest-filed application but now beginning with continuing/divisional applications filed at the one-year date? Greater internal inconsistency is indeed hard to imagine.

Second, even if the "subsection (a)" reference is a typographical error, one can only wonder why § 534(b)(3) exists at all. Section 534(b)(1) refers to the 20-year term provisions of new § 154(a)(2) and gives that provision an effective date of six months after enactment. Section 154(a)(2), in turn, directly applies to continuing/divisional applications and provides for the measurement of the term from the "earliest such application." But, as explained above, § 534(b)(1) also directly applies to continuing/divisional applications and also provides for the measurement of the term from the "earliest such application." Thus, even with a correction of the believed typo, part (3) adds absolutely nothing to the statute. It merely repeats what § 154(a)(2) already does.

Third, this "repetition" is not even an identical repetition. The patent term as measured by new § 154(a)(2) is 20 years "from the date on which the earliest such application was filed." But the patent term as measured by the repetitive § 534(b)(3) of the

Act is 20 years "from the filing date of the earliest filed application." Presumably, this different terminology was intended to mean the same thing.

Fourth, the fact, however, remains: The statute clearly contains part (3) and it explicitly refers to any continuing/divisional application "filed on or after the effective date described in subsection (a) . . . ." Those continuing/divisional applications filed after January 1, 1996, will measure the 20-year term of their resulting patents from the date of their earliest-filed parent applications.

Fifth, § 534(b)(3), when read literally, possibly applies not to all continuing/divisional applications but only to those having at least three levels, that is, only those having a grandparent application in their family trees. The language of § 534(b)(3) states that it applies to a "patent granted on a[n] application . . . that contains a specific reference to an earlier application *filed under* the provisions of section 120, 121, or 365(c) . . . ." The only way for an application to contain a reference to an "earlier application filed under the provisions of section 120, 121, or 365(c)," is if that *earlier* application itself is some kind of continuing application having at least a parent. Any application referring to it would necessarily be at least a grandchild application. Why this narrow class of continuing/divisional applications would be singled out for separate effective-date treatment most likely cannot be answered by anyone. More likely than not, the drafter was attempting to parrot the language of § 154(a)(2), but failed, creating a host of dilemmas for the patent bar.

Sixth, all provisions of § 534 except § 534(b)(3) are purely procedural provisions. They govern only the effective date of all of the Act. But § 534(b)(3) goes further and

contains substantive provisions defining the measurement of the 20-year term for patents filed on or after the one-year effective date of § 534(a). All other substantive provisions of the Act are enacted to appear as amendments to Title 35, which is itself one of the "enacted" titles of the *United States Code*.[98] Yet § 534(b)(3) does not appear as an amendment to Title 35, raising the interesting question of whether it will (or, indeed, *can*) even be published in title 35 or will sit alone in the *Statutes at Large*.

The crucial question thus becomes: How will the USPTO and the courts and the patent bar deal with those continuing/divisional applications filed, not after the one-year effective date of § 534(a), but in the window of time beginning after the six-month effective date of § 534(b)(1) and ending on the one-year effective date of § 534(a)? First, we will look to the statute itself and to general legal principles for construing legislation. Thereafter, we will consider what light can be found in the Statement of Administrative Action. As the following discussion will show, this window of time could become the "Twilight Zone" of United States patent law.

One interpretation could run like this: In order to give full effect to the new 20-year term provisions of new § 154(a), the courts will use § 534(b)(1) as the primary effective-date provision. Thus, *any* patent application containing a reference to §§ 120, 121, or 365(c) filed on or after six months after enactment will have the term of the resulting patent measured

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[98] Titles enacted into positive law as of January 3, 1989, include 1, 3-5, 9-11, 13-14, 17-18, 23, 28, 31-32, 35, 37-39, 44, 46, and 49. All other titles of the U.S. Code are unenacted. The difference has to do with evidence of the wording of the law. A party may prove the wording of an enacted title by citing and quoting the U.S. Code. But to prove the wording of an unenacted title, one must cite and quote the United States *Statutes at Large*. *See Royers, Inc. v. United States*, 265 F.2d 615, 618 (3d Cir. 1959).

"from the date on which the earliest such application was filed" as set forth in § 154(a)(2). Of course, under the provisions of § 534(b)(3), *any* such continuing/divisional patent application filed on or after one year after the WTO Agreement enters into force *also* will have its patent term measured "from the filing date of the earliest filed application." § 534(b)(3) of the Act. As noted earlier, the two measurement descriptions are presumably the same.

