

THE IMPACT OF *FESTO* IN PATENT INFRINGEMENT LITIGATION

INTRODUCTION

[Introduction reserved for PBP]

DOCTRINE OF EQUIVALENTS BACKGROUND

To prove infringement in patent litigation, the patent holder can establish literal infringement by showing that the accused device contains each limitation of the asserted claim exactly. If literal infringement is absent, the patent holder can establish infringement under the doctrine of equivalents by showing that the accused device contains an equivalent for each literally absent claim limitation. The doctrine of equivalents is an equitable doctrine created by the courts to prevent potential infringers from pirating the essential identity of a claimed invention by changing only minor details of the invention.¹

In an effort to preclude a broad application of the doctrine of equivalents from taking on “a life of its own, unbounded by the patent claims,” the United States Supreme Court stated:

[e]ach element contained in a patent claim is deemed material to defining the scope of the patented invention, and thus the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole. It is important to ensure that the application of the doctrine, even as to an individual element, is not allowed such broad play as to effectively eliminate that element in its entirety. So long as the doctrine of equivalents does not encroach beyond the limits just described, or beyond related limits to be discussed *infra* . . . we are confident that the doctrine will not vitiate the central functions of the patent claims themselves.²

In *Warner-Jenkinson*, the Supreme Court remanded to the Federal Circuit Court of Appeals (“Federal Circuit”) for a determination of whether each element of the alleged infringer’s ultrafiltration method for purifying dye was equivalent to each element of the patented method.

In addition to the “All-Elements Rule” explained by the Court in *Warner-Jenkinson*, prosecution history estoppel is another judicial doctrine designed to balance the doctrine of

equivalents with the definitional and public notice functions of the statutory claiming requirement. Prosecution history estoppel precludes the application of the doctrine of equivalents when the patent holder amends a claim during patent prosecution “to avoid the prior art, or otherwise to address a specific concern . . . that arguably would have rendered the claimed subject matter unpatentable.”³ Acknowledging that the reasons for an amendment may be absent from the record, the Court placed the burden on the patent holder to demonstrate the reason for an amendment and established a rebuttable presumption that prosecution history estoppel applies whenever a patent holder amends a claim to narrow its scope.⁴

Before *Warner-Jenkinson*, a split existed among the Federal Circuit’s opinions regarding the appropriate range of equivalents available to the patent holder under prosecution history estoppel. Under the “narrow approach” or “flexible bar” line of cases, the Federal Circuit explained that prosecution history “may have a limiting effect [on the doctrine of equivalents] within a spectrum ranging from great to small to zero.”⁵ In other words, an amendment made during prosecution would not cause a total preclusion of infringement, but would only preclude infringement with respect to a device similar to the prior art that brought about the amendment. Contrarily, under the “broad approach” or “complete bar” line of cases, the Federal Circuit declined “to speculate whether a narrower amendment would have been allowed by the patent examiner.”⁶ In other words, an amendment made during prosecution would cause a total preclusion of infringement, thus prohibiting any scope of equivalents to be afforded to a claim element that was narrowed due to patentability concerns.

In *Warner-Jenkinson*, the Court “did not reach the question of the proper scope of estoppel for an amended limitation.”⁷ Even though the Federal Circuit employed the narrow, flexible approach more frequently than the broad, complete approach after *Warner-Jenkinson*,⁸

the discord between the two lines of cases lingered. This divergence of authority regarding the scope of estoppel created an increase in “the uncertainty and confusion associated with patent litigation.”⁹

THE FEDERAL CIRCUIT’S RULES IN *FESTO*

In a lengthy case involving two patents, the Stoll Patent and the Carroll Patent, the Federal Circuit recently took the opportunity to clarify the doctrine of prosecution history estoppel. Festo Corporation (“Festo”) owns by assignment of the Stoll Patent and the Carroll Patent (collectively, the “Festo Patents”), and the Festo Patents recite claims for magnetically coupled rodless cylinders. Alleging infringement of the Festo Patents under the doctrine of equivalents, Festo sued its competitor, Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd. a/k/a SMC Corporation and SMC Pneumatics, Inc. (“SMC”), in the District of Massachusetts. The district court granted Festo summary judgment of infringement under the Carroll Patent and entered judgment for Festo on jury verdict of infringement under the Stoll Patent.¹⁰

Although the Federal Circuit affirmed the district court,¹¹ the United States Supreme Court vacated and remanded for further consideration in light of *Warner-Jenkinson*.¹² On remand, the Federal Circuit initially affirmed in part and vacated in part,¹³ but then granted SMC’s request for rehearing en banc to resolve certain issues relating to the doctrine of equivalents and prosecution history estoppel in the wake of *Warner-Jenkinson*. On rehearing en banc, the Federal Circuit reversed the district court’s judgment of infringement under both patents because prosecution history estoppel barred the doctrine of equivalents.¹⁴ In doing so, the Federal Circuit made the following four holdings:

- Any amendment that narrows the scope of a claim for reasons related to any the statutory requirements for a patent will give rise to prosecution history estoppel with respect to the amended claim elements. The reason for the amendment is not limited to overcoming or avoiding prior art under 35 U.S.C. §§ 102 and 103.

