

**Special Issue: Six Years of the CAFC**

**REISSUE AND REEXAMINATION**

Curtis B. Hamre  
Randall A. Hillson  
Michael D. Schumann [n.a.]

I. Reissue

A. Background

The United States patent law provides that, under certain circumstances, when a patent is deemed wholly or partially inoperative or invalid, the Commissioner shall, on the surrender of the patent and payment of the appropriate fee, reissue the patent, 35 U.S.C. § 251. The circumstances under which one can seek reissue are outlined in § 251 and include: a defective specification, a defective drawing, and/or a patentee claiming more or less than he had a right to claim in the patent. The statute provides that no new matter may be introduced into an application for reissue.

Significantly, the statute provides that no reissued patent should be granted enlarging the scope of the claims of the original patent, unless applied for within two years from the grant of the original patent. The term "broadening reissue" has generally been applied to refer to a reissue application in which enlargement of the scope of the claims is sought.

The statute provides at least two other very important criteria concerning the circumstances in which a reissue may be granted. First, the reissue is proper only if the patent was deemed wholly or partially inoperative or invalid "through error without any deceptive intention." Secondly, the reissue may only be for "the invention disclosed in the original patent."

\*312 Section 252 of the statute establishes the effect of reissue. The second paragraph of § 252 provides for a defense in equity to persons, or their successors, who made, purchased, or used, prior to the grant of reissue, anything patented by the reissued patent. When the principles of equity are applied under the provisions of this paragraph, such persons may continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, "unless the making, using, or selling of such thing infringes a valid claim of the reissued patent which was in the original patent." This section of the statute makes it clear that defining the intervening rights of such persons should be

handled by each court, ad hoc, as equity dictates.

One major issue which has been the focus of many court decisions concerning reissue has been the question of what may be included within the phrase "error without deceptive intention." In general, several basic principles have emerged from the decisions. For example, the claims may not be changed to recapture subject matter that was intentionally surrendered during prosecution of the original patent, in order to avoid art. This is sometimes referred to as the recapture rule. Further, it must generally appear, from the face of the original patent, that the original patent was directed to cover the invention claimed in the reissue.

The term "error" has been interpreted to refer to both errors of fact and errors of law. A typical error of fact would, for example, be an incorrect assertion of fact in a patent application, with a resulting error in a claim. An error of law might concern the nature of claim drafting based upon a good faith application of judicial decisions.

Numerous courts have ruled on the requirement that the reissue be limited to "the invention disclosed in the original patent." In the courts, this has developed into a discussion of whether it is necessary that the patent as originally issued indicate an "intent" to claim the subject matter sought by the reissue. This issue is often referred to in terms of whether there is an "intent test" required by the statute.

Other major areas of court discussion have concerned the application of the recapture rule, and the definition of a broadening reissue. In addition, numerous decisions have considered the procedural aspects of reissue, including entitlement to a presumption of validity and timeliness of petitions.

While, by comparison to the number of patents issued, the number of reissues may be relatively small, it is important to note that reissue can be a very useful tool in preparing a patent for examination during litigation. In particular, through use of the reissue procedure, a patentee can "clean up" language in patent claims which, with hindsight, might be considered a problem during litigation. Further, should discovery lead \*313 to the development of references which might tend to render claims invalid, a reissue proceeding can be used to narrow the claim scope and avoid the references. Also, should the accused infringer's activities appear to narrowly avoid literal infringement, a broadening reissue may be useful. It is noted that under the latter circumstances, intervening rights may come into play.

Within the first half-decade of existence, the Court of Appeals for the Federal Circuit (CAFC) has, on a number of occasions, considered the reissue provisions of the patent law, and interpreted their meaning. The following paragraphs provide a survey of the CAFC decisions addressing some of the above related issues.

## B. Decisions

## 1. Error Without Deceptive Intent

(a) In *Ball Corporation v. United States*, 729 F.2d 1429, 221 U.S.P.Q. 289 (Fed. Cir. 1984), the CAFC first considered the meaning of the statutory phrase "error without deceptive intention." During the prosecution of the original application, Ball Corporation had cancelled certain claims to an antenna assembly which were characterized by limits allowing for a single feed line as well as a plurality. As issued, the claims were directed to a plurality of feed lines. Within the twoyear statutory period for broadening reissues, Ball decided that it was entitled to claims broad enough to include a single feed line, and therefore sought reissue.

During the reissue proceeding, Ball asserted as its "error" the fact that the claims of the original patent had been limited in scope without deceptive intention "as a result of inadequate and/or ineffective communication with our former patent attorney ...and/or as a result of an inadequate understanding on our part of the potential effect of recitations in the original patent claim language under United States laws."

The CAFC indicated that deliberate cancellation of a claim cannot ordinarily be considered error. However, the CAFC cited CCPA precedent that the deliberate cancellation of claims may constitute error, if it occurs without deceptive intent.

In considering the problem, the Court discussed in detail the interaction between the problem of defining "error" in this context, and the recapture rule. In sum, the Court found that an appropriate assertion of an "error" under the statute was made, if the recapture rule was not also violated. That is, the above type of recited assertion of error was concluded by the CAFC to fall within the statutory requirement of "error without deceptive intention."

Part of the Court's analysis stems from a prior CCPA decision, *In re \*314 Petro*, 402 F.2d 485, 487, 159 U.S.P.Q. 449, 450, (CCPA 1968), that the deliberate cancellation of claims may constitute error, if it occurs without deceptive intention. In general, in making the determination, the file history is examined to determine whether the claims were cancelled as part of an admission that the subject matter was unpatentable in view of the art.

