

# *Festo v. Shoketsu:* The U.S. Supreme Court's Take On The Language Of Patents



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*Language is not as precise a tool as we might hope for in the task of defining the boundaries of valuable patent rights. The US Supreme Court dealt with this issue in its most recent excursion into the field of patent law, Festo v. Shoketsu.*

Until a better solution is conceived, we in the United States are stuck with the English language, with all of its ambiguities, to define the metes and bounds of the patent estate. The claims (a set of notoriously cryptic legal incantations at the end of every patent) bear the primary burden of establishing the legal line between infringement and non-infringement.

The straightforward way to prove that this line has been crossed is by showing that a claim is “literally infringed.” Literal infringement requires every element of the claim to be present in an allegedly infringing article or method: I claim a biowidget having elements A, B and C. My competitor’s biowidget has elements A, B and C. Therefore, my competitor’s biowidget literally infringes my claim.

However, the U.S. Supreme Court recognized way back in 1854, in a case called *Winans v. Denmead*, that restricting patent owners to pure literal interpretation of their claims would degrade the value of patent protection. Literal interpretation makes it too easy for competitors to engineer around the claims by making only slight modifications. If my competitor’s biowidget has elements A, B and C’, where C’ is just a slight modification to element C, there is no literal infringement.

Over the years, the doctrine of equivalents has evolved to hold that

a patent owner can show the presence of a claim element in a competitor’s product or process, either by showing that it is literally present, or by showing that a “substantial equivalent” of the element is present. The doctrine softens the blow of literal interpretation on patent owners, thereby increasing the value of patents and encouraging inventors to participate in the patent system. As the U.S. Supreme Court stated in *Graver Tank v. Linde Air Products*, “to permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing.”

Despite its well-intentioned beginnings, the doctrine of equivalents has always had its dark side. To function efficiently, the patent system must have certainty. Those operating on a landscape subdivided by patents must be able to survey the extent of the patent property of others in order to steer a course that avoids infringement. However, the doctrine of equivalents establishes a zone of uncertainty around a patent estate, often making it virtually impossible to determine when you have crossed the line to become a patent trespasser, i.e., an infringer.

Who is to say what is and what is not a “substantial equivalent” of a claim element? Suppose, for example, that a patent claims a peptide with a specific sequence of amino acids. Does replacement of a single amino acid with another amino acid having similar chemical properties result in an equivalent amino acid sequence? What if a single amino acid is replaced with a derivative of the required amino acid, and the derivative has only a single additional carbon that does

not significantly change the chemical properties of the amino acid or the resulting peptide?

The result of the zone of uncertainty is to expand the power of the patent owner. Conservative companies that wish to avoid litigation will simply stay out of the uncertain area, even if there is a possibility that they might win in court.

The courts have introduced a number of rules designed to clarify the doctrine of equivalents and minimize the gray zone. One such rule is the “function-way-result test.” This test states that if an element in the allegedly infringing article performs the same function, in the same way, with the same result, as the element recited in the claim, the element is an equivalent.

Another uncertainty-minimizing rule, and the one dealt with in *Festo*, is the doctrine of prosecution history estoppel. Prosecution history estoppel is one of many forms of “estoppel” in the law. Estoppel is a very old legal principal that prevents a party from adopting a position about a legal issue on Monday, allowing another party to rely on that position on Tuesday, then suing the other party on Wednesday based on a new position that contradicts the first position. In other words, sometimes the law doesn’t permit you to change your mind.

The doctrine of prosecution history estoppel states that when you file a claim using specific words, and during the prosecution of your application you change the words in a

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manner that narrows your claim, you can't use the doctrine of equivalents to regain the territory that you gave up in order to sue your competitor. Others will rely on the concessions you made to the Patent Office during prosecution of your claims as they seek to determine whether they are infringing your claims. They shouldn't have to worry that you may change your mind.

In the *Festo* case, the Supreme Court reviewed a decision by the Court of Appeals for the Federal Circuit (CAFC) that had caused an outcry in the patent community. The CAFC opinion had announced a new bright line prosecution history estoppel rule, holding that making an amendment during prosecution results in the surrender of ALL potential equivalents for the amended element. In other words, if you amend a claim element to make it patentable, the narrowed element is then limited to its strict literal terms – no flexibility allowed. Ouch!

The really scary thing was that the ruling applied to all existing patents. It is one thing to think that a new bright line rule can be imposed for patents that have not yet issued. Applicants can take the rule into account as they make decisions about amending claims. But the CAFC ruling applied to the existing set of in-force patents. These patents were prosecuted before *Festo* came along, so the patent owners had no knowledge that the amendments they were making were eliminating the possibility of equivalents.

The Supreme Court disagreed with the CAFC approach, flatly denouncing any bright line rule that would “disrupt the settled expectations of the inventing community.” The Court concluded that rather than strictly eliminating all equivalents, an amendment relating to patentability, or an unexplained amendment, simply raises a *presumption* that all equivalents are lost. This approach softens the blow dealt by the CAFC, without completely blocking the punch. The rule places

a burden on the patent owner to overcome the presumption by proving that (1) the amendment was not made for a reason that would give rise to estoppel, or (2) the amendment does not surrender the particular equivalent in question.

To give patent owners a few hints about what would overcome the presumption, the Court listed examples of circumstances in which an amendment cannot reasonably be viewed as surrendering a particular equivalent:

- the equivalent was unforeseeable at the time of the application;
- the rationale underlying the amendment bears no more than a tangential relation to the equivalent in question; or
- other reasons suggesting that the patent owner could not reasonably be expected to have described the insubstantial substitute in question.

Patent owners can use these arguments to overcome the presumption that prosecution history estoppel bars a finding of equivalence.

On the one hand, the language of patents must be construed in a manner that does not allow competitors to make small, insubstantial changes to get around the language of a claim. On the other hand, the language must be specific enough to enable those who seek to avoid infringement to know when they are outside the boundaries of the claim. The pendulum of patent law swings between the opposing needs of certainty and flexibility, seeking a balance that achieves the interests of patent owners and the public. In the CAFC opinion, the pendulum moved closer to the certainty apex of its arc and created a balance that would upset the settled expectations of patent owners. However, the US Supreme Court stopped the pendulum and forced it to swing in the flexibility direction, towards a balance that is more in keeping with a stable patent system.