Tips For Avoiding Problematic Terminal Disclaimers

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The Federal Circuit’s recent decisions in STC.UNM v. Intel Corp.[1] and In re Dinsmore[2] illustrate dangers associated with filing a terminal disclaimer to overcome a nonstatutory double-patenting rejection. In each case, the appellant tried to address the requirement that the terminally disclaimed patent had to be commonly owned with a patent owned by another party in order to be enforceable. Unfortunately, the appellants found that the options for addressing the common ownership requirement are very limited once the patent has issued. In each case, the problematic terminal disclaimer might have been avoided through more careful prosecution.

STC.UNM v. Intel Corp.

In STC.UNM v. Intel Corp., the licensing arm of the University of New Mexico (UNM) sued Intel Corp. for infringement of U.S. Patent No. 6,042,998 (‘998 patent), which was terminally disclaimed over U.S. Patent No. 5,705,321 (‘321 patent). After the suit commenced, discovery revealed that the ‘998 patent was unenforceable because it was not commonly owned with the ‘321 patent: Although the patents had inventors in common, UNM owned the ‘998 patent solely and the ‘321 patent jointly with Sandia Corporation. To remedy this problem, UNM assigned an undivided interest in the ‘998 patent to Sandia so that both patents were jointly owned by Sandia and UNM, rendering the ‘998 patent enforceable.

Unfortunately for UNM, Sandia refused to join the suit, so the district court dismissed the case, ruling that UNM lacked standing.[3] The district court also dismissed, with prejudice, UNM’s claim for damages before UNM assigned an undivided interest in the ‘998 patent to Sandia.[4] Although the Federal Circuit recognized certain situations in which a patent owner can be joined involuntarily,[5] it affirmed the district court’s decision, holding that “the right of a patent co-owner to impede an infringement suit brought by another co-owner is a substantive right that trumps the procedural rule for involuntary joinder under Rule 19(a).”[6] Thus, even though UNM satisfied the common-ownership requirement for enforceability of the ‘998 patent, UNM could not enforce the ‘998 patent because Sandia refused to join the suit.

In re Dinsmore
In re Dinsmore involves a patentee’s unsuccessful attempt to modify a terminal disclaimer filed in U.S. Patent No. 7,236,568 (‘568 patent) over U.S. Patent No. 6,658,086 (‘086 patent), which has a common inventor but is owned by a third party. In 2008, less than two years from the issue date, the owner of the ‘568 patent (“patentee”) filed a reissue application in an attempt to remove the terminal disclaimer (or its effect) and without amending the patent’s claims. In its reissue declaration, the patentee stated that it had “inadvertently and without deceptive intent filed a Terminal Disclaimer over [the ’086 patent], which was not commonly owned by the owners of [the ‘568 patent] currently at issue.”[7]

The U.S. Patent and Trademark Office rejected the reissue application, stating that lack of common ownership was not an error upon which reissue could be based. The patentee then filed a supplemental reissue declaration alleging that the terminal disclaimer was invalid and hence the claims were allowed improperly. (It also unsuccessfully petitioned the USPTO to eliminate the terminal disclaimer’s common-ownership provision.)

After the supplemental reissue declaration was rejected, the patentee attempted canceling and amending the claims that had been rejected for double-patenting. The USPTO rejected these responses as failing to identify an error that could support reissue. Then the patentee appealed to the Patent Trial and Appeal Board, only to have the Federal Circuit affirm the rejection because the patentee had failed to identify any mistaken belief that produced an error correctable by reissue.[8] As a result, the patentee was not able to alter the common ownership requirement of the terminal disclaimer in the ‘568 patent.

Nullifying or Amending a Terminal Disclaimer

Unfortunately, there are very few options for modifying or nullifying a terminal disclaimer in a patent.[9] A terminal disclaimer reciting an incorrect patent number can be corrected by filing a petition under 37 C.F.R. § 1.182.[10] Recapture precludes nullification of a terminal disclaimer in supplemental examination or ex parte re-examination.[11] And double-patenting cannot be raised in inter partes review, post grant review, or the transitional program for covered business method patents. [12]

Remedy via reissue is a gray area. First, the reissue statute, 35 U.S.C. § 251, permits reissue “for the unexpired part of the term of the original patent,” which suggests that reissue cannot be used to recapture the disclaimed patent term. Second, Dinsmore states clearly that deliberately filing a terminal disclaimer to overcome a nonstatutory obviousness-type double-patenting rejection is not an error that can be corrected by reissue.

Third, Manual of Patent Examining Procedure § 1490 states that “[r]eissue is not available to withdraw or otherwise nullify the effect of a terminal disclaimer recorded in an issued patent.” But Ex parte Anthony, 230 USPQ 467 (Bd. Pat. App. & Int. 1982), suggests that it might be possible to nullify or modify a terminal disclaimer in a broadening reissue application.[13] And even if it is not possible to modify a terminal disclaimer’s effect on a reissue application, it may be possible to pursue a reissue divisional or continuation application that is not subject to the terminal disclaimer’s common ownership requirement.

It can be slightly easier to correct an improper terminal disclaimer before issuance. Typographical errors, such as incorrect patent numbers, can be corrected by filing a replacement terminal disclaimer before the patent application issues.[14] Other errors can be corrected by filing a petition under 37 C.F.R. § 1.182. In some cases, however, abandoning the terminally disclaimed patent application in favor of a
continuation application might be simpler than attempting to modify or nullify an undesired terminal disclaimer.