(b) Further development by the CAFC of the law concerning the definition of "error without deceptive intention" is presented by *In re Wilder*, 736 F.2d 1516, 222 U.S.P.Q. 369 (Fed. Cir. 1984). The error alleged by the inventors in their first declaration for reissue was that the true scope of the invention disclosed in the patent had not been fully appreciated by either the inventors or the patent attorney, until later commercial success data brought forth an understanding of the more valuable features and advantages of the invention. The reissue application was accompanied by an attorney's declaration asserting that he had not fully understood the scope of the invention, at the time of prosecution. In a subsequent declaration, the attorney further elaborated on the cause of his error, with

assertions that the full breadth of protection to which he believed the inventors were entitled did not become clear to him until an examination of the protection afforded by the patent was made in view of a commercial embodiment of the invention.

In summarizing the assertion of error, the Federal Circuit observed that the error relied upon was the attorney's failure to appreciate the full scope of the invention due to an assumed presence of features in the prior art that were not there. Below, the Board had concluded that this was not an error that could be corrected through reissue, because it could have been discovered during prosecution of the patent.

The Federal Circuit indicated that the error provision of 35 U.S.C. § 251 is to be liberally construed, to permit correction of defects. The Federal Circuit specifically recognized that an attorney's failure to appreciate the full scope of the invention is one of the more common sources of defects in patents. The decision includes a statement to the effect that the mere fact that the asserted error could have been discovered at the time of prosecution does not, by itself, preclude correction through a reissue.

The Federal Circuit reversed the Board's rejection for failure to allege error correctable through reissue.

(c) The CAFC again considered the statutory requirement of error without deceptive intention in *In re Weiler*, 790 F.2d 1576, 229 U.S.P.Q. 673 (Fed. Cir. 1986). The patent of concern in *Weiler* related to a chemical analysis. During prosecution, a restriction was ordered by the Examiner, \*315 with the patentee choosing among three groups of claims directed to an assay method, and two groups of compounds. The patentee elected the process claims and did not file a divisional application to the other claims.

During reissue, *Weiler* sought, among other things, the subject matter of the claims which were cancelled through election during restriction. The assertion of error, with respect to these claims, was of failing to timely file a divisional application to the nonelected groups of claims.

The Board had held that a failure to timely file a divisional application including nonelected species is a deliberate act and not an "error" in prosecution of the original patent. Again, it is noted that there were other claims being considered in the reissue besides ones directed to the subject matter of the cancelled claims of the patent.

The claims which were rejected because they constituted the subject matter of claims deliberately cancelled during the election in response to the restriction requirement were not on appeal. Thus, the CAFC made no ruling on the appropriateness of the Board's decision on this matter. However, the CAFC indicated that "not every event or circumstance that might be labelled error is correctable by reissue."

(d) *In re Keil*, 808 F.2d 830, 1 U.S.P.Q. 2d 1427 (Fed. Cir. 1987) concerned an application for reissue without a change of text. The Board of Patent Appeals and Interferences had denied the application for reissuance. While the Federal Circuit

dismissed the action for lack of jurisdiction, on issues not of concern here, it did briefly discuss the purpose of the reissue statute. The CAFC indicated that reissue practice was to "liberally ... enable the correction of errors." Further, the Court indicated that the reissue statute does not prescribe or limit the errors which can and cannot be corrected, through the procedure.

## 2. Same Invention

(a) The Federal Circuit considered the sometimes asserted requirement that there must have been some intent to claim the subject matter sought by reissue, exhibited in the originally filed application, in its 1983 decision *In re Hounsfeld*, 699 F.2d 1320, 216 U.S.P.Q. 1045 (Fed. Cir. 1983). In this case, the Board had affirmed rejections of claims in a holding that the appellant had not intended to claim the subject matter in the original patent. On review, the Federal Circuit indicated that there is no requirement in the statute that an "intent to claim" be shown in the original application for patent. Rather, the CAFC reported that evidence of an "intent to claim" is merely a matter to be considered in determining whether the reissue application meets the § 251 requirements that the defect in the original patent have resulted from "error without any deceptive intention" and that the reissue application be for the "same invention" as that disclosed in the original patent.

(b) *In re Peters*, 723 F.2d 891, 221 U.S.P.Q. 952 (Fed. Cir. 1983). The patent of concern in this action related to improvements in the structural elements of television sets. The reissue sought to broaden the claims in order to eliminate what was perceived as an unnecessary limitation in the only independent claim of the patent. The Board had concluded that the original disclosure lacked support for the reissued claims.

The Federal Circuit reversed. The CAFC first noted that the language of concern was not in any manner introduced into the claim in order to overcome a reference. Further, the Court noted that one of skill in the art would readily understand that in the practice of the invention, the limitation would be unimportant. The Court indicated that the broadened reissue claims were supported by the specification, and complied with the statute, because "the overall disclosure reasonably conveys to one skilled in the art that the inventor had possession of the broadened invention at the time the original application was filed."

## 3. Broadening Reissue

(a) In *In re Peters*, 723 F.2d 891, 221 U.S.P.Q. 952 (Fed. Cir. 1983), the Court addressed the issue of the nature of the disclosure required in the original patent to support broadened claims. Appellants filed a reissue application seeking to eliminate a limitation from one of the claims. The Examiner rejected all of the claims because of "a defective reissue oath" and obviousness under 35 U.S.C. § 103. The PTO Board of Patent Appeals and Interferences reversed the Examiner's finding but rejected the claims on the basis that

the Appellants failed to establish the error required by 35 U.S.C. § 251 to support the grant of a reissued patent containing broadened claims. The Board also rejected the claims under 35 U.S.C. § 112, first paragraph. The basis for both rejections appears to have been that the claims were unsupported by the original disclosure. On reconsideration, the Board agreed that the prior art "would appear to allow the claims of the breadth presented" but refused to allow the claims because the claims were not supported by the disclosure.

