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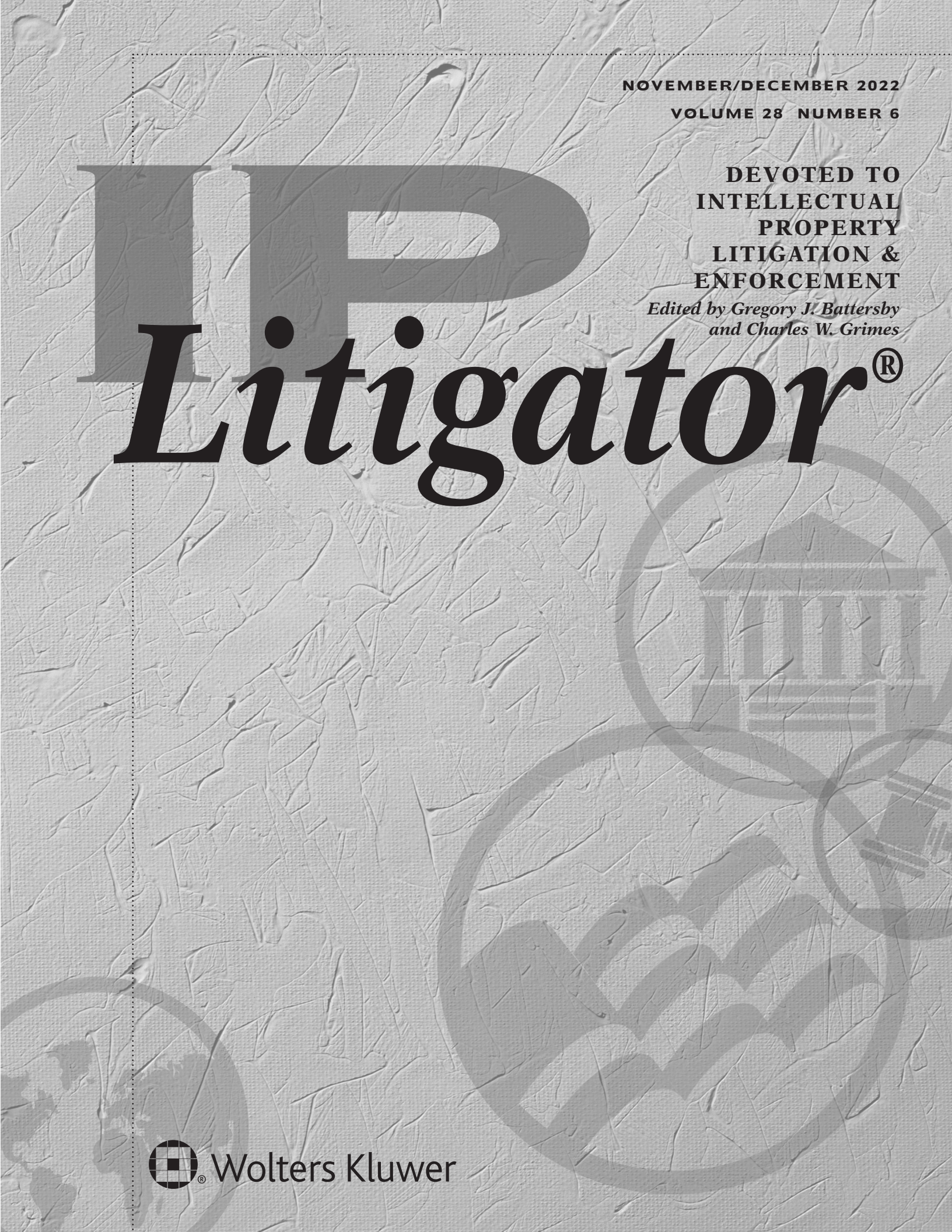

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Sawing Through Patent Term—the Federal Circuit's Recent Decision In *Sawstop*[1]

Patent Term Adjustment (PTA) is additional patent term for US patents to compensate for delay in issuance. The statute (35 U.S.C. § 154(b)) provides three bases for PTA: delayed response by the USPTO ("A delay"), failure to issue a patent within three years ("B delay"), and delay due to appeal ("C delay"). For C delay, patent term is extended for "appellate review by the Patent Trial and Appeal Board or by a Federal court in a case in which *the patent was issued under a decision in the review reversing an adverse determination of patentability*."

