Failure to Timely Enter the U.S. National Stage in a PCT Application May Be Fatal

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I. INTRODUCTION

In the view of the District Court that heard this issue, it is fatal. The relevant case, as of December 2007, is on appeal to the Court of Appeals for the Federal Circuit ("CAFC").

In the arcane business of patent prosecution, there are many traps for the unwary. One of those traps has just come to light in the appeal to the CAFC in Aristocrat Technologies v. International Gaming Technologies. (The district court decision from which the appeal springs is: Aristocrat Technologies, Australia Pty Limited, and Aristocrat Technologies, Inc. V. International Game Technology and IGT, 491 F. Supp. 2d 916, 2007 U.S. Dist. LEXIS 42854, 84 USPQ2d 1465 (D. N. CA 6/13/2007).) The question in that case is whether one could revive a PCT application that was abandoned as to the United States because of a failure to comply within the 30 month period with the United States national stage entry requirements. The verbal position of the United States Patent and Trademark Office ("USPTO") officials with whom I have spoken is that an abandoned PCT application could be revived via a petition based upon the unintentional abandonment standard. A close reading of the statute however indicates that the unintentional standard is not available to a PCT application abandoned in the United States for failure to timely comply with the United States PCT national stage entry requirements. Rather than bore you up front with my statutory analysis, I copy below relevant portions of Aristocrat's brief on appeal to the CAFC . (My thanks to Harold Wegner for providing a copy of the brief.**)** In section III, I bore you with my analysis.

II. ARISTOCRAT'S BRIEF ON APPEAL TO THE CAFC

It states that:

> On July 18, 2002, Aristocrat's attorney filed a petition to revive the '215 patent application under 37 C.F.R. § 1.137(b), stating that the delay in paying the national stage filing fee was "unintentional." (JA660-61.) On September 3, 2002, the PTO granted the petition, stating that "[a]ll of the requirements of 37 C.F.R. 1.137(b) have been met and the applicant's petition to revive is GRANTED." (JA687 (emphasis in original).) Thereafter, Aristocrat's attorneys resumed prosecution on the merits, and the '215 patent issued on June 6, 2006. (JA29.)
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> C. The District Court Proceedings
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> On June 12, 2006, Aristocrat sued IGT for infringement of the '215 patent. (JA57.) After the '603 patent issued, Aristocrat amended its complaint to assert infringement of that patent as well. (JA2.) During discovery, IGT moved for summary judgment of invalidity. (JA356- 373.) In its motion, IGT alleged that

the PTO improperly revived the '2 15 patent application after it became abandoned. IGT argued that the '2 15 patent application went abandoned pursuant to 35 U.S.C. 5 371(d), because the national filing fee was paid one day late. In reviving the '2 15 application, IGT asserted, Aristocrat was required to show that its one-day delay in paying the fee was "unavoidable," not merely "unintentional ." (JA3 64-65.) IGT further argued that the '215 patent application also went abandoned pursuant to 35 U.S.C. 5 133, which provides that an applicant must respond to a PTO action (in this case, the PTO's denial of the petition to correct the "Date-In") within six months. (JA365-67.) IGT urged that under $ 133-as under 371- Aristocrat was required to show "unavoidable" and not merely "unintentional" delay. (Id.)

D. The District Court Opinion

On June 13, 2007, the district court granted IGT's motion for summary judgment of invalidity. (JAl.) ***The court held that the PTO lacked authority to revive an application abandoned under 35 U.S.C. 371 or 133, unless the applicant's delay was "unavoidable" rather than "unintentional." (JA20-2 1.) The court reasoned that 35 U.S.C. 41(a)(7), which expressly allows for a revival of applications after an "unintentional" delay, "does not modify or alter Section 133 or Section 371, which expressly require 'unavoidable' delays in order to revive abandoned applications."*** (JA15.) The court did not address Aristocrat's argument that 371 independently allows for revival after an unintentional delay in paying the filing fee, and that the district court's result improperly treats international applicants differently from domestic applicants. The district court further held that "improper revival" by the PTO constitutes a statutory defense under 35 U.S.C. 282(2) and 282(4), and thus provides grounds to invalidate an issued patent during litigation. (JA 16-18 .) The district court also accepted IGT's argument that the Administrative Procedure Act permitted the court in this circumstance to decide whether the PTO exceeded its statutory authority. (JA18- 19 .) [Bold and italics added.]

III. ANALYSIS

By way of background, in petitions in the USPTO, the "unavoidable standard" has historically required a truly unavoidable event in order to be granted, like a patent attorney being hit by a car and incapacitated, while walking to the USPTO to file a paper. On the other hand, the "unintentional standard" has historically only required lack of intent to abandon. In fact, for most petitions that are grantable under the unintentional standard, the USPTO requires no showing supporting a conclusion of lack of intent, only a statement to that effect. However, the USPTO does require a stiff fee for any petition relying upon the unintentional standard, and a much more forgiving fee for a petition relying upon the unavoidable standard. The relevant sections of the statute referred to in the excerpt from Aristocrat's brief, and my comments on those sections of the statute, follow:

35 U.S.C. 41 Patent fees; patent and trademark search systems.

(a) GENERAL FEES. The Director shall charge the following fees: ***

(7) REVIVAL FEES. On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, ... [a specified fee]. [Interpolation added.]

35 USC 41 merely specifies the fee applicable for filing petitions relying upon the "unintentional abandonment" standard. It is largely irrelevant to this analysis.

35 U.S.C. 133 Time for prosecuting application.

Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Director in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Director that such delay was unavoidable. [Amended Nov. 29, 1999, Public Law 106-113, sec. 1000(a)(9), 113 Stat. 1501A-582 (S. 1948 sec. 4732(a)(10)(A)).]

