

# IPLS PROCEEDINGS

STATE BAR OF MICHIGAN

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## View from the Chair

Dear IPLS Members:

As we close out summer and gear up for welcoming the fall season, we in the IPLS look forward to a new Council year filled with exciting events, top-notch speakers, and meaningful initiatives to drive value for our fellow IP practitioners. To help in these endeavors, we are particularly excited to welcome two new IP Council members this year: Caitlyn Silverblatt and Abha Fadipe.

Among the highlights from this past summer was our annual ICLE-organized 2024 IP Institute held at the historic Grand Hotel on the beautiful Mackinac Island. More details on this amazing event can be found in this issue of IPLS Proceedings.

This year's IP Institute included our IP Law Section's annual meeting and the traditional "passing of the gavel" from my predecessor, Prof. Jennifer Carter-Johnson, to mark the beginning of my term as Chair. We thank Jennifer as well as our outgoing IP Council member, Paul Palinski, for their years of service on the IP Council. We will continue to find meaningful ways to remain in touch on future IPLS events and initiatives!

Speaking of future events and initiatives, the IP Council has been hard at work in planning and brainstorming new ways to bring value to our IP community. Upcoming events that incorporate some of these plans include our annual Spring IP Seminar that's planned for March 2025, and initiatives like our Patent Pro Bono Program and raising awareness about IP as a career choice to (hopefully)

future IP practitioners.

Keep an eye on your emails for news and updates about these and other future events and initiatives. Be sure to also join and contribute to our SBM IPLS group on LinkedIn where you can post updates and discussion topics of interest to the IP world. To join, simply click on this link: <https://www.linkedin.com/groups/12646050/>.

Looking forward to a great year ahead. Please always feel free to reach out to the IP Council with any suggestions or feedback!



--Pervin Taleyarkhan

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Intellectual Property Law Section  
State Bar of Michigan

# Recent Events

## Intellectual Property Institute 2024 – A “Grand” Event for All!



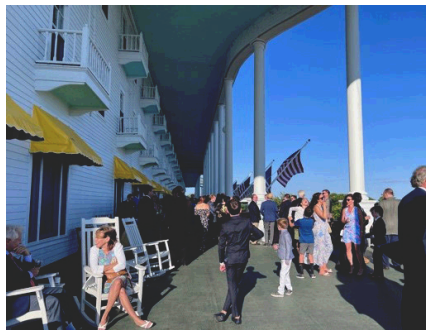
Presentation at the IP Institute



Women in IP Networking High Tea event.  
Photo credit: Hope Shovein



Two attendees at the Women in IP Networking High Tea



Evening reception at the Grand Hotel

Each year the Institute of Continuing Legal Education (ICLE) hosts an engaging conference featuring presentations from top-notch speakers on hot topics in IP law, all happening at fun and “grand” destinations that bring unique opportunities for our members to benefit as well as their families. This year’s IP Institute at the historic Grand Hotel on the beautiful Mackinac Island was no exception.

We in the State Bar of Michigan IP Law Section were honored to be platinum sponsors of this amazing event that was filled with engaging, informative sessions that included updates on patent, copyright, and trademark law, as well as other hot topic items presented by experts in their respective fields. These topics included global trademark strategies in China, a lively discussion of legal issues involving emojis, NIL, and AI’s intersection with IP – to name a few.

The Women in IP Networking High Tea was among the highlights of the event, which presented a unique opportunity for IP practitioners to interact in a charming atmosphere filled with soothing varieties of tea and delicious accompanying snacks. We were honored to have three of our past chairs in this year’s Women in IP Networking High Tea event: Hope Shovein (of Brooks Kushman), Denise Glassmeyer (of Young Basile), and Prof. Jennifer Carter-Johnson (of MSU College of Law).

Each day’s sessions were rounded out by a pre-dinner reception held on the famous front porch of the Grand Hotel

during which the conference attendees and their families could network and take in the beautiful sights of Mackinac Island.

We thank the ICLE for hosting and organizing this wonderful event and we look forward to next year’s IP Institute which will be held in July 2025 at the Grand Traverse Resort. Stay tuned for more details as plans get finalized!

# Grand Rapids IP Women's Forum

On August 19, two of our IP Council Members (Pervin Taleyarkhan and Caitlyn Silverblatt) attended the latest Grand Rapids IP Women's Forum ("GRIP") event hosted at the beautiful BISSELL headquarters. GRIP events are made possible by a group of women IP practitioners in the Grand Rapids area seeking to provide opportunities for local women IP practitioners to mentor and learn from each other in informal settings over refreshments.

This most recent GRIP event featured a panel discussion wherein Jessica Hessler of Bissell moderated an engaging discussion among the panelists who shared insights and advice on career expansion both in and beyond the IP space. The panelists included Joel Van Winkle (GC & Secretary of BISSELL), Brandi Van Leeuwen (Assoc. GC at Meijer), Elizabeth Peters (Asst. GC at Steelcase), and Monica Stover (Sr. Attorney at Bodman PLC). We appreciated hearing and learning from the panelists' experiences, and catching up with old friends and making new ones!



# South Asian Bar Association (SABA) Fireside Chat

On August 28, 2024, the South Asian Bar Association (SABA) of Michigan hosted PTAB Judge Kal(yan) Deshpande for a social hour and fireside chat at The Yard in Corktown, Detroit. Judge Kal Deshpande received a J.D. degree from The Ohio State University, Michael Moritz College of Law and a Bachelor of Science degree in Engineering from the Case Western Reserve University.



Judge Deshpande

He joined the U.S. Patent and Trademark Office (USPTO) as a Patent Examiner before joining the Board in 2008 as a Patent Attorney, following which he became a Judge.

During the event, Judge Deshpande shared his career path and the importance of DEI Initiatives, like SABA, in the legal industry. In particular,

Judge Deshpande shared his own internal doubts of pursuing a career in patent law, which led him to a brief career in the food industry, where he experimented and developed different types of potato products. At last, the legal industry won him over when he joined the USPTO. Judge Deshpande further shared some upcoming events hosted by the USPTO such as workshops centered on patents and trademarks, and seminars highlighting DEI initiatives like: Women in intellectual property, tech, and leadership.



## Save the Date

Please mark your calendars for our upcoming 2025 Spring and Summer programs.  
We look forward to seeing each of you there!

**Intellectual Property Law Spring Seminar 2025**  
March 6, 2025, Kellogg Center

**Intellectual Property Law Institute, 50th Annual**  
July 17-18, 2025, Grand Traverse Resort



# IP Career Pipeline Initiative: Igniting Passion for Intellectual Property

The IP Law Section is on a mission to inspire students from all backgrounds to explore the exciting world of intellectual property. Over the past three years, our dynamic initiatives have included:

## At Law Schools


- **Scholarship Funds:** We have launched scholarship programs at Wayne State University, University of Detroit Mercy, and Michigan State University. Our goal is to extend these scholarships to all Michigan law schools as future budgets allow. If you would like to donate to any of these current or future funds, please visit Home - Intellectual Property Law Section (<https://connect.michbar.org/iplaw/home>).

