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The Evolution of Equivalents: *Festo Corp. v. Shoketsu Kinzoku Kabushiki Co.*

by
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I. Introduction

Information is rapidly becoming many firms' most valuable resource and the patents protecting inventions have become critical strategic assets.[1] In May of 2002, the Supreme Court unanimously issued a ruling on the doctrine of equivalents that will likely trigger inconsistent results in future patent protection cases.[2] Patent holders acquire a limited monopoly of twenty years to generate profits. Patent protection is critical because there is a strong need to provide firms with sufficient incentives to create and invest in new technologies.[3] It is important, therefore, to provide clear guidelines for patent procedures so that inventors may rely on future protection.[4] In the past, courts have struggled to provide unambiguous equivalents guidance.

The Court's most recent decision, *Festo v. Shoketsu*, reinvigorates the security provided by the doctrine of equivalents but leaves further definition to the lower courts. The *Festo* case investigated the broad concept of patent protection, while examining a narrower issue – is an amended patent claim a complete bar to the doctrine of equivalents under prosecution history estoppel?[5] The Court held in *Festo* that: (1) prosecution history estoppel may apply to any claim amendment made to satisfy the Patent Act's requirements;[6] (2) claim amendment is not an absolute bar to a claim of infringement under the doctrine of equivalents;[7] and (3) the patentee has the burden of proving that the amendment did not surrender the particular equivalent in question.[8]

II. Background

The dispute in the *Festo* case focused on the use of the doctrine of equivalents to prevent patent infringement by a rival company. Festo Corporation owned two patents on a piston-driven instrument that uses magnets to move objects through a conveyance system. This device has a wide variety of

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1. Ron Cahill, *On Festo: Restoring Balance*, Nat'l Law J 1 (June 3, 2003), *at* http://www.nutter.com/news/images/cahillfestonlj.pdf.
2. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd., 535 U.S. 722 (2002) ("*Festo IV*").
3. Cahill, *supra* note 1.
4. *Id.*
5. *Festo IV*, 535 U.S. at 727-28.
6. *Id.* at 737.
7. *Id.* at 737-38.
8. *Id.* at 740.

industrial uses and was in large demand. It has been used in machinery ranging from sewing equipment to amusement park rides such as Disney World's Thunder Mountain. As frequently happens, the original patent claims by Festo Corporation were rejected because of defects in product descriptions.[9] During the prosecution proceedings, the patent applications were amended twice to provide specificity. The first application, the Stoll Patent (U.S. Patent No. 4,354,125), was amended because the method of operation was unclear and some claims were presented incorrectly as multiply dependent. The second patent, the Carroll Patent (U.S. Patent No. 3,779,401), was amended during reexamination to correct §112 deficiencies and to include references to prior art. Both of the final patents added new limitations and included two one-way sealing rings, each having a lip on one side and a magnetized outer sleeve.

After Festo placed its patented rodless cylinder on the market, a competitor began selling a device similar to the one disclosed by its patents. This competitor, Shoketsu Kinzoku Kogyo Kabushiki Company ("Shoketsu"), created a cylinder with one two-way sealing ring and a sleeve made of a non-magnetizable alloy. As sold, Shoketsu's product did not fall within the literal claims of either the Stoll or Carroll Patent held by Festo; both devices, however, perform the same work functions. In an independent action, Shoketsu filed for patent protection for its product, claiming that the prosecution history of Festo's patents estopped it from arguing infringement. The sealing rings and the magnetized alloy in the Festo product were disclosed for the first time in the amended applications. Festo claimed that the Shoketsu rodless cylinder was so similar to its own that it infringes its patents under the doctrine of equivalents.

III. Procedural History

Festo filed suit against Shoketsu in the United States District Court for the District of Massachusetts,[10] arguing that its patent amendments did not bar the use of the doctrine of equivalents against Shoketsu for patenting an essentially identical product.[11] Festo claimed that the patent amendments were not made to avoid prior art.[12] It further alleged that the patent application amendments were not the type that give rise to prosecution history es-

9. *See* 35 U.S.C. § 112 (1975). The rule requires that the application describe, enable, and set forth the best mode of carrying out the invention. The patent should not be issued if these requirements are not satisfied. An applicant's failure to meet these requirements could lead to the subsequent invalidation of any patent issued.

10. Festo Corp. v. Shoketsu Kinzoku Kabushiki Co., 1993 WL 1510657 at *28, (Dist. Mass.) ("Festo I").

11. *Id.* at *9.

