

-No. 00-

IN THE
Supreme Court of the United States
OCTOBER TERM, 2000

FESTO CORPORATION,

Petitioner,

v.

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD., A/K/A
SMC CORPORATION AND SMC PNEUMATICS, INC.,

Respondents.

**Petition for Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit**

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

The doctrine of equivalents prevents a copyist from avoiding infringement by making unimportant and insubstantial changes to a patented invention. This Court unanimously affirmed this well-established doctrine four Terms ago in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997).

The United States Court of Appeals for the Federal Circuit, in a fractured *en banc* decision, has now held that *any* amendment that narrows a patent claim and is related to any statutory requirement for patentability—regardless of the reason—gives rise to a prosecution history estoppel that generates an absolute bar to the doctrine of equivalents.

This is new law and works a drastic change in the American patent system.

The questions presented, therefore, are:

- 1) Whether every claim-narrowing amendment designed to comply with any provision of the Patent Act—including those provisions not related to prior art—automatically creates prosecution history estoppel regardless of the reason for the amendment; and
- 2) Whether the finding of prosecution history estoppel completely bars the application of the doctrine of equivalents.

PARTIES TO THE PROCEEDING

Petitioner, Festo Corporation, has no parent company.

There are no subsidiaries or affiliates of Festo Corporation that have issued shares to the public.

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Festo Corporation hereby petitions for a writ of *certiorari* to review the *en banc* judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The Federal Circuit's *en banc* decision entering judgment on rehearing in favor of respondents (collectively referred to as "SMC") (App. 1a-155a) is reported at 234 F.3d 558. Prior opinions include the Federal Circuit's opinion affirming the district court's judgment of infringement in favor of petitioner (App. 190a-207a), reported at 72 F.3d 857. This Court's order granting *certiorari*, vacating and remanding for further consideration is reported at 520 U.S. 1111. The Federal Circuit's decision after remand from this Court reinstating the judgment in favor of petitioner (App. 156a-189a) is reported at 172 F.3d 1361.

JURISDICTION

The Federal Circuit *en banc* entered its opinion and order on November 29, 2000. The Chief Justice granted an extension of time for filing this petition to and including March 29, 2001. The Chief Justice granted a second extension of time for filing this petition to and including April 9, 2001. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Article 1, section 8, clause 8 of the Constitution provides:

"Congress shall have the power . . . to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their Respective Writings and Discoveries."

35 U.S.C. § 271(a) provides:

"Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United

States any patented invention during the term of the patent therefor, infringes the patent.”

STATEMENT OF THE CASE

This case presents a fundamental change in patent law accomplished by the virtual abolition of the century-old “doctrine of equivalents.” Under this well-established doctrine, “a product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is ‘equivalence’ between the elements of the accused product or process and the claimed elements of the patented invention.” *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997). The principle has been consistently applied by this Court, in numerous cases, since the doctrine was first embraced in 1853. It is a frequently recurring issue in patent law and practice.

Petitioner Festo Corporation owns two U.S. Patents—the Stoll and Carroll patents. The district court found both to have been infringed by respondents under the doctrine of equivalents. On two occasions, a unanimous panel of the Federal Circuit affirmed. (App. 156a-189a; 190a-207a). After rehearing *en banc*, however, the Federal Circuit held that the doctrine of equivalents did not apply. In so doing, the Federal Circuit severely restricted the doctrine by holding (i) that prosecution history estoppel applies if an amendment was made to a patent claim for *any* reason relating to the statutory requirements for a patent, including matters of form that are not in any way related to overcoming or avoiding prior art; and (ii) that prosecution history estoppel creates an “absolute bar” to reliance upon *any* range of equivalents to prevent near-identical copying of the patented product.

Since most patent claims are amended in the application process, including the vast majority of the 1.2 million patents now in force, the *en banc* majority has given a free hand to copyists and severely undercut the protection provided by patents already issued and those to be issued in the future.

1. *Prosecution History of Festo's Patents.* The Stoll and Carroll patents are directed to linear actuators known as "magnetic rodless cylinders." Briefly stated, these devices are employed in a wide range of industrial applications to transport articles from one point to another. The cylinders include three basic components: a piston, a cylinder, and a sleeve. The piston sits inside the cylinder and is driven by pressurized fluid. The sleeve sits outside the cylinder and is magnetically coupled to the piston. Accordingly, movement of the piston back and forth within the cylinder tube causes the sleeve likewise to move back and forth along the cylinder without the need for any mechanical linkage between the piston and sleeve. This allows the device to move articles or machinery as desired. (App. 33a).

The U.S. Patent and Trademark Office ("PTO") initially rejected the pending claims in the Stoll patent application under 35 U.S.C. § 112 ¶ 1, which requires that the patent contain "a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same" The patent examiner concluded that the "exact method of operation [was] unclear" because he was unsure whether the device operated as "a true motor or magnetic clutch." (App. 40a). The examiner also objected to the claims under ¶ 2 of 35 U.S.C. § 112 because they were "improperly multiply dependent." (*Id.*). Dr. Stoll submitted new claims in order to *clarify* the nature of the device. (App. 40a-41a, 185a).¹ The claims were never rejected in view of prior art.

¹ Specifically, Dr. Stoll included within his broadest claim (independent claim 1) two limitations relevant here: (i) that there be two sealing rings disposed on the piston and (ii) that the outer sleeve of the device be made from magnetizable material. Both limitations had originally appeared in dependent claims when the application was first filed. (App. 40a, 185a).

