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INTELLECTUAL PROPERTY LAW

## ***FESTO* IN THE SUPREME COURT: IT WILL NEVER BE SIMPLE**

By Charles Shifley<sup>1</sup>

On May 28, 2002, the United States Supreme Court issued its much-expected reversal of *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*<sup>2</sup> The Court had strong words for the Federal Circuit Court of Appeals. More importantly, the Court reaffirmed its precedent, preserving the doctrine of equivalents in patent law and flexibility in the doctrine of prosecution history estoppel. Yet as in *Warner-Jenkinson Co. v. Hilton-Davis Chemical Co.*, the Court added a new presumption to the law.

For claim narrowing amendments made for reasons substantially related to patentability, prosecution history estoppel is now presumed. To overcome estoppel, the patent owner “must show that at the time of [an] amendment [to a patent application] one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.” The patent owner may make this showing by proving the equivalent was unforeseeable. The owner may prove the rationale for the amendment bears no more than a tangential relationship to the alleged equivalent. The owner may also prove whatever else may show that the patentee could not reasonably be expected to have described the equivalent.

A fair reading of the opinion is that the Supreme Court expected more of the Federal Circuit than that court’s decision in *Festo* provided, and the Supreme Court acted as it thought the Federal Circuit should have acted after *Warner-Jenkinson*. Summarily stated, the Court did the following:

1. Affirmed once again all its precedent on the doctrine of equivalents and the doctrine of prosecution history estoppel.

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<sup>1</sup> Of Banner & Witcoff, Ltd. Any opinions expressed are those of the author and no one else. The author’s opinions are also those of June 11, 2002, and may change greatly as analysis and the law progress. Further, no attorney-client relationship between the author and a reader is intended or accepted. [June 18, 2002]

<sup>2</sup> See B. Wright, Summary of Supreme Court Argument in *Festo v. SMC*, January 8, 2002.

2. Crystallized its reasoning for maintaining its precedent: the nature of language that makes it impossible to capture the essence of a thing in a patent application, both before and after amendment.
3. Asserted it had already made clear in *Warner-Jenkinson* that prosecution history estoppel applies to narrowing amendments made for reasons substantially related to patentability. Held that such reasons include §112 reasons.
4. Held that a patent owner bears the burden of proving that an amendment does not surrender the equivalent sought to be covered. This burden, said the Court, is not the complete bar to equivalents by another name.
5. Concluded that a patent owner “must show that at the time of [an] amendment [to a patent application] one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.”
6. Stated that a patent owner may make the necessary showing by proving that the equivalent was unforeseeable at the time of the application; the rationale underlying the amendment bears no more than a tangential relation to the equivalent in question; or there is another reason suggesting that the patentee could not reasonably be expected to have described the insubstantial substitute in question.

## **BACKGROUND**

*Festo* involved patents for improved magnetic rodless cylinders. The applications were amended during prosecution, to result in “amended patents.” Both patents added a new limitation, two one-way sealing rings, and one added that a sleeve was a magnetize-able material. The District Court held there was no estoppel because the amendments were not made to avoid prior art. The Federal Circuit decision was vacated by the Supreme Court. En banc, the Federal Circuit reversed. It held that any amendment for a reason substantially related to patentability causes estoppel, and that the estoppel caused is a complete estoppel. The Federal Circuit held that the unpredictability of its own decisions justified the complete bar. Four dissents were followed by certiorari to the Supreme Court.

## **THE APPEAL**

The two questions resolved by the Federal Circuit decision were before the Supreme Court. More than twenty amicus briefs followed. This nevertheless resulted in essentially only three positions:

For the Petitioner: The Federal Circuit virtually abolished the doctrine of equivalents. Congress acquiesced in the past law for a hundred years, and the Federal Circuit should not be invoking its own cost-benefit analysis. Prosecution history estoppel results only from amendments intended to narrow the subject matter of the patented invention, for instance, amendments to avoid prior art. The flexible bar should be reinstated.

For the Respondent: The Federal Circuit did just what Congress created the court to do. Its decision of a complete bar should be affirmed.

