

GATT Patent Term? A Look Back at the Implementation and Ramifications of GATT

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June 8, 2015, will mark 20 years since implementation of the General Agreement on Tariffs and Trade (“GATT”) Uruguay Round legislation in the United States. A significant part of the legislation included provisions relating to patent term and provisional applications. As June 8 of this year approaches, we look back at how this legislation changed the patent landscape, consider whether its intended effects were realized, and discuss its continued impact on patent practice.

Prior to the enactment of GATT, the term of protection afforded to a U.S. utility patent was 17 years measured from the date the patent was granted (provided, of course, that the required fees for maintaining the patent in force were paid). A priority claim from an earlier-filed application or the length of prosecution had no effect on patent term. In fact, it was a well-known strategy in the pre-GATT era for applicants either to stall prosecution or to file continuation application after continuation application (known as “submarine” applications), thereby potentially extending the patent protection for an invention indefinitely.

GATT mandated the term of protection to extend from the date of patent grant until 20 years from the earliest effective U.S. filing date of the application for the patent. 35 U.S.C. § 154(a)(2). Thus, if priority from an earlier U.S. patent application is claimed under Sections 120, 121, or 365(c), the 20-year period is measured from the date of the earliest of such priority applications. *Id.* As a transitional measure, for patents that were already in force on June 8, 1995 or that issued on an application filed before June 8, 1995, the patent term became either 17 years measured from the date of grant or the 20-year term provided above, whichever expires later. 35 U.S.C. § 154(c)(1).

This complete overhaul of patent term calculation significantly changed the effect of “obviousness-type double patenting” (i.e., attempts to extend patent term through multiple applications

directed to similar inventions) and the use of terminal disclaimers to remedy the problem. Under the pre-GATT framework, the ability of the Patent and Trademark Office (“PTO”) to require terminal disclaimers neutralized continuation-after-continuation filing as a strategy used by patent prosecutors for applications with claims that did not recite patently distinct inventions. Terminal disclaimers are still widely used under the post-GATT framework, although, with the exception of cross-family terminal disclaimers, they do little more than limit Patent Term Adjustment determinations (i.e., term extensions due to delays in the PTO), ensure that common ownership within a patent family is maintained, and provide further assurances to the public about the term and expiration of a patent family.

The GATT Uruguay Round legislation also introduced the new patent application format of provisional applications, which provided domestic applicants an opportunity to be placed on an even footing with foreign applicants. Importantly, neither provisional applications nor foreign national applications from which U.S. applications claim priority trigger the start of the 20-year patent term. To this day, the filing of a provisional application continues to provide an inventor with up to one year to further develop the invention, manufacture, determine marketability, acquire funding or capital, sell, explore partnerships, and seek licensing opportunities before the filing of a formal application is required, which initiates the 20-year patent term.

The value of provisional applications has perhaps been no greater than it is now, with the recent implementation of the America Invents Act (“AIA”). The fundamental shift from a “first-to-invent” system to a “first-to-file” system all but necessitated the active filing of provisional applications by inventors to secure the earliest possible priority date.

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While the 20-year anniversary of GATT implementation provides a nice opportunity to reflect on the changes our patent practice has seen, as June 8, 2015, comes and goes, we must remember that patents issued on pre-GATT filings will not magically expire when the clock strikes midnight. There are, of course, those patents that issued less than 17 years ago from applications that were filed prior to June 8, 1995 (and for which maintenance fees were paid). Those patents, while dwindling in number with each passing day, are still alive and well. An even smaller subset includes those applications filed prior to June 8, 1995, which are still pending. The Gilbert Hyatt portfolio is just one example of a patent family with such applications still being prosecuted. *See, e.g.*, U.S. App. Ser. No. 05/302,771. Yes, the vestiges of submarine applications remain, albeit not nearly at the same level as in the pre-GATT period.

As a practical matter, pre-GATT patent references will still be of high importance even after the June 8, 2015 anniversary for practitioners conducting freedom-to-operate studies and due diligence associated with licenses and acquisitions. At the most basic level, one cannot simply pass over any patent with an effective filing date of at least 20 years ago on the assumption that such a patent must have expired. Instead, one must still undertake the same analysis that has been performed for most of the past 20 years in order to determine if a specific patent is pre-GATT and, if so, whether it has expired.

The ramifications of pre-GATT patents do not end there. If an agreement includes a royalty provision and implicates a pre-GATT patent, care

should be taken in drafting or reviewing such a provision, since the implication of the standard phrase “payments shall be made until the last patent expires” could be far-reaching. And naturally, the financial modeling of such a royalty stream must also take into account the existence of any pre-GATT patents that could extend such payments out further than expected.

Therefore, along with the implementation of the AIA into U.S. patent law and practice, patent practitioners must remember that, even after June 8, 2015, we will continue operating within three separate, date-dependent, legal frameworks:

pre-GATT; post-GATT but pre-AIA; and post-AIA.



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