

Federal Circuit Patent Bulletin: *Japanese Found. for Cancer Research v. Lee*

December 10, 2014

"[Regarding a terminal disclaimer, the] PTO, apart from a clerical error under § 255, ends its inquiry into attorney authorization once it determines that the attorney of record signed the disclaimer, as required by regulation."

On December 9, 2014, in *Japanese Found. for Cancer Research v. Lee*, the U.S. Court of Appeals for the Federal Circuit (Prost,* Dyk, Taranto) reversed and vacated the district court's summary judgment that the U.S. Patent & Trademark Office (PTO) acted arbitrarily and capriciously, and abused its discretion, when it refused to withdraw the terminal disclaimer on U.S. Patent No. 6,194,187, which related to the apoptosis-inducing protein ASK1 for treating malignant tumors. The Federal Circuit stated:

On appeal, the Foundation argues that the PTO has the authority to issue a certificate of correction for the '187 patent to withdraw the terminal disclaimer under the statute that governs such certificates. This statutory section provides that a certificate of correction may be issued "[w]henver a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent and Trademark Office, appears in a patent and a showing has been made that such mistake occurred in good faith . . . if the correction does not involve such changes in the patent as would constitute new matter or would require re-examination." . . . Here, the Foundation has not identified an error in the patent number or application that is apparent on its face—like a transposed number or the number of a related patent—which would entail redirecting the disclaimer to the correct target. It instead claims that the filing of the disclaimer was itself the "clerical or typographical error" that may be corrected under § 255.

The Foundation's argument here is that, first, "clerical or typographical error" in the statute should be read disjunctively, such that § 255 is operative where there is a "clerical error." Second, the Foundation argues that since the terminal disclaimer was filed due to the mistake of Kyowa Law's paralegal, the mistaken filing constitutes a "clerical error" because she was a clerical employee performing clerical work. This reading of the statute is not only strained but also lacks support in case law . . .

Setting aside whether this reading would apply to Kyowa Law's paralegal, the terminal disclaimer in this case was actually filed by the Foundation's attorney of record. Indeed, the PTO's rules require that terminal disclaimers be signed by "the patentee, or an attorney or agent of record." Therefore, even if the Foundation's reading of "clerical error" was correct, it would be impossible for a subordinate who lacks the duty of exercising judgment to file a valid terminal disclaimer on his own. In sum, there is no basis for withdrawing the terminal disclaimer on the '187 patent by means of a certificate of correction under § 255. . . .

The PTO's denial of the Foundation's petition expressed its position that, as to terminal disclaimers recorded under § 253, there was no administrative determination for it to reconsider. According to the PTO, the only "determination" is whether the disclaimer satisfied the requirements of 37 C.F.R. § 1.321(b), i.e., was signed by the applicant or an attorney or agent of record, stated the applicant's ownership interest and what portion of the term was being disclaimed, and was accompanied by a fee. Indeed, the PTO indicated that it found that these requirements were met when it denied the Foundation's initial petition. In that sense, the PTO already reviewed its determination that the terminal disclaimer was valid. . . .

The PTO provided two reasons for declining to withdraw the terminal disclaimer. First, the PTO determined that, once the disclaimer was filed, the public may have relied on it, and the PTO "does not determine on an ad hoc basis whether the public has actually relied on such filing." Second, the PTO held that it "is not the proper forum for resolving the issue of whether the disclaimer was filed per the intentions of the patentee," on the basis of its position that "miscommunications between attorneys and clients do not excuse the actions of the representative."

With respect to the first ground of the PTO's decision, the Foundation argues that the public did not rely on the '187 patent's disclaimer. In the Foundation's view, although by the time of the PTO's final decision the disclaimer did appear in the patent's prosecution file and online, the public was nevertheless on notice that its validity was in question. The Foundation's position appears to be based on the fact that the Foundation's own petitions also appeared in the file, in which it contested the disclaimer. However, nothing in the file actually indicated that the PTO had any doubt about the disclaimer's validity. The lack of publication in the Official Gazette is also unavailing, given that the prosecution file is freely accessible on the Internet. That said, even if we gave the Foundation the full benefit of its argument, the PTO's other ground for denying the petition suffices to sustain its decision.

In this case, the Foundation has alleged that its attorney of record filed the disclaimer because of miscommunications between the Foundation, KHK, Kyowa Law, and Foley. The PTO declined to delve into the record and evaluate the merits of the Foundation's assertion. The PTO instead determined that it need not examine alleged miscommunications between the patentee and its attorney of record because of the principle that it holds the patentee to be "bound by the actions or inactions of his voluntarily-chosen representative." The PTO, apart from a clerical error under § 255, ends its inquiry into attorney authorization once it determines that the attorney of record signed the disclaimer, as required by regulation.

The Foundation suggests that it should not be bound to the consequences of its attorney of record's actions, as it resulted in the loss of a valuable property right. It analogizes, as the district court did, to the principle that an attorney cannot settle a case or waive certain rights without the client's authorization in the context of ordinary representation. The PTO has, however, clearly articulated in its regulations that, other than the patentee, only the attorney of record with power of attorney is authorized to file a terminal disclaimer on the patentee's behalf. And here, the patentee provided specific authority to its attorney to file a disclaimer by filing a power of attorney to prosecute the underlying application and to transact all business in the PTO connected therewith. . . . Here, the PTO determined that miscommunications between the Foundation and its attorney of record did not excuse the actions of the attorney, and we will not substitute our judgment for that of the agency.