

REPORT

THE SUPREME COURT'S DECISION IN FESTO

June 20, 2002

On May 28, the U.S. Supreme Court issued its long-awaited decision in Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.,¹ vacating the landmark 2000 decision of the Court of Appeals for the Federal Circuit and remanding for further proceedings. The Supreme Court agreed with the Federal Circuit that prosecution history estoppel may apply to any narrowing amendments, including amendments made for compliance with the requirements of 35 U.S.C. §112, and that unexplained narrowing amendments should completely bar application of the doctrine of equivalents. However, the Court rejected the Federal Circuit's automatic, absolute bar against application of the doctrine of equivalents resulting from any type of narrowing amendment.

Acknowledging the delicate balance between (1) the public's need to know with certainty the boundaries of a patentee's property right and (2) the patentee's need for protection against simple acts of copying, the Supreme Court found that "literalism," i.e., the complete bar on application of the doctrine of equivalents, fails adequately to protect inventors.

In contrast with the Federal Circuit's irrebuttable "absolute bar" standard, the Supreme Court has created a presumption that a narrowing amendment surrendered all of the territory between the original claim and the amended claim--i.e., a presumption that equivalents to the narrowed claim element are barred. The Supreme Court has squarely placed the burden on the patentee to overcome that presumption by showing that a narrowing amendment does not surrender the particular equivalent in question. To do so, 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.

This Special Report identifies some key points of the Supreme Court's decision, and outlines measures that

should be considered during preparation and prosecution of patent applications in light of the decision.

I. Overview

In its 2000 decision in Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.,² the Federal Circuit addressed and answered four questions. The Supreme Court's decision does not separately address each question in turn, but it does give either explicit or implicit indications of the Supreme Court's position on each question. For convenience, the four questions and the Federal Circuit's answers are listed below, along with the Supreme Court's express or implied holding on each question.

Question 1: For the purposes of determining whether an amendment to a claim creates prosecution history estoppel, is "a substantial reason related to patentability" limited to those amendments made to overcome prior art under §102 and §103, or does "patentability" mean any reason affecting the issuance of a patent?

Federal Circuit: Any narrowing amendment made for any reason related to the statutory requirements for a patent (e.g., 35 U.S.C. §§101, 102, 103 or 112) will give rise to prosecution history estoppel with respect to the amended claim element.

Supreme Court: Agreed that any narrowing amendment made for any reason related to the statutory requirements for a patent may give rise to an estoppel, and indeed even some amendments whose purpose is unrelated to patentability may require resort to the estoppel doctrine.

Question 2: Under Warner-Jenkinson,³ should a "voluntary" claim amendment—one not

¹ 535 U.S. ____, 62 USPQ2d 1705 (2002).

² 234 F.3d 558, 56 USPQ2d 1865 (Fed. Cir. 2000) (en banc).

³ Warner-Jenkinson Co., v. Hilton Davis Chemical Co., 117 S.Ct. 1040, 41 USPQ2d 1865 (1997).

June 20, 2002

required by the examiner or made in response to a rejection by an examiner for a stated reason—create prosecution history estoppel?

Federal Circuit: Yes.

Supreme Court: Implied that an estoppel may apply.

Question 3: If a claim amendment creates prosecution history estoppel, what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?

Federal Circuit: No range of equivalents is available.

Supreme Court: Some range of equivalents might be available if a contrary presumption is overcome.

Question 4: When no explanation for a narrowing claim amendment is established, thus invoking the presumption of prosecution history estoppel under Warner-Jenkinson, what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?

Federal Circuit: No range of equivalents is available.

Supreme Court: Agreed, consistent with Warner-Jenkinson, that no range of equivalents is available.

II. Key Points of the Supreme Court's Decision

Some key points of the Supreme Court's decision are discussed below.