On review, the Federal Circuit noted that the rejections under § 112 and § 251 erroneously confined the Appellants to the specific embodiment disclosed in the original patent. The Court went on to note that it was not necessary that each structure encompassed by the broadened reissue claims be disclosed in the original disclosure in order to be given the benefit of § 251. Moreover, the Court noted that the particular structure \*317 in question was not critical to the patent in order to distinguish over the prior art. The Court went on to note that if the reissued claims had been submitted with the original application, it was difficult to perceive how they could have been properly rejected under § 112. The Court held it was error to restrict the Appellants to claims containing a particular structural limitation which was not critical to the patentability of the invention and where the overall disclosure reasonably conveyed to one of skill in the art that the inventor had possession of the broad invention at the time the original application was filed.

(b) In re Fotland, 779 F.2d 31, 228 U.S.P.Q. 193 (Fed. Cir. 1985) involved conversion of a "no-defect" reissue into a statutory reissue. Applicants filed the "no-defect" reissue application citing new references pursuant to 37 C.F.R. § 1.175(a) (4) within two years of the issue date of their patent. As required by the "no-defect" reissue rule, Appellants submitted a declaration which averred that the newly cited references did not render the invention wholly or partly inoperative or invalid. After reviewing the references, the examiner concluded that there was no defect in the patent due to the newly cited references and rejected the reissue application. Applicants filed a response amending claims and adding new claims. A "supplemental reissue declaration" was filed averring that the patent was wholly or partly inoperative by reason of claiming less than applicants had a right to claim. The filing date of the amendment was more than two years after the patent issue date. The examiner refused to reissue the patent, holding that the claims could not be broadened by a request first made more than two years after the patent issue date even though a "no-defect" reissue application was on file within the two year time limit as set by 35 U.S.C. § 251. The PTO Board of Patent Appeals and Interferences affirmed the examiner's finding.

On review, the Federal Circuit noted that no reissue patent can be granted on a "no-defect" reissue application. The reissue application must be first removed from its "no defect" status by the occurrence of events in accordance with 35 U.S.C. § 251. This first occurred when the applicants filed their supplemental declaration under 37 C.F.R. § 1.175 (a)(3). Since the supplemental declaration was filed more than two years after the patent issue date, the Federal Circuit held that the examiner had properly denied the reissue application.

(c) In *In re Bennett*, 766 F.2d 524, 226 U.S.P.Q. 413 (Fed. Cir. 1985), a broadening reissue application was filed within the prescribed two year time frame. The request for reissue, which identified Bennett as the inventor, was signed only by the assignee's president. The first Office \*318 Action informed the applicant that since the reissue application sought to enlarge the scope of the claims, the application was required to be signed by the inventor. A substitute declaration signed by the inventor was then submitted more than two years from the patent issue date. The examiner accepted the declaration but rejected the reissue application claims based on prior art. The PTO Board of Patent Appeals and Interferences reversed the examiner's rejections on prior art, but pursuant to 37 C.F.R. § 1.196(b) reversed the examiner's acceptance of the substitute declaration stating that the reissue application as originally filed failed to meet the requirements of 35 U.S.C. § 251. Moreover, the Board held that this was not correctable.

On appeal, the Federal Circuit agreed with the Board that since some of the reissue application claims sought to enlarge the scope of the original claims, execution of the broadening reissue application by the assignee's president instead of the inventor did not satisfy the requirements of 35 U.S.C. § 251. The Court noted that the question before them did not concern the addition of broadened claims after the two years had passed, but whether the defective execution of a timely filed broadening reissue application may be corrected after the two years had passed. The Court went on to note several provisions of the patent law which enable correction of errors to avoid jeopardization of a patent-seeker's rights and interests. One example cited by the Court was 35 U.S.C. § 26 which allows the Commissioner to provisionally accept a defectively executed document provided a properly executed document is submitted within a prescribed time. Noting that it is not in the public interest to bar all possibility of legal or equitable relief when a harmless error is made, the Court concluded the Board erred in refusing to allow correction of the reissue application.

(d) *Tillotson, Ltd. v. Walbro Corporation*, 831 F.2d 1033, 4 U.S.P.Q. 2d 1450 (Fed. Cir. 1987) held that a reissue claim is broader in scope than the original claims if it contains within its scope any conceivable apparatus or process which would not have infringed the original patent claims.

#### 4. Recapture

(a) In *Ball Corporation v. United States*, 729 F.2d 1429, 221 U.S.P.Q. 289 (Fed. Cir. 1984), the patentee brought action against the government for alleged unauthorized use of an invention in a reissue patent under 28 U.S.C. § 1498(a). Interlocutory appeal was taken to the Federal Circuit. The broadened reissue claims were challenged by the government on two bases. First, that the patentee was barred by the "recapture rule" from securing claims to subject matter previously deliberately \*319 cancelled from the original application; and second, that the patentee should be estopped from securing through reissue claims similar to those cancelled to avoid prior art during the prosecution of the original patent application. During prosecution of the original application, patentee had

limited its issued claims to a plurality of leads and cancelled a claim which included a single conductive lead. The patentee subsequently filed a broadening reissue application claiming that the original patent was partially inoperative because it claimed less than it had a right to claim by virtue of an unnecessary claim to a plurality of leads.

