

The “Narrowed Claim Conundrum” Resulting from Reissue and Reexamination Proceedings

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Post-grant reissue and reexamination proceedings at the U.S. Patent & Trademark Office (“PTO”) allow patentees the opportunity to fix mistakes in their patents and to address prior art that may not have been before the PTO during the original prosecution. These proceedings, however, pose a continuing danger to competitors in the relevant industry and to their counsel. In many instances, claims are narrowed during a reissue or reexamination proceeding to overcome prior art that would have invalidated the originally issued claims. Unsuspecting competitors who have continued to market a certain product based upon advice that the original patent was invalid may face the real possibility of: (i) paying infringement damages on a going forward basis after the reissue or reexamination proceeding concludes; and/or (ii) an injunction barring future marketing. As such, practitioners should be cautious when counseling a client to move forward with a product based solely upon invalidity of a relevant patent, always being mindful that claims may be narrowed in the future through a reissue or reexamination proceeding in such a way so as to preserve their validity.

REISSUE AND REEXAMINATION PROCEEDINGS

A patent holder may correct errors that were made at the PTO through a reissue

proceeding.¹ In such a proceeding, the patent is essentially re prosecuted, and the PTO considers the validity of the patent in its entirety. A patent may only undergo a reissue proceeding if it can be demonstrated that an error occurred during prosecution that results in the patent being “wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent.”² No new matter may be added during a reissue proceeding, and, upon reissue, the patent is operative only for the remaining unexpired term of the original patent.³

Under certain circumstances, claims of an issued patent may be broadened in a reissue proceeding. Such broadening, however, may only occur within two years from the issuance of the original patent.⁴ Otherwise, the scope of the claims may only remain the same or be narrowed. Generally, claims are narrowed by adding limitations to more specifically define their scope.

In 1980, the reexamination procedure was added to the patent laws to enable the PTO to review substantial new questions of patentability raised by documentary prior art that was not before the PTO during the original prosecution.⁵ A reexamination proceeding may be initiated either by the patentee or any member of the public.⁶ The purpose of the reexamination proceeding is to resolve validity questions more quickly and cheaply than through litigation while relying on the expertise of the PTO.⁷ During reexamination, claims may be narrowed to overcome the prior art, but claims may not be broadened.⁸ If any claims survive reexamination and are upheld by the PTO, a reexamination certificate will be issued, noting any changes made to the claims.⁹

Claims that have undergone a reissue or reexamination proceeding at the PTO are enforceable from the date of issuance of the original patent only to the extent that such claims are substantially identical to the original claims.¹⁰ In contrast, claims that are not substantially identical to the originally issued claims apply only to actions arising after the date of reissue or issuance of the reexamination certificate.¹¹

Unfortunately (for clarity’s sake), the rule is *not* that all changes to claim language made during a reissue or reexamination proceeding are substantial. In fact, the Federal Circuit has expressly rejected this assertion, instead adopting an approach that considers the specific facts and circumstances surrounding any amendments.¹² Factors to be considered include “the scope of the original and reexamined claims in light of the specification, with attention to the references that occasioned the reexamination, as well as the prosecution history and any other relevant information.”¹³ Changes made to overcome prior art will generally be considered substantial, relieving potential infringers of exposure for past damages.¹⁴

In addition to providing protection from past damages for claims that have been substantially changed at the PTO, the patent laws also provide certain, limited intervening rights for infringers of such claims.¹⁵ These intervening rights have been broken down into two categories by the courts: (1) absolute; and (2) equitable.¹⁶ Absolute intervening rights entitle the infringer to continue to use, offer for sale or sell any “specific thing” covered by the amended claims that was manufactured prior to the conclusion of the reissue or reexamination proceeding (*i.e.*, inventory).¹⁷

On the other hand, “[u]nder the equitable intervening rights of § 252, a district court has discretion to grant broader rights for an accused infringer to: (1) continue the manufacture, use, offer for sale, and sale of additional articles made before the reissue; and (2) continue to manufacture, use, offer to sell, or sell articles for which substantial preparations for manufacture or use was made before the grant of the reissue.”¹⁸

Although whether to grant equitable intervening rights is within the broad discretion of the trial court,¹⁹ courts typically deny a request for such rights, especially where the claims are narrowed or where the infringer was willfully infringing.²⁰ In the unusual case where a court does grant equitable intervening rights to allow an infringer to continue marketing its product, the court will almost certainly require the payment of a reasonable royalty to the patent holder.²¹

THE NARROWED CLAIM CONUNDRUM

Generally, a potential infringer is in a more favorable position when the claims of a patent are narrower because narrower claims present greater chances to argue non-infringement or to design around the patent. However, it is often the case that even narrower claims will encompass the marketed product. Because reissue and reexamination proceedings are typically initiated after market formation, the patent holder is in a unique position to craft claim limitations that directly read on the marketed products. In so doing, the patent holder may be able to add limitations that distinguish the prior art while still covering the products on the market.

