

NOTES

Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.: The Federal Circuit Further Clarifies (or Perhaps Further Confuses) the Application of Prosecution History Estoppel

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I. OVERVIEW

In the latest installment of a long and complicated litigation history, the United States Court of Appeals for the Federal Circuit recently attempted to elaborate the principles surrounding the doctrine of equivalents, particularly the concept of prosecution history estoppel, as applied to the patents held by the Festo Corporation concerning a conveying system used in many commercial and industrial applications.¹ The action first began in 1988, when Festo alleged that the defendant, known in the United States as “SMC,” infringed on two patents it held for a hollow cylinder housing a magnetic piston head that moved a sleeve on the outside by magnetic force.² The external sleeve could then be used to carry a load, and the applications have been as diverse as sewing machines and amusement park rides.³ The district court concluded that SMC had infringed on several claims of each of Festo’s patents, literally and under the doctrine of equivalents.⁴ The Federal Circuit upheld the

1. See *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 344 F.3d 1359 (Fed. Cir. 2003). For convenience and to avoid confusion, I will use the same naming convention for the various litigations as used by the court in the noted case. The noted case itself will be called *Festo IX*.

2. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 1993 U.S. Dist. LEXIS 21434, at *3-*6 (D. Mass. Apr. 27, 1993) (*Festo*). Although the court in the noted case did not cite it directly, *Festo*, which is actually the special master’s opinion and recommendation to the district court judge, is the only published case that contains the original facts of the suit.

3. See *Festo*, 1993 U.S. Dist. LEXIS 21434, at *3; *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 728 (2002) (*Festo VIII*). The true novelty of the invention lies in the fact that since the ends of the cylinder are sealed, the driving force for the piston can either be hydraulic or pneumatic, and that the Festo cylinder only needs to be as long as the stroke length of the piston, a feature that distinguished it from the prior art. See *Festo*, 1993 U.S. Dist. LEXIS 21434, at *3.

4. *Festo IX*, 344 F.3d at 1364 (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, No. 88-1814-PBS (D. Mass. Oct. 27, 1994) (*Festo I*)). Festo held two separate patents that comprised the invention at the heart of the suit. SMC’s alleged equivalents were related to the

district court's initial holding.⁵ Shortly after the *Festo II* case was decided, however, the United States Supreme Court established new doctrine on the subject.⁶ Because the Court felt the *Festo II* decision was inconsistent with the new guidelines, it vacated the *Festo II* judgment and remanded the case to the Federal Circuit.⁷ The Federal Circuit initially affirmed in part, vacated in part, and remanded the case to the district court.⁸ After an en banc rehearing, however, the Federal Circuit decided that Festo, by amending its claims during the prosecution process, completely surrendered any equivalents available to it that lay between the original and amended claims.⁹ However, after granting certiorari, the Supreme Court again remanded the case to the Federal Circuit for being inconsistent with the precedent they established in *Warner Jenkinson*¹⁰ and established additional doctrine on how a party can preserve protection of its patent even when an amendment relinquishes a certain range of equivalents.¹¹

After reconsidering the case under this mandate, the Federal Circuit held that prosecution history estoppel prevented Festo from claiming infringement under two of the exceptions established by the Court in *Festo VIII*, but remanded the case to the district court for further consideration of factual issues concerning the third. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 344 F.3d 1359 (Fed. Cir. 2003) (en banc) (*Festo IX*).

II. BACKGROUND

The critical issues in the *Festo* decisions involve the application of the legal principle known as the doctrine of equivalents. The doctrine has long had a place in patent law jurisprudence, and its origins stretch back

material of the external sleeve, and to the mechanism used to seal the internal piston. *Festo*, 1993 U.S. Dist. LEXIS 21434, at *50-*58.

5. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 72 F.3d 857, 868 (Fed. Cir. 1995) (*Festo II*).

6. *See Warner Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 17 (1997).

7. *Shoketsu Kinzoku Kogyo Kabushiki Co. v. Festo Corp.*, 520 U.S. 1111 (1997) (*Festo III*).

8. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 172 F.3d 1361 (Fed. Cir. 1999) (*Festo IV*).

9. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 591 (Fed. Cir. 2000) (en banc) (*Festo VI*).

10. 520 U.S. 17 (1997).

11. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 740-44 (2002) (*Festo VIII*).

to the mid-nineteenth century.¹² Its purpose is to allow the patent holder some leeway in claim construction, and to prevent a potential infringer from escaping liability by making insignificant changes to the invention and avoiding literal infringement.¹³

However, the doctrine does have some limits. Prosecution history estoppel, a tool developed by the courts, states that a patent holder who amends his patent claims during patent prosecution before the Patent and Trademark Office (PTO) may have surrendered the range of equivalents between the final and original claims.¹⁴ If the reason for the amendment is related to patentability, then the patentee is precluded from claiming equivalents falling in the range of the ceded claim territory.¹⁵ The Supreme Court has expressly recognized that the PTO may ask patent applicants to make amendments for other reasons, and in such a case the patent holder does not surrender all equivalents.¹⁶ If the prosecution history is silent as to a reason for an amendment, the patentee is charged with the burden of showing that the amendment was made for a reason other than patentability.¹⁷ The Court, however, did not seem to decide in *Warner-Jenkinson* whether the application of estoppel is a complete bar to recovery under the doctrine of equivalents. When the Federal Circuit reconsidered the Festo patents in *Festo VI*, it was left to determine whether Festo completely surrendered all territory between the original and amended claims. As noted above, they ruled that Festo had done just that.¹⁸

The Supreme Court, however, took issue with this holding, and in *Festo VIII* elaborated three ways in which a patent holder could still claim infringement under the doctrine of equivalents even when prosecution history estoppel applies. A patent holder cannot be barred from recovery where he could not have been expected to draft a claim that encompassed the infringing equivalent.¹⁹ There are three ways to establish this: the equivalent was unforeseeable to the drafter at the time

12. See *Winans v. Denmead*, 56 U.S. 330, 343 (1856) (“The exclusive right to the thing patented is not secured, if the public are at liberty to make substantial copies of it, varying its form or proportions.”).

13. See *Festo VIII*, 535 U.S. at 732-33 (quoting *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950)).

14. See *Warner Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 33-34 (1997).

15. See *id.*

16. *Id.* at 31 (“[T]here are a variety of other reasons why the PTO may request a change in claim language.”).

17. See *id.* at 33.

18. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 591 (Fed. Cir. 2000) (en banc).

19. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 740-41 (2002).

of the amendment, the amendment was made for a reason that had only a “tangential” relation to the equivalent, or there was “some other reason” that prevented the inclusion of the alleged equivalent.²⁰ The noted case was decided under this framework.

III. COURT’S DECISION

After summarizing the history of the case, the court outlined four questions on which it asked the parties to submit briefs. These were (1) whether the rebuttal imposed by prosecution history estoppel is a question of law or fact; (2) what factors are a part of the exceptions given by the Supreme Court; (3) if any of the rebuttal decisions in the case at bar turned on factual determinations that should be remanded to the district court; and (4) if remand is not necessary, whether *Festo* was able to rebut the presumption on the existing record before the court.²¹

The court also summarized the state of the current law of prosecution history estoppel and the doctrine of equivalents, as refined by the important recent decision of the Supreme Court in *Festo VIII*, and the prior Federal Circuit holdings that had been left undisturbed by the Supreme Court remand. The first question asked at the threshold of any prosecution history estoppel inquiry is whether an amendment has narrowed the scope of a claim.²² If so, and if the amendment was meant to comply with provisions of the Patent Act, estoppel may apply, subject to the possible exceptions discussed below.²³ An explanation of the reason behind an amendment must be found in the prosecution history itself; to hold otherwise would undermine the public notice function served by that record.²⁴ If the record is silent as to a reason for the amendment, the *Warner Jenkinson* doctrine mandates that the amendment will be presumed to have been made for a reason of patentability.²⁵ At this point, the Supreme Court’s rule in *Festo VIII* applies. When the reason for an amendment is unclear (therefore enabling the *Warner Jenkinson* presumption), the court should presume

20. *Id.* at 741.

21. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 344 F.3d 1359, 1365-66 (Fed. Cir. 2003) (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 304 F.3d 1289, 1290-91 (Fed. Cir. 2002) (order)).

22. *Id.* at 1366 (citing *Pioneer Magnetics v. Micro Linear Corp.*, 330 F.3d 1352, 1356 (Fed. Cir. 2003)).

23. *Id.* The court also pointed out that a voluntary amendment made by the patentee during the prosecution process may induce estoppel as well. *Id.*

24. *Id.* at 1367; *Pioneer*, 330 F.3d at 1356.

25. *Festo IX*, 344 F.3d at 1367 (citing *Warner Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 33 (1997)).