35 USC 133 is only relevant to the petition filed to correct the date that Aristocrat's fee was received. It is not relevant to the underlying question whether one can revive an abandoned PCT application what was abandoned for unintentionally failing to timely comply with the 35 USC 371 national stage entry requirements.

35 U.S.C. 371 National stage: Commencement.

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(b) Subject to subsection (f) of this section, the national stage shall commence with the expiration of the applicable time limit under article 22 (1) or (2), or under article 39 (1)(a) of the treaty [which is ***30 months*** from the earliest valid Paris priority date].

(c) The applicant shall file in the Patent and Trademark Office

(1) the national fee provided in section 41(a) of this title; ***

(4) an oath or declaration of the inventor (or other person authorized under chapter 11 of this title) complying with the requirements of section 115 of this title and with regulations prescribed for oaths or declarations of applicants; ***

(d) The requirement with respect to the national fee referred to in subsection (c)(1), the translation referred to in subsection (c)(2), and the oath or declaration referred to in subsection (c)(4) of this section shall be complied with by the date of the commencement of the national stage [which is 30 months] *or by such later time as may be fixed by the Director.* The copy of the international

application referred to in subsection (c)(2) shall be submitted by the date of the commencement of the national stage. **Failure to comply with these requirements shall be regarded *as abandonment of the application* by the parties thereof, unless it be shown to the satisfaction of the Director that such failure to comply was *unavoidable***. The payment of a surcharge may be required as a condition of accepting the national fee referred to in subsection (c)(1) or the oath or declaration referred to in subsection (c)(4) of this section if these requirements are not met by the date of the commencement of the national stage. [Interpolation, bold, and italics, added for clarity.]

Note the reference in 35 USC 371(d) "*or by such later time as may be fixed by the Director*." 35 USC 371 authorizes the Director to specify a later time for filing the national fees and the declaration. The Director has specified those times in 37 CFR 1.495. 37 CFR 1.495 states in pertinent part:

§ 1.495 Entering the national stage in the United States of America.

(a) The applicant in an international application must fulfill the requirements of 35 U.S.C. 371 within the time periods set forth in paragraphs (b) and (c) of this section in order to prevent the abandonment of the international application as to the United States of America. The thirty-month time period set forth in paragraphs (b), (c), (d), (e) and (h) of this section may not be extended. International applications for which those requirements are timely fulfilled will enter the national stage and obtain an examination as to the patentability of the invention in the United States of America.

(b) To avoid abandonment of the application, the applicant shall furnish to the United States Patent and Trademark Office not later than the expiration of thirty months from the priority date:

(1) A copy of the international application, unless it has been previously communicated by the International Bureau or unless it was originally filed in the United States Patent and Trademark Office; and

(2) The basic national fee (see § 1.492(a)).

(c)(1) If applicant complies with paragraph (b) of this section before expiration of thirty months from the priority date, the Office will notify the applicant if he or she has omitted any of: [the other requirements, including for example the inventor declaration]. [Bold, italics, and interpolation supplied.]

The Director, in rule 1.495, has specified a later time for filing the declaration, *but not the fee*. Hence, failure to pay the fee by the 30 month deadline results in the USPTO regarding the application as abandoned.

35 USC 371(d) specifies that the USPTO must regard the application as abandoned, "**unless it be shown to the satisfaction of the Director that such failure to comply was *unavoidable***." That is, the applicant must show to the satisfaction of the Director that the failure

to timely pay the fee by the actual 30 month deadline was *unavoidable* for the Director to not regard the application as abandoned. Normal rules of logic and statutory construction applied to 35 USC 371 and 37 CFR 1.495 indicate that failure to pay the national fees by the 30 month deadline results in the application being abandoned and requiring a showing of unavoidable abandonment for revival.

Does 35 USC 371's "regarded as abandonment" preclude reviving the application, once it is "regarded as abandoned, under some other statutory provision, such as 35 USC 133? Does 35 USC 371's "regarded as abandonment" mean that showing that the abandonment was unavoidable is the exclusive mechanism to revive the otherwise abandoned application? It would seem illogical to require the applicant to show to the satisfaction of the Director that the abandonment was unavoidable and thereafter allow the Director to revive the application under some lesser standard if the applicant failed to show unavoidable abandonment.

Of course, there are policy concerns for the CAFC to take into account when deciding this case. There are a large number of patent issued from applications in which the national stage fees were paid after the 30 month deadline. If the CAFC affirms the District Court, all of those patents will be prima facie invalid. Hence, the outcome is not assured merely based upon statutory and regulatory construction.

Can Aristocrat obtain relief from the USPTO at this time? Of course, one can petition to waive the rules (37 CFR 1.183) in exceptional circumstances "where justice requires". Aristocrat has not filed such a petition. Whether the USPTO would grant such a petition, now, for retroactive relief from rule 1.495, is another issue. I doubt that Aristocrat has considered that option.

IV. WHEN CAN YOU "LATE FILE"?

Two final notes on traps for the unwary, relating to both PCT and the Paris Convention, an deadline filing dates.

First, fees and papers can in fact be paid after the 30 month deadline if that deadline falls on a weekend or holiday and if the filing occurs on the next business day, as specified in 35 USC 21(b). That section states that:

> (b) When the day, or the last day, for taking any action or paying any fee in the United States Patent and Trademark Office falls on Saturday, Sunday, or a Federal holiday within the District of Columbia, the action may be taken, or fee paid, on the next succeeding secular or business day.

Second, do not rely upon 35 USC 21(b) for filing a PCT application outside the literal 12 month Paris article 4 deadline! As I said, patent prosecution is arcane, and this is another one of the arcane points that is a potential trap for the unwary. Explaining why, would require a separate article of substantial length.

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Date/time code: February 12, 2008 (12:54pm)
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