

FESTO CORP. V. SHOKETSU KINZOKU KOGYO KABUSHIKI CO.: RESTORING THE DOCTRINE OF EQUIVALENTS FOR CLAIMS MODIFIED DURING PROSECUTION

Mark R. Anderson

I. INTRODUCTION

In *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,¹ the United States Supreme Court ruled that amending a claim during prosecution does not result in a complete bar to the doctrine of equivalents,² and that any amendment narrowing a claim can give rise to prosecution history estoppel.³ In making this decision the Court embraced its prior rulings,⁴ and rejected the Federal Circuit's decision that a complete bar to equivalents always results when a claim is narrowed during prosecution.⁵ This ruling has many implications to those who practice patent law, and in the years to come, case law will determine exactly how far these implications reach.

II. FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff Festo Corporation (Festo) holds the Stoll and Caroll patents for magnetic rodless cylinders used in a variety of industrial applications.⁶ Defendant Shoketsu Kinzoku Kogyo Kabushiki Company (SMC) began to sell a device that is similar to that sold by Festo.⁷ There were two primary differences between the Festo and SMC devices. Festo's device used two sealing rings on its cylinder, while the SMC device only contains one sealing ring.⁸ The second difference was the Festo device contained a magnetizable sleeve, while the SMC device was "nonmagnetizable."⁹ Because the SMC device was not covered by the

1. 122 S. Ct. 1831 (2002).

2. *Id.* at 1840-1841.

3. *Id.* at 1839.

4. *Id.* at 1841.

5. *Id.* at 1840.

6. *Id.* at 1835.

7. *Id.* at 1836.

8. *Id.*

9. *Id.*

specific claims of the Festo patents, Festo claimed infringement under the doctrine of equivalents.¹⁰

SMC argued that the doctrine of equivalents was not applicable because Festo amended its patent applications during prosecution.¹¹ The original Stoll application did not contain a limitation that the sleeve be made of a magnetized alloy. During prosecution, the PTO rejected the original Stoll application under section 112 for failing to disclose how the invention operated.¹² It is not clear if Stoll needed to amend the claim to contain a limitation on the material of the sleeve in order to obtain a patent.¹³ The Carroll application was originally rejected based on section 102 and section 103. Carroll also argued that the prior art cited by the examiner was not relevant to his invention.¹⁴ The Carroll patent was reexamined in 1988, and significant amendments were made to the claims during the reexamination.¹⁵ Festo argued that the Carroll device was superior to the prior art devices cited during the reexamination because it used two sealing rings.¹⁶ SMC argued that these were narrowing amendments that foreclosed the use of the doctrine of equivalents on those elements of both patents.¹⁷

III. THE FEDERAL DISTRICT COURT DECISION

The first court to address the issues presented in this case was the United States District Court for the District of Massachusetts. Under FED. R. CIV. P. 53, the court appointed a special master.¹⁸ While the court relied heavily on the master's report in making decisions regarding summary judgment, the court did not adopt the master's conclusion, based on prosecution history estoppel, that SMC did not infringe Festo's patents.¹⁹

The special master first examined the amendments to the Carroll patent.²⁰ The amended Carroll application described two seals on the ends of the cylinder, but stated that the purpose of the seals was to form a fluid tight seal.²¹ The special master ruled that the SMC device formed

10. *Id.*

11. *Id.*

12. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., No. 88CV1814, 1994 WL 1743984, at *4 (D. Mass. 1994).

13. *Id.*

14. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., No. 88CV1814, 1993 WL 1510657, at **5-6 (D. Mass. 1993).

15. *Id.* at *6.

16. *Id.*

17. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 122 S. Ct. 1831, 1836 (2002).

18. Festo Corp., 1994 WL 1743984, at *1.

19. *Id.* at *3.

20. Festo Corp., 1993 WL 1510657, at *5.

21. *Id.* at **9-10.

a fluid tight seal using only one sealing ring, therefore the infringement of the Carroll patent was based on the doctrine of equivalents.²²

Next, the master looked to the prosecution history of the Stoll patent, the second patent at issue in the case.²³ The Stoll patent was amended during prosecution to include a restriction stating that a magnetizable material forms the sleeve of the device.²⁴ On this issue the master ruled that prosecution history estoppel applied, because the amendment narrowed the claim in such a way that under the doctrine of equivalents, Festo could not regain the sleeve made from a nonmagnetizable material.²⁵