“that the patentee has surrendered all territory between the original claim limitation and the amended claim limitation.”²⁶ The only way for the patent holder to escape the *Festo VIII* presumption is to show that a practitioner skilled in the art could not have been expected to draft a claim that would have literally included the alleged equivalent.²⁷ The Court offered three possible ways to prove this and rebut the presumption of surrender. The patentee may show that the equivalent was unforeseeable to one skilled in the art at the time of the amendment, that the amendment was made for some reason that was merely “tangential” to the equivalent, or that there was “some other reason,” such as linguistic difficulty, that prevented the patent holder from encompassing the equivalent in the literal language.²⁸ If the patentee cannot establish any of these exceptions, prosecution history estoppel applies, and the patentee is precluded from relying on the doctrine of equivalents to prove infringement, at least as to those elements that are in the ceded territory.²⁹

The court then moved on to discuss the first issue it had asked the parties to brief, namely whether the rebuttal of prosecution history estoppel is a question of law or fact. Recognizing that the doctrine of equivalents and prosecution history estoppel are both questions of law, the court decided to extend this holding to the rebuttal exceptions, rejecting *Festo*’s argument that rebuttal contains underlying factual determinations that should be put to a jury.³⁰ Although the rebuttal determination may in fact hinge on such determinations, in other areas of patent law a court has been granted the power to make such findings when the findings are part of a larger legal question.³¹

For the second question the court asked the parties to brief, it considered arguments from both the parties and several amici.³² Some argued that the court should not establish any factors relating to the rebuttal test and let the doctrine develop itself on a case-by-case basis.³³ *Festo*, however, proposed that the party should be allowed to offer evidence from any possible source, and SMC argued that any evidence used in a rebuttal defense should come only from the prosecution

26. *Id.* (quoting *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 740 (2002)).

27. *Festo VIII*, 535 U.S. at 741.

28. *Id.* at 740-41.

29. *Festo IX*, 344 F.3d at 1367.

30. *Id.* at 1367-68.

31. *Id.* at 1368 n.3 (citing *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 980-81 (Fed. Cir. 1995)(en banc)).

32. *Id.* at 1368.

33. *Id.*

history.³⁴ The court recognized that it was incapable of predicting all the ways in which a party could rebut the presumption of surrender, and consequently only offered some general guidelines.³⁵ Unforeseeability, for example, “[b]y its very nature . . . depends on underlying factual issues” relating to such questions as the state of the art at the time of the amendment.³⁶ Any party trying to escape the surrender presumption under this exception may therefore use any extrinsic evidence available to them.³⁷ To prove that an amendment was made for a reason only “tangential” to the alleged equivalent, the party is limited to evidence found in the prosecution history.³⁸ Finally, for the “some other reason” exception, the court refrained from defining precise standards due to the vague nature of the exception itself, but did state that its application must be narrow.³⁹ The court stated that “it is available in order not to totally foreclose a patentee from relying on reasons, other than unforeseeability and tangentialness,” and whenever possible evidence offered under this exception should be taken from the file history.⁴⁰

The court then turned to the patents in suit. The first alleged equivalent concerned the sleeve surrounding the piston head and SMC’s alleged aluminum equivalent.⁴¹ Since it had already been established in *Festo VIII* that Festo had made the amendment for a reason of patentability, the court proceeded directly to the analysis of whether Festo could rebut the estoppel presumption.⁴² Since the court had already decided that unforeseeability was a factual question to be determined at trial, remand to the district court was necessary on this issue.⁴³ For the other two rebuttal exceptions, however, the court determined that there was enough on the record for them to make a valid decision.⁴⁴ Festo argued that the amendment relating to the first equivalent was made in response to the examiner’s question about the motor assembly, and that

34. *Id.*

35. *Id.* at 1368-69.

36. *Id.* at 1369.

37. *Id.*

38. *Id.* The court did allow for a very narrow exception, stating that expert testimony can be introduced in the tangential reason exception only to help interpret the prosecution history. *Id.* at 1370.

39. *Id.*

40. *Id.* For example, in one notable recent case, the Federal Circuit held that a patentee may not rely on the “other reason” exception when the file history reveals that prior art described the alleged equivalent. *Id.* (citing *Pioneer*, 330 F.3d at 1357).

41. *Id.*

42. *See* *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 737 (2002); *Festo IX*, 344 F.3d at 1371.

43. *Festo IX*, 344 F.3d at 1371.

