# Equivalent Infringement:
## *Festo*, *J&J*, and Beyond

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# The Basic Plan

- *Festo*, at the Federal Circuit and Supreme Court
- *J&J* -- The “claim it or lose it” Rule
- Open questions:
  - Is *J&J* still good law?
  - Are *Festo* hearings around the corner?
  - How are the *Festo* and *Warner-Jenkinson* presumptions related?
  - What does the “big picture” for the DOE look like now?

# *Festo* at the Federal Circuit

- Two key holdings --
- 1. Estoppel arises not just from narrowing amendments that respond to a prior art rejection (i.e., § 102 and § 103), but also from amendments that respond to any rejection based on patent law requirements (i.e., § 112 too)
- 2. A narrowing amendment creates a complete, or absolute, bar against asserting equivalent infringement as to that claim limitation

# *Festo* at the Supreme Court

- Unanimous decision, by Justice Kennedy
- Compare recent substantive patent law cases:
  - *Markman* (1996) : Unanimous, Souter
  - *Warner-Jenkinson* (1997) : Unanimous, Thomas
  - *Zurko* (1999): 6-3, Breyer
  - *Traffix Devices* (2001) : Unanimous, Kennedy
  - *JEM Ag Supply* (2001) : 7-2, Thomas
  - *Holmes Group* (2002): 7-2, Scalia

# *Festo* - S. Ct.

- First key Federal Circuit holding is <u>affirmed</u>
- "We agree with the Court of Appeals that a narrowing amendment made to satisfy any requirement of the Patent Act may give rise to an estoppel." 122 S. Ct. at 1839.
- "[I]f a § 112 amendment is necessary and narrows the patent's scope -- even if only for the purpose of better description -- estoppel may apply." 122 S. Ct. at 1840.

# *Festo* - S. Ct.

- Second key Federal Circuit holding is vacated
- A new “presumption of no equivalents” is created
- Key to the Court’s reasoning, and to predicting future developments, is the bedrock theory about why we have the doctrine of equivalents in the first place:

The DOE -- It’s not a feature, it’s a bug!

# *Festo* - S. Ct.

- "The [patent] monopoly is a property right; and like any property right, its boundaries should be clear. This clarity is essential to promote progress, because it enables efficient investment in innovation." 122 S. Ct. at 1837
- "<u>Unfortunately</u>, the nature of language makes it <u>impossible</u> to capture the essence of a thing in a patent application. . . . 'Things are not made for the sake of words, but words for things.'" Id. (quoting *Autogiro*) (emphasis added).

# *Festo* - S. Ct.

- "It is true that the doctrine of equivalents renders the scope of patents less certain. … [T]his uncertainty [i]s the price of ensuring the appropriate incentives for innovation." 122 S. Ct. at 1837-38.
- So, DOE is a regrettable but necessary measure we take to preserve patent value
- It's a bug, and one we can't get rid of

# *Festo* - S. Ct.

- What about this case, involving PHE?
- Prosecution history is simply a <u>series</u> of attempts to capture the invention in words, with varying degrees of success
- In a given case, what can we infer about the scope of a claim from looking at this series of attempts, comparing each one to the one before?

# *Festo* - S. Ct.

"Where the original application once embraced the purported equivalent but the patentee narrowed his claims to obtain the patent or to protect its validity, the patentee <u>cannot assert that he lacked the words</u> to describe the subject matter in question. . . . [T]he inventor turned his attention to the subject matter in question, knew the words for both the broader and narrower claim, and affirmatively chose the latter." 122 S. Ct. at 1839.

# *Festo* - S. Ct.

- But the Complete Bar ignores limits of language
- "After amendment, as before, language remains an imperfect fit for invention. The narrowing amendment may demonstrate what the claim is not; but it may still fail to capture precisely what the claim is." 122 S. Ct. at 1841.
- What equivalents remain? (122 S. Ct. at 1841)
  - "unforeseeable at the time of the amendment"
  - "peripheral relation to the reason [for] the amendment"
  - "beyond a fair interpretation of what was surrendered"

# *Festo* - S. Ct.

- Practical Implementation? Burden AND Presumption
- "[T]he patentee should bear the burden of showing that the amendment does not surrender the particular equivalent in question." 122 S. Ct. at 1842.
- There is also a "presumption that estoppel bars a claim of equivalence," which the patentee must rebut. Id.

