

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

MAGNACHEM INTERNATIONAL)
LABORATORIES, INC,)
621 NW 53 Street, Suite 240,)
Boca Raton, FL 33487)

Plaintiff,)

v.)

DAVID J. KAPPOS, Under Secretary)
of Commerce for Intellectual)
Property and Director of the United)
States Patent and Trademark Office.)
Office of General Counsel,)
United States Patent and)
Trademark Office, P.O. Box)
15667, Arlington, VA 22215 and)
Madison Building East, Room)
10B20, 600 Dulany Street,)
Alexandria, VA 22314,)

Defendant.)

Civil Action
No. _____

COMPLAINT

For its Complaint against the Honorable David J. Kappos, in his official capacity as Director of the United States Patent and Trademark Office, Plaintiff Magnachem International Laboratories, Inc. states as follows:

NATURE OF THE ACTION

1. This is an action by Plaintiff Magnachem International Laboratories, Inc. ("Magnachem"), assignee of United States Patent No. 7,323,495 ("the '495 patent") against

Defendant David J. Kappos, as Director of the United States Patent and Trademark Office (“USPTO”) to have the patent term of the ‘495 patent recalculated to correct the patent term adjustment (“PTA”) under the USPTO’s erroneous statutory construction of 35 U.S.C. § 154(b). Plaintiff Magnachem seeks a judgment that the PTA for the ‘495 patent be changed from 409 days to 659 days, or an increased term adjustment of 250 additional days.

2. This action arises under 35 U.S.C. § 154, as correctly construed in the case of Wyeth v. Kappos, 591 F.3d 1364 (Fed. Cir. 2010).

THE PARTIES

3. Plaintiff Magnachem is a corporation organized under the laws of Florida, having a principal place of business at Boca Raton, Florida.

4. Defendant David J. Kappos (“the Director”) is the Under Secretary of Commerce for Intellectual Property and Director of the USPTO, acting in his official capacity. The Director is the head of the USPTO and is responsible for superintending or performing all duties required by law with respect to the granting and issuing of patents, and is designated by statute as the official responsible for determining the period of patent adjustments under 35 U.S.C. § 154.

JURISDICTION AND VENUE

5. The Court has jurisdiction over this action and is authorized to issue the relief sought pursuant to 28 U.S.C. §§ 1331, 1338(a) and 1361 and 35 U.S.C. § 154(b)(4)(A).

6. Venue is proper in this district under 35 U.S.C. § 154(b)(4)(A).

FACTS

7. David Terrero is the inventor of record of patent application number 10/701,584 which issued as the '495 patent, a copy of which is attached hereto as "Exhibit A."

8. Plaintiff Magnachem is the assignee of the '495 patent, as shown by documents recorded in the USPTO and Exhibit A. Accordingly, Plaintiff Magnachem is the real party in interest.

9. Section 154 of 35 U.S.C. requires that the USPTO Director grant a PTA per the provisions of Section 154(b). More specifically, 35 U.S.C. § 154(b)(3)(D) states that "[t]he Director shall proceed to grant the patent after complete of the Director's determination of a patent term adjustment under the proceedings established under this subsection, notwithstanding any appeal taken by the applicant of such determination."

10. Under 35 U.S.C. § 154(b)(1), an applicant is entitled (subject to certain conditions and limitations) to PTAs for the following reasons:

a. If the USPTO fails to take certain actions during the patent examination and issue process within specified time frames, 35 U.S.C. § 154(b)(1)(A), which are known as the A delays;

b. If the USPTO fails to issue a patent within three years of the actual filing date of the application, 35 U.S.C. § 154(b)(1)(B), which are known as the B delays; and

c. For delays due to interference, secrecy order, or successful appellate review, 35 U.S.C. § 154(b)(1)(B), which are known as the C delays.

11. Moreover, 35 U.S.C. § 154(b)(1) also provides that "[t]o the extent that periods of delay attributable to grounds specified in [35 U.S.C. § 154(b)(1)] overlap, the period

of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.” Finally, any applicant delays are subtracted from the actual PTA.

12. From the enactment of 35 U.S.C. § 154(b) to the Federal Circuit’s decision in Wyeth v. Kappos, 591 F.3d 1364 (Fed. Cir. 2010), the USPTO incorrectly calculated PTAs by giving an applicant the greater of the A delay or B delay, but not both. In Wyeth, the Federal Circuit held that the both the A delay and the B delay must be included in the PTA calculation, and that the USPTO had been incorrectly calculating PTAs.

13. On February 1, 2010, the USPTO published official notice in the Federal Register to notify the public that it was modifying its computer software to calculate the PTA for a patent per the method described in the Wyeth decision. In its official notice, the USPTO announced it would recalculate PTAs for patents issued before March 2, 2010, if filed within 180 days of the day the patent was granted.

14. In that same official notice, however, the USPTO did not provide a method of post-Wyeth recalculation of PTA for patents issued more than 180 days before March 2, 2010.

COUNT I (THE ‘495 PATENT)

15. The allegations set out in Paragraph Nos. 1 through 14 are incorporated into this Count as if fully set forth herein.

16. The 10/701,584 application was filed on November 5, 2003, and issued as the ‘495 patent on January 29, 2008, subject to a terminal disclaimer.

17. The USPTO previously and erroneously calculated that the PTA for the '495 patent is 409 days, as shown on the face of the '495 patent. See Exhibit A.

18. The USPTO's pre-Wyeth PTA of 409 days is in error, in that the USPTO did not include both A delay and B delays, as required under 35 U.S.C. § 154(b).

19. Under 35 U.S.C. § 154(b)(1) and as set out in Wyeth, the correct formula for measuring a PTA is [A delay] plus [B delay] minus [overlap delay] plus [C delay] minus [applicant delay.]

20. Applying the correct PTA formula, the total period of USPTO delay for the '495 patent and, thus, the correct PTA for the '495 patent, is calculated as follow: 387 days of A delay plus 335 days of B delay plus 0 days of C delay and minus A and B overlap of 22 days and 41 days of applicant delay. Accordingly, the correct PTA for the '495 patent is 659 days, which requires the addition of 250 more days to the term of the '495 patent.

22. The USPTO's original PTA calculation under its construction of 35 U.S.C. § 154(b) for the '495 patent is arbitrary, capricious, an abuse of discretion, and otherwise not in accord with the law, and is in excess of the USPTO's statutory jurisdiction, authority, and limitation, as is its decision not to calculate new PTAs for patents issued more than 180 days before March 2, 2010.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Magnachem respectfully asks this Court to:

a. Issue an Order that directs the USPTO to increase the patent term adjustment for the '495 patent term by 250 days, namely, from 409 days to 659 days, and directing the

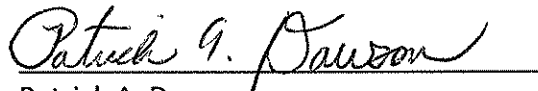
USPTO to alter the face and file of the '495 patent to show a correct patent term adjustment of 659 days, subject to the terminal disclaimer; and

b. Grant such other an further relief as the Court deems just, fair, and equitable.

DATED: May 26, 2010.

Respectfully submitted,

PABST PATENT GROUP LLP

A handwritten signature in cursive script that reads "Patrick A. Dawson". The signature is written in black ink and is positioned above a horizontal line.

Patrick A. Dawson
D.C. Bar No. 441481
Of Counsel

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