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THE VALUE OF QUALITY PATENT PREPARATION AND PROSECUTION INCREASES UNDER **FESTO**

Bruce J. Rose, John A. Wasleff, J. Scott Anderson [FNa1]

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In a recent en banc decision in **Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.**, [FN1] the Federal Circuit placed strict limitations on the application of the doctrine of equivalents in a claim for patent infringement and increased the effect of amendments made to patent claims during the prosecution process. The decision highlights the necessity and value of well- crafted patents.

Patent Infringement Under the Doctrine of Equivalents

No one can anticipate fully, while prosecuting a patent application, what competitive products will appear later in the marketplace to exploit the patented invention. Moreover, competitors sometimes attempt to appropriate patented inventions by making insubstantial changes to the disclosed inventions. The doctrine of equivalents is intended to address these situations. The essence of the doctrine of equivalents is that a device or process that is not within the literal language of a patent claim can nevertheless infringe that claim if the differences between the invention as claimed and the accused device are insubstantial. [FN2] Substantial equivalency can be determined by evaluating whether the element in the accused device performs substantially the same function, in substantially the same way, to obtain substantially the same result as the element in the patent claim. [FN3]

There has always been a fundamental tension between the doctrine of equivalents and the idea that patent claims serve to put the public on notice of what it must do to avoid infringement of the patent. [FN4] More specifically, there is a concern that juries could run rampant with the doctrine and find infringement in a variety of cases that would have been difficult to predict. Therefore, the Federal Circuit sought to limit the reach of the doctrine of equivalents, so that many cases could be decided by the judge on summary judgment, or at least so that the public could predict whether a product or process infringes a patent claim. [FN5] Many of those doctrines were based on what prosecuting attorneys said or did while prosecuting the patent application in the PTO. These limitations on the reach of the doctrine of equivalents fall under the rubric of prosecution history estoppel.

In recent years, various panels of the Federal Circuit have debated whether an amendment to overcome a prior art rejection of a patent claim (e.g., by adding or limiting a claim element to distinguish the prior art) should completely bar application of the doctrine of equivalents as to that claim element, or whether some range of equivalents remained. [FN6] The **Festo** case settled that debate in a manner that few would have predicted. The **Festo** court held that any claim amendment for a reason substantially related to patentability, which narrows the scope of a claim, results in a complete bar to application of the doctrine of equivalents. The patentee is precluded from relying on the doctrine of equivalents with regard to the amended claim element.

Thus, inasmuch as the vast majority of the 1,200,000 active patents were amended at least once during their prosecution, the **Festo** decision has the potential to significantly narrow the scope of enforceability of those patents under the doctrine of equivalents, and ultimately to reduce the commercial value of a great many patent portfolios. Moreover, it places a premium on careful prosecution of future applications in order to obtain patent protection with minimal prosecution history estoppel.

The Patented Inventions in **Festo**

Both of the patents at issue in the **Festo** case are directed to magnetic, rodless cylinders composed of a piston, a cylinder, and a sleeve. The piston moves back and forth in response to air or hydraulic pressure in the cylinder. The sleeve is magnetically coupled to the cylinder and moves in tandem with the cylinder. The movement of the sleeve can then be used to move objects or operate limit switches.

One of the patent applications originally contained one independent and two dependent claims, all directed to a "linear motor." The independent claim included a means-plus-function element claiming "sealing means" at each end of the piston. One dependent claim specifically claimed sealing rings, and the other claimed a magnetisable material in the sleeve. The claims were not rejected on prior art grounds; rather, they were rejected on the dual bases: (1) that it was unclear whether the patentee was claiming a true motor or a magnetic clutch; and (2) that the dependent claims were in improper multiple dependent form. [FN7] In response to the rejection, the prosecuting attorney canceled the dependent claims and added an independent claim that incorporated the magnetisable sleeve and the two sealing rings.

The second patent was submitted for re-examination citing a German patent raised by the German examiner during prosecution of the foreign counter-part to the first patent. The claim submitted for re-examination added an element claiming "a pair of resilient sealing rings."

The accused devices contained neither a sleeve made of magnetisable material nor two sealing rings. Nevertheless, a jury found that they infringed the first patent under the doctrine of equivalents. The District Court granted summary judgment that the accused devices infringed the second patent under the doctrine of equivalents. The case ultimately came before the Federal Circuit sitting en banc. [FN8]

Federal Circuit Analysis

In addition to reviewing the merits of the case, the Federal Circuit requested additional briefing on four questions pertaining to the doctrine of equivalents:

1. For purposes of determining whether an amendment to a claim creates prosecution history estoppel, is "a substantial reason related to patentability" [FN9] 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?
2. Under Warner-Jenkinson, should a "voluntary" claim amendment-- one not required by the examiner or made in response to a rejection by an examiner for a stated reason--create prosecution history estoppel?
3. If a claim amendment creates 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?
4. When "no explanation [for a claim amendment] is established," [FN10] 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? [FN11]

The Federal Circuit then answered the questions in order.