# *Festo* - S. Ct.

- "The patentee must show that at the time of the amendment <u>one skilled in the art</u> could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent." 122 S. Ct. at 1842.
- Reminds me of the *Wilson Sporting Goods* hypothetical claim -- but here the question is, Could the patentee have drafted a claim that would <u>both</u> literally cover the equivalent <u>and</u> overcome the rejection?

# *Festo* - S. Ct.

- What underlying facts show that the patentee could not reasonably be expected to have drafted a claim that would cover the equivalent?
- Court lists three scenarios (122 S. Ct. at 1842)
  - "[t]he equivalent may have been unforeseeable at the time of the application" [ objective test ]
  - "the rationale underlying the amendment may bear no more than a tangential relation to the equivalent in question" [ subjective test ? ]
  - "there may be some other reason suggesting" it [ huh? ]

# *Festo* - S. Ct.

- Why isn't this the same as the Complete Bar?
  - the patentee gets a chance to rebut the presumption
  - the clearest rebuttal case is an unforeseeable change in technology that amounts to an insubstantial substitution, which the Complete Bar excludes
- Why isn't this the same as the Flexible Bar?
  - the patentee bears the burden, and there is a presumption against any equivalents
  - opinion provides ample material for Fed Cir judges who want to keep the DOE on a short leash

# *Festo* - Aftermath

- A week after *Festo* decision, Supreme Court vacated and remanded 9 Federal Circuit cases
- Four of these were "precedential" cases:
  - *Pioneer Magnetics*, 238 F.3d 1341
  - *Lockheed Martin*, 249 F.3d 1314
  - *Mycogen Plant Science*, 252 F.3d 1306
  - *PTI Techs.*, 259 F.3d 1383
- Likely to be a few more of these when the new term opens on October 7

# *Festo* - Implementation

- No “full dress” case from Federal Circuit yet
- More than 14 amicus merits briefs were filed in support of Festo, the patentee, or in support of vacatur
- Only two briefs proposed a presumption against equivalents, rebuttable by unforeseeability
  - Brief for the U.S. :

    http://www.usdoj.gov:80/osg/briefs/2001/3mer/1ami/2000-1543.mer.ami.pdg
  - Brief for the IEEE :

    http://www.ieeeusa.org/forum/policy/2001/01aug31festo.pdf

# Let's shift gears for a few minutes …

- Two months before the Supreme Court issued its *Festo* decision, the Federal Circuit decided *J&J* in banc, settling the split between …
  - *Maxwell* v. *J. Baker*, 86 F.3d 1098 (1996)

    and

  - *YBM Magnex* v. *ITC*, 145 F.3d 1317 (1998)
- Now we know -- Disclosed-but-never-claimed subject matter cannot be reached by the DOE

# Groundwork for *J&J*

- Roots of this case go back to the 1880s
- Decision animated by the same basic “folk pyschology” of patent prosecution that animates both decisions in *Festo*
- Basic question : “Does *J*&J survive *Festo*?”
- Short answer: Yes

# *Miller* v. *Brass Co.*, 104 U.S. 350 (1882)

- First of a series of cases voiding patent claims that were broadened in “re-issue” proceedings
- Claims broadened after 16-year delay

# *Miller* v. *Brass Co.*

- Folk psychology of patent prosecution --

  "The patentee seeks the broadest claim he can get. The office, in behalf of the public, is obliged to resist this constant pressure." 104 U.S. at 354

- Cf. *Festo*, 122 S. Ct. at 1842: "The patentee, as the author of the claim language, may be expected to draft claims encompassing readily known equivalents."

