

'Festo' has changed landscape for patent litigation, prosecution

Summary judgment becomes more crucial, as do narrow patent claims.

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THE LONG-AWAITED decision of the U.S. Supreme Court in *Festo v. Shoketsu Kinzoku Kogyo Kabushiki*, 122 S. Ct. 1831 (2002), has provided a mechanism to resolve the tension between two fundamental, but competing, objectives of the patent laws: to provide proper protection for the inventor and to give reliable notice to the rest of the world of the limits of that protection. As the court put it, "A patent holder should know what he owns, and the public should know what he does not." *Id.* at 1837.

The issue was focused by Festo's infringement suit under the "doctrine of equivalents," a court-created doctrine that sometimes enables a patent holder to obtain protection greater than the literal terms of the patent. In setting a new framework for application of the 150-year-old doctrine, the court left many questions in its wake. That framework, along with the questions and answers that develop, is likely to have a significant effect on patent litigation as well as the approaches taken to preparation and prosecution of U.S. patent applications.

The boundary between what a patent holder owns and what he does not is in the language of the patent claims, which perform a roughly analogous function to the metes and bounds description in a deed of real property. The precise words of the claims define the subject matter from which the patent holder has the right to exclude others. Infringement is said to be literal when a device or process comes entirely within those boundaries, by satisfying

every limitation precisely as defined by the claim language.

Background on equivalents

Recognition of the inadequacies of language to define an invention led the U.S. Supreme Court to create the equivalents doctrine in *Winans v. Denmead*, 15 How. 330, 347 (1854), to protect an inventor against one who makes a device or practices a process with only "an insubstantial change" that, although outside the literal claim language, is essentially equivalent. The *Festo* court acknowledged that "the nature of language makes it impossible to capture the essence of a thing in a patent application." 122 S. Ct. at 1837. Patent holders, their competitors and the courts have struggled with application of the doctrine for decades.

The doctrine of equivalents has its limits, one being "prosecution history estoppel," by which a patent holder is estopped from later relying on the doctrine to cover subject matter that was given up

during prosecution. Few patents pass examination without some narrowing amendment to restrict the claim language to a less ambitious scope than what was originally filed. When such a claim is alleged to be infringed under the doctrine of equivalents, the prosecution history must be analyzed to determine the nature and the reason for the amendment. So informed, the court makes a determination as to what, if anything, was surrendered and

whether what is now accused as an infringement was within the surrendered subject matter.

The Federal Circuit in *Festo* was concerned that efforts by the courts to determine the precise limits of what had been surrendered were "unworkable" and that neither the patentee nor the interested public could determine the true scope of the patent until the matter had been lit-

igated. To eliminate that uncertainty, the Federal Circuit adopted a rigid bar that would have prevented the patentee from relying on the doctrine of equivalents for any narrowed claim language, regardless of its reason, effectively limiting the narrowed claim to its precise, literal wording. *Festo*, 234 F.3d 588 (Fed. Cir. 2001).

While agreeing with the Federal Circuit that any reason for a narrowing amendment might create an estoppel, the U.S. Supreme Court rejected the rigid bar and replaced it with a "presumption" that claim language narrowed during prosecution is not entitled to any range of equivalents unless the patent holder, on whom the burden of overcoming the presumption was placed, can demonstrate, somehow, that the particular equivalent in issue was not relinquished. The suggestions that the court offered as to how the presumption might be overcome raise many questions.

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Effect on patent litigation

The *Festo* framework for resolving questions of infringement under the doctrine of equivalents and the interplay of that framework with *Warner-Jenkinson v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997), and *Markman v. Westview Instruments Inc.*, 517 U.S. 370 (1996), enhances the potency of using summary judgment motions to challenge the patent owner's right to rely on the doctrine of equivalents. Whether the patent holder will be estopped from relying on a theory of equivalents is now a threshold issue that, in many cases, should present no triable factual issues.

Whether a pivotal claim limitation was narrowed during prosecution is a matter of claim interpretation to be determined by the court. Interpretation of and comparison between the amended patent claim and the unamended application claim is purely a question of law. See *Markman*; *Warner-Jenkinson*; *Modine Mfg. Co. v. U.S. International Trade Commission*, 75 F.3d

'Festo' enhances potency of summary judgment.

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1545 (Fed. Cir. 1996). If the court determines that the claim limitation at issue was narrowed, the patent holder then must carry the burden of overcoming the presumption that the alleged equivalent in the accused device or process was relinquished by the narrowing amendment.

Intrinsic evidence only

There is good reason to expect that the Federal Circuit will limit the rebuttal evidence on which the patent holder can rely to intrinsic evidence from the publicly available prosecution history.

