

In re Collect: The Federal Circuit Alters Terminal Disclaimer Strategy

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The Federal Circuit recently in *In re Collect*, invalidated a series of patents based on obviousness-type double-patenting (ODP), finding that term-adjusted patents (PTA) in the same family are invalid under ODP in the absence of a timely filed terminal disclaimer (TD), even where the Examiner in the prosecution of the patents had not issued an ODP or required a TD to get the patents allowed. The Federal Circuit's decision will likely change prosecution practice and cause applicants to preemptively file TDs in continuation applications, even in the absence of an ODP rejection, to protect the continuation from being invalidated later on the grounds of ODP.

Obviousness-Type Double Patenting (ODP) is a judicially created doctrine designed to prohibit the issuance of claims in a second patent (e.g., a continuation) that are *patentably indistinct* from the claims of the first patent (the parent/original application). ODP prevents unjustified patent term extensions caused by claiming patentably indistinct inventions in separate applications with different expiration dates.

The two policy-based justifications for ODP are (1) to prevent unjustified timewise extension of the right to exclude granted by a patent, and (2) to prevent multiple infringement suits by different assignees asserting essentially the same invention (which may happen if either the parent or the continuation is later assigned to a different owner). In a Terminal Disclaimer (TD), the owner(s) of 100% of a patent application disclaim(s) (i.e. dedicates to the public) any “terminal part” of the term of a patent to be granted. “Terminal part” refers to any additional patent term that would otherwise extend beyond the patent expiration date of the identified “patentably indistinct” patent(s)/patent application(s). A timely filed TD addresses both policy concerns and will overcome an ODP by disclaiming or dedicating to the public the entire term, or any terminal part of the term, of a patent to be granted, (1) beyond the date of the earlier patent's expiration, or (2) upon any assignment of one of the patents such that they no longer have common ownership.

The issue in *In re Collect* arose from a series of ex parte reexaminations over a family of patents covering image sensors (the “Collect Patents”). The Collect Patents—all of them granted PTAs—were all interrelated, each claiming priority from the same original application (which did not have a PTA). Collect, LLC (“Collect”) sued Samsung Electronics, Co. (“Samsung”) for infringement of the Collect Patents and Samsung persuaded the USPTO to reexamine the claims, asserting that the Collect Patents were unpatentable based on ODP over the patent granted from the original application (the one without any PTA). Since each Collect Patent claimed priority from the same original application, each later-expiring Collect Patent—subject to the reexamination—would have expired at the same time as the patent granted from the original application **but for** the individual grants of PTA. The PTA extended the patent term for the obvious variants Collect Patents, creating an ODP issue. While Collect never disputed that the claims of the Collect Patents are patentably indistinct from the claims of the original patent, there had been no ODP rejections—and thus nothing to prompt a TD being filed—during initial prosecution.

On reexamination, the Examiner concluded that claims in the Collect Patents were invalid for ODP over the original patent and the Patent Trial and Appeal Board affirmed. Collect appealed to the Federal Circuit, primarily raising the argument that PTA (similar to Patent Term Extension (“PTE”)) should not be considered in ODP analysis and an ODP cannot negate a statutory grant of PTA. ¹

The Federal Circuit first rejected Collect’s attempt to analogize PTA with PTE as arising out of different statutory sections with different language. The PTA arises out of 35 U.S.C. § 154(b)(2)(B) and applies to adjust the patent expiration date based on delays caused by the Patent Office in prosecution. PTE, on the other hand, arises under 35 U.S.C. § 156 and functions to extend the patent term of a patent that covers a product whose market introduction is delayed because of the length of the approval process with the U.S. Food and Drug Administration. The Federal Circuit determined, based on statutory language and its own precedent, that a TD would be necessary to overcome an ODP in the PTA context if the two expiration dates differed **after** computation of the PTA, but that a TD was not necessary to overcome an ODP in the PTE context because the PTE context required consideration of the expiration dates **before** application of the PTE.

In sum, ODP determination depends on assessment of obviousness—whether the claims of a later-expiring patent would have been obvious over the claims of an earlier-expiring patent owned by the same party. If so—the claims are obvious/patentably indistinct—**absent a timely filed terminal disclaimer, the later-expiring claims are invalid**. And, importantly, the failure to file a TD can be fatal because an ODP can be raised post-grant (e.g., in a reexamination or litigation). In other words, while most TDs are filed in response to an Examiner issued ODP, the Collect case strongly suggests that TDs should be filed **preemptively** without an Examiner-issued ODP in continuations where the claims are even arguably patentably indistinct, i.e., obvious variants of each other.

A key lesson learned from this decision is that a business should first assess its patent portfolios in order to ensure what, if any, kind of exposure it has to an obviousness-type double patenting risk. If there is such a risk, timely filing a terminal disclaimer is a must to prevent future invalidation of patents. In addition, as a pre-emptive measure, it is highly recommended that if you have any continuation or continuation-in-part (CIP) application and there is any patent-term adjustment (PTA under § 154(b)(2)(B)) coming due to processing delays at the USPTO, file terminal disclaimers even if you don’t get a double patenting rejection because if the term gets extended, you might end up losing the patent.

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¹ Collect also raised additional arguments under equitable principles and substantial new question of patentability, which the Federal Circuit also rejected but are not discussed in this paper.