

Marine Polymer — Take 2

Law360, New York (February 28, 2012, 1:00 PM ET) -- Intervening rights is a powerful limitation that may apply to a patent that has undergone re-examination.[1] If “absolute intervening rights” is found to apply, an effect is elimination of all claims for damages arising from infringing activity occurring prior to issuance of a re-examination certificate. A second flavor of intervening rights, “equitable intervening rights,” can prospectively limit a patent owner’s remedy against an infringer, e.g., availability of an injunction to prevent future infringement.

In its recent Marine Polymer decision,[2] a three-judge panel of the Court of Appeals for the Federal Circuit vacated a jury’s award of \$29.4 million to Marine Polymer Technologies Inc. for the defendant Hemcon Inc.’s patent infringement. The basis was “absolute intervening rights” arising as a result of a re-examination of the patent. The panel’s decision also vacated the district court’s grant of an injunction against future infringement, and remanded the case back to the district court for a consideration of whether defendant Hemcon had “equitable intervening rights.”

The patent at issue covered a polymer used to treat serious wounds. In a case of first impression, the panel determined that intervening rights arose as a result of arguments made by the patent holder during the re-examination that effectively altered the scope of the claims, even though the language of the claims at issue was not changed.

Previously, only in cases where a patent claim has actually been amended has the doctrine of intervening rights been applied. The controlling statutory language is clear that intervening rights can arise in a re-examination only with respect to “amended or new claims.”[3]

The decision came as a shock to many patent practitioners, this author included. It may be short lived. On Jan. 20, 2012, the Federal Circuit granted appellee/patent owner Marine Polymer’s request for rehearing of the case before the full court (en banc).[4]

Will the result be different on rehearing? This author believes it should be. If allowed to stand, the decision would have a dramatic impact not only on the parties involved but potentially on any patent subjected to re-examination.[5]

The rationale of intervening rights is that it would be unfair to allow a patent owner to assert a patent corrected in re-examination retroactively, and to some degree even prospectively, against a party that may have relied upon an original defectiveness of the patent as a basis to proceed with its activities.

The Marine Polymer panel majority was right to be concerned about the inequity that would arise if the scope of a patent claim could be effectively altered by argument in re-examination (e.g., to avoid unpatentability) while avoiding intervening rights. Yet, this concern can be addressed in another way that does not conflict with the applicable statutory language.

This article examines several problems the author perceives with the Federal Circuit panel's decision. It offers an approach in line with the statute that addresses the equitable concerns that led the Marine Polymer panel to rule the way it did.

The Decision is Contrary to the Controlling Statutory Language

Under the controlling statutory language, intervening rights arising from a patent reissue or re-examination apply only to "amended or new claims." [6] As Circuit Judge Alan Lourie noted in his dissent, "The patentee's arguments and cancellation of six claims ... may or may not have affected the scope of claims 12 and 20 ... but it did not 'amend' the claims or make them 'new' claims, and that is what the statutory language requires." [7] Notably, the panel majority did not address this statutory constraint.

Defendant Hemcon has argued that the statutory language "any amended or new claim" merely requires that a claim be somehow changed, not necessarily that amended or new claim language be presented. According to Hemcon, "[t]he ordinary meaning of the word 'amended' refers to change generally and does not carry with it any requirement as to how a change is made." [8] Thus, Hemcon contends (and the panel majority ruled) that argument alone can change a claim and thereby subject it to intervening rights. [9]

In the author's view, this is a strained and untenable position that is at odds with how the term "amended" is generally understood in a patent context. In patent prosecution, applicants may present arguments and applicants may present amendments. The distinction between the two is well understood. Arguments do not "amend" a claim.

