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RE: DEPARTMENT OF COMMERCE, Patent and Trademark Office, 37 CFR Part 1 [Docket No. PTO-P-2024-0003], RIN 0651-AD76, "Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting," AGENCY: United States Patent and Trademark Office, Department of Commerce, ACTION: Notice of proposed rulemaking.

Submitted to: "Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov). To submit comments via the portal, one should enter docket number PTO-P-2024-0003 on the homepage and click 'search.' The site will provide search results listing all documents associated with this docket. Commenters can find a reference to this proposed rule and click on the 'Comment' icon, complete the required fields, and enter or attach their comments."

May 10, 2024

Re: Comments on your proposed rulemaking titled "Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting"

Dear USPTO representative:

I am a registered practitioner. I have been practicing patent law since the mid 1990s. I have been active in several professional legal associations, published a case law book, and written dozens of articles relating to patent law. See for example <https://www.neifeld.com/advidx.html>.

My detailed comments appear below. However, generally speaking, I am concerned that your proposed rule for Terminal Disclaimers (TDs) overreaches, by making unenforceable claims that are **not** obvious over an invalidated claim, contrary to the goals of the patent system, which are to promote innovation. And your proposed rule will increase the costs for prosecuting patent applications.

I address some of your introductory broad brush remarks, explaining why they are off point, and then address the text of the proposed rule to identify certain consequences that will flow from it.

I. YOUR BROAD BRUSH COMMENTS ARE OFF POINT

I.1 You state that:

The proposed rule is intended to promote competition by lowering the cost of challenging groups of patents tied by terminal disclaimers, resulting in reduced barriers to market entry and lower costs for consumers.

**RESPONSE:** The proposed rule would "lower the cost of challenging groups of patents tied by terminal disclaimers," by allowing a challenger to find one claim of such a group of patents: either unpatentable or invalid under prior art grounds, or disclaimed after being challenged. That would certainly lower the cost of challenging groups of patents.

However, it is unclear whether that would also result would result in "reduced barriers to market entry" or in "lower costs for consumers." Clearly, the proposed rule will reduce the incentive to patent by diminishing the patent right and increasing the cost of patent procurement to both the public and the USPTO. And therefore diminish the incentive to innovate, and the incentive to disclose innovations. Reduced innovation does not "lower costs for consumers." Reduced disclosure of innovations does not "lower costs for consumers." Instead, reduced innovation and reduced disclosure of innovations limits subsequent innovations which does not reduce costs for consumers. The goal of the patent system is, after all, to promote the useful arts by disclosing innovations, thereby allowing future innovations to occur based upon the public knowledge of all the prior innovations. This rule would slow down progress in the useful arts by reducing the incentive to disclose innovations because it both increases the costs of, and reduces the value, of obtaining patent protection.

1.2 You state that:

The proposed rule furthers the objectives of Executive Order 14036 on "Promoting Competition in the American Economy," 86 FR 36987 (July 14, 2021)

**RESPONSE:** Your statement does not identify any particular objective of Executive Order 14036. Your statement is at the end of a paragraph, and the subsequent paragraphs do not refer to Executive Order 14036 to provide any support for this statement.

And your statement contains no reasoning why the proposed rule "furthers the objectives of Executive Order 14036."

You should not make these kinds of unsupported statements in support of a proposed rule. Please identify the objectives to which you refer, and explain how the proposed rule furthers those objections. Do not promulgate a rule until those policy goals are identified and you have given the public an opportunity to be heard on your reasoning relating the proposed rule to those policy goals. That is, issue a new proposed rulemaking elaborating on your reasoning in support of the proposed rule, and await public comment on your reasoning.

## II. CONSEQUENCE OF ENACTMENT OF THE PROPOSED RULE

The proposed rule requires a "terminal disclaimer, to be recorded in the Patent and Trademark Office [and therefore is a precondition to grant of the application as a patent], must:

- (3) Include a provision agreeing that the subject patent or any patent granted on the subject application shall be enforceable:
  - (i) Only for and during such period that the subject patent or any patent granted on the subject application is commonly owned with the reference patent or any patent

granted on the reference application; and  
(ii) Only if the subject patent or any patent granted on the subject application 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;  
(A) A claim has been **finally held unpatentable or invalid under 35 U.S.C. 102 or 103** in a Federal court in a civil action or at the USPTO, and all appeal rights have been exhausted; or  
(B) A **statutory disclaimer of a claim is filed after any challenge based on 35 U.S.C. 102 or 103** to that claim has been made.

