

Should Cos. Use USPTO's New Fast-Track Appeals Program?

By Joe Adamczyk, Anita Choi and Michael Ward (July 13, 2020, 2:18 PM EDT)

On July 2, the U.S. Patent and Trademark Office began accepting petitions for the fast-track appeals pilot program, a new program aimed at shaving off time during ex parte appeal.[1]

Typically, ex parte appeals to the Patent and Trial Appeal Board are decided in the order in which they are filed. For a \$400 petition fee, the new fast-track program will allow appellants to have their appeals advanced out of turn.

Under the fast-track appeals pilot program, appellants can request expedited review of their pending appeal by filing a petition under Title 37 of the Code of Federal Regulations, Section 41.3, via the USPTO's electronic filing system. Appeals entered into the pilot program will be evaluated much like traditional appeals and will have the same optional benefit of an oral hearing.

However, hearings in the fast-track program may not be rescheduled. Any applicant-caused delay during the pendency of the fast-tracked appeal will also result in removal of the appeal from the program.

Utility, design and plant applications are all eligible for fast-track status. Applications that are already treated as special during appeal — such as reissue applications, reexamination proceedings and appeals made special due to the age or health of the applicant — are exempt from the program.

The rollout of the fast-track appeals pilot program was at least partially motivated by the success of the USPTO's track one program, which provides expedited out-of-turn review of preappeal applications for an additional fee. Patent applications reviewed under the track one program take an average of 6.4 months to receive a final decision as to their allowability,[2] while applications processed without track one status wait an average of 23.8 months for final disposition.[3]

Since the track one program's launch in 2012, the accelerated examination program has grown increasingly popular among applicants. In view of the program's success, the USPTO recently raised the yearly limit of granted track one requests from 10,000 to 12,000 to accommodate the increased demand.[4]



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The fast-track appeals pilot program is intended to act as a complement to the existing track one prioritized examination program, which excludes appeals from prioritized status. In the USPTO's announcement on July 1, Director Andrei Iancu lauded the program as a way to close the loop on the accelerated prosecution pathway, saying:

For the first time in USPTO history, applicants will be able to speed up both patent examination and ex parte appeals, thus obtaining decisions on their most important inventions in about half the time of a typical application.

It is worth noting that prioritized examination status under the fast-track program does not carry over from a previous track one designation — a separate petition under Title 37 of the Code of Federal Regulations, Section 41.3, and payment of an additional fee is necessary.

The USPTO expects that appeals reviewed under the fast-track appeals pilot program will receive a final decision from the PTAB within six months from the date the petition is granted. This stands in stark contrast to the existing ex parte appeal process, which requires an average of about 15 months at the PTAB to reach final disposition.[5]

The ex parte appeal process has gained a reputation for being cumbersome and slow-moving, making appeals a last resort for many practitioners. Just five years ago, taking a case to appeal meant waiting two to three years for a decision from the PTAB.[6]

However, the USPTO has made efforts to clear the backlog of appeals cases and to reduce the pendency of applications taken through appeal. The number of pending ex parte appeals at the PTAB has been on a downward trend for several years. In 2020, less than 8,000 appeals were pending, down from a high of 26,570 in 2012.[7] Over the past five years, the USPTO has cut the pendency of the average appeal in half.[8]

Still, appealing a final rejection to the PTAB remains a tough sell for many clients, who value certainty and timeliness over the drawn-out appeals process. A more predictable timeline could make ex parte appeals a more palatable option for applicants backed into a corner during a final rejection. In many cases, the fast-track program's expedited timeline could make the difference between accepting abandonment and challenging an examiner who has dug in their heels.

When time is of the essence, fast-tracked appeals will be one more tool in practitioners' tool belts for securing an earlier notice of allowance. Earlier patent issuance provides several key advantages for inventors, including the ability to attract investors and ward off potential infringers.