The Decision Injects Uncertainty on Several Levels

1) The Enforceability of Many Patents Subjected to Re-Examination Is Brought Into Question

Before Marine Polymer, intervening rights and its potentially draconian impact on the enforceability of a patent would only become an issue in those cases where a substantive amendment was introduced to the language of a claim, during re-examination or reissue. If the amendment was a substantive amendment impacting the scope of the claim, then intervening rights would apply. If the amendment was nonsubstantive, or no amendment was introduced, then intervening rights would not apply. Thus, a relatively bright-line test has existed.

In contrast, under the Marine Polymer panel decision, an issue of intervening rights can be said to arise as to any patent that has undergone a re-examination, where a rejection over prior art is asserted and the patent owner presents arguments distinguishing the claims from the prior art. If the argument addresses a distinction not previously noted in the original prosecution, it could be said to introduce a new estoppel-by-argument altering the scope of the original claim. This then would lead to application of intervening rights, even though no change was made to the language of the claim.

As a result, the decision would encourage re-examinations to be brought for the mere purpose of subjecting a patent to intervening rights, or at least raising that as an issue. The U.S. Patent and Trademark Office, already flooded with re-examination requests, would be inundated further.

2) Patent Owners Required To Defend In a Patent Re-Examination Are Put Into a Real Quandary

The specter of intervening rights arising from argument alone would severely hamper patent owners in their ability to defend patent claims against a rejection over prior art in re-examination. Any argument that addressed a distinction not previously noted in the original prosecution could be said to introduce a new estoppel-by-argument altering the scope of the original claim, thus leading to application of intervening rights. It could be very difficult for a patent owner to know, a priori, whether or not a given argument would be viewed as changing the scope of the original claim and thus give rise to intervening rights.

Claim interpretation is a hotly contested issue in most patent litigations. There is inherent uncertainty in how the claims will ultimately be construed, first by the district court and then possibly on appeal. The panel ruling in *Marine Polymer* injects additional uncertainty, since now, for a patent that has undergone re-examination, it is necessary to determine not just the meaning of the claim in view of all its prosecution history (including the re-examination), but also (1) a correct original meaning of the claims (before the re-examination); and (2) whether arguments presented in the re-examination changed that original meaning of the claims.

In addition to the difficulty this would present to the parties and court in any litigation, a patent owner should not be put in the precarious position of having to make this inherently uncertain evaluation, a priori, as part of deciding whether or not to make a patentability argument in re-examination. The problem is compounded by the fact that during re-examination, as in original prosecution, claims are to be given their broadest reasonable interpretation, a standard different from how claims are to be interpreted in litigation.

Faced with a rejection over prior art in re-examination, and the threat of intervening rights arising from presenting an argument to counter the rejection, the patent owner is truly placed between a rock and a hard place.

3) The Primacy of the Notice Function of Patent Claims Is Undermined

By in effect holding that claims may be “amended” by argument alone, the *Marine Polymer* panel decision undermines the primacy of the notice function of patent claim language. It runs counter to the bedrock principle that the scope of the patent right is determined by the language of the claims.

Under well-established principles of prosecution history estoppel, the scope and meaning of the claims may be shaped and influenced by arguments presented by the applicant, but the *Marine Polymer* panel decision goes farther by in effect equating argument and amendment.

A hypothetical will help illustrate the point. Say that a patent claim to the sky being blue is subjected to re-examination. Say that the patent owner argued successfully in re-examination that the claim was distinguished over prior art by requiring the sky to be a deep blue with interspersed clouds. Under the *Marine Polymer* panel decision, that argument would be deemed to “amend” the claim from requiring merely a blue sky to requiring a deep blue sky with interspersed clouds. Absolute intervening rights would be applied, premised on a post-re-examination claim interpretation plainly at odds with the unamended claim language.

In general, patent examiners will insist that the scope of the claim language be commensurate with the arguments presented. If found otherwise, the arguments will be given no weight. In this instance, a patent owner in a re-examination might be able to argue successfully against the examiner’s position.

Alternatively, the patent owner can choose to amend the claims (with the probable result that intervening rights will apply). Contrary to this well-established prosecution paradigm, the Marine Polymer decision supports the notion that the claims can be altered by argument alone.