Examples of other statutory requirements for a patent include novelty, non-obviousness, non-anticipation, usefulness, enabling, definiteness, written description, and best mode. An amendment related to any of these statutory requirements is an amendment made for a substantial reason related to patentability.¹⁵

- Voluntary amendments made for purposes of patentability also will give rise to prosecution history estoppel. Voluntary amendments are treated the same as amendments required by the Patent and Trademark Office because both kinds of amendments “signal to the public that subject matter has been surrendered.”¹⁶
- No range of equivalents is available to any claim element where prosecution history estoppel is present. A complete bar – unlike a flexible bar – eliminates speculation or uncertainty as to the exact scope of patent coverage.¹⁷ “[O]nce an element of a claim is narrowed by an amendment made for a substantial reason related to patentability, that element’s scope of coverage does not extend beyond its literal terms.”¹⁸
- If no reason for a claim amendment has been established, no range of equivalents is available to any claim element, unless the patent holder can overcome the *Warner-Jenkinson* presumption that the amendment was made for purposes of patentability.¹⁹

In litigation that involves the doctrine of equivalents, the Federal Circuit emphasized that prosecution history estoppel should be the district court’s first consideration and then provided guidance by establishing a four-part test for the courts to apply these new holdings: (i) determine which claim limitations are alleged to be met by equivalents; (ii) ascertain whether those limitations were amended during the prosecution of the patent; (iii) for the amended claims, consider whether the amendments narrowed the literal scope of the claim; and (iv) if so, the patent holder bears the burden – using only the patent prosecution history and no extrinsic evidence – to show that the amendment was unrelated to the statutory requirements for patentability.²⁰

The Federal Circuit then used these rules and guidelines to review *de novo* the legal question of whether prosecution history estoppel applied to the Fesco Patents. The analysis involved two claim elements that Festo alleged to be infringed by equivalents: the magnetizable

sleeve element and the sealing ring element. Upon review of the prosecution history of the Festo Patents, the Federal Circuit noted that (i) the magnetizable sleeve element was added to the Stoll Patent in response to an Office Action but was not related to any of the rejections in the Office Action, and (ii) the sealing ring element was substituted into the Carroll Patent during reexamination. After rejecting Festo's position regarding the voluntary nature of the amendments, the Federal Circuit found that the amendments narrowed the scope of the claims because the substituted claims recited elements that were not recited in the original claims.²¹ The Federal Circuit concluded that Festo failed to show a reason unrelated to the patentability for the amendments, and because the amendments gave rise to prosecution history estoppel, the amended claims are entitled to no range of equivalents and cannot be infringed by equivalents.²² Two circuit judges concurred in the majority decision written by Circuit Judge Schall,²³ and four circuit judges wrote dissenting opinions.²⁴ Since its decision, the Federal Circuit has had the opportunity to shed light on the *Festo* rules in a number of cases.²⁵

FESTO ARGUED IN FRONT OF THE SUPREME COURT

In June 2001, the Supreme Court granted certiorari²⁶ and held a hearing for oral arguments on January 8, 2002.²⁷ As well as the briefs filed by Festo and SMC, companies and other organizations filed a total of twenty-eight briefs of amicus curie in support of both Festo, the Petitioner, and SMC, the Respondents.²⁸ At the hearing, Festo argued that the Federal Circuit's ruling should be reversed because "it flatly contradicts this Court's decision in *Warner-Jenkinson*, and furthermore, it radically undermines the patent system."²⁹ Festo reasoned that, under the doctrine of equivalents, "a close examination must be made as to not only what was surrendered but also the reason for such surrender."³⁰ Festo asked that the Supreme Court "not

approve a retroactive application of this drastic new rule but require that it be done by Congress or by rulemaking by the Patent and Trademark Office.”³¹

The Deputy Solicitor General, appeared on behalf of the United States, as *amicus curiae*, and supported vacatur and remand of the Federal Circuit’s ruling.³² After reminding the Court that even “if the doctrine of equivalents does not apply . . . the all-elements test still is applicable . . . to claims of literal infringement or non-literal infringement,”³³ the Government urged that the Supreme Court – with the burden of proof and presumptions – provide an “escape hatch for the patentholder [in a case which] it was impossible to be any more precise, to exclude any more precisely than they did.”³⁴