A. Adherence to Precedent

The Supreme Court, citing its own decision in Warner-Jenkinson, stated that the doctrine of equivalents and the rule of prosecution history estoppel are settled law. The Court chastised the Federal Circuit for "ignor[ing] the guidance of Warner-Jenkinson, which instructed that courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community" (62 USPQ2d at 1713). The Court cited Judge Michel's dissent in the Federal Circuit's Festo decision, which pointed out how the complete bar established by Festo required the Federal Circuit to disregard eight prior Supreme Court decisions, as well as more than fifty of its own cases. The Court further noted that "[f]undamental alterations in [the] rules risk destroying the legitimate expectations of inventors in their property.... Inventors who amended their claims under the previous regime had no reason to believe they were conceding all equivalents. If they had known, they might have appealed the rejection instead. There is no justification for applying a new and more robust estoppel to

those who relied on prior doctrine" (62 USPQ2d at 1713). The Supreme Court reiterated its position, set forth in Warner-Jenkinson, that if any change is to be made in the law, it must be Congress, not the courts, that effects the change.

B. The Imperfect Nature of Language

A recurring theme in the Supreme Court's decision is that language is inherently imperfect, and that it is therefore "impossible to capture the essence of a thing in a patent application.... The language in the patent claims may not capture every nuance of the invention or describe with complete precision the range of its novelty" (62 USPQ2d at 1709-1710). Citing Autogiro Co. of America v. United States,⁴ the Court stated,

An invention exists most importantly as a tangible structure or a series of drawings. A verbal portrayal is usually an afterthought written to satisfy the requirements of patent law. This conversion of machine to words allows for unintended idea gaps which cannot be satisfactorily filled. Often the invention is novel and the words do not exist to describe it.... Things are not made for the sake of words, but words for things (62 USPQ2d at 1710).

The Court views the doctrine of equivalents as necessary to counteract the alleged inability of language to fully describe an invention.

C. The Burden Is On The Patentee

The Court held that a patentee may be expected to draft claims covering all readily known equivalents. Thus the patentee's decision to narrow the claims through amendment generally can be presumed to be a disclaimer of all territory between the original claim and the amended claim (62 USPQ2d at 1713). The patentee bears the burden of showing that an amendment cannot "reasonably" be viewed as surrendering the particular equivalent in question. The patentee is charged with foreknowledge that the interpretation of a patent begins with its literal claims, and that the prosecution history is relevant in construing those claims. Courts may therefore presume that amended text was composed with awareness of this rule, and that territory surrendered is not an equivalent of the territory claimed (62 USPQ2d at 1713).

D. The Reasonableness of Applying an Estoppel Must Be Rebutted To Overcome the Presumption

The Court noted that there are some cases in which the presumption can be rebutted. Specifically, the Court

⁴ 384 F.2d 391, 155 USQP 697 (Ct. Cl. 1967).

June 20, 2002

held that to rebut the presumption, "[1]The patentee must show that [2] at the time of the amendment [3] one skilled in the art [4] could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent" (62 USPQ2d at 1714, emphasis added).

1. The Patentee Must Make the Showing

The burden has always been on the patentee to establish infringement, either literally or under the doctrine of equivalents, by a preponderance of the evidence. The alleged infringer may raise the defense of prosecution history estoppel with respect to a given claim element, if the patentee narrowed (or made limiting statements regarding) that element during prosecution. Once the existence of an estoppel is established, however, there has been no clear rule as to who must prove the scope of that estoppel.

Warner-Jenkinson established a presumption of the existence of an estoppel resulting from an amendment, which the patentee may rebut by showing that the amendment was unrelated to patentability, but did not make clear which party, if either, bore the burden of proving the scope of the estoppel. Under the Federal Circuit's Festo decision, the question of scope of estoppel became irrelevant, as any estoppel caused by a narrowing amendment automatically resulted in a complete bar against the application of the doctrine of equivalents. Under the Supreme Court's Festo decision, as under Warner-Jenkinson, a presumption of the existence of an estoppel results from a narrowing amendment. Now, however, the patentee further has the burden of proof as to the scope of the estoppel. Specifically, the patentee bears the burden of proving that it would be unreasonable to apply the estoppel to the equivalent in question.