A Better Approach — Re-Examination Arguments Can Inform Claim Scope But Not Change It

So what about the Federal Circuit panel's concern with the equities of the situation? Certainly, a patent owner ought not be permitted to narrow the scope of his claims by argument rather than amendment to thereby avoid prior art unpatentability while also avoiding intervening rights. This consequence is avoided if an unamended claim is held within the confines of its language and original (pre-re-examination) meaning.

This does not mean that re-examination prosecution history estoppel is thrown out the window. Arguments presented by a patent owner distinguishing prior art would still inform the proper claim construction, and estop the patent owner from taking a contrary position. It would still act as a limit on any application of the doctrine of equivalents. But, a proper interpretation of the claim as it stood before re-examination would not be trumped by a re-examination argument at odds with the claim language or its original meaning.

Under this approach, the patent owner in re-examination is free to make arguments as to what the claims mean and how they are distinguished from the prior art. Insofar as these arguments are deemed commensurate with the claim language and the original meaning of the claims, they may be given weight. But, if they urge a construction narrower than the language of a claim supports, or at odds with an original meaning of the claim, those arguments must be rejected.

If the patent owner wishes to narrow the claim scope, he has the opportunity to amend the claims. And in that case, intervening rights will be available to protect the public from an inequitable assertion of the corrected patent (retroactively and/or prospectively).

In litigation, or on appeal of a re-examination, it may become the task of the court to assess whether the examiner held the patent owner within the confines of the original claim as he should have. If the re-examination examiner failed to do so, and if he confirmed the patentability of a claim premised on an argued distinction unsupported by the claim language, and/or inconsistent with its original meaning, the claim may be invalid over the cited prior art.

Similar to original prosecution, the arguments presented during re-examination may give rise to prosecution history estoppel. They may inform the claim scope, e.g., by revealing a new contour of the boundaries of the claim,^[10] or by clarifying an ambiguity. However, absent an actual change to the claim language, those arguments would not be considered to "amend" the claim or alter its original meaning.^[11]

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[1] It may also apply to a patent that has been reissued.

[2] Marine Polymer Technologies Inc. v. Hemcon Inc., 659 F.3d 1084 (Fed. Cir. 2011).

[3] 35 U.S.C. § 307(b) (ex parte re-examination). The same language appears in 35 U.S.C. § 316(b) (inter partes re-examination).

[4] The decision has generated significant interest in the patent community, as reflected by the filing of seven amicus briefs. Of those, five favor appellee Marine Polymer's position, and two favor appellant Hemcon's position.

[5] Given the similar provisions, it would likely also have the same effect on patents subjected to inter partes review or post-grant review under the recently enacted America Invents Act.

[6] See endnote 3, supra.

[7] Marine Polymer, 659 F.3d at 1096.

[8] Response to Plaintiff-Appellee's Combined Petition for Panel Rehearing and Rehearing En Banc, 2011 at *7-*8.

[9] Id. at *8-*10.

[10] This is not a novel concept. In litigation, claim scope is disputed and decided in the context of the issues being litigated, e.g., infringement and/or invalidity. While ostensibly conducted apart from these considerations, in claim construction (Markman) proceedings, the positions of the parties are typically shaped by their contentions, and may be reflected in the court's ruling. As a result, litigation claim constructions may reflect contours of the claim boundaries not previously illuminated.

[11] Marine Polymer involved a particular situation where not only were distinguishing arguments presented, but dependent claims that influenced the original interpretation of the base claims were canceled, thus leading the Examiner to construe the base claims more narrowly than he did before the cancellation. Under the approach advanced herein, the arguments presented by the patent owner, even with the cancellation of dependent claims, could not be considered to amend the base claims. Absent any actual amendment to the language of the base claims, those claims would be held to their original meaning and scope (about which this author expresses no opinion).

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