

PRESENTATION:

**THE DOCTRINE OF EQUIVALENTS
AND PROSECUTION HISTORY ESTOPPEL:
A BALANCING OF INTERESTS**

Pryor Garnett*

Much of what I intended to say has already been said. So we are going to reorganize. I work for IBM, in Portland, Oregon. I have been working for IBM the past 12 years. Before working for IBM I was in private practice, but my perspective is primarily that I am an attorney who prepares and prosecutes patent applications and negotiates patents and licensing. If you had the opportunity to look at my paper, you know that it is based on the brief that IBM filed in the *Festo*¹ case, which I have had the privilege of working on. Much of my comments today are going to focus on the public policy considerations that I think the CAFC should have addressed.

Our peculiar legal system here in the United States gives the Supreme Court the last word in legal issues, including prosecution history estoppel and the doctrine of equivalents, despite lacking some expertise in the patent area. They spoke on prosecution history estoppel in *Warner-Jenkinson*² in 1997, which was preceded by 55 years of stone silence. Nonetheless, the *Warner-Jenkinson* decision reflects the Supreme Court's perspective on how the doctrine of equivalents and prosecution history estoppel is supposed to work.

The Court may not have noticed the development of the doctrine of equivalents and the flexible approach to the scope of the estoppel that the CAFC developed in the last 17 years. In fact, I would argue the Supreme Court either ignored or did not notice it when it was deciding *Warner-Jenkinson*. I propose that the U.S. Supreme Court thinks that the prosecution history estoppel still works the way it did back in 1942. Nothing has changed. That is what the CAFC is currently struggling with, as it prepares its opinion in the *Festo* case.

* Intellectual Property Counsel, IBM Corp.

¹ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co. Ltd.*, 172 F.3d 1361 (Fed.Cir. 1999).

² *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997).

My remarks will focus on the *Festo* issues from the perspective of my client, a U.S. Corporation which obtains and enforces a large number of U.S. patents. We are trying not to say a lot about it, despite my comments here. We also have to analyze a large number of patents that are presented to us by third parties, to determine whether in fact we have liability under those patents, and if so, what would be reasonable resolutions.

We therefore have to come to this issue balancing the pro-patenting perspective with the accused infringer's perspectives. We need some predictability here. It is nice to have a patent that you can stretch like heated rubber to cover whatever device you choose to accuse. However, if the situation is reversed and you are the one who is making the device, you would prefer to have some predictability and certainty. Balancing the policy issues behind the prosecution history estoppel doctrine presents many problems because it attempts to balance completely conflicting policy issues.

Why do we have a doctrine of equivalents in the first place? What is the point? What was *Graver Tank*³ trying to remedy—with an extremely strict, inflexible rule? What can we say about the Supreme Court cases that are on the subject of prosecution history estoppel: *Exhibit Supply*⁴ in 1942; before that, the *Keystone*⁵ case in 1935, *Smith v. Magic City*⁶ in 1931, *I.T.S. Rubber*⁷ in 1926? There are clusters of Supreme Court cases which all dealt with prosecution history estoppel. What did they say?

The cases have said that we strictly construe amendments against the applicant. If you amend, you are strictly limited to the elements that you added or modified. That was the rule that was facing the Court in *Graver Tank*. The Court does a marvelous job of providing certainty, providing a clear definition of the scope of the patent using the peripheral claiming that we use. In the *Graver Tank* case the Supreme Court perceived strict construction of unamended claim language to be inequitable, and applied the doctrine of equivalents to do justice under circumstances where the rules would not produce a just result.

So, more than 50 years later, I am asking myself how does the Supreme Court think prosecution history estoppel should work? We have its opinion in *Warner-Jenkinson*, but that offers no clear statements on the subject, only hints. I propose to you that Justice Thomas, in writing the decision in *Warner-Jenkinson*, used the word 'bar' a number of times in describing what happens when there is prosecution history estoppel. He used that term as a modern restatement of the rule of *Exhibit Supply* from 55 years ago. Then,

³ *Graver Tank v. Linde Air Products Co.*, 339 U.S. 605 (1950).

⁴ *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126 (1942).

⁵ *Keystone Driller Co. v. Northwest Engineering Corp.*, 294 U.S. 42 (1935).

⁶ *Smith v. Magic City Kennel Club*, 282 U.S. 784 (1931).

⁷ *I.T.S. Rubber Co. v. Essex Rubber Co.*, 272 U.S. 429 (1926).

prosecution history estoppel strictly construed amended claims against the applicant. I suggest that in 1997, in *Warner-Jenkinson*, the Supreme Court said prosecution history estoppel is an absolute bar to the doctrine of equivalents, and intended to stop the recapture of amended claim scope. There is no recapture of any scope at all. That is how I analyze the opinion.

Now what are the consequences of that? At IBM, I am working in a lab with a number of engineers, filing and prosecuting patent applications. What am I going to do? Well, I can increase my budget for outside counsel, which is very substantial because the importance of the prosecution has been magnified tremendously. I will no longer be able to take an important invention and limit outside counsel's preparation of a substantive amendment to \$400, because they simply cannot do the job right in that little time. I know that I must pay that extra money and that hurts me, but I recognize that need.

If I am correct in this view of prosecution history estoppel, one necessary consequence is a dramatic increase in the importance of high quality prosecution of the patent application. Another necessary consequence is the inability of litigation counsel to stretch a patent's claim like rubber. The little scope of the claim is the order to cover a huge device. I believe there will be a shift in the importance of litigation counsel and prosecution counsel toward the latter.

If we had received a clear statement from the Supreme Court in *Warner-Jenkinson*, this would all be moot. If we had a decision from the CAFC in *Festo*, I would have described to you what the decision meant. I do not know whether the *Festo* decision is going to affect prosecution outside of the United States. I do not know whether Japan or the European Court will develop a similar doctrine. I do believe, however, that the public policy issues will be balanced in favor of the public's need for certainty, reducing the patentee's ability to redefine and recapture claim scope.

There was some talk earlier about the balance between the patent attorney and the examiner. I think it is important to understand why the prosecution history estoppel acts, as it does, in relation to this balance. An examiner is a civil servant working in the Patent Office, and is limited to a certain number of hours to examine an application, and is often limited in his or her professional training. He goes against outside counsel with tremendous resources, behind both the inventors, and a number of experts that they can call on. Obviously, this is not a fair fight. I think the patentee or the applicant has a very strong advantage over the examiner, because the examiner is representing the rights of the public.

The examiner is representing the rights and interests of the public and, in the case of a patent, the public's rights and interests coincide with those of the users of the technology, including the accused infringer. In a fight that is not fair, you adjust the rules to make it more fair, and I think that is exactly what prosecution history estoppel does. If I am correct in my analysis that, according to the Supreme Court, the prosecution history estoppel operates as an absolute bar, then it helps balance the scale again. It helps the

examiner and the applicant. But if you say the applicant is going to be strictly limited to any concession made in the amendments, his or her relative advantage is reduced.

The public policy interest—balancing the applicant’s right to equity with the public’s right to certainty and predictability—is reflected in Justice Thomas’ explanation of prosecution history estoppel in *Warner-Jenkinson*. I suspect that the balancing of those two public policies is going to be a very tough decision for the CAFC. If they manage to hand down their decision in the next few months I will applaud them, because I find it very difficult to imagine resolving that balance.

Thank you very much.