Advocating the Supreme Court’s affirmation of the Federal Circuit’s ruling, SMC explained that the definition of the phrase “relates to patentability” does not include any trivial change that is made in order to get the examiner to accept the patent, but only important, narrowing changes.³⁵ SMC pointed out that the Federal Circuit’s decision has been working “just fine” for the thirteen months that it has been in effect without any changes in patent prosecution.³⁶

The Supreme Court has not yet made a ruling in the *Festo* litigation. In the meantime, all practitioners and their clients should be knowledgeable of the Federal Circuit’s rules in *Festo*. Most significantly, attorneys writing patent applications should be careful in making amendments so that the Patent and Trademark Office will allow the patent without the loss of the patent holder’s equivalents.³⁷

THE LESSONS OF *FESTO*

In response to the Federal Circuit's rules in *Festo*, commentators have provided ideas and strategies for practitioners who are writing patent applications. For instance, suggestions for safer amendment practice include, but are not limited to:

- 1) Avoid claim amendments by choosing narrower, but still commercially viable claims early in prosecution and pursue broader claims by way of continuation.
 - 2) Seek personal interview as an additional tool of persuasion
 - 3) Refuse to amend the claims if they are likely to survive at PTO pre- appeal review.
 - 4) Avoid any amendment not for purposes of patentability.
 - 5) Consider the value of explanatory amendments and additional statements if they (1) do not narrow the claim or (2) do not apply to patentability. . . .
- Keep arguments short and crisp. Arguments that are to the point are more persuasive than those which ramble and are also less likely to create a prosecution history estoppel.³⁸

Another lesson of *Festo* regarding amendment practice is that a thorough search for prior art should be one of the first steps in opinion preparation to best understand the scope of available patent coverage.³⁹

Whether the search is performed by the attorney writing the application, a local attorney specializing in patent searches or an experienced patent searcher, the individual conducting the search should have a full appreciation of the way in which an Examiner will be reviewing the application once it is under his or her review. That includes a complete understanding of rejections under 102 and 103, and additionally an understanding of the way in which Examiners look at prior art when considering the best manner in which to establish a rejection. . . . Still further when conducting a patentability search all published PCT applications and pending US applications should be considered as these resources are readily available to an examiner at the touch of a button.⁴⁰

An additional lesson of *Festo* regarding amendment practice is that a rough draft claim should be prepared before beginning the search, which “will allow the searcher to conduct a

search in much the same manner the Examiner will, by considering those prior art references which both read on the claim and those prior art references which teach various features of the claimed invention.”⁴¹ These suggestions should assist practitioners in anticipating the potential rejections and in writing claims to deal with those rejections, but the full amount of assistance these suggestions provide depends greatly on the subject matter of each particular patent.

CONCLUSION

[Conclusion reserved for PBP]

¹ *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608 (1950).
² *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29-30 (1997) (concluding that the doctrine of equivalents, set forth by the Supreme Court in *Graver Tank* in 1950, survived the 1952 Patent Act).
³ *Id.* at 30.
⁴ *Id.* at 32.
⁵ *Hughes Aircraft Co. v. U. S.*, 717 F.2d 1351, 1363 (Fed. Cir. 1983).
⁶ *Kinzenbaw v. Deere & Co.*, 741 F.2d 383, 391 (Fed. Cir. 1984).
⁷ *Litton Sys., Inc. v. Honeywell, Inc.*, 140 F.3d 1449, 1457 (Fed. Cir. 1998).
⁸ *See, e.g., K-2 Corp. v. Salomon, S.A.*, 191 F.3d 1356, 1369-70 (Fed. Cir. 1999); *Sextant Avionique, S.A. v. Analog Devices, Inc.*, 172 F.3d 817, 826-27 (Fed. Cir. 1999); *Litton Sys., Inc.*, 140 F.3d at 1456.
⁹ Douglas A. Strawbridge, Daniel W. McDonald, R. Carl Moy, *Patent Law Developments in the United States Court of Appeals for the Federal Circuit During 1986*, 36 AM. U.L. REV. 861, 887-88 (1987).
¹⁰ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 234 F.3d 558, 584-85 (Fed. Cir. 2000).
¹¹ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 72 F.3d 857, 860 (Fed. Cir. 1995).
¹² *Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 520 U.S. 1111 (1997).
¹³ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 172 F.3d 1361, 1364 (Fed. Cir. 1999).
¹⁴ *Festo Corp.*, 234 F.3d at 564.
¹⁵ *Id.* at 566-67.
¹⁶ *Id.* at 568.
¹⁷ *Id.* at 569-78.
¹⁸ *Id.* at 577.
¹⁹ *Id.* at 578.
²⁰ *Id.* at 586.
²¹ *Id.* at 591.
²² *Id.*
²³ *Festo Corp.*, 234 F.3d at 591-95 (Circuit Judge Plager concurring and proposing that a better solution would be for the Court to adopt an equity based standard for its application of the doctrine of equivalents); *Id.*, at 595-98 (Circuit Judge Lourie concurring and reasoning that the increased possibility of copiers stealing the “essence of an invention” is outweighed by the encouragement of innovation and diminishment of unnecessary litigation).
²⁴ *Festo Corp.*, 234 F.3d at 598-619 (Circuit Judge Michel dissenting and stating that the majority’s complete bar approach “upsets the Supreme Court’s balance between the competing needs of sufficient public notice and

