



Federal Circuit Decides *Festo* on Remand from the Supreme Court

Maria Luisa Palmese, Estelle J. Tsevdos, Ph.D., Kathlyn Card Beckles and Patrice P. Jean, Ph.D.

On September 26, 2003 the Federal Circuit decided *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 2003 U.S. App. LEXIS 19867 (Fed. Cir. 2003), which was on remand from the Supreme Court.

In the Supreme Court case, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 741 (2002), the Supreme Court agreed with the Federal Circuit that narrowing a claim during prosecution for patentability reasons may give rise to an estoppel barring the assertion of the doctrine of equivalents. However, the Supreme Court disagreed that this should result in a complete bar. Instead, it ruled that such a narrowing amendment gives rise to a *presumption* that a patentee has surrendered all the subject matter between the original claim and the amended claim. The Supreme Court noted that this presumption could nevertheless be overcome by showing that, at the time of the amendment, one of ordinary skill in the art could not have reasonably drafted a claim that would have literally encompassed the alleged equivalent.

The sole issue on remand for the Federal Circuit was whether Festo could make such a showing. In considering the issue of the applicability of prosecution history estoppel before it, the Federal Circuit made several rulings.

First, as a housekeeping matter, the Federal Circuit reinstated its earlier holdings that were undisturbed by the Supreme Court. Thus, the Federal Circuit reiterated that: (1) a narrowing amendment made to comply with any provision of the Patent Act could invoke prosecution history estoppel; (2) a voluntary amendment could give rise to such an estoppel; and (3) a narrowing amendment was presumably made for patentability purposes, unless the record revealed a different reason for the amendment.

Second, it determined that rebuttal of the presumption of surrender was a question of law for the court, not a jury, to decide because prosecution history estoppel was an equitable doctrine. *Festo*, 2003 U.S. App. LEXIS 19867 at *16-*18.

Third, it offered a framework for analyzing the applicability of prosecution history estoppel under the current law. The framework was posed as a series of questions, presumptions and conclusions that took the following form:

The court would examine an amendment and determine whether the amendment was a narrowing amendment.

If the amendment was determined not to narrow the claim, then there could be no prosecution history estoppel. However, if the amendment was narrowing, then the court would have to ask whether the amendment was substantially related to patentability.

In answering that question, the court would first have to look to the prosecution history record to determine if a reason for the amendment was given. If no reason was given, the court would have to presume that any narrowing amendment was substantially related to patentability, but a patentee would have the opportunity to rebut this presumption.

If there was a reason given for the amendment in the record, then the court would determine if that reason was substantially related to the patentability of the claim. If the answer was yes, then prosecution history estoppel would apply and the court would have to determine the scope of the subject matter surrendered. If not, prosecution history estoppel would not apply.

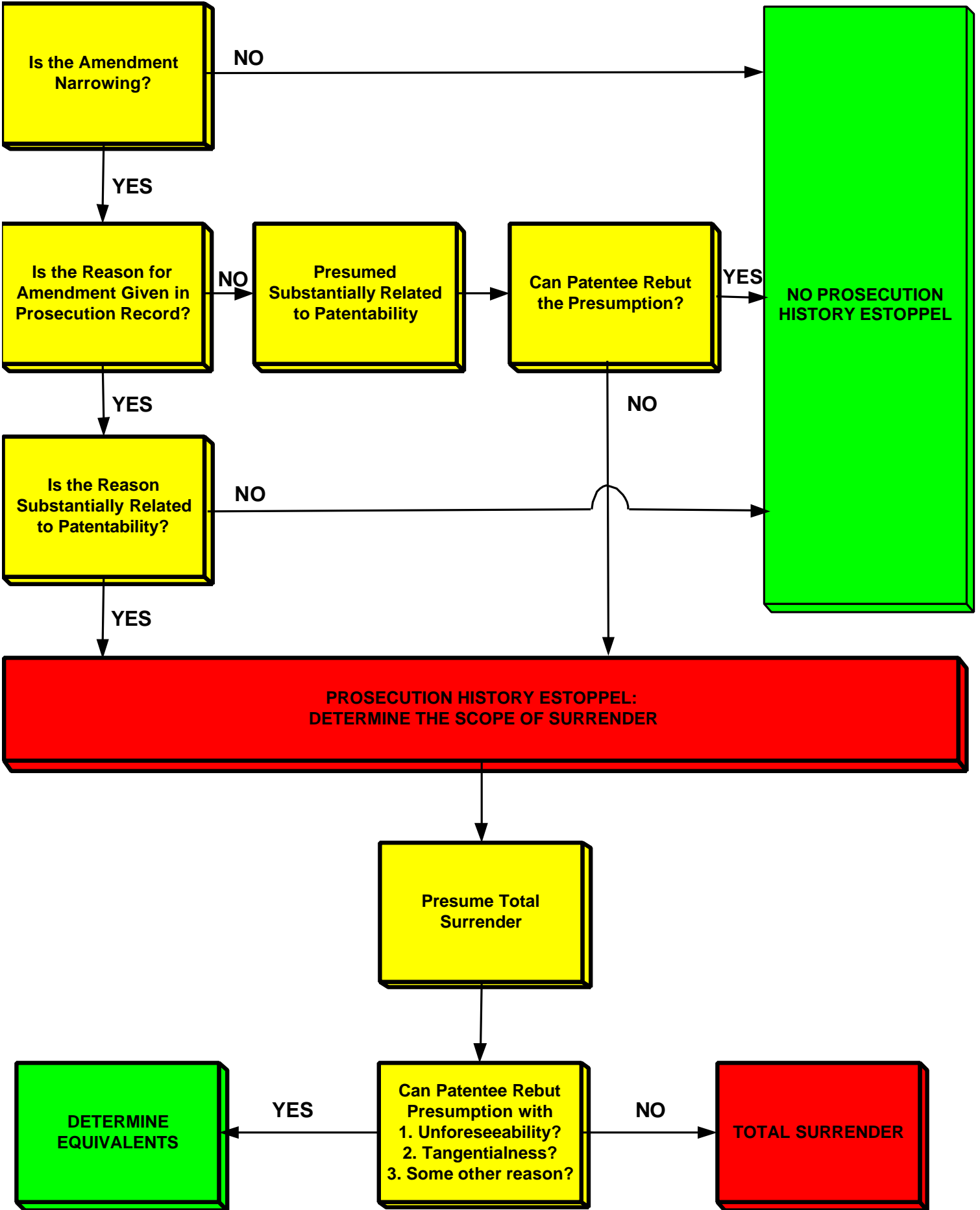
In determining the scope of surrender, the court would have to begin by presuming that surrender was total, and that none of the subject matter between the original claims and the amended claims could be used as an equivalent. This presumption, however, could be rebutted by the patentee.

