



March 2021



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The PTAB Strategies and Insights newsletter provides timely updates and insights into how best to handle proceedings at the USPTO. It is designed to increase return on investment for all stakeholders looking at the entire patent life cycle in a global portfolio.

This month we cover:

- How the Federal Circuit set forth the potential to overturn an institution decision through a Mandamus action;
- Timely action is required to avoid equitable intervening rights once a patent owner is put on notice of potential prior art; and
- We share an article that reviews three pending Supreme Court cases that, while not IP-related, involve legal issues that overlap with Arthrex.

We welcome feedback and suggestions about this newsletter to ensure we are meeting the needs and expectations of our readers. So if you have topics you wish to see explored within an issue of the newsletter, please reach out to me.

Best,
Jason D. Eisenberg

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IS THE SLIVER OF LIGHT A DOOR

OPENING OR CLOSING?

By: [Jason D. Eisenberg](#)

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TIMELY ACTION REQUIRED TO AVOID EQUITABLE INTERVENING RIGHTS

By: [Jason D. Eisenberg](#)

In *John Bean*, the patent owner's only competitor, Morris & Associates, responded to a demand letter with evidence of invalidity. [John Bean Technologies Corporation v. Morris & Assocs., Inc.](#), Cases 2020-1090, 2020-1148, Slip Op. at 2 (Fed. Cir. Feb. 19, 2021). Yet John Bean failed to act on the evidence for 11 years by filing a patent owner request for reconsideration. *Id.* at 2-3. Six weeks after receiving a reexamination certificate that included amended claims 1 and 2 and six new claims, John Bean sued Morris. *Id.* at 3. After traveling to the Federal Circuit and back, Morris filed a motion for summary judgment asserting equitable intervening rights and prosecution latches. *Id.* The district court denied the motion for prosecution latches, but granted the part of the motion for equitable intervening rights. *Id.*

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IN CASE YOU MISSED IT...

Director [William H. Milliken](#) authored the *Law360* article "3 Arthrex-Adjacent High Court Cases Could Affect PTAB's Fate," which reviews three pending Supreme Court cases that, while not IP-related, involve legal issues that overlap with Arthrex.

[Click here](#) to read the full article.



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But here, the Court left a sliver of hope for appeals from institution decisions. After finding that filing of a Petition triggers a right to Mandamus review (*Id.* at 10), the Court set forth one way to overturn an institution decision: a colorable constitutional claim. *Id.* at 12. Mylan tried asserting three: (1) *Fintiv* should have been adopted through note-and-comment rulemaking not making a decision precedential, (2) *Fintiv* unlawfully shortens the limitations period for filing under 35 U.S.C. § 315(b), and (3) the *Fintiv* standard was unconstitutionally applied. *Id.* at 10-11.

After providing hope, the Court quickly dashed it, stating, “it is difficult to imagine a mandamus petition that challenges a denial of institution and identifies a clear and indisputable right to relief.” *Id.* at 13. First, the Court held “[g]iven the limits on our reviewability, Mylan’s *ultra vires* argument cannot be a basis for granting the petition for mandamus.” *Id.* And “Mylan’s time bar argument under § 315(b) fails for the same reason.” *Id.* “Finally, Mylan fails to state a colorable claim for constitutional relief. It does not identify a deprivation of ‘life, liberty, [or] property’ so any procedural due process challenge is foreclosed.” *Id.*

In conclusion, the Court found “Mylan had no right for its petition to be considered without reference to the Teva litigation and no right to an IPR.” *Id.* Whether a party will find the perfect issue that meets the Court’s criteria in the future is still an open question.

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35 U.S.C. § 252 provides for equitable intervening rights that "give the alleged infringer the continued right to manufacture, sell, or use the accused product after the reexamination certificate is issued 'when the defendant made, purchased, or used identical products, or made substantial preparations to make, use, or sell identical products, before the reissue date.'" *Id.* at 4. This is because "the public has the right to use what is not specifically claimed in the original patent." *Id.* The district court weighed six factors when determining there were equitable intervening rights:

1. whether substantial preparation was made by the infringer before the reissue;
 2. whether the infringer continued manufacturing before reissue on advice of its patent counsel;
 3. whether there were existing orders or contracts;
 4. whether non-infringing goods can be manufactured from the inventory used to manufacture the infringing product and the cost of conversion;
 5. whether there is a long period of sales and operations before the patent reissued from which no damages can be assessed; and
 6. whether the infringer made profits sufficient to recoup its investment.
- Id.* at 5.

John Bean provided two core arguments. First, Morris had already recouped its investment before the reexamination was issued. Second, John Bean had asserted willful infringement, and with that, there were genuine outstanding issues of material fact barring summary judgment. *Id.* at 6.

The Court found the district court had broad equity powers to “fashion an appropriate remedy” once intervening rights are raised. *Id.* at 7. First, the Court found John Bean’s reliance on *Plastic Container Corp. v. Continental Plastics of Oklahoma, Inc.*, 607 F.2d 885 (10th Cir. 1979) was misplaced. *Id.* at 8. This was partially because the patent owner in *Plastic Container* did not wait 11 years between being put on notice of invalidity and seeking reexamination and a certificate. *Id.* And partially because there was “no indication in the statute that monetary investments made and recouped before reissue are the *only* investments that a court may deem sufficient to protect as an equitable remedy.” *Id.* at 9. While recoupment is a factor, it is not the only factor or one that outweighs other factors. *Id.* In the end, the Court found the district court was right that John Bean acted in bad faith, waiting over a decade to seek reexamination and that Morris made more than just a financial investment. *Id.* at 9-10. So Morris had a right to assert the defense of equitable intervening rights.

As to the second issue, that willful infringement barred granting of summary judgment, the Court disagreed. *Id.* at 10. The Court found if there was no infringement, there could not be willful infringement. *Id.* “[O]nce the district court granted Morris equitable intervening rights, John Bean was left with no basis to pursue a willful infringement claim.” *Id.*

The story is clear – act with diligence when alerted to potentially invalidating art or risk equitable intervening rights as a defense to infringement and/or damages if a reissue or reexamination, or supplemental examinations, is required to cure.

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