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Make No Mistake: Patentee Held to Terminal Disclaimer Despite Unwitting Reliance on Patent Office Error

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A court in the Western District of Oklahoma dismissed a complaint as to one of the asserted patents where the patent included a terminal disclaimer stating that the patent would be enforceable only as long as it was co-owned with a reference patent that the PTO had misidentified. The court relied on the public notice function of the patent system to hold the plaintiff to the exact language in its terminal disclaimer, and held that the asserted patent was unenforceable from the moment it issued because it and the reference patent were never co-owned.

During prosecution, the PTO rejected the claims of the asserted patent on obviousness-type double patenting grounds over the '267 patent. But the '267 patent was directed to completely different subject matter and owned by a different entity. Nonetheless, plaintiff overcame that rejection by filing a terminal disclaimer stating that the asserted patent and the '267 patent were commonly owned by plaintiff and agreeing that the asserted patent would be enforceable only during such period that it and the '267 patent were commonly owned. But plaintiff never owned the '267 Patent. It did own the '268 patent, which was in the same family as the asserted patent, but not mentioned in the office action. Several years after the PTO issued the asserted patent, plaintiff petitioned to withdraw the '267 disclaimer and replace it with a new terminal disclaimer based on the '268 patent. The PTO denied the request to withdraw but allowed plaintiff to file a new terminal disclaimer with respect to the '268 patent.

In its motion to dismiss, defendant argued that the terms of the terminal disclaimer were clear: the asserted patent would be enforceable only while it and the '267 patent were commonly owned. And because the two patents were never commonly owned, the asserted patent was never enforceable. Plaintiff explained that the '267 terminal disclaimer was ineffective because it was disconnected from the purpose of a terminal disclaimer—to resolve an obviousness-type double patenting issue. Plaintiff further argued that regulations bar a patent applicant from filing a terminal disclaimer to a patent that it does not commonly own. Finally, plaintiff argued that the mistake would be obvious to anyone reading the prosecution history of the patent.

The court acknowledged the dearth of opinions addressing an erroneous terminal disclaimer, but explained that the public is entitled to rely on the clear terms in a patentee's terminal disclaimer. Here, the patentee gave notice to the public that the asserted patent was unenforceable so long as it was commonly owned with the '267 patent. The two patents were never commonly owned, and the court could not assume no member of the public ever relied on the '267 patent disclaimer. The court was not persuaded that the mistake was obvious because even the patentee itself did not notice the error for years. Because the '267 disclaimer rendered the asserted patent unenforceable, the court granted defendant's motion to dismiss.

Practice Tip: Patent applicants should carefully review both the PTO's obviousness-type double patenting rejections and their own terminal disclaimers to ensure that there are no errors. The public notice function of the patent system could lead a court to strictly interpret a terminal disclaimer as it is written, even if it refers to a patent that the PTO had erroneously identified.

SIPCO, LLC v. Jasco Prods. Co., LLC, No. CIV-19-00709-PRW (W.D. Okla. May 29, 2024)

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