

FILED

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

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CLERK U.S. DISTRICT COURT
ALEXANDRIA, VIRGINIA

Case No. 1:12cv1331

LO/TRJ

SEOUL OPTO DEVICE CO., LTD.
1-36 Block, 727-5, Wonsi-dong, Danwon-gu
Ansan-si, Gyeonggi-do
Republic of Korea 425-851

Plaintiff,

v.

HON. DAVID J. KAPPOS
Under Secretary of Commerce for Intellectual
Property and Director of the United States Patent
and Trademark Office
P.O. Box 1450
Alexandria, VA 22313
401 Dulany Street
Alexandria, VA 22314

Office of the General Counsel
United States Patent and Trademark Office
P.O. Box 15667, Arlington, VA 22215
Madison Building East, Room 10B20
600 Dulany Street, Alexandria, VA 22314

Defendant.

COMPLAINT

Plaintiff Seoul Opto Device Co., Ltd. ("Seoul Opto Device"), for its complaint against the Honorable David J. Kappos (hereinafter "Kappos" or "Defendant"), state as follows:

NATURE OF THE ACTION

1. This is an action by Seoul Opto Device, the owner and assignee of United States Patent No. 8,188,687 (the "'687 Patent"), for review of the determination by Defendant, pursuant to, *inter alia*, 35 U.S.C. § 154(b)(3)(B), of the patent term adjustment of the '687 Patent. Seoul Opto Device seeks a judgment that the patent term for the '687 Patent be increased. Seoul Opto

Device furthermore seeks a judgment that 37 C.F.R. § 1.703(b)(1) is invalid, unconstitutional, and contrary to law.

2. This action arises under 35 U.S.C. § 154, the Fifth Amendment of the Constitution of the United States, and the Administrative Procedure Act, 5 U.S.C. §§ 701-706.

THE PARTIES

3. Seoul Opto Device is a corporation organized and existing under the laws of the Republic of Korea, with its principal place of business at 1-36 Block, 727-5, Wonsi-dong, Danwon-gu, Ansan-si, Gyeonggi-do, Republic of Korea 425-851.

4. Kappos is the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (“PTO”), acting in his official capacity. The Director is the head of the PTO 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 term adjustments under 35 U.S.C. § 154(b)(3)(B).

JURISDICTION AND VENUE

5. This Court has jurisdiction to hear this action and is authorized to issue the relief sought pursuant to 28 U.S.C. §§ 1331, 1338(a), 1361, 2201 & 2202; 35 U.S.C. § 154(b); and 5 U.S.C. §§ 701-706.

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

7. This Complaint is being timely filed in accordance with 35 U.S.C. § 154(b)(4)(A).

ALLEGATIONS COMMON TO ALL COUNTS

The '687 Patent

8. Seoul Opto Device is the assignee of all right, title and interest in the '687 Patent, as

evidenced by records on deposit with the PTO and the face of the '687 Patent. A true and correct copy of the '687 Patent is attached hereto as Exhibit A. As such, Seoul Opto Device is the real party in interest in this case.

9. Chung Hoon LEE, James S. SPECK, Hong San KIM, Jae Jo KIM, Sung Han KIM, and Jae Ho LEE are the inventors of patent application number 11/994,308 (“the '308 Application”), which was filed on December 28, 2007 (the “'308 Filing Date”). The '308 Application is a national stage application of international Patent Cooperation Treaty (“PCT”) application number PCT/KR2006/001726, which was filed on May 9, 2006 with a priority date of June 28, 2005 (the “'308 PCT Priority Date”). The '308 Application met all 35 U.S.C. § 371(c) requirements on January 25, 2008 (the “'308 371 Completion Date”). The national stage commenced in the '308 application 30 months after the '308 PCT Priority Date, or December 28, 2007 (“'308 National Stage Commencement Date”).

10. On September 2, 2010, the PTO mailed a Non-Final Office Action as to the '308 Application (the “'308 First Office Action”).