## At Universities and Colleges

- **Engaging Lectures:** We deliver captivating IP-content and career lectures to engineering, business, and pre-law students, sparking interest and providing valuable insights into the IP field. For example, the engineers at Calvin regularly rate our presentation as one of the best each year

## At High Schools

- **Inspiring Talks:** We have reached thousands of motivated high school FIRST robotics students, encouraging them to consider a future in IP.
- **Scholarship Opportunities:** We offer one-time scholarships for students pursuing undergraduate studies, based on their original essays on patents, trademarks, and copyrights.
- **Hands-On Workshops:** Our IP workshops with individual robotics teams provide practical, engaging experiences.

We are always eager to expand our outreach. If you know of any additional undergraduate or high school groups that would benefit from our presentations, please contact the IP Section's Chair, Pervin R. Taleyarkhan ([pervin\\_r\\_taleyarkhan@whirlpoo.com](mailto:pervin_r_taleyarkhan@whirlpoo.com)). Thank you for working with us to build the next generation of IP professionals. 

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## Ditching the Rosen-Durling Test: The Future of Design Patents

By Melissa Chapman and Peter Cummings

On May 21, 2024, the Federal Circuit overruled the longstanding *Rosen-Durling* test for evaluating the obviousness of design patents in the case of *LKQ vs. GM*.<sup>1</sup> This highly anticipated decision was the first patent case heard en banc at the U.S. Court of Appeals for the Federal Circuit in over 5 years. With this holding, the obviousness of design patents will now be determined based on a more flexible approach, similar to the criteria for utility patents.

In the wake of this decision, the patent community has been left with many questions about the future of obtaining and enforcing design patents under this more flexible standard. The USPTO was quick to publish its corresponding examination guidelines, for which implications have yet to be understood. Moreover, it is yet to be seen if the validity of design patents, which have become important weapons in intellectual property portfolios, may be more susceptible to obviousness challenges under this new standard.

### Rosen-Durling

Prior to *LKQ*, the *Rosen-Durling* test was used to determine when a patent on an ornamental design was

obvious and should not be granted to the applicant. To establish obviousness of a design patent under 35 U.S.C. § 103, the two-part test required 1) a primary reference that must be “basically the same” as the claimed design,<sup>2</sup> and 2) a secondary reference, or references, that must be “so related to the primary reference.”<sup>3</sup>

The first part of the test, requiring a primary reference that is “basically the same” as the claimed design, provided a high bar for those challenging a design claim to overcome. If no reference existed that satisfied this requirement, the analysis ended. Only when a reference was found to be “basically the same” as the claimed design did the analysis continue to determine if a secondary reference might serve as a reference for providing missing ornamental features. The consideration for what was considered a secondary reference required that the reference be “so related to the primary reference that the appearance of certain ornamental features in one would suggest the application of those features to the other.”<sup>4</sup> Thus, the requirements for what could be considered a primary and secondary reference under the *Rosen-Durling* test was limited. During oral arguments in *LKQ*, the Solicitor for the Patent Office noted that approximately 4% of design patents

in recent years received an obviousness rejection during examination. Whether the direct cause or not, it is easy to believe that the limited availability of prior art as primary and secondary references may be related to the low amount of § 103 rejections issued in examination of design patents.

### LKQ Holding

In the May 2024 opinion, the Federal Circuit held that the *Rosen-Durling* test was too rigid, suggesting that it imposed additional limitations for assessing obviousness far beyond the statutory requirements and which is consistent with Supreme Court precedent.

To begin its review, the court reasoned that “design patents, like utility patents, must meet the obviousness requirement of 35 U.S.C. § 103.”<sup>5</sup> As such, obviousness of design patents should be governed by the same principles which govern obviousness in utility patents, as 35 U.S.C. § 103 “applies to all types of patents” and does not differentiate between utility and design patents.<sup>6</sup>

In reviewing the validity of the *Rosen-Durling* test in light of § 103, the Federal Circuit looked to the holdings of *Graham v. John Deere Co.* and *KSR v. Teleflex*. More specifically, the Federal Circuit looked at the basic factual inquiries of *Graham* and the flexible approach of *KSR*. The expansive and flexible approach set forth in § 103 involves assessment of the “differences between the claimed invention and the prior art and whether those differences are such that the invention as a whole would be obvious to a person having ordinary skill in the field to which the claimed design pertains.”<sup>7</sup> The court held that the first part of the *Rosen-Durling* test requiring the primary reference be “basically the same” as the claimed design “imposes limitations absent from § 103’s broad and flexible standard.”<sup>8</sup>

The Federal Circuit further held that the second part of the *Rosen-Durling* test requiring a secondary reference be “so related” to the primary reference is “analogous to the rigid application of the teaching-suggestion-motivation test rejected by the Supreme Court in *KSR*,”<sup>9</sup> and that the once useful insight of *Durling* has since evolved into a rigid rule that limits the broad standard set in § 103 and “‘den[ies] a factfinder recourse to common sense’ when assessing a motivation to combine prior art references.”<sup>10</sup>

In summary, the Federal Circuit held that obviousness of design patents should be determined based on a more flexible approach similar to the criteria which was developed for determining obviousness rejections in utility patents, and that an “obviousness analysis cannot be confined by a formalistic conception” as provided by the Court in *KSR*.<sup>11</sup> “Obviousness of a patented design is determined [based] on factual criteria . . . that is, on application of the *Graham* factors.”<sup>12</sup>

### Applying the Graham Factors to Design Patents

The Supreme Court has reiterated that the framework for assessing obviousness is a objective analysis based on underlying

factual inquires, including (i) determining the scope and content of the prior art, (2) ascertaining the differences between the claimed invention and the prior art, and (3) resolving the level of ordinary skill in the pertinent art.<sup>13</sup>

Applying the first factor, the Federal Circuit held that there is no threshold similarity or “basically the same” requirement previously required under the *Rosen-Durling* test to qualify as prior art.<sup>14</sup> Rather, the court affirmed that the only requirement is an analogous art requirement in “rein[s] in the scope of prior art and serve to guard against hindsight.”<sup>15</sup> However, in applying the analogous art requirement, the court notes *In re Glavas*, which concluded that “the principle of nonanalogous arts . . . cannot be applied to design cases in exactly the same manner as to mechanical cases”,<sup>16</sup> and thus, the court grapples with how the first factor may be applied to design patents.

