

PATENT LAW

The Latest 'Festo' Ruling

NEARLY 150 YEARS ago, the U.S. Supreme Court decided the landmark patent case of *Winans v. Denmead*, 56 U.S. (15 How.) 330 (1854). Plaintiff Ross Winans held a patent on a revolutionary railroad car with a conical body that could carry three times the weight of coal that could be carried by a conventional car. The defendants' cars, although using similar principles of construction, were octagonal, while the plaintiff's were cylindrical. Nevertheless, the court held, 5-4, that the patent had been infringed: Even though the defendants had not literally practiced the invention, their product was an equivalent of the plaintiff's conical car. For the first time, the Supreme Court had authoritatively recognized the doctrine of equivalents in patent law.

As the court said about the doctrine last year (this time unanimously), "[i]f patents were always interpreted by their literal terms, their value would be greatly diminished. Unimportant and insubstantial substitutes for certain elements could defeat the patent, and its value to inventors could be destroyed by simple acts of copying." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co. Ltd.*, 535 U.S. 722, 731 (2002).

Beginning with the 1854 dissent in *Winans*, there has been fierce debate between those who believe that a robust doctrine of equivalents is necessary to protect patentholders against "copyists," and critics who say

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the doctrine makes it impossible for the public to determine just what is covered by a patent. One rule that has emerged to limit and make more predictable the doctrine of equivalents is prosecution history estoppel, under which a patentee is barred from claiming as an equivalent any subject matter that is abandoned when a patent claim is narrowed by amendment.

Because patents are frequently amended before the claims issue, prosecution history estoppel is often of crucial importance. This column considers an extraordinary trio of decisions written by the Supreme Court and the en banc U.S. Court of Appeals for the Federal Circuit in the *Festo* litigation, the last of them issued on Sept. 26, which have recast the rules of prosecution history estoppel.

What is considered to be an equivalent?

The unease engendered by the doctrine of equivalents stems in large part from the inability of the courts to articulate a clear test to determine when something will be considered the equivalent of a claimed element. The ultimate test considers whether the differences between the claim limitation

and an element in the accused product are "insubstantial" to one of ordinary skill in the art." *Eagle Comtronics Inc. v. Arrow Communication Labs. Inc.*, 305 F.3d 1303, 1315 (Fed. Cir. 2002). The Supreme Court has deferred to the Federal Circuit, observing that "we see no purpose...in micromanaging the Federal Circuit's particular word choice for analyzing equivalence."

It was against that background that the en banc Federal Circuit issued the first of its rulings in the *Festo* cases in 2000. 234 F.3d 558 (Fed. Cir. 2000). At the time, the prevailing standard for prosecution history estoppel was the "flexible bar," which required case-by-case analysis to determine whether, and how broadly, estoppel would be applied. That approach, declared the en banc majority, had proven "unworkable," making it "virtually impossible to predict before the decision on appeal where the line of surrender is drawn." *Id.* at 575. The court's remedy was radical, reflecting its skepticism about the doctrine of equivalents itself: The court held that whenever an amendment "narrowed the scope of a claim for a reason related to patentability," a "complete bar" would apply, prohibiting any application of the doctrine of equivalents. *Id.* at 574.

The Supreme Court granted certiorari, and, in a 2002 opinion, took a quite different view. That opinion reaffirmed the court's commitment to a robust doctrine of equivalents, emphasizing that "a patent protects its holder against efforts of copyists to evade liability for infringement by making only insubstantial changes to a patented invention." But it also recognized that "prosecution history estoppel ensures that the doctrine of equivalents remains tied to its underlying purpose." 535 U.S. at 727, 734.

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The Supreme Court agreed with the Federal Circuit that “a narrowing amendment made to satisfy any requirement of the Patent Act may give rise to an estoppel”—rejecting the view that only amendments aimed at overcoming prior art create estoppel. Thus, even amendments made simply to clarify ambiguities may generate an estoppel if they narrow the claims. But the court refused to endorse the Federal Circuit’s complete bar.

