

Before the
United States Patent and Trademark Office
Alexandria, VA

In re

TERMINAL DISCLAIMER PRACTICE TO
OBVIATE NONSTATUTORY DOUBLE
PATENTING

Docket No. PTO-P-2024-0003

**COMMENTS OF
COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION**

The Computer & Communications Industry (CCIA)¹ submits the following comments in response to the U.S. Patent and Trademark Office’s May 10, 2024, Notice of Proposed Rulemaking.²

CCIA is an international, not-for-profit trade association representing a broad cross section of communications and technology firms. For more than fifty years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than \$100 billion in research and development, and contribute trillions of dollars in productivity to the global economy.

CCIA members are at the forefront of research and development in technological fields such as artificial intelligence and machine learning, semiconductor manufacturing, and other computer-related inventions. CCIA members are also active participants in the patent system, holding approximately 5% of all active U.S. patents and significant patent holdings in other jurisdictions such as the EU and China. Our members’ active participation in the patent system, both as patent applicants and as parties to patent litigation, gives them a valuable insight into how the proposed rule change would impact innovators and innovation in the United States.

I. Summary

The Office has proposed a rule that addresses a critically important issue. Coordinating unenforceability of patentably indistinct claims across multiple patents will result in competitive benefits as well as improving the coherency of the patent system. It will also address a number of perverse incentives that the present situation creates. While some have criticized the continued use of obviousness-type double patenting rejections post-URAA, they remain a necessary part of the patent system.

However, the proposed patent-by-patent approach is too coarse and contradicts the historical tradition of the patent system, which allows claims to stand alone. We propose a claim-by-claim alternative. This should occur during prosecution, and specifically as part of the

¹ A list of CCIA members is available online at <https://www.ccianet.org/about/members>.

² 89 Fed. Reg. 40439 (May 10, 2024) (the “Notice”).

initial obviousness-type double patenting rejection. Alternatives in which the mapping occurs at other times or in other fora are significantly inferior. This prosecution-focused claim-by-claim approach will ensure that the goals of the obviousness-type double patenting rule are accomplished, doing so in a transparent and up-front way that provides benefits to patent owners and patent challengers alike, and doing so in a way that best separates the patentably distinct wheat from the indistinct chaff.

II. The USPTO’s Proposed Rule Targets An Important And Deserving Concern

At the outset, CCIA wishes to note that the USPTO’s intention—to improve the practice of obviousness-type double patenting rejections by creating a terminal disclaimer option to address patentably indistinct claims—is an important and necessary improvement to the patent system. As stated in the Notice, it will “promote competition by lowering the cost of challenging groups of patents tied by terminal disclaimers.”³ Beyond the competitive benefit identified by USPTO, such a rule would have additional positive impacts on the health of the patent system.

A. *Coherent theories of patent law require invalidating patentably indistinct patent claims simultaneously*

First and foremost, the proposal in the Notice would embody the logical statement that if two claims are patentably indistinct from one another, prior art that invalidates one also renders the other claim obvious. There is no logical reason to require a separate invalidity proceeding to address patentably indistinct claims; if one is invalidated, the other should be as well, simply because if they were not obvious over the same prior art they would be patentably distinct, not indistinct.

B. *The absence of such a provision creates a perverse incentive to obtain large numbers of indistinct claims in multiple patents*

Second, the proposal would address a perverse incentive the current system creates. The cost of obtaining a patent is significantly lower than the cost of assessing its validity. In 2023, the average patent application received 1.371 office actions during prosecution.⁴ Based on the most recent AIPLA economic survey and the USPTO’s current fee schedule, this implies an average cost of approximately \$14,113 in legal fees and an additional \$3,020 in fees to USPTO, for a total average cost per patent of \$17,133.⁵ In contrast, even if a defendant employs the *inter partes* review process, which is significantly cheaper than district court litigation to assess the validity of a patent, the expected cost to the defendant is approximately \$500,000 in legal and expert fees as well as \$41,500 in USPTO fees, for a total cost per challenge of approximately \$541,500.⁶ In other words, a defendant pays—on average—more than thirty times as much to challenge a patent as the patent owner paid to acquire it. This asymmetry between the cost to obtain the patent right and the cost to challenge it leads to an incentive for patent owners to obtain additional indistinct patents to help insulate their portfolio from effective challenge. This

³ Notice at 40440.

