Kathi Vidal
Director
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Re: Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting
(Dkt. Id. PTO-P-2024-0003)

Director Vidal:

IPValue Management, Inc. ("IPValue") respectfully requests that the USPTO not amend its rules of practice to add a requirement that:

[T]erminal disclaimers filed to obviate nonstatutory double patenting to include an agreement by the disclaimant that the patent in which the terminal disclaimer is filed, or any patent granted on an application in which a terminal disclaimer is filed, will be enforceable only if the patent is not tied and has never been tied directly or indirectly to a patent by one or more terminal disclaimers filed to obviate nonstatutory double patenting in which: any claim has been finally held unpatentable or invalid as anticipated or obvious by a Federal court in a civil action or by the USPTO, and all appeal rights have been exhausted; or a statutory disclaimer of a claim is filed after any challenge based on anticipation or obviousness to that claim has been made.

Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting (Dkt. Id. PTO-P-2024-0003) (hereinafter “Proposed Rule”).

The Proposed Rule is contrary to bedrock patent law principles and Federal Circuit precedent, will unnecessarily increase the cost and complexity of prosecution, is beyond the scope of the USPTO’s rulemaking authority, and is contrary to your stated goal of encouraging patenting by small, solo, under-resourced, and diverse inventors. For these reasons we respectfully request that the USPTO not amend its rules of practice to add this improper and ultra vires requirement.

A. The Proposed Rule is Contrary to Bedrock Patent Law Principles and Federal Circuit Precedent

One of the fundamental principles of U.S. patent law is that each claim of a patent is its own independent invention, and the fact that one claim is found invalid does not necessarily reflect on the validity of any other claim in the patent. Indeed, almost 150 years ago, the Supreme Court acknowledged this very concept, holding that “[a] patent may be valid as to a single claim and not valid as to the others.” Russell v. Place, 94 U.S. 606, 609 (1877); see also Altoona Publix Theatres, Inc. v. Am. Tri-Ergon Corp., 294 U.S. 477, 487 (1935) (“Under the statute it is the claims of the patent which define the invention. And each claim must stand or fall, as itself sufficiently defining invention, independently of the others.”) (internal citations omitted); see also 35 U.S.C. § 282(a) (“Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim.”).

The Proposed Rule would, however, ignore this bedrock principle and hold that all claims of a patent that is terminally disclaimed against another patent would be unenforceable if a single claim of that other patent were disclaimed or found invalid. For ease of discussion, consider for example, U.S. Patent No. 10,176,723
entitled “Obstacle Avoidance System.” 1 This patent is terminally disclaimed against U.S. Patent No. 9,997,078.2 If the claims of the ’078 patent were ever challenged, the challenger would have to prove invalidity of each challenged claim on an individual basis. Cf. Altoona Publix Theatres, Inc., 294 U.S. at 487; 35 U.S.C. § 282(a). Yet, if the challenger succeeded in invalidating a single claim of the ’078 patent, and if the Proposed Rule had been in effect at the time that the ’723 patent was being prosecuted, the ’723 patent would become unenforceable in its entirety without any analysis of whether the claim of the ’078 patent found invalid formed the basis of the obviousness-type double patenting triggering the terminal disclaimer.3

Indeed, a long line of cases has rejected this irrational outcome. As recognized by the USPTO, the Federal Circuit has repeatedly rejected the notion that the fact that a claim of one patent is found to be invalid means that any claims of a patent terminally disclaimed against that first patent is necessarily invalid.

Currently, claims in patents tied by a terminal disclaimer filed under 37 CFR 1.321(c) or (d) to obviate nonstatutory double patenting must be separately challenged on validity grounds. See 35 U.S.C. 282(a); see also SimpleAir, Inc. v. Google LLC, 884 F.3d 1160, 1167-68 (Fed. Cir. 2018) (“[O]ur cases foreclose the inference that filing a terminal disclaimer functions as an admission regarding the patentability of the resulting claims.”); Motionless Keyboard Co. v. Microsoft Corp., 486 F.3d 1376, 1385 (Fed. Cir. 2007) (“A terminal disclaimer simply is not an admission that a later-filed invention is obvious.”); Ortho Pharm. Corp. v. Smith, 959 F.2d 936, 941 (Fed. Cir. 1992) (rejecting the argument that the patent applicant admitted to obviousness-type double patenting by filing a terminal disclaimer); Quad Envtl. Techs. Corp. v. Union Sanitary Dist., 946 F.2d 870, 874 (Fed. Cir. 1991) (“[T]he filing of a terminal disclaimer simply serves the statutory function of removing the rejection of double patenting, and raises neither presumption nor estoppel on the merits of the rejection.”).