In utility patents, a two-part test is used to determine the scope of analogous arts. The inquiry includes (1) whether the art is from the same endeavor as the claimed invention, and (2) if not, whether the reference still is reasonably pertinent to the particular problem which the inventor is involved.<sup>17</sup> While the first part of the test may simply be applied to design patents, the court held that the second part of the test would not translate to design patents in the same way as “a design patent itself does not clearly or reliably indicate ‘the particular problem with which the inventor is involved.’”<sup>18</sup>

Thus, speaking to the first part, the court broadly holds that prior art designs in the same field of endeavor will be analogous, but expands further to “not foreclose that other art could also be analogous.”<sup>19</sup> The primary reference need only be “something in existence.”<sup>20</sup> Speaking to the second part, the court essentially leaves further bounds of the analogous art requirement to future cases to further develop the application, suggesting that the second part would be difficult to apply to design patents, but avoiding any suggestion that the second part may never apply to design patents. The USPTO Guidance and Examination Instructions from May 22, 2024 provide some minor clarity about how prior art outside of the field of endeavor will be considered in examination.<sup>21</sup> Examiners are encouraged to consider the degree to which an ordinary skilled designer would be motivated to consider other fields. However, until further cases develop the application of this standard, we expect this broad standard to provide a likely source of uncertainty in obviousness examination.

Applying the second factor, the Federal Circuit reiterates that, in the context of design patents, determining the difference between the prior art design and the design claim at issue may be accomplished by comparing the visual appearance of the claimed design with the prior art design from the perspective of an ordinary designer in the field of manufacture.<sup>22</sup> The USPTO has provided that examiners


will not use threshold “similarity” requirement in comparing the visual appearances. Applying the third factor, the Federal Circuit considers the knowledge of “a designer of ordinary skill who designs articles of the type involved.”<sup>23</sup>

After considering the scope and content of the prior art, the differences between the claimed design and the prior art, and the knowledge of an ordinary design in the relevant field, only than can obviousness or nonobviousness of the claimed design be evaluated. The Federal Circuit reaffirms that the “inquiry focuses on the visual impression of the claimed design as a whole and not on selected individual features.”<sup>24</sup> Consistent with *KSR*, the motivation to combine primary references and secondary references need not come from the references themselves.<sup>25</sup> Further, consistent with *Graham*, an obviousness inquiry still requires secondary considerations be assessed as well.<sup>26</sup>

### Conclusion and Take-aways

In summary, the Federal Circuit has held that an analysis of obviousness in design patents should follow similarly to the existing framework for analyzing obviousness in utility patents. While some aspects of the *Graham* factors do not translate directly to design patents, such as the second-part of the analogous arts test, those portions have not been commented on by the court and remain unclear as to how the analysis may evolve with future cases.

What is clear, is that the court has eliminated the requirement that the primary reference of an obviousness analysis be “basically the same” as the claimed design, lowering the standard for what prior art may be considered as a primary reference. Additionally, the court has rejected the requirement that the second reference be “so related” to

the “primary reference”, instead opting for a more flexible analogous art requirement. While we haven’t started to see a significant effect in design patent prosecution as of yet, we can expect to see a heightened amount of obviousness rejections issued during examination of design patents. Similarly, we also expect to see validity challenges to design patents to increase under this new standard of obvious. 

### About the Authors



**Melissa Chapman** is an associate at Bodman PLC. She advises clients on the various aspects of intellectual property law and enjoys the dynamics of constantly changing technologies. She has procured patents covering a wide range of technologies including automotive systems, medical devices, battery formation, and charging systems.



**Peter Cummings** is a member at Bodman PLC and co-chair of Bodman's Intellectual Property Practice Group. His practice focuses on providing strategic counsel and guidance on domestic and foreign patent procurement strategies and intellectual property portfolio management. He prepares and prosecutes patent applications in a wide range of technologies and products in global markets. He also advises clients on patentability and freedom-to-operate issues and on transactional matters involving the development, use, and ownership of intellectual property assets.

### State Bar of Michigan's Patent Pro Bono Project

The IPLS sponsors the Patent Pro Bono Project in partnership with the State Bar of Michigan. From providing clear guidance on attorney responsibilities and limits, to providing professional liability insurance for volunteer attorneys, the Pro Bono Project makes it easy to provide meaningful assistance to patent pro bono clients. It can also be a great training experience for newer patent attorneys and agents.

In order to be considered, an applicant must (1) already have a provisional application filed with the USPTO, and (2) be income/asset eligible. The assistance offered through the Pro Bono Project includes the filing of a non-provisional patent application and/or filing a response to a non-final office action. The following assistance is NOT provided: prior art searching; patentability analysis, clearance or freedom to operate analysis; licensing, transfer, enforcement or disputes; or assistance with prosecution of international patent applications. Furthermore, the client is responsible for all fees, e.g., USPTO fees, draftsperson charges, external search, etc.

Any questions regarding the Patent Pro Bono Project should be directed to Robert Mathis, J.D., M.P.A at the State Bar of Michigan ([rmathis@michbar.org](mailto:rmathis@michbar.org))

Please visit <https://connect.michbar.org/iplaw/patent> for further information, including to apply for pro bono assistance as well as attorneys interested in registering to participate in the program.

## Endnotes

- 1 *LKQ Corp. v. GM Global Tech. Operations LLC*, 102 F.4th 1280, 1293 (Fed. Cir. May 21, 2024).
- 2 *In re Rosen*, 673 F.2d 388, 391 (C.C.P.A. 1982).
- 3 *Durling v. Spectrum Furniture, Co.*, 101 F.3d 100, 103 (Fed. Cir. 1996).
- 4 *Id.* at 103 (alterations omitted) (quoting *In re Borden*, 90 F.3d 1570, at 1575 (Fed. Cir. 1996)).
- 5 *LKQ*, 102 F.4th at 1293 (citing *Titan Tire Corp. c. Case New Holland, Inc.* 566 F.3d 1372, 1380, 1384-85 (Fed. Cir. 2009)).
- 6 *Id.* at 1290.
- 7 35 U.S.C. § 103.
- 8 *LKQ*, 102 F.4th at 1294.
- 9 *Id.* at 1295.
- 10 *Id.* (citing *KSR*, 550 U.S. at 421).
- 11 *Id.* at 1292 (citing *KSR*, 550 U.S. at 419).
- 12 *Id.* at 1295 (citing *Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1462 (Fed. Cir. 1997)).
- 13 *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966).
- 14 *LKQ*, 102 F.4th at 1296.
- 15 *Id.*
- 16 *Id.* (citing *In re Glavas*, 230 F.2d 447 at 450 (C.C.P.A. 1956)).
- 17 *Id.* at 1297 (See *Airbus S.A.S v. Firepass Corp.*, 941 F.3d 1374 at 1379 (Fed. Cir. 2019)).
- 18 *Id.* (See *Airbus S.A.S*, 941 F.3d at 1379 (emphasis added)).
- 19 *Id.*
- 20 *Id.* at 1298 (citing *In re Jennings*, 182 F.2d 207, 208, 37 C.C.P.A. 1023, 1950 Dec. Comm'r Pat. 333 (CCPA 1950)).
- 21 United States Patent and Trademark Office, Memorandum: Updated Guidance and Examination Instructions for Making a Determination of Obviousness in Designs in Light of *LKQ Corp. v. GM Global Technology Operations LLC* (May 22, 2024) ([https://www.uspto.gov/sites/default/files/documents/updated\\_obviousness\\_determination\\_designs\\_22may2024.pdf](https://www.uspto.gov/sites/default/files/documents/updated_obviousness_determination_designs_22may2024.pdf))
- 22 *LKQ*, 102 F.4th at 1298.
- 23 *LKQ*, 102 F.4th at 1299.
- 24 *Id.* (citing *In re Borden*, 90 F.3d 1570 at 1574 (Fed. Cir. 1996)).
- 25 *Id.* (See *KSR*, 550 U.S. at 418-19).
- 26 *Id.* at 1300 (see *Graham*, 383 U.S. at 17-18).