A simple illustration may be useful. Suppose a patent was issued with the following single claim: A chair comprising a seat and a back rest. A client seeks your advice regarding the launch of an entire new line of chairs that will have a seat, back rest, arm rests and four legs. Although this line of chairs obviously infringes the issued patent, you find prior art disclosing a simple chair with a seat and a back rest. As a result, you advise your client that it may launch the new product line because the issued patent with the broad claim is invalid.

After your client begins to market its new line of chairs, the patentee discovers the prior art and submits the patent for reexamination. During reexamination, the patentee amends the broad claim so that it reads as follows (assuming there is support in the original specification): A chair comprising a seat, a back rest, arm rests and four legs. Because the prior art does not disclose arm rests and four legs, the PTO finds the amended claim to be patentable

and issues a certificate of reexamination with the revised claim language.

This is where the conundrum comes in — your client is still infringing the narrowed claim, but the narrowed claim is now valid over the prior art. Although your client will likely not be liable for any past damages and may be given intervening rights to sell off its current inventory, your client is likely going to be liable for patent infringement for all products manufactured and sold after the reexamination certificate is issued. Thus, the patent, which was not a problem to your client originally because the broad claim was invalid, may now pose a considerable barrier to your client's continued marketing of its new line of chairs.

PRACTICE TIPS

Upon reflection, one may question the propriety of this result. A strong argument can be made that the patent laws should be changed to grant additional intervening rights when the original broad claims are found to be invalid during the reissue or reexamination proceeding. For the foreseeable future, however, practitioners must contend with the “narrowed claim conundrum.”

When counseling a client, it is advisable to address this situation if you are relying on an opinion that the relevant patent is invalid. That is, clients should be informed that broad, invalid claims may be narrowed in the future through a reissue or reexamination proceeding in such a way so as to remedy their invalidity.

Moreover, it might be possible to consider the ways in which an invalid claim may be narrowed in the future so as to overcome the prior art while still encompassing the client's proposed product. For example, consider each additional feature of the client's product that is not specifically claimed in the originally issued patent but that may be supported by the specification. Ask yourself whether adding any such feature to the claim language would overcome the prior art, rendering the amended claim valid. If such additional claim elements can also be found in the prior art, a later reissue or reexamination proceeding may not present much of a risk. However, if such additional claim elements are not found

in the prior art, then you need to carefully advise your client of the risk of a later reissue or reexamination proceeding.

At bottom, when advising a client about the invalidity of patent claims, it would be prudent to consider the possibility that such claims may be narrowed in a later reissue or reexamination proceeding, possibly preserving their validity. Considering such a possibility at the outset may save your client — and you — from detrimental surprises in the future. **IP**