12. *Id.* at *14.

toppel,[13] arguing that these amendments were made simply to conform to the Patent Act specifications.[14] The court pointed out that the language in patent claims may not capture every nuance of an invention or describe with complete precision its range of uses.[15] To protect this inevitable weakness, Festo argued that the doctrine of equivalents must be available to bar inventions that are similar in form and function.[16] In defense of the claim, Shoketsu argued that the amended application of the disputed patents estopped Festo from arguing the doctrine of equivalents.[17] Both the magnetized sleeve and the sealing rings were disclosed for the first time in the changes.[18] Shoketsu contended that these specifications narrowed the original patent applications, thereby conceding the alternatives that were the points of variation in the competing products.[19] Because Festo narrowed its applications concerning these alternatives, Shoketsu argued, it was subsequently estopped from arguing that these characteristics are unimportant and that Shoketsu's product is an equivalent of Festo's.[20] Both parties' arguments illustrated the inconsistencies of prior court decisions with regard to the doctrine of equivalents.

The United States District Court for the District of Massachusetts held for the plaintiff, Festo,[21] ruling that both products were so similar in form and function that the doctrine of equivalents would bar the issue of a patent for the Shoketsu cylinder.[22] The court also held that an alteration in patent application in order to conform to § 112 requirements did not invoke prosecution history estoppel.[23] The Court of Appeals for the Federal Circuit originally affirmed,[24] but the Supreme Court vacated and remanded in light of *Warner-Jenkinson Co. v. Hilton Davis Chemical*.[25] The Court of Appeals then reversed its original decision, holding that prosecution history estoppel applied

13. *Id*. at *14-15.
14. *Id*. at *13.
15. *Id*. at *9.
16. *Id*.
17. *Id*.
18. *Id*. at *12-13.
19. *Id*. at *14.
20. *Id*.
21. *Id*. at *27.
22. *Id*.
23. *See id*. at *6-7.
24. Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd., 72 F.3d 857 (Fed. Cir. 1995) ("*Festo II*").
25. 520 U.S. 17, 17 (1997). Prosecution history estoppel is a complete defense to an allegation of infringement under the doctrine of equivalents. The court also held that the patentee bears the burden of proving that an amendment was not made for a reason that would give rise to estoppel.

and barred the use of the doctrine for protection against infringement claims when a patent application is amended.[26]

The Court of Appeals' decision reflected an intention to narrow the scope of property rights with regard to patent protection.[27] In 2000, the Court of Appeals for the Federal Circuit curtailed the doctrine of equivalents, creating a "bright-line" rule.[28] The rule, which was designed to limit the outer boundaries of patent-protected material, created a complete bar against the use of the doctrine of equivalents if a patent is altered for any reason.[29] The court held that change for any reason that narrows a patent claim during filing precludes the invocation of equivalents as a protection against infringement.[30] Although it provided for judicial efficiency, this decision was unpopular with intellectual property practitioners because it increased the difficulty faced by patent owners in defending against competitors that make minor alterations in patented works.[31]

IV. The Supreme Court Decision

The Supreme Court, taking a different approach, appeared to be attempting to restore stability to the law of patents. The *Festo* holding was based solely upon the doctrine of equivalents, which extends patents beyond the exact language used within the patent to cover minor modifications that perform the same function in the same way.[32] The Court acknowledged that the nature of language makes it impossible to capture the real meaning of an invention in a patent application.[33] In other words, "[o]ften the invention is novel and words do not exist to describe it."[34] The Court reiterated that it would be absurd to allow competitors who make insubstantial changes and substitutions in a product to avoid patent protection by taking the copied material outside of the claim and outside of the reach of the law.[35] Agreeing with the Court of Appeals that a narrowing amendment made to an application to satisfy any requirement of the Patent Act could give rise to an estop-

26. Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd., 234 F.3d 558, 575 (Fed. Cir. 2000) ("*Festo III*").

27. Cahill, *supra* note 1.

28. *Id*.

29. *Id*.

30. *Festo III*, 234 F.3d at 575-76.

31. *'Festo' Presto*, IP Worldwide 1 (Aug. 15, 2002), *at* http://www.law.com/servlet/ContentServer?pagename=OpenMarket/Xcelerate/View&c=LawArticle&cid=1029171620560&live=true&cst=1&pc=0&pa=0.

32. Winans v. Denmead, 56 U.S. (1 How.) 330, 343 (1853).

33. *Festo IV*, 535 U.S. at 732.