Proposed Rule at Section I(B).

This recognition, based on the USPTO’s prior proposed rule that “applicants seeking patents on obvious variations to prior claims should be required to stipulate that the claims are not patentably distinct from the previously considered claims as a condition of filing a terminal disclaimer to obviate an obviousness-type double patenting rejection,” id. at I(A), should have been the end of the story. Yet, despite its recognition that well-established Federal Circuit precedent does not allow it to do what it initially proposed, id. (“the USPTO has opted not to propose a rule requiring a stipulation that the claims are not patentably distinct or an agreement by the disclaimant that filing a terminal disclaimer is an admission of obviousness”), the USPTO has opted for an even more draconian solution.

In a related context the Federal Circuit has characterized “the remedy of inequitable conduct [as] the ‘atomic bomb’ of patent law” because “[u]nlike validity defenses, which are claim specific, inequitable conduct regarding any single claim renders the entire patent unenforceable.” Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d 1276, 1288 (Fed. Cir. 2011) (en banc) (citations omitted; emphasis added). “Moreover, the taint of finding of inequitable conduct can spread from a single patent to render unenforceable other related patents and applications in the same technology family.” Id. In Therasense, the Federal Circuit

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1 This patent appears to be assigned to Garmin International, Inc. It was randomly chosen as it appears to have an archetypical prosecution history for a patent that is terminally disclaimed.
3 As discussed in further detail below, only pending claims 1, 2, 11, and 12 were rejected on nonstatutory, obviousness-type double patenting grounds during prosecution of the application that issued as the ’723 patent. Yet, under the Proposed Rule, all fourteen claims of the ’723 patent would become unenforceable.
characterized the doctrine of inequitable conduct as a plague on the entire patent system and significantly circumscribed the situations in which a claim of inequitable conduct can be raised because it recognized that “a finding of inequitable conduct may endanger a substantial portion of a company’s patent portfolio.” Id. at 1289.

In the Proposed Rule, despite recognizing that Federal Circuit precedent precludes it from requiring applicants to stipulate that claims of a terminally disclaimed patent are not patentably distinct from the claims of the patent against which it is disclaimed, the USPTO has decided to seek the more draconian outcome of having the entire patent become unenforceable. Cf. Therasense, 649 F.3d at 1288-89. For the same reasons identified by the Federal Circuit in Therasense, SimpleAir, Inc., Motionless Keyboard Co., and Ortho Pharm. Corp., among others, IPValue respectfully requests that the USPTO reconsider this ill-advised Proposed Rule.4

B. The Proposed Rule Would Unnecessarily, and Significantly, Raise the Cost of Prosecution

Not only is the stated rule contrary to well-established Federal Circuit precedent, but it would unnecessarily and significantly raise the cost of patent prosecution. Patent practitioners and Examiners are well versed in the judicial precedent discussed in the previous Section (and acknowledged by the USPTO in the Proposed Rule). In particular, both applicants and Examiners recognize that “the filing of a terminal disclaimer simply serves the statutory function of removing the rejection of double patenting, and raises neither presumption nor estoppel on the merits of the rejection.” Quad Envtl. Techs. Corp., 946 F.2d at 874. Thus, obviousness-type double patenting rejections are often issued quite informally, and the filing of a terminal disclaimer to overcome such a rejection is also commonplace.

For example, during prosecution of the ’723 patent (our exemplary patent discussed above), in a non-final office action the Examiner:

- rejected certain claims 3, 6, 8-9, 13, 16, and 18-19 under 35 U.S.C. 112(a) as being unenabled or for failing to meet the written description requirement;
- rejected claims 1, 2, 11, and 12 on nonstatutory double patenting grounds; and
- indicated that claims 4-5, 7, 10, and 14-20 were allowable (but objected to these claims as depending from a rejected base claim).