# *Miller* Rule

- "[T]he claim of a specific device or combination, and an omission to claim other devices or combinations apparent on the face of the patent, are, in law, a dedication to the public of that which is not claimed." 104 U.S. at 352
- *Mahn* v. *Harwood* (1884): 4-year delay
- *Ives* v. *Sargent* (1887): 3-year delay
- *Hoskin* v. *Fisher* (1888): just over 2-year delay
- 35 U.S.C. § 251, ¶ 4: No broadening after 2 years

# Who Bugs You More?

- Lazy and/or Unscrupulous Copyists
  - Judge Newman
- Lazy and/or Unscrupulous Applicants
  - Everyone else

# *Maxwell* v. *J. Baker, Inc.*, 86 F.3d 1098 (Fed. Cir. 1996)

- Lourie, Schall, Skelton
- Trial court denied accused infringer's post-verdict motion for JMOL of no infringement
- Federal Circuit reverses, concluding that infringement under the DOE was precluded as a matter of law
- Relies expressly on *Miller* v. *Brass Co.*

# *Maxwell* cont'd

- Technology: System for keeping shoes together out-side the box, where shoes lack eyelets
- As <u>claimed</u>, system included a tab "secur[ed] . . . between said inner and outer soles" of the shoes
- <u>Specification</u>: "Alternatively, the tabs may be stitched into a lining seam of the shoes at the sides or back of the shoes."
- J. Baker used loops sewn into side or top seams

# *Maxwell* cont'd

"A patentee may not narrowly claim his invention and then, in the course of an infringement suit, argue that the doctrine of equivalents should permit a finding of infringement because the specification discloses the equivalents. Such a result would merely encourage a patent applicant to present a broad disclosure in the specification of the application and file narrow claims, avoiding examination of broader claims that the applicant could have filed consistent with the specification."

# *Maxwell* cont'd

- "Thus, we agree with J. Baker that subject matter disclosed in the specification, but not claimed, is dedicated to the public."
- *Graver Tank* distinguished on the ground that, in that case, the patentee had filed broader claims that literally covered the embodiment later found to infringe other, narrower claims under the DOE, but the broader claims were held invalid.

# *YBM Magnex, Inc.* v. *International Trade Comm'n*, 145 F.3d 1317 (Fed. Cir. 1998)

- Rich, Newman, Smith
- ALJ rejects accused importers' argument that *Maxwell* precludes equivalent infringement
- Commission reverses, concluding *Maxwell* controls
- Federal Circuit reverses, reinstating ALJ's infringement finding

# *YBM* cont'd

- Technology: Permanent magnet alloy compositions; increased oxygen content is key to long-term stability under high-temp, high-humidity conditions
- As claimed, composition "consisted essentially of," among other things, "6,000 to 35,000 ppm oxygen"
- Specification disclosed continuum of oxygen content from below 6,000 to above 35,000 ppm
- Accused infringers imported magnet compositions with 5,450 to 6,000 ppm oxygen

# *YBM* cont'd

- Court rejects notion that *Maxwell* created new *per se* rule
- "[T]he facts in *Maxwell* are not the routine facts of an equivalency determination. Maxwell disclosed two distinct alternative ways in which pairs of shoes are attached for sale and claimed only one of them. Both embodiments were fully described in the patent. . . . [B]y this action Maxwell avoided examination of the unclaimed alternative, which was distinct from the claimed alternative."
- This case, by contrast, involves one variable on a continuum

# *Johnson & Johnston Assocs.* v. *R.E. Serv.*, 238 F.3d 1347 (Fed. Cir. 2001) (order)

- Published order, entered January 24, 2001
- Court takes case in banc *sua sponte*, after having heard oral argument on December 7, 1999
- Orders supplemental briefing: "Whether and under what circumstances a patentee can rely upon the doctrine of equivalents with respect to unclaimed subject matter disclosed in the specification."
- Oral argument in banc occurred on October 3, 2001

# *J&J*, 285 F.3d 1046 (Fed. Cir. 2002) (in banc)

- Issued 5½ months after oral argument
- Six opinions
  - Per curiam opinion joined by all 12 judges other than Newman, who dissents
  - Clevenger concurs, joined by Lourie, Schall, Gajarsa and Dyk
  - Dyk concurs, joined by Linn
  - Rader concurs, joined by Chief Judge Mayer
  - Lourie concurs (to disagree with Rader)
- Bottom Line: *Maxwell* upheld, *YBM* overruled

# *J&J* cont'd

- Patent, issued in 1992, directed to laminate component used in making printed circuit boards
- Problem:  Copper foil layers can get spoiled by handling
- Solution:  Attach copper foil layer to stiffer metal substrate

- Claim 1 recites "a sheet of aluminum alloy" only

- Specification:  "While aluminum is currently the preferred material for the substrate, other metals, such as stainless steel or nickel alloys, may be used."