## II.1 THE PROPOSED RULE IS DRACONIAN

The rule would result in the filing of a TD making unenforceable **all claims** in the resulting patent in which a TD was filed, if **any** claim in the patent or application identified in the TD is: held unpatentable; invalidated over prior art; or disclaimed after being challenged.

That rule is draconian because the penalty of unenforceability of all claims in a patent in which a TD is filed is not commensurate with a finding of obviousness of a claim in the application or patent identified in the TD.

The basis for the filing of a TD, in the vast majority of instances in which a TD is filed, is that some claims in a pending application are rejected for obviousness-type double patenting (OTDP) over some other claims in another application or patent. In response to an OTDP rejection under the current TD rule, the applicant of the pending application can file a TD, which moots the OTDP rejection and allows the pending application to be issued.

Frequently, not **all claims** in the pending application in which an OTDP rejection is imposed, are rejected for OTDP. Frequently, not **all claims** in the application or patent upon which an OTDP rejection is based, are alleged in the OTDP rejection as making the claims under examination obvious. The filing of a TD under the current rule, however, avoids the draconian consequences noted for your proposed rule. The claims in a patent issued in which a TD is filed merely have a term limit. They do not have the inchoate weakness of all of their claims being worthless in case a single claim, unrelated by obviousness, is found invalid in some subsequent proceeding.

By moot, understand that filing the TD makes the question of whether the OTDP was proper irrelevant. And filing the TD allows the applicant to retain all claims in the same application, including the claims not rejected for OTDP, without significant loss of rights. Your proposed rule, in contrast, is draconian, because the consequence of unenforceability of all claim is a severe and uncertain loss of patent rights, and is unrelated to the claims even allegedly being OTDP over a claim in another application or patent.

Consequently, your proposed rule is draconian because it is not limited to the claims on which the obviousness-type DP (OTDP) rejection was based. Consequently, claims in an issued patent in which a TD is file that are **not obvious** for whatever reason a claim in another application or patent is found to be invalid over prior art, will be unenforceable.

Consequently, your proposed is draconian because it is not limited to the claims actually rejected for OTDP. Consequently, claims in an issued patent in which a TD is file that are **not**

**obvious** for whatever reason a claim in another application or patent is found to be invalid over prior art, will be unenforceable.

## II.2 THE PROPOSED RULE INCREASES COSTS OF PROSECUTION AND REDUCES THE INCENTIVE TO INNOVATE

The rule would increase costs of prosecution to applicants and to the PTO for the following reasons. The rule would increase costs and reduce benefits of patents. Therefore, the proposed rule reduces the incentive to file patent applications. That results in lack of disclosure of innovations. That in turn slows the pace of innovation.

The rule would increase costs of prosecution by increasing the cost for conceding to a OTDP rejection. The rule would also increase costs by moving applicants to change their patent filing behavior by filing more patent applications without increasing the number of innovations for which those patent applications are filed. I explain why this is so in the following paragraphs.

It is a fact that a substantial fraction of TDs are filed by applicants in order to moot an obviousness-type double patenting rejection. Not because the applicant agrees with the propriety of the obviousness-type double patenting rejection, but instead because the loss of patent rights for filing a TD is deemed to be very low.

This proposed rule would unfairly burden applicants, moving them to challenge questionable OTDP rejections instead of filing a TD to moot the rejections.

This proposed rule would also unfairly burden applicants, moving them file additional applications in advance of possible OTDP rejections, so the applicants could obtain more claims in patents not subject to TDs to avoid the draconian consequences mentioned above.

If this rule is adopted, every applicant should fight tooth and nail, challenging obviousness-type double patenting rejections, which will increase the number of appeals and prosecution. And many of them will. Appealing where the OTDP is questionable as to any claim.

If this rule is adopted, every applicant should adopt their filing strategies, to minimize the risk of lost rights that could result from a claim found unpatentable in an application or patent identified in a TD, taking into account the possible need to segment into different applications claims that might be subject to TDs and those that might not be subject to TDs. And in consideration of the default 20 year term from either first US nonprovisional filing or US national stage entry. That is, applicants will be incentivized to file more applications for the same inventive disclosure, and to do so earlier in time than under current practice.

The USPTO should (1) re-consider its contention that the proposed rule would "lower costs for consumers;" (2) consider the impact of the proposed rule on the pace of innovation and promotion of the useful arts; and (3) the burdens to the public and the USPTO resulting from the rule.

Truly,

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