A problem with this approach is that it fails to give any effect whatsoever to § 534(b)(3), rendering it total surplusage. After all, any scenario covered by (b)(3) (the one-year provision) is on its face already covered by (b)(1) (the six-month provision).

Consequently, another interpretation could run like this: First, § 534(b)(1) states that the 20-year term provisions of § 154(a)(2) take effect six months after enactment. Second, § 154(a)(2), in turn, pegs the measurement date *disjunctively* to any patent application's date of filing *or* to any continuing/divisional application's date of filing of the earliest application. Third, § 534(b)(3) then expressly refers to the "*or* part" of § 154(a)(2), singles out continuing/divisional applications filed on or after the § 534(a) effective date, and proceeds to define their date of measurement from the "first filing of the earliest filed application." Fourth, because § 534(b)(3) specifically refers to continuing/divisional applications, by implication it takes the "*or* part" of § 154(a)(2) away from § 534(b)(1), thereby creating a separate effective date for the measurement of the 20-year term of continuing/divisional applications, which is one year after the WTO Agreement enters into force. Fifth, and finally, continuing/divisional applications filed *before* the one-year date but *after* the six-month date

will therefore be treated as regular patent applications and have their 20-year terms measured from the date of filing of the continuation application.

An anomalous result, to be sure. But how else can a court or the USPTO give any effect whatsoever to the provisions of § 534(b)(3)?

One answer to this question is found in the Statement of Administrative Action, which was submitted to the Congress on September 27, 1994. Section 102(d) of the Act provides as follows:

> The statement of administrative action approved by the Congress under section 101(a) shall be regarded as an authoritative expression by the United States concerning the interpretation and application of the Uruguay Round Agreements and this Act in any judicial proceeding in which a question arises concerning such interpretation or application.

In the Statement of Administrative Action, there is no express reference to the effective-date or to effective date provisions. However, the following example is given:

> The term of a patent that results from any application that is filed on or after the date that is six months after the effective date of this Act shall end twenty years after the date said application was filed, or if priority to an earlier application or applications is claimed under sections 120,121 or 365(c) of Title 35, 20 years from the date of the earliest of such applications.

According to this example, any patent resulting from an application filed between June 8 and the end of December 1995 would have a term ending 20 years from either the filing date or, if priority benefit is claimed under any one of §§ 120, 121, or 365(c), from the date of the earliest application. Thus, one can argue that this example overrides the blatant confusion found in the statutory language.

How authoritative will the courts actually consider the Statement of Administrative Action? For example, one of the statements given in the Statement of Administrative Action reads as follows:

> As foreign inventive activity may now be considered in a determination of which inventor was the first to invent, fairness to both U.S. and foreign inventors demands a certain identity of treatment with regard to reliance on inventive activity in the United States and abroad. Consequently, the inability of an inventor to rely on a date of invention in the United States where the invention has been subsequently abandoned, suppressed or concealed the invention under patentability determinations under Section 102(g) should apply equally to the inventor relying on foreign inventive activity.

As explained earlier in the coursebook, § 102(g) was never amended! Notwithstanding a total lack of statutory basis, the PTO is urged, in accord with the Statement of Administrative Action, to entertain "abandonment, suppression, and concealment" allegations against a party to an interference that is relying on foreign activity.

This can be argued to be totally arbitrary and capricious and could cast into doubt just how authoritative the Statement of Administrative Action will turn out to be. Thus, although one could argue that the Statement of Administrative Action renders a clear interpretation of effective date and eliminates the Twilight Zone, the opposing argument attacking the authoritativeness of the Statement of Administrative Action might prevail. By all means, however, one must, for actions that can be taken before June 8, 1995, take those actions on the assumption that the Statement of Administrative Action will control and that the Twilight Zone will never exist.

Let's consider an example that raises these issues. Assume that an original U.S. patent application[99] is filed on June 8, 1995, and results in issuance of a U.S. patent from that application or from a later continuing or divisional application. If the patent issues directly from the original patent application, it appears fairly certain that the patent term is 20 years from the filing date of the original U.S. patent application. This seems quite clear from the substantive provisions of new § 154(a)(2) and the effective-date provisions of § 534(b)(1) of the Act.

But let's change the assumption. Assume that the patent issues from a continuing/divisional application of the original patent application. Does the patent term then depend on *when* the continuing/divisional application is filed?

Section 154(a)(2), the basic 20-year term provision, if it applies to this situation, which is exactly what the Statement of Administrative Action suggests, pegs 20 years from the filing of the earliest application (here the original application) as the commencement date of the 20-year patent term, irrespective of when the continuing/divisional application is filed. This of course raises the very issues discussed above.