The relevant amendments to the Carroll patent occurred after Festo voluntarily submitted that patent for re-examination in view of a German prior art reference that had not been considered during the original prosecution. During that proceeding, Carroll amended the claim without prompting from the examiner.²

The SMC devices that were found to infringe the Stoll and Carroll patents under the doctrine of equivalents are identical to the claimed inventions save in two insubstantial respects.³

2. *The Proceedings Below.* Festo sued SMC for infringing the Stoll and Carroll patents. The United States District Court for the District of Massachusetts granted summary judgment in favor of Festo, concluding that SMC's rodless cylinders infringed the Carroll patent under the doctrine of equivalents. Thereafter, a jury found that SMC infringed the Stoll patent under the doctrine of equivalents. (App. 157a).

On SMC's appeal, a Federal Circuit panel affirmed in full. (App. 190a-207a). After denial of rehearing, SMC petitioned for *certiorari*. This Court granted *certiorari*, vacated the judgment and remanded the case for further consideration in light of its then-recent decision in *Warner-Jenkinson*, in which the Court unanimously reaffirmed the vitality of the doctrine of equivalents.

This Court in *Warner-Jenkinson* "clarif[ied] the proper scope of the doctrine" in several respects, 520 U.S. at 21, including

² The claim was amended to include, among other things, two sealing rings, but Festo argued that what distinguished the amended claims was that the prior art did not "teach or render obvious the claimed combination which includes the plurality of magnets, end members, and cushion members in the claimed relationship." (App. 173a).

³ *First*, rather than having a one-way sealing ring on each end of the piston, the SMC devices have a single two-way sealing ring located at one end of the piston. *Second*, the sleeve of the SMC device is made of an aluminum alloy, which is not generally considered to be a magnetizable material. (App. 38a-39a).

the role of “prosecution history estoppel.” Prosecution history estoppel, this Court concluded, may limit the doctrine of equivalents in circumstances where the patent claim was amended during the application process, *depending on the reasons for the amendment and the purpose for which it was added*. *Id.* at 30-34. The *Warner-Jenkinson* Court rejected the argument that “any surrender of subject matter during patent prosecution, regardless of the reason for such surrender, precludes recapturing any part of that subject matter, even if it is equivalent to the matter expressly claimed.” *Id.* at 30. The Court observed that “petitioner reaches too far in arguing that the reason for an amendment during patent prosecution is irrelevant to any subsequent estoppel.” *Id.*

Commenting on more than one hundred years of precedent, the *Warner-Jenkinson* Court noted: “It is telling that in each case this Court probed the reasoning behind the Patent Office’s insistence upon a change in the claims. In each instance, a change was demanded because the claim as otherwise written was viewed as not describing a patentable invention at all—typically because what it described was encompassed within the prior art.” *Id.* at 31. Thus, rather than adopt a “rigid rule invoking an estoppel regardless of the reasons for a change,” *id.* at 32, the Court held instead that “[w]here the reason for the change was not related to avoiding the prior art, the change may introduce a new element, but it does not necessarily preclude infringement by equivalents of that element.” *Id.* at 33. To decide whether an estoppel applies, a court should “explore . . . the reason (right or wrong) for the objection and the manner in which the amendment addressed and avoided the objection.” *Id.* at 33 n.7. Where the reason for an amendment is not established, however, the Court ruled that it would “presume that the patent applicant had a substantial reason related to patentability for including the limiting element added by amendment. In those circumstances, prosecution history estoppel would bar the application of the doctrine of equivalents as to that element.” *Id.* at 33. The Court then

remanded for further consideration of whether the doctrine of equivalents would support the infringement claim. *Id.* at 34.⁴

In the case at hand, on remand in *Warner-Jenkinson*'s wake, another Federal Circuit panel reinstated the prior findings that SMC's devices contained no differences of substance from the patented inventions. The panel held, with respect to the Carroll patent, that because the amendment was made voluntarily and not in response to any objection by the patent examiner, prosecution history estoppel did not limit application of the doctrine of equivalents. (App. 174a-175a). With respect to the Stoll patent, the panel held that one amendment was likewise voluntary, not made to avoid the prior art, and thus prosecution history estoppel did not apply. (App. 188a). Because the other amendment in this patent presented an "unresolved issue," however, the Federal Circuit panel remanded to the district court to determine, *ab initio*, whether the *Warner-Jenkinson* presumption should apply and if so, whether it could be rebutted. (*Id.*).

3. *The En Banc Decision:* The Federal Circuit reheard the case *en banc* and, in a sharply divided 8 to 4 decision, reversed the finding of infringement under the doctrine of equivalents as to both patents. (App. 1a-156a). The court began by setting forth five "*En Banc* Questions" that it had requested the parties and *amici* to brief. (App. 2a-3a). The court then summarized its answers to those questions. Relevant to this petition are the court's answers to its Questions 1, 2 and 3.

On Question 1—whether "a substantial reason related to patentability" as used in *Warner-Jenkinson* is limited only to reasons relating to a prior art rejection—the *en banc* court held

⁴ Justice Ginsburg, joined by Justice Kennedy, wrote separately to "add a cautionary note on the rebuttable presumption the Court announces regarding prosecution history estoppel." *Id.* at 41. Justice Ginsburg noted that "if applied woodenly," the new presumption might "unfairly discount the expectations of a patentee who had no notice at the time of patent prosecution that such a presumption would apply." *Id.*

that an amendment relating to *any* statutory requirement for patentability, even if unrelated to prior art, will trigger prosecution history estoppel. (App. 3a, 8a-11a). On Question 2—whether a “voluntary” claim amendment not made in response to any objection by the patent examiner can trigger an estoppel—the court answered yes. (App. 3a-4a, 11a-13a). On Question 3—whether if a claim amendment creates an estoppel, there is any range of equivalents available to the patent holder for the amended claim element—the court answered no. The *en banc* majority concluded, instead, that the estoppel acts as a “complete bar” to application of the doctrine of equivalents to that element. (App. 4a, 13a-30a).