**Avoiding Terminal Disclaimers in Patent Applications Without Common Ownership**

Better yet is to avoid filing a terminal disclaimer altogether. For example, the terminal disclaimers in STC.UNM and Dinsmore might have been avoided by more careful prosecution. To understand how, consider the USPTO’s examining procedure. If a claim of a patent application is patentably indistinct from a claim of a patent or another patent application that is commonly owned or names a common inventor, then it should be rejected on the ground of nonstatutory obviousness-type double-patenting.[15] And if the patent or the other application is prior art, as was the case in STC.UNM and Dinsmore, the claim should also be rejected as anticipated by or obvious over the patent or other patent application.

In these situations, the same arguments or amendments that address the prior art rejection(s) could also address the nonstatutory obviousness-type double-patenting rejection. For example, suppose that independent claim 1 is rejected on the grounds of nonstatutory obviousness-type double-patenting and anticipation, but dependent claim 2 is patentable. Amending claim 1 to incorporate the subject matter of claim 2 would overcome both the nonstatutory obviousness-type double-patenting and anticipation rejections, so no terminal disclaimer would be necessary.[16] Conversely, filing a terminal disclaimer would overcome a nonstatutory obviousness-type double-patenting rejection, but would not overcome a prior art rejection.[17]

Now suppose that the patent or other patent application forming the basis for the obviousness-type double-patenting rejection is not prior art. In this case, the applicant should confirm that the patent or other patent application is commonly owned or subject to a joint research agreement[18] before filing a terminal disclaimer. Otherwise, the applicant should address the nonstatutory obviousness-type double-patenting rejection by amending the rejected claim(s) or arguing against the rejection instead of filing a terminal disclaimer.

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[4] Id.

[5] STC.UNM v. Intel Corp., slip op. at 11 (“There are, of course, scenarios that will overcome this rule
against involuntary joinder of a patent owner or coowner in particular instances. As this court acknowledged in Ethicon and DDB Techs., two such scenarios have as yet been recognized. ‘First, when any patent owner has granted an exclusive license, he stands in a relationship of trust to his licensee’ and can be involuntarily joined as a plaintiff in the licensee’s infringement suit; second, ‘[i]f, by agreement, a co-owner waives his right to refuse to join suit, his co-owners may subsequently force him to join in a suit against infringers.”’) (Internal citations omitted).


[8] Id. at 10–12.

[9] See 35 U.S.C. §§ 311(b) and 321(b) and 37 C.F.R. § 42.304(b)(2).

[10] Even though certificates of correction are for addressing clerical and typographical matters, the USPTO apparently considers an incorrect patent number in a terminal disclaimer to be more than a minor error because it affects the patent term. MPEP § 1490.

[11] Notice of Intent to Issue Reexam Certificate dated April 2, 2011, in Control No. 90/010,955 at 6 (“The nullification of a recorded terminal disclaimer is not appropriate in a reexamination proceeding.”). The applicant has appealed this decision to the Federal Circuit on the theory that the terminal disclaimer fee was not paid, so the terminal disclaimer was never in effect.

[12] See 35 U.S.C. §§ 311(b) and 321(b) and 37 C.F.R. § 42.304(b)(2).

[13] Ex parte Anthony, 230 USPQ at 470 (“We are also of the view that the reissue application is not here proper since, in effect, the granting of the reissue would enlarge the scope of the claims of the original patent. The claims would be able to be sued upon for a longer period than would the claims of the original patent. Therefore, the vertical scope, as opposed to the horizontal scope (where the subject matter is enlarged), would be enlarged. Since this application was filed more than two years from the grant of the original patent, the reissue is barred by section 251.”).


[15] Manual of Patent Examining Procedure (MPEP) § 804. If the reference claim is from another patent application (as opposed to a patent), then the rejection should be a provisional rejection that can be held in abeyance until allowance.

[16] In Dinsmore, the applicant filed a terminal disclaimer to overcome a nonstatutory obviousness-type double-patenting rejection based on the ’086 patent and amended the claims to overcome anticipation and obviousness rejections based on the ’086 patent. See Amendment filed January 11, 2007, in U.S. Application No. 11/087,271. The claim amendments should have been sufficient to obviate the obviousness-type double-patenting rejection.

[17] In STC.UNM, the USPTO withdrew its prior art rejections and its nonstatutory double patenting rejection in response to the terminal disclaimer. See Notice of Allowance dated June 22, 1999, in U.S. Application No. 08/932,428. This was likely a mistake: the USPTO should have withdrawn the double-patenting rejection, but not the prior art rejections.
A terminal disclaimer filed in an application “resulting from activities within the scope of a joint research agreement, must ... [i]nclude a provision waiving the right to separately enforce any patent granted on that application ... and the patent or any patent granted on the application which formed the basis for the double patenting, and that any patent granted on that application ... shall be enforceable only for and during such period that said patent and the patent, or any patent granted on the application, which formed the basis for the double patenting are not separately enforced.” Though perhaps less problematic than the common ownership provision, it seems unlikely that the applicant could ensure its ability to enforce its patent without also satisfying one of the conditions for joinder identified in STC.UNM.