2. The Time At Which the Amendment Was Made

The Supreme Court's decision mentions two important points of a patent applicant's knowledge, or potential knowledge, relating to potential equivalents—the time of the application, and the time of the amendment. A patent applicant is expected to draft original claims literally covering all "readily known" substitutes of the claimed features of an invention at the time the application is filed (62 USPQ2d at 1713). When amending the claims, the applicant is expected to try to retain literal coverage of all known substitutes that do not need to be surrendered for patentability. The test for equivalence focuses on the time the amendment was made, rather than the time the application was filed. Thus it may be inferred from the Supreme Court's decision that the patentee is expected to, at the time of amendment, try to procure literal coverage even

of substitutes that were not known at the time of filing, but have become known since the time of filing.

3. One Skilled In the Art

To overcome the presumption of an estoppel resulting from an amendment, the patentee must show that at the time of the amendment, one skilled in the art could not reasonably have been expected to have drafted a claim that would have literally encompassed the alleged equivalent. Knowledge of an equivalent by those skilled in the art does not necessitate that any specific inventor (or the inventor's patent attorney) also knew of the equivalent, or could reasonably be expected to have known of it. However, it appears that ignorance of an equivalent by the inventor or the attorney may be excused, if the patentee can prove that "one skilled in the art" also did not know of the equivalent.

To determine what equivalents were known in the art at the time of the application and/or at the time of an amendment, the courts will likely rely on extrinsic evidence, such as evidence showing what alternatives were known and accepted in the relevant art and, and the level of education and/or sophistication of those skilled in the art. Thus, patentees will likely be allowed to produce expert testimony or other evidence to show that an asserted equivalent was not known in the relevant art. However, defendants would also be allowed to produce their own expert testimony to the contrary.

4. Standard of Reasonableness

As non-limiting examples of showings by the patentee that one skilled in the art could not reasonably be expected to have claimed the insubstantial substitute in question, the Court suggested showings that [1] the equivalent was unforeseeable at the time of the amendment (62 USPQ2d at 1712), [2] the equivalent was unforeseeable at the time of the application (62 USPQ2d at 1714); or [3] the rationale underlying the amendment bears no more than a tangential relation to the equivalent in question (62 USPQ at 1714). The Court expressly stated, however, that there also "may be some other reason suggesting that the patentee could not reasonably be expected to have described the insubstantial substitute in question" (62 USPQ2d at 1714).

Knowledge of an alleged equivalent is not necessarily synonymous with being able to draft a claim that would have literally encompassed the alleged equivalent. Thus, it may not be sufficient merely to establish that those skilled in the art did not know of the alleged equivalent. For example, if a patent applicant surrendered much more territory than was necessary to define over a prior art reference, and it is obvious that

June 20, 2002

several different types of amendments would have surrendered far less territory, without surrendering the equivalent in question, it may not suffice to simply show that one skilled in the art did not know of the alleged equivalent at the time of the amendment.

Conversely, even if those skilled in the art knew of the alleged equivalent, there might be situations in which it is nonetheless possible to prove that they could not reasonably have been expected to have drafted a claim that would have literally encompassed the alleged equivalent. For example, if the as-filed specification did not support language that would literally cover the alleged equivalent while defining over the prior art, then one skilled in the art might not reasonably have been expected to have drafted a claim that would have literally encompassed the alleged equivalent.

a. Unforeseeability

The Court, while giving little guidance as to what may establish unforeseeability, does suggest situations in which unforeseeability may not be established. Specifically,

[t]he doctrine of equivalents is premised on the language's inability to capture the essence of the innovation, but a prior application describing the precise element at issue undercuts that premise. In that instance the prosecution history has established that the inventor turned his attention to the subject matter in question, knew the words for both the broader and narrower claim, and affirmatively chose the latter (62 USPQ2d at 1711).

In referring to a "prior application," the Court appears to be referring to the original, unamended application.