11. On April 1, 2011, the PTO mailed a Final Rejection as to the '308 Application (the “'308 Second Office Action”).

12. On June 30, 2011, the PTO mailed an Advisory Action as to the '308 Application (the “'308 Advisory Action”).

13. On July 6, 2011, Seoul Opto Device filed with the PTO a Request for Continued Examination (“RCE”) as to the '308 Application (the “'308 RCE”).

14. On August 19, 2011, the PTO mailed a Non-Final Office Action as to the '308 Application (the “'308 Third Office Action”).

15. On February 7, 2012, the PTO mailed a Non-Final Office Action as to the '308

Application (the “’308 Fourth Office Action”).

16. On April 12, 2012 the PTO mailed a Notice of Allowance and Fees Due for the ’308 Application (the “’308 Notice of Allowance”). Included in the ’308 Notice of Allowance was a Determination of Patent Term Adjustment in which the PTO indicated that the patent term adjustment to date for the ’308 Application was 356 days.

17. On April 20, 2012, Seoul Opto Device paid the issue fee for the ’308 Application, thereby satisfying all outstanding requirements for issuance of a patent therefrom.

18. On May 9, 2012, the PTO mailed an Issue Notification for the ’308 Application. Included in the Issue Notification was a Determination of Patent Term Adjustment in which the PTO indicated that the patent term adjustment for the ’308 Application was 545 days.

19. On May 29, 2012, the ’308 Application issued as the ’687 Patent, reflecting a patent term adjustment of 545 days.

Patent Term Guarantee

20. The Patent Term Guarantee Act of 1999, a part of the American Inventors Protection Act (“AIPA”), amended 35 U.S.C. § 154(b) to address concerns that delays by the PTO during the prosecution of patent applications could result in a shortening of the effective life of the resulting patents to less than seventeen years after issuance.

21. Amended 35 U.S.C. § 154(b) broadened the universe of cognizable administrative delays by the PTO that could retroactively yield an extension of the patent term to compensate for such prosecution delays (“Patent Term Adjustment” or “PTA”).

22. Patent Term Adjustment applies to original utility patent applications (including continuations, divisionals and continuations-in-part) filed on or after May 29, 2000.

23. In calculating PTA, Defendant must take into account PTO delays under 35 U.S.C. §

154(b)(1), any overlapping periods in the PTO delays under 35 U.S.C. § 154(b)(2)(A), and any applicant delays under 35 U.S.C. § 154(b)(2)(C).

24. Under 35 U.S.C. § 154(b)(1)(A), an applicant is entitled to PTA for the PTO's failure to carry out certain acts during processing and examination within defined deadlines ("A Delay").

25. Under 35 U.S.C. § 154(b)(1)(B), an applicant is entitled to additional PTA attributable to the PTO's "failure . . . to issue a patent within 3 years after the actual filing date of the application in the United States," but not including "any time consumed by continued examination of the application requested by the applicant under section 132(b)" ("B Delay"). Per 37 C.F.R. § 1.702(b), in a national stage application, the starting date of this 3 year guarantee is the date on which the national stage commenced.

26. Per the plain and unambiguous language of 35 U.S.C. § 154(b)(1)(B), the filing of an RCE has no impact on the PTA calculation after the three year deadline has passed and this statute provides no basis for an RCE to reduce PTA. Rather, an RCE only tolls the three year guarantee deadline, if it is filed within three years of the application filing date.

27. 35 U.S.C. § 154(b)(2)(C)(i) also directs that "the period of adjustment of the term of a patent under paragraph [154(b)(1)] shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application" ("C Reduction").

28. Under 35 U.S.C. § 154(b)(4)(A), "[a]n applicant dissatisfied with a determination made by the Director under paragraph (3) shall have remedy by a civil action against the Director filed in the United States District Court for the Eastern District of Virginia within 180 days after the grant of the patent. Chapter 7 of title 5 shall apply to such action."

Defendant's Abrogation of the Patent Term Guarantee

29. Defendant has improperly calculated PTA in a manner that deprives patentees of B Delay due to an incorrect interpretation of the effect of the continuing examination procedure under 35 U.S.C. § 132(b) within the context of 35 U.S.C. § 154(b)(1)(B).