For amicus The United States: The Supreme Court created a new presumption in *Warner-Jenkinson*. It could create a comparable presumption here. It could require that the patentee bear the burden of showing that an amendment does not surrender the equivalent in question. Two situations are exceptional and deserving of an exception to a complete bar: a situation of an innovation not known to persons of ordinary skill in the art at the time of amendment, and a situation in which, owing to the nature of the subject matter at issue, it was not possible for one of ordinary skill to draft a claim to literally encompass the allegedly equivalent element while disclaiming the surrendered subject matter. The courts should exercise discipline in these assessments. A court should compare the actual claim amendment against the alternative claim formulations that could have been adopted. The obstacle to overcoming the presumption will be substantial, but not insurmountable if the technology is complex or the alleged distinctions trivial.

### **IT WILL NEVER BE SIMPLE**

The decision of the Supreme Court was unanimous, and delivered by Justice Kennedy.

The Court readily resolved that estoppel applies to all amendments made for a substantial reason related to patentability. It said it had already made that decision, and made it clear, in *Warner-Jenkinson*. It continued: “[A] narrowing amendment made to satisfy any requirement of the Patent Act may give rise to an estoppel. . . . If a §112 amendment is necessary and narrows a patent’s scope – even if only for the purpose of better description – estoppel may apply.”

It then turned to the more controversial issue: the complete bar to coverage of equivalents versus the flexible bar.

A central factor for the Court was the malleable nature of language. “[T]he nature of language makes it impossible to capture the essence of a thing in a patent application.” Working from this premise, the Court explained that it had always sought to effect a balance in the law it perceived as delicate. Inventors “rely on the promise of the law to bring their inventions forth” and literalism in patent interpretation undermines that promise. The public “should be encouraged to pursue innovations, creations, and new ideas beyond the inventor’s exclusive rights” and ambiguity deters that creativity and promotes litigation. Thus, coverage of equivalents is necessary for the inventor, while clarity in patent scope is necessary for the public. According to the Court, the uncertainty created by the doctrine of equivalents has been acknowledged for the full 150 years there has been such a doctrine, and the doctrine has been affirmed over dissents urging more literalism.

In relation to prosecution history estoppel, the Court referenced again the problem with language. After patent amendment, the nature of language remains unchanged: “as [was

true of language] before [amendment], language remains an imperfect fit for invention [after amendment].” Consistently, the Court resolved that an amended claim may fail to capture its invention precisely, just as did the unamended claim. It may fail to capture equivalents that are unforeseeable. Accepting that, said the Court, “[t]here 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.”

To this point in analysis, the Court rejected an absolute bar to equivalents, but it did not merely stop. It did not reverse in favor of the flexible bar. Instead of rejecting the absolute bar and adopting the flexible bar, or even rejecting the absolute bar and returning the case for further development of the law by the Federal Circuit, the Court effectively rejected both the absolute bar and the flexible bar. It effectively ended chance for further legal debate or development of the law short of an absolute bar at the Federal Circuit. The Court added a new presumption to the law.

The presumption is contained in these sentences of the opinion:

Just as *Warner-Jenkinson* held that the patentee bears the burden of proving that an amendment was not made for a reason that would give rise to an estoppel, we hold here that the patentee should bear the burden of showing that the amendment does not surrender the particular equivalent. ... The patentee, as the author of the claim language, may be expected to draft claims encompassing readily known equivalents. A patentee’s decision to narrow his claims through amendment may be presumed to be a general disclaimer of the territory between the original claim and the amended claim. ...

The Court also followed its statement of this new presumption with an explanation that the presumption is rebuttable:

... 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; 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 that the patentee could not reasonably be expected to have described the insubstantial substitute in question. In those cases the patentee can overcome the presumption that prosecution history estoppel bars a finding of equivalence.

... The patentee must show that at the time of the amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.

The Court then explained this rebuttable presumption as not the equivalent of the complete bar. “This presumption is not then, just the complete bar by another name”:

Rather, it reflects the fact that the interpretation of the patent must begin with its literal claims, and the prosecution history is relevant to construing those claims. When the patentee has chosen to narrow a claim, courts may presume the amended text was composed with awareness of this rule and that the territory surrendered is not an equivalent of the territory claimed. In those instances, however, the patentee still might rebut the presumption that estoppel bars a claim of equivalence.

