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Festo: The plague continues

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Abstract

This paper reviews the law on the doctrine of equivalence and prosecution history estoppel and explores how it has been reshaped by the Federal Circuit's and Supreme Court's decisions in *Festo Corp. v Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.* The paper also assesses the likely impact those decisions will have on patent prosecution, licensing and enforcement activities.

This paper is a follow-up to 'Festo: A Patent Applicant's Plague', which appeared in *J. Comm. Biotechnol.*, Vol. 7, (4), pp. 329–333.

INTRODUCTION

Although it was anticipated that the Supreme Court would set aside the Federal Circuit's draconian view of the law on prosecution history estoppel, the Court's decision in *Festo*¹ in all likelihood will not provide that desired relief. Indeed, it is more likely that the decision will in most situations dictate the very result intended by the Federal Circuit: a patentee will be precluded from asserting that a putative infringer's modification or change is an equivalent to the subject matter recited in a claim that was amended during prosecution. By preserving a very narrow range of equivalents for claims amended during prosecution, the Supreme Court's ruling will probably encourage applicants to draft narrow claims in the hopes that such claims will not need to be amended during prosecution and, thus, will have full recourse to the doctrine of equivalents. At the same time, by removing much of the uncertainty regarding the range of equivalents to which an amended claim is entitled, the decision will, in turn, probably bring certainty to an entire class of activities concerning the licensing and enforcement of patents whose scope (under the doctrine of equivalents) was/would have been unclear and open to debate under pre-*Festo* case law.

THE DOCTRINE OF EQUIVALENTS AND PROSECUTION HISTORY ESTOPPEL

The doctrine of equivalents is a judicially created doctrine that prevents an accused infringer from pirating an invention's essential identity by making only minor or insubstantial changes that avoid a literal correspondence to the patent claim.² Beyond being confined to minor/insubstantial changes, the doctrine has additional limitations on its scope. One such limitation is prosecution history (file wrapper) estoppel. This doctrine prevents patentees from recapturing through equivalents subject matter surrendered during prosecution by way of amendment (or argument).³ Historically, courts, including the Federal Circuit, applied a 'flexible bar approach' when assessing the nature and extent to which an amendment created an estoppel that limited the range of equivalents to which a claim is entitled.⁴

THE FEDERAL CIRCUIT'S HOLDING IN *FESTO*

Sensitive to the notice function that patent claims serve, the Federal Circuit, in *Festo*, found that the 'flexible bar approach' lacked predictability. Patentees and putative infringers held divergent views on the estoppel created by an

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Complete bar approach

amendment and the range of equivalents that remained available. As a result, the boundaries between prohibited acts of infringement (under the doctrine of equivalents) and permitted acts of improvement and design were often blurred.⁵ In an effort to sharpen these boundaries, the appellate court adopted a 'complete bar approach' to prosecution history estoppel. Under this approach, no range of equivalents would be available to any claim element narrowed during prosecution 'for a substantial reason related to patentability'.⁶ Accordingly, any narrowing amendment that would bring a claim in compliance with the statutory requirements regarding the issuance of a patent – eg utility, novelty, non-obviousness, enablement and written description – would give rise to an estoppel that would bar *any* range of equivalents for the narrowed element.

THE SUPREME COURT'S RESPONSE

In its decision, the Supreme Court rejected the 'complete bar approach', noting that the Court had 'consistently applied the doctrine [of prosecution history estoppel] in a flexible way, not a rigid one'.⁷ However, in describing the actual approach to follow, the Court appears to have departed from the manner in which the 'flexible bar approach' was applied in earlier cases. The Court's current view focuses on whether the patentee should have been expected to describe the substitute in question (the equivalent) when making an amendment, ie the ability to foresee needing to claim the substitute as part of the amendment process:

There 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. Nor is there any call to foreclose claims of equivalence for aspects of the invention that have only

a *peripheral* relation to the reason the amendment was submitted . . .⁸

There 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;⁹ the rationale underlying the amendment may bear no more than a *tangential* relation to the equivalent in question; or there may be some other reason suggesting the patentee could not *reasonably be expected* to have described the insubstantial substitute in question.¹⁰

THE CONSEQUENCES OF THE SUPREME COURT'S HOLDING

By its own terms, it appears that the Supreme Court's decision only reserves equivalents for 'unforeseeable' modifications, ie equivalents that were unknown, or that bear a 'tangential relation' to the subject of the amendment. Thus, foreseeable modifications are beyond the reach of an amended claim and free to the public to practise. Moreover, when focusing on the limited range of equivalents that remain available, the reality is that a patentee will in most instances be foreclosed from asserting equivalency. Intuitively speaking, most 'unforeseeable' modifications are likely to reflect significant and substantial changes over the claimed subject matter. But the doctrine of equivalents, in its broadest sense, is only intended to bring within a claim's scope those changes that are minimal/insubstantial. Thus, most 'unforeseeable' changes are unlikely to qualify as equivalents because they will not reflect minimal/insubstantial changes over the claimed subject matter. For these reasons, one could argue that the range of equivalents allowed by the Court is exceedingly narrow.