30. Defendant has inappropriately promulgated and relied upon 37 C.F.R. § 1.703(b)(1) to support its flawed interpretation of 35 U.S.C. § 154(b)(1)(B) that B Delay permanently ceases to accrue upon the filing of an RCE by an applicant.

31. Instead, 35 U.S.C. § 154(b)(1)(B)(i) merely requires the exclusion of “any time consumed by continued examination of the application requested by the applicant under 35 U.S.C. § 132(b)” when calculating whether the PTO has satisfied the three-year pendency guarantee. In other words, an RCE filed before the three year anniversary of an application’s filing date only operates to toll the three year guarantee date. An RCE filed after the three year anniversary of an application’s filing date has no impact on PTA.

32. Thus, when properly construed, if the PTO fails to meet this three-year pendency guarantee, the applicant is entitled to the full remedy afforded by 35 U.S.C. § 154(b)(1)(B): “the term of the patent shall be extended 1 day for each day after the end of that 3-year period until the patent is issued,” subject only to the specific limitations set forth in 35 U.S.C. § 154(b)(2).

33. None of the limitations included within 35 U.S.C. § 154(b)(2) reduce or otherwise affect the PTA remedy in 35 U.S.C. § 154(b)(1)(B) on the basis of time consumed by examination after filing of an RCE.

34. The PTO also promulgated regulations pursuant to 35 U.S.C. § 154(b)(2)(C) specifying applicant actions that will result in a reduction of the additional patent term available under § 154(b)(1)(B). These regulations, set forth at 37 C.F.R. § 1.704, likewise do not include

any reduction or limitation based upon time consumed by examination after the filing of an RCE.

35. Accordingly, 35 U.S.C. § 154(b)(1)(B) dictates that if an RCE is not filed within three years after the actual filing date of a patent application, the filing of the RCE has no effect upon the accrual of B Delay for that patent. Under such circumstances, the applicant is entitled to B Delay from the day after the three-year pendency period through the date of issuance of the patent, the explicit remedy set forth in 35 U.S.C. § 154(b)(1)(B), subject only to the specific limitations set forth at 35 U.S.C. § 154(b)(2).

36. To the extent that 37 C.F.R. § 1.703(b)(1) conflicts with the straightforward and unambiguous language of 35 U.S.C. § 154(b)(1)(B), this subsection of the regulation is invalid.

37. In the alternative, even if the remedy afforded under 35 U.S.C. § 154(b)(1)(B) somehow can be construed to be limited by “any time consumed by continued examination of the application requested by the applicant under section 132(b),” the PTO still has improperly calculated PTA in a manner that deprives patentees of B Delay due to its incorrect interpretation of the effect of filing an RCE.

38. The only time properly “consumed by continued examination” is the period from and including the date the applicant files an RCE to and including the day before the date the PTO thereafter mails a Notice of Allowance, an event that concludes the continued examination. Accordingly, an applicant is entitled to accrue B Delay for the period from and including the date of the mailing of a Notice of Allowance to and including the day before the issuance of the patent.

The Proper Calculation of PTA for the '687 Patent

39. Under 35 U.S.C. § 154(b)(1)(A)(i)(II), Seoul Opto Device is entitled to an adjustment of the term of the '687 Patent for a period of 526 days. This A Delay period is attributable to the

PTO's failure to mail an action under 35 U.S.C. § 132 not later than 14 months after '308 371 Completion Date. This period consists of the period from and including March 25, 2009 (14 months after the '308 371 Completion Date) to and including September 1, 2010 (the day before the mailing date of the '308 First Office Action).

40. Under 35 U.S.C. § 154(b)(1)(B), Seoul Opto Device is entitled to an additional adjustment of the term of the '687 Patent for a period of 518 days. This B Delay period consists of the period from and including December 29, 2010 (the day after three years after the '308 National Stage Commencement Date) to and including May 29, 2012 (the issue date of the '687 Patent).