In *Sawstop v. Vidal*, the Federal Circuit read the italicized statutory language for C delay narrowly, thereby limiting the likelihood of an appeal conferring additional PTA. First, the Court read "reversing an adverse determination of patentability" to require that a claim after appeal be "substantively allowable, not just free of a particular rejection."[2] Second, the Court read "the patent was issued under a decision in the review" to require that the claim not "differ[] substantively" from appeal to issuance. [3] While the Court addressed two different patents, its analysis of US Patent No. 9,522,476 ("'476 patent") exemplifies its narrow reading of the statutory language.

During the prosecution of the '476 patent, claim 11 was finally rejected as obvious based on a combination of references. On appeal, the Patent Trial and Appeal Board (PTAB) found that the Examiner had not made the requisite findings of fact regarding combining certain figures of a reference in the combination, but found claim 11 nonetheless obvious over the same combination. The PTAB thus reversed the Examiner's rejection, but issued a new ground of rejection. On remand, Sawstop reopened prosecution to address the new ground of rejection. After several amendments, claim 11 was allowed and issued as claim 1 in the '476 patent. The USPTO did not grant any PTA for the time spent on the appeal. Sawstop appealed this PTA determination to a district court, which granted summary judgment to the USPTO. Sawstop then appealed to the Federal Circuit.

On appeal, Sawstop argued that the overturning of the Examiner's rejection at the PTAB was "reversing an adverse determination of patentability," thereby triggering C delay adjustment. The Court disagreed. It read "patentability" as requiring the claim to be "substantively allowable."[4] Because claim 11 remained rejected before and after the PTAB appeal, the appeal resulted "in no substantive change in the patentability of claim 11."[5] The reversal of a "mere 'rejection'" in this scenario did not mandate PTA, according to the Court.[6]

The Court found that Sawstop was not entitled to PTA for an additional reason. To address the new ground of rejection, Sawstop reopened prosecution and amended claim 11 to obtain issuance. Sawstop argued that claim 11 would not have issued but for the successful appeal and its accompanying delay. Once again, the Court disagreed that this was enough to warrant a C delay adjustment. It noted that the statutory language provides that the "patent was issued under a decision in the review." To the Court, this language required that "at least one claim that 'issued' must have been analyzed by the Board or District Court that issued the 'decision in review.'"[7] Because issued claim 11 differed substantively from claim 11 on appeal, no PTA was warranted.

The *Sawstop* decision narrows the reading of the statutory language for C delay adjustments. Arguably a rejection is an "adverse determination of patentability," such that overcoming a rejection on appeal is reversing such a determination. To require an allowable claim removes entire classes of appeal outcomes—for example, where there is a new ground of rejection—from PTA. Furthermore, the Court's gloss on "issued under a decision in a review" precludes substantive amendment post-appeal on a surviving claim. But the Court emphasized that C delay was not "intended to categorically compensate applicants for all appellate delays that were the applicant's fault."[8] Given this policy determination, practitioners should carefully consider how to structure their appeals for both success on appeal and maximum potential for PTA. For example, it may be worthwhile to curate a claim set ahead of appeal with several layers of narrower claims. Such narrow claims may be

found allowable on appeal. And layering increases the chances that at least one claim after appeal survives through issuance without being substantively changed. Otherwise applicants may find themselves in Sawstop's position—successfully navigating years of appeal without any patent term adjustment to show for those efforts.

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1. *Sawstop Holding LLC v. Vidal*, __ F.4th __, 2022 WL 4231212 (CAFC September 14, 2022).
2. *Sawstop* slip opinion at 8.
3. *Id.* at 11.
4. *Id.* at 11.
5. *Id.* at 8.
6. *Id.* at 8.
7. *Id.* at 9.
8. *Id.* at 12.