⁴ See Harrity & Harrity LLP, “Trends and Implications of Decreasing Average Office Actions Per Patent at the USPTO” (Feb. 29, 2024), <https://harrityllp.com/trends-and-implications-of-decreasing-average-office-actions-per-patent-at-the-uspto/>.

⁵ AIPLA, Report of the Economic Survey 2023 at 43 (Oct. 2023).

⁶ *Id.* at 63.

is especially true for patent owners who are focused primarily or solely on monetary remedies—e.g., patent assertion entities (PAEs).

This perverse incentive operates by scaling the challenge cost more quickly than the cost to acquire patents. Because the cost to obtain multiple indistinct patents is relatively low—particularly since follow-on indistinct patents are likely to be less expensive to prosecute than the original application—patent owners can seek this additional, indistinct patent coverage to help insulate themselves from challenges by raising the cost for their targets to defend themselves by a large amount. An additional three indistinct patents could easily add nearly \$1.5 million in challenge costs, changing the calculus and potentially leading a defendant to settle rather than defend themselves against a patent that is likely to be declared invalid due to the resources required to challenge the full group of indistinct claims.

C. The absence leads to negative impacts on the practice of patent prosecution

The lack of a linkage between patentably indistinct claims also leads to negative impacts on prosecution practice. Because the non-monetary cost to a patent owner of filing an indistinct claim is limited to agreeing that their patents will both terminate simultaneously and cannot be separated, there is limited incentive to contest an obviousness-type double patenting rejection. This leads to patents being unnecessarily encumbered by terminal disclaimers when a traversal of the rejection might have avoided it. Arguably, as described above, there is even an incentive to accept the terminal disclaimer, as it will help to provide the patent owner with additional insulation from successful challenge. As it currently stands, the result is that there is an incentive **not** to engage in compact prosecution. Instead, patent owners see a benefit to pushing claims into continuation applications, particularly when the claims are broad, as well as the benefit of maintaining an open continuation chain. The open continuation allows a patent owner to manipulate their claim scope to most effectively read onto a target firm's product by waiting to draft the claim until the product is on market. This makes it difficult—or even impossible—for a defendant to ever fully invalidate a family, as a new claim can always be brought into play via open continuations.

The change proposed in the Notice would help to reverse or reduce these incentives. Patent applicants would no longer be incentivized to simply accept an obviousness-type double patenting rejection by filing a terminal disclaimer, regardless of the merits of the rejection. Instead, they would now have a reason to consider whether to traverse the rejection or accept it and file a terminal disclaimer. Either choice would lead to an improved prosecution record, with either a clear record that the two claims are not distinct from one another for purposes of patentability or else a better file history description of how the two claims differ. It might also reduce the number of patents sought on minor and obvious variations on a single (non-obvious) invention.

Similarly, it would likely help to deemphasize continuation practice, pushing applicants to obtain broader claims in the original patent as that first patent would not have a terminal disclaimer placed upon it. Even the 'targeted claim' benefit of open continuation chains would be reduced, as a defendant would often be able to invalidate the targeted claim by invalidating a claim in an earlier application in the chain.

Finally, it would provide both patent owners and defendants with litigation certainty. By providing a clear understanding of which claims would survive in the event of the invalidation of an indistinct claim, and which claims would not, both patent plaintiffs and defendants would be

able to better understand what is truly at issue. It would likely enhance the prospects of settlement as well, as both parties would have a narrower point of dispute due to the change.

The result of the type of approach proposed in the Notice would be an improved prosecution history, higher quality patents emerging from the Office, and a patent litigation ecosystem that is clearer to all who participate in it.

III. Criticisms of Obviousness-Type Double Patenting Are Misguided

While some have claimed that obviousness-type double patenting is no longer needed after the changes to patent term engendered by the URAA,⁷ this issue remains an important one. These criticisms of obviousness-type double patenting practice ignore one of the fundamental purposes of this rule, set forth in *In re Robeson*.⁸ When a patent expires, the public “shall be free to use the invention as well as obvious modifications thereof or obvious improvements thereon.”⁹ But absent obviousness-type double patenting rejections, this would not be the case.

While many terminally-disclaimed patents will expire on the same date as the original patent they are disclaimed against, this is not universally the case.¹⁰ For example, if two patent applications were filed on two different dates by the same assignee entity, the 102(b) exceptions providing a one-year grace period and a common ownership exclusion mean it is possible for those two indistinct applications to have different default expiration dates.¹¹

Beyond the simultaneous expiration provision, terminal disclaimers also protect the important interest in avoiding having what is effectively the same patent scope owned and enforced by two separate entities. A defendant should not be forced to defend themselves twice against two different entities over the same basic claim.