For early-stage startups and solo inventors, patent protection remains paramount to attracting venture capital funding — an often necessary step for entering the commercial market. Likewise, expedited appeals could be critical for inventors working in crowded and fast-paced areas of technology, where several months could make the difference between market dominance and obsolescence. For innovators eager to commercialize, the modest \$400 fee will be a welcome alternative to having an application held up at the PTAB.

Inventors looking to assert their patent rights against competitors will also be keen to take advantage of the fast-track appeals pilot program. In crowded industries where infringement seems imminent, an earlier allowance could ward off potential competitors — and it begins the clock for calculating

infringement damages.

However, some clients and practitioners who have used the existing track one program may want to pause before petitioning for fast-track status during appeal, particularly if they can benefit from patent term adjustment.

One silver lining of the traditionally lengthy appeals process has been the potential for patent term adjustment as compensation for delays caused by the USPTO. So long as the PTAB overturns the unpatentability finding of at least one claim on appeal, appellants have been eligible for patent term adjustment, which adds additional time to the allowed patent's term equal to the delays caused by the USPTO.

In many industries, patent term adjustment translates into big money and may be worth the extra time and money sunk into a distended appeal. For pharmaceutical manufacturers producing high-cost treatments, for instance, an additional month of market exclusivity could amount to millions or billions of dollars.[9]

Accordingly, larger institutional clients with robust patent portfolios may find the allure of potential patent term adjustment more valuable than time saved on appeal, particularly if the product is already protected by a patchwork of patents. In these cases, foregoing accelerated examination could be a wise strategy for maximizing a product's patent term.

However, clients seeking to maximize patent term extensions — extensions to a patent term based upon premarket regulatory review of certain drugs and medical devices — may find value in the new pilot program.

Because a patent term extension is awarded for regulatory delays caused after the allowance of a patent application, clients seeking to maximize patent term extensions would still benefit from an earlier date of allowance, even if they have to forego accruing potential patent term adjustments from an extended appeal.

Thus, heavily regulated entities like food, drug and medical device manufacturers should weigh the desire for a patent term extension against the potential for a patent term adjustment before petitioning for fast-track status.

Ultimately, these determinations are highly case-specific and will depend on clients' individual financial needs, as well as their time sensitivity and position within the regulatory process.

Nevertheless, those hoping to take advantage of the fast-track appeal pilot program are advised to act quickly. The USPTO plans to grant a maximum of 125 fast-track petitions per quarter, for a total of 500 expedited appeals during the one year duration of the pilot program. Should petitions exceed the quarterly threshold, additional petitions will be held in abeyance and accepted in subsequent quarters at the PTAB's discretion.

When the temporary program ends on July 2, 2021, the USPTO will decide whether the program will be permanently adopted, extended, modified or terminated. The decision will be based in part on the fast-track program's effect on the timely processing of nonfast-tracked appeals.

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[1] <https://www.uspto.gov/about-us/news-updates/uspto-announces-fast-track-appeals-pilot-program>.

[2] <https://www.uspto.gov/corda/dashboards/patents/main.dashxml?CTNAVID=1007> (reporting current FY2020 Track One statistics).

[3] <https://www.uspto.gov/sites/default/files/documents/USPTOFY19PAR.pdf> (documenting FY 2019 performance statistics on application pendency).

[4] <https://www.uspto.gov/patent/initiatives/usptos-prioritized-patent-examination-program>.

[5] https://www.uspto.gov/sites/default/files/documents/appeal_and_interference_statistics_may_2020.pdf.

[6] <https://www.uspto.gov/about-us/news-updates/uspto-announces-fast-track-appeals-pilot-program>.

[7] https://www.uspto.gov/sites/default/files/documents/appeal_and_interference_statistics_may_2020.pdf.

[8] <https://www.uspto.gov/about-us/news-updates/uspto-announces-fast-track-appeals-pilot-program>.

[9] <https://www.fiercepharma.com/special-report/top-20-drugs-by-2018-u-s-sales>.