Nonfinal Office Action dated August 28, 2018.5 The entirety of the Examiner’s obviousness analysis consisted of the following single paragraph:

Claims 1, 2, 11, and 12 [are] rejected on the ground of nonstatutory double patenting as being unpatentable over claim 4, 9, 13, and 11 of U.S. Patent No. [9,997,078]. Although the claims at issue are not identical, they are not patentably distinct from each other because

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4 The USPTO’s argument that “[t]o the extent an applicant believes claims are patentably distinct, they may either challenge the rejection or move those claims to an application in which a terminal disclaimer has not been, and will not be, filed,” is not only impractical—as it does not explain why those claims would not be subject to a nonstatutory, obviousness-type double patenting rejection in the new application—but is contrary to well-established law. See, e.g., SimpleAir; Inc., 884 F.3d at 1167-68 (“our cases foreclose the inference that filing a terminal disclaimer functions as an admission regarding the patentability of the resulting claims”); Motionless Keyboard Co., 486 F.3d at 1385 (“A terminal disclaimer simply is not an admission that a later-filed invention is obvious.”); Quad Envtl. Techs. Corp., 946 F.2d at 874 (“the filing of a terminal disclaimer simply serves the statutory function of removing the rejection of double patenting, and raises neither presumption nor estoppel on the merits of the rejection”).

5 File History of U.S. App. No. 15/979172.
each of the claims is a narrower recitation of the patented claims and is within the scope of the claims.

Id. at 5. The Examiner made absolutely no attempt to perform an element-by-element comparison of each of the claims of the ’172 application against the allegedly corresponding claims of the ’078 patent. Nor did the Examiner explain why a “narrower” claim is necessarily obvious over a broader claim. Indeed, this reasoning is contrary to another bedrock principle of patent law that dependent (i.e., narrower) claims may well be valid even if the base claim from which they depend is obvious. Cf. Sandt Tech., Ltd. v. Resco Metal & Plastics Corp., 264 F.3d 1344, 1355-56 (Fed. Cir. 2001) (reversing the district court’s holding that invalidity of base claims necessarily rendered dependent claims invalid because “dependent claims contain additional limitations, [and] they cannot be presumed to be invalid as obvious just because the independent claims from which they depend have properly been so found”).

Further, in his single paragraph justification for four, and only four, of the claims of the ’172 application being unpatentable under the doctrine of obviousness-type double patenting, the Examiner made no attempt to consider the Graham factors:

Under 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined.

KSR Int’l Co. v. Teleflex, Inc., 550 U.S. 398, 406 (2007) (quoting Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 17-18 (1966). Nor did the Examiner articulate his reasons for why a person of ordinary skill in the art would find claims 1, 2, 11, and 12 obvious over the allegedly corresponding claims 4, 9, 13, and 11 of the ’078 patent. KSR Int’l Co., 550 U.S. at 418 (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinnings to support the legal conclusion of obviousness.”). 6

Despite the massive shortcomings in the Examiner’s obviousness-type double patenting rejection, the applicant did not challenge the obviousness-type double patenting rejection on substantive grounds. Although the applicant amended certain claims and cancelled others to overcome the rejections under 35 U.S.C. 112(a), it elected not to amend claims 1, 2, 11, and 12. Instead, it elected to simply file a terminal disclaimer to overcome the nonstatutory double patenting rejection. See generally, Terminal Disclaimer and Amendment filed September 28, 2018.

If the Proposed Rule had been in place during prosecution of the ’172 application, the applicant would have faced having all fourteen claims of the ’723 patent becoming unenforceable if a single claim of the ’078 patent was found invalid. This despite the USPTO asserting that only four claims of the ’723 patent were obvious over four claims of the ’078 patent. 7 It is extremely likely that given such a potential risk, the applicant would likely have sought not just an element-by-element comparison of the claims of the ’172 application against the allegedly corresponding claims of the ’078

