

Intellectual Property Bulletin

Federal Circuit Significantly Restricts Doctrine of Equivalents

In recent years, decisions of the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court have tended to narrow the scope of the doctrine of equivalents, which provides for infringement even when the literal requirements of a claimed invention are not met. The doctrine of equivalents prevents competitors from avoiding infringement liability by making only insubstantial changes to the claimed invention.

The doctrine of equivalents is tempered by the doctrine of prosecution history estoppel, which precludes a finding of infringement under the doctrine of equivalents when certain subject matter has been surrendered through arguments or amendments made during patent prosecution. In applying the

doctrine of equivalents, courts have struggled to balance giving the patentee the benefit of his invention with the conflicting goal of ensuring that the public has fair notice of exactly what has been claimed.

In *Festo Corp. v. Shoketsu Kinzokou Kogo Kabushiki Co.*, the Federal Circuit broadened the scope of prosecution history estoppel, thereby restricting the doctrine of equivalents in favor of promoting the public notice function of patent claims. In the most significant part of its opinion, the court clarified, and many believe significantly changed, the extent to which an amendment “surrendered” subject matter not literally included within the scope of the new amendment. Rejecting an approach taken in many of its prior decisions, the court held that when a narrowing claim amendment creates prosecution history estoppel, the amended claim element is limited to its literal scope and no range of equivalents is available with respect to it. This “complete bar to equivalents” was adopted to promote public certainty as to the scope of patent claims, and to avoid the unpredictability and expense of having to litigate in each case exactly what subject matter was surrendered by an amendment and was therefore excluded from the range of potentially infringing equivalents.

The court also held that prosecution history estoppel applies not just when an amendment is made to overcome prior art, but when a claim is amended for any reason related to any of the statutory patentability requirements,

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EXECUTIVE SUMMARY

- ▶ *Federal Circuit decision restricts doctrine of equivalents by expanding scope of prosecution history estoppel.*
- ▶ *Intent-to-Use applications help protect investment in brand development.*
- ▶ *Patent applications, previously kept secret in the U.S. until a patent issued, will now be published 18 months from earliest filing date.*
- ▶ *United States Supreme Court rules on trademark protection of product designs.*
- ▶ *Written corroboration plays critical role in many disputes over inventions.*

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such as to meet the requirements of an adequate written description, disclosure of the best mode for practicing the invention, and enablement of a way to practice the invention.

Thus, an amendment that narrows the scope of a claim for any reason that affects the issuance of a patent gives rise to prosecution history estoppel with respect to the amended limitation. Prosecution history estoppel would not apply if a patentee could establish, from the record of the proceedings in the Patent Office, a reason unrelated to patentability for making an amendment; but the court specifically held that the public record, *i.e.*, the prosecution history, is the only permissible source for explanations of why an amendment was made.

Finally, and consistent with its emphasis on the public record, the court held that claim amendments that are voluntary, *i.e.*, not required by the examiner or made in response to an examiner's rejection for a specified reason, or are otherwise "unexplained," are treated just like other amendments. A "voluntary" or "unexplained" amendment that narrows the scope of a claim for a reason related to patentability results in prosecution history estoppel for, and completely bars application of the doctrine of equivalents with respect to, the amended claim limitation.

These holdings will make it easier in many cases to determine whether a product or method will infringe a patent. Where a claim element is not met literally, and the element was narrowed during prosecution of the patent for reasons related to patentability (or for no evident reason), that element will have no range of equivalents. However, where a claim element that is not met literally was not narrowed during prosecution, the doctrine of equivalents will still apply.

When preparing and prosecuting patent applications, these holdings will encourage

patent attorneys to develop prosecution strategies that involve as few claim amendments as possible. Patent applicants will want to avoid needing to narrow their claims, while still obtaining patents that cover the full scope of their inventions.

Intent-to-Use Trademark Applications

The rapid growth of the Internet and resulting demand for distinctive web site addresses have put domain name registration issues at the forefront of public attention. A good domain name, tied in with brand development and marketing strategies, may mean the difference between success and failure, between web site traffic on the order of Grand Central Station or of a sleepy ghost town. The pace of development on the Internet and relatively low barriers to entry have placed tremendous pressure on the domain name registration system. In the domain name gold rush, securing a coveted, intuitive or memorable domain name can often seem like striking the mother lode. Internet prospectors should be wary, however, of counting their riches too soon. Unless the right steps are taken to protect the find, the value of the domain name may be stolen right out from under the registrant. Domain name registration is only one step in a well-thought out strategy for trademark development and protection.

