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### SUPREME COURT REINVIGORATES DOCTRINE OF EQUIVALENTS IN PATENT CASES

*Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co. Ltd. et al.*

Decided, U.S. Supreme Court, May 28, 2002

The U.S. Supreme Court ruled unanimously that the Doctrine of Equivalents, applied in a broad range of patent infringement analyses, is alive and well. For some patent holders, this means that your patent claims may be enforceable beyond their literal scope, which they may not have been since November, 2000. For competitors trying to design around or avoid existing patents, this decision reintroduces uncertainty and, in general, increases the risks of patent infringement.

The Doctrine of Equivalents applies to extend the scope of patent claims beyond their literal terms. Generally speaking, literal patent infringement is found when every limitation of a patent claim is present in an allegedly infringing device, process or composition. (Even this is not as simple as it sounds, though.) If there is no literal infringement, then there may yet be infringement under the Doctrine of Equivalents if every claim element is equivalently present in the allegedly infringing device, process or composition. Elements may be equivalent if the differences between the literal and equivalent elements are considered “insubstantial” by “one of ordinary skill in the art.” Application of the Doctrine of Equivalents is limited, however, in that the Doctrine will not extend patent claims to cover equivalents that were forfeited during prosecution of the application.

The Festo case has a long and complex history. This patent infringement action was originally brought in U.S. District Court in Massachusetts in 1988. The devices alleged to infringe the patent claims were magnetic rodless cylinders, which use magnetic forces to move objects in a conveying system. The issue, simplified, is whether a cylinder having a single sealing ring with a two-way lip infringes a patent claim to a device having “a pair” of sealing rings, each ring having a lip. There was no literal infringement. But, were the single sealing ring cylinders so similar that they infringed the claims under the Doctrine of Equivalents? We still don’t know – the case has been remanded for final determination applying the standards enunciated by the Supreme Court.

The issues considered by the Supreme Court involve questions of claim interpretation – how far beyond its literal terms will a patent claim extend, and how does the prosecution history of the patent application affect the claim interpretation? The Federal Circuit Court of Appeals, in a November, 2000 en banc ruling, held (among other things) that: (1) narrowing claim amendments made during prosecution of a patent application for any reason related to patentability create prosecution history estoppel; and (2) when a claim element has been narrowed during prosecution, no range of equivalents is available for that claim element. This provided a fairly bright line rule for infringement analyses, at least as to claim elements that were narrowed during prosecution.

The Supreme Court agreed that narrowing claim amendments made for any reason related to patentability create prosecution history estoppel. They disagreed, however, on the issue of the range of equivalents. When a claim amendment creates prosecution history estoppel, application of the Doctrine of Equivalents may still be appropriate, according to the Supreme Court, provided that the patent holder doesn’t regain, through equivalents, patent protection for subject matter that truly was relinquished during prosecution. The Court acknowledged that its decision introduces uncertainty, that it may deter activity that is legitimately outside the scope of patent claims, and that it may produce wasteful litigation. This uncertainty, the Court opined, is the price of ensuring appropriate incentives for innovation. This is, undoubtedly, a win for patent holders.

What might this opinion mean to you, as a participant in the patent process?

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- In general, it expands the scope of many U.S. patents (at least compared to the post-November 2000 interpretation), and gives patent holders clear advantages. This benefits you, or not, depending on whether you're the patent holder or the competitor. Large companies with substantial patent portfolios were active on both sides of Festo – for good reason.
- Having a robust patent portfolio with different types and scopes of patent claims is valuable, both as a potential revenue source via licensing, and for use in cross-licensing. The Festo ruling will probably encourage licensing to avoid patent infringement litigation. Even traditionally “low tech” industries are establishing patenting and licensing programs.
- Businesses involve inherently risky undertakings, and patent issues represent additional elements of risk. There are good resources for conducting competitive intelligence, and what you can learn about your competitors may surprise you. You are well advised to involve a competent professional – the issues are complex.
- Research thoroughly, and as early as possible, to determine whether you are likely to have freedom to operate when you're developing commercial technology or products. The clearance is rarely absolute, but infringement and potential infringement issues are best addressed early, when modifications can be designed and implemented more easily if necessary.
- Investigate any hints or allegations that you may be infringing a patent thoroughly and involve patent counsel. If you don't literally infringe patent claims, you need to go to the next step of equivalents analysis. We highly recommend obtaining an opinion of competent patent counsel, if an opinion is available.
- During the preparation and prosecution of patent applications, it is important to describe the invention(s) as thoroughly as possible, in both the broad and narrow aspects. It is also important to present a range of thoughtful patent claims, having varying scopes. As always, thoughtful claim amendment and arguments during prosecution are essential. More thoughtful (and perhaps higher cost) patent application preparation and prosecution should produce more effective patents.
- It is unsettled, in our view, to what extent application of the Doctrine of Equivalents will serve to expand the literal scope of patent claims directed to biotechnology inventions. There seems to be a Patent Office trend to narrow the scope of these claims, and there are few judicial rulings to guide interpretation. The Doctrine of Equivalents should apply equally in all technical areas.

SPECKMAN LAW GROUP PLLC is a specialized intellectual property law firm. The principal, Ann Speckman, is joined by Victor King and Susan Friedman, Ph.D., patent attorneys, Janet Sleath, a patent agent, and a highly competent support staff. The firm prepares, files and prosecutes U.S. patent and trademark applications and provides a full range of foreign patent and trademark services. We have substantial experience with complex patent infringement and validity analyses, intellectual property portfolio evaluations, drafting and interpreting licensing agreements and contracts, resolving disputes and advising litigators in complex patent and intellectual property lawsuits. Areas of technological expertise include biotechnology and medical technologies, biomedical devices, general process and materials technologies, sporting goods and mechanical technologies.