The Federal Circuit denied the government's motion for summary judgment and remanded the case to the U.S. Claims Court for trial. In reviewing the claims, the Federal Circuit noted that the claims were more limited in one respect and broader in another respect than the claims cancelled in the original patent application. The Federal Circuit found that there was sufficient error for supporting the reissue application under § 251 and could find nothing as a matter of law that would bar the patentee from securing the reissued claims. While deliberate cancellation of a claim cannot ordinarily be considered error, the Federal Circuit ruled that in the absence of other evidence of the patentee's intent, the applicability of the recapture rule and the sufficiency of error must be determined in view of the similarity between the reissued claims and the cancelled claims. Narrower reissue claims are allowable, whereas reissue claims of the same or broader scope than those cancelled in the original patent application are not. While the patentee's reissued claims were broader in scope than the original patent claims, the reissued claims were found to be narrower in scope than the claims which were cancelled during prosecution of the patent application.

(b) The Court further addressed the recapture issue in *Seattle Box Company v. Industrial Crating and Packing Inc.*, 731 F.2d 818, 221 U.S.P.Q. 568 (Fed. Cir. 1984). Patentee filed an original patent application including a claim claiming a spacer block having a height "substantially equal" to the pipe diameter. During the prosecution, the claim was amended claiming the spacer block having a height "greater than" the pipe diameter. Less than six months after the patent issued, the patentee sought a broadening reissue claiming a spacer block of a "height substantially equal to or greater than" the pipe diameter. The PTO granted the reissue.

On appeal from a trial court infringement action, the Federal Circuit held that the recapture rule did not apply because there was no evidence that patentee's amendment of its originally filed claims was in any sense an admission that the scope of the claim was not in fact patentable.\*320 However, the Federal Circuit found that the claims of the original patent and the reissue patent were not identical in accordance with the meaning of 35 U.S.C. § 252 and thus the patentee could not collect damages for any activities performed before its new and broadened claims issued in the reissue patent.

## 5. Presumption of Validity

(a) In *American Hoist and Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 220 U.S.P.Q. 763 (Fed. Cir. 1984), the Federal Circuit noted that when no prior art other than that which was considered by the PTO examiner is relied on, there is the added burden of overcoming the deference that is due to a qualified government agency presumed to have properly done its job. Section 282 creates a presumption that a patent is valid.



(b) In *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 227 U.S.P.Q. 543 (Fed. Cir. 1985), the patentee appealed the trial court's grant of summary judgment on Defendant's counterclaim alleging that the patentee's reissue patent was invalid. The Federal Circuit noted that it is incorrect to weigh reissue claims against original claims when considering the issue of obviousness. When a patent has been reissued with claims that are not substantially identical to the original claims, the invention as a whole must be evaluated in terms of obviousness. Upon reissue, the burden of proving invalidity is made heavier particularly wherein art that would invalidate the original patent receives close scrutiny during the reissue process. Although the examiner's decision is never binding on the court, it is evidence the court must consider in determining whether the party asserting invalidity has met its statutory burden by clear and convincing evidence. The Federal Circuit found that in this case, the Defendant had not met its burden. See also *Windsurfing International, Inc. v. AMF, Inc.*, 782 F.2d 995, 228 U.S.P.Q. 562 (Fed. Cir. 1986); *Kaufman Co. v. Lantech*, 807 F.2d 970, 1 U.S.P.Q. 2d 1202 (Fed. Cir. 1986).

(c) In *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1 U.S.P.Q. 2d 1081 (Fed. Cir. 1986), the Federal Circuit held that an oath that the claims are believed to be unpatentable in view of a prior art reference does not constitute a binding admission that the reference anticipated the original claims and that the original claims are part of the prior art.

## 6. Intervening Rights

(a) *Seattle Box Co. v. Industrial Crat. and Pack., Inc.*, 731 F.2d 818, 221 U.S.P.Q. 568 (Fed. Cir. 1984) was previously discussed in this article \*321 under recapture. The Federal Circuit noted that an original patent cannot be infringed once a reissued patent has issued, for the original patent is surrendered. Congress has legislated in 35 U.S.C. § 252 that under certain circumstances, claims of the original patent have a form of continuity if carried over to the reissued patent. In this statute, Congress has explicitly limited claim continuity to claims in the reissued patent "identical" to claims in the original patent. The Federal Circuit noted that "identical" means at most "without substantive change." The Court went on to hold that the broadened reissue claims with the added words "substantially equal" are not "identical" to the original claims. The Court goes on to note that the first paragraph of 35 U.S.C. § 252 does not give any consideration to the protection of intervening rights. However, the second paragraph of § 252 modifies the first paragraph so as to protect intervening rights. Since the patentee repeated no claim from its original patent in its reissued patent, the infringer may therefore properly raise a defense of intervening rights. The Court notes that when the doctrine of intervening rights is properly raised, a court is given the discretion to fashion a remedy from a wide range of options available to it. In exercising these equity powers, a trial court must carefully weigh standard equitable considerations. In the present case, the trial court had incorrectly held § 252 inapplicable and thus there were no findings as to the equities of the case. Accordingly, the Federal Circuit remanded the case for further proceedings consistent with its opinion.

(b) *Seattle Box Co. v. Industrial Crat. and Pack., Inc.*, 756 F.2d 1574, 225 U.S.P.Q. 357 (Fed. Cir. 1985): On remand from the above-discussed case, the District Court entered an order declining to accord the infringers any intervening rights as to certain infringing products and an appeal was taken to the Federal Circuit. On appeal, the Federal Circuit once again reiterated that once the doctrine of intervening rights was properly raised, the Court must consider whether to use its broad equity powers to fashion an appropriate remedy. Since no claim from the original patent was repeated in the reissue patent, the Federal Circuit had previously held that the defense of intervening rights was properly raised. The Federal Circuit noted that the District Court should have considered the relevant facts as applied to the portion of § 252 which questions whether "substantial preparation was made [by the infringer] before the grant of the reissuance." The Federal Circuit noted two sets of factual findings which weigh heavily in the equitable determination of the application of intervening rights. First, prior to the reissue patent, the infringer knew of the original patent. Second, the infringer continued \*322 manufacturing after reissue on the advice of its patent counsel. Another fact which weighed heavily is that at the time of reissue, the infringer had existing orders. This represented a preexisting investment and business. Another important factor is whether noninfringing goods can be manufactured from the inventory used to manufacture the infringing product. The cost and ease of converting infringing items to noninfringing items is yet another equitable consideration. Based on the factual findings, the Federal Circuit concluded that the infringer should clearly have been allowed to dispose of old inventory remaining on hand at the time of reissue. The Federal Circuit affirmed an award based on lost profits as to remaining product made with post-reissue inventory.