As assumed above, the original U.S. application is filed on June 8, 1995. Then assume two distinct alternatives: (1) a continuing application, claiming benefit under § 120 of the original application, is filed on *December 29, 1995*, and later directly issues as a patent; or (2) a continuing application, claiming benefit under § 120 of the original

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[99] As used in this section, an "original" U.S. patent application is one not claiming priority to an earlier-filed application under §§ 120, 121, or 365(c), whether or not priority is claimed under §§ 119, 365(a), or 365(b). Section 154(a)(3) makes it clear that such priority under §§ 119, 365(a), or 365(b) is not taken into account for determining the term of the patent.

application, is filed on *January 2, 1996*, and later directly issues as a patent. What is the term of the patent in each alternative?

For Alternative (1), some would argue that the patent term expires 20 years from June 8, 1995, urging that in view of the Statement of Administrative Action, the substantive provisions of § 154(a)(2) and the effective-date provisions of § 534(b)(1) control because the parent application was filed on June 8, 1995, that is, after the six-month effective date. The substantive provisions of § 154(a)(2) expressly provide, in case of § 120 benefit, for the new 20-year patent term to begin on the filing date of the earliest-filed application, which is the parent application.

The patentee could argue, however, that § 534(b)(3) is a more specific section and expressly refers to applications that are filed after January 1, 1996, *and* that claim benefit under one of §§ 120, 121, and 365(c). Furthermore, § 534(b)(3) proceeds to define the 20-year term for continuing/divisional applications. The patentee could also argue that the Statement of Administrative Action is so arbitrary and capricious as to be rendered useless as an interpretive aid.

Following this reasoning, the term of any patent issuing from an original patent application filed between June 8, 1995, and December 31, 1995, is measured from the filing date of the application filed, irrespective of whether that application claimed § 120 benefit from an earlier application filed after June 8, 1995. Under principles of statutory construction, it can be argued that notwithstanding the implicit reference to §§ 120, 121, and 365(c) in § 534(b)(1) through the incorporation of new § 154(a)(2), the express reference to

those sections in § 534(b)(3), which clearly has a later effective date than § 534(b)(1), overrides the implicit reference in § 534(b)(1) to new § 154(a)(2) and mandates this result.

The coexistence in the statute of (b)(1) and (b)(3) is sufficiently confusing such that the patentee might prevail with this line of reasoning, particularly if the patentee successfully attacks the authoritativeness of the Statement of Administrative Action.

For further support, the patentee could point to the policy behind the Act: to implement GATT/TRIPs Article 33, which requires that the patent term extend at least 20 years from the filing date. The patentee could then urge that by principles of statutory construction § 534(b)(3) takes precedence over § 534(b)(1) and results in a patent term that extends at least 20 years, which comports with Article 33.

As stated above, however, no one should, under any conditions, depend on the existence of the Twilight Zone, for actions that can be taken before June 8, 1995. If in fact there is a Twilight Zone however, there is no downside other than cost to filing in the PTO on December 29, 1995, (December 30 and 31, 1995, and January 1, 1996, are holidays) a continuation application of every original patent application filed between June 8, 1995, and December 24, 1995. At the worst, the resulting 20-year patent term will be measured from the earlier filing date of the original patent application.

At best, the patent term will be measured from the later filing date. And for a patent covering an FDA-approved drug, up to a six-month difference in the patent term on a $1 billion annual drug could dramatically affect total revenue.

Now consider Alternative (2) where a continuing application is filed on January 2, 1996, claiming benefit under § 120 of an original application filed on June 8, 1995. Section

534(b)(3) seems clearly to apply, and the resulting term would run 20 years from the June 8, 1995, filing date. If the Twilight Zone really exists, a delay in filing a continuation of one "real" day (December 29, 1995, to January 1, 1996, being periods when the PTO will be closed) could result in a sobering loss of more than six months of the ultimate patent term. Thus, consideration should be given to filing such continuation applications on December 29, 1995.

X. CONCLUSION

The patent term provisions of the U.S. GATT legislation will fundamentally change U.S. prosecution practice. It is essential for applicants to review their pending applications and to make any necessary filings before June 8, 1995, in order to preserve the 17-year patent term afforded to these applications under current law. This review is expected to result in the filing of large numbers of patent applications before the effective date, with unexpected pressure on corporate patent departments and budgets, that require immediate consideration.

It will be necessary to devise new strategies for prosecution of applications in order to obtain the maximum patent protection and avoid unnecessary loss of patent term.