

# THE RECORDER

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## INTELLECTUAL PROPERTY

### Intervening wrong

*A divided Federal Circuit guts the 'intervening rights' doctrine*



**James Batchelder and Drew Koning**  
Ropes & Gray LLP

#### Patent

The U.S. Court of Appeals for the Federal Circuit's March 15 divided *en banc* opinion in *Marine Polymer Technologies v. HemCon* created a gaping loophole in the long-standing "intervening rights" doctrine. Intervening rights essentially protect the public's reliance on the scope of an issued patent. If a patentee makes substantive changes to the scope of a patent through post-issuance procedures such as reissue or re-examination, "intervening rights" are afforded to third parties who relied on the previous scope of the patent and had already begun to make, use or sell a given article that is now newly infringing under the modified patent. The *Marine Polymer* court's holding has narrowed this doctrine to apply only in instances where the revision includes additional or literally amended claims. Now, if a patentee revises the scope of its patent without adding or amending claims, such as via argument with the U.S. Patent and



Trademark Office or by dropping claims, then a potential defendant can no longer rely on an intervening rights defense.

The doctrine of intervening rights has a long history in common law. Early cases speak of "acquired rights" by third parties due to a patent being "altered at the patent office since it originally issued." Often applied when a patentee broadens a claim through reissue, the doctrine is also applicable when a patentee narrows a claim to avoid invalidity. Failure to recognize intervening rights has been said to leave the door open for "gross injustice."

The doctrine was codified (with respect to patent reissue) in the Patent Act of 1952. The statute provides that a reissued patent will not affect certain rights of those who acted before the reissue was granted. For example, a business that, prior to the grant of a reissue, made something patented by the reissued patent, may continue to make that item so long as the item

does not infringe a valid claim that appears both in the reissued patent and in the original patent. The statute goes further by allowing for continued infringing activity if the business made, purchased or used the thing prior to reissue or made substantial preparations in that activity prior to reissue. Reissue does not, however, affect any action then pending to the extent that the asserted claims are "substantially identical" to the original patent. 35 U.S.C. §252. When re-examination procedures were introduced in 1981, Congress extended the protection of §252 to re-examinations, providing that "any proposed amended or new claim determined to be patentable and incorporated into a patent following a re-examination proceeding will have the same effect as that specified in §252 of this title."

This was the relevant statutory language in *Marine Polymer*. There, patentee had successfully narrowed

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*James Batchelder is a partner and Drew Koning is an associate in the Silicon Valley office of Ropes & Gray, where they focus their practice on intellectual property litigation. The views expressed in this article are of the authors alone and should not be ascribed to Ropes & Gray or anyone else.*

the scope of the patent (and thus avoided prior art) during re-examination by persuading the examiner to adopt a narrowing claim construction and delete the dependent claims that implied a broader construction. The majority held that the statutory language “any proposed amended or new claim” was “plain and unambiguous” and required an actual claim amendment; because no literal claim amendment had occurred, there could be no intervening right. However, the majority’s opinion shrugs off the policy considerations for intervening rights and arguably flies in the face of the Federal Circuit’s own case law.

Congress was concerned about protecting the public from post-issuance changes to a patent’s scope. “This statutory scheme reveals Congress’ concern for public notice and for protecting the public from the unanticipated broadening of a claim.” *Superior Fireplace v. Majestic Products*, 270 F.3d 1358 (Fed. Cir. 2001). But the broadening of a claim is not the sole concern. In *Bloom Eng’g v. North American Mfg.*, 129 F.3d 1247 (Fed. Cir. 1997), the court stated that both reissue and re-examination statutes “shield those who deem an adversely held patent to be invalid; if the patentee later cures the infirmity by reissue or re-examination, the making of substantive changes in the claims is treated as an irrebuttable presumption that the original claims were materially flawed.” And so the statute relieves an infringer from liability during the period before the claims are validated.

Indeed, “invalidity” is an issue often addressed by the changing or even narrowing of patent scope — thus, §§252 and 307 are applicable in instances where a patent is amended to avoid invalidity. The language of §252 does not limit intervening rights to that of a broadening reissue and during re-examination, a patent’s claims may only be narrowed. And a narrower claim replacing an invalid broad claim can be said to enlarge the scope of the patent, since its original scope was zero. In any event, whether the patent’s scope is altered by claim

redrafting or attorney argument, the result is the same — a patent with a different scope. To disregard the public’s reliance on the original scope serves a “gross injustice.”

Section 252 does require “substantive change” for intervening rights to apply. But change that validates an otherwise invalid claim must surely be viewed as a “substantive change.”

Recent Federal Circuit case law appears comfortable in providing intervening rights where a patentee narrows the scope of a patent to avoid prior art. In *Yoon Ja Kim v. Earthgrains*,

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Judge Alan Lourie, who also wrote the majority opinion in *Marine Polymer*, upheld a holding of intervening rights where a claim was narrowed during re-examination via claim amendment. The patentee had narrowed a pertinent claim limitation from “consisting essentially of” to “consisting of.” Although here the claim language was indeed modified, the resulting “gross injustice” is identical to that of *Marine Polymer*. In both cases, the scope of the patent was narrowed to avoid prior art while maintaining an infringement position.

The *Marine Polymer* holding will weaken re-examination as a defensive tool for infringement defendants. Compounding the effect of *Marine Polymer*, the newly passed America Invents Act increases the required fee for re-examination by over 700 percent and restricts to 50 the page limit of the initial request.

As articulated by the dissent in *Marine Polymer*, the majority’s holding

“will create the very opportunities for mischief and ‘foster gamesmanship’ that the statute was designed to avoid” and “[patent] applicants will amend claims by argument rather than formal methods for the very purpose of avoiding intervening rights.” The majority’s response was that “one would expect an examiner to require amendment rather than accept argument alone” and that “if an argument does suffice to overcome a rejection, it is probably because the claims at issue are not unallowable.” Yet this was precisely what occurred at the USPTO in *Marine Polymer*. The claims were not allowable, yet after narrowing attorney argument and claim deletion, the remaining claims were allowed.

*Marine Polymer* creates a loophole for plaintiff-patentees facing re-examination or reissue: argue for a narrowing interpretation of the patent rather than edit any claim. While narrowing arguments made to the USPTO can lead to disclaimer if the new scope shifts the asserted patent away from an accused infringing process or product, disclaimer provides no protection where the intervening rights doctrine is most needed: Patentee makes arguments designed to refocus the claims on defendant’s accused conduct. Although potential defendants can hope that Congress amends the statutory language, Congress is not fast acting, and any potential amendment could take years to implement.