# Patent Term Adjustments in Jeopardy Following Federal Circuit Decision

In a recent development, the U.S. Court of Appeals for the Federal Circuit has confirmed that patents can be invalidated by earlier-expiring patents in the same family, invoking the doctrine of obviousness-type double patenting (ODP). This ruling has far-reaching implications and could lead to the invalidation of a patent's Patent Term Adjustment (PTA) and reduce the patent's life if its term exceeds that of a prior filed patent.

## The Cellect Opinion

On August 28, 2023, the Federal Circuit issued a decision in *In re: Cellect, LLC* on how PTA interacts with terminal disclaimers and ODP. This opinion makes clear that a terminal disclaimer cuts short PTA, and that ODP is so related to terminal disclaimers that it cuts short PTA as well.

This case involved a comparison between two sections of the U.S. patent law: § 154 and § 156. The focus of these statutes is on the extension of patent terms. Section 154 discusses PTA, which extends a patent's term due to administrative delays. In contrast, §156 discusses patent term extension (PTE), which prolongs a patent's term due to regulatory review delays for approved products. The dispute in this case arose from whether these statutes should be treated similarly in the context of the doctrine of ODP. Specifically, ODP rejects a second patent with claims that are not patentably distinct from the claims of a first patent based on the same disclosure. Here, the question was whether PTE and PTA can extend the life of the second patent beyond that of the first patent when the second patent has been rejected under ODP.

In this case, Cellect, the patentee, owned several patents related to image sensors for devices, such as personal digital assistant devices or phones. Each patent received varying terms of PTA, which extended the life of the patent. During litigation, the relevant claims in these patents were found to be obvious variations of other claims in the patent family and were invalidated under ODP, and the patent terms of these patents cut short. In response, Cellect argued that the patent terms should not be shortened because PTA and PTE should both be considered similarly when applying ODP, basing the analysis on patent expiration dates before any extensions are added. They cited precedent regarding § 156, legislative intent, and statutory language to support their position.

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In contrast, the U.S. Patent and Trademark Office (USPTO) contended that PTA and PTE should be treated differently in ODP analysis. They argued that PTA should be added before ODP consideration, while PTE should be added after. They referenced case law and statutory language to justify their stance.

Ultimately, the court agreed with the USPTO's position, finding that PTA and PTE should be treated differently in the ODP analysis. The court based its decisions on the statutes' distinct provisions and purposes. Specifically, § 154 states that PTA cannot extend the life of a patent past the date specified in a terminal disclaimer. The court found that although no disclaimer was filed, terminal disclaimers and ODP are so "inextricably intertwined" that ODP was to be applied the same. The court clarified that the expiration date used for ODP analysis with PTE is before the extension is added, while for PTA, it's after. That is, PTA is applied before the expiration term and any PTA extending past the expiration is cut short. The court emphasized that ODP prevents patentees from obtaining unjust time-wise extensions for the same invention or obvious modifications thereof. It concluded that forcing PTA and PTE into the same analysis would be unwarranted given their disparate statutory frameworks.

## How This Affects Your Company

In light of the above, responding to an ODP rejection requires a strategy that depends on a patentee's patent portfolio and specific needs. Further, the decision to file a terminal disclaimer may have implications that should be thoroughly considered.

Patent professionals are being advised to keep a close eye on this case, and companies are being encouraged to revisit their patent prosecution strategies with a view of reducing the risk of ODP intra-family challenges and preserving PTA for claims that are not rejected under ODP. It is crucial for businesses to be proactive in this regard, as the potential impact of this ruling on their patents could be significant.

Patentees interested in more information on developing a strategy to respond to such rejections and weighing these critical issues should contact Reagan Joy, Jeremy Bridge or another member of the firm's Intellectual Property Practice.

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