

# FEDERAL CIRCUIT REVIEW

## DOCTRINE OF EQUIVALENTS

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### IN THIS ISSUE:

- Ensnaring The Prior Art:  
A Question Of Law
- Precluded From  
Asserting The Doctrine  
Of Equivalents
- Comments On  
Claim Vitiating
- The Reverse Doctrine  
Of Equivalents

This month the *Federal Circuit Review* will focus on the doctrine of equivalents. In this issue, we will look at ensnarement, a defense that prevents patentees from extending the scope of equivalency to “ensnare” or cover the prior art. Under ensnarement, no equivalents infringement will be found if a hypothetical claim construction that covers the accused device would be anticipated by or obvious over the prior art. We will also discuss a recent case that explores the intersection of the doctrine of equivalents and claim preclusion. This Federal Circuit decision will make patentees think carefully about the tactical decision to waive infringement under the doctrine of equivalents. Next, we will explore Judge Rader’s comments on claim vitiation, an additional legal limitation on the doctrine of equivalents. Finally, we will review the seldom invoked “reverse doctrine of equivalents” defense. The Federal Circuit recently overturned a \$10 million sanctions order because the reverse doctrine of equivalents continues to be a viable defense, despite its rarity.

At the outset it is always useful to review the basic standards under which the Federal Circuit determines infringement under this alternative to literal infringement. Under the doctrine of equivalents, “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-Jenkins Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997) (internal citation omitted). The doctrine allows the patentee “to claim those insubstantial alterations that were not captured in drafting the original patent claim but which could be created through trivial changes.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733 (2002).

Equivalence is determined by either (1) the “function-way-result” test or (2) the “insubstantial differences” test. *Warner-Jenkins*, 520 U.S. at 39. Under the former, the accused product infringes if, on a limitation-by-limitation basis, it “performs substantially the same function in substantially the same way with substantially the same result.” *Crown Packaging Tech., Inc. v. Rexam Beverage Can Co.*, 599 F.3d 1308, 1312 (Fed. Cir. 2009). The second test mandates that “[a]n element in the accused device is equivalent

## FEDERAL CIRCUIT REVIEW

to a claim limitation if the only differences between the two are insubstantial.” *Honeywell Int’l, Inc. v. Hamilton Sundstrand Corp.*, 370 F.3d 1131, 1139 (Fed. Cir. 2004). Like the determination of literal infringement, infringement under the doctrine of equivalents is a question of fact. *Crown Packaging*, 599 F.3d at 1312. However, the doctrine of equivalents is limited by several legal limitations, including prosecution history estoppel, claim vitiation and ensnarement. See *Warner-Jenkins*, 520 U.S. at 39. Over the last year, the Federal Circuit decided twelve cases in which it addressed the doctrine of equivalents, finding infringement under the doctrine of equivalents in three of those cases, finding no equivalents in four cases, remanding one case, and barring the patentee from asserting the doctrine of equivalents in the remaining four cases (for example, because of prosecution history estoppel).

### ENSNARING THE PRIOR ART: A QUESTION OF LAW

In 2006, the Federal Circuit remanded *DePuy Spine, Inc. v. Medtronic Sofamor Denek, Inc.* for determination of infringement under the doctrine of equivalents. 469 F.3d 1005, 1026 (Fed. Cir. 2006). The asserted patent claimed a pedicle screw with a spherical head and a similarly shaped receiving member used to stabilize spinal column segments. *Id.* at 1010. Medtronic’s Veretex product, on the other hand, consisted of a conically shaped receiving member. *Id.* at 1011. The issue on remand was whether the Medtronic product’s conical shape was insubstantially different from the claimed spherically-shaped portion limitation under the doctrine of equivalents. *Id.* at 1020, 1026.

