

Patent Rescue

tained in a patent system that truly encourages, by fairly rewarding, innovation.

IMPRECISE WORDS

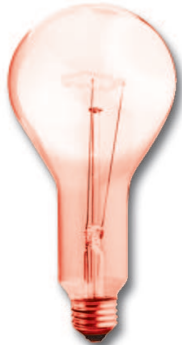
The problem is that words—the linguistic expression of the patent monopoly—are imprecise. As noted by Justice Anthony Kennedy, writing for a unanimous Supreme Court in *Festo*, “the nature of language makes it impossible to capture the essence of a thing in a patent application.” Inevitably, potential and actual infringers test the limits of the patent’s language as set forth in the claims.

Restricting a patentee’s protected innovation to the literal words of the claims would give subsequent challengers a free pass. Competitor copyists could make minor, if not meaningless, modifications to avoid infringement. And that would strip from patents much of their innovative spur.

In an effort to defeat the copyists, the Supreme Court long ago adopted a doctrine that says that “the scope of a patent embraces all equivalents” to its literal language. The Court has repeatedly acknowledged that this interpretive expansion leads to some degree of uncertainty as to the coverage of claims, but the Court has insisted that such uncertainty is better than the alternative of patents being too narrowly interpreted.

The doctrine of equivalents permits the patentee “to claim those insubstantial alterations that were not captured in drafting the original patent claim but which could be created through trivial changes.” Not all equivalents, however, can be asserted in patent litigation. Actions taken

The justices weigh the equities in *Festo* and preserve the value of patents at the risk of more litigation.



BY RAYMOND VAN DYKE
AND STEVEN PEDERSEN

In one of the most important patent cases in decades, the Supreme Court on May 28 reaffirmed a central tenet of patent law and restored the inherent value of well over a million patents. The patent bar, having held its collective breath for 18 months, breathed a sigh of relief.

At issue in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.* was the extent of the enforceability of a legitimate and powerful monopoly right, a patent. Determining the boundaries of that right has been the heart of a lot of very time-consuming, very expensive litigation. In its November 2000 decision in *Festo*, the U.S. Court of Appeals for the Federal Circuit tried to cut through all the arguments and draw a bright-line rule that would resolve many of these crucial disputes.

But the Federal Circuit drew its line too tightly. Patent holders were squeezed, and what should be theirs was taken away.

Last week, the Supreme Court threw out the lower court’s restrictive rule. The result will certainly be more litigation, but the Court has made clear that the societal benefits of a robust patent system outweigh any loss in judicial efficiencies. There is a delicate balance to be main-

by a patentee in seeking the patent may limit what can later be deemed equivalent.

So-called prosecution history estoppel can apply where a patentee amends the patent claims during the patenting process. For example, if a patentee narrows its claims so that they do not cover an existing alternative, the patentee cannot in later litigation regain coverage over the conceded territory.

BACK TO FLEXIBLE

In *Festo*, the Federal Circuit went a step further, mandating that virtually any change in a patent claim would invoke prosecution history estoppel. Once a claim has been narrowed to satisfy any requirement of the Patent Act, the court said, estoppel was invoked, denying the patentee any opportunity to reclaim even some of that ground under the doctrine of equivalents.

This “complete bar” approach was strongly criticized by the Supreme Court as too rigid and not in accordance with long-established precedent. Although a complete bar has the merits of providing certainty as to when estoppel applies and conserving judicial resources on this issue, the Supreme Court considered the trade-off too high and violative of the legitimate expectations of inventors, past and present, in seeking patent protection. Instead, the Court favored a return to a “flexible bar” approach, where estoppel may or may not apply depending on the reasons for the claim modifications and the understanding of those making the modifications.

The consequences of this decision are vast, since almost all of the approximately 1.2 million active patents involved some claim adjustments during the patenting process. Under the complete bar approach, a large number of those patents would have been worthless, their innovations all too easily copied by close-but-untouchable equivalents.

