

John Bean Techs. Corp. v. Morris & Assocs., Inc., 988 F.3d 1334 (Fed. Cir. 2021)

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This case was the second opinion in a patent dispute saga between two poultry processing competitors over patented poultry chilling technology. See *John Bean Tech. Corp. v. Morris & Associates, Inc.*, 887 F.3d 1322 (Fed. Cir. 2018). Leading up to the first case, Morris & Associates, Inc. wrote a demand letter to John Bean Techs. Corp. in 2002 alleging that one of John Bean's patents was invalid over certain identified prior art. John Bean did not respond, and Morris spent the next decade developing and selling poultry chillers that included the patented features. In 2013, John Bean submitted its patent for reexamination and obtained new claims. Six weeks later, John Bean sued Morris for patent infringement. The district court granted Morris's motion for summary judgment of laches and equitable estoppel. From that appeal, the U.S. Court of Appeals for the Federal Circuit reversed and remanded, ruling that the district court abused its discretion in finding equitable estoppel based on activity beginning in 2002, 12 years prior to the issuance of the reexamination certificate.

Back before the district court, Morris filed another motion for summary judgment, this time invoking the defense of equitable intervening rights. Absolute intervening rights, set forth in 35 U.S.C. § 252, precludes infringement liability for any activity that predates a reexamination certificate, where the reexamination substantively and substantially altered the claims. See 35 U.S.C. § 307(b). Additionally, "equitable" intervening rights may shield a party from prospective or continuing infringement where "substantial preparation" and "investments [were] made or business commenced before" the reexamination. 35 U.S.C. § 252; see also *Marine Polymer Techs., Inc. v. HemCon, Inc.*, 672 F.3d 1350, 1362 (Fed. Cir. 2012) (en banc) ("[A]fter a patent emerges from reexamination, [§ 307(b)] makes available absolute and equitable intervening rights . . . with respect to 'amended or new' claims in the reexamined patent.")

When asserting new patent claims emerging from post-grant reviews, take due account of potential equitable intervening rights.

The district court granted Morris's motion for equitable intervening rights, finding that Morris's investments, business model, and the industry in general, outweighed the fact that Morris's profits over the years had recouped that investment. The district court explained that "requiring a company to eliminate [two-thirds] of its business because a patent holder, after, a decade, decided to seek reexamination and enforce the patent is inequitable." John Bean appealed, arguing that the district court gave inappropriately little weight to Morris's recoupment of its investment. John Bean relied on a 10th Circuit case from 1979 in support of its position, as this was an issue of first impression for the Federal Circuit.

The Federal Circuit affirmed. It explained that equitable intervening rights are highly discretionary and reviewed with a high level of deference. The court held "recoupment is not the sole objective of § 252's protection of 'investments made or business commenced' before the claims' alteration." Rather, it is one of six discretionary factors to consider, and is not dispositive. The timing of events and prospective burden on Morris were also important considerations in the totality of the analysis. *John Bean* thus provides an important insight into the risks and defenses associated with asserting reexamined and reissued patents. The same principles would apply to patents having undergone *inter partes* review that, post-amendment, issue with new claims.