As noted above, determination of infringement under the doctrine of equivalents is a question of fact. See, e.g., *Crown Packaging*, 599 F.3d at 1312. However, juries are not free to consider all possible equivalents. It has long been held that in asserting the doctrine of equivalents, patentees cannot capture the prior art. See, e.g., *Johnson & Johnston Assocs. Inc. v. R.E. Serv. Co.*, 285 F.3d 1046, 1053-54 (Fed. Cir. 2002). Thus, on remand, Medtronic argued that it could not be found to infringe under the doctrine of equivalents because “the asserted scope of equivalency would encompass, or ‘ensnare’ the prior art.” *DePuy Spine, Inc. v. Medtronic Sofamor Denek, Inc.*, 567 F.3d 1314, 1321 (Fed. Cir. 2009). Medtronic asserted that two prior art references rendered obvious the hypothetical claim used in the ensnarement analysis. *Id.* at 1321. Concluding that ensnarement is a legal limitation on the doctrine of equivalents, the district court held a separate bench trial on this defense following a jury trial on the factual issues. *Id.* at 1321-22. In the end, the district court disagreed with Medtronic and upheld the jury’s verdict for infringement under the doctrine of equivalents. *Id.* at 1322. Medtronic appealed the district court’s denial of its ensnarement defense and the court’s decision to hold a bench trial instead of presenting this issue to the jury. *Id.*

On appeal, the Federal Circuit confirmed that “ensnarement is a question of law for the court, not the jury, to decide.” *Id.* at 1324. While the Court acknowledged that ensnarement can be subject to underlying factual issues (e.g., *the scope and content of the prior art, the level of ordinary skill in the art*), it is a legal limitation on the doctrine of equivalents, much like prosecution history estoppel. *Id.* These legal limitations are separate and distinct from the factual limitation-by-limitation breakdown conducted by the jury during a doctrine of equivalents analysis. *Id.* at 1323. A district court can thus hear arguments on ensnarement during pretrial motions or after the jury has rendered its

verdict. *Id.* In order to resolve the underlying factual issues, the court may hear expert testimony on the state of the prior art, the level of skill in the art and secondary considerations. *Id.* All of this evidence should be heard in light of a hypothetical claim construed to cover the accused device. *See id.*

If the hypothetical claim is obvious in light of the prior art or anticipated by the prior art, the scope of equivalents is said to “ensnare” the prior art, and infringement under the doctrine of equivalents must be denied. *Id.* at 1325. On the other hand, if the hypothetical claim is patentable over the prior art, the ensnarement defense must be rejected. *See id.* Here, the Federal Circuit held that the district court properly denied Medtronic’s ensnarement defense because the prior art teaches away from the hypothetical claim. The Federal Circuit therefore upheld the jury’s verdict of infringement under the doctrine of equivalents.

### Cases Referenced

*Crown Packaging Tech., Inc. v. Rexam Beverage Can Co.*, 599 F.3d 1308 (Fed. Cir. 2009).

*DePuy Spine, Inc. v. Medtronic Sofamor Denek, Inc.*, 469 F.3d 1005 (Fed. Cir. 2006).

*DePuy Spine, Inc. v. Medtronic Sofamor Denek, Inc.*, 567 F.3d 1314 (Fed. Cir. 2009).

*Johnson & Johnston Assocs. Inc. v. R.E. Serv. Co.*, 285 F.3d 1046 (Fed. Cir. 2002).

### PRECLUDED FROM ASSERTING THE DOCTRINE OF EQUIVALENTS

Claim preclusion prevents the re-litigation of claims or causes of action following a final judgment of a court. *See Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 476 (Fed. Cir. 1991). In *Nystrom v. Trex Co., Inc.*, the Federal Circuit affirmed a district court’s holding that a patentee was precluded from bringing a second lawsuit against an accused infringer, based solely on the doctrine of equivalents, because the patentee had waived this theory of infringement in a first lawsuit. 580 F.3d 1281, 1286 (Fed. Cir. 2009). As this case shows, patentees should be careful about tactical decisions to waive infringement under any theory.