Generally, the first user of a trademark, or a "senior" user, can exclude all later users, or "junior" users, from uses of trademarks that, in relation to the first trademark, are likely to confuse the purchasing public as to the source of the marked goods or services. Mere domain name registration does not lead to trademark priority. Even domain name use may not always establish trademark

priority. With competitors sprouting up faster than new browser windows, how can a business secure a desirable brand name and protect its investment in brand development against intervening users before it is ready to launch its brand commercially?

Although this issue arises with respect to trademarks generally, it deserves particular attention in the Internet age, when marks and their corresponding domain names can be developed and used quickly, and a distinctive and unique domain name/mark can mean the difference between receiving a lot of traffic and being successful, and not. Consider the following scenario:

In the first half of 2000, one dot-com company begins using a particular service mark in connection with its web-based services and as the domain name for its web site. Also in the first half of 2000, a second dot-com company begins using a similar service mark in connection with similar services and as the domain name for its web site. The first company, having spent months planning the introduction of its services, brings a claim for trademark infringement.

Assuming the marks are sufficiently similar to create a likelihood of confusion, the first company still needs to prove it began using the mark first, in order to prevail. With dot-com companies, the time from preparation of a business plan to the launch of a web site can be very short, perhaps less than six months. But, the importance of the mark and domain name can be very significant. If the two companies began actually offering their respective services on the web at approximately the same time, it may be difficult for the first company to prove earlier use of the mark, even if it came up with the mark earlier.

If, for example, use of the mark began when the company had established a home page on the web, generally accessible to any user,

and the company was ready to offer its services, then limited tests and other preparatory work may not be sufficient to establish trademark use and corresponding trademark rights. Thus, even if the first company selected the mark first and began developing its web site and services earlier, if the two companies launched their web sites at approximately the same time, then the first company may not be able to prevail in its trademark infringement claim because it lacks earlier use.

However, trademark law provides a mechanism that helps to protect the investment in a brand or trademark prior to actual use of the trademark in commerce. Under section 1(b) of the Trademark Act, an applicant who has a *bona fide* intention to use a trademark in commerce on or in connection with particular goods or services can file an "intent-to-use" or "ITU" application with the Trademark Office and, in effect, reserve a trademark for its use (assuming that the trademark meets the requirements for registration). To file an ITU application, the applicant must have a *bona fide* intention to use the trademark. This is unlike the rule for domain names (which can be registered at-will) that has led to a whole cottage industry in brokering registered domain names (also known as "cybersquatting"). When the trademark applicant begins to use the trademark in commerce, the applicant can notify the Trademark Office and effect registration of the trademark. From the time the ITU application is allowed, the applicant has at least six months and up to three years, depending on the circumstances, to begin using the trademark in commerce and notify the Trademark Office of its use. In the interim, the applicant has a conditional right to rely on the priority date of the ITU application. Once the mark is registered, the registrant's priority is "perfected" and the registrant's priority date with respect to any other users

With competitors sprouting up faster than new browser windows, securing early protection of a desirable brand name is increasingly important.

Although publication of patent applications makes it more difficult to conceal developments from competitors, the new legislation does allow for early provisional rights.

will date back to the filing date of the ITU application, even though the registrant's first commercial use may actually be much later than the other users'.

An ITU application provides a number of direct and indirect advantages over a later-filed use-based application. First, the applicant obtains an earlier priority date than available through actual use, avoiding having to rush its goods or services to market, and secures clear evidence of that date. Because the trademark application is filed and examined earlier, the applicant can receive an earlier indication from the Trademark Office of the registrability of the mark. Because trademark applications are public and searchable, an ITU application, once on file with the Trademark Office, may warn off competitors who are considering using a similar trademark. The ITU application can thus head off litigation that seems unavoidable once both parties have made a significant investment in their respective marks. With the benefits an ITU application can afford a smart business, an ITU application is worth serious consideration early in the brand development process.

Patent Applications to be Published

Legislation which took effect on November 29, 2000 now requires the publication of patent applications filed in the United States. As part of the recently enacted American Inventors' Protection Act of 1999, the United States Patent and Trademark Office will publish patent applications 18 months from the earliest filing date for which benefit is sought. Many foreign countries have long required the publication of patent applications 18 months after they were filed, but patent applications in the United States have always been preserved in secrecy until the patent

issued. Among other things, the new requirements will make it more difficult to keep patent applications secret, and easier to learn at an earlier stage about developments by, and likely future patents of, competitors.

The publication requirement is subject to certain exceptions. For example, a patent application will not be published if it is no longer pending or is for a design patent. Also, the applicant can avoid publication by making a request upon filing which certifies that the invention will not be filed in a foreign country or under an international agreement that requires publication of patent applications 18 months after filing. These requests may be rescinded, but failure to provide notification of such a foreign filing within the prescribed time period will result in the application being considered abandoned. An applicant may submit a redacted copy of the application if the description of the invention in a foreign-filed application is not as extensive as that in the United States application.