(c) In *Windsurfing Intern. Inc. v. AMF, Inc.*, 782 F.2d 995, 228 U.S.P.Q. 562 (Fed. Cir. 1986), the CAFC addressed the issue of when in the proceedings the intervening rights defense must be raised to preserve the defense. The court held that intervening rights is "an affirmative defense . . . that must be raised at trial." The Court held in this case that the fact that AMF pleaded the defense is insufficient. That AMF failed to make any attempt to prove the defense at trial in the case is fatal. The defense cannot be resuscitated by the mere submission of affidavits at a post trial hearing. See also *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1388, 219 U.S.P.Q. 569, 575 (Fed. Cir. 1983).

(d) In *Howes v. Medical Components, Inc.*, 814 F.2d 638, 2 U.S.P.Q. 2d 1271 (Fed. Cir. 1987), the patentee appealed the trial court's grant of Defendant's motion for summary judgment.

The Federal Circuit noted that under the provisions of the reissue statute 35 U.S.C. § 252, surrender of the original patent upon reissue does not affect any pending action or abate any cause of action to the extent that the claims of the original and reissue patents are "identical." As explained in *Seattle Box Co. v. Industrial Crat. and Pack., Inc.*, 731 F.2d 818, 221 U.S.P.Q. 568 (Fed. Cir. 1984), Congress intended this section to ameliorate the harsh effects of a patent surrender which previously required dismissal for failure to

state a cause of action of any action filed before the patent was surrendered. The lower court's decision was vacated and remanded by the Federal Circuit.

(e) In *Slimford Mfg. Co. v. Kinkead Industries*, 810 F.2d 1113, 1 U.S.P.Q. 2d 1563 (Fed. Cir. 1987), the Federal Circuit held that the test in determining whether claims are "identical" as used in 35 U.S.C. § 252, is whether a particular change of the claims is substantive such that the scope of the claims is no longer substantially identical.

#### \*323 6. Miscellaneous

(a) In *Baker Perkins, Inc. v. Werner Pfleiderer Corp.*, 710 F.2d 1561, 218 U.S.P.Q. 577 (Fed. Cir. 1983), the trial court directed Baker Perkins to petition the PTO to revive an abandoned reissue application and further directed the PTO to so revive the abandoned reissue application and prosecute the application to a final determination with full participation by Werner Pfleiderer. Baker Perkins appealed and, alternatively, petitioned for writ of mandamus. The CAFC avoided deciding if a district court has power to order the PTO to reopen and complete prosecution of a reissue application by finding that the order was not appealable under the "collateral order" doctrine and that a writ was premature in this case. Consequently, the CAFC reached no decision as to whether a district court has power to order the PTO to reopen and complete prosecution of a reissue application.

(b) In *Morgan Adhesives Company v. Chemtral Adhesives, Inc.*, CAFC slip op. February 7, 1985, the CAFC held that the inclusion of a single sentence in a reissue application removed the application from the "no defect" advisory proceeding of 37 C.F.R. § 1.175(a)(4) and converted it to a "statutory reissue application" even if a change could have been made by a certificate of correction. Therefore, the Court held that the CCPA had jurisdiction to review the PTO's decision regarding the reissue application in question since it was a "statutory reissue application."

(c) In *re Keil*, 808 F.2d 830, 1 U.S.P.Q. 2d 1427 (Fed. Cir. 1987) involved an appeal from the PTO Board of Patent Appeals and Interferences affirming denial of a reissue application which had no changes to its text. The CAFC held that a reissue application under the Dann amendments, 37 C.F.R. § 1.175(a)(4), repealed effective July 1, 1982, is merely a request for an advisory opinion and thus the appeal was to be dismissed for lack of jurisdiction.

(d) In *re Constant*, 820 F.2d 728, 3 U.S.P.Q. 2d 1479 (Fed. Cir. 1987) involved interpretation of Rule 175. The PTO Board of Patent Appeals and Interferences had affirmed a rejection of the reissue claims for failure to comply with Rule 175. The Appellant argued that the Board erred in its interpretation of Rule 175(a)(3) by requiring Appellant to specify every difference between the original and reissue claims. The Federal Circuit upheld the Board's action by noting that Rule 175, when considered as a whole, requires that every departure from the original patent must be particularly and distinctly specified and supported in the original or supplemental reissue oath or

declaration. The Federal Circuit referred to the manual of Patent Examining Procedure (MPEP) \*324 § 1444 as supporting this interpretation of Rule 175. The Federal Circuit noted, however, that the MPEP is not binding on the Federal Circuit.