44. *Id.*

the amendment was therefore tangential to the examiner's question.⁴⁵ The relevant inquiry, however, is whether the amendment is tangential to the *equivalent*, and since Festo had offered no explanation as to why their amendment was tangential to SMC's aluminum sleeve, it had failed to overcome the estoppel presumption on the ground of tangentiality.⁴⁶ Finally, Festo argued that since the designers felt that using aluminum would be an inferior equivalent of their design, they should have not been expected to include this in their claim, and therefore they satisfied the "other reason" exception for rebuttal.⁴⁷ The court also rejected this argument, stating that the "other reason" exception does not cover equivalents that were known to the inventor at the time of the amendment.⁴⁸ The court reasoned that this would cut against the very purpose of the doctrine of equivalents, i.e., that an inventor who consciously chooses a particular description that eliminates other materials cannot later claim those other inventions as equivalents.⁴⁹

The doctrine of equivalents analysis of the sealing ring is largely the same as for the sleeve.⁵⁰ The court remanded to the district court for unforeseeability determinations and rejected Festo's argument that alleged equivalents that the inventor thought to be inferior could not come in under the "other reason" exception.⁵¹

For the "tangentiality" test, however, the court engaged in a slightly different analysis. With respect to the sealing rings, the court in *Festo VI* established that Festo had amended its claims to avoid prior art.⁵² The reason for their amendment, therefore, was directly related to the nature of the sealing ring used, and could not be shown to be merely tangential to the alleged SMC equivalents.⁵³ The court therefore ruled that Festo could not rebut the estoppel presumption on these grounds, and as with the sleeve equivalents, the only way left for Festo to prove equivalence with the SMC products was through the unforeseeability test remanded to the district court.⁵⁴

In his separate concurrence, Judge Rader expressed concern with how the new rules affecting the doctrine of equivalents and estoppel

45. *Id.*

46. *Id.* at 1371-72.

47. *Id.* at 1372.

48. *Id.*

49. *See id.*

50. *See id.*

51. *See id.* at 1372-74.

52. *Id.* at 1373 (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 589 (Fed. Cir. 2000) (en banc)).

53. *Id.*

54. *See id.* at 1374.

would affect the practice of acquiring a patent itself.⁵⁵ More stringent constraints on the equivalents doctrine may cause arbitrary results due to the different habits and personalities of examiners.⁵⁶ Since some examiners are more demanding in their amendment requests, these differences will be magnified due to the increased importance of the amendment process under the new equivalents doctrine.⁵⁷ Also, the constant changes in the law and creation of newer exceptions creates a great deal of uncertainty in the prosecution process, and applicants have no sense of the consequences of the particular language they use in drafting their claims.⁵⁸ Nevertheless, Judge Rader expressed confidence that the standards established by the Supreme Court and their emphasis on foreseeability were the proper ways to evaluate the territory surrendered by a patent applicant.⁵⁹

In her dissent, Judge Newman, with whom Chief Judge Mayer joined, expressed strong concern about the majority's refusal to remand all three of the possible rebuttal exceptions to the district court.⁶⁰ Although she agreed that the application of the estoppel was a question of law for the court, all of the issues contain underlying questions of fact, and Festo should have been granted the opportunity to present such evidence in the context of a trial.⁶¹ Moreover, since the issue of estoppel was not even raised in the district court, the refusal to remand the issues denied Festo the opportunity to argue its case in any meaningful way.⁶² Finally, Judge Newman objected to the majority's determination that evidence presented during a rebuttal argument should be limited to the prosecution history because evidence explaining a patentee's reason for making an amendment is "more likely to reside outside of the prosecution record than within it."⁶³

IV. ANALYSIS

Although the court in the noted case took great care to analyze and follow the established precedent on the doctrine of equivalents and

55. *Id.* (Rader, J., concurring) ("[T]o rein in the doctrine of equivalents disrupts a fundamental practice of patent acquisition, namely that nearly every patent faces amendment during prosecution.").

56. *Id.* at 1375 (Rader, J., concurring).

57. *See id.* (Rader, J., concurring).

58. *See id.* at 1376 (Rader, J., concurring).

59. *Id.* (Rader, J., concurring).

60. *Id.* at 1377-85 (Newman, J., dissenting).

61. *See id.* at 1378 (Newman, J., dissenting).

62. *Id.* at 1384 (Newman, J., dissenting) (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 72 F.3d 857, 863 (Fed. Cir. 1995)).