The Court concluded the case before it by returning the case to the Federal Circuit, and then perhaps to the District Court, for factual analysis only, consistent with its new presumption.

As said, the Supreme Court's opinion has strong words for the Federal Circuit. The Court specifically mentioned that in dissent, Federal Circuit Judge Michel had catalogued that the complete bar required the Federal Circuit to disregard eight older decisions of the Supreme Court and fifty of its own cases. It stated the Federal Circuit "ignored the guidance of *Warner-Jenkinson*" and informed the Federal Circuit that the doctrine of equivalents and the rule of prosecution history estoppel are settled law, not to be altered fundamentally except by Congress. It did not remand, as it had in *Warner-Jenkinson*, to allow the Federal Circuit to further develop the law.<sup>3</sup>

As a result of *Warner-Jenkinson* and *Festo*, there are now two presumptions in prosecution history estoppel. The *Warner-Jenkinson* presumption is that a claim amendment was made for a reason related to patentability. The *Festo* presumption is that a narrowing claim amendment surrendered the scope of equivalents at issue in any court case. In combination, they presume that any and every narrowing claim amendment eliminates any and all coverage by equivalents for the amended claim limitation.

Questions have already followed the Supreme Court's opinion. Are there two or even three distinct showings that can overcome the presumption: (1) a showing of claim drafting "unreasonability," (2) a showing of tangential or peripheral relation between the purpose of the amendment and the equivalent in question, and (3) a "catch-all" showing? Or, is there only one showing possible? Is the "one skilled in the art" as to whom the patentee must show claim drafting "unreasonability" the same hypothetical person of ordinary skill in the art known to obviousness analysis? If so, is that the person assumed to know all the prior art without exception, such that the patentee must show that no person knowing all the art could have drafted the claim? Is the issue one of law, or fact? Is this for the judge, or a jury? What is the standard of review in the Federal Circuit – de novo, substantial evidence, clear error, or abuse of discretion? May patent lawyers testify they did their best and could do no better? Or is that lesser extrinsic evidence? May they give an opinion that no person of ordinary skill could do better? How close a relation of a rationale for amendment to an equivalent is one no more than tangential? Should an

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<sup>3</sup> See C. Shifley, *Warner-Jenkinson Co. v. Hilton-Davis Chemical Co.*: Apt Reconciliation of Supreme Court Precedent, and Reasoned Instructed to a Trusted Federal Circuit, 1997, at [www.bannerwitcoff.com](http://www.bannerwitcoff.com).

accused infringer really be trying to show that other claims that could have been drafted could have covered his device?

Debate has also begun. Is this truly a complete bar by another name? Is this the flexible bar in disguise? Did the Court split the baby? The Supreme Court specifically stated it was adopting the approach advocated by the United States. The United States stated two situations are exceptional and deserving of an exception to a complete bar: a situation of an innovation not known to persons of ordinary skill in the art at the time of amendment, and a situation in which, owing to the nature of the subject matter at issue, it was not possible for one of ordinary skill to draft a claim to literally encompass the allegedly equivalent element while disclaiming the surrendered subject matter. These formulations are arguably narrower than the Court's. Will the Federal Circuit tilt toward them? The United States also said the courts should exercise discipline in these assessments, that a court should compare the actual claim amendment against the alternative claim formulations that could have been adopted. It argued the obstacle to overcoming the presumption will be substantial, but not insurmountable if the technology is complex or the alleged distinctions trivial. Is this the methodology the courts will use: comparison to alternative claim formulations? Is the obstacle substantial, as argued, or practically insurmountable in the real world?

## CONCLUSION

In *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, the United States Supreme Court reaffirmed its precedent, preserving the doctrine of equivalents in patent law and flexibility in the doctrine of prosecution history estoppel. As in *Warner-Jenkinson Co. v. Hilton-Davis Chemical Co.*, the Court added a new presumption to the law. Henceforth, to overcome estoppel, the patent owner “must show that at the time of [an] amendment [to a patent application] one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.” The patent owner may prove the equivalent was unforeseeable; the rationale for the amendment bears no more than a tangential relationship to the alleged equivalent; or whatever else may prove that the patentee could not reasonably be expected to have described the equivalent.

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