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6 As already addressed, the only rationale articulated by the Examiner was directly contrary to black letter law.
7 The fact that under the Proposed Rule the ’723 patent would be unenforceable in its entirety, even though only four claims of the ’723 patent were alleged to be obvious over four corresponding claims of the ’078 patent is further evidence of why this Proposed Rule is ill-advised and inequitable. Cf. Therasense, 649 F.3d at 1288 (“the remedy of inequitable conduct is the ‘atomic bomb’ of patent law” because “[u]nlike validity defenses, which are claim specific, inequitable conduct regarding any single claim renders the entire patent unenforceable”).
patent, but would have also (A) challenged the Examiner’s rationale for the obviousness determination and (B) sought a thorough analysis of the Graham factors. Additionally, to the extent necessary, it is possible that the applicant may have even relied on secondary (objective) indicia of nonobviousness to argue that the pending claims of the ’172 application were not, in fact, obvious over the allegedly corresponding claims of the ’078 patent.

This random, yet representative, example shows the somewhat informal approach that both Examiners and applicants frequently take to obviousness-type double patenting rejections. It is undoubtedly the case that if the Proposed Rule is adopted, applicants will take a much harder look at each and every obviousness-type double patenting rejection and hold Examiners to the much stricter standard for showing obviousness as required by KSR Int’l Co. and Graham, which in turn will certainly increase not just the applicant’s cost but the burden on the USPTO and each individual Examiner.

C. The Proposed Rule is Beyond the USPTO’s Rule Making Authority

“Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim.” 35 U.S.C. § 282(a). Additionally, “[w]henever a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid.” 35 U.S.C. § 253(a). Further:

An application for patent for an invention disclosed in the manner provided by section 112(a) (other than the requirement to disclose the best mode) in an application previously filed in the United States, or as provided by section 363 or 385, which names an inventor or joint inventor in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

35 U.S.C. 120.

Thus, the statutes governing patents and patent applications contemplate the filing of continuation applications and create a presumption that the allowed claims of any such continuation application are valid (until proven invalid by clear and convincing evidence), and that disclaimer of a single claim of a patent does not invalidate any other (un-disclaimed) claims of that patent.

The Proposed Rule would for all intents and purposes render all claims of a patent that is terminally disclaimed against some other patent unenforceable simply because a single claim of the second patent is found invalid. Not only is this Proposed Rule contrary to well-established judicial precedent, it is also contrary to the Patent Act as interpreted by this precedent and thus beyond the USPTO’s rule making authority. See, e.g., FEC v. Democratic Senatorial Campaign Comm., 485 U.S. 27, 32 (1981) (“the courts are the final authorities on issues of statutory construction. They must reject administrative constructions

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8 In light of the change in patent term under the Uruguay Round Agreements Act to twenty years from the priority date, see 35 U.S.C. § 154(a), the effect of a terminal disclaimer filed on a continuation application against a parent or grandparent application is frequently minimal (and at best a waiver of any additional term granted under 35 U.S.C. § 154(b)). This is yet another reason that applicants tend to not oppose obviousness-type double patenting rejections on substantive grounds and often elect to simply file a terminal disclaimer.
of the statute, whether reached by adjudication or by rulemaking, that are inconsistent with the statutory mandate or that frustrate the policy that Congress sought to implement.”).

The Federal Circuit has considered terminal disclaimer to overcome an obviousness-type double patenting rejection specifically in the context of 35 U.S.C. 282 and 35 U.S.C. § 253 and held:

Where obviousness-type double patenting is recognized before issuance of a patent, the price extracted for obtaining the second patent is disclaimer of part of the term of protection for all claims in the patent, i.e., even those claims which standing alone would not run afoul of the rule against double patenting. See, Ex parte Kumagai, 9 USPQ2d 1642, 1646 (Bd. Pat. App. & Int.1988). However, we conclude that this unitary treatment of the claims with respect to their term of protection does not carry over into an obviousness-type double patenting attack on the claims after the patent is issued. To do so would run counter to the requirement that validity of each claim must be evaluated individually as provided in 35 U.S.C. § 282:

Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim.