# *J&J* cont'd

- Parties began litigation in 1992, when only the patent in suit existed
- Later, in 1997 and 1998, J&J obtained two continuation patents with broader claims (one reciting "metal substrate sheet," the other reciting steel substrate sheet) that literally cover the accused products
- These later patents were not litigated in this case

# *J&J* cont'd

- RES moves for summary judgment of no equivalent infringement, relying on *Maxwell*
- District court rejects this theory, concluding that equivalent infringement is legally permissible
- Jury finds willful infringement
- Award is $1.14 million x 2, plus atty fees and costs
- On appeal, RES does <u>not</u> challenge factual equivalency

# *J&J* :  Per Curiam Opinion

- Quotes at length from *Miller* v. *Brass Co.*
- “[W]hen a patent drafter discloses but declines to claim subject matter, as in this case, this action dedicates that unclaimed subject matter to the public.  Application of the doctrine of equivalents to recapture subject matter deliberately left unclaimed would ‘conflict with the primacy of the claims in defining the scope of the patentee’s exclusive right.’”  (quoting *Sage Prods.*, 126 F.3d 1420, 1424)
- “By enforcing the *Maxwell* rule, the courts [also] avoid the problem of extending the coverage of an exclusive right to encompass more than that properly examined by the PTO.”

# *J&J* :  Newman's Dissent

- Decision directly conflicts with Supreme Court's decisions in *Graver Tank* and *Warner-Jenkinson*  [ Wrong ]
- Decision is "yet another assault on the doctrine of equivalents"
- Discourages applicants from including useful information in their patent specifications, which AIPLA and ABA amicus briefs warn against
- Rewards the unscrupulous or lazy copyist

# *J&J* :  Clevenger's Concurrence

- Decision does not announce a new rule, or conflict with *Graver Tank* or *Warner-Jenkinson*
- The problem was the panel-to-panel conflict squarely created by the decision in *YBM*

# *J&J* : Dyk's Concurrence

- Exhaustive demonstration that *Graver Tank* decision is not an obstacle to, or in any tension with, the outcome in this case
- Includes extensive quotations from *Graver Tank* district court opinions, patent specification, and the parties' Supreme Court briefs in that case
- Agenda: "Supreme Court, don't believe Judge Newman."

# *J&J* :  Rader's Concurrence

- Let's adopt an alternative, more general, principle:  "[T]he doctrine of equivalents does not capture subject matter that the patent drafter reasonably could have foreseen during the application process and included in the claims."

- Under this approach, disclosed-but-never-claimed subject matter is simply the epitome of foreseeable-but-unclaimed subject matter.

# *J&J* :  Lourie's Concurrence

- Rader's idea about foreseeability is creative and interesting
- But it is unlikely to simplify or clarify equivalency law
- It might make equivalent infringement more, rather than less, resistant to summary judgment determination

# *J&J* :  Still Good Law?

- Examination will be subverted if we give the patentee a reason to claim less than all that the disclosure supports
- *J*&J tries to preserve the right incentives, where the dynamic should be that the patentee claims as much territory as the disclosure will support (consistent with the prior art) -- remember *Miller* v. *Brass Co.*
- *Festo* relies, in part, on the same sort of reasoning:  The presumption of no equivalents is fair precisely because "[t]he patentee, as the author of the claim language, may be expected to draft claims encompassing readily known equivalents."  122 S. Ct. at 1842.
- Surely, equivalents in the spec are "readily known"