The court was most badly fractured on the last question. The eight-member majority began with the premise that this Court had not ruled on this precise issue. (App. 13a-19a). The majority acknowledged that the regional courts had been split on this question prior to the Federal Circuit’s formation (App. 19a-20a) and also discerned a split in the Federal Circuit’s own lengthy line of pertinent cases. Most cases, the majority noted, had applied a “flexible bar” approach to prosecution history estoppel—in which the range of permissible equivalents required “a determination as to the exact ‘subject matter the patentee actually surrendered,’” (App. 23a, *quoting Hughes Aircraft Co. v. United States*, 140 F.3d 1470, 1476-77 (Fed. Cir. 1998) (“*Hughes II*”)),⁵ whereas other cases “followed a strict approach, according to which a court refused to speculate whether a narrower amendment would have been allowed” and thus refused to allow any range of equivalents for amended elements. (App. 22a).

⁵ *Hughes II* had reaffirmed the holding in *Hughes Aircraft Co. v. United States*, 717 F.2d 1351 (Fed. Cir. 1983) (“*Hughes I*”), which the majority identified as the progenitor of the Federal Circuit’s “flexible bar” line of cases. (App. 19a). There, in an opinion authored by then-Chief Judge Howard Markey, *Hughes I* held that prosecution history estoppel “may have a limiting effect” on the doctrine of equivalents “within a spectrum ranging from great to small to zero.” *Hughes I* at 1363.

The *en banc* majority “revisit[ed]” the issue and decided that when prosecution history estoppel applies, it operates as a “complete bar” to the doctrine of equivalents. (App. 24a). The majority criticized the “flexible bar” approach as “unworkable” because of a perceived “difficulty . . . in predicting with any degree of certainty the scope of surrender that will be found when prosecution history estoppel applies.” (App. 25a). The majority said its holding “promot[ed] certainty in patent law.” (App. 26a). The *en banc* majority read some of the cases cited by this Court in *Warner-Jenkinson* as not supporting a flexible rule, but rather as “suggesting a strict measurement of the scope of equivalents” (App. 26a-27a), and cited the rebuttable presumption erected in *Warner-Jenkinson* as further justification for a “complete bar.” (App. 27a). Public policy also justified its result, the majority said, because “under the complete bar approach, technological advances that would have lain in the unknown, undefined zone around the literal terms of a narrowed claim under the flexible bar approach will not go wasted and undeveloped due to fear of litigation.” (App. 30a).

Having resolved each of the “*En Banc* Questions” against Festo, the majority reversed the district court’s finding of infringement solely on the basis of estoppel. (*Id.*). Left intact, as the law of this case, were the findings that SMC’s devices embodied no substantial differences from Festo’s patented inventions.

Judge Plager, a member of the majority, wrote separately to note that the new approach represents “a second-best solution to an unsatisfactory situation.” (App. 56a). He explained that the majority “attempts to limit some of the indeterminacy of the doctrine [of equivalents] with a set of bright-line rules, trading off areas of uncertainty for a degree of rigidity.” (App. 58a). He concluded that the effort to create certainty “contains the potential for unintended consequences, consequences that may do nothing but exacerbate the problem.” (*Id.*).

The *en banc* decision provoked several vigorous dissents. Reviewing more than a century of precedent, Judge Michel,

concurring and dissenting, joined by Judge Rader, maintained that the majority's complete bar "contradicts Supreme Court precedent and policy." (App. 69a). He addressed the enormous impact that the majority's new rule would have on the patent system: "[B]ecause most patents contain claims that were amended during prosecution, the majority's holding effectively strips most patentees of their rights to assert infringement under the doctrine of equivalents, despite the Supreme Court's unanimous adherence to the doctrine in *Warner-Jenkinson*." (*Id.*). Judge Michel said the majority provided a road-map for patent pirates:

Would-be copyists, of course, will exploit the majority's bar. Unwittingly, the majority has severely limited the protection previously available to patentees. Indeed, it may nullify the doctrine of equivalents. Under the majority's approach, anyone who wants to steal a patentee's technology need only review the prosecution history to identify patentability-related amendments, and then make a trivial modification to that part of its product corresponding to an amended claim limitation. * * * [M]ost patentees will lose the protection against copying that the Supreme Court unanimously reaffirmed in *Warner-Jenkinson*.

(App. 74a). Judge Michel concluded that the ruling "will upset basic assumptions regarding the effective scope of patents, and will unfairly disrupt commercial relations based on these assumptions." (App. 111a).

Judge Linn, concurring and dissenting, joined by Judge Rader, stated that the "majority's new rigid bright line rule, eliminating all flexibility in the scope afforded certain claim limitations amended for a statutory purpose just because they were amended for a statutory purpose, goes too far." (App. 113a). Thus,

the new bright line rule, as simple as it is hoped to be in application, wrongfully sets in place a regime that increases

the cost and complexity of patent prosecution to the detriment of individual inventors, start-up companies, and others unable to bear these increased costs. The new regime also places greater emphasis on literary skill than on an inventor's ingenuity; gives unscrupulous copyists a free ride on the coattails of legitimate inventors; and changes the rules under which prosecution strategies were formulated for thousands of extant patents no longer subject to correction."

(*Id.*).⁶

Judge Linn pointed out that the majority's new rule "unfairly tips the balance away from patentees and toward competitors by constraining the legitimate rights of patentees to their inventions, even where competitors can reasonably determine the reasons for any amendments and the scope of any subject matter surrendered. In my view, this is an ill-advised major policy shift that is neither compelled nor justified at this time." (App. 114a). He emphasized the increased cost and delay in the patent procurement process wrought by the majority's new regime; patent applicants will now be reluctant, he warned, to speed the patent prosecution process by agreeing to minor claim amendments suggested by the examiner for fear of creating an estoppel. This will hit hardest individual inventors and start-up companies who can least afford increased expense and delay. (App. 120a-121a).

