

---

## Legal Updates & News

### Legal Updates

---

#### Intervening Rights: Protection from Liability After Reexamination

December 2008

by [Robert A. Saltzberg](#), [Amy L. Beckman](#)

#### Related Practices:

- [Intellectual Property](#)

In response to a request by either a patentee or another interested party, the USPTO will reexamine an issued patent in light of prior art that creates a “substantial new question of patentability” compared to issues considered during the original examination. Accused infringers in patent litigation are increasingly requesting reexaminations of asserted patents, recognizing reexamination as a relatively low-cost, potentially high-impact adjunct to a lawsuit. A similar procedure, “reissue,” allows a patentee to apply for a reissued patent based upon an error made during the original prosecution, including the patentee claiming more or less than he or she had a right to claim.

Reexamination may result in changes to the claims, but may not broaden claim scope. By contrast, a reissue allows the patentee to not only narrow claims (as in reexamination), but to broaden claims as well if the reissue application is filed within two years of the issue date of the original patent. Under either post-issuance procedure, a claim amendment [1] may impose an undue hardship on an infringer of the reexamined or reissued claim where the infringer relied upon the scope of the original claim in attempting to avoid infringement of the original patent. To account for this hardship, “absolute” and “equitable” intervening rights are available to protect infringers from liability where claims are substantially changed during reexamination or reissue.[2]

#### Absolute Intervening Rights: Protection from past Liability And Damages

“Absolute” intervening rights provide an accused infringer the right to *use or sell* a product that was *made, used, or purchased before* the grant of the reexamination certificate, as long as such activity did not infringe a claim of the reexamined patent that was in the original patent. See 35 U.S.C. §§ 252, 307(b). If a claim is amended during reexamination and the amendment substantively changed the claim, then absolute intervening rights apply. An absolute intervening right only protects products that have already been made when the reexamination certificate is granted, and does not extend to infringing processes or methods. Thus, an infringer may sell off existing inventory of a product that infringes the reexamined patent claims without incurring liability for past damages.

Of course, if the original claims survive reexamination intact, then a product that infringes a reexamined patent claim necessarily infringed a claim of the original patent. In that event, damages are generally measured from the issue date of the original patent, with the infringer liable for damages incurred both before and after reexamination.

#### Equitable Intervening Rights: Protection from Future Liability And Damages

Absolute intervening rights do not apply to infringing activity that occurs after the reexamination certificate is issued. However, “equitable” intervening rights may protect alleged infringers from liability for future infringing conduct.

Equitable intervening rights may provide for the continued manufacture, use, or sale of additional products covered by the reexamined patent when the defendant made, purchased, or used identical products, or made substantial preparations to make, use, or sell identical products, before the date

of issuance of the reexamined claims. See 35 U.S.C. §§ 252, 307(b). Equitable intervening rights are potentially much broader than absolute intervening rights, but the former are discretionary. A court may provide for equitable intervening rights to protect investments made before the grant of a reexamination certificate, including the continuation of infringing activity after such time.

The application of equitable intervening rights to reexamination and narrowing reissues is not clear. Equitable rights are more common in cases where claims have been broadened during reissue. In such cases, an infringer of the reissued claim may not have infringed the narrower original claim, leading to an unfair result if the infringer were held liable from the time of the original claim's issuance. The same inequity arguably does not arise when an amendment or added claim results in a *narrower* claim than in the original patent, as would be the case in reexamination.<sup>[3]</sup> Thus, a court may be reluctant to grant equitable intervening rights for an activity that infringes reexamined claims.

### Fashioning Equitable Remedies

In *Seattle Box*,<sup>[4]</sup> a case involving a reissued patent, the Federal Circuit outlined three basic options that are available to fashion a remedy once the doctrine of equitable intervening rights has been raised. The court may (1) confine the infringer to the use of those infringing items already in existence; (2) permit the infringer to continue in business under conditions that limit the amount, type, or geographical location of its activities; or (3) permit the infringer to continue in business unconditionally.

Generally, the goal of a court is to craft a remedy that would allow the infringing party to recoup its investment. As summarized in a district court decision,<sup>[5]</sup> various factors may be considered in determining whether equitable intervening rights are appropriate, including whether:

Substantial preparation was made before the reissue;

The infringer continued manufacturing before reissue on advice of its patent counsel;

There were existing orders or contracts;

Noninfringing goods can be manufactured from the inventory used to manufacture the infringing product and the cost of conversion;

There was a long period of sales before the patent reissued for which damages cannot be assessed;

The infringer has made profits sufficient to cover its investment; and

The claims have been narrowed or broadened by amendment.

### Conclusion

A patentee may amend claims or add new, narrower claims to avoid prior art raised during reexamination, yet still cover the accused product. Even if reexamination does not result in invalidation of all infringed claims, intervening rights may provide at least some protection to an accused infringer with respect to added or amended claims. Moreover, even if equitable intervening rights do not apply, absolute intervening rights may be valuable, especially for cutting off past damages on a patent that is nearing expiration.

Any claim-narrowing must be supported by subject matter disclosed in the patent specification. With this in mind and an understanding of intervening rights, experienced patent counsel can consider potential amendments that might be made during reexamination, and assess whether and to what extent intervening rights may apply.

---

### Footnotes

<sup>[1]</sup> This discussion of amended claims in reexamination also generally applies to new claims added

during reexamination, which would be narrower in scope than any original claim. An amended or new claim is impermissibly broad if it covers any subject matter that would not have infringed the original patent (again noting the exception for broadening reissues filed within two years of a patent's issuance).

[2] Because of the similarities between reexamination and reissue proceedings, similar rules apply. While this article focuses on reexamination, the law of reissue will be referenced where that law is more well-defined.

[3] However, one can imagine that even a narrowed claim may impose an undue hardship on an infringer. For example, the infringer could have manufactured a product that infringed the original patent in reliance upon an invalidity opinion finding the relatively broader claims of the original patent to be invalid over prior art; the narrowing during reexamination or reissue may avoid such prior art.

[4] *Seattle Box Co. v. Industrial Crating & Packaging, Inc.*, 731 F.2d 818, 827-28 (Fed. Cir. 1984).

[5] *Thayer v. Nydigger*, 1999 U.S. Dist. LEXIS 5886, at \*34 (D. Or. Apr. 15, 1999).