meaningful patent protection”); *Id.* at 619-20 (Circuit Judge Rader dissenting and joining in the opinions of Circuit Judges Michel and Linn); *Id.* at 620-30 (Circuit Judge Linn dissenting and arguing that the complete bar places the increased costs of the patent prosecution process on those least able to bear them); *Id.* at 630-642 (Circuit Judge Newman dissenting and noting that the complete bar heavily favors the imitator over the inventor).

²⁵ See, e.g., *Bose Corp. v. JBL, Inc.*, 274 F.3d 1354, 1359-1360 (Fed. Cir. 2001) (affirming district court’s finding of infringement by equivalents because the claim amendment did not narrow the claim); *Interactive Pictures Corp. v. Infinite Pictures, Inc.*, 274 F.3d 1371, 1378 (Fed. Cir. 2001) (affirming district court’s finding of infringement by equivalents because the claim amendment did not narrow the claim and citing *Turbo Care Div. Of Demag Delaval Turbomach Corp. v. Gen. Elec. Co.*, 264 F.3d 1111, 1125-26 (Fed. Cir. 2001) as support for its affirmation); *Intermatic Inc. v. Lamson & Sessions, Co.*, 273 F.3d 1355, 1366-67 (Fed. Cir. 2001) (affirming district court’s finding that patent holder had no range of equivalents because the arguments made to distinguish prior art during reexamination proceedings are retroactively applied to limit the scope of a claim limitation as of the issue date of the patent).

²⁶ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 533 U.S. 915 (2001).

²⁷ Official Transcript Proceedings Before the Supreme Court of the United States for Case No. 00-1543 (Jan. 8, 2002), 2002 WL 22010, at pg. 1, line 10.

²⁸ See, e.g., Brief of Litton Sys., Inc. as Amicus Curie in Support of Petitioner at 2001 WL 10026891; Brief of American Bar Association as Amicus Curie in Support of Petitioner at 2001 WL 1024048; Brief of Bose Corp. as Amicus Curie in Support of Petitioner at 2001 WL 1040335; Brief of Chiron Corp. as Amicus Curie in Support of Petitioner at 2001 WL 1025109; Brief of Genentech as Amicus Curie in Support of Respondents at 2001 WL 1480572; Brief of Consumer Project on Technology as Amicus Curie in Support of Respondents at 2001 WL 1397746; Brief of Intel Corp., Cypress Semiconductor Corp., and United Tech. Corp. as Amicus Curie in Support of Respondents at 2001 1576083; Brief of Medimmune, Inc. as Amicus Curie in Support of Respondents at 2001 WL 1548693.

²⁹ Official Transcript Proceedings Before the Supreme Court of the United States for Case No. 00-1543 (Jan. 8, 2002), 2002 WL 22010, at pg. 3, lines 14-19.

³⁰ *Id.* at pg. 48, lines 12-14.

³¹ *Id.* at pg. 49, lines 2-4.

³² *Id.* at pg. 2, lines 6-7.

³³ *Id.* at pg. 24, lines 1-5.

³⁴ *Id.* at pg. 26, lines 6-9, 11-14.

³⁵ *Id.* at pg. 45, lines 7-25; pg. 46, lines 1-22.

³⁶ *Id.* at pg. 35, lines 21-24.

³⁷ Melvin C. Garner, Robert B. Levy, and Martin Pfeffer, *Advanced Claim Drafting and Amendment Writing Workshop for Electronics and Computer-Related Subject Matter*, 682 PLI/PAT 25, 152 (Dec. 10, 2001).

³⁸ *Id.* at 153.

³⁹ John L. Welsh, *Searching – To Find Art*, 667 PLI/PAT 71, 89 (Nov. 1, 2001).

⁴⁰ *Id.*

⁴¹ *Id.* at 90.