

May 7, 2004

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**An Open Letter to Patent Practitioners**

Re: USPTO's Imminent Emasculation of the 3-Year Pendency Guarantee  
to the **Detriment of Patentees' Patent Term**

The purpose of this letter is to alert you to a great injustice the USPTO is on the verge of perpetrating on patent applicants and patentees. In a final rule published April 22, 2004, issued without prior notice or an opportunity for public comment, the USPTO reversed its interpretation of an important Patent Term Guarantee provision in the American Inventor's Protection Act of 1999 (AIPA) that guarantees a fair term extension because of dilatory USPTO examination.

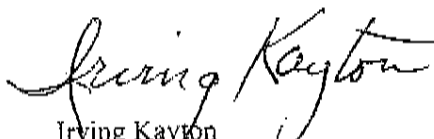
That reversal, for most applications, has the following overall effect: The USPTO will only provide term adjustment for late USPTO actions (the so-called 14-4-4-4 deadlines) or the fundamental 3-year issue guarantee, but not both. This interpretation is not only contrary to the plain language of AIPA, but is also the polar opposite of the current in-force regulation and is inconsistent with other regulatory language. **The result will be a multitude of patents with term extensions significantly shorter than the statute provides.**


Although the USPTO contends that the revision is for consistency with the statute, its commentary demonstrates a distinctly inconsistent result. *See Revision of Patent Term Extension and Patent Term Adjustment Provisions*, 69 FR 21704, 21706 (Apr. 22, 2004). Specifically, for purposes of reducing term adjustment because of adjustments that overlap, the USPTO drafted and interpreted its revised 37 CFR 1.703(f) to define USPTO delay as the entire pendency of the application, rather than just the actual delay (for which term adjustment is granted) beginning three years after the filing date. *Id.* Simply put, this proposition is an oxymoron about which the USPTO is foreclosing discussion by not allowing the statutorily required period for public comment concerning substantive rule changes.

In 2004, we estimate that about one-quarter of all issuing patents will have a pendency greater than 3 years, and that a substantial (and growing) fraction of these will receive a reduced term under the revised regulation. Therefore, over the next few years, literally tens of thousands of patents will have an improperly reduced term because of this USPTO action, often with a reduction magnitude of hundreds of days.

Because the revised regulation is scheduled to go into effect on May 24, 2004 (32 days after its publication date), we recognize that most practitioners will not have sufficient time to fully investigate its implications given the complex context of AIPA patent term adjustment. **We urge all interested parties, however, to immediately contact the USPTO urging the withdrawal of this highly substantive regulation, and to insist that the public comment period required under the Administrative Procedure Act be provided.** If you would like us to provide more information or help with specific examples, please feel free to contact us at:

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