Judge Rader wrote separately to warn that "[w]ithout a doctrine of equivalents, any claim drafted in current technological terms could be easily circumvented after the advent of an advance in technology." (App. 111a). Because the majority barred all application of the doctrine of equivalents

⁶ With respect to the latter issue, Judge Linn noted this Court's concern in *Warner-Jenkinson* that "[t]o change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision." (App. 113a, *quoting Warner-Jenkinson*, 520 U.S. at 32 n. 6).

for amended claims, “[a]ll patent protection for amended claims is lost when it comes to after-arising technology,” even though this Court in *Warner-Jenkinson* had expressly “acknowledged the doctrine’s role in accommodating after-arising technology.” (App. 112a).

Finally, Judge Newman, also concurring and dissenting, demonstrated that the majority opinion departs from *Warner-Jenkinson* in three ways:

First, the majority holds that all equivalency is barred as to any claim element that is narrowed or added for reasons relating to patentability; access to the doctrine of equivalents is barred whether or not the [Supreme] Court’s new rebuttable presumption arises and whether or not it is rebutted. Second, the majority denies consideration to any rebuttal evidence that is not already in the prosecution record, thereby converting the [*Warner-Jenkinson*] rebuttable presumption into an irrebuttable fiat. Third, the majority’s inappropriately broad definition of “reasons related to patentability” further limits a patentee’s access to equivalency, and exacerbates the conflict with the holdings of *Warner-Jenkinson*. The result is to negate infringement by equivalents, as a matter of law, thereby providing a blueprint for ready imitation of patented products.

(App. 132a).

Judge Newman observed that “[t]his spontaneous judicial action represents a venture into industrial policy whose consequences have been inadequately considered.” (App. 133a). Addressing the majority’s view that eliminating patent protection under the doctrine of equivalents will increase incentives for the public to “improve on patented technology and design around it,” Judge Newman replied: “[T]he assumption that placing new technology in the public domain is always the optimum path to industrial growth is not supported by experience. Empirical studies have added rigor

to the common sense knowledge that reduced profit opportunity affects the supply of capital to launch a new technology, and often the creation of the technology itself.” (App. 153a).

REASONS FOR GRANTING THE WRIT

Petitioner seeks review because the judgment below (1) is in direct conflict with this Court’s *Warner-Jenkinson* decision; (2) radically transforms established patent law to favor copyists over patentees; and (3) severely undercuts the policy behind the patent law.

Since the Federal Circuit has exclusive jurisdiction of patent appeals from district courts, there can be no circuit conflict. Nor is it possible for the issues presented here to be ventilated in other circuits. The several opinions below, however, have thoroughly explored the issues and the competing policies that underlie them.

Abandoning the case-by-case approach reaffirmed unanimously in *Warner-Jenkinson*, the majority legislated a new principle that is at once inconsistent with a century-old body of case law (as demonstrated by Judge Michel, joined by Judge Rader) and at war with bedrock policies encouraging innovation and discouraging copying (as emphasized by Judge Linn and Judge Newman). The majority ignores the continuing problem of technological developments being seized by imitators to rob the inventor of the fruits of creativity (as noted by Judges Rader and Newman). The decision defies basic economic principles (as demonstrated by Judge Newman). In the process, the Federal Circuit rides roughshod over fundamental issues of fairness, emphasized by this Court unanimously in *Warner-Jenkinson*, 520 U.S. at 32 n.6, and seconded in her concurring opinion by Justice Ginsburg, joined by Justice Kennedy. *Id.* at 41-42.

Festo’s destabilizing effects on 1.2 million existing patents, with the significant diminution in value of heretofore settled property rights, will be acute. Further percolation, if any, can

only come at the expense of these property rights, which are limited in time.

The *en banc* majority's quest for a dubious certainty is purchased at the price of disabling the patent system Congress intended. If it had preferred the balance between certainty and creativity that the Federal Circuit has legislated, Congress could have enacted laws expanding prosecution history estoppel and eliminating the doctrine of equivalents at any time in the past one hundred and more years. It has chosen not to do so.

The conflict between this case and this Court's precedent, plus the irreparable damage to patent law and incentives for innovation threatened by the Federal Circuit's decision, make review by this Court now not only appropriate but essential.

I. *Certiorari* Should Be Granted Because the Decision Below Conflicts Directly With Decisions of This Court.

The conflict between the *en banc* decision below and this Court's considerable body of applicable precedent embraced and reaffirmed by *Warner-Jenkinson* is manifest. There are six points of flat disagreement between this case and *Warner-Jenkinson*:

(1) This Court held that, depending upon the circumstances, amendments to patent claims did not necessarily trigger prosecution estoppel, but the Federal Circuit held that any narrowing amendment or addition to a filed claim that related to patentability created estoppel regardless of the reasons for the change;

(2) This Court held that where the reason for an amendment is unclear, a rebuttable presumption arises that the reason would not avoid prosecution history estoppel, but the Federal Circuit, by holding that any addition or narrowing amendment created an estoppel regardless of the reason, ruled out the possibility of any rebuttal;

(3) The Federal Circuit ruled that any reason for an amendment must appear on the record of the patent's prosecution history and that evidence outside of the prosecution history record may not be considered, but there is no role for a rebuttable presumption if the reason is already on the record of the history before the court and no other evidence is allowed by which such a presumption could be rebutted;

(4) This Court stressed that the application of its rules should be guided by fairness, but the Federal Circuit's inflexible rules of prosecution history estoppel and the doctrine of equivalents leave no room for any such value as fairness; and

(5) This Court held that even where an estoppel did arise, the patentee might still have the opportunity to invoke the doctrine of equivalents, but the Federal Circuit held that its automatic estoppel completely barred application of that doctrine; and

(6) Finally, this Court and the Federal Circuit disagree fundamentally about the law announced in cases prior to this one.