The Federal Circuit has interpreted *Warner-Jenkinson* as requiring a patent holder seeking to establish the reason for an amendment to base his arguments solely on the public record of the prosecution of the patent. "To hold otherwise—that is, to allow a patent holder to rely on evidence not in the public record to establish a reason for an amendment—would undermine the public notice function of the patent record." *Festo*, 234 F.3d 558, 586 (Fed. Cir. 2000).

In response to a motion for summary judgment by the alleged infringer, a patent holder will be required to "set forth specific facts showing that there is a genuine issue for trial." Rule 56(e), Fed. R. Civ. P. If the patent holder's rebuttal evidence is limited to the public record of the prosecution, there will be no other admissible factual evidence to explain the reason for the amendment.

So limited, the patent holder's rebuttal is reduced to an argument as to the meaning of that record, a question of law. If the court determines that the patent holder has not carried the burden of rebutting the presumption, then summary judgment of no equivalents infringement must be granted. If, as in the *Festo* case, that is the only theory of infringement, a judgment of noninfringement is compelled. If the patentee has carried his burden, then the question of equivalence-in-fact presents a triable issue for the jury.

Effect on prosecution

Preparing and filing a patent application in a form that is defensible through the U.S. Patent and Trademark Office and after issuance of the patent has never been a simple task. The Supreme Court itself has long recognized that a patent application "constitute[s] one of the most difficult legal instruments to draw with accuracy." *Sperry v. Florida Ex Rel. Florida Bar*, 373 U.S. 379, 383 (1963) (quoting *Topliff v. Topliff*, 145 U.S. 156, 171 (1892)). The *Festo* decision can only increase that difficulty.

Now, the incentive to avoid narrowing

amendments or arguments is even stronger. The common practice, passed on from one generation of patent practitioners to the next, of filing broad claims with the expectation that they will be honed down during the give-and-take negotiation with the patent examiner will have to change if protection of equivalents is to be preserved. As for the approximately 1.2 million unexpired patents for which prosecution records are fixed, it seems fair to assume that many will have limited equivalency protection.

Smaller companies may take extra care.

Those desiring to file applications with the broadest expected claims should make the extra effort to do their homework thoroughly, before the application is filed. Gathering and sifting the information necessary to prepare and file a patent application with a comfortable degree of confidence that the scope of its claims is defensible is becoming an increasingly difficult task, resulting from accelerated growth of the base of technical information.

To achieve that level of confidence, the applicant should prepare the application based on a thorough searching and understanding of the prior art, as well as a thorough understanding of the history and commercial reason for the development of the invention and a clear understanding of those of its features that are important to give the product a competitive advantage in the marketplace. The application should reflect the same theme of the invention as can be expected to run through enforcement of the patent. In other words, those seeking to file an application with the broadest expected claims should get it right the first time.

Even after all such information has been considered, it still may be prudent to file the application with claims of a scope drawn carefully to less than the full scope to which the inventor may seem to be entitled. If, at some point during the examination process, it becomes apparent that the inventor is entitled to claims of greater scope, the claims can be broadened. Broadening the claims presents no risk of estoppel and preserves access to the doctrine of equivalents.

Smaller, emerging companies may approach the application process differently than large companies with substantial resources that can be devoted to its patent position. The approach of filing initially narrower claims may be more important for smaller companies with fewer resources available for thorough pre-filing analysis. That may balance the greater risk of

uncertainty from a less exhaustive initial investigation. Here, again, the inventor may be able to broaden the claims after prosecution has advanced and the patent examiner's views have been considered.

New drafting strategies

Patent lawyers intent on preserving equivalency will likely develop new drafting techniques and strategies that preserve the right to file broader claims. When an application is filed with less ambitious claims, it will be important particularly to consider the scope of the written-description portion of the patent application to explain the invention in terms from which it is apparent that the inventor was in possession of a broader invention than that initially claimed. By so doing, the inventor effectively preserves the right to amend the claims to a broader scope consistent with the scope of the descriptive portion of the patent application, as the claims must have "support" in the descriptive portion of the application.

Increased attention is likely to be given to statements made in response to examiner's communications, whether claims are amended or not. Any statement that might be construed as evidence of a relinquishment of claim scope may give rise to an estoppel, even if the language of the claim itself is not narrowed.

The common practice of presenting amendments with minimal or no accompanying explanation is likely to result in a loss of equivalency protection. When making statements during prosecution, one also should be mindful that those statements are part of the intrinsic evidence to which the patentee may be restricted in rebutting the *Festo* presumption.

Claims may be drawn more narrowly.

Awaiting interpretation

It is difficult to envision, in the abstract, how a patent holder might rebut the newly created presumption. The high court's suggestions were not made in the context of specific factual setting and will require further development. On June 3, the court granted certiorari and vacated the judgments in nine patent cases, remanding them to the Federal Circuit for further consideration in light of *Festo*. It can be expected that the Federal Circuit will develop answers to some of the questions in *Festo*'s wake. **NLJ**

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