(e) In *re Kozaburo Harita, et al.*, 847 F.2d 801, (Fed. Cir. 1988). This case is an appeal from a decision of the PTO Board of Patent Appeals and Interferences affirming the final rejection by the special program examiner of the reissue application claims. The reissue application was filed to correct error in Applicant's issued patent in that the patent contained claims which read on prior art which came to the attention to the Applicant after they filed their application but before the patent issued. Because the prior art, the materiality of which is unquestioned, was not disclosed to the PTO until the filing of the reissue application, an issue of inequitable conduct was raised. In reaching its opinion, the CAFC noted that its decision was based on the particular and peculiar facts of the case with no intent whatsoever to create a precedent applicable to different fact situations. Secondly, the CAFC noted they were reviewing a rejection not made until January 19, 1984 and all of the acts relied on to support the action took place much earlier, in the year 1975. The Federal Circuit went on to note that in the intervening dozen years, the applicable rules, law and practice pertaining to the disclosure of prior art to the PTO have undergone substantial development and change and, indeed, are still doing so. The CAFC further noted that it and its predecessor have repeatedly pointed out that the reissue statute, 35 U.S.C. § 251, is remedial in nature, based on the principles of equity and fairness and should be liberally construed. The issue facing the CAFC was whether the reissue application was properly rejected by the PTO under 37 C.F.R. § 1.56(b) because of a violation by Applicant's Japanese attorney of the duty of disclosure for failing to disclose the anticipatory prior art which had become known to him during the prosecution of the original U.S. application. The Japanese attorney had failed to bring the reference to the attention of the U.S. attorney because of his understanding of Japanese patent practice wherein it is not obligatory to bring newly found art after filing an application to the attention of the Japanese Patent Office. The CAFC held that when viewed in light of the laws in effect at the time of the original application, the PTO's finding of the requisite intent was clearly erroneous.

## II. Reexamination

### A. Background

The reexamination of a patent is authorized in 35 U.S.C. § 301-07. Reexamination practice is governed in the United States Patent and \*325 Trademark Office by 37 C.F.R. § § 1.501-70. The procedures followed by the U.S. Patent and Trademark Office are explained in MPEP Chapter 2200.

Unlike reissue practice, there was no appellate court consideration of reexamination issues prior to the establishment of the Federal Circuit since the Federal Circuit was established shortly after passage of the reexamination statute. During the past six years,

the Federal Circuit has considered a number of issues relating to reexamination practice, in addition to expected determinations regarding patentability.

Reexamination is usually requested within the context of an infringement situation. In this regard, a patentee must inform an alleged infringer of a reexamination proceeding and of the patentee's intention to enforce the patent upon completion of the reexamination proceeding in order to toll the time period for laches. Once litigation has started, a court has discretion, for example, to order a defendant to conduct a patentability search and to order a plaintiff to request reexamination based on the results of the search. Or, if a party to the litigation voluntarily requests reexamination, the court may stay the litigation until reexamination has been completed. If litigation is settled, an agreement not to file any suit in any United States court challenging the validity of the patent does not encompass the requesting of reexamination unless there is further specific agreement thereto.

The fact that a patent is property is well established. The availability of reexamination beginning July 1, 1981, made it possible for property in the form of a patentee's patent to be narrowed or not reissued. Nevertheless, the public interest is served by the reexamination statute enabling the U.S. Patent and Trademark Office to recover administrative jurisdiction over an issued patent to remedy any defects in the examination which that agency initially conducted and which lead to the grant of the patent. Such reexamination does not violate the due process clause of the Fifth Amendment of the U.S. Constitution. Likewise, it is not a violation of Article III that the U.S. Patent and Trademark Office may not reissue what is determined to be a defective patent rather than have an Article III court set it aside, nor is it a violation of the Seventh Amendment to have the agency make such decision rather than a jury.

With respect to U.S. Patent and Trademark Office procedure, there is no due process question raised by reexamination commencing concurrent with litigation where the Commissioner does not stay the reexamination because of the concurrent litigation. Furthermore, it is not a violation of the patentee's due process right not to allow him/her to be heard during the three-month period that the U.S. Patent and Trademark Office is making the threshold determination of whether the reexamination request raises a substantial new question of patentability. The patentee's opportunity to participate after the threshold determination, and to appeal from final Examiner and agency action, affords the patentee due process under the Fifth Amendment. In addition, the possible reluctance of the U.S. Patent and Trademark Office to refund \$1,200 of the \$1,500 reexamination fee in situations where a substantial new question of patentability is not present is not so significant an issue as to trigger a constitutional question. On the other hand, resolving any doubt with respect to the threshold question in the direction of granting reexamination is contrary to statutory mandate according to the Court.

During reexamination, since an applicant may amend his claims to obtain protection commensurate with his actual contribution to the art, claims are given the broadest reasonable interpretation, consistent with the specification. Such interpretation is consistent with original examination and with the standard followed during reissue, but differs from the rule of claim construction adopted by the federal district courts where

claims are construed "liberally" (i.e. narrowly) to uphold a patent's validity rather than to destroy the inventor's right to protect the substance of his invention. Another difference on comparison of reexamination with litigation is that the presumption of validity is recognized as a valid procedural aid in litigation, but has no application in reexamination proceedings. In this regard, contrary to litigation, reexamination is neutral so that the patentee and the public have an equal interest in issuance and maintenance of valid patents.

After a reexamination certificate has issued, reexamination claims have continuous effect from the date of the original patent so long as there is no substantive change in the claims during reexamination. In this regard, 35 U.S.C. § 252 applies with respect to intervening rights in a fashion similar to its application with respect to reissue claims.

## B. Case Discussion

### 1. Relationship of Reexamination to Infringement Litigation

(a) *Gould v. Control Laser Corporation*, 705 F.2d 1340, 217 U.S.P.Q. 985 (Fed. Cir. 1983). Appellants appealed from an order to stay litigation proceedings until the conclusion of a reexamination. Appellees moved for dismissal for lack of jurisdiction asserting that the order to stay was not a "final" decision and was therefore not reviewable. The Federal Circuit recognized that a stay is an appealable "final" decision if it effectively puts the parties out of the district court either permanently, \*327 because it terminates the action as a practical matter, or for a protracted or indefinite period. Reexamination, however, is conducted with special dispatch and is appealable to the Federal Circuit. Thus, a district court stay in favor of a reexamination is not a denial of access to the court for a protracted or indefinite period of sufficient length to render its issuance a "final" decision.