Thus, if a purported equivalent is clearly or explicitly identified in the original application such that there is no doubt that the applicant was aware of the existence of the purported equivalent, then the purported equivalent clearly was foreseeable. Therefore, for example, in a situation such as that in the recent Federal Circuit decision in Johnson & Johnston Associates Inc. v. R.E. Service Co.,⁵ in which an alternative specifically disclosed in the specification was not covered by the issued claims, it seems clear that no reasonable argument can be made that the disclosed, but

unclaimed, alternative is an equivalent that was unforeseeable.⁶

On the other hand, although the Court does not specifically cite the example of "after-arising technologies," i.e., technologies arising after a patent has issued, it seems clear that equivalents that come into existence through such after-arising technologies would generally be considered "unforeseeable."⁷

⁶ In Johnson & Johnston, Judge Rader wrote a concurring opinion suggesting that a "foreseeability" test be used for determining whether to allow application of the doctrine of equivalents, and asserting that this concept already existed in several previous Federal Circuit decisions. Judge Lourie wrote a separate opinion for the sole purpose of arguing against Judge Rader's proposed test. Specifically, Judge Lourie argued that a foreseeability test would introduce too many new fact issues, and was very closely related to obviousness. Thus, the foreseeability test would potentially place the alleged infringer in the awkward, counterintuitive position of arguing that the alleged equivalent was obvious, and place the patentee in the awkward, counterintuitive position of arguing that the alleged equivalent was not obvious.

⁷ There is an ironic contrast in the way amended and unamended elements are treated. In Hilton Davis Chemical v. Warner-Jenkinson Co., 62 F.3d 1512, 35 USPQ2d 1641 (Fed. Cir. 1995) and earlier cases, the Federal Circuit established that equivalence is determined as of the time of the alleged infringement. One of the factors considered in determining equivalence is whether, at the time of the alleged infringement, the alleged equivalent was known by those skilled in the art. Knowledge of the equivalence by those skilled in the art weighs in favor of allowing application of the doctrine of equivalents. By implication, and from implicit and explicit holdings in other cases, knowledge of an alleged equivalent by those skilled in the art at the time of filing the application, or at any time between the filing and the alleged infringement, including the time of any amendments and the time of issuance of the patent, also weighs in favor of allowing application of the doctrine of equivalents. The Supreme Court upheld this approach in Warner-Jenkinson. Thus, for unamended claim elements for which equivalents are later asserted, it is advantageous to the patentee if the alleged equivalent was known at the time of the application and/or issuance of the patent. For amended claim elements for which equivalents are asserted, however, under the Supreme Court's Festo decision, it is clearly advantageous to the patentee if the alleged equivalent was not known before the patent issued, since it would be easier to establish unforeseeability of the

⁵ ___ F.3d ___, 62 USPQ2d 1225 (Fed. Cir. 2002) (en banc).

June 20, 2002

The Supreme Court's decision mentions two important points of unforeseeability. First, the Court states that "[t]here is no reason why a narrowing amendment should be deemed to relinquish equivalents unforeseeable at the time of the amendment and beyond a fair interpretation of what was surrendered" (62 USPQ2d at 1712, emphasis added). Second, the Court states that "[t]here are some cases, however, where the amendment cannot reasonably be viewed as surrendering a particular equivalent. The equivalent may have been unforeseeable at the time of the application..." (62 USPQ2d at 1714, emphasis added). Although the main thrust of the Court's decision seems focused on the time of the amendment, it is important to note the distinction between the time of the application (i.e., the time of filing) and the time of the amendment.

For example, an equivalent may be unforeseeable at the time an application is filed, but become known, or at least foreseeable, during prosecution. In such a case, the applicant may, at the time of amendment, focus on the equivalent and draft claim language to literally cover it, but only if the as-filed application supports such claim language. The fact that the equivalent was unforeseeable at the time of filing may make it unreasonable to expect that one skilled in the art could later draft a claim literally covering the equivalent, since the application would not contain a description of the equivalent.