These conflicts will be taken up in order.

1. *Warner-Jenkinson* rejected a "rigid rule" for application of prosecution history estoppel. The petitioner in *Warner-Jenkinson* advocated a "rigid rule" under which any amendment, regardless of the reason for it, would result in a prosecution history estoppel barring any application of the doctrine of equivalents. To do otherwise, the argument went, "would undermine the public's right to clear notice of the scope of the patent as embodied in the patent file." 520 U.S. at 30.

This Court was unpersuaded. *Warner-Jenkinson* expressly rejected such a *per se* rule as going "too far," *id.*, even though it would have provided a "bright line." *Id.* at 32 n.6. This Court in *Warner-Jenkinson*, taking counsel from the United States and the Solicitor of the PTO, decided that only a limited set of

reasons for an amendment should trigger an estoppel.⁷ The reason for an amendment was to be controlling.

Petitioner's *per se* rule, the Court said, would be contrary to the long line of cases that had "probed the reasoning behind the Patent Office's insistence upon a change in claims." 520 U.S. at 31. Estoppel had been applied "only where claims have been amended for a limited set of reasons." *Id.* at 32. After carefully reviewing these cases, the Court concluded that "[w]here the reason for the change was not related to avoiding the prior art, the change may introduce a new element, but it does not necessarily preclude infringement by equivalents of that element." *Id.* at 33. Where that reason was unclear, the Court balanced the competing interests of the patent holder and his competitors by erecting a rebuttable presumption:

Mindful that claims do indeed serve both a definitional and a notice function, we think the better rule is to place the burden on the patent holder to establish the reason for an amendment required during patent prosecution. The court then would decide whether that reason is sufficient to overcome prosecution history estoppel as a bar to application of the doctrine of equivalents to the element added by that amendment. Where no explanation is established, however, the court should presume that the patent applicant had a substantial reason related to patentability for including the limiting element added by amendment. In those circumstances, prosecution history estoppel would bar the application of the doctrine of equivalents as to that element.

Id. Despite the clarity of this Court's reasoning and conclusion, the Federal Circuit majority adopted the same rigid, *per se* rule rejected in *Warner-Jenkinson*.

⁷ See Brief for United States as *Amicus Curiae*, 1996 WL 172221, at *22-23 (U.S. Apr. 11, 1996), filed in *Warner-Jenkinson*.

The practical consequences of the Federal Circuit's substitution of its rule for the law enunciated by this Court are enormous. The vast majority of patents are amended in some way during prosecution in the PTO. (See App. 69a, Michel, J., dissenting (observing that "most patents contain claims that were amended during prosecution")). Virtually all such amendments are made to comply with some statutory requirement for patentability.⁸ *Accord Black & Decker, Inc. v. Hoover Serv. Ctr.*, 886 F.2d 1285, 1295 (Fed. Cir. 1989) (Markey, C.J.) (Commenting on a district court's view that the fact of an amendment precludes application of equivalents: "Considering that virtually every patent application is amended, acceptance of the court's statement . . . would read the doctrine of equivalents out of the law.").

The Federal Circuit's decision cannot stand in the face of this Court's ruling on amendments and prosecution history estoppel.

2. The fact that this Court provided for rebuttal of the presumption of estoppel arising where the reason for an amendment is unclear demonstrates once more that the decision below conflicts with *Warner-Jenkinson*. Under the Federal Circuit's rule, the fact of an amendment automatically results in prosecution history estoppel so that the promised opportunity to rebut disappears.

⁸ As Judge Linn observed, a patent claim is "a linguistic description of a mental concept. Due to the inherent limitations of language, the fit between the description and the concept is almost always inexact. In addition . . . the language itself may not be adequately developed at the early stages when patent applications typically are filed, particularly in rapidly evolving research fields." (App 116a, citation omitted). As a result, "it is quite difficult for claim drafters to draft initial claims that adequately and accurately cover the 'invention' on the day the patent application is filed. Consequently, claims are commonly amended during prosecution to more particularly point out and distinctly claim that which is regarded to be the invention [in compliance with 35 U.S.C. § 112 ¶ 2]." (App. 116a-117a).

Both Judge Newman and Judge Linn pointed out that, in light of the majority's great expansion of the scope of prosecution history estoppel (and the absolute bar to equivalents that results), the majority's newly-minted rule would bar the very inquiry for which this Court had remanded in *Warner-Jenkinson*, and which the Court presumably had thought the Federal Circuit would address after the vacatur and remand in this very case. (App. 122a-123a, Linn, J. dissenting, 133a-134a, Newman, J. dissenting).

The *Festo* bar applies without inquiry into the facts to determine whether it is fair and accurate to say that the patent applicant voluntarily surrendered, abandoned, or disclaimed coverage of equivalents by his actions in the PTO. The net effect, as Judge Newman observed, is that "access to the doctrine of equivalents is barred whether or not the [*Warner-Jenkinson*] rebuttable presumption arises and whether or not it is rebutted." (App. 132a).⁹

The Federal Circuit majority has rescinded the opportunity to rebut that this Court offered.

3. Judge Newman pointed out a further conflict with *Warner-Jenkinson*: The *en banc* majority held that "a patent holder seeking to establish the reason for an amendment must base his arguments solely upon the public record of the patent's prosecution, i.e., the patent's prosecution history" (App 47a). But the presumption arises only where the prosecution record is *silent* as to the reason for the amendment. *Warner-Jenkinson*, 520 U.S. at 33 ("the record seems not to reveal the reason for including [the 6.0 pH limitation.]"). Thus, Judge

⁹ Judge Linn similarly observed: "If the doctrine of equivalents is completely barred when no reason for an amendment can be discerned from the prosecution history, and it is likewise completely barred when a reason is stated, what is the point of exploring the 'reason (right or wrong) for the [examiner's rejection of the claim prior to its being amended] and the manner in which the amendment addressed and avoided that [rejection?]" (App. 122a, quoting *Warner-Jenkinson*, 520 U.S. at 33 n.7).