# Generative AI in the Legal Profession

By Alexander S. McGee

## Introduction

### Prompt:

Provide a thesis statement for the attached document, in 75 words or less.

### Response:

As generative AI rapidly transforms industries, legal professionals face the challenge of harnessing its potential while managing significant risks. Integrating AI into legal practices requires careful consideration of its benefits and the confidentiality concerns it raises. Recent guidance from the American Bar Association (ABA) and the U.S. Patent and Trademark Office (USPTO) equips lawyers to make ethical, informed decisions about AI adoption while ensuring technological competence, and to navigate emerging issues surrounding AI-assisted inventorship.

## Rapid Technological Advances

While the field of artificial intelligence has been around for decades, the surge in public awareness of generative AI technology generally tracks with the release of OpenAI's Generative Pre-trained Transformer (GPT) version 3.5 large language model (LLM), which was included as a part of the public launch of ChatGPT in November, 2022.<sup>1</sup>

OpenAI and others have continued to refine their AI systems and products to provide additional functionality along with improved speed, capacity for logical reasoning, and data throughput capability. Various generative AI products are widely available to the public and can quickly generate vast amounts of text, debug code, create images, and much more.

As AI systems continue to improve, it should come as no surprise that engineers, scientists, other tech-savvy individuals, and even lawyers are interested in leveraging generative AI technology. Unfortunately, problems arise when technology advances faster than regulation, corporate oversight, and the public's understanding of how the underlying technology actually works.

## Problems For Early Adopters

Within five days of launching to the public, ChatGPT reportedly had over a million active users, with the number growing to over a *hundred* million active users in just



two months.<sup>2</sup> As public awareness about the capabilities of generative AI technology grew, some companies, like Amazon,<sup>3</sup> began implementing bans proactively. Other companies, like Samsung,<sup>4</sup> began monitoring the use of generative AI tools and warned employees about the importance of protecting intellectual property when using free generative AI tools.

The warnings were apparently ineffective, and Samsung eventually implemented a ban<sup>5</sup> on the use of ChatGPT after learning about employees using it to debug code, optimize a test sequence, and summarize a meeting transcription.<sup>6</sup> Other companies like Apple<sup>7</sup> followed Samsung's lead and also implemented bans.

An important lesson to be learned at Samsung's expense is that this technology is so powerful that it can make people act against their better judgement, especially when they don't fully understand how it works. This power also has the unfortunate effect of causing inexperienced users to place too much trust in the outputs of generative AI tools. The term "hallucination" refers to AI outputs that appear plausible but may not be factually accurate. Hallucination can be tuned out of AI systems in a variety of ways, but most free AI tools offer little control over the amount of creativity an AI can use. This means that AI tools can sometimes be confidently incorrect.

In what is believed to be the first instance of AI hallucination being detected in a legal proceeding, lawyers for the plaintiff in *Mata v. Avianca*<sup>8</sup> filed opposition documents that were drafted with the assistance of ChatGPT which, unfortunately, included citations to nonexistent court cases. Moreover, copies of the fake cases, also generated with the assistance of ChatGPT, were submitted to the court. This led to predictable results, and the lawyers involved were sanctioned.

Generative AI tools are becoming integrated into search engines,<sup>9</sup> word processing software,<sup>10</sup> operating systems,<sup>11</sup> and more. Despite the substantial risks involved with improper use, this technology cannot be ignored, and thoughtful consideration is required.

## Risk Assessment and Management

It is important to understand that generative AI tools are not categorically unsafe. Banning generative AI tools may help mitigate risk, especially in the short term, but the reality is that AI tools offer significant advantages that are hard to ignore. Importantly, even if a company bans generative AI tools on corporate devices, AI tools can still be accessed, for free, using personal devices. Thus, risk still exists despite bans. Deciding to ban or otherwise limit the use of generative AI technology should include thoughtful consideration of how AI tools work, what the benefits of using them are, and what risks actually exist.

In contrast to the situation that Samsung was concerned about with its employees, many generative AI tools can be run on private servers with the ability to disable external model

training.<sup>12</sup> This ensures that data exchanged with the AI system remains confidential and that interactions with the AI system do not influence the outputs of similar tools used by others.

Using privately-hosted AI systems helps mitigate risk, discourages unauthorized use of other AI tools, and affords broad creative freedom in a secure environment. However, there are other ways to leverage generative AI technology while managing risk. For example, generative AI tools could be permitted for low-risk tasks but banned for higher-risk tasks. This approach allows experience to be gained with generative AI systems without exposing sensitive data. In some cases, free web-based AI tools could be allowed for low-risk tasks, even if they employ automated model training.

In addition to privately-hosted AI systems and free web-based AI tools, specialized and task-specific AI tools are available from various software providers, including AI tools designed for intellectual property practitioners. As the USPTO emphasizes in recent Guidance,<sup>13</sup> "When practitioners rely on the services of a third party to develop a proprietary AI tool, store client data on third-party storage, or purchase a commercially available AI tool, practitioners must be especially vigilant to ensure that confidentiality of client data is maintained."<sup>14</sup>

Generative AI tools are rapidly evolving, and the risks associated with using them necessitate thoughtful consideration. It is important for lawyers to keep up and understand how the changes in technology impact their practice. Whether or not individual lawyers are ready to embrace the technology, the American Bar Association (ABA) and the USPTO both appear to recognize that generative AI tools are here to stay.