1. A substantial reason related to patentability is not limited to overcoming prior art, but includes anything related to statutory requirements for a patent.
2. Voluntary amendments stand on the same footing as those required by the examiner.
3. Any amendment that narrows the scope of a claim automatically precludes any application of the doctrine of equivalents as to the amended claim element.
4. As the Supreme Court stated in its Warner-Jenkinson opinion, "unexplained amendments" also foreclose any recourse to the doctrine of equivalents.

These answers lead to a three-pronged inquiry that applies to any doctrine of equivalents analysis. First, a court must look to the intrinsic evidence of record (i.e., the patent claims, the specification, and the prosecution history) for an explanation of the reasons for any amendment of a given patent claim. If no reason can be ascertained from the intrinsic evidence, the amended element cannot be satisfied by an equivalent element. If the amendment is substantially related to patentability, the court must then assess whether the amendment narrowed the scope of the claim. If so, the claim element cannot be met by an accused product or process under the doctrine of equivalents--it must be satisfied literally. Only if the amendment is not a narrowing amendment, or if the reason for the amendment is not substantially related to patentability, can there be resort to the doctrine of equivalents. [FN12]

A reason substantially related to patentability is not limited to prior art rejections, but now "includes other reasons related to the statutory requirements for a patent." Apparently, these other reasons would include rejections for such things as lack of enablement and clear description under 35 U.S.C. 112. The basis for any amendment must appear in the intrinsic evidence, and cannot be established by any other evidence.

Implications

Unless reversed by the Supreme Court or by legislative enactment, the **Festo** opinion likely will curtail the availability of the doctrine of equivalents with respect to a sizeable majority of the 1,200,000 active patents in the United States. [FN13] Indeed, one dissenting judge in the **Festo** decision estimates that only 10-15 percent of patents are granted without amendment. [FN14] Consequently, the **Festo** decision has broad implications.

There are several reasons for the overwhelming number of amendments underlying issued patents. For instance, many patent applicants do not thoroughly search the prior art (and some conduct no prior art search at all) before filing their patent applications. This practice impairs an applicant's ability to draft original claims that avoid the prior art the examiner will find when evaluating the proposed patent claims.

Also, it has been a long-standing practice that the scope of claims granted is reached through negotiation with the PTO examiner. Sometimes, during negotiation, a prosecuting attorney will submit a nonsubstantive amendment in addition to an argument against the points raised by the examiner in the initial rejection. This tactic can be useful to appease the examiner, obtain a longer patent term (i.e., by obtaining faster issuance of a patent), and decrease the costs of prosecution. [FN15] Because of the duration of the appeals process and the risk that the appeals board will support the examiner, the quickest path to obtaining a patent has not always been through vigorous and protracted advocacy of the applicant's original claims.

The vast majority of the amendments entered during prosecution are made, either expressly or obviously, for reasons related to patentability and with the effect of narrowing the scope of a claim. Thus, should the patents ever be litigated, they are now likely to be precluded from any access to the doctrine of equivalents with respect to one or more claim elements. As a result, patent applicants would be well advised to rethink some of the existing strategies in obtaining patents and to place a greater emphasis on quality over quantity.

Unanswered Questions

While the **Festo** decision has not negated the doctrine of equivalents as upheld by the Supreme Court in Warner-Jenkinson, it has interpreted that case to reduce vastly the range of its application. In the wake of the **Festo** decision, patent litigation inquiries will likely concern whether an amendment is for "a substantial reason related to patentability," and what constitutes a "narrowing" amendment. There are various reasons for rejection of patent claims that go to technical drafting defects, such as improper multiple dependent claiming and lack of antecedent basis. [FN16] These rejections and the correcting amendments are related to patentability because the PTO will not grant a patent if they are not corrected. It is not clear whether these defects will trigger the "complete bar" announced by the Federal Circuit in **Festo**, although there is no basis in the **Festo** decision to assume otherwise. It is also far from clear what types of amendments might be considered unrelated to patentability.

Furthermore, it is not entirely clear what kinds of amendments can clearly be characterized as non-narrowing amendments. [FN17] Arguably, if the amendment causes the withdrawal of an examiner's prior art rejection, it is ipso facto a narrowing amendment, regardless of whether the actual changes demonstrably narrow the claim language. If the prosecuting attorney substitutes a synonym or an adjective, will the courts see it as a narrowing of the claim?