Newman observed: “The rebuttable presumption thereby becomes irrebuttable, because the prosecution record is necessarily silent in order for the presumption to arise at all. This impossibility of rebuttal was surely not contemplated by the [Supreme] Court” (App. 136a).

Judge Newman continued: “That the majority’s ruling makes rebuttal impossible is illustrated by the patents in suit. Since Festo’s explanation of its amendment to the Carroll claims is now limited to the prosecution record, the presumption can not be rebutted because the prosecution record is silent as to the reason for the amendment. Indeed, since there is no requirement that a patent applicant explain amendments made before an examiner’s rejection on the merits—the situation for both the Carroll and Stoll patents—evidence explaining such amendments is not normally present in the prosecution record.” (App. 137a).

4. Concern with fairness in the application of the doctrine suffused the Court’s opinion in *Warner-Jenkinson*: “To change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision.” 520 U.S. at 32 n.6. Furthermore, in her concurrence, Justice Ginsburg anticipated difficulty—not practical impossibility—in rebutting the presumption: “[Prior to our decision today] a patentee would have had little incentive to insist that the reasons for all modifications be memorialized in the file wrapper as they were made. Years after the fact, the patentee may find it difficult to establish an evidentiary basis that would overcome the new presumption. The Court’s opinion is sensitive to this problem” *Id.* at 41.

Justice Ginsburg stressed the concern that changes in the law which affect now-closed file histories be applied fairly. *Id.* The decision below, which *retroactively* applies to all in-force

patents, sweeps aside the concern for fairness articulated by a unanimous Court just four years ago.

In stark contrast, fairness considerations are nowhere to be found in the *en banc* majority's steely approach. The two patents asserted by Festo were prosecuted more than twenty years ago under a completely different set of rules. Festo never had the opportunity or occasion to present evidence on the reason for the amendments. It has, therefore, no way whatever to avoid the Federal Circuit's new estoppel rule and hence no means to defend its inventions through the doctrine of equivalents. That is flatly wrong under *Warner-Jenkinson*.

5. The doctrine of equivalents has been central to patent protection throughout most of our history.¹⁰ The doctrine was given its modern contours in *Graver Tank & Manufacturing Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950). There, this Court observed:

[The] courts have also recognized that 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. Such a limitation would leave room for—indeed encourage—the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the patent

¹⁰ Some of the earliest reported patent cases reflect application of the doctrine. See *Odiorne v. Winkley*, 18 F. Cas. 581, 582 (C.C.D. Mass. 1814) ("The first question for consideration is, whether the machines used by the defendant are substantially, in their principles and mode of operation, like plaintiff's machines Mere colorable alterations of a machine are not sufficient to protect the defendant."); *Gray v. James*, 10 F. Cas. 1015, 1016 (C.C.D. Pa. 1817) ("But we think it may safely be laid down as a general rule, that where machines are substantially the same, and operate in the same manner, to produce the same result, they must be in principle the same."). Prior to the Civil War, this Court adopted these principles. See *Winans v. Denmead*, 56 U.S. (15 How.) 330, 343 (1853) ("The exclusive right to the thing patented is not secured, if the public are at liberty to make substantial copies of it, varying its form or proportions.").

which, though adding nothing, would be enough to take the copied matter outside the claim, and hence outside the reach of law.

Id. at 607. The doctrine of equivalents evolved in response to this concern. For decades, the doctrine functioned “to temper unsparing logic and prevent an infringer from stealing the benefit of the invention.” *Id.* at 608 (quoting Judge Learned Hand in *Royal Typewriter Co. v. Remington Rand*, 168 F.2d 691, 692 (2d Cir. 1948)).

Warner-Jenkinson resolved any doubts about the vitality of the doctrine that may have lingered by once more reaffirming the doctrine of equivalents. The Court was keenly aware of the need for balance between protecting the incentive to innovate and concerns over uncertainty as to the scope of patent claims. The *en banc* majority below—by jettisoning the rebuttable presumption and erecting a “complete bar”—fashioned a blunderbuss solution for a problem that this Court intended to be addressed in a quite different, more nuanced way. The *Warner-Jenkinson* Court was mindful of the concern that the doctrine of equivalents, if applied too broadly, “conflicts with the definitional and public-notice functions of the statutory claiming requirement.” *Id.* at 29. *Warner-Jenkinson* addressed that concern. Justice Thomas’s opinion for the unanimous Court achieved balance between the patentee and his competitors by adopting what has come to be known as the “all-elements rule”:

Each element contained in a patent claim is deemed material to defining the scope of the patented invention, and thus the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole. It is important to ensure that the application of the doctrine, even as to an individual element, is not allowed such broad play as to effectively eliminate that element in its entirety. So long as the doctrine of equivalents does not encroach beyond the limits just described, . . . we are confident that the doctrine will not

vitiate the central functions of the patent claims themselves.

Id. at 29-30.

A court is thus obliged by *Warner-Jenkinson* to undertake this “essential inquiry”: “Does the accused product or process contain elements identical or equivalent to each claimed element of the patented invention?” *Id.* at 40. If so, the accused product (such as SMC’s rodless cylinder here) is considered the same as the claimed invention, and is thus infringing: “[T]he substantial equivalent of a thing, in the sense of the patent law, is the same as the thing itself.” *Id.* at 35, quoting *Union Paper-Bag Machine Co. v. Murphy*, 97 U.S. 120, 125 (1878). Indeed, “the essential predicate of the doctrine of equivalents is the notion of identity between a patented invention and its equivalent.” *Id.*

The question whether a product accused of infringement is an “equivalent” of the claimed invention is an issue of fact, 520 U.S. at 38-39, and this Court gave specific “guidance” to the Federal Circuit as to how to review those factual determinations. *Id.* at 39 n.8. But the Federal Circuit balked, threw up its hands, and instead “by-pass[ed] the all-elements rule altogether” (App. 73a, Michel, J., dissenting).