In 2001, Ron Nystrom, the patentee, sued Trex Company, Inc. for infringement of his patent directed to an outdoor wood-flooring board that sheds water and is designed to allow for a comfortable walking surface on the top and the stacking of additional boards underneath. *Id.* at 1282. Trex’s accused product was a wood-composite board made from about fifty to sixty percent wood fibers. *Id.* at 1283. The district court construed the claim term “board” to mean a piece of elongated construction material made from wood cut from a log. *Nystrom v. Trex Co., Inc.*, No. 2:01cv905, 2002 U.S. Dist. LEXIS 27501 (E.D. Va. Aug. 19, 2002). Importantly, Nystrom conceded non-infringement under the district court’s construction of “board,” as well as a number of other terms, and the court entered a judgment of non-infringement. *Nystrom*, 580 F.3d. at 1284. Nystrom appealed to the Federal Circuit, which affirmed the district court’s constructions of “board” and a second term, but remanded based on an improper construction of a third claim term. *Id.* Nystrom then unsuccessfully attempted to argue infringement under the doctrine of equivalents. The district court, and the Federal Circuit on a second appeal, held that “Nystrom had waived his infringement claim based on the doctrine of equivalents” through his previous stipulation of non-infringement generally. *Id.*

A few days later, Nystrom filed suit against Trex for infringement under the doctrine of equivalents, based on Trex's second-generation product. *Id.* Under a theory of *res judicata*, Trex moved for summary judgment, arguing that its second-generation boards were essentially the same as the first generation. *Id.* Trex's summary judgment motion also attempted to bar Nystrom from asserting infringement under the doctrine of equivalents based on claim vitiation, argument-based estoppel and amendment-based estoppel. *Id.* The district court granted Trex's motion for summary judgment on claim vitiation and argument-based estoppel, but denied it on *res judicata* and amendment-based estoppel. *Id.* Nystrom appealed once again to the Federal Circuit.

In order to successfully argue "claim preclusion in a patent case, an accused infringer must show that the accused product or process in the second suit is 'essentially the same' as the accused product or process in the first suit." *Id.* at 1285 (quoting *Foster*, 947 F.2d at 480). Here, the defendant admitted that certain features of the second-generation product were materially different from the first generation, but the product remained a wood composite board. *Id.* The district court, however, focused on the defendant's admission and rejected its claim preclusion argument. *Id.*

Instructively, the Federal Circuit returned to the basics of infringement analysis to arrive at its holding that *res judicata* must apply: "To prove infringement, the patentee must show that the accused device meets each claim limitation either literally or under the doctrine of equivalents." *Id.* (quoting *Catalina Mktg. Int'l, Inc. v. Coolsavings.com, Inc.*, 289 F.3d 801, 812 (Fed. Cir. 2002)). As the Federal Circuit had already determined that Trex's first-generation wood composite boards did not infringe literally or under the doctrine of equivalents using its own claim construction, Nystrom would have to show that the second-generation products were materially different with respect to the construed limitations. *Id.* However, the second-generation wood composite products were essentially the same with respect to the "board" limitation. *Id.* Thus, "Nystrom would be attempting to prove infringement of the same claim limitations as to the same features of the accused devices." *Id.* at 1285-86. In the end, the Federal Circuit concluded that Nystrom could not "have a second bite at the apple," because of a bad "tactical decision" to waive infringement by equivalents in his first suit. *Id.* at 1286.

### Cases Referenced

*Catalina Mktg. Int'l, Inc. v. Coolsavings.com, Inc.*, 289 F.3d 801 (Fed. Cir. 2002).

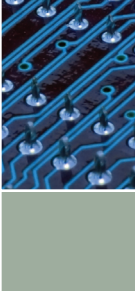
*Foster v. Hallco Mfg. Co.*, 947 F.2d 469 (Fed. Cir. 1991).

*Nystrom v. Trex Co., Inc.*, No. 2:01cv905, 2002 U.S. Dist. LEXIS 27501 (E.D. Va. Aug. 19, 2002).

*Nystrom v. Trex Co., Inc.*, 580 F.3d 1281 (Fed. Cir. 2009).

## COMMENTS ON CLAIM VITIATION

Judge Rader, the author of the *Nystrom* opinion, also wrote separately to state his views on claim vitiation. He noted that the Federal Circuit has "held that in certain instances, the 'all elements' rule forecloses resort to the doctrine of equivalents because, on the facts or theories presented in a case, a limitation would be read completely out of the claim — i.e., the limitation would be effectively removed or 'vitiating.'" *Nystrom*, 580 F.3d. at 1286-87 (quoting *DePuy Spine*, 469 F.3d at 1017). At



the same time, Judge Rader acknowledged that the doctrine of equivalents itself is premised on the theory that infringement can occur even when a limitation is missing, albeit an insubstantial limitation. *See id.* at 1287. Judge Rader explained that “a finding of substantial difference renders vitiation unnecessary. Thus, the vitiation doctrine is really subsumed within the test for equivalents itself.” *Id.* However, claim vitiation is a legal limitation on the doctrine of equivalents to be determined by the court, and equivalents infringement is a question of fact for the jury. *See id.* Judge Rader expressed his concern that this conflict could generate disparate outcomes, but he did not propose a workable solution. *Id.*

### Cases Referenced

*DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 469 F.3d 1005 (Fed. Cir. 2006).