41. In the alternative, under 35 U.S.C. § 154(b)(1)(B), Seoul Opto Device is entitled to an additional adjustment of the term of the '687 Patent for a period of 237 days. This B Delay period consists of the period from and including December 29, 2010 (the day after three years after the '308 National Stage Commencement Date) to and including July 5, 2011 (day before filing of the '308 RCE) and the period from and including April 12, 2012 (mailing of the '308 Notice of Allowance) to and including May 29, 2012 (the issue date of the '687 Patent).

42. There is no overlap of A Delay and B Delay for the '687 Patent pursuant to 35 U.S.C. § 154(b)(2)(A).

43. Under 35 U.S.C. § 154(b)(2)(C), a total of 170 days of delay are attributable to Seoul Opto Device. This period of C Reduction consists of the aggregation of the following periods:

- a. The period of 50 days from and including December 3, 2010 (the day after the three month deadline for responding to the '308 First Office Action) to and including January 21, 2011 (Seoul Opto Device's filing of the Reply to the '308 First Office Action and an extension of time);

b. The period of 5 days from and including July 2, 2011 (the day after the three month deadline for responding to the '308 Final Office Action) to and including July 6, 2011 (Seoul Opto Device's filing of the RCE and an extension of time);

c. The period of 38 days from and including July 7, 2011 (the day after Seoul Opto Device's filing of the '308 RCE) to and including August 13, 2011 (Seoul Opto Device's filing of an Information Disclosure Statement); and

d. The period of 77 days from and including November 10, 2011 (the day after Seoul Opto Device's filing of the Reply to the '308 Fourth Office Action) to and including January 25, 2012 (Seoul Opto Device's filing of an Information Disclosure Statement).

44. The correct PTA for the '687 Patent is 874 days: the sum of the 526 days of A Delay and the 518 days of B Delay, minus the 170 days of C Reduction.

45. In the alternative, the correct PTA for the '687 Patent is 593 days: the sum of the 526 days of A Delay and the 237 days of B Delay, minus the 170 days of C Reduction.

CLAIMS FOR RELIEF

COUNT ONE

(Patent Term Adjustment as to the '687 Patent Under 35 U.S.C. § 154)

46. The allegations of paragraphs 1-45 are incorporated in this claim for relief as if fully set forth herein.

47. The PTO's calculation of B Delay for the '687 Patent was based upon a flawed interpretation of 35 U.S.C. § 154(b)(1)(B) that wrongly excluded all otherwise compensable PTO delay that accrued after Seoul Opto Device filed the '308 RCE, as confirmed by the Court in Exelixis.

48. Seoul Opto Device filed the '308 RCE during prosecution of the '308 Application

more than three years after the actual filing date of the application.

49. Seoul Opto Device' filing of the '308 RCE during prosecution of the '308 Application has no effect upon the accrual of B Delay for the '687 Patent.

50. The '687 Patent accrued B Delay for the period from December 29, 2010 (i.e., the day after three years after the '308 National Stage Commencement Date) until May 29, 2012 (i.e., the issue date of the '687 patent).

51. In the alternative, the PTO's calculation of B Delay for the '687 Patent was based upon an interpretation of 35 U.S.C. § 154(b)(1)(B) that improperly excluded PTO delay that was not "consumed by continuing examination."

52. Continued examination of the '308 Application by the PTO concluded on the date the PTO mailed to Seoul Opto Device the '308 Notice of Allowance.

53. The '687 Patent accrued B Delay for the period from and including the date the PTO mailed to Seoul Opto Device the '308 Notice of Allowance to and including the day before of issuance of the '687 patent.

54. The PTO's erroneous interpretation of 35 U.S.C. § 154(b)(1)(B) resulted in an incorrect calculation B Delay for the '687 Patent that deprived Seoul Opto Device of the appropriate PTA for this patent.

55. Seoul Opto Device is entitled to additional patent term for the '687 Patent such that the 545 days of PTA granted by the PTO should be changed to 874 days or, in the alternative, to at least 593 days.

COUNT TWO
(Violation of the Fifth Amendment of the
Constitution of the United States)

56. The allegations of paragraphs 1-55 are incorporated in this claim for relief as if fully

set forth herein.