In order to rebut this presumption, the patentee would have to show “that at the time of the amendment one skilled in the art could not be reasonably expected to have drafted a claim that would have literally encompassed the alleged equivalent.” *Festo*, 535 U.S. at 740. According to the Supreme Court, a patentee could:

- (1) show that the equivalent was “unforeseeable” at the time of the amendment
- (2) show that the rationale underlying the amendment was only “tangentially” related to the equivalent in question or
- (3) show that there was some “other reason” that the patentee could not have been reasonably expected to describe the substitute in the patent specification. *Id.* at 740-41.

The following flowchart further illustrates the Federal Circuit’s framework.

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The Federal Circuit then went on to discuss the Supreme Court's three rebuttal criteria. While it declined to elaborate on what factors would be relevant to these criteria, thus leaving their development to proceed on a case by case basis, the court did present some guidelines regarding the type of evidence that could be used to rebut total surrender.

With respect to the first criterion, "unforeseeability", the court held that expert testimony and extrinsic evidence would be permitted. With respect to the second and third criteria, "tangential relationship" and made for some "other reason", the court held that intrinsic evidence would be permitted because a patent and its prosecution history should serve as public notice of a patentee's purpose for narrowing an amendment. Regarding other types of evidence, the court held that the testimony of those with ordinary skill in the art would be accepted by the court to prove "tangentialness" if necessary, i.e., to clear ambiguities in the record. For the third rebuttal criterion, made for some "other reason", the court held that when at all possible only the prosecution history record should be used. Interestingly, the Federal Circuit left open the possibility that extrinsic evidence could be used for proving the made for some "other reason" criterion. *Id.* at *20-*25.

Finally, the court applied its framework and guidelines to the case at hand. The court held that the patentee, Festo, did not rebut the presumption of total surrender because it could not show that the amendments were "tangential" or made for some "other reason". However, because factual issues existed in relation to the "foreseeability" criterion, the court remanded the case to the district court. *Id.* at *26-*27.

Notably, several issues with this decision were raised in Judges Rader and Newman's separate opinions. While Judge Rader concurred with the majority, he expressed concern that the new rules disrupted the certainty of the patent system, and that too much rested upon "the luck of the examiner draw." *Festo*, 2003 U.S. App. LEXIS 19867 at *42-*43. Judge Rader also raised concerns about the notice function of claims under the majority's opinion, but ultimately came to the conclusion that the "foreseeability" principle would ease the uncertainty of the new rules. *Id.* at *43-*44. Judge Newman dissented in part based on the court's application of the rebuttal criteria. *Id.* at *51-*52. She expressed concern that the court's ruling placed too heavy a burden on patentees, making rebuttal of any presumption nearly impossible. *Id.* at *72. Further, she raised issue with the majority's heavy-handed prejudgment of facts remanded to the district court. *Id.* at *64-*65.