

Patent Litigation Alert

Federal Circuit Issues *En Banc* Decision in *Marine Polymer*:
No Reexamination Intervening Rights Absent Textual Amendment to
Claim Language

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Should intervening rights apply to claims that were not textually amended during a reexamination proceeding but were effectively narrowed by the patentee's arguments? Following a controversial panel decision last September in *Marine Polymer Technologies, Inc. v. Hemcon, Inc.* that expanded intervening rights for reexamination, an *en banc* Federal Circuit on March 15 ruled that intervening rights only apply if claim language is substantively amended or new claims are added. In a closely divided 6-4 ruling, the court specifically rejected the original panel's determination that intervening rights can arise as a result of the patentee's statements to the U.S. Patent and Trademark Office ("PTO") during reexamination that effectively limit the claim but do not result in an amendment to the claim language.

Marine Polymer sued HemCon, alleging that HemCon infringed certain claims of U.S. Patent No. 6,864,245 (the '245 patent), which claims a biocompatible polymer p-GlcNAc that accelerates hemostasis and is useful in trauma units for treating serious wounds. A central issue during the district court's claim construction proceedings, which would ultimately be the focus of the appeal, was the interpretation of the term "biocompatible" in an asserted independent claim of the '245 patent. The district court construed the term to mean "polymers . . . with low variability, high purity, and *no detectable biological reactivity* as determined by biocompatibility tests" (emphasis added). Applying this construction, the district court granted summary judgment of literal infringement of all seven asserted claims, relying on expert evidence that biocompatibility tests of HemCon's accused products had shown "no detectable biological reactivity." At trial, the jury upheld the validity of the '245 patent and found that Marine Polymer was entitled to a reasonable royalty of approximately 88% of HemCon's profits. The district court entered final judgment in September 2010, granting reasonable royalty damages for the past infringement in the amount of \$29,410,246 and issuing a permanent injunction barring future infringement of the asserted claims of the '245 patent.

During the district court proceedings, HemCon requested reexamination of the '245 patent. In reexamination, the examiner initially adopted a different claim construction than the district court, finding that "biocompatible" meant "low variability, high purity, and *little or no detectable reactivity*" (emphasis added). The examiner argued that the court's construction was inconsistent with several dependent claims of the '245 patent that required biocompatibility test result scores of zero, one, or two on a five-point scale. Applying this broader construction, the examiner issued a preliminary rejection of all the claims of the '245 patent as invalid in light of the prior art. In response, Marine Polymer argued for an adoption of the district court's interpretation of the term "biocompatible," and it cancelled the six original dependent claims that had specifically required a test score of one or two (i.e., that required at least some reactivity). The examiner approved the claims as amended, and in March 2011, the PTO issued a reexamination certificate cancelling dependent claims 4, 5, 13, 14, 21, and 22.

Following the issuance of the reexamination certificate, HemCon appealed the district court's final judgment to the Federal Circuit, arguing that the scope of the claims of the '245 patent had been substantively narrowed during reexamination and that it was therefore entitled to absolute and equitable intervening rights under 35 U.S.C. §§ 252 and 307, which provide an accused infringer the right to use or sell specific products made, used, or purchased before the grant of the reexamined patent. In a 2-1 decision by the three-judge panel in September 2011, the majority agreed with HemCon, finding that intervening rights should apply in light of Marine Polymer's arguments to the PTO during reexamination, which it argued had substantively narrowed the construction of "biocompatibility" even though the language of the asserted independent claim had not ultimately changed.

The panel majority reasoned that if a patentee is able through argument to preserve the validity of its patent over prior art during reexamination by narrowing the scope of the claims, those same arguments should give rise to intervening rights even if the actual language of the claims is not amended. In a dissenting opinion, Judge Lourie argued that under the plain language of the relevant statute, 35 U.S.C. § 307(b), an amendment or claim addition was a threshold requirement for considering whether claim scope has changed for purposes of an intervening rights analysis.

On January 20, 2012, the full Federal Circuit decided to hear this case *en banc* and ordered that the original panel decision be vacated and the appeal reinstated. In a March 15, 2012 *en banc* decision, a 6-4 majority of the full Court held that the rule of reexamination intervening rights articulated in the earlier panel decision was wrong. Citing the “plain and unambiguous” statutory language of 35 U.S.C. § 307(b), the Court held that regardless of any arguments made by the patentee during reexamination, intervening rights will not apply unless the reexamination resulted in a textual change to the language of the claims. The dissent, conceding that “not every argument during reexamination should give rise to intervening rights,” argued that intervening rights should be available at least where “an argument during reexamination rises to the level of a clear and unambiguous disclaimer or disavowal of the original, correct claim construction.”

The Federal Circuit’s decision to reject the panel’s ruling in favor of the status quo will come as a relief to patent owners, who will be free to argue against asserted rejections of their claims during reexamination without risking their right to collect past damages for infringement. The fact that a patentee’s statements to the PTO can result in a change of the claim meaning for purposes of prosecution history estoppel, but cannot on their own give rise to intervening rights, is an inconsistency that remains unresolved.

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