## Guidance From the American Bar Association (ABA)

In July, the ABA released Formal Opinion 512 on the subject of generative AI,<sup>15</sup> which includes discussion of competence, confidentiality, communication, meritorious claims and contentions, candor toward the tribunal, supervisory responsibilities, and fees.

A key takeaway from this opinion involves competence under Model Rule 1.1; lawyers should be aware of generative AI tools relevant to their practice so that they can make informed decisions about whether or not to use them.<sup>16</sup> The ABA notes the importance of either acquiring a reasonable understanding of the benefits and risks of generative AI tools, or drawing on the expertise of others who can provide guidance about the AI tool's capabilities and limitations.<sup>17</sup> Even though much of the guidance is directed to lawyers who are choosing to utilize generative AI technology, the ABA also contemplates that lawyers may eventually *have* to use generative AI tools in order to competently complete certain tasks for clients<sup>18</sup> as the technology becomes as ubiquitous as email and electronic files.

The guidance relating to competence under Model Rule 1.1 also emphasizes the importance of lawyers conducting



independent verification of generative AI tool outputs, noting the potential for hallucination, mistakes, and other issues. Accordingly, outputs from even the most refined AI systems still necessitate independent attorney review.<sup>19</sup>

Another key takeaway involves confidentiality under Model Rule 1.6. Here, the ABA explains that lawyers must evaluate the risk of inadvertent disclosure of data input into generative AI systems both externally and internally. In particular, a client's informed consent is required when using generative AI tools that are capable of disclosing information relating to the representation of a client, either directly (e.g., a software developer refining the AI system) or indirectly (e.g., used to train a model accessible by others).<sup>20</sup>

In addition to understanding how to ethically and responsibly leverage generative AI in their own practice, attorneys also need to be cognizant of the impact that the technology is having on their clients as regulation and caselaw catch up.

### Guidance From the USPTO Regarding Inventorship

In February, the USPTO provided Guidance on inventorship involving AI-assisted inventions.<sup>21</sup> The most important takeaway is that AI systems cannot be inventors or joint inventors, but AI-assisted humans can.

The question of whether an AI system could be an inventor for a patent application was initially answered by *Thaler v. Vidal*,<sup>22</sup> in which the Federal Circuit held that an inventor must be a "natural person." However, *Thaler* involved two utility patent applications where an AI system called DAUBUS (Device for the Autonomous Bootstrapping of Unified Sentience) was listed as the *sole* inventor, and the Federal Circuit specifically noted that "we are not confronted today with the question of whether inventions made by human beings with the assistance of AI are eligible for patent protection."<sup>23</sup>

The USPTO Guidance is largely framed around the Federal Circuit's decision in *Thaler* and clarifies that joint inventors or coinventors must also be natural persons.<sup>24</sup> Accordingly, listing an AI system as an inventor or joint inventor on an Application Data Sheet, an inventor's oath or declaration, or a substitute statement will result in improper inventorship.

However, if a natural person significantly contributed to a claimed invention, even in scenarios where AI systems were instrumental in the creation of the invention, the use of an AI system does not necessarily disqualify a natural person as an inventor.<sup>25</sup> Interestingly, the USPTO Guidance explicitly notes that AI systems are capable of performing acts that, if instead performed by natural persons, could constitute inventorship.<sup>26</sup> This appears to serve as the rationale for assessing AI-assisted inventorship under the lens of joint inventorship, even where only a single AI-assisted natural person is involved.

In order to determine whether or not an AI-assisted natural person has made a significant contribution to an invention, the USPTO Guidance applies the factors from *Pannu v. Iolab*

*Corp.*,<sup>27</sup> noting that "Although the Pannu factors are generally applied to two or more people who create an invention (i.e., joint inventors), it follows that a single person who uses an AI system to create an invention is also required to make a significant contribution to the invention, according to the Pannu factors, to be considered a proper inventor."<sup>28</sup> According to the *Pannu* factors, each inventor must:

- (1) contribute in some significant manner to the conception or reduction to practice of the invention,
- (2) make a contribution to the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention, and
- (3) do more than merely explain to the real inventors well-known concepts and/or the current state of the art.<sup>29</sup>

While a plain reading of the first *Pannu* factor indicates that a significant contribution to conception *or* reduction to practice is required, the USPTO Guidance emphasizes that conception (or simultaneous conception and reduction to practice) is required, and that reduction to practice alone is insufficient.<sup>30</sup>

Still operating under the lens of joint inventorship, the USPTO Guidance notes that a named inventor does not have to contribute to every claim, but also states that every claim must have been invented by at least one named inventor.<sup>31</sup> Support for this statement appears as an endnote citing to 35 U.S.C. 115(a), which requires that an oath or declaration include "the name of the inventor for any invention claimed in the application."<sup>32</sup> It is worth noting that the phrase "every claim" does not appear in 35 U.S.C. 115(a), and highly-subjective and reasonable arguments can be made about how dependent claims should be characterized.

The USPTO Guidance also states: "In other words, a natural person must have significantly contributed to each claim in a patent application or patent. In the event of a single person using an AI system to create an invention, that single person must make a significant contribution to every claim in the patent or patent application."<sup>33</sup>

In view of this, applicants and practitioners who work with AI-assisted inventors should carefully consider whether their processes and procedures adequately document inventor contributions and align with their drafting and prosecution strategies. In some cases, this may involve a calculated decision to either:


- avoid claiming concepts conceived by AI systems,
- alter claim drafting strategies to ensure significant human contribution to every claim, or

proactively prepare for arguments emphasizing the human contribution to independent claims as the basis for significant contribution to dependent claims.

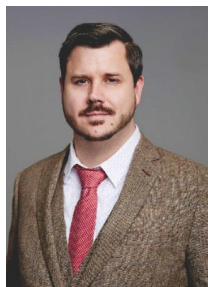
The USPTO Guidance acknowledges that there is no bright-line test for determining whether or not an AI-assisted human has made a significant contribution, and provides a non-exhaustive list of principles to help inform the *Pannu* analysis with AI-assisted inventions.<sup>34</sup>

Along with several helpful examples, the principles section of the Guidance also includes discussion of how prompt engineering may rise to the level of a significant contribution, and acknowledges that humans who design, build, or train AI systems could be considered inventors.<sup>35</sup> This underscores the importance of understanding how AI systems work and how inventors interact with them; beyond the concerns of mitigating risk and keeping data confidential, using an external vendor for AI services could also potentially affect inventorship.

## Conclusion

As generative AI continues to evolve, its integration into legal practice is not just inevitable. However, the power of this technology comes with significant responsibilities. We must approach AI with a combination of curiosity, caution, and ethical rigor. The guidance from the ABA and USPTO highlights the need for ongoing education and vigilance in using these tools. Lawyers must not only understand the capabilities and limitations of AI but also actively shape its application to ensure it serves justice without compromising client confidentiality or the integrity of the legal process. 