The result at the District Court level was that the amendments made during the prosecution of the patents at issue were not made to overcome prior art, and therefore prosecution history estoppel did not apply.²⁶ Festo's motion for summary judgment of infringement of the Carroll patent was granted,²⁷ and a jury found that SMC had infringed the Stoll patent.²⁸ The Court of Appeals for the Federal Circuit initially affirmed the results from the district court.²⁹

IV. THE FEDERAL CIRCUIT COURT OF APPEALS DECISIONS

Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki first arrived at the Federal Circuit in 1995.³⁰ SMC argued during this appeal that prosecution history estoppel applied and thus required the reversal of the findings of infringement.³¹ The court ruled that the scope of estoppel should be determined based on the amendment made and the scope of the prior art.³² The court also noted that statements made to the examiner regarding the reason for the amendment are also relevant when determining the scope of the estoppel.³³ The Federal Circuit held that the district court did not commit reversible error when it determined that prosecution history estoppel was not present in the case because the district court did not determine a reason for the Stoll patent amendment.³⁴

The Supreme Court granted certiorari and vacated and remanded the case back to the Federal Circuit based on the Supreme Court's

22. *Id.*

23. *Id.* at **11-16.

24. *Id.* at *12.

25. *Id.* at **19-20.

26. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 122 S. Ct. 1831, 1836 (2002).

27. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, No. 88CV1814, 1994 WL 1743984, at *7 (D. Mass. 1994).

28. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 72 F.3d 857, 862 (Fed. Cir. 1995).

29. *Id.*

30. *Festo Corp.*, 72 F.3d 857.

31. *Id.* at 863-64.

32. *Id.* at 864.

33. *Id.*

34. *Id.*

holding in *Warner-Jenkinson*.³⁵ Initially on remand to the Federal Circuit, the three judge panel rejected SMC's argument that prosecution history estoppel applied based on the Stoll patent amendment requiring that the material of the sleeve be magnetizable.³⁶ However, the court remanded the case back to the district court for a determination of whether the amendment to the Stoll application regarding sealing rings could serve as a basis for prosecution history estoppel.³⁷

Next, the case was reheard en banc by the Federal Circuit.³⁸ Five questions were presented to the court during this proceeding, four of which were answered.³⁹ The first question was whether the only amendments made to overcome rejections under section 102 or section 103 can trigger prosecution history estoppel, or if any amendment needed to result in the issuance of a patent can trigger estoppel.⁴⁰ According to the decision, any amendment related to a statutory requirement needed for the patent to issue that narrows the claims of a patent is a basis for prosecution history estoppel.⁴¹ In the court's view, the purpose of prosecution history estoppel, "preserving the notice function of the claims and preventing patent holders from recapturing under the doctrine of equivalents subject matter that was surrendered before the patent office," necessitates the result that the estoppel applies for any narrowing amendment made for reasons of patentability.⁴² The court found that this result was consistent with the Supreme Court's holding in *Warner-Jenkinson* as "no language in *Warner-Jenkinson* limits prosecution history estoppel to amendments made to avoid prior art."⁴³ Judge Schall did not think that all amendments made to an application would lead to prosecution history estoppel, "if a patent holder can show from the prosecution history that a claim was not motivated by patentability concerns, the amendment will not give rise to prosecution history estoppel."⁴⁴

The Federal Circuit also answered whether voluntary claim amendments could create prosecution history estoppel.⁴⁵ Answering in the affirmative, the court reasoned that there is no difference when the PTO requires an amendment to make a claim patentable and when the patentee makes an amendment believing that the initial claim was not patentable.⁴⁶ The Federal Circuit believed that an amendment

35. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 122 S. Ct. 1831, 1836 (2002).

36. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 172 F.3d 1361, 1380 (Fed. Cir. 1999).

37. *Id.*

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

39. *Id.* at 563.

40. *Id.*

41. *Id.*

42. *Id.* at 567.

43. *Id.*

44. *Id.* at 567-68.

45. *Id.* at 568.