# PHE: Still a Legal Question for the Court?

- *Warner-Jenkinson* classifies PHE as a question of law for the court, to be implemented on motion for JMOL: "Thus, under the particular facts of a case, if prosecution history estoppel would apply . . . partial or complete judgment should be rendered by the court, as there would be no further material issue for the jury to resolve." 520 U.S. 17, 39 n.8.
- In *Festo*, S. Ct. calls PHE a "rule of patent construction," 122 S. Ct. at 1838, and we know that's law for the court
- Case vacated and remanded for "further proceedings <u>in the Court of Appeals or the District Court</u>" -- which wouldn't happen with a <u>fact</u> question

# *Festo* Hearings ?

- Why not?
- Again, PHE is amenable to summary judgment -- it's a legal question, just like claim construction
- That foreseeability may be a <u>fact</u> question in some tort contexts makes no difference
- Perhaps we'll have omnibus "Equivalents Hearings," testing all the legal limitations

# *Festo* Hearings

- What evidence can the Court consider?
  - Testimony of experts in the technological field, to opine whether the alleged equivalent was foreseeable
  - Inventor testimony about what was foreseeable
  - Contemporaneous inventor publications; related applications in the same family; other applications from the inventor
  - Experts in claim drafting ?
    - Who else will tell us what sort of claim language would both overcome a rejection and literally cover the equiv?
    - Can this be accomplished by lawyer argument alone?
  - Patent lawyer who prosecuted the application? <u>Beware waiver</u> of attorney-client privilege!

# *Festo* & *Warner-Jenkinson*

- The burden is now squarely on the patentee to account for why narrowing amendments occurred, and why any equivalents at all should be permitted
- A series of cascading presumptions prevent equivalent infringement liability after a narrowing amendment unless the patentee clearly demonstrates either . . .
  - the narrowing amendment was not made for a reason related to patentability, OR . . .
  - the narrowing amendment definitely was made for a reason related to patentability AND one of skill in the art could not reasonably be expected to have drafted a claim that literally encompasses the alleged equivalent

# DOE - The Big Picture

- Main themes
  - "Who Bugs Us More?  The Lazy Applicant!"
  - Think of a mistaken assessment of patent scope as an accident → The applicant is the least-cost-avoider, so we cast the duty to avoid the accident on the applicant
  - Equivalent infringement exists primarily to guard against insubstantial changes that the patentee could not reasonably have foreseen and literally claimed (i.e., there is a duty to claim all one can reasonably foresee)

# DOE - The Big Picture

- Careful and vigorous prosecution more important than ever
  - Explain reason for every amendment in the record
  - Claim all the territory that you can, because reasonably foreseeable equivalents are gone
  - Know <u>all</u> the pertinent art <u>before</u> you submit claims
    - If it's out there, it's reasonably foreseeable
    - "The person of ordinary skill is a hypothetical person who is <u>presumed</u> to be aware of <u>all</u> the pertinent prior art." *Custom Accessories*, 807 F.2d 955, 962 (Fed. Cir. 1986) (emphasis added).

# DOE - The Big Picture

- In terms of the overall analytical framework, you have my attempt at an outline that walks through all the necessary steps, with relevant case examples cited
- Primary legal barriers to equivalent infringement:
  - "Don't vitiate a claim limitation" (All Limitations Rule)
  - Estoppel by Amendment

# DOE - The Future?

- More pressure to use § 112, ¶ 6 ? More "substantially"?
- What if the accused equivalent is part of an after-arising embodiment that is itself literally covered by a separate patent owned by the accused infringer?
  - For a limitation that has no PHE, perhaps it is irrelevant
  - Judge Lourie states, in *J&J* concurrence, that "concept of foreseeability seems akin to obviousness." True?
  - Patentee will want to argue that the equivalent was not foreseeable; does it strengthen his opponent's patent?
  - Accused infringer will want to argue that the equivalent was foreseeable; does it weaken his own patent?

# DOE - The Future?

- What if Patentee has pending continuation applications deriving from the same parent? (Charles Shifley, Banner & Witcoff, Chicago)
  - Defendant succeeds in arguing, "Patentee could reasonably have foreseen this equivalent and drafted the claim to cover my X literally."
  - Patentee now adds Def's proposed claim to the continuation application; gets patent; sues.
  - Is Def estopped to deny literal infringement?
  - Pros'n Laches : Is new claim unenforceable?