## About the Author



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## Endnotes

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- 2 <https://wisernotify.com/blog/chatgpt-users/>
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- 22 *Thaler v. Vidal*, 43 F.4th 1207, 1213 (Fed. Cir. 2022), cert. denied, 143 S. Ct. 1783, 215 L. Ed. 2d 671 (2023)
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- 24 *Inventorship Guidance for AI-Assisted Inventions.* at 10045
- 25 *Id.* at 10046
- 26 *Id.* at 10045
- 27 *Pannu v. Iolab Corp.*, 155 F.3d 1344, 1351 (Fed. Cir. 1998)
- 28 *Inventorship Guidance for AI-Assisted Inventions*, at 10048
- 29 *Pannu v. Iolab Corp.*, at 1351
- 30 *Inventorship Guidance for AI-Assisted Inventions*, at 10047
- 31 *Id.* at 10048
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- 33 *Inventorship Guidance for AI-Assisted Inventions*, at 10048
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- 35 *Id.*

# Maximizing Value: Patent Marking Insights

By David Atallah and Robert Norman

Many companies understand the benefits associated with patent protection on inventions. Such benefits can include enforcement against infringers, defensive patents against competitors, or to serve as company assets. However, to fully maximize these benefits, patent owners should also be aware of, and understand, the requirements and intricacies of the patent marking statute in order to increase the value of their patents.

The patent marking statute, 35 U.S.C. § 287(a), provides the requirements to mark products with patents to make certain damages available for patent infringement. The implementation of the Leahy-Smith America Invents Act (“AIA”) provided for additional mechanisms to mark products with patents through virtual marking – making it easier for patent owners to comply with the marking statute and correspondingly increase the value of their patents. This article explores the value provided by proper patent marking, considerations for properly marking products with patents, some of the exceptions and nuances associated with patent marking, and strategic considerations patent owners may need to navigate to increase the value of their patents.

## What is Patent Marking and Why Does It Matter?

35 U.S.C §287(a) imposes the duty to mark patented articles:

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word “patent” or the abbreviation “pat.,” together with the number of the patent, or by fixing thereon the word “patent” or the abbreviation “pat.” together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice.

By properly marking products that practice a patent a patentee can begin recovering damages from the earlier of either providing the general public constructive notice by marking the patented article or by providing an alleged infringer with actual notice, such as through a cease-and-desist

letter. *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 853 F.3d 1370, 1383 (Fed. Cir. 2017). Marking under the statute is permissive, not mandatory. While permissive, the failure to do so in certain circumstances can eliminate some damages that may have otherwise been available to the patent owner.

## What Do I Need To Do To Properly Mark?

Under the marking statute, there are a couple ways to properly mark products so as to properly give constructive notice. These include 1) marking the article or packaging with the patent number(s), and 2) “virtually marking” products which is a more recent addition added under the AIA.

The option of virtual marking provides a patent owner with an easier and more efficient way of maintaining proper marking across product lines and updating what is marked when new patents issue. This approach can also lower costs associated with the requirements of what has to go on the product, as discussed further below.

To employ virtual marking, instead of marking the article with the patent number(s), the patent owner fixes the word “patent” or the abbreviation “pat.” together with an address of a posting on the Internet, accessible to the public that associates the patented article with the number of the patent. 35 U.S.C. § 287(a). The website must be accessible to the public without charge. However, it is not enough to simply include an internet address that lists all the patentee’s patents. *See Mfg. Res. Int’l v. Civiq Smartscales, LLC*, 397 F. Supp. 3d 560, 577 (D. Del. 2019). The website must “associate” the specific patent number(s) with the specific product article. There are different approaches to doing so. For example, a product might be listed with a link that opens a PDF listing applicable patents. Another example might be to list a patent along with all products that practice that patent.

Employing this approach can make it easier for patent owners to enhance the value of their patents by marking. First, the exact same statement (“patent” or “pat.” and associated website) can be used on every product/packaging while updates and changes can simply be made to the website as needed. This can be particularly beneficial for a number of reasons. When a new patent is granted covering a product, it can be added on the website as opposed to having to update the mark on a product that may already be in inventory or on molds already in production. Moreover, when patents expire, it is easy to remove them from the website. Last, this approach makes it easier for placing the marking on new products, which can be done quickly while the association on the website is still being updated.

There are other potential advantages to a virtual marking page as well. A patent owner may be able to use its virtual



marking page to help establish an infringer's knowledge of a patent – including method patents. This may provide evidence both to help meet the requirements of indirect infringement as well as to help support willful infringement. In a similar manner, a patent owner can list other patents they own – even if they do not apply to any products the patent owner makes or sells - to help provide notice of those patents.

Whether marking with patent numbers, or with the statement required for virtual marking, the marking statute generally requires directly marking the patented product. However, alternative marking methods are available “when, from the character of the article, this [direct marking] cannot be done.” 35 U.S.C. § 287(a). For example, marking the package in which the article is sold may suffice. See *Glob. Traffic Techs., LLC v. Morgan*, 620 F. App'x 895, 905 (Fed. Cir. 2015).

The inability to mark the patented product itself may arise in instances where the patented product is too small to physically mark or if doing so would be so expensive as to be impractical. The Federal Circuit has held that the courts should apply a “rule of reason” to analyzing this issue since “the purpose of the marking statute is to provide constructive notice to the public.” *Glob. Traffic Techs., LLC*, 620 F. App'x at 905. The Federal Circuit held that “because there may be many factors that affect the character of a patented article... when a patentee marks the packaging rather than the article, the district court should evaluate the specific character of the article at issue.” *Id.* This analysis will vary case by case. Nonetheless, where possible, it is best that a patent owner consider marking with patent numbers or the virtual marking statements both the product and the packaging.

### Strategic Considerations

Patent owners are entitled to damages from the time of infringement provided that they properly mark applicable products. *Funai Elec. Co., Ltd. v. Daewoo Elecs. Corp.*, 616 F.3d 1357, 1373 (Fed. Cir. 2010). To satisfy the constructive notice provision of the patent marking statute, a patent owner should (1) mark substantially all of the patented products with the patent notice, and (2) once marking has begun, the marking should be substantially consistent and continuous. *Id.* at 1374. But what is “substantially all” of the patented products?