57. The Fifth Amendment of the Constitution of the United States provides in relevant part, “[N]or shall private property be taken for public use, without just compensation.”

58. Seoul Opto Device enjoys a substantial and cognizable private property right in the full and complete term of the '687 Patent.

59. Seoul Opto Device has not failed to pay any necessary maintenance fees to the PTO required to maintain its rights in the '687 Patent.

60. Defendant's promulgation of 37 C.F.R. § 1.703(b)(1), the regulatory subsection interpreting 35 U.S.C. § 154(b)(1)(B)(i), and reliance upon this regulatory subsection in improperly calculating B Delay when determining PTA for the '687 Patent would otherwise permanently deprived Seoul Opto Device of patent term to which it was entitled under 35 U.S.C. § 154(b).

61. Defendant's purposeful and deliberate diminution of the patent term of the '687 Patent constitutes a taking of Seoul Opto Device's property without just compensation, in violation of the Fifth Amendment of the Constitution of the United States.

62. Seoul Opto Device is entitled to additional patent term for the '687 Patent such that the 545 days of PTA granted by the PTO should be changed to 874 days or, in the alternative, to at least 593 days.

COUNT THREE
(Declaratory Judgment Under The Administrative Procedures Act,
5 U.S.C. § 702 et seq.)

63. The allegations of paragraphs 1-62 are incorporated in this claim for relief as if fully set forth herein.

64. Defendant's promulgation of 37 C.F.R. § 1.703(b)(1), the regulatory subsection

interpreting 35 U.S.C. § 154(b)(1)(B)(i), and its improper calculation of B Delay when determining PTA for the '687 Patent were contrary to law.

65. Defendant's promulgation of 37 C.F.R. § 1.703(b)(1) and determination of PTA for the '687 Patent are arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law within the meaning of 5 U.S.C. § 706(2)(A); contrary to Seoul Opto Device's constitutional rights within the meaning of 5 U.S.C. § 706(2)(B); and in excess of statutory authority within the meaning of 5 U.S.C. § 706(2)(C).

66. Defendant's promulgation of 37 C.F.R. § 1.703(b)(1) and determination of PTA for the '687 Patent were final agency actions that are reviewable by a district court in accordance with 5 U.S.C. § 704.

67. Seoul Opto Device has adequately exhausted all of its available administrative remedies under 35 U.S.C. § 154 or, in the alternative, pursuit of any further administrative remedies is futile.

68. Seoul Opto Device has been afforded no adequate remedy at law for Defendant's promulgation of 37 C.F.R. § 1.703(b)(1) and determination of PTA for the '687 Patent.

69. Seoul Opto Device will suffer irreparable injury if 37 C.F.R. § 1.703(b)(1) is not invalidated and Defendant is not directed to recalculate PTA for the '687 Patent.

70. An order invalidating 37 C.F.R. § 1.703(b)(1) and directing Defendant to recalculate PTA for the '687 Patent would not substantially injure any other interested parties, and the public interest will be furthered by invalidation of a regulatory subsection and recalculation of PTA that is contrary to law.

71. Seoul Opto Device is entitled to additional patent term for the '687 Patent such that the 545 days of PTA granted by the PTO should be changed to 874 days or, in the alternative, to

at least 593 days.

WHEREFORE, Seoul Opto Device respectfully prays that this Court:

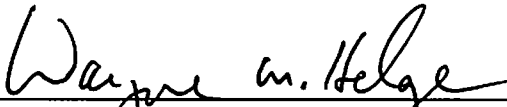
A. Issue an Order changing the period of PTA for the '687 Patent from 545 days to 874 days, or, in the alternative, to at least 593 days, and requiring Defendant to alter the term of the '687 Patent to reflect such additional PTA;

B. Declare pursuant to 28 U.S.C. § 2201 that 37 C.F.R. § 1.703(b)(1) is invalid, unconstitutional and contrary to law; and

C. Grant such other and further relief as the nature of the case may admit or require and as may be just and equitable.

Respectfully submitted,

Dated: November 20, 2012


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