Accordingly, the Supreme Court's ruling will probably further – perhaps unintentionally so – the primary objective of the Federal Circuit's decision

Flexible bar approach

Foreseeability

in *Festo*. A fairly thick line demarcates what subject matter has been surrendered by way of amendment and is fair game for exploitation. Thus, in instances where a claim was amended during prosecution, much of the uncertainty that would have once shrouded its actual scope of equivalents has been removed.

For patent applicants, the take-home message is to draft a set of narrow claims that, it is hoped, will not need to be amended during prosecution so that the claims can enjoy access to the fullest range of equivalents available under the doctrine of equivalents. At the same time, applicants should ensure that detailed support is provided in their patent specifications to illustrate the various forms an invention can take. With the benefit of such support, they will be better able to literally claim as many variations of an element as possible, should an amendment be necessary. In turn, they will reduce the chances that a third party will be able to take advantage of any estoppel created and thereafter design around the claims.¹¹

Finally, from the transactional and litigation perspective, the Supreme Court's decision will probably caution against many licensing arrangements and enforcement proceedings that would have been and were undertaken in the past. This is particularly true for patents whose claims were amended during prosecution and whose range of equivalents can no longer be fairly interpreted to cover a third party's activities. The certainty *Festo* brings to the scope of such patents will provide the incentive for putative infringers to take comfort in practising their activities without having to pay tribute to such patents or exposing themselves to liability under a theory of equivalents. In this regard, patents that may have once served as licensing vehicles under pre-*Festo* law (because their scope under the doctrine of equivalents was unclear and open to debate) may no longer do so, or do so to the same extent in light of the clarity provided by *Festo*.

The views expressed in this paper are those of the author and not necessarily those of the author's firm, others in that firm or its clients. Nothing about this paper should be construed as legal advice or a legal opinion on any particular matter. Each individual case presents its own unique facts that must be carefully analysed in view of current, applicable law before specific legal advice can be rendered.

References and notes

1. 234 F.3d 558 (Fed. Cir. 2000) (*en banc*), *rev'd*, 122 S.Ct. 1831 (2002).
2. *Graver Tank & Mfg. Co. v Linde Air Prods. Co.*, 339 US 605, 608 (1950). *See also Warner-Jenkinson Co., Inc. v Hilton Davis Chem'l. Co.*, 62 F.3d 1512, 1521–1522 (Fed. Cir. 1995) (*en banc*), *rev'd & remanded*, 520 US 17 (1997).
3. *See Festo*, 234 F.3d at 564. Neither the Federal Circuit nor Supreme Court decision in *Festo* squarely addresses the impact arguments made during prosecution have on the range of equivalents to which a claim is entitled.
4. *See id.* at 572.
5. *See generally id.* at 572–575.
6. *Id.* at 566.
7. *Festo*, 122 S.Ct. at 1841.
8. *Id.* (emphasis added).
9. *Id.* at 1842. Note that the Court in the two quoted passages has identified two different points in time to assess foreseeability. *Compare Festo*, 122 S. Ct. at 1841 (noting that equivalents should be assessed at the time of filing an amendment) *with Festo*, 122 S. Ct. at 1842 (noting that equivalents should be assessed at the time of filing the application). These reference points are not only internally inconsistent, but they are also contrary to the prevailing view that equivalency is assessed at the time of infringement. *See, eg, Warner-Jenkinson*, 520 US at 37 (reasoning that '[i]nsofar as the question under the doctrine of equivalents is whether an accused element is equivalent to a claimed element, the proper time for evaluating equivalency – and thus knowledge of interchangeability between elements – is at the time of infringement').
10. *Id.* at 1842 (emphasis added). The Court's emphasis on peripheral/tangential matters can be viewed as a reaffirmation of the Federal Circuit's holding that only 'substantial' amendments trigger an estoppel. Although the Supreme Court does not elaborate on what constitute peripheral/tangential matters, it is conceivable that amendments that remove references to trade names (35 USC s. 112, para 2) or correct for multiple

Ramifications

Litigation

Festo

Licensing

dependencies (35 USC s. 112, para 5) are among the types of amendments that will not trigger an estoppel.

11. What makes the task of patent applicants all the more daunting post-*Festo* is that, when claiming narrowly, one should avoid disclosing unclaimed embodiments since such subject matter is deemed to have been

dedicated to the public and beyond the reach of the doctrine of equivalents. See *Johnston & Johnston Assoc. Inc. v R.E. Serv. Co., Inc.*, 285 F.3d 1046 (Fed. Cir. 2002) (*en banc*) (stating that ‘when a patent drafter discloses but declines to claim subject matter . . . this action dedicates that unclaimed subject matter to the public’).