46. *Id.*

voluntarily made by the patentee is analogous to “argument-based estoppel,” where a patentee’s arguments made during prosecution can be used to limit the scope of equivalents.⁴⁷

Next, Judge Schall addressed the question of what range of equivalents was available to a patent holder if prosecution history estoppel applied.⁴⁸ The answer to this question was that “there is no range of equivalents available for the amended claim element . . . Application of the doctrine of equivalents to the claim element is completely barred (a ‘complete bar’).”⁴⁹ The court believed that “the question of the scope of equivalents available when prosecution history estoppel applies to a claim element has not been directly addressed or answered by the Supreme Court.”⁵⁰ According to the Federal Circuit, the range of equivalents available was usually not addressed by the Supreme Court in cases where prosecution history estoppel applied, as prior art usually prevented the doctrine of equivalents from applying.⁵¹ As the court believed that the Supreme Court had not answered the question of the range of equivalents available when prosecution history estoppel applies, it felt free to decide the issue.⁵²

The Federal Circuit determined that a flexible bar created a great deal of uncertainty about the scope of equivalents available.⁵³ “The patentee would draw the line just at or slightly short of the prior art, leaving a wide range of equivalents untouched by prosecution history estoppel The accused infringer, however, would draw the line close to the literal term of the claims, leaving little or no range of equivalents.”⁵⁴ The court held that the “state of the law regarding the scope of equivalents that is available when prosecution history estoppel applies is ‘unworkable’.”⁵⁵ Important factors in the court’s decision were: giving effect to narrowing amendments, preserving the notice function of the claims, and giving certainty in results.⁵⁶ “A complete bar, unlike a flexible bar, thus lends certainty to the process of determining the scope of protection afforded by a patent.”⁵⁷ Certainty provided by a complete bar of equivalents allows the public to know the exact scope of a patent that had claims narrowed during prosecution, without having to litigate the patent.⁵⁸

47. *Id.*

48. *Id.* at 569.

49. *Id.*

50. *Id.*

51. *Id.* at 569-70.

52. *Id.* at 572.

53. *Id.* at 575.

54. *Id.*

55. *Id.*

56. *Id.* at 576.

57. *Id.* at 577.

58. *Id.*

The fourth question that the Federal Circuit resolved was whether equivalents were available when the reason for a narrowing amendment to a claim is not known.⁵⁹ According to the court, this question was answered by *Warner-Jenkinson*: no equivalents are available when the reason for an amendment can not be determined.⁶⁰

Applying these answers to the current case, the court found that the patents asserted by Festo contained amendments that gave rise to prosecution history estoppel.⁶¹ Since prosecution history estoppel applied, no equivalents were available to Festo, and the Federal Circuit reversed the findings of infringement under the doctrine of equivalents.⁶²

Four judges dissented from the finding of a complete bar of equivalency for prosecution history estoppel.⁶³

V. THE SUPREME COURT RESTORES EQUIVALENTS FOR SOME AMENDMENTS

In *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,⁶⁴ the United States Supreme Court held, in a unanimous decision, that any narrowing amendment may give rise to prosecution history estoppel, but that prosecution history estoppel is not a complete bar to the doctrine of equivalents.⁶⁵

On appeal to the Supreme Court, Festo argued that estoppel should only apply when an amendment is made with the intention of narrowing the subject matter of a claim.⁶⁶ An amendment of this type would be made to overcome a rejection of the claim based on prior art.⁶⁷ According to Festo, no estoppel should apply to an amendment made to satisfy requirements regarding the form of an application.⁶⁸

The Court began its analysis by examining the type of amendment that can give rise to prosecution history estoppel.⁶⁹ Prior cases had held that “estoppel applies to amendments made ‘for a substantial reason related to patentability.’”⁷⁰ These prior cases had not clearly answered what a “substantial reason related to patentability” meant.⁷¹ Admitting that most prior cases dealing with prosecution history estoppel had focused on amendments to get around prior art, the Court felt that other

59. *Id.* at 578.

60. *Id.*

61. *Id.* at 591.

62. *Id.*

63. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 122 S. Ct. 1831, 1837 (2002).

64. *Festo Corp.*, 122 S. Ct. 1831.

65. *Id.* at 1839-40.

66. *Id.* at 1839.

67. *Id.*

68. *Id.*

69. *Id.*

70. *Id.*

71. *Id.*

reasons for amendments could also bring about prosecution history estoppel.⁷² Agreeing with the Federal Circuit, the Court stated, “a narrowing amendment made to satisfy any requirement of the Patent Act may give rise to an estoppel.”⁷³ This holding indicates that an amendment made to satisfy requirements of section 112 of the Patent Act will bring about an estoppel. However, “[i]f a §112 amendment is truly cosmetic, then it would not narrow the patent’s scope or raise an estoppel.”⁷⁴ “Estoppel arises when an amendment is made to secure the patent and the amendment narrows the patent’s scope.”⁷⁵ The holding of the Supreme Court in *Festo* makes it clear that any amendment that must be made in order to obtain a patent can give rise to prosecution history estoppel.

