

Publication

05/09/2024

United States Patent & Trademark Office Proposes Rule that Would Limit Patent Owner's Enforcement Rights of Patents Subject to a Terminal Disclaimer

On May 10, 2024, the United States Patent & Trademark Office (USPTO) published a proposed rule under which terminal disclaimers filed to obviate an obviousness-type double patenting (ODP) rejection would limit the patents to a far greater extent. If implemented, the new rule will have significant effects on patent prosecution and litigation strategy.

Patent applicants have long utilized continuation applications to claim additional subject matter disclosed in a patent application and not adequately protected in granted patent claims. At times, the USPTO rejects claims in a continuation application on ODP grounds because the invention claimed in the continuation application and the reference application/patent are allegedly not patentably distinct. Patent applicants can overcome an ODP rejection by filing a terminal disclaimer. Currently, a terminal disclaimer provides that the term of any patent granting from the continuation application does not extend beyond the term of the reference patent or any patent granting from the reference application.

The new proposed rule would change the required language of terminal disclaimers to state that if a

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reference patent is adjudicated to be invalid by the USPTO or a federal court, and all appeals are exhausted, then the claims granted from the terminally-disclaimed continuation patent are not enforceable.

From a litigation perspective, a patent challenger facing potential infringement of a portfolio of patents connected by terminal disclaimers may be able to simply invalidate the claims in a single patent to gain freedom to operate instead of incurring the cost and effort of invalidating the entire portfolio.

From a prosecution perspective, patent applicants should carefully assess whether the rejected claims could be amended to overcome the ODP rejection without filing a terminal disclaimer and/or whether a terminal disclaimer should be filed.

The USPTO's proposed rule comes in the wake of the Federal Circuit's holding in *In re Celect*, which changed some expectations about patent terms associated with patent term adjustment under 35 U.S.C. § 154.

We will continue to monitor the progress of this proposed rule and will tailor our recommendations should this rule, or a version thereof, be implemented.

We are here to help navigate prosecution and litigation strategies in light of recent precedent and USPTO rules. If you have any questions about the proposed rule, the impact it may have, or recommended next steps, please contact Tom Campbell, or your Neal Gerber Eisenberg attorney.

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