63. *Id.* at 1385 (Newman, J., dissenting).

prosecution history estoppel, there are some aspects of the opinion that are controversial. The court shows a clear attempt to make the doctrine of equivalents a more precise rule, as evidenced by its refusal to remand for all of the estoppel exceptions outlined by the Supreme Court in *Festo VIII*. This carries an implicit holding that courts in the future may make determinations about the rebuttal exceptions without a complete record before them.⁶⁴ As Judge Newman noted in her dissent, this may be a disservice to patent holders who under this standard cannot argue the rebuttal exceptions without a full evidentiary hearing, particularly when the issue was not even raised at the trial level.⁶⁵

This also may be inconsistent with the Supreme Court's mandate in *Festo VIII* itself. Although the Court did not rule specifically on whether the rebuttal exceptions were a question of law or fact, there is some indication that the Court felt patentees should be able to present evidence on their behalf in the context of a hearing: "Inventors who amended their claims under the previous regime had no reason to believe they were conceding all equivalents. . . . There is no justification for applying a new and more robust estoppel to those who relied on prior doctrine."⁶⁶ The Court here was specifically speaking of the Federal Circuit's application of a complete bar in *Festo VI*, but by analogy it is possible that the Court would have wanted parties to have the full benefits of a trial, especially with a party like Festo that had never been given the opportunity in the first case. Moreover, the Court itself recognized that the record was incomplete, and required more "proceedings" to develop any possible arguments for rebuttal of the estoppel presumption.⁶⁷

With the help of briefs filed by amicus parties, the Federal Circuit clearly interpreted these "proceedings" as proceedings in the appellate context only, at least as applied to the "tangentiality" and "other reason" exceptions. The court may be establishing precedent here that would allow courts to make a determination on a record that may not be fully developed.

The Federal Circuit has also been somewhat inconsistent in how it disposes of these cases, both before and after the noted case was decided.⁶⁸ *Pioneer* and *Talbert* share the characteristic that the patentees

64. *See id.* at 1373-74.

65. *See id.* at 1384 (Newman, J., dissenting).

66. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 739 (2002).

67. *Id.* at 741-42.

68. *See, e.g., Talbert Fuel Sys. Patents Co. v. Unocal Corp.*, 347 F.3d 1355, 1359 (Fed. Cir. 2003) (holding that because of prior art disclosure that contained alleged equivalent, the court was able to discern from the record that prosecution history estoppel did apply); *Pioneer Magnetics v. Micro Linear Corp.*, 330 F.3d 1352, 1357 (Fed. Cir. 2003) (holding prior art

had very obviously amended their claims to avoid prior art.⁶⁹ The Supreme Court has expressly recognized that a patentee will not be able to escape the estoppel presumption when such is the case.⁷⁰ This holds true even under the new rules of *Festo VIII*.⁷¹ When the reason is not related to the prior art, however, and the record is not complete enough for the court to decide whether the patentee can rebut the estoppel presumption, the Federal Circuit has remanded.⁷² The noted case, therefore, is in some ways a departure from the recent practice of the Federal Circuit itself. There was no allegation that Festo had made amendments to their patents to avoid prior art, and the trial record did not contain explanations for how they may have been able to escape the estoppel presumption. A remand to the district court would therefore seem to have been more consistent with the Federal Circuit's practice in the area. Under this new standard, the court is granting itself the ability to make determinations of whether a patentee can rely on the doctrine of equivalents without having a complete record before it, and without giving the patentee a full opportunity to present important evidence in his defense. This may create more confusion in the future and defeat the Federal Circuit's own efforts to make the doctrine more precise.

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prevented patentee from escaping estoppel and remand was not necessary); *cf. Deering Precision Instruments v. Vector Distribution Sys., Inc.*, 347 F.3d 1314, 1326 (Fed. Cir. 2003) (holding that the question of estoppel rebuttal is best determined in a district court) (citation omitted); *Amgen, Inc., v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1345 (Fed. Cir. 2003) (remanding to district court for rebuttal analysis).

69. *See Pioneer*, 330 F.3d at 1355; *Talbert*, 347 F.3d at 1359.

70. *See Warner Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 30-31 (1997) (citations omitted).

71. *See Pioneer*, 330 F.3d at 1357 (applying the *Festo VIII* exception criteria to the existence of prior art).

72. *See, e.g., Deering*, 347 F.3d at 1326; *Amgen*, 314 F.3d at 1313.

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