Next, the Court was asked to decide if prosecution history estoppel provided a complete bar of infringement under the doctrine of equivalents, or if a court must still decide what equivalents may infringe. Justice Kennedy wrote that a “complete bar avoids this inquiry by establishing a *per se* rule; but that approach is inconsistent with the purpose of applying the estoppel in the first place – to hold the inventor to the representations made during the application process.”⁷⁶ An amendment shows that the claim does not cover the same breadth of equivalents as the unamended claim, but it does not mean that there are no equivalents available.⁷⁷ “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.”⁷⁸ “[T]here is no more reason for holding the patentee to the literal terms of an amended claim than there is for abolishing the doctrine of equivalents altogether and holding every patentee to the literal terms of the patent.”⁷⁹

The Court strongly admonished the Federal Circuit for deciding that an absolute bar would apply to equivalents when prosecution history estoppel applies. When deciding issues of equivalents available when prosecution history estoppel applied, the Supreme Court had “consistently applied the doctrine in a flexible way, not a rigid one.”⁸⁰ “The Court of Appeals ignored the guidance of *Warner-Jenkinson*, which instructed that courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community.”⁸¹ In *Warner-Jenkinson* the Court made it clear that the law was settled with

72. *Id.*

73. *Id.*

74. *Id.* at 1840.

75. *Id.*

76. *Id.*

77. *Id.*

78. *Id.* at 1841.

79. *Id.*

80. *Id.*

81. *Id.*

regards both to the doctrine of equivalents and prosecution history estoppel; Congress is the only body that should alter these expectations.⁸²

Justice Kennedy believed that settled expectations of the inventor should not be changed by the courts.⁸³ Patents are prosecuted based on the precedent established by courts; had patent applicants known that any narrowing amendment to their claims would result in a complete bar of the doctrine of equivalents, they would not have freely made narrowing amendments.⁸⁴ An applicant might have appealed a final rejection rather than make an amendment that they know will eliminate all equivalents.⁸⁵

The Court explained that requiring the patentee to demonstrate that a narrowing amendment was not related to patentability is an appropriate balance between prosecution history estoppel and the doctrine of equivalents.⁸⁶ “When the patentee is unable to explain the reason for amendment, estoppel not only applies but also ‘bar[s] the application of the doctrine of equivalents as to that element.’”⁸⁷

A “patentee should bear the burden of showing that the amendment does not surrender the particular equivalent in question.”⁸⁸ “A patentee’s decision to narrow his claims through amendment may be presumed to be a general disclaimer of the original claim and the amended claim.”⁸⁹ In some situations the amendment will clearly not be seen as surrendering an equivalent, especially if the particular equivalent was not known at the time the patent was prosecuted.⁹⁰ In other situations an equivalent may be available, as the amendment bore no relation to that equivalent.⁹¹ The third situation that was specifically mentioned as not surrendering an equivalent was where the “patentee could not reasonably be expected to have described the insubstantial substitution in question.”⁹² Justice Kennedy concluded that this presumption of a bar is not “just the complete bar by another name.”⁹³ The interpretation of a patent begins with the language of the claims, which must be viewed in light of the prosecution history.⁹⁴ In order for prosecution history estoppel not to act as a bar of equivalents, “[t]he 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

82. *Id.*

83. *Id.*

84. *Id.*

85. *Id.*

86. *Id.*

87. *Id.* at 1842.

88. *Id.*

89. *Id.*

90. *Id.*

91. *Id.*

92. *Id.*

93. *Id.*

94. *Id.*

have literally encompassed the alleged equivalent.”⁹⁵ This shows that prosecution history estoppel may not be a complete bar to equivalents, but it will severely limit the equivalents available to a patentee who made narrowing amendments to a patent claim during prosecution.

Festo was resolved by remanding the case to ascertain if Festo could show that the equivalents used by SMC had not been surrendered by the amendments made during prosecution.⁹⁶ It is not clear if Festo will be able to meet this standard, but it will at least have an opportunity to show that SMC’s products are an equivalent of the Festo patents that were not surrendered by the amendments.

VI. IMPLICATIONS OF *FESTO* TO THE PROSECUTION OF PATENTS AND IMPLICATIONS OF THE PROSECUTION RECORD TO LITIGATION

The Supreme Court opinion in *Festo* answered certain questions regarding the doctrine of equivalents and prosecution history estoppel, however, the future implications of the decision for how patents will be prosecuted, or how the record established at the PTO will affect infringement litigation, are not clear.