However, in such a situation, if the applicant is unable to literally cover the equivalent, the burden on the applicant may be very high to show that no language was available within the parameters of the as-filed application that could have literally covered the equivalent. The prospect that, in the future, a properly motivated adversary will be able to find the words that the applicant could not, and thereby successfully rebut an assertion of unforeseeability, will always remain.

b. Tangential Relation

The Court does not give specific examples of what may constitute a "tangential relation" to an alleged equivalent. However, one example might be found in Warner-Jenkinson, in which both ends of a range were narrowed, but the narrowing of only one of the ends of the range was necessary to distinguish over applied prior art. Thus, it could be argued that the narrowing of the non-critical end had only a "tangential relation" to an equivalent having a value near, but outside, the narrowed, non-critical end of the range.

alleged equivalent and, hence, to prove that one skilled in the art could not reasonably be expected to have literally claimed it.

Since the Court gives no actual example of what a "tangential relation" may be, the door is left open to various possible effective arguments that a given equivalent only bears a "tangential relation" to an amendment. On the other hand, no "foolproof" type of argument for establishing such a relation is suggested.

III. Questions Arising From the Supreme Court's Decision

A. What Is the Scope Of a Presumption Of Estoppel Relating To Alleged Equivalents Outside the Literal Scope of Any Original Claim?

When an alleged equivalent A' of claim element A falls between the literal scopes of the original and amended claims, then a presumption of estoppel applies and the patentee must rebut this presumption. However, what if the alleged equivalent A' is outside of the scope of any original claim? Although an estoppel clearly might apply, it is not clear whether an automatic presumption of estoppel will apply.

B. How can "unforeseeability" be established?

To show that one skilled in the art could not reasonably be expected to have claimed the insubstantial substitute in question, some of the most important types of evidence will be those that establish that the alleged equivalent was unforeseeable at the time of the amendment and/or unforeseeable at the time of the application. As stated above, it seems clear that equivalents arising from after-arising technologies are generally unforeseeable, while "equivalents" that are described in the application, but not claimed, are not unforeseeable. However, the "middle ground" is less clear.

Ultimately, it seems that after-arising technologies may be the only area in which unforeseeability can be predictably established. For any other area, the burden on the patentee to show unforeseeability may be very heavy.

IV. The Status of Dependent Claims

One of the questions arising from the Federal Circuit's Festo decision involved the status of dependent claims--i.e., if an amendment merely places an allowable dependent claim in independent form, is this considered a "narrowing" amendment? Several post-Festo cases (e.g., Insituform Technologies Inc. v. Cat Contracting Inc.⁸ and Glaxo Group Ltd. v. Ranbaxy Pharmaceuticals, Inc.⁹) appeared to answer this question by holding that amendments relying on dependent claim features are

⁸ 58 USPQ2d 392 (Fed. Cir. 2001) (unpublished).

⁹ 262 F.3d 1333, 59 USPQ2d 1950 (Fed. Cir. 2001).

June 20, 2002

narrowing amendments, but at least one post-Festo case (Bose Corporation v. JBL, Inc. and Infinity Systems Corporation¹⁰) held that such amendments are not narrowing amendments.

The Supreme Court's decision seems to answer this question with a statement that "[w]here the original application once embraced the purported equivalent but the patentee narrowed his claims to obtain the patent or to protect its validity, the patentee cannot assert that he lacked the words to describe the subject matter in question" (62 USPQ2d at 1711, emphasis added). Thus, rather than focusing only on a single claim as in the Federal Circuit's Festo decision, the Supreme Court broadens the analysis to "the claims." From this statement, a presumption of estoppel applies to the entire range between the broader original claims and the narrower patented claims. However, in contrast to the Federal Circuit's holdings, this presumption is now a rebuttable presumption.

