

OUTSIDE COUNSEL

BY DAVID A. KALOW AND MILTON SPRINGUT

Early Is Better Than Late for Strategizing Your Patents

Before a patent is issued, the Patent and Trademark Office (PTO) will forgive changes of mind and permit applicants to correct mistakes. However, once a patent has issued, the PTO loses jurisdiction over most matters relating to that patent and few options exist to fix a mistake that is only then caught.

On Sept. 20, 2006, in *Yoon Ja Kim v. Congra Foods, Inc.*,¹ the U.S. Court of Appeals for the Federal Circuit (CAFC) provided an important reminder of the limits of one of the more important of these options. All clients should be reminded that if they wish to maximize the value of their patents, they should devote sufficient resources to protecting their intellectual property rights before any patent is granted.

Assume that the PTO has issued a patent and that subsequently a mistake is found or a correction needs to be made. Entering the world of reissued patents creates significant risks. Clients who apply for patents need to re-familiarize themselves now with the limits and risks associated with asking the PTO to reissue, reexamine or otherwise correct an issued patent. In the past, keeping a continuation or divisional application on file after a patent issues served as a hedge against these limits and risks because they could be used as a method of post-issuance correction. However, it is widely expected that, by approximately January 2007, the PTO will severely limit the number of such applications that may be filed and the claims that they may contain. Accordingly, clients should expect that the number of direct requests made to the PTO to reissue, reexamine or otherwise correct issued patents will increase within a few years.

Background and Limits of Reissue

Patent prosecution is an imperfect art. Congress long ago recognized that even the best-intentioned applicants, who comply fully with their duties of



David A. Kalow

Milton Springut

candor, may learn that an issued patent that they hold is invalid or inoperable, or claims more or less than the applicant was entitled to claim. If any of these circumstances apply, and if the applicant did not engage in deceptive intent during prosecution, he or she may ask the director of the PTO to reissue the patent.² Limits on reissue exist as to both time and subject matter. Although there is no general time limit as to when an application for reissue may be filed after grant of the original patent, a patent holder who seeks to enlarge the claims must file within two years from the grant of the original patent.

When a patent holder requests that a patent be enlarged via reissue, he is not permitted to claim or “recapture” subject matter that he surrendered during prosecution. Thus, applicants do not get an unlimited or full second bite of the apple in a reissue proceeding (the “recapture rule”).

‘Yoon Ja Kim v. Congra Foods Inc.’

Yoon Ja Kim is a patent infringement suit over bread making. Shortly after the patent issued, the inventor filed a reissue application alleging that a mistake had been made during prosecution with respect to the appropriate scope of the claims. Over three years later, the Patent Office issued a reissue patent. The patent holder Kim sued Congra Foods, alleging that the defendant induced infringement of reissued claims, i.e., claims that did not exist in the original patent. The improper conduct alleged was that Congra Foods required its licensees to use

recipes that it had supplied and that the licensees following those recipes infringed the patent.

The defendant filed a counterclaim for declaratory judgment of invalidity and noninfringement. Among the allegations made by the defendant were that the reissued patent violated the recapture rule. After affirming the noninfringement determination of the district court, the CAFC addressed the issue of whether the claims asserted were invalid because they improperly recaptured material that had been surrendered during prosecution of the original patent.

Courts apply a three-part test used to determine whether a patent holder improperly recaptured subject matter that had been surrendered during prosecution:

- (1) whether and in what respects the reissue claims are broader than the patent claims;
- (2) whether the broader aspects of the reissued claims relate to the subject matter that was surrendered; and
- (3) whether the reissued claims were materially narrowed in other respects (e.g., not related to what was necessary to get around prior art) to avoid the recapture rule.³

In order to determine whether the patentee Kim was trying to recapture subject matter, the court focused on the prosecution of the original patent. The patentee filed her original application on Nov. 5, 1993, which contained claims directed to compositions that included an unspecified amount of ascorbic acid and 0.04-0.20 parts organic acid by weight of flour in the dough. Certain claims added a limitation of phosphate salt.

Ms. Kim abandoned her original application and filed a continuation-in-part application with one claim that had the following limitations: ascorbic acid (15-250 ppm), a food acid limitation (0.02-0.15 parts per 100 parts of flour), and a phosphate limitation (0.15-0.40 parts per 100 parts of flour). The claims were drafted with the term “comprising,” language that would have permitted other ingredients as well. After an interview with the examiner, Ms. Kim amended the claims, changing the transition phrase, “comprising,” to “consisting essentially of.” The examiner provided Reasons for

David A. Kalow and **Milton Springut** are partners at Kalow & Springut. **Scott D. Locke**, also a partner at the firm, assisted in the preparation of this article.

Allowance indicating the Patent Office's position was that the prior art did not teach or suggest an ascorbic composition consisting essentially of the specific components in a specific amount.

Less than two weeks after the patent issued, Ms. Kim filed a reissue application in which she alleged that there had been an error during prosecution. She sought to amend the original patent in two ways. First, she sought to add claims that covered compositions containing ascorbic acid and food acid, but not requiring phosphate. Second, she sought to broaden the original claims' ascorbic acid and food acid ranges. During the reissue proceeding, the examiner initially rejected the claims for violating the recapture rule, but the examiner subsequently allowed them.