The USPTO also lacks any authority to cease to implement obviousness-type double patenting rejections, as they lack substantive rulemaking authority. And if not for terminal disclaimer practice, an obviousness-type double patenting rejection would be incurable and the later application would have to be denied. As such, this practice must be maintained; obviousness-type double patenting rejections and the associated terminal disclaimer practice remain a critically required aspect of our patent system.

IV. A Claim-By-Claim Approach Is Needed

While CCIA strongly supports the goal and intent of the proposal contained in the Notice, we do have one significant concern. Specifically, the Notice proposes that patents will be

⁷ See, e.g., McBride, “The Case for Using Filing Dates Instead of Expiration Dates to Determine Obviousness-Type Double Patenting (Part I)”, *IPWatchdog* (May 5, 2024), <https://ipwatchdog.com/2024/05/05/case-using-filing-dates-instead-expiration-dates-determine-obviousness-type-double-patenting-part/id=176127/>.

⁸ 331 F.2d 610, 614 (C.C.P.A. 1964) (“Where, as here, the claimed subject matter is an obvious modification of what has already been claimed, a second patent is contrary to one of the fundamental principles underlying the patent system, namely, that when the right to exclude granted by a patent expires at the end of the patent term, the public shall be free to use the invention as well as obvious modifications thereof or obvious improvements thereon.”)

⁹ *Id.* at 614.

¹⁰ See, e.g., *In re Bowers*, 359 F.2d 886 (C.C.P.A. 1966). While *Bowers* pre-dates the URAA, it illustrates this type of situation, and were the applications post-URAA applications, this concern would arise.

¹¹ 35 U.S.C. § 102(b) (post-AIA).

disclaimed on a patent-to-patent basis. In other words, if one claim of one patent was invalidated, any patents terminally disclaimed over that partially invalid patent would be completely unenforceable. This is contrary to the traditional and statutory situation in which patent claims stand independent from one another. Invalidation of one claim in a patent does not necessarily invalidate the other claims in the same patent, much less the claims in another patent. It is unclear why invalidating a single independent claim in an unrelated patent should render unenforceable all claims in the separate patent simply because it was disclaimed.

To address this, CCIA proposes that the Office consider replacing the patent-by-patent rule proposed in the Notice with a claim-by-claim rule, described below.

A. Claim-by-claim mapping is needed to encompass both the presumption of independent validity and the needs of obviousness-type double patenting

The simple and immediately apparent solution is that, rather than disclaiming all claims in a patent application with respect to any claim in the patent against which it is being disclaimed, individual claims in the application should be disclaimed as against specific claims in the other patent(s). In other words, a document in which it is set out that “if claim 1 in patent ’XXX is invalidated or unenforceable, then claims 3, 7, and 10 of the ’YYY application are disclaimed” is needed.

This document should be part of the prosecution history, so that it is a public record and so that any potential challengers—and the patent owner as well—will know what is and is not disclaimed prior to making any challenge. It should also be a part of the terminal disclaimer, so that a patent owner has participated in and voluntarily committed to this claim mapping. This ensures that a patent owner would have notice and an opportunity to dispute a claim mapping they might disagree with. This dispute could take the form of the claim mapping being presented as part of the obviousness-type double patenting rejection. This would result in a patent owner having the opportunity to either traverse the rejection, including the claim mapping, or accepting the claim mapping as part of a terminal disclaimer.

B. Statutory considerations

While 35 U.S.C. § 282 states that “[e]ach claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims,” this is not a barrier to the proposed rule, whether the rule of the Notice or CCIA’s proposed alternative. Specifically, this is because terminal disclaimer practice does not render a claim invalid, but instead provides a contingent disclaimer of term, as authorized by 35 U.S.C. § 253.¹² Particularly as § 253 itself notes that invalidation of one claim is not invalidation of the remaining claims in a patent, permitting disclaimer of “any complete claim,” it is clear that disclaimers are compatible with a claim-by-claim approach.

While the statute does not provide a barrier to implementing the Office’s proposal, the non-traditional nature of the proposed patent-by-patent approach, and the clear statutory acceptance of claim-by-claim approaches, might render the proposed rule more susceptible in a court challenge than CCIA’s alternative proposal.

