
# Former USPTO Directors Urge Reconsideration of Proposed Terminal Disclaimer Rule

## By Christopher Shrock
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Five former Directors of the U.S. Patent and Trademark Office recently called on current USPTO Director Kathi Vidal to withdraw proposed changes to terminal disclaimer rules 37 CFR 1.321(c) and (d) (89 FR 40439). Vidal's predecessors claimed, among other things, that the proposed rule would depart the "normal process of considering each patent claim on its own merits." What do they mean? Why is this significant?

Currently, terminal disclaimers stop patent applicants from securing rights to their inventions for more than the 20-year limit prescribed by Congress. When a first patent application won't cover the full scope of an invention, the applicant can file a second or "continuation" application, based on the first application, to pursue rights on the rest of the breakthrough. However, if the USPTO believes that the scope of the second application is "obvious" in view of the first application, the examiner will require the applicant to shorten the life of the patent sought in the second application. You can't have 20 years on a first "parent" patent plus additional time on a second, nearly-identical "child" patent. So the applicant must submit a disclaimer terminating the child patent whenever its parent would reach its natural end.

The problem with continuation applications, from the USPTO's point of view, is the potential for abusive redundancies. For example, an applicant with deep pockets could use continuation applications to obtain "multiple patents directed to obvious variants" so that, even if a court or the USPTO later invalidates one patent, the invention will still have protection from the others. And a defendant in an infringement action seeking to escape liability through invalidation (i.e., arguing that the USPTO should never have issued the patent at issue) would have to challenge each and every variant individually—a daunting task for shallow-pockets (89 FR 40439).

The USPTO's proposal would solve this problem by adding a new function to terminal disclaimers, namely, making child patents depend on their parents for validity. Under the proposed rule, a child patent would become unenforceable if claims from the corresponding parent application were invalidated. The deep-pocketed troll could fire its barrage of infringement claims, but the defendant could escape liability through invalidation of just one patent—the parent. Thus, the rule would try to level the playing field for shallow-pocketed defendants.

Most likely, the proposed rule would make little difference to some patent families, for example, those obtained by the following one-two strategy: quickly obtaining a narrow patent before pursuing a broader, more methodical one. If the claims of the second patent fully eclipse the claims of the first, then, logically, if the first is invalid, so is the second. If you can't patent a Tyrian purple adamantine

cylinder with a hole through one end, then you also can't patent a more generic metal cylinder with a hole through one end. Thus, the rule would do away with the formality of arguing the broader claim.

But consider another scenario. Suppose a parent patent has two independent claims, for example, (1) a Tyrian purple adamantine cylinder with a hole in one end, and (2) the use of that cylinder as a bathroom doorstop. Also suppose the applicant obtains a child patent, expanding the original claims to cover (1') the cylinder in various shades of aubergine and (2') methods applying it to sliding-glass and doggie doors. The USPTO demands a terminal disclaimer for the second patent, which the applicant files. Later, an alleged infringer of claim (2') uses a Tyrian purple adamantine cylinder with a hole in one end as a doorstop for a doggie door. The patent holder files suit. The defendant, instead of arguing the claim at issue, challenges (1), the device claim from the parent. Under the USPTO's propose rule, an invalidation of any claim from the first patent renders the second patent unenforceable. Thus, when the court invalidates claim (1), claim (2') becomes unenforceable, and the defendant prevails—even though no court reviewed claim (2'), or even claim (2). The defendant escapes liability with zero consideration of the infringed claim.

The USPTO leaves no ambiguity about how it intends to apply the rule if adopted. Its Examples 4 and 5 show that any invalidated claim in a parent patent would render every claim from every child patent unenforceable, regardless of relationships among claims. If using a Tyrian purple adamantine cylinder with a hole through one end as a doorstop for a doggie door proved to be the most ingenious and economically efficient innovation of a generation, then the inventor would not reap a reward after the claim for the cylinder itself was invalidated. The applicant and the USPTO's failure to omit claim (1) from the parent patent would doom the true innovation without direct consideration. Hence, the former directors' concern to preserve the "normal process," whereby each claim stands or falls on its own merits.

Arguably, circumventing the "normal process" in the manner proposed by the USPTO threatens to undermine inventors' statutory rights, which promise enforceable patent rights for new and nonobvious inventions. If so, then the proposed rule may be unlawful. Without the rule, however, the USPTO's concern about redundant child patents remains unresolved. Perhaps the notice-and-comment procedure will reveal some less radical approaches to the problem. Comments on the proposed rule will close on July 9, 2024.

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