This is profoundly wrong in law, in logic, and in policy. That could not be better illustrated than by the facts of this case. Even though it has been established that SMC’s device duplicates each element of the claims of the Stoll and Carroll patents—in most cases exactly but in two aspects through insubstantial differences—the Federal Circuit’s new *per se* rule of estoppel has, in effect, obliterated Festo’s patents, leaving petitioner helpless before copyists for no better reason than that twenty years ago the claims were amended. The effect upon Festo will be devastating; the effects upon the patent system no less so.

6. The majority below was aware of the question of its fidelity to this Court’s jurisprudence, including the concern for

basic fairness. The *en banc* majority sought to avoid a conflict with this Court with a simple but utterly inadequate response: it asserted boldly that this Court had never addressed the issue of whether, when prosecution history estoppel is invoked, any scope of equivalents should be allowed to the patentee. (App. 14a). We show below that this is quite wrong. The majority did acknowledge, however, that during its 20-year history, “most” of the Federal Circuit’s own cases had applied a “flexible rule” which allowed some range of equivalents to the patentee even in those instances where prosecution history estoppel did apply. (App. 19a-24a). The *en banc* majority felt compelled to change the law—and overrule its own decision in *Hughes I*—because, it said, the uncertainties inherent in the “flexible bar” rule made it “unworkable.” (App 24a-25a).

The majority’s analysis starts from the false premise that this Court has never addressed whether, if prosecution history estoppel exists, the patentee is still entitled to assert his patent against some range of equivalent structures. But *Warner-Jenkinson* itself began the discussion of prosecution history estoppel by citing the Federal Circuit’s decision in *Bayer AG v. Duphar International Research B.V.*, 738 F.2d 1237 (Fed. Cir. 1984), as an example of the “well-established” rule of prosecution history estoppel. 520 U.S. at 30. *Bayer* quotes the very portion of *Hughes I*—overruled by the majority below—that rejects as “wooden” the notion that “virtually any amendment of the claims creates a ‘file wrapper estoppel’ effective to bar all resort to the doctrine of equivalents, and to confine [the] patentee ‘strictly to the letter of the limited claims granted.’” *Bayer*, 738 F.2d at 1242-43 (quoting *Hughes I*, 717 F.2d at 1362). The *en banc* majority did not discuss this demonstrable error in its essential premise.

More broadly, as Judge Michel showed in dissent, this Court has long recognized the ability of the patent holder to enforce his patent, even with amended claims, against an infringer whose product contained only insubstantial changes from the

patented invention.¹¹ That ability exists as long as the particular aspect for which equivalency is claimed was not previously surrendered during patent prosecution. (App. 74a-85a).

The *en banc* majority dismissed Judge Michel's thorough analysis of the case law, however, because, in its view, that body of law lacked "explicit and carefully considered language regarding the range of equivalents available when a claim amendment gives rise to prosecution history estoppel." (App. 18a-19a). This is strained at best; the case law proves, at the very least, that *some* range of equivalents was often available even when an estoppel arose—which is what the Federal Circuit majority denied. A study of the cases shows unmistakably that Judge Michel's analysis is correct.

Indeed, this Court illustrated the intended application of its balanced approach in the way it treated the facts of *Warner-Jenkinson*. The Court carefully parsed the amendment to the claim for a dye purification process that had added limitations

¹¹ *Goodyear Dental Vulcanite Co. v. Davis*, 102 U.S. 222, 223-27 (1880), expressly allowed for the possibility that the patentee could assert infringement of amended claims by products that were *equivalent* to those recited in the patent. *Id.* at 227. In *Hurlbut v. Schillinger*, 130 U.S. 456 (1889), the Court entered judgment of infringement by an equivalent of the claimed invention despite a previous disclaimer of claimed subject matter.

Judge Michel cited six other cases from the late 1800s, some of which were relied upon by this Court in *Warner-Jenkinson*. These cases also reflect a flexible, rather than a *per se*, application of the concepts underlying prosecution history estoppel. (See App. 84a-89a). For example, in *Shepard v. Carrigan*, 116 U.S. 593, 598 (1886), in addressing an amended claim, the Court stated: "If it be a claim to a combination, and be restricted to specified elements, all must be regarded as material, leaving open only the question whether an omitted part is supplied by an equivalent device or instrumentality." Indeed, the statement from *Shepard* is echoed a century later in *Warner-Jenkinson*, 520 U.S. at 32 (noting that the 6.0 pH limitation, "by its mere inclusion, became a material *element* of the claim, [but] that did not necessarily preclude the application of the doctrine of equivalents as to that element." (emphasis in original)).

requiring the process to be conducted at a pH between 6.0 and 9.0. No dispute existed that the 9.0 pH limitation was necessary to avoid a similar prior art process that operated at a pH above 9.0. *Id.* at 32. The Court remanded for determination of whether equivalents should be barred for the 6.0 pH limitation, however, which “by its mere inclusion, became a material *element* of the claim [but] that did not necessarily preclude the application of the doctrine of equivalents as to that element.” *Id.* (emphasis in original).

The *en banc* majority below strayed far beyond the boundaries of this Court’s long-settled jurisprudence.

II. *Certiorari* Should Be Granted Because the Decision Below Will Seriously Disrupt and Damage the Patent System.

The Federal Circuit’s decision abolishes most of the protection afforded by the United States patent laws. No copyist need now fear the doctrine of equivalents and only a fool would fail to make an insubstantial change to avoid the literal terms of a patent claim. Nothing is saved by that court’s requirement that to raise prosecution history estoppel, an amendment to a patent claim must be “narrowing” and related to “patentability.” Almost all amendments narrow the claim to secure the approval of the examiner and almost all relate to patentability as that court has now defined it. It is not too much to say that the decision below has dealt the patent system a crippling blow.

