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Doctrine of Equivalents Case Adds Technological ESP to 'Forseeability'

BY LYNDA L. CALDERONE

Special to the Legal

As the patent and technology communities continue to analyze the U.S. Supreme Court's recent opinions pulling back on patent scope and challenging legal standards set by the Court of Appeals for the Federal Circuit (CAFC) (the court of sole appellate jurisdiction over patent cases arising in federal district courts), the CAFC on July 7 released the latest assault on patent scope, a three-judge panel decision in the 19-year-old patent case *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co. Ltd., et al.*

Festo Corp. initiated its patent-infringement lawsuit in 1988. After a trial on the merits, in 1994, the district court found infringement (*Festo I*). The court held that while there was no literal infringement by the defendant, SMC Pneumatic Inc.'s (SMC) device, infringement existed under the doctrine of equivalents.

The doctrine of equivalents is a long-standing legal doctrine applied in patent-infringement cases to stop infringers from making only minor or "insubstantial" changes to their products to avoid infringement while still practicing the true nature and scope of a patented invention. The "insubstantial" nature of the change can be assessed using tests articulated by the Supreme Court and the CAFC; one of the most frequently applied tests being the "tripartite test."

In that test, a court determines whether an element of a device or method of an accused infringer, while literally distinct from a corresponding element of the claims of the

patent at issue, still infringes the patent by performing substantially the same function in substantially the same way to achieve substantially the same result. Other factors, including things like evidence of deliberate copying or whether the modification in the infringing device at issue was itself patented, may also be taken into account. The doctrine of equivalents thus enlarges the literal scope of a patent claim.

There are limitations to use of the doctrine. If a patent applicant makes changes or amendments to his claims or makes arguments narrowing the scope of the invention during examination to obtain the patent over the prior art, the broader scope given up to obtain the patent cannot be later recaptured using the doctrine of equivalents during an infringement assessment.

Such narrowing of invention scope is viewed by examining the record or prosecution history before the U.S. Patent and Trademark Office (PTO). The forfeiture of broader invention scope prohibiting reliance on the doctrine of equivalents is known as prosecution history estoppel, or file-wrapper estoppel. Prosecution history estoppel precludes application of the doctrine of equivalents in situations where it would be improper for a patent applicant to reclaim what he or she has given up to obtain a patent.

The tripartite test to evaluate the doctrine of equivalents was the prevailing test at the time of *Festo I*. The CAFC affirmed the district court's decision in *Festo II*, but the Supreme Court granted certiorari and issued a new opinion, *Festo III*, in 1997 to evaluate the outcome of *Festo II* in view of the Supreme Court's 1997 re-evaluation of the tripartite test in *Warner-Jenkinson Co. v.*



LYNDA L. CALDERONE, shareholder and chairwoman of the intellectual property practice group at Flaster Greenberg, concentrates her practice in the preparation and prosecution of U.S. patent applications as well as intellectual property litigation, as well as with re-examination of U.S. patents, interference practice, prosecution of foreign patent applications, appeals before the Board of Patent Appeals and Interferences, and European opposition practice.

Hilton Davis Chemical Co.

The *Festo* case was then remanded by the Supreme Court to the CAFC, which vacated and remanded the case to the district court to reassess infringement issues applying *Warner-Jenkinson (Festo IV)*, which articulates a legal presumption that amendments made during examination that are not explained are presumptively viewed as being for the purpose of patentability.

SMC then requested a petition for rehearing en banc from the CAFC, which was granted in *Festo V*, and in *Festo VI*, the CAFC held that amendments made by the patentee, Festo, during examination were "related to patentability" and so considered viewed by the CAFC as a strict bar to use of the doctrine of equivalents.

This decision dealt a significant blow to the doctrine of equivalents, viewed to be largely eviscerated at that time. However, the Supreme Court again became involved and vacated and remanded the case in *Festo VIII* to the CAFC, holding that the pre-

sumption giving rise to prosecution history estoppel should not invoke an absolute bar to application of the doctrine of equivalents and the presumption could be rebutted by a patentee. Thus, the Supreme Court in *Festo VIII* cracked back open the window shut by the CAFC on the doctrine of equivalents.

The Supreme Court held that if an amendment was shown to be related to patentability, creating the presumption of surrender of patentable subject matter and prosecution history estoppel, the presumption could be rebutted if one of three exceptions were met. The three exceptions are the following:

- The alleged infringing equivalent was “unforeseeable at the time of the application;”
- The reasoning behind an amendment made in examination bears not more than a “tangential relation” to the equivalent being evaluated; and
- Any other reason indicating that the applicant “could not reasonably be expected to have described the insubstantial substitute in question.”