35 U.S.C. § 282 (1988). We have held that this means “a party challenging the validity of a claim, absent a pretrial agreement or stipulation, must submit evidence supporting a conclusion of invalidity of each claim the challenger seeks to destroy.” Shelcore, Inc. v. Durham Indus., 745 F.2d 621, 625, 223 USPQ 584, 586-87 (Fed.Cir.1984). We conclude that the double patenting challenge must be evaluated, like any other ground of invalidity, against individual claims. Ashland Oil, Inc. v. Delta Oil Prods. Corp., 685 F.2d 175, 178, 216 USPQ 857, 859 (7th Cir.1982), cert. denied, 460 U.S. 1081, 103 S. Ct. 1769, 76 L.Ed.2d 343 (1983). Invalidity of a claim on any ground brings into play 35 U.S.C. § 253 (1988): “Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid.” Reading these provisions together, we conclude that the invalidity of ‘322 claim 1 because of double patenting, even if true, does not necessarily require the invalidation of claims 5, 19, 40, and 43. Ortho has not attempted to show that the four claims at issue are themselves obvious variations of the ‘699 claims. We, therefore, do not address Ortho's extensive arguments respecting the invalidity of claim 1 of the ‘322 patent.


D. The Proposed Rule is Contrary to the USPTO’s Efforts to Support Small Businesses and Under-Resourced Inventors

The USPTO has various programs directed at encouraging patenting by small businesses and under-resourced inventors. Additionally, “[t]he AIA requires the USPTO to establish methods for studying patent applicant diversity, including applicants who are women, minorities, and veterans.” The USPTO has also

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9 https://www.uspto.gov/patents/laws/america-invents-act-aia/programs (“The AIA directs the USPTO to work with intellectual property law associations across the country in order to establish pro bono programs for financially under-resourced inventors and small businesses.”) (last visited May 22, 2024).

10 Id.
established “a Patent Ombudsman Program providing patent filing support and services to small businesses and independent inventors” consistent with the AIA. The AIA, and the USPTO’s response to Congress’s mandate, demonstrates both Congress’s and the USPTO’s interest in and dedication to encouraging more patenting by small, solo, economically-disadvantaged, and minority inventors. The Proposed Rule will undo all of those goals and efforts.

Inventors and applicants often file continuation applications to claim their invention more narrowly, in part to account for prior art (and other bars to patentability) identified during the prosecution of the parent application. This approach makes particular sense when one takes into consideration the fact that the standard filing fee for a patent application covers only three independent claims and a total of twenty claims. 37 CFR 1.16(h). If the USPTO were to implement the Proposed Rule, an applicant would have no recourse but to include in the application every invention disclosed by the specification to avoid risking any continuation application being unenforceable because the continuation application may be terminally disclaimed (and a single claim of the patent against which it is terminally disclaimed is found invalid). Such an outcome would necessarily make the prosecution of the application a lot more complicated and expensive and unnecessarily burdensome to both the USPTO and the applicant.

More importantly, however, the additional cost of attempting to include in the original every possible claim covering every invention disclosed in the specification (or risk not being able to claim those inventions in later continuation applications) would trigger excess claim fees under 37 CFR 1.16(h) that would unreasonably burden small, solo, economically-disadvantaged, and minority inventors. Contrary to the USPTO’s statement in the Proposed Rule, it is almost guaranteed that the Proposed Rule “will [] have a significant economic impact on a substantial number of small entities.”

E. Conclusion

IPValue supports the USPTO’s goal of promoting innovation and competition and appreciates the USPTO’s efforts to avoid unnecessary litigation expenses. The risks that the USPTO has identified in the Proposed Rule are already addressed by existing rules and requirements governing obviousness-type double patenting and terminal disclaimers. See, e.g., 37 CFR 1.321(c)(3) (a patent subject to terminal disclaimer is enforceable “only for and during such period that said patent is commonly owned with the application or patent which formed the basis for the judicially created double patenting”). The Proposed Rule, however, is contrary to bedrock principles of patent law and a line of judicial precedent stretching back over 150 years, beyond the USPTO’s rulemaking authority, likely to increase the cost of patent prosecution unnecessarily and substantially, and contrary to the USPTO’s and Congress’s stated goals of encouraging more patenting by small, solo, under-resourced, and diverse inventors. For all these reasons, IPValue respectfully requests that the USPTO not adopt the Proposed Rule.

Sincerely yours,

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Kaustuv M. Das
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11 Id.
12 Proposed Rule at IV(B) (citing 5 U.S.C. § 605(b)).