Instead, the court established a “presumption” that a narrowing amendment is a “general disclaimer of the territory between the original claim and the amended claim.” But the court also identified “some cases where the amendment cannot reasonably be viewed as surrendering a particular equivalent. The equivalent may have been unforeseeable at the time of the application; the rationale for the amendment may bear no more than a tangential relation to the equivalent in question; or there may be some other reason suggesting that the patentee could not reasonably be expected to have described the insubstantial substitute in question.” The “patentee must show that at the time of the amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.” *Id.* at 740, 741. The court remanded to the Federal Circuit for review under that standard.

Rather than simply deciding the case on its facts, the Federal Circuit met en banc to reconsider the entire landscape of prosecution history estoppel. 344 F.3d 1359 (2003). As an initial matter, it determined that estoppel is an issue of law for the district court. The court then outlined the steps in an estoppel analysis. The first step is to decide whether an amendment has narrowed the literal scope of a claim. If so, the court must determine whether the amendment was made for a substantial reason relating to patentability.

When the file history doesn’t show why the amendment was made, it is presumed to relate to patentability. The patentee may attempt to rebut that presumption, but is limited to evidence in the prosecution history record. If a narrowing amendment was made for a purpose relating to patentability, the patentee is then presumed to have surrendered everything between the original and amended claims (but not matter outside the

original claim).

That presumption, in turn, may be rebutted. Here the Federal Circuit added its gloss on the Supreme Court’s opinion. As noted above, the Supreme Court had identified “some cases”—three in number—in which the amendment would not be deemed to surrender claims to a particular equivalent. Rather than treat these as mere examples of cases in which “one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent,” however, the Federal Circuit apparently considered

■ **A majority of the Federal Circuit now will likely apply prosecution history estoppel vigorously to limit the doctrine of equivalents.** ■

them to be the only ways in which the presumption can be rebutted. It then set out “general guidance” for the application of those three “rebuttal criteria.”

■ **The three rebuttal criteria under the ‘Festo’ decision** ■

The first criterion requires the patentee to show that the alleged equivalent would have been “unforeseeable at the time of the amendment.” This is an “objective inquiry,” focusing on the knowledge of one skilled in the art at the time of the amendment. Not surprisingly, technology developed after the amendment will “usually” be unforeseeable; old technology usually will be foreseeable. On this issue, a trial court “may hear expert testimony and consider other extrinsic evidence relating to the relevant factual inquiries.” *Id.* at 1369.

The second criterion asks whether the amendment had no more than a “tangential”

relation to the equivalent in question. Here, the Federal Circuit provided little guidance. It simply pointed to dictionary definitions of “tangential,” finding that “this criterion asks whether the reason for the narrowing amendment was peripheral, or not directly relevant, to the alleged equivalent.” *Id.* It also observed that amendments to “avoid prior art that contains the equivalent” will not be tangential. The inquiry under this criterion will be limited, the court held, to the prosecution history.

The third, catchall criterion allows the patentee to show “some other reason” why he could “not reasonably be expected to have described” the equivalent in the amended claim. This category, “while vague, must be a narrow one”—the court is clearly uncomfortable with the notion of an open-ended inquiry on estoppel. It may be satisfied “when there was some reason, such as the shortcomings of language, why the patentee was prevented from describing the alleged equivalent when it narrowed the claim.” *Id.* at 1370. It will not apply when the “alleged equivalent is in the prior art.” “When at all possible,” consideration of this criterion should be limited to the materials in the prosecution history.

After all this effort, has the doctrine of equivalents been made more predictable, or the law of prosecution history estoppel advanced? For now, it appears that a majority of the Federal Circuit will apply prosecution history estoppel vigorously to limit the doctrine of equivalents. Dissenting from the 2003 en banc opinion, Judge Pauline Newman accused the majority of “adopting a generous interpretation of the scope of surrender, and stinginess toward its rebuttal, [creating] a framework...that few patentees can survive.” *Id.* at 1385. It is likely that, just as courts hold *Markman* hearings to rule on claim construction, equivalents cases will feature *Festo* hearings to decide on estoppel. Only time will tell whether the *Festo* criteria will clarify the law, or just begin a new phase of its development.

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