34. Autogiro Co. of Am. v. U.S., 384 F.2d 391, 397 (Ct. Cl. 1967).

35. *Festo IV*, 535 U.S. at 734-33.

pel, the Court was unwilling to hold that all amendments would give rise to prosecution history estoppel.[36]

In *Warner-Jenkinson Co.*, the Court warned the Federal Circuit to be cautious before adopting changes that disrupt the settled expectations of the inventing community.[37] The Court reasoned that the circuit court had violated patent holders' expectations that their inventions would be protected from infringers claiming only minor changes.[38] In an attempt to provide clarity and fairness, the Court in *Festo* threw out the Court of Appeals' absolute bar on invocation of the doctrine of equivalents when a patent had been amended in any manner.[39] The Court accepted the idea that this doctrine could, and should, be applied carefully when patent application amendments were cosmetic or unrelated to an infringement claim.[40] Increasing the burden on the patentee alleging infringement under the doctrine of equivalents, however, the Court mandated that the plaintiff carry the burden of proving that the narrowing amendment made during patent application did not surrender the specific equivalent in question.[41] The Court also suggested that an examination that considers which equivalents were surrendered during the prosecution of the patent be made, as imposing a complete block would revert patent law to the very literalist interpretations that the equivalents rule is designed to overcome.[42] Finally, the Court indicated that it would be more appropriate for Congress to decide whether to legislate the doctrine of equivalents out of existence and that all policy arguments should be made directly to Congress, not to the courts.[43] In a final act, the Court remanded the case to the Federal Circuit for a decision on the infringement of the Festo patent consistent with its holding.[44] The Circuit recalled the mandate issued in December of 2000 and reinstated the appeal, which is currently pending.[45]

V. Analysis

Although the Court's decision is an attempt to clarify the proper function and broaden the scope of the doctrine of equivalents, the results of the case may prove to be inconsistent with that intent. The Federal Circuit's cur-

36. *Id.* at 735-36.

37. *Warner-Jenkinson*, 520 U.S. at 32.

38. *Id.*

39. *'Festo' Presto*, *supra* note 31.

40. *Festo IV*, 535 U.S. at 736-37.

41. *Id.* at 740.

42. *Id.* at 738.

43. *Id.* at 733.

44. *Id.* at 742.

45. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd., 304 F.3d 1289, 1290 (Fed. Cir. 2002) ("*Festo V*").

rent predisposition is to construe patent claims narrowly.[46] In light of its previous holding in *Festo*, which illustrates its restrictive view of the doctrine of equivalents and prosecution history estoppel, the circuit court will likely decide the case in a manner that reduces the effectiveness of the doctrine for patent holders.[47] It will be very difficult for Festo to overcome the heavy burden of proving that its application amendments did not concede the elements in question. Future patent writers would be wise to learn from this and take protective measures. Primarily, numerous patent claims, each different in scope and specificity than the last, should be filed for every product, thereby minimizing the need to amend applications during the filing process and the need to rely on problematic equivalents defenses during prosecution.[48] Also, applicants should always specify the reasons for any changes made to applications, especially if they are made for cosmetic reasons.[49] Finally, it would be wise to appeal any patent rejection, as opposed to amending the application.[50] By following these steps, patent applicants could reduce their need to rely on the doctrine of equivalents and the uncertainty that surrounds its future.

Uncertainty aside, the Court, while broadening patent protection, revived an important weapon that can be used against competitors who might be tempted to copy inventions. The inventor who chooses to patent a product and disclose it to the public, rather than exploit it in secret, has always run the risk that others will devote their efforts toward exploiting the limits of the patent's language.[51] As the Court noted, "[a] patent holder should know what he owns, and the public should know what he does not."[52] The Court previously stated that "[t]o change so substantially the rules of the game now could very well subvert the various balances the Patent and Trademark Office sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision."[53] Perhaps in an effort to clear up the uncertainty that plagues this field of law, the Court issued a unanimous decision in *Festo*. The Justices, acknowledging that if patents were always interpreted by their literal term, their value would be greatly diminished,[54] affirmed the worth of current patents and of the companies that

46. Scott M. Alter, *Festo and the Future of the Doctrine of Equivalents*, 735 PLI/Pat 45, 52 (Jan.-Mar. 2003).

47. *Id.*

48. *Id.* at 54.

49. *See id.*

50. *Id.*

51. *Festo IV*, 535 U.S. at 731.

52. *Id.*

53. *Warner-Jenkinson*, 520 U.S. at 32.

54. *Festo IV*, 535 U.S. at 731.

depend upon them for their livelihood.[55] For this reasoning the Court should be commended, because it encourages innovation over copying. Such reasoning also allows scientists "to stand on the shoulders of those who preceded them and thereby [speed] the pace of discovery and technical innovation."[56]

While the *Festo* holding stabilizes the law of patents, it is likely to make patents more difficult to enforce, thereby dissuading some patent holders from seeking the protection of the courts. It may be difficult to ascertain what is, or is not, an equivalent to a specific element of an invention. As Justice Black stated in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, under the doctrine of equivalents a competitor "cannot rely on what the language of the patent claims. He must be able, at the peril of heavy infringement damages, to forecast how far a court relatively inversed in a particular technological field will expand the claim's language."[57] A broad rule may lead to wasteful litigation between competitors, suits that a rule of literalism would likely avoid, especially when a patent application has been amended.[58] Whether a patent application is amended in response to an examiner objection requires examination of the nature of the patented matter surrendered by the narrowing amendment.[59] The added burden on the patentee alleging infringement is not inconsequential. The patent applicant's decision to narrow his claims will be presumed to be a general disclaimer of territory between the original application and the application as amended.[60] The only way to rebut this presumption is to show that, at the time of the amendment, one skilled in the art of patents could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.[61] This hurdle may be seen by some to be insurmountable, thereby decreasing the worth of the doctrine of equivalents.