*Nystrom v. Trex Co., Inc.*, 580 F.3d 1281 (Fed. Cir. 2009).

## THE REVERSE DOCTRINE OF EQUIVALENTS

The Federal Circuit has characterized the reverse doctrine of equivalents as an “equitable doctrine designed to prevent unwarranted extension of the claims beyond a fair scope of the patentee’s invention.” Under the *doctrine of equivalents* an accused product infringes if, on a limitation-by-limitation basis, it “performs substantially the same function in substantially the same way with substantially the same result.” *Crown Packaging*, 599 F.3d at 1312. In contrast, under the *reverse doctrine of equivalents*, an accused product that is literally covered by a patent claim does not infringe “where a device is so far changed in principle from a patented article that it performs the same or similar function in a substantially different way . . . .” *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608-09 (1950). Courts have commented that this seldom used defense is “virtually never sustained” because it “requires a fundamental change in the basic principle by which the device operates . . . .” *DePuy Spine*, 567 F.3d. at 1338.

In *DePuy Spine*, the district court sanctioned Medtronic for raising the reverse doctrine of equivalents defense as an attempt to “mislead and confuse the jury.” *Id.* at 1322. Medtronic argued that while the accused product literally met the Federal Circuit’s claim construction of the term “pressed against the hollow spherically-shaped portion” by pressing against the edge of the conically-shaped portion, the accused product should not be found to infringe under the reverse doctrine of equivalents. *Id.* at 1337-38. Specifically, the screw head in the accused product presses in a “substantially different way” than the screw head did against the patented device’s spherically-shaped portion because the latter locks through mating surfaces on the screw head and the receiving member, and the former fastens via an interference fit. *Id.* at 1338. Since the reverse doctrine of equivalents is a defense to literal infringement and the Federal Circuit previously remanded this case for determination of infringement under the doctrine of equivalents, the district court concluded that Medtronic’s argument “flouted the governing claim construction.” *Id.* (quoting *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 534 F. Supp. 2d. 224, 226 (D. Mass. 2007)). As a result, under 35 U.S.C. § 285 and the court’s inherent authority, Medtronic was ordered to pay more than \$400,000 in attorneys’ fees and \$10 million in sanctions. *Id.* Medtronic appealed. *Id.*

## FEDERAL CIRCUIT REVIEW

On appeal, the Federal Circuit clarified that “[t]he reverse doctrine of equivalents, like the doctrine of equivalents, is applied to individual limitations of a claim.” *Id.* Here, “the fact that DePuy argued the ‘spherically-shaped portion’ limitation under a doctrine of equivalents theory of infringement did not preclude Medtronic from raising the reverse doctrine of equivalence against the literal scope of a different limitation, namely, the ‘pressed against’ limitation.” *Id.* at 1339. Further, the Federal Circuit noted that because the Supreme Court has acknowledged the validity of this defense, without a finding that Medtronic argued the reverse doctrine of equivalence in bad faith, the district court could not conclude that Medtronic’s use of this rare defense was an attempt to confuse the jury. *Id.* The Federal Circuit accordingly reversed the district court’s order for attorneys’ fees and sanctions and confirmed the availability of the reverse doctrine of equivalents as a feasible defense.

### Cases Referenced

*Crown Packaging Tech., Inc. v. Rexam Beverage Can Co.*, 599 F.3d 1308 (Fed. Cir. 2009).  
*DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 534 F. Supp. 2d. 224 (D. Mass. 2007).  
*DePuy Spine, Inc. v. Medtronic Sofamor Denek, Inc.*, 567 F. 3d 1314 (Fed. Cir 2009).  
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