(b) *In re Vamco Machine and Tool, Inc.*, 752 F.2d 1564, 224 U.S.P.Q. 617 (Fed. Cir. 1985). The only issue before the Court in this case regarded obviousness. Of some interest, however, is the manner in which the case reached the Court. Vamco applied for reissue of the original patent, and after extensive amendment, the patent was reissued. Vamco brought suit on the reissued patent. In early 1982, the Court ordered the Defendant to make a diligent search for prior art and file it with the Court. At the same time, the Court ordered the Plaintiff to file reexamination within 90 days and advise the U.S. Patent and Trademark Office of all prior art filed before the Court. The order further stated that it was "for the purpose of avoiding piecemeal proceedings and litigation, for the purpose of conserving judicial resources, and for the purpose of utilizing the recently enacted laws of the United States." The Court granted Plaintiff's motion for voluntary dismissal without prejudice and granted Plaintiff leave to file a motion to vacate the order within 30 days after the PTO completed reexamination, thereby giving Plaintiff immediate return to the Court if the reexamination was successful. The Federal Circuit

affirmed the decision of the Board of Appeals which affirmed the Examiner's final rejection of claims 1-9 during reexamination of the reissued patent.

(c) *Hottel Corp. v. Seaman Corp.*, 833 F.2d 1570, 4 U.S.P.Q. 2d 1939 (Fed. Cir. 1987). Although actually a laches and estoppel case, a reexamination proceeding provides the reason for the issues. Hottel wrote a first letter in the early part of 1979 informing Seaman of three of Hottel's patents. A series of correspondences ensued. A few months later, more letters were sent between the parties. Later still, on March 7, 1983, Hottel's attorney sent Seaman's attorney a letter "re: Huddle patents" which read in its entirety:

Please be advised that we are appealing a decision rendered in the above matter and intend to pursue actively our patent claims upon receipt of the ruling.

No further communication was made until a complaint was filed October 22, 1985. The Federal Circuit affirmed the District Court in finding Hottel guilty of laches because its delay of over six years in filing suit had prejudiced Seaman and because it had not alleged facts that were sufficient \*328 to excuse the delay. The Court indicated that to excuse a delay in bringing suit, there must be notice which informs the alleged infringer of another proceeding and of the patentee's intention to enforce its patent upon completion of that proceeding. Hottel gave Seaman notice, but did not specify the patent or patents involved in the other proceeding and did not indicate the nature of the other proceeding.

With respect to estoppel, the Court noted that laches was retrospective relief because of inaction, while estoppel bars assertion of patent claims because of inappropriate affirmative conduct. Silence alone is not sufficient to give rise to estoppel.

(d) *Joy Mfg. Co. v. National Mine Service*, 810 F.2d 1127, 1 U.S.P.Q. 1627 (Fed. Cir. 1987). Joy brought an action against its competitor, National, for infringement. After considerable settlement negotiations, the parties reached agreement, and the Court dismissed the complaint without prejudice. The settlement agreement stated in part that "NATIONAL will not file any suit in any United States court or any court in any foreign country challenging or contesting the validity of the licensed patents." After the settlement was executed and after advising Joy of its intention, National filed a request for reexamination which included citation of art not previously considered by the U.S. Patent and Trademark Office. The Federal Circuit relied on *In re Etter*, 756 F.2d 852 (Fed. Cir. 1985) which it said turned on the issue that reexamination and civil litigation are distinctly different proceedings. In fact, statute the decision of the Commissioner to institute reexamination is not subject to judicial review. The settlement, therefore, did not preclude National from filing for reexamination. As a result, the Court commented that "in view of the new reexamination procedure, parties would be well advised to draft agreements, where appropriate, to encompass this new facet of patent law."

## 2. Constitutional Issues With Respect to Reexamination

(a) *Patlex Corporation v. Mossinghoff*, 758 F.2d 594, 225 U.S.P.Q. 243 (Fed. Cir. 1985), mod. 771 F.2d 480, 226 U.S.P.Q. 985 (Fed. Cir. 1985). Patlex Corporation and Gordon Gould are owners of the two United States patents that gave rise to this action. The patents pertain to laser technology. Both patents resulted from an application filed on April 6, 1959. One patent issued on October 11, 1977; the other issued on July 17, 1979. The unusually long pendency periods were due to extensive and vigorously contested patent interferences. In this case, on October 19, 1977, Plaintiff filed suit against Control Laser. Three years after the suit was filed, Congress enacted the reexamination law. The law applied to unexpired patents issued before its effectivity date of July \*329 1, 1981. Jury trial was set to begin September 13, 1982. On September 7, 1982, Control Laser obtained the assent of the Court to submit a request for reexamination. On September 8, 1982, the case was reassigned to another judge and jury trial was rescheduled for November 1, 1982. On October 6, 1982, Control Laser moved for a continuance in view of the pending reexamination request, and it was granted. Gould appealed to the Federal Circuit. The appeal was dismissed. Gould filed papers with the PTO asking them not to proceed with the request for reexamination because of the pending litigation. Because no statement by the patent owner can be filed prior to the determination of whether a substantial new question of patentability exists, the PTO issued a "decision returning improper paper." On November 12, 1982, Gould petitioned the Commissioner to stay the reexamination. The Commissioner denied the request. Gould finally sued the Commissioner asking the Court to enjoin the Commissioner from going forward with the reexamination and raised numerous constitutional challenges. On appeal, the Federal Circuit ruled on many of the constitutional issues. Many more of the issues were decided on a petition for rehearing.