Although there is no set standard for the number or percentage of products needed to be marked to satisfy the “substantially all” principle, courts have provided some guidance. In one case, the Federal Circuit found that marking compliance rates of 95% were sufficient. *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1111 (Fed. Cir. 1996). In another case, the Federal Circuit held that 88-91% marking compliance

was sufficient. *Daewoo Elecs. Corp.*, 616 F.3d at 1382-83. Furthermore, some district courts have found that even lower compliance may be sufficient. *Koninklijke Philips N.V. v. Zoll Med. Corp.*, 257 F. Supp. 3d 159, 165 (D. Mass. 2017) ( marking compliance rate of 65% and 73% could not be determined as a matter of law for violating the “substantially all” principle). Since the analysis is fact specific, patent owners should take efforts to properly mark all, or as close to all, of the practicing products as possible. This calculation and requirement of marking “substantially all” products also extends to licensees of the patent who make or sell a patented article. See *. Arctic Cat Inc. v. Bombardier Rec. Prods.*, 950 F.3d 860, 864 (Fed. Cir. 2020) (citations omitted).

The marking statute typically comes into play in situations where patent owners make or sell a product associated with patent claims directed to an apparatus (as opposed to patents directed to only method claims). However, there are some caveats to be aware of. First, patent owners who have never made, sold, or licensed a product practicing any claims of a particular patent have nothing to mark and may recover damages for infringement occurring even before any infringer receives actual notice – assuming the patentee proves the infringement. *Id.* at 864. Next, “notice provisions of section 287 do not apply where the patent is directed to a process or method.” *Ibid.* That is, when a patent has only method claims, there is no requirement to mark in order to recover past damages. However, when a patent has both apparatus and method claims, and the patent owner makes or sells a covered product, there may be an obligation to mark those products. In these situations, the Federal Circuit has held that the marking statute does not apply if a plaintiff only asserts the method claims in litigation and does not assert the apparatus claims. *Crown Packaging Tech., Inc. v. Rexam Bev. Can Co.*, 559 F.3d 1308, 1317 (Fed. Cir. 2009). But, if apparatus claims are asserted – alone or with the method claims – then the marking requirements would apply. *Id.* at 1317 (citing *American Medical Systems, Inc. v. Medical Engineering Corp.*, 6 F.3d 1523, 1538 (Fed. Cir. 1993)). In this situation, even withdrawing the assertion of the apparatus claims does not cure marking issues. *Rembrandt Wireless Techs.*, 853 F.3d at 1382. Since it can be difficult to predict ahead of time what claims might be needed in litigation against a potential infringer, when patents having both apparatus and method claims, it is best to mark products meeting any apparatus claims of that patent, or alternatively made by or practicing method claims of the patent.

Patent marking may also be beneficial in the context of proving indirect infringement – that is, induced infringement or contributory infringement. For example,

under 35 U.S.C. § 271(b), induced infringement requires that the infringer had knowledge of the existence of the patent and its infringement or the infringer was willfully blind to that infringement. *Glob.-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 754 (2011). Likewise, under 35 U.S.C. § 271(c), “[C]ontributory infringement requires knowledge of the patent in suit and knowledge of patent infringement.” *Nalco Co. v. Chem-Mod, LLC*, 883 F.3d 1337, 1356 (Fed. Cir. 2018)(citing *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1926, (2015)).

Hence, irrespective of damages and strategic considerations, patent marking can provide evidence of knowledge of the patent to help establish *prima facie* elements of indirect infringement. Thus, marking products with applicable patents, or using a virtual marking page as discussed above, can provide additional benefits beyond damages such as support for an infringer’s knowledge of asserted patents and of their infringement of those patents.


## Conclusion & Takeaways

The patent marking statute under 35 U.S.C. § 287(a) can play a significant role in maximizing the value of a patent portfolio – oftentimes determining the availability of certain damages in patent infringement cases. Here are a few takeaways for patent owners considering marking requirements to help enhance the value of their patents:

**Patent Marking is Important for Damages Recovery** and complying with 35 U.S.C. § 287(a) to mark products with the patent number or employ virtual marking provides value by maximizing potential damages recovery.

**Virtual Marking Simplifies Compliance** and allows patent owners to mark products by directing users to a publicly accessible website while streamlining updates when patents are granted or expire and making modifications more cost-effective and efficient.

**Approach Compliance Patent-by-Patent** such that patent owners can make best efforts to ensure that “substantially all” of their products are properly marked for a respective patent.

**Marking Can Provide Additional Benefits** such as being used as evidence of a potential infringer’s knowledge of the patent for purposes of indirect infringement or willful infringement allegations. 

## About the Authors



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# The USPTO's Proposed Rule Change to Terminal Disclaimers and the Potential Effect on Patent Prosecution

By Blake Schmidt

Patent law is ever evolving with each federal court decision, each United States Patent and Trademark Office (USPTO) rule change, and ever-changing market conditions. On May 10th of this year, the USPTO proposed a significant rule change regarding terminal disclaimers, a commonly used tool within a patent practitioner's toolbox.<sup>1</sup> Oftentimes, it may be desirable for an inventor or patent applicant to file more than one patent based off of an original disclosure or base application (e.g., a continuation patent application). This may trigger the patent examiner to require a terminal disclaimer, which would effectively tie the expiration date of the original patent to the continuation patent. That is, any term of the second patent that might extend beyond the term of the first patent is "disclaimed." In this way, a terminal disclaimer causes a patentee to dedicate to the public the entire term of a patent or any terminal part of the term of a patent.<sup>2</sup> Further, to avoid an entity being sued by different parties for infringement of patent claims that are obvious variants of patent claims in another patent, the terminal disclaimer requires that both the first and second patents remain assigned to/owned by the same entity. The prohibition on double patenting ensures that "upon the expiration of the patent [the public] will be free to use not only the invention claimed in the patent but also modifications or variants."<sup>3</sup> Effectively, a terminal disclaimer can shorten the potential enforceable life of a second patent that is an obvious variant to match the enforceable life of one of applicant's previously issued patents, and ensures common ownership of such patents.

The May 10<sup>th</sup> USPTO proposed rule change seeks to render patents, particularly those that are tied to another patent by a terminal disclaimer, unenforceable if the terminal disclaimer was filed to overcome a nonstatutory double patenting rejection and the other patent has any claim that is held to be "finally unpatentable or invalid."<sup>4</sup> The proposal defines "finally unpatentable" as a final determination by either the Patent Trial and Appeal Board or the result of a reexamination proceeding after all of applicant's appeals have been exhausted.<sup>5</sup> Finally invalid is defined as claims held to be invalid after a civil action in a federal court after applicant's appeal has concluded and applicant's right to appeal has expired.<sup>6</sup>

Notably, the proposal distinguishes between patents that are tied directly or indirectly to a terminal disclaimer. A subject patent is tied directly to a reference patent by a

terminal disclaimer when the terminal disclaimer is filed in the subject patent and a previously issued reference patent from a common applicant or owner is identified in the terminal disclaimer.<sup>7</sup> For example, if a subject patent has a terminal disclaimer that specifically identifies a reference patent, the subject patent is tied directly to the reference patent. Therefore, if the reference patent contains a claim that has been finally held unpatentable or invalid, the subject patent is rendered unenforceable. However, while the subject patent is directly tied to the reference patent, the reference patent is not tied to the subject patent. Thus, any remaining valid claims of the reference patent would still be enforceable because the effect of the tying is unidirectional.