The Constitution gives Congress the power to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their Respective Writings and Discoveries.” U.S. CONST., Art. I, § 8, cl. 8. James Madison, in urging ratification, observed that “[t]he utility of this power will scarcely be questioned.” FEDERALIST NO. 43. “The public good fully coincides in both cases with the claims of individuals.” *Id.* The Patent Act of 1790, 1 Stat. 109, one of the earliest measures passed by the

First Congress, was signed into law by President Washington. As Abraham Lincoln put it: "The patent system added the fuel of interest to the fire of genius." The doctrine of equivalents has been integral to the patent system for most of its existence. See pp. 19-21, *supra*.

The Court's intent to respect the historic assumptions of the patent system was explicit: "To change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision." *Warner-Jenkinson*, 520 U.S. at 32 n.6. Untethered from its historic roots in equitable notions of "surrender," "abandonment" and "disclaimer," see, e.g., *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 136-37 (1942), the new, expanded version of prosecution history estoppel renders utterly irrelevant the question of what subject matter, if any, was surrendered, and why.

The patent bar must now struggle with the implications of the Federal Circuit decision and how best to draft and prosecute patents in order to avoid estoppel and its new-found effects. For example, contrary to previous practice in which patent applicants negotiate with examiners to arrive at mutually acceptable sets of claims (see App. 58a, Plager, J., concurring), applicants now are obliged strenuously to fight rejections by patent examiners and to refuse to make concessions in the claims.¹² This will, in turn, increase the backlog of patent applications going through administrative appeals and up to the courts for final review, thereby increasing the expense and delay in obtaining patents. (See App. 109a, Michel, J., dissenting). Since the term of a patent begins to run with the filing of an application, the delays, which will be lengthy, substantially lessen the value of the patent and hence weaken the incentive to innovate intended by the Constitution.

¹² Judge Lourie, in his concurrence, advises a patent applicant to now "stand his ground and appeal." (App. 67a).

III. *Certiorari* Should Be Granted Because the Decision Below Legislates New and Harmful Public Policy.

The linchpin of the *en banc* majority's approach is that the flexible rule of estoppel is "unworkable" because it creates uncertainty in the minds of those who would compete with patentees. Increased certainty and predictability are desirable but not at the price of destroying most of the patent system. *Warner-Jenkinson* affirmed a rule that achieves the balance this Court deems proper; the Federal Circuit majority disagreed and created a rule striking a very different balance. The *en banc* majority believed that:

[Under the complete bar approach], technological advances that would have lain in the unknown, undefined zone around the literal terms of a narrowed claim under the flexible bar approach will not go wasted and undeveloped due to fear of litigation. The public will be free to improve on the patented technology and design around it without being inhibited by the threat of a lawsuit because the changes could possibly fall within the scope of equivalents left after a claim element has been narrowed by amendment for a reason related to patentability. This certainty will stimulate investment in improvements and design-arounds because the risk of infringement will be easier to determine.

(App. 30a).

Judge Newman, in dissent, pointed out the dubiety of the majority's assumption that the public will have new incentives to innovate in areas where patent protection has been destroyed: "the assumption that placing new technology in the public domain is always the optimum path to industrial growth is not supported by experience. Empirical studies have added rigor to the common sense knowledge that reduced profit opportunity affects the supply of capital to launch a new technology, and

often the creation of the technology itself.” (App. 153a).¹³ Judge Newman drew upon the burgeoning literature concerning the economics of innovation. Consistent with the constitutional purpose of the patent system to promote the progress of science and the useful arts, it is the patentee, not the public, who is given the property right to control the “technological advances” that lie in the “zone around the literal terms” of a patent claim, so long as the “zone” is confined to equivalents of the patented invention. The *en banc* majority made no response.

The Federal Circuit’s decision will have a profound and negative impact on incentives for innovation. Unscrupulous copyists now have been given a free ride on the creative efforts of others. The protection of the patent grant has been converted into what *Graver Tank* described as a “hollow and useless thing,” 339 U.S. at 607. As Judge Michel explained, p. 9, *supra*, a copyist may now simply follow the prosecution history road map, make a change, no matter how trivial or insubstantial, to one element, and reproduce the patented invention in every other detail with impunity. That is exactly what happened here. SMC produced a classic knock-off product, thereby appropriating for itself the years of research and development embodied in Festo’s patents.

If the law lowers the benefits of innovation while the costs remain the same, there will be less innovation. The decision below deprives the innovator of patent protection and hence of almost all the benefits of his work and creativity. A trade-off is involved between the rewards to creativity and the costs of

¹³ Judge Linn made a similar observation: “However, in my opinion, limiting the patentee to protection of only the literal language of an amended claim limitation is not likely to promote the progress of the useful arts. Rather, the majority’s new bright line rule, by constraining limitations amended for a statutory purpose to their literal terms, is likely to encourage insubstantial changes to an established product, rather than investment in break-through technological advancements. Such a rule, therefore, promotes free riding and undercuts the return on a patentee’s investment.” (App. 125a).

patent-awarded exclusivity. This Court's cases, culminating in *Warner-Jenkinson*, have made the trade-off decision and achieved a balance between costs and benefits. Congress has acquiesced in that balance by leaving the doctrine of equivalents undisturbed for well over a century. No reason appears why the Federal Circuit should be permitted to make its own public policy by dictating a different cost-benefit decision—one that condemns almost all patent enforcement efforts to futility.

CONCLUSION

For the reasons set forth above, the petition should be granted.

Respectfully submitted,

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