

Filing patents in the USA? How to avoid *Festo* fallout.

If you prepare patent applications destined to be filed in the USA, make sure your claim architecture is rock solid in the post-*Festo* environment. This is the conclusion we can draw from two recent decisions, *RANBAXY PHARMACEUTICALS, INC. and RANBAXY LABORATORIES LIMITED, v. APOTEX, INC.*, USC Appeals (Fed. Cir.) 02-1429 (see <http://www.aipla.org/html/reports/2003/Ranbaxy.pdf>) and *HONEYWELL INTERNATIONAL INC. v. HAMILTON SUNDSTRAND CORPORATION*, Nos. 02-1005, -1082, 2004 WL 1202997 (Fed. Cir. June 2, 2004) (*en banc*) (see www.fedcir.gov/opinions/02-1005.doc).

In general, should an independent claim be cancelled or withdrawn due to Examiner's objections that it encroaches on prior art, and claims dependent on this cancelled claim are reformulated into an independent claim, any matter claimed by the cancelled claim and not mentioned in the new independent claim are subject to prosecution history estoppel. It makes no difference if this matter was the basis of the Examiner's objection or not.

Considering that the USA is one of the few countries using prosecution history estoppel, I illustrate the above point with the following theoretical example: a part of your client's independent claim 1 states that the invention can rotate at "any speed"; claims 2-10 claim various preferred speeds. Examiner rejects claim 1 due to prior art (art that is not related to speed at all). Claims 2-10 are re-drafted to overcome examiner's objections, but only mention the preferred speeds they had *ab initio*. Should an infringer make a product that rotates at a speed not stated by the new independent claim, prosecution history estoppel would bar your client from enforcement of the patent because "any speed" was surrendered during prosecution in the cancelled claim. The presumption plays against the client, it being presumed that "speed" was surrendered because it infringed on prior art. In reality, "speed" was never an issue to the Examiner, and is a casualty of the patent practitioner's oversight during prosecution. The consequence of this oversight is enormous.

This was precisely the case in *Ranbaxy*. In a nutshell, plaintiff-responder Apotex had a patent for a pharmaceutical process. During prosecution, Examiner questioned how a category of elements ("highly polar solvents") described in the independent claim was restricted. In its response, Apotex cancelled the independent claim and rewrote the following dependent claims in independent form; this resulting claim did not mention the entire category of elements, but instead listed only several typical elements from this category. Ranbaxy started making the same drug using an element not listed in Apotex's claim. Apotex sued Ranbaxy before the District Court of the District of New Jersey on grounds of patent infringement under the doctrine of equivalents. The Court concluded that rewriting the dependent claims into the independent claim "further defined and circumscribed an existing limitation for the purpose of putting the claims in condition for allowance. The additional language limited 'highly polar solvent' to a defined group of solvents [...]. In doing so, the patentee is presumed to have surrendered the equivalents that may have been encompassed by 'highly polar solvent'." Apotex lost the case and right to enforce its patent against Ranbaxy due to a simple oversight by its patent practitioners during prosecution.

So, how should an application's claims be structured to avoid such disastrous results? There are several ways:

- 1) Surrender nothing. Upon initial drafting, structure the claims so that there is reasonable certainty the Examiner's objections can be overcome with arguments and not amendments.
- 2) Dilute the independent claims. Rather than one independent claim followed by several dependent claims, draft more independent claims each covering an equal, narrower scope. Thus, if the Examiner objects to one of the independent claims, it would be possible to remove only the offending material without surrendering any unrelated equivalents.
- 3) If there are dependent claims, make sure that if the independent claim is rejected, you have enough material in the dependent claims to redraft them so that you

are taking away only what the Examiner considers encroachment onto prior art, not unrelated material outside the objected scope.

With meticulous claim drafting, you can assure that your client's US patent will withstand a *Festo* challenge without resorting to extensive claim re-drafting or prosecution.

Trademark's "Natural Outgrowth" Blocks Dilution

Symptoms of a "Famous Mark" were identified in *NASDAQ Stock Market, Inc. v. Antartica S.r.l.*, 69 U.S.P.Q.2d 1718 (T.T.A.B. 2003).

Defendant, Antartica S.r.l. filed for a US Trademark NASDAQ and Design, sporting goods designated as goods. On the application, Antartica identified NASDAQ as an acronym for "Nuovi Articoli Sportivi Di Alta Qualita", meaning "new sports products of high quality".

During opposition proceedings, Nasdaq Stock Market claimed prior use, inherent distinctiveness and famous mark status; they argued that Antartica's proposed mark would dilute and diminish their mark.

As evidence of fame, Nasdaq provided published excerpts from the 1970s, web site hit counter statistics, estimated crowds that travel past its offices in Times Square, and marketing expenditures. Nasdaq also provided testimony evidence of sponsorships of sporting events, as well as clothing branded by the Nasdaq mark. The totality of evidence was enough to prove fame to the Trademark Trial and Appeal Board (TTAB), but the evidence was considered insufficient to assert use of the NASDAQ mark for sporting goods and clothing prior to Antartica's claimed date of priority.

Notwithstanding this finding of insufficient evidence, the TTAB determined that the use of NASDAQ on collateral merchandising activities was a natural outgrowth of its business. The Board concluded that since NASDAQ was a famous mark prior to Antartica's filing date, it was irrelevant if consumers were familiar with this mark for financial services or not. Allowing Antartica to register for an identical mark for sporting goods would result in consumer confusion and blurring of the famous NASDAQ mark.