Indirect tying is defined as having two or more terminal disclaimers tied to the subject patent or any other patent referencing the subject patent when "(1) a terminal disclaimer filed in the subject patent or application identifies an intermediate patent/application as the reference patent or application; and (2) a terminal disclaimer filed in the intermediate patent/application identifies the other patent, or the application that issued as the other patent, as the reference patent or application."<sup>8</sup> To illustrate indirect tying, a situation may exist where a subject patent has a terminal disclaimer directly tying the subject patent to a reference patent. If the reference patent also has a terminal disclaimer directly tying the reference patent to a second reference patent, and the second reference patent has a claim finally held invalid or unpatentable, the subject patent is rendered unenforceable for being tied indirectly to the second reference patent. Furthermore, if a terminal disclaimer is filed on the reference patent and the second reference patent has a claim finally held invalid or unpatentable, the reference patent would be rendered unenforceable due to being tied directly to the second reference patent. If a terminal disclaimer is filed on both the subject patent and the reference patent, both the subject patent and the reference patent are tied directly to each other. In this scenario, if either the subject patent or the reference patent has a claim finally held to be unpatentable or invalid, both the subject patent and the reference patent would be unenforceable under the proposed rule change.

This proposed rule change is likely to have the effect of steering practitioners away from utilizing a terminal disclaimer to obviate a nonstatutory double patenting rejection, because filing a terminal disclaimer puts a subject patent at risk when the validity or enforceability of any claim




of a reference patent is challenged. This may have the impact of discouraging continuation application practice. This interpretation is further supported by four suggestions within the rule change proposal to cure a non-statutory double patenting rejection without filing a terminal disclaimer. These suggestions include consolidating conflicting claims into a single application, cancelling conflicting claims or amending conflicting portions of claims, arguing that rejected claims are patentably distinct from claims of previous applications, or filing a reissuing application of the reference patent to include claims from the subject patent.<sup>9</sup> All of these suggested actions were previously and are currently available to patent practitioners.

However, each suggestion has drawbacks, which are often reasons why practitioners have traditionally filed terminal disclaimers to deal with nonstatutory double patenting rejections. Consolidating conflicting claims into a single application likely requires either increasing the cost of filing the application by adding claims above the base allotted amount of twenty, or narrowing the scope of the claims to remain within the base allotted amount. Cancelling claims or amending the conflicting portions of claims requires that the applicant narrow the claim coverage sought, potentially limiting patent protection to specific embodiments of the invention, and increasing the cost of prosecution. Additionally, such amendments often require explanations or comparisons between the amended claims and the claims of the reference patent, which can be used to narrow the scope of the claims in the reference patent. Furthermore, asserting that the rejected claims are patentably distinct over the reference patent can similarly require statements that might negatively affect the scope of the reference patent, and is more costly than filing a terminal disclaimer. Filing a reissue application requires surrender of the original patent which places the reference patent at risk and increases the length of the patent prosecution process and the cost.

If this proposal has the potential to result in increased prosecution duration and increased costs for applicants, why is the USPTO seeking this rule change? The USPTO hopes that by adding increased risk to filing a terminal disclaimer to obviate nonstatutory double patenting rejection, obtaining multiple patents directed to variants of the same invention will be disincentivized and the number of such patents will be reduced.<sup>10</sup> Further, the high cost of separately challenging patents having claims to obvious variants will be reduced, which the USPTO believes will increase competition within the marketplace.<sup>11</sup> While this goal is seemingly aligned with the original intention of patent law as set out in the Patent Clause of the United States Constitution, to wit: “to promote the progress of science and useful arts by securing for limited times . . . to inventors the exclusive right to their respective . . . discoveries,” it remains uncertain whether the benefits of

increased competition will outweigh the potential burdens placed on applicants.<sup>12</sup> However, it is clear that implementing this rule change will force applicants to weigh risks associated with filing a terminal disclaimer against the potential drawbacks of the alternate ways to deal with nonstatutory double patenting rejections.

A troubling aspect of the proposed rule change is the disproportionate impact on patents having a terminal disclaimer in that all claims of these patents are rendered unenforceable if even a single claim of a reference patent is held to be “finally unpatentable or invalid.” This includes claims in a subject patent having a terminal disclaimer that were not rejected as being obvious over any claim in a reference patent. So, under the proposed rule, a claim that was never rejected as being an obvious variant of another claim would be rendered unenforceable when a patentably distinct claim in a reference patent is unpatentable or invalid. In this regard, the imposed penalty goes well beyond the alleged harm to competition and the intended market benefit of the proposed rule. Further, the wholesale unenforceability of claims in a patent with a terminal disclaimer conflicts with the statutory requirement in 35 USC § 282(a) that “[e]ach claim of a patent . . . shall be presumed valid independently of the validity of other claims.”<sup>13</sup>

If terminal disclaimer practice needs to be hemmed in, a better approach might be to limit the effect of unenforceability to only claims that were deemed obvious over a claim that is later invalidated. That is, limit the penalty of unenforceability to the claims that were actually deemed to be obvious over an invalidated or unpatentable claim. This would correct the burden on the market alleged to result from more than one patent with claims directed to obvious variants, without overreaching to claims to patentably distinct subject matter. 

### About the Author



*Blake Schmidt* recently competed his Juris Doctor degree, graduating from Michigan State University College of Law, where he served as President of the Intellectual Property Law Society. Prior to law school, he received a Bachelor's Degree in Mechanical Engineering with a concentration in automotive powertrain design from Michigan State University. Blake is currently employed at Reising Ethington P.C. as an intellectual property law clerk while he awaits results from the July '24 bar exam. In his free time, he enjoys golfing, working on cars, and following Michigan State's sports teams.

## Endnotes

- 1 *Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting*, 89 Fed. Reg. 40439 (May 10, 2024).
- 2 *Id.*
- 3 *Definition of Double Patenting MPEP 804* (9th ed. Rev. 7, 2022) (citing *In re Zickendraht*, 319 F.2d 225, 232 (CCPA 1963)).
- 4 *Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting*, 89 Fed. Reg. at 40439.
- 5 *Id.* at 40442.
- 6 *Id.*
- 7 *Id.* at 40441.
- 8 *Id.* at 40442.
- 9 *Id.* at 40444.
- 10 *Id.* at 40439.
- 11 *Id.*
- 12 U.S. CONST. art. I, § 8, cl. 8.
- 13 35 U.S.C. § 282.



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