The new legislation also forces patent applicants to submit many formal documents sooner than in the past. It should be noted that patent application publications usually will not include amendments unless specific procedures are followed. Also, the Patent and Trademark Office intends to allow access to the file wrapper of abandoned or pending published patent applications.

Applicants do obtain some benefits from the publication of patent applications. The new legislation provides for provisional rights, which allow for a reasonable royalty from one who makes, uses, offers to sell, or sells the invention or products made by a process claimed in a published patent application. Previously, a patent applicant did not have such rights until after the patent issued. These provisional rights are available for the period between the date of publication

of the patent application and the date that the patent issued. However, the infringer must have had actual notice of the published patent application, and the invention claimed in the issued patent must be substantially identical to the invention that is claimed in the published patent application. Due to this requirement, patent applicants intending to use this provision will want to keep track of whether amendments made during patent prosecution will be published.

Patent applicants may also request publication of patent applications filed before the date on which the new legislation became effective, or they may request early publication before the required 18 months has elapsed in order to secure these provisional rights. However, if a redacted application was published, these rights do not apply to redacted subject matter.

The legislation also provides for rules relating to the effects of published patent applications. For example, once published, patent applications will serve as prior art based on the date of filing of the published application. Thus, even where no patent issues, a patent application may now serve as prior art.

Product Trade Dress

In addition to obtaining trademark protection for words and symbols, companies can obtain trademark protection, under the right circumstances, for product color, the package in which a product is sold, and even the design or shape of a product. However, while “distinctive” words, symbols, and product packaging can be protected as soon as they are used, the United States Supreme Court recently ruled that product design (like color) is entitled to trademark protection only if the user can show that the design has acquired “secondary meaning.” That is, that in the minds of the public, the primary significance

of the product design is to identify the source of the product. Thus, a company trying to protect the new design of a product will want to consider other forms of intellectual property protection in addition to the protections available under trademark law.

Trademark protection is available for any word, symbol, or device used to identify and distinguish one party’s goods (or services) from those manufactured or sold by others, and to indicate the source of the party’s goods or services. Most commonly, trademarks involve words or symbols (such as the Nike “swoosh” symbol). However, trademarks also can involve “trade dress” — which includes both a product’s packaging and the design of the product itself.

With any trademark, protection is available only if the mark is “distinctive.” A mark is “inherently distinctive” if its intrinsic nature serves to identify a particular source. For example, “KODAK” for film or “OCEAN SPRAY” for drinks is considered inherently distinctive. Even if not inherently distinctive (such as “RAISIN BRAN” for cereal), a mark can acquire distinctiveness when it has developed “secondary meaning.”

Secondary meaning generally is proven from the length of time, and amount of advertising or sales of the product bearing the mark. A distinctive mark may be registered with the U.S. Patent and Trademark Office, which provides the user with certain nationwide rights. Even if not registered, the owner of a distinctive mark can bring an action under section 43(a) of the Lanham Act if someone else uses a word, term, symbol, or other device which is likely to cause confusion as to the origin, sponsorship, or approval of the goods.

Like certain words and symbols, product packaging can be inherently distinctive. However, in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, the Supreme Court ruled

Product design is entitled to trademark protection only if the user can show that the design has acquired “secondary meaning.”

Because product design cannot be inherently distinctive, copyrights and design patents should be considered as alternative forms of protection.

that product design, like color, cannot be inherently distinctive. The Court reasoned that the very purpose of attaching particular words, symbols, or distinctive packaging to a product is most often to identify the source of the product, and that consumers are predisposed to view words, symbols, and packaging as indicating a source. But, the Court concluded that product design is generally considered by consumers to be intended to render the product more useful or appealing, rather than to identify its source. Thus, it cannot be inherently distinctive.

Further, the Court expressed doubts that a clear test for inherent distinctiveness could be devised for product design. And, the Court stated, without a clear test, companies could file or threaten a suit based upon an alleged inherent distinctiveness, thereby disrupting competition based on the normally utilitarian or esthetic purposes of product design. As the Court explained, "Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle."

How, then, can a business protect a product design it considers distinctive from immediate competition? If others sell products with similar designs, the product is unlikely to acquire the secondary meaning needed to obtain protection under federal law. The Supreme Court provided two suggestions: copyright and design patents. Copyright protection is available for the design of products to the extent that the design includes elements that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the product. A design patent is available for the non-functional aspects of

product design, provided they are novel and not obvious in view of past designs.

Copyright protection has the advantage that it is relatively easy and quick to obtain. However, it is not available if the design elements cannot be distinguished from the utilitarian aspects, and extends only to the design elements — not the entire product. For example, copyright protection might extend to a carving design on the back of a chair, but not to the chair as a whole, or to a floral design on flatware, but not to the flatware as a whole. Also, copyright protects only the particular expression of the idea, so a competitor can use the same idea. Design patents generally are directed to the product itself (such as a chair or piece of flatware), including the novel design elements, and provide the advantage that an infringer is liable for its profits from sales of the infringing products. However, design patents are more expensive and can be expected to take over a year to obtain.

