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Infringement

FESTO DOCTRINE APPLIES TO ALL CASES 'STILL OPEN ON DIRECT REVIEW'

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WASHINGTON, D.C. -- Issues that are "still open on direct review" involving infringement by equivalents must be interpreted in light of last year's **Festo** decision outlining the applicability of that doctrine even if issues regarding prosecution history estoppel and equivalents infringement have been decided, the Federal Circuit held in an unpublished March 26 opinion (Insituform Technologies Inc., et al. v. Cat Contracting Inc., et al., Nos. 99-1584, 00-1005, Fed. Cir.).

The court said that neither res judicata nor the law of the case doctrine prevented applying **Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd. (234 F.3d 558** [Fed. Cir. 2000]; See 12/18/00, Page 4) to reverse a finding that Cat Contracting Inc. and related parties had infringed a patent owned by Insituform Technologies Inc. under the doctrine of equivalents. In **Festo,** the court held, among other things, that once prosecution history estoppel by amendment is found, all equivalent subject matter is surrendered.

(Opinion in Section N. Document #16-010402-017Z.)

The Patent

The patent discloses a process for repairing damaged pipelines and passageways without removing them from the ground by installing a liner into the damaged pipe. The claim at issue involves impregnating a flexible tube liner with resin before insertion of the liner into the damaged pipe by cutting a window in an outer impermeable film, applying a vacuum cup to it and using the vacuum to insert the resin.

Insituform initially alleged infringement by two processes practiced by the accused parties, one involving the use of four to six vacuum cups and the other involving the use of multiple needles to create the vacuum.

After the U.S. District Court for the Southern District of Texas found no literal infringement but found that both processes infringed by equivalents, the Federal Circuit, applying its precedent of the time, remanded for reconsideration of whether Insituform during prosecution had relinquished coverage of processes using multiple vacuum sources or a continuous vacuum (See 11/16/98, Page 11).

Remands

On remand, the lower court issued revised findings that both processes infringed by equivalents, and on a second appeal the Federal Circuit remanded again, finding substantial differences between the needle process and the claimed use of a single vacuum cup.

The lower court then recalculated the damage award and issued several rulings as to joinder of various parties to the suit and liability for infringement by inducement. The parties cross-appealed those holdings, but not the underlying finding on infringement.

On the third appeal, Insituform asserted that the issue of liability was decided previously and that the Federal Circuit may apply new law such as **Festo** only to issues properly presented for decision in an appeal before it -- meaning, in the present appeal, only the joinder, damages and inducement issues. Cat Contracting argued that **Festo** must be applied to all pending cases because it changed the law under which the previous decisions on infringement were made.

Full Retroactive Effect

The Federal Circuit said **Festo** must be given full retroactive effect in all cases open on direct review and as to all events, regardless of whether such events predate or postdate the announcement of the rule.

"Thus, even if we have already decided issues regarding prosecution history estoppel and infringement under the doctrine of equivalents in a previous decision, if those issues are still open on direct review, we must apply the holdings of **Festo,**" the panel said.

The court said Insituform is correct that a final judgment is binding under the doctrine of res judicata and that a final judgment was entered by the District Court before the **Festo** decision.

"However, that final judgment is still open and before us for review in this appeal," and the holdings in **Festo** must be applied, it said.

Further, the Federal Circuit said its earlier decisions in the case were not final because both remanded the case to the district court and thus cannot be given res judicata effect.

Law Of The Case Doctrine

It added that though the law of the case doctrine generally prohibits a court from revisiting an issue after it has been decided in a pending litigation, that doctrine is not a limitation on a court's judicial power but rather "is a doctrine that

directs a court's discretion to revisit issues." A change in the controlling authority is a well-established exception to the doctrine, and **Festo** "represents an intervening change in controlling authority," said the opinion.

"The law of the case doctrine does not apply because **Festo** was an intervening decision that changed the law upon which the district court relied and the law upon which we relied" in the earlier opinions, the court said.

The panel held that the changes Insituform made during prosecution narrowed the original claims for reasons of patentability by limiting the number of vacuums to be used and that, under **Festo,** Insituform cannot assert any range of equivalents for that limitation.

It reversed the judgment of liability and damages and dismissed as moot the cross-appeals involving joinder and inducement.

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