Property rights that are broadly defined and clearly regulated encourage progress and product development. Each time the Court has examined the doctrine of equivalents, it has acknowledged uncertainty as the necessary price of ensuring the proper incentives for innovation and it has affirmed the doctrine over dissents that urged a more exact, bright-line rule.[62] The patent has the constitutional purpose of promoting "the progress of Science and

55. Cahill, *supra* note 1.

56. *Id.*

57. 339 U.S. 605, 617 (1950) (Black, J., dissenting).

58. *Festo IV*, 535 U.S. at 732.

59. Raymond T. Nimmer, *Doctrine of Equivalents*, The Law of Computer Technology § 2:42 (September 2002).

60. *Id.*

61. *Id.*

62. *Festo IV*, 535 U.S. at 732.

useful Arts by rewarding innovation with a temporary monopoly."[63] Reliance on a strict interpretation of the patented property rights, without allowing for equivalents, would hinder the purpose of encouraging progress.[64] For this reason, *Festo* will probably be a successful rebirth of the doctrine, allowing for the constitutional meaning of patents to prevail. On its face, the *Festo* decision provides current patent holders with much needed security;[65] more than one million existing patents would become vulnerable if the doctrine remained restricted by the absolute bar imposed by the Federal Circuit.[66] "The high court said the Federal Circuit ignored the guidance of *Warner-Jenkinson*, which made clear that the doctrine of equivalents and the rule of prosecution history estoppel are settled law."[67] It cautioned, "[i]nventors who amended their claims under the previous regime had no reason to believe they were conceding all equivalents."[68] The Court's consistency with regard to the patent system may provide firms with incentive to invest in product development.[69] This would most likely lead to an increase of products introduced to the market. Additionally, the presumption that a patentee claiming infringement must overcome will be difficult, "except perhaps in areas of technology where growth is fast and advancements not easily foreseen."[70] The result might be seen in increased competition, which may result in a decrease in prices for the consumer. Potentially, the *Festo* ruling provides patent holders with the edge in an ever-expanding market economy.[71]

VI. CONCLUSION

The U.S. Supreme Court decided the *Festo* case in a unanimous decision, but its holding has inspired anything but unanimity among those who must adhere to it.[72] The future of the doctrine of equivalents remains in doubt, but it will be decided by the Federal Circuit's interpretation of the *Festo* decision. When the Court first adopted the doctrine in *Winans v. Den-*

63. *Id.* at 1837; *see* U.S. CONST. art. I, § 8, cl. 8.

64. *Festo IV*, 535 U.S. at 732.

65. Cahill, *supra* note 1.

66. *Id.*

67. *Doctrine of Equivalents: Supreme Court Rejects Hard Line on Equivalents in Patents*, 9 No. 2 Andrews Intell. Prop. Litig. Rep. 3, 4 (June 11, 2002); *see Festo*, 535 U.S. at 739.

68. *Festo IV*, 535 U.S. at 739.

69. Cahill, *supra* note 1.

70. Tony Mauro, *U.S. Supreme Court Vacates 'Festo Decision'*, Am. Lawyer Media 1 (May 29, 2002) *at* http:// www . law . com / servlet / ContentServer ? page name=OpenMarket/Xcelerate/View&c=LawArticle&cid=1022761087603&t= Law Article.

71. Cahill, *supra* note 1.

72. *'Festo' Presto*, *supra* note 31.

mead, it held that "[t]he 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."[73] Clearly, patents are more enforceable today than they would have been had the Federal Court of Appeals' decision been affirmed; it is possible, though, that the *Festo* decision will only change the outcome of a small number of cases, most likely in the area of rapidly-changing technology.[74] Patent applicants would be wise to avoid reliance on the doctrine of equivalents by submitting several patent applications, specifying why amendments are made, and appealing patent office decisions rather than amending claims. In general, the basic concept that infringement will be found regardless of relatively inconsequential variations between the original and disputed patent remains intact and was, in fact, reinvigorated by the Supreme Court decision in *Festo* to re-establish the doctrine of equivalents.

73. *Winans*, 56 U.S. at 343.

74. Mauro, *supra* note 70.