A presumption that prosecution history estoppel applies gives the Federal Circuit great leeway in deciding when the presumption has been rebutted. The Supreme Court only mentioned three conditions that might show that the presumption of estoppel has been rebutted: (1) the equivalent was unforeseeable when the patent was applied for, (2) the reason for the amendment only has a tangential relation to the claimed equivalent, or (3) the applicant could not have been expected to have described the equivalent.⁹⁷ If the Federal Circuit case law develops that these three situations are the only ones where the presumption of estoppel may be rebutted, the availability of equivalents may be greatly reduced. The attitude of the Federal Circuit towards prosecution history estoppel suggests that the court will find few situations in which the presumption of estoppel has been rebutted. A stronger likelihood of prosecution history estoppel preventing the application of the doctrine of equivalents should cause patent attorneys to draft patent applications more carefully.

Patent attorneys should continue to take great care when drafting applications to limit the number of amendments needed for the PTO to allow the claims. If no amendment is made, prosecution history estoppel will not apply, and the broadest range of equivalents will be available to the patentee.

The prosecution record before the PTO also has implications to infringement suits aside from prosecution history estoppel. One would

95. *Id.*

96. *Id.* at 1842-43.

97. *Id.* at 1842.

expect patent attorneys to be careful not to inadvertently dedicate possible equivalents to the public during prosecution. If a specification contains a possible equivalent not encompassed by the claims of the patent, that possible equivalent is likely dedicated to the public. Dedication to the public is intended to prevent an applicant from narrowly claiming an invention to avoid scrutiny from the PTO during examination, and then assert that the doctrine of equivalents allows a disclosure in the specification to be an infringement.⁹⁸

Another way in which the prosecution record can affect litigation is in the arguments that a patent holder can make when the court is determining the purpose of an amendment. During litigation, patent applicants should honestly state the purpose of an amendment made during prosecution when arguing that prosecution history estoppel should not apply. The Federal Circuit has shown that it will look skeptically on self-serving arguments that an amendment was made to clarify the language of the application when the application has been rejected under section 102 or section 103.⁹⁹ The court will typically examine the reason for the amendment, and not merely accept the applicants alleged purpose for the amendment.¹⁰⁰

Finally, a patent applicant should consider an appeal of a rejection of a claim that they believe is improper, rather than amend the claims. If an amendment is made, the courts may rule that prosecution history estoppel applies, and, as a result, no equivalents may be available to what is claimed. The Federal Circuit seems unlikely to allow equivalents if an application is amended to overcome prior art. This suggests that an applicant should appeal a rejection based on prior art that they believe is improper in order to preserve equivalents, even those equivalents that do not seem to be related to the rejection. Over the coming years it will be interesting to see if the number of appeals from final rejection of patent applications increases in any appreciable fashion.

VII. CONCLUSION

In *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, the Supreme Court held that any narrowing amendment made to a patent claim during prosecution for a “substantial reason related to patentability” may give rise to prosecution history estoppel.¹⁰¹ However, unlike the Court of Appeals for the Federal Circuit, the Supreme Court did not adopt a complete bar to equivalents when prosecution history

98. *Johnson & Johnston Associates, Inc. v. R.E. Service Co.*, 285 F.3d 1046, 1054 (Fed. Cir. 2002).

99. *Loral Fairchild Corp. v. Sony Corp.*, 181 F.3d 1313, 1326 (Fed. Cir. 1999); *Bai v. L&L Wings Inc.*, 160 F.3d 1350, 1356 (Fed. Cir. 1998)

100. *Id.*

101. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 122 S. Ct. 1831, 1839 (2002).

estoppel applies.¹⁰² This does not mean that a patentee will have a wide range of equivalents available, as the patentee must overcome a presumption that all territory between the initial claim and the amended claim has been surrendered.¹⁰³ However, if a patentee can show that a particular equivalent was not surrendered by the amendment; patent infringement based on the doctrine of equivalents can still be found.¹⁰⁴ Thus, while a complete bar of equivalents does not exist, a patentee who makes a narrowing amendment to a claim during prosecution does face the difficult prospect proving that a particular equivalent was not surrendered by the amendment.

102. *Id.* at 1840-41.

103. *Id.* at 1842.

104. *Id.*