Although it may not provide immediate protection, developers of product designs also should remember that trademark protection will be available once the design can be shown to have secondary meaning. Thus, developers of product designs will want to consider combinations of trademark, copyright, and design patent protection for distinctive designs.

Written Corroboration of Invention

Any business that is developing a technology management strategy is faced with the question of the extent to which records of technological development should be created and retained. One very important consideration is how much written corroboration of the date of invention is required by law. Written corroboration plays a significant role in many disputes over

inventions. An accused infringer may seek to invalidate a patent by showing that it invented what it is accused of infringing before the patent holder. Or, a patent applicant may seek to show the conception of what he or she seeks to patent prior to the date of a prior art publication.

The Court of Appeals for the Federal Circuit has been troubled by concerns of two general types regarding testimonial evidence in patent disputes: the incentive of an interested or biased witness to be less than truthful, and the tendency of human memory to be unreliable. As a result of these concerns, the Federal Circuit has examined whether any corroborative evidence has been offered, and if so, the sufficiency of that evidence. Considering the sufficiency of oral testimony, the Federal Circuit has observed that virtually all commercial activity in modern times is accompanied by a "ubiquitous paper trail," which makes it "rare indeed" that some corroborating physical record does not exist.

Corroboration is required of any witness, regardless of his or her level of interest, whose testimony alone is asserted to invalidate a patent. According to the Federal Circuit, the testimony of an apparently disinterested witness is not immune from skepticism: any witness is prone to forgetfulness and to recalling events in a way favorable to the party calling the witness, aside from the temptation to actual perjury. A witness testifying to having predated the invention of a patent in suit can be expected to derive a sense of professional or personal accomplishment from being the first in the field, and therefore is not in fact completely disinterested in the outcome of the litigation.

A dispute between two parties over who was the first inventor can turn on the parties' dates of "conception" and "reduction to practice" of the invention. Conception

occurs when the inventor has developed the complete invention, so that only ordinary skill would be necessary to reduce the invention to practice. Reduction to practice occurs when the invention has been sufficiently tested to demonstrate that it will work for its intended purpose. In these disputes, conception must be proved by corroborating evidence showing that the inventor disclosed to others his complete thought expressed in such clear terms as to enable those skilled in the art to make the invention. It is not sufficient to show that the inventor understood the problem. The corroboration must show that the inventor had the solution in mind, as later claimed. One usually effective way to corroborate conception is to have laboratory notebooks or other notes witnessed by a non-inventor, thereby establishing the disclosure of what is described in the notes.

To establish an actual reduction to practice, an inventor's testimony must be corroborated by independent evidence. A more stringent standard is applied for corroboration of a reduction to practice than a corroboration of conception. Nonetheless, it is not necessary to produce an actual over-the-shoulder observer or to corroborate every factual issue contested by the parties for an actual reduction to practice. For example, it can be sufficient to rely on circumstantial corroborative evidence, such as the testimony of others that the inventor was performing research in a specific subject matter area that ultimately led to the invention. It also can be sufficient to show that the inventor had or was using a specific material or piece of equipment that could be used only in practicing the invention.

In light of these rules, a business that is developing a technology management strategy should consider the following points:

1. An apparently corroborating document that has been retained by the business, but does not clearly disclose or identify the

Being first with a new invention is not necessarily sufficient to protect the business. The date of invention must be adequately corroborated.

invention is likely to be treated with skepticism and may not be considered sufficient.

2. A business's failure to produce a corroborating document where the circumstances suggest that such a document would probably have been created and retained is also likely to be treated with suspicion.

3. A document that does identify or evidence the invention (even implicitly) can be a powerful ally.

Credibility should also be considered. The court's recognition that no witness is entirely disinterested should be taken into consideration by any business that is contemplating relying on ostensibly independent witnesses for corroboration. With witnesses who are clearly self-interested, it is important to be aware that the court's view of the credibility of a self-interested corroborating witness can be heavily influenced by the court's determination of the amount and type of self-interest involved.

It is advisable for the law of corroboration to be taken into consideration as a business develops a plan for documenting its technological development. A business

that is properly prepared may find that it can put its technological development, sufficiently corroborated, to powerful defensive use to expose an asserted patent as invalid. The proper documentation also can be helpful when a business is trying to prove it invented something before some prior art in order to obtain its own patent. The bottom line is that prior development (i.e., being first) is not necessarily sufficient in many cases to protect the business, if testimony regarding such prior development cannot be adequately corroborated.

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