

The termination of patent terminal disclaimers?

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The United States Patent and Trademark Office (USPTO) is proposing a rule change, that if enacted, would have an enormous impact on patent practice in the United States, and in particular continuation patent practice. The proposed rule involves a somewhat obscure area of patent law to the non-practitioners — non-statutory double patenting.

More specifically, the rule is targeting the legal tool that is frequently used to overcome a non-statutory double patenting — the terminal disclaimer.

This rule change (if enacted and only for future patents) would essentially cause the entire family of terminal disclaimer-linked patents to fall together if a single successful invalidity attack is lodged against any one family member patent.

Having a bar against double patenting, i.e., preventing the same person from patenting the same invention more than once, is a fairly straightforward concept. However, the statutory framework to address double patenting has been construed in a narrow fashion from 35 U.S.C. § 101 to only prevent the patenting of the *exact* same invention.

As such, a *statutory* double patenting rejection can often be readily overcome by introducing some difference, often a rather trivial difference, to the scope of protection defined by the patent claims in a later-filed application. The difference in that the patent claims need not involve mutually distinct inventions, but could be different by having narrower claim scope, partially overlapping or adjacent claim scope, or even broader claim scope. Any of these differences could be relied upon to overcome a statutory double patenting rejection.

Because statutory double patenting only addresses patents directed to identical inventions, an entire landscape of similar, but not identical, inventions, i.e., inventions that are not patentably distinct from the claims of the earlier patent, are unaddressed. In a legal framework that relied only upon statutory double patenting, clever filing strategies could be employed that cover these similar, but not identical inventions. Such patents could, in a sense, *extend* the patent term of the original patent beyond its 20-year lifespan by

having a second, very similar patent that expires at a later date due to its later filing date.

Enter *non-statutory* double patenting. Non-statutory double patenting (often referred to as obviousness-type double patenting) is a judicially created doctrine that was developed to address situations not addressed by statutory double patenting. Under non-statutory double patenting, a rejection can be issued if the claimed invention of a later-filed application, having the same inventors/applicant, is not patentably distinct from the claimed invention of an earlier patent.

To overcome this non-statutory double patenting rejection, a terminal disclaimer can be filed. A terminal disclaimer, when filed, creates a bond or link between the later-filed application and the earlier patent such that the application and patent are treated as a unified patent property. In this regard, filing of the terminal disclaimer does two things: (1) disclaims any extra patent term that the later-filed application might have enjoyed due to its later filing date (i.e., the any patent resulting from the later-filed application will expire on the same day as the earlier patent), and (2) the later-filed application or resultant patent and the earlier patent must always remain owned by the same owner (i.e., the properties cannot be separated via a sale or transfer).

Once the terminal disclaimer is filed, the non-statutory double patenting rejection is overcome pursuant to the provisions of the disclaimer, and if the application has no other grounds for rejection (which is frequently the case), then the later-filed application becomes a granted patent.

While the doctrine of non-statutory double patenting and the use of terminal disclaimers seemingly addresses the concerns associated with double patenting, how does the filing of a terminal disclaimer affect the relationship between these now-linked patents with respect to the validity of the resulting patents? If one of two terminal disclaimer-linked patents are invalidated, should the invalidity of one directly affect the validity of the other?

The case law on this point clearly says — no. Despite the terminal disclaimer link between patents, from a validity perspective, the patents are independent and stand alone. As such, any finding (e.g., by the courts or the USPTO) that one of the patents is invalid due to being anticipated or obvious in view of the prior art, has no direct effect on the other patent.

Since applicants in the U.S. can file repeated continuation applications claiming priority to an earlier filing, it is a common

strategy to file such repeated applications with relatively small variations in the claimed invention, and rely on terminal disclaimers to readily overcome non-statutory double patenting rejections. These collections of terminal disclaimer-linked patents form a family of patents that may be based on the same original priority patent application.

This continuation filing strategy allows patent owners to *lock in* a first, maybe less desirable patent, but still have the option to make any number of subsequent filings to try for broader or different scope in a later-filed patent application. This *multiple bites of the apple* approach using continuation application filings is very favorable to U.S. patent owners, and the approach is built on a foundation of terminal disclaimers. Even though the patents are linked for purposes of common term and common ownership, the validity of the patents is still treated in a very distinct manner, and any attack on one patent can have little or no impact on terminal disclaimer-linked patents.

Again, this is very beneficial to patent owners because many separate and costly patent validity battles must be fought and won to eliminate the entire family of patents amounting to an extremely costly endeavor to undertake.

Given this backdrop, the proposed rule change by the USPTO (See Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting, Federal Register / Vol. 89, No 92, May 10, 2024/ Proposed Rules, 37 CFR §1, Docket no. PTO-P-2024-0003, RIN 0651-AD76, Pgs. 404439-40449 — <https://bit.ly/4ciHr2v>) would give the links formed by terminal disclaimers a new and substantial downside.

Under the proposed rule, the terminal disclaimer would have a new wrinkle that specifically targets the validity of the linked patents. For administrative authority reasons, the change to the rule requires that the applicant enter into an agreement with the USPTO with provisions that prevent the applicant from enforcing any terminal disclaimer-linked patents, *after any one claim in any terminal disclaimer-linked patent is found invalid*. Such linked patents or applications would be rendered unenforceable or abandoned as a result of a successful invalidity challenge.

This rule change (if enacted and only for future patents) would essentially cause the entire family of terminal disclaimer-linked patents to fall together if a single successful invalidity attack is lodged against any one family member patent. In other words,

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rather than having to attack each member patent of the family in a separate action, a party could simply attack one, maybe the most venerable, patent in the family, and if successful, the entire family would fall together.

It can be clearly seen that such a change to the rules for terminal disclaimers significantly benefits the patent challenger to the detriment of the patent owner. Given the cost of patent litigation or inter-partes reviews to defeat multiple patents within a family as described above, many competitors or potential competitors could consider bringing an invalidity action to remove uncertainty that would have been impossible for many to undertake under the current rules.

If the rule change for terminal disclaimers is enacted, U.S. patent prosecution and filing strategies would change dramatically. Currently, terminal disclaimers are often filed with little thought to overcome a non-statutory double patenting rejection. Under the new rule, applicants will consistently fight non-statutory double patenting rejections to avoid the need to submit a terminal disclaimer. This will lead to a substantial increase in the time and cost of responding to a non-statutory double patenting rejection.

Moreover, applicants will increasingly seek to obtain the broadest and most beneficial patent scope in an initial patent application filing, since the use of continuations and terminal disclaimers to obtain lesser patents would put the broader, more strategically valuable patents at risk in a new way.

While this rule change may result in what some might consider a more balanced playing field for patent challengers/defendants, the detrimental effect on patent owners and their reliance upon the use of terminal disclaimers to build thickets of patents would be staggering. Continuation filings would drop markedly, essentially eliminating the value of a highly-used strategic portfolio building tool that has been leveraged by patent owners. With that said, rule changes have such a sweeping impact are not often enacted quickly, and certainly not without tireless consideration of the impacts.

The USPTO is currently accepting public comments on the proposed rule change until July 9, 2024. The comments to the USPTO will provide insights into the sentiments of patent owners and potential challengers, and give some sense of the likelihood that the rule change, in its current form, will be adopted.