Particularly, the Federal Circuit held the reexamination statute to be constitutional and not a violation of due process under the Fifth Amendment due to its retrospective effect on Gould's patent property. The Court also held that Gould was not constitutionally deprived of an Article III court determination of invalidity or unpatentability, nor was he deprived of a right to a jury determination of that question. The Federal Circuit additionally held that the statutory presumption of validity is not a property right subject to the protection of the Constitution.

MPEP § 2286 provides that the PTO will not stay its reexamination of a patent that is in litigation unless trial has commenced. In the present case, trial had not commenced. The fact that a district court made decisions which prevented the beginning of trial and eventually stayed the litigation to allow reexamination to proceed did not rise, in the view of the Federal Circuit, to a due process question.

On the petition for rehearing, the Federal Circuit held that Gould was not deprived of due process under the Fifth Amendment by not being heard during the three-month time period that the U.S. Patent and Trademark Office makes its determination regarding a substantial new question of patentability. The Court observed that the patentee's opportunity to participate after the threshold determination, and to appeal from final examiner and agency action, affords the patentee due process. With respect to the PTO refunding \$1,200 of the \$1,500 reexamination \*330 fee, the Court held that it did not



favor a decision by the PTO to grant reexamination so significantly as to trigger a constitutional question. The Federal Circuit, however, did strike those portions of the MPEP which required the PTO to resolve doubt in the direction of granting the request for reexamination.

### 3. Standard of Claim Interpretation in Reexamination

(a) In *re Yamamoto*, 740 F.2d 1569, 222 U.S.P.Q. 934 (Fed. Cir. 1984). The Federal Circuit affirmed the Board of Appeals in adopting the standard of claim interpretation wherein claims are "given their broadest reasonable interpretation consistent with the specification, and limitations appearing in the specification are not to be read into the claims." In this way, the standard for original examination and for reissue examination was followed. The PTO justifies such standard since the applicant may amend his claims to obtain protection commensurate with his actual contribution to the art. In contradistinction, the claim construction in an infringement action is that patent claims are construed "liberally" to uphold the patent's validity rather than to destroy the inventor's right to protect the substance of his invention. In other words, claims are narrowly construed in litigation.

### 4. Presumption of Validity

(a) In *re Andersen*, 743 F.2d 1578, 223 U.S.P.Q. 378 (Fed. Cir. 1984). The Federal Circuit in discussing the now defunct "rule of doubt" wherein doubts as to patentability were resolved in favor of a patent applicant recognized that the solicitor in this case did not dispute that the patent claims in reexamination enjoyed the statutory presumption of validity.

(b) In *re Etter*, 756 F.2d 852, 225 U.S.P.Q. 1 (Fed. Cir. 1985). The Federal Circuit clarified the comment in *In re Anderson* and specifically held that the presumption of validity does not apply to claims involved in reexamination proceedings. The Court indicated that the presumption was a trial court procedural rule and that claim examination in a reexamination was essentially a return to the initial examination.

A strong three-judge dissent stated that "the Court has made reexamination into a proceeding which affords advantages to an infringer over his position in Court." It was indicated that to an infringer of greater economic power than the patent owner, delay is an advantage. In addition, the lack of *res judicata* against the infringer gives the infringer two opportunities to attack the patent. Furthermore, the dissent disagreed with the broad rule of claim construction adopted in *In re Yamamoto*. The dissent felt that the deck was stacked against the \*331 patentee and, as a result, patent owners would be resistant to reexamination.

### 5. Intervening Rights

(a) *Kaufman Co., Inc. v. Lantech, Inc.*, 807 F.2d 970, 1 U.S.P.Q. 2d 1202 (Fed. Cir. 1986). The patent issued on December 1, 1981. Kaufman received a notice of infringement on December 15, 1981. Kaufman filed a declaratory judgment action against Lantech on December 30, 1981. Before trial, the U.S. Patent and Trademark Office granted reexamination. A reexamined patent issued with amended claims. The Court found that Kaufman infringed both the claims in the original patent and those which had been reexamined and that its infringement was willful, despite the fact that Kaufman filed suit only two weeks after receiving notice of infringement and only four weeks after the original patent issued. The Federal Circuit determined that amended or new claims issued following a reexamination proceeding should have the same effect as similar claims in a reissue patent and, therefore, that 35 U.S.C. § 252 regarding intervening rights should apply. In considering claims, the Court adopted the standard that "identical" in § 252 shall mean "without substantive change" so that claims reissuing without substantive change are not subject to intervening rights. The Court went to find willful infringement.

(b) *Fortel Corp. v. Phone-Mate, Inc.*, 825 F.2d 1577, 3 U.S.P.Q. 2d 1771 (Fed. Cir. 1987). On May 20, 1985, Fortel sued Phone-Mate. On April 7, 1986, a request for reexamination was granted. By April 25, 1986, Phone-Mate had ceased all infringing activity. Later, the Federal Circuit was asked to consider the intervening rights issued. The Court observed that intervening rights is a defense to infringing activity occurring after reissuance and in this case, there was no infringing activity after reissuance.

[n.a] Merchant, Gould et al, Minneapolis, MN: Mr. Hamre received a B.A. in Physics and Mathematics from Concordia College, a Masters in Physics from the University of Nebraska and a J.D. from Drake University; Dr. Hillson received a B.S. in Chemistry from the University of Oklahoma, a Ph.D. in organic chemistry from the University of California, Berkeley and a J.D. from the Ohio State University College of Law; Mr. Schumann received a B.A. in Physics and Mathematics from Concordia College and a J.D. from William Mitchell College of Law.