Not much has been fleshed out to date on what is or is not “unforeseeable,” which issue is the subject of the latest *Festo XIII* opinion.

In a further rehearing en banc (*Festo X*), “unforeseeability” was held to be a question of law based on underlying factual issues, and accordingly the case was remanded, in relevant part, to determine whether Festo could have foreseen that an aluminum alloy sleeve, which was the type of sleeve used in the SMC device, was a foreseeable equivalent to a “magnetizable sleeve” as claimed in the patent. The device is a cylinder and piston device including a magnetically actuated drive mechanism.

The phrase “magnetizable sleeve” was added to the patent claim after a rejection from the PTO to the format of the claim in view of statutory requirements. (This is not a rejection based on prior inventions in the art, but instead directed at poor claim wording.) Festo submitted prior patents to the PTO showing that other non-magnetizable sleeves existed. No reasoning was provided to the PTO to explain why the amendment was made. Thus, the prosecution history was ambiguous.

The CAFC had earlier determined that Festo’s amendment was a presumptive bar to

infringement under the doctrine of equivalents. Festo contended that the infringing sleeve fell with the Supreme Court’s “unforeseeability” exception since those in the art at issue at the time of the application did not view aluminum as a foreseeable substitute for a magnetizable sleeve, as it was not believed to have sufficient shielding capability. Thus it would not be believed at the time of the application to perform substantially the same function as the claimed sleeve. On remand and in a subsequent order (*Festo XI* and *Festo XII*), the district court found that Festo did not rebut the presumption.

The district court found that “no one disputes that the use of an aluminum alloy sleeve for purposes of shielding magnetic fields was not known at the time of the amendment,” but it believed that the SMC aluminum alloy sleeve was foreseeable since leakage was “very small.” The district court concluded that while an aluminum sleeve would have been viewed inferior, it would still work and so it should have been a foreseeable equivalent.

On appeal, the CAFC in *Festo XIII* held that foreseeability is viewed as of the time of the amendment and determined based on whether someone skilled in the art would “have been expected to know of” and “claim” the proposed equivalent. Festo contended that such foreseeability should be determined by applying a doctrine of equivalents test at the time of the amendment. In applying the tripartite test, Festo argued that since the aluminum would not have been viewed to shield properly at the time of the amendment, it should not have been foreseen as an “equivalent.” The CAFC rejected this approach and said that a doctrine of equivalents test is not necessary to determine foreseeability:

An equivalent is foreseeable if one skilled in the art would have known that the alternative existed in the field of art as defined by the original claim scope, even if the suitability of the alternative for the particular purposes defined by the amended claims scope were unknown.

This is a very difficult standard to follow when writing a patent application. It is difficult enough to consider and envision all of the functional equivalents that one skilled in the art would use in describing a particu-

lar claim element, but *Festo XIII* requires that applicants go even further. An applicant must be able to undertake the assuredly more difficult task of naming all of the equivalents that exist but are believed to be unsuitable for the purpose of a particular element of an invention, even in a circumstance in which it is not disputed that the applicant does not think such an equivalent would be suitable. To complete this task successfully, time travel or ESP would be good skills to acquire.

Some of the outcome of *Festo XIII* may have been the ultimate result of simply making a bad claim amendment, or of not providing sufficient explanation for the purpose of the amendment in the prosecution record and/or the result of some issues the CAFC alludes to in *Festo XIII* with respect to the expert witness testimony. However, regardless of what inspired this opinion, it is currently the prevailing legal statement on foreseeability.

Circuit Judge Pauline Newman eloquently articulated the impracticality of *Festo XIII* in her dissent. She noted that the CAFC, in reviewing unforeseeability, has “confounded the issue by creating a new and incorrect criterion for the measurement of ‘foreseeability’” by including equivalents that may not even be recognizable equivalents in the art as being within the scope of what is “foreseeable.” She reasoned that the CAFC’s holding makes things foreseeable even when they are “unforeseeable as a matter of fact,” stating, “today’s new rule further erodes the residue of the doctrine of equivalents, for its foreseeable result is to deprive amended claims of access to the doctrine of equivalents.”

Finally, she characterized the opinion as requiring that “even if unforeseeable as a matter of fact, even if technologically unexpected or unlikely, the equivalent must be ruled to be foreseeable if the structure is later found to be a usable equivalent.”

So what remains for patent holders and practitioners alike is to evaluate how this opinion will impact the scope of their existing patents, how to write patent applications taking this opinion into account in the future (provided it stands as the final *Festo*) and what the potential impact may be on the value of patent portfolios. •