¹² 35 U.S.C. § 253 (“A patentee, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of any complete claim, stating therein the extent of his interest in such patent.”)

V. A Prosecution-Focused Claim-by-Claim Approach

CCIA proposes that, rather than render unenforceable a whole patent in response to a single claim invalidation, the Office adopt a claim-by-claim approach. This approach would be pursued during prosecution of the application, as with current OTDP/TD practice.

A. *CCIA's proposed process*

To implement CCIA's proposal, limited modifications to examination practice would be required. Specifically, when an examiner issues an obviousness-type double patenting rejection, in addition to the existing aspects of the rejection, the examiner would also include a claim map, stating that "claim 1 in the present application is patentably indistinct from claims X, Y, and Z in the 'XXX patent; claim 2 is patentably indistinct from claims W, X, and Z in the 'XXX patent", and so forth, with every claim analyzed for which claims it is patentably indistinct from.

In response to this initial rejection, an applicant would have three options to continue prosecution.

First, they could choose to amend their claims to be patentably distinct from those in the other application or patent. This would obviate any need for a terminal disclaimer, but might not always be available as an application might lack written description support or enablement of a patentably distinct aspect.

Second, the applicant could traverse the rejection. To do so, they would argue that the claims, as presented, are patentably distinct, and explain to the examiner why they believe this to be the case. This could be done in parallel with any other arguments or amendments needed to address rejections under §§ 101, 102, 103, and 112, consistent with the goals of compact prosecution.

Finally, the applicant could agree to a terminal disclaimer which, in addition to the provisions that are already part of terminal disclaimer practice, would contain the applicant's agreement as to which claims the invalidation or unenforceability of a given claim in the disclaimed-against patent would render unenforceable in the patent application for which the terminal disclaimer is being filed.

B. *Benefits of this approach*

This prosecution-based approach has a number of benefits compared to the alternative claim-by-claim approaches, which will be described in more detail below, as well as compared to the Office's patent-by-patent proposal.

First, examiners have the expertise to accomplish this task. They already analyze claims against the potentially conflicting application as part of issuing an obviousness-type double patenting rejection, as they are required to do so in order to justify the rejection. CCIA's proposal would require them to provide a somewhat more formal record of such mapping, and likely would require additional effort from the examiner, but it is well within the scope of their knowledge and skills. Further, with the proposed fee increases associated with terminal disclaimer practice set forth in the Office's FY2025 fee-setting rulemaking¹³, the agency would have sufficient resources to carry out this analysis.

¹³ 89 Fed. Reg. 23226, 23248 (Apr. 3, 2024).

Second, as noted above, there is no statutory barrier to CCIA's proposal. The terminal disclaimer would be a document which the patent applicant would have knowledge of and an opportunity to rebut, avoid, or accept. This type of voluntary agreement would limit any challenges to a given terminal disclaimer. Similarly, it addresses patent owner concerns because they would have been involved in the process of determining which claims are unenforceable in a patent application based on specified claims in another patent.

Finally, and in contrast to the Office's proposal, it meshes with the patent system's long history of treating the validity of claims as an independent issue. The claim-by-claim approach better serves the patent system's goals and avoids invalidating patent rights that should remain valid.

VI. Other Potential Claim-by-Claim Approaches

While CCIA believes that a claim-by-claim mapping taking place during prosecution as part of the obviousness-type double patenting rejection and terminal disclaimer practice would be most appropriate, we will briefly address several alternative possibilities in order to explain why the prosecution-focused approach is most suitable.

A. Post-invalidation claim mappings

In this option, current obviousness-type double patenting rejection practice would remain unchanged. Terminal disclaimers would be modified to include a provision stating that in the event of the invalidation or unenforceability of a claim in the disclaimed-against patent, any patentably indistinct claims in the present application would be rendered unenforceable, but would not set forth any claim-to-claim mapping at that time.

Instead, if a tribunal invalidated or rendered unenforceable a claim of the disclaimed-against patent, they would also conduct the claim-by-claim mapping as part of that invalidation decision. This option presents challenges of expertise, authority, awareness, and efficiency.

1. Issues of expertise

While APJs of the PTAB have the experience needed to conduct a claim-by-claim mapping, they are not the only entity that might invalidate a patent claim. Federal district judges, for example, may preside over a trial in which a jury renders a claim obvious, or may decide a claim of obviousness in a bench trial. But federal judges are generalists, not specialists, and are likely to lack the type of knowledge required to properly conduct a claim mapping. Juries similarly are likely to lack the needed expertise.