V. Recommendations

While many of the harsh effects of the Federal Circuit's Festo decision appear to have been softened by the Supreme Court's decision, it would be unwise to relax the increased emphasis on careful patent preparation and prosecution that has developed in the wake of Festo. We suspect that the Federal Circuit will strongly enforce the presumption that an estoppel applies. We thus reiterate several principles of effective patent prosecution that we have long advocated, including:

(1) All parts of patent preparation and prosecution are important, and it is unwise to focus only on the claims. Specifications should be drafted to include explicit examples of as many equivalents as possible, and care should be taken that all such equivalents fall within the literal scope of the claims. Specifications should also describe the invention in varying degrees of generality (e.g., very general, somewhat specific, and more specific) to support claims of varying breadth and minimally narrowing amendments. Drawings should be added as necessary to explain alternatives.

(2) Amendments should make the least possible narrowing changes in claim scope. For example, consideration should be given to whether a lesser narrowing is possible before merely accepting an allowed dependent claim.

(3) Examiner interviews should be used extensively to attempt to reach agreement without making amendments and/or extensive arguments on the record.

The interviewing attorney should try to control the Interview Summary prepared by the Examiner to ensure that it does not include potentially damaging statements, and only includes helpful statements.

(4) Unnecessary elements should be eliminated from independent claims, both during patent drafting and when responding to Office Actions. For example, if an amendment adding an element to a claim does not result in allowance, consider deleting that element in a subsequent amendment. In addition, unnecessary arguments should not be made on the record.

(5) For important cases, keep at least one continuation application pending. This will provide an opportunity to obtain literally infringed claims if necessary.

Additionally, the following measures should now be considered or given renewed emphasis:

(6) Ensure that every amendment is explained, at least implicitly and preferably explicitly. Amendments made to overcome a prior art rejection should preferably be accompanied by a statement that the amendments are made to define over the applied prior art. This may help limit the scope of the estoppel to just the applied prior art, rather than having the estoppel apply to the entire literal range between the original and amended claims. Similarly, amendments made merely to comply with the requirements of 35 U.S.C. §112 should be characterized as such.

(7) When drafting applications, carefully consider whether all known substitutes have been described and covered by the literal wording of the claims. When reviewing an application in preparation for response to an Office Action, and preferably also at the time of paying the Issue Fee, determine whether any substitutes are now known, that are not covered by the claims. If there is any such new substitute, if possible, draft claims, supported by the specification, literally covering the new substitute.

If it is not possible to literally cover the new substitute, consider filing a new or Continuation-In-Part application describing and literally claiming the new substitute.

(8) Traverse incorrect Patent Office rejections before narrowing the claims, even if only §112 rejections are involved. Consider appeal, rather than amendment, when an Examiner will not withdraw an unreasonable rejection.

VI. Conclusion

As always, patent applicants and their patent attorneys must ensure that patent specifications are as complete and clearly written as possible, and must be

¹⁰ 274 F.3d 1354, 61 USPQ2d 1216 (Fed. Cir. 2001).

June 20, 2002

vigilant against potential infringements throughout preparation and prosecution of patent applications. The availability of a given equivalent is still uncertain, and thus the principles and practices for obtaining broad literal claim scope are as applicable and important as ever.

* * * * *

Oliff & Berridge, PLC is a full-service Intellectual Property law firm based in historic Alexandria, Virginia. The firm specializes in patent, copyright, trademark, and antitrust law and litigation, and represents a large and diverse group of domestic and international clients, including businesses ranging from large multinational corporations to small privately owned companies, major universities, and individual entrepreneurs.

This Special Report is intended to provide information about legal issues of current interest. It is not intended as legal advice and does not constitute an opinion of Oliff & Berridge, PLC. Readers should seek the advice of professional counsel before acting upon any of the information contained herein.

For further information, please contact us by telephone at (703) 836-6400, facsimile at (703) 836-2787, e-mail at commcenter@oliff.com or mail at 277 South Washington Street, Suite 500, Alexandria, Virginia 22314. Information about our firm can also be found on our web site, www.oliff.com.