Now, with a flexible bar, patentees can raise the doctrine of equivalents against infringers even where claims have been amended so long as the particular equivalents at issue were not conceded to obtain the patent. They are not guaranteed victory, but patentees have the chance again, on a case-by-case basis, to make their arguments.

A HEAVIER BURDEN

At the same time, the justices agreed with the Federal Circuit’s expansive view of what types of claim modifications may trigger estoppel.

Before *Festo*, the law was clear that claim amendments to distinguish a patent from the prior art would invoke estoppel. What had not been so certain was whether estoppel would apply to modifications done for other reasons and whether the surrender of equivalents was requisite.

The Court held last week that narrowing amendments made to satisfy *any* requirement of the Patent Act, not just to avoid prior art, may give rise to estoppel. The full ramifications of this doctrinal adjustment are as yet unknown, but will certainly be rigorously tested over the coming years.

In what will likely be a boon for litigation, the Court elaborated on a procedural burden placed on patentees asserting the doctrine of equivalents. Patentees now must demonstrate that an “amendment does not surrender the particular equivalent in question” and thus that the presumption of prosecution history estoppel does not apply.

The Court held that the burden of estoppel presumption can be overcome by showing that (1) the equivalent was unforeseeable at the time of the patent amendment; (2) the rationale underlying the amendment bears no more than a tangential relation to the equivalent in question; or (3) there is some other reason why the patentee could not reasonably have been expected to have described the equivalent.

MORE WORK

Proving the unforeseeability of an equivalent in various related and evolving technologies will be a complicated and fact-intensive endeavor. A whole new area of law will spring up. Writing opinions on patent validity and infringement will become more difficult as attorneys struggle to speculate on where technology is going and how best to cover future as-yet-unknown advances. Similarly, proving the tangential nature of an amendment to an equivalent will be a nontrivial burden and open to contest.

Unfortunately, these and the “other reasons” explaining why the patentee did not describe the equivalent in the original

patent document will increase the litigation load on the courts—particularly the Federal Circuit, which bears the full burden of all patent appeals and has for two decades sought to simplify the arduous task of analyzing equivalents in all technologies. Having previously deemed the flexible bar approach as “unworkable,” the circuit court must now go back and rework the unworkable according to the Supreme Court’s new guidelines.

For companies, it is back to the status quo of the pre-*Festo* days with some new wrinkles. Litigation will be just as, if not more, expensive. With attorneys gazing even more intently into the crystal ball of technological innovation, opinions and patent drafting will be more expensive. To those companies fondly wishing for the certainties provided by the Federal Circuit’s *Festo* rule, the new variables in the old equation will be particularly galling.

For attorneys, the high court’s decision is a mixed blessing. On the one hand, there is the potential for more work. On the other, there is the potential for malpractice for improperly divining the whims of technological change. Even more linguistic legerdemain will be required to attempt to cover the unforeseeable in patent claims.

The Federal Circuit is to be commended for trying to deal with the intractable problem of increasing caseloads. The complete bar approach was innovative and provided some measure of certainty in a very uncertain area. And the value of streamlining litigation cannot be ignored.

But the equities have been weighed, and the Federal Circuit must continue to be Solomon, wisely resolving conflicts across an ever evolving spectrum of technologies.

Raymond Van Dyke is a partner in the D.C. office of Dorsey & Whitney. He represents computer, telecom, e-commerce, biotech, bioinformatics, and other high-tech clients in litigation, licensing, and procurement of intellectual property. Steven Pedersen is an associate in Dorsey & Whitney’s D.C. office, focusing on the procurement and enforcement of computer, telecom, and e-commerce patents. They can be reached at, respectively, vandyke@dorseylaw.com and pedersen.steven@dorseylaw.com. The opinions expressed here are solely those of the authors and do not necessarily represent those of the firm or its clients.