2. Issues of authority

Again, while the Office has authority over APJs and examiners, it lacks authority to instruct a federal judge to take some action. As such, any post-invalidation approach would be reliant entirely on federal judges voluntarily complying with the Office's request to conduct claim mapping.

3. Issues of awareness

Beyond the issue of expertise addressed above, there may also be issues regarding whether a tribunal would even be aware that such a mapping needs to be conducted. Because the disclaimed-against patent is not itself burdened with a terminal disclaimer, there is nothing

clearly of record that would result in the tribunal being aware of the need to conduct such a mapping. And a defendant in that case might not be aware of the patent subject to a terminal disclaimer, or might be unconcerned by its existence, thus lacking any awareness or incentive to make the tribunal aware a mapping is needed.

4. *Issues of efficiency*

Finally, a post-invalidation approach would be inefficient. Challengers would not know for sure which claims would be rendered unenforceable until after the fact, reducing certainty in the system and making it less likely that a claim-by-claim approach would be beneficial. And patent owners would likewise be harmed, as they would also be unaware of which claims they might stand to lose in the event of a dispute. Some might even choose to settle rather than defend their claims in order to avoid losing a valuable patent entirely. Others might challenge the mapping as lacking due process, being something conducted without notice and an opportunity to respond.

As such, post-invalidation mappings present significant disadvantages compared to conducting mapping during prosecution. The sole benefit would be that non-litigated patents would not be required to go through a mapping, which would somewhat reduce Office burden. However, this advantage does not outweigh the negatives.

B. Claim mapping at institution

A slightly different, though related, approach would only operate in challenges conducted before the PTAB. In this approach, the PTAB would issue a claim mapping as part of the institution decision whenever a patent which has terminal disclaimers against it is challenged. While this would provide patent owners and challengers with an earlier knowledge of which claims are potentially at issue, it presents the same issues of awareness as those described above in section VI.A.3 and many of the inefficiencies in section VI.A.4 as well.

Again, the minor positive of avoiding mapping during prosecution to reduce Office burden do not outweigh the negatives, particularly as district court invalidations would still have the same issues as those described in section VI.A.

C. A sui generis process at the Office

The final alternative would be the creation of a *sui generis* process at the Office. In this alternative, which might resemble third-party prior art submission or *ex parte* reexamination, a requestor could propose a mapping between the claims of a terminally disclaimed patent and the claims of the patent against which it is disclaimed. The Office would then assign an examiner to examine the mapping and, in conjunction with the patent owner, reach an agreed-upon claim mapping.

This approach presents several benefits over those proposed earlier in this section. It provides pre-challenge knowledge of how various claims would be affected by a challenge, and it involves the patent owner in the process avoiding any due process concerns. It also avoids some of the concerns that might arise with an at-institution process regarding timing and lengthening the proceeding.

However, while this process would improve upon the post-challenge processes described above, it still presents significant disadvantages. One is that an applicant would generally not be able to amend during this process, but would have to enter into a reissue or reexamination

process to obtain that capability. This would limit their options to simply arguing the mapping or accepting it, with no ability to amend to obviate the mapping or disclaimer. It would also likely lengthen the timeline of patent challenges and patent litigation, as a challenger would need to begin the *sui generis* process well in advance in order to have a proper understanding of how their challenge would be affected and would be more likely to delay challenges to later in the process as a result. And if the Office could not conduct this *sui generis* process within a sub-year timeframe, it would essentially render it unusable in conjunction with IPR. Finally, it would require a more complex regulatory approach in order to accomplish this proposal, as it would be creating a new process at the Office rather than modifying existing processes or taking place outside of the Office.

VII. Conclusion

It is critically important that the Office maintain a patent system in which multiple patentably indistinct claims cannot expire at different times or be owned by different parties. And it is equally important that the Office address some of the competitive concerns and perverse incentives created by the current lack of a provision that renders patentably indistinct claims unenforceable if one becomes invalidated.

However, a claim-by-claim approach, taking place during the prosecution of a patent application, is significantly better than the Office's proposed patent-by-patent approach. CCIA suggests that the Office should revise their proposed rule to create a claim-by-claim process that occurs during prosecution. This approach will provide much-needed clarity and efficiency to the patent system.

CCIA appreciates the opportunity to comment on the proposed rule, and would be happy to discuss our proposal further with the Office.

Respectfully submitted,

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