On appeal, the only issue with respect to the recaptured subject matter was whether the second element of the tripartite test—whether the broader aspects of the reissued claims related to surrendered subject matter—for evaluating recapture was satisfied.

First, the CAFC clarified the district court's misimpression concerning the issue of the relevancy of the subjective intent of the patentee. The CAFC emphasized: "in determining whether 'surrender' of subject matter has occurred, the proper inquiry is whether an objective observer viewing the prosecution history would conclude that the purpose of the patentee's amendment or argument was to overcome prior art and secure the patent. This is because the recapture rule is aimed at ensuring that the public can rely on a patentee's admission during prosecution of an original patent."

Then the CAFC focused on the prosecution of the original patent, noting that during prosecution Ms. Kim ultimately amended the broadest claim in two ways: (i) changing the transition phrase from "comprising" to "consisting essentially of," and (ii) adding the limitation of the phosphate component. However, because claims that contained the phosphate group had previously been rejected and described by the examiner as not patentably distinct, the prosecution history suggested that the addition of it was not to overcome a rejection. Thus, by adding claims during reissue that did not contain the phosphate limitation, there was no attempt to recapture what was surrendered.

With respect to the change in ranges of the amount of the components, the CAFC noted that the range disclosed in the prior art was outside of the ranges of both the original patent and the reissue patent. Accordingly, the CAFC held that the patentee did not recapture subject matter that had been surrendered during prosecution.

Having concluded that the claims did not violate the recapture rule, the court turned to the issue of whether they were invalid over the prior art. The CAFC affirmed the jury verdict that the claims were not invalid on those grounds.

Perspective

• Putting Post-Grant Options in Perspective

Ultimately, Ms. Kim was successful at both obtaining a reissued patent and staving off a challenge that the reissued patent violated the recapture rule. First, there is always the risk that the PTO will decline a petition to reissue the patent. If so, the original patent remains in force, but an accused infringer will have significant opportunity to find admissions by the patent holder that the original issued patent is in some way defective, and either covers too much or too little subject matter.

Second, even if the PTO grants the reissued patent, most defendants will consider whether the petition and grant of the reissued patent violated the recapture rule. Although both the trial court and the CAFC found that Ms. Kim did not violate it, in other cases, courts have found such a violation.⁴ Moreover, even when the patent holder prevails on this issue, there are significant costs in defending the charge.

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that if they wish to maximize
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Analogous risks are present when a patent holder requests that the PTO take action on an already granted patent and either issue a Certificate of Correction or re-examine the patent. The PTO will correct errors in patents that are due to either the PTO's own mistakes, (e.g., misprinting) or the patent holder's mistake if the mistake is of "clerical or typographical notice, or of minor character."⁵ However, if the error is not the PTO's fault, the patent holder runs the risk that the PTO will deny the request. As with a request for reissue, this could have the effect of creating a record of undesirable admissions. For example, if a claim has an error in a formula, and the PTO refuses to correct it, the claim might not comply with 35 USC §112 because the claim does not meet the written description requirement or is not within the scope of what the applicant thought of as his invention. This surely would alert an accused infringer to an invalidity challenge.

Under re-examination procedures, anyone, including the patent holder may request that the PTO reexamine a patent in view of published prior art if the art raises a substantial new question of patentability.⁶ As with reissue proceedings,

the PTO may ultimately decide that in light of the new information, the invention is not patentable. Additionally, even if the PTO declares a re-examination, and regardless of whether the original claims are determined to be patentable over the art, the simple declaration of re-examination demonstrates that the art raises substantial questions of patentability. If the patent holder knew of the art during prosecution, then an accused infringer may argue that the patent is unenforceable due to inequitable conduct because art that the PTO recognized as raising a substantial question of patentability (e.g., the material was not cumulative or irrelevant) was intentionally withheld from the PTO.

While the PTO does not consider issues of inequitable conduct during reissue or re-examination proceedings,⁷ any court that were to consider reissued or re-examined patents would likely consider the issues raised in those proceedings when addressing the issue of inequitable conduct, most notably the materiality of a reference. The PTO treating the art as important will certainly make it easier for the court, typically with less technical training to find the same way. The degree to which a court draws conclusions as to the materiality of any particular reference will depend in part on the number of different references submitted together, when the patent holder learned of the art, the claims that emerge in the reissued or reexamined patent, and whether any rejections were based on a particular piece of prior art.

Conclusion

The PTO provides patent holders with certain opportunities to correct their issued patents and to make them stronger. However these options carry risks with them. For patent holders who are considering them, accepting the risks may be a wiser choice than sitting with weak or questionable patents. As in most areas of the law, an ounce of prevention is worth a pound of cure, and a patent holder would usually have better spent his resources early in improving the quality of the patent during the initial prosecution than trying to fix it after issuance.

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1. CV-05-1414 (Fed. Cir. Sept. 20, 2006).
2. 35 USC §251.
3. *Pannu v. Storz Instruments, Inc.*, 258 F3d 1366, 1371 (Fed. Cir. 2001).
4. See e.g., *Id.*
5. 35 USC §§245, 255.
6. 35 USC §§302, 311; 37 CFR §§1.510; 1.915.
7. MPEP 1448, 2014.