ENDNOTES

1. 35 U.S.C. § 251.
2. *Id.* See also *In re Graff*, 111 F.3d 874, 877 (Fed. Cir. 1997) (“The reissue statute balances the purpose of providing the patentee with an opportunity to correct errors of inadequate claim scope, with the public interest in finality and certainty of patent rights.”).
3. 35 U.S.C. § 251.
4. *Id.*
5. Pub. L. 96-517, Dec. 12, 1980, 94 Stat. 3015, codified in 35 U.S.C. §§ 301-307.
6. 35 U.S.C. § 302.
7. See *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 601-02 (Fed. Cir. 1985); H. R. Rep. No. 1307, 96th Cong. 2d Sess. 4, reprinted in 1980 U.S. Code Cong. & Admin. News 6460, 6463 (The purpose of reexamination is to “permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation [and] promote industrial innovation by assuring the kind of certainty about patent validity which is a necessary ingredient of sound investment decisions.”)
8. 35 U.S.C. § 305.
9. 35 U.S.C. § 307.
10. 35 U.S.C. § 252. See also 35 U.S.C. § 307(b), stating that “[a]ny proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 of this title for reissued patents.”
11. 35 U.S.C. § 252. See also *Bloom Engineering Co. v. North American Manufacturing Co.*, 129 F.3d 1247, 1250 (Fed. Cir. 1997); *Fortel Corp. v. Phone-Mate, Inc.*, 825 F.2d 1577, 1579-81 (Fed. Cir. 1987).
12. *Kaufman Co. v. Lantech, Inc.*, 807 F.2d 970, 978 (Fed. Cir. 1986).
13. *Bloom Engineering*, 129 F.3d at 1250.
14. *Id.* at 1251.
15. See 35 U.S.C. § 252.
16. *Shockley v. Arcan, Inc.*, 248 F.3d 1349, 1359-61 (Fed. Cir. 2001).
17. *Id.* at 1360.
18. *Id.* at 1361 (citing *BIC Leisure Prods., Inc. v. Windsurfing Int'l, Inc.*, 1 F.3d 1214, 1221 (Fed. Cir. 1993)).
19. One court has described the nature of equitable intervening rights as follows:

It is an equitable doctrine based on the balance between: (a) the public interest in the patent system and the remedial purpose of the reissue statute; and (b) the private interest of an infringer who innocently and in good faith has undertaken substantial activities that because of reissue turn out to be infringement. Equitable intervening rights protect parties who in good faith innocently develop and manufacture an invention not claimed by an original patent. *Seattle Box Co. v. Industrial Crating & Packing*, 756 F.2d 1574, 1579 (Fed. Cir. 1985). '[Section] 252 protects third persons who rely on the scope of a claim as originally granted, as against subsequent changes in scope by reissue.' *Slimfold Mfg. Co., Inc. v. Kinkead Industries, Inc.*, 810 F.2d 1113, 1117 (Fed. Cir. 1987) (emphasis supplied). The doctrine arose in circumstances where the original patent claims were narrow and the reissue claims were broadened to embrace the infringer's activity for the first time.

Henkel Corp. v. Coral, Inc., 754 F.Supp. 1280, 1320 (N.D. Ill. 1991), *aff'd*, 945 F.2d 416 (Fed. Cir. 1991) (unpublished decision).

20. See, e.g., *Shockley*, 248 F.3d at 1361 (a finding of willful infringement constitutes unclean hands and supports the denial of equitable intervening rights); *Westvaco Corp. v. International Paper Co.*, 991 F.2d 735, 743 (Fed. Cir. 1993) (despite investment of \$1 million, denial of equitable intervening rights is upheld based on inequitable conduct of the infringer who willfully infringed patent); *Henkel Corp.*, 754 F.Supp. at 1320 ("Where, as here, the reissued claims are significantly narrowed during reissue and the infringer, who was accused of infringing the original patent claims, simply disregards the reissue and continues to infringe, equity does not favor permitting the infringing conduct to continue. In the few decisions considering the application [of] equitable intervening rights to 'narrowed reissues,' none have actually permitted the relief sought by Coral here, the unabated continued infringement of the reissue patent in question.") (citing cases) (emphasis in original); *Wayne-Gossard Corp. v. Sondra, Inc.*, 434 F.Supp. 1340, 1363 (E.D. Penn. 1977), *aff'd*, 579 F.2d 41 (3d Cir. 1978) (per curiam) (denying equitable intervening rights where the infringer made only a minimal investment and was able to market the infringing product and make a profit for five years prior to the narrowing reissue).
21. *Mine Safety Appliances Co. v. Becton Dickinson & Co.*, 744 F. Supp. 578, 580-82 (S.D.N.Y. 1990). In finding that a royalty was appropriate, the court reasoned as follows:

Before the reissue date, Mine Safety had already realized a considerable profit from sales of the affected products, and its operations presumably continue to generate profits. Accordingly it appears that the requirement to pay royalties would not fail to protect Mine Safety's investments, nor would it prevent the continued vitality of Mine Safety's business or leave unmet the needs of its customers. . . . The requirement that Mine Safety pay royalties is equitable because it compensates BD for the use of technology which it developed,

and on which it now holds a patent. Mine Safety's intervening rights are adequately protected by allowing it to continue its current product line, while allowing BD to recognize the value that ordinarily accompanies the issuance of a valid patent.

Id. at 581-82.