

FEDERAL CIRCUIT REVERSES MARINE POLYMER DECISION



BY: CHRISTOPHER L. MCKEE

Federal Circuit issues *en banc* decision in *Marine Polymer Techn. v. Hemcon* case. The decision clarifies when

intervening rights can arise as a result of a patent reexamination. Arguments alone cannot result in intervening rights.

The patent community was taken by surprise when, in September of 2011, a three judge panel of the Court of Appeals for the Federal Circuit vacated a jury verdict of \$29.4M in past damages for infringement of Marine Polymer's patent, on the grounds of intervening rights arising as a result of a reexamination of the patent.

The most notable aspect of the Federal Circuit panel decision was that it found intervening rights applied as a result of arguments presented in the reexamination, and despite the fact that no amendments had been made to the language of the claims.

The most notable aspect of the Federal Circuit panel decision was that it found intervening rights applied as a result of arguments presented in the reexamination, and despite the fact that no amendments had been made to the language of the claims. The panel majority determined that the reexamination arguments disavowed claim scope and thus changed the scope of the original (pre-reexamination) claims. The panel majority held that in these circumstances it was appropriate for intervening rights to apply.

In its *en banc* ruling issued on March 15, 2012, a 6-4 majority of the full Court agreed that

the rule of reexamination intervening rights announced by the earlier panel decision was wrong.

Under the Federal Circuit's *en banc* ruling, intervening rights cannot result from a patent reexamination in the absence of an actual change (i.e. amendment) to the language of the claims. The Court ruled that this was dictated by 35 U.S.C. § 307(b), which limits the application of intervening rights to the case of "amended or new" claims. In the majority's view, the governing language is "plain and unambiguous," and precludes argument alone giving rise to intervening rights.

The *en banc* decision is welcome news for patent holders. Following the panel decision, patent owners feared having their

patents pulled into reexamination, and then being unable to defend their claims by arguing against asserted rejections without incurring the potentially devastating impact of intervening rights (i.e., loss of all claims for past damages). But for the possibility of Supreme Court review, that concern is put to rest.

On the other side, some patent challengers will not be happy with the decision, fearing that patent holders will "game" the system by seeking to change claim scope in reexamination by argument alone, thereby correcting their patent while avoiding the consequences of intervening rights.

The *en banc* majority viewed the latter scenario as “highly unlikely.” In this regard, the majority noted: “If, in reexamination, an examiner determines that particular claims are invalid and need amendment to be allowable, one would expect the examiner to require

construction and the \$29.4M infringement damages award, intact. In the dissent’s view, given the majority’s ruling on claim construction, its discussion of the law intervening rights was unnecessary and *dictum*, since there was no change of claim scope pre

Following the *en banc* decision, accused infringer Hemcon filed its own petition for rehearing *en banc*, seeking reconsideration limited to the Court’s split decision on claim construction.

amendment rather than accept argument alone.” Nonetheless, the majority recognized “patent applicants’ actions and arguments during prosecution, including prosecution in a reexamination proceeding, can affect the proper interpretation and effective scope of their claims.”

Also of interest, the *en banc* Court’s affirmance of the District Court’s final judgment was by an equally divided Court. The Court split 5-5 on the issue of whether the District Court had properly construed the claims (pre-reexamination). This left the District Court’s final judgment, including its claim

and post reexamination to give rise to the intervening rights issue. On the other hand, in the majority’s view, it was appropriate to rule on the law of intervening rights the way it did “as an alternative ground for decision.”

Following the *en banc* decision, accused infringer Hemcon filed its own petition for rehearing *en banc*, seeking reconsideration limited to the Court’s split decision on claim construction. Hemcon also separately filed for bankruptcy. The Federal Circuit has stayed further appeal proceedings during the pendency of the bankruptcy proceedings. ■

HUSKY INJECTION MOLDING SYSTEMS RECOGNIZED AS INNOVATIVE LEGAL DEPARTMENT BY *INSIDECOUNSEL* MAGAZINE

InsideCounsel named Husky as a 2012 IC-10 winner in its September issue. IC-10 is an annual list compiled by *InsideCounsel* through nominations submitted by readers. Those who make the list show a knack for creatively solving problems facing law departments. Husky was recognized for its innovative approach to risk assessment and intellectual property protection.

Banner & Witcoff congratulates firm client Husky Injection Molding Systems for its achievement. Read more about Husky’s winning concept at www.insidecounsel.com.

Banner & Witcoff

is dedicated to excellence in the specialized practice of intellectual property law, including patent, trademark, copyright, trade secret, computer, franchise and unfair competition law. The firm actively engages in the procurement, enforcement and litigation of intellectual property rights throughout the world, including all federal and state agencies, and the distribution of such rights through licensing and franchising.

 Follow us on Twitter @BannerWitcoff

 Follow us on LinkedIn

JOURNAL OF INTELLECTUAL PROPERTY LAW 2012 NOW AVAILABLE.

Please send an email to
info@bannerwitcoff.com to request a copy.

EDITORIAL BOARD

EXECUTIVE EDITORS

Scott A. Burow

sburow@bannerwitcoff.com

Katie L. Becker

kbecker@bannerwitcoff.com

CONTRIBUTORS

Matthew P. Becker

mbecker@bannerwitcoff.com

Gary D. Fedorochko

gfedorochko@bannerwitcoff.com

Katherine Laatsch Fink

kfink@bannerwitcoff.com

Christopher L. McKee

cmckee@bannerwitcoff.com

Paul M. Rivard

privard@bannerwitcoff.com

Richard S. Stockton

rstockton@bannerwitcoff.com

Victoria R.M. Webb

vwebb@bannerwitcoff.com

You are receiving this newsletter because you are subscribed to B&W's Intellectual Property Update. To unsubscribe from this list, please send an e-mail to newsletter@bannerwitcoff.com with "Remove Newsletter" in the subject line.

This is a publication of Banner & Witcoff, Ltd. and is intended to provide general information with regard to recent legal developments. The material contained within should not be construed as a source of legal advice or as a substitution for legal consultation. Please consult an attorney with any specific legal questions.

©2012 Banner & Witcoff, Ltd.

WWW.BANNERWITCOFF.COM

CHICAGO

10 South Wacker Dr.
Suite 3000
Chicago, IL 60606
312.463.5000
312.463.5001 (fax)

WASHINGTON

1100 13th St., NW
Suite 1200
Washington, DC 20005
202.824.3000
202.824.3001 (fax)

BOSTON

28 State St.
Suite 1800
Boston, MA 02109
617.720.9600
617.720.9601 (fax)

PORTLAND

601 SW Second Ave.
Suite 1900
Portland, OR 97204
503.425.6800
503.425.6801 (fax)