Conclusion

Now, more than ever, the commercial value of patents will be in direct proportion to the degree of care and expertise applied in prosecution. As a result of the **Festo** decision, it will be even more difficult to recover through litigation what has not been drafted into the patent in the first instance. In the aftermath of the Federal Circuit's decision, owners and licensees of existing patents must revisit the prosecution history of their patents to determine what was or was not given up during prosecution of their patent applications. Going forward, patent applicants will need to consider thorough prior art searches and carefully craft their applications in an effort to obtain the broadest claim scope possible while avoiding an initial rejection by the patent examiner. Prosecutors of pending applications will need to reconsider whether to make claim amendments that might previously have been considered minor, and instead stand firm on the original patent claims, perhaps through the appeals process.

FNa1. Mr. Rose (brose@alston.com) is a partner in the Charlotte office of Alston & Bird LLP, where he concentrates in the areas of intellectual property litigation and chemical/pharmaceutical patents. Mr. Wasleff (jwasleff @alston.com) is Counsel in the Charlotte office, focusing his practice on intellectual property litigation matters. Mr. Anderson (sanderson@alston.com) is an attorney in the firm's Atlanta office, where he practices in the area of patent solicitation.

FN1. No. 95-1066, 2000 WL 1753646,--F.3d--,--U.S.P.Q.2d--(Fed. Cir. Nov. 29, 2000).

FN2. Hilton-Davis Chemical Co. v. Warner-Jenkinson Co., Inc., 62 F.3d 1512 (Fed. Cir. 1995), rev'd and remanded, 520 U.S. 17 (1997).

FN3. Warner-Jenkinson Co., 520 U.S. at 32.

FN4. Warner-Jenkinson, 520 U.S. at 29. See Markman v. Westview Instr., Inc., 517 U.S. 370, 390 (1996).

FN5. See Penwalt Corp. v. Durand-Wayland, Inc., 833 F.2d 931 (Fed. Cir. 1987) (accused device cannot infringe under doctrine of equivalents if it lacks a claimed element or its equivalent) (all elements rule); Chiuminatta Concrete Concepts, Inc. v. Cardinal Industries, Inc., 145 F.3d 1303, 1311 (Fed. Cir. 1998) (where technology alleged to be equivalent predates application, doctrine of equivalents does not apply); Sage Products, Inc. v. Devon Industries, Inc., 126 F.3d 1420, 1425 (Fed. Cir. 1997) (foreseeable alterations to claimed structures cannot be captured under doctrine of equivalents); Maxwell v. J. Baker, Inc., 86 F.3d 1098 (Fed. Cir. 1996) (in certain cases that which is disclosed but not claimed is dedicated to public; cannot be captured by doctrine of equivalents), but see YBM Magnex, Inc. v. Int'l Trade Comm'n., 145 F.3d 1317 (Fed. Cir. 1998) (each case must be evaluated on its facts); Wilson Sporting Goods Co. v. David Geoffrey & Associates, 904 F.2d 677, 686 (Fed. Cir. 1990) (asserted range of equivalents may not encompass prior art).

FN6. See, Litton Systems, Inc. v. Honeywell, Inc., 140 F.3d 1449, 1455-58 (Fed. Cir. 1998); Hughes Aircraft Co. v. U.S., 140 F.3d 1470, 1475-77 (Fed. Cir. 1998).

FN7. This rejection was under 35 U.S.C. 112, 2, which requires a clear, concise and exact written description of the claims. The statute further provides that a multiple dependent claim may not depend on another multiple dependent claim. Id. 5.

FN8. Initially, a panel of the court had affirmed the judgment of infringement of both patents. **Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 72 F.3d 857 (Fed. Cir. 1995)**. The defendants appealed to the United States Supreme Court, which vacated and remanded to the Federal Circuit for further consideration in light of Warner-Jenkinson (a sequence known as GVR). On remand, a second panel again affirmed the District Court's judgment of infringement. 172 F.3d 1361 (Fed. Cir. 1999). The defendants then sought and obtained a rehearing en banc. 187 F.3d at 1381.

FN9. Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 33 117 S. Ct. 1040, 137 L.Ed. 2d 146 (1997).

FN10. Warner-Jenkinson, 520 U.S. at 33, 117 S. Ct. 1040.

FN11. It is not clear why this question was briefed. As the **Festo** opinion acknowledges, this question was answered in the Supreme Court's Warner- Jenkinson opinion.

FN12. The doctrine of equivalents can nonetheless be limited in these instances by other doctrines, such as the all elements rule, estoppel by argument, and by the prior art. See supra, note 3.

FN13. See 2000 WL 1753646 at *63;--U.S.P.Q.2d at--(Michel, J., dissenting).

FN14. See 2000 WL 1753646 at *91, n. 21;--USPQ2d at--, n.21 (Newman, J., dissenting).

FN15. Generally, the term of a patent is 20 years from the date the application is filed. 35 U.S.C. 154(a)(2).

FN16. An example of this defect is a claim element that contains the words "said widget," when there has been no previous mention of a widget in the claim.

FN17. Some amendments as to the form of the claim might fall within this category. Merely changing a claim to a Jepson form, for instance, should not be considered to change its content.
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