



Microsoft v. i4i Limited Partnership: U.S. Supreme Court To Hear Patent Case Regarding Standard Of Proof Required To Invalidate A Patent

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The amicus briefs poured in last week as a host of high-tech companies and other firms weighed in on an upcoming patent fight at the Supreme Court. The case is *Microsoft v. i4i Limited Partnership*. On November 29, 2010 the Supreme Court granted [Microsoft's petition for certiorari](#) to hear whether the court of appeals erred in holding that Microsoft's invalidity defense must be proved by clear and convincing evidence.

Specifically, the Supreme Court will consider the appropriate standard to use when reviewing the validity of a patent. The Patent Act provides that "[a] patent shall be presumed valid" and that "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." 35 U.S.C. § 282. The statute does not, however, specify the standard for overcoming this presumption. Federal courts traditionally have required that a party challenging the validity of a patent prove that it is invalid by clear and convincing evidence. Indeed, the [Federal Circuit held below](#) that Microsoft was required to prove its defense of invalidity under 35 U.S.C. § 102(b) by "clear and convincing evidence," despite the invalidity defense resting on prior art not considered by the U.S. Patent and Trademark Office (PTO) prior to the issuance of the asserted patent.

Microsoft argues that this heightened standard is inappropriate in this situation. Because the challenge to the validity of the patent includes evidence that the PTO did not consider at the time it issued the i4i patent, Microsoft argues that the standard should be a lower, "preponderance of the evidence," standard. Microsoft and companies supporting the petition want changes that would ease standards of review so that allegedly "poor quality" software patents might be overturned. In effect, Microsoft argues that the clear and convincing standard prevents invalidation of patents that should never have been granted.

Microsoft acknowledges that the Federal Circuit applies a heightened standard of review even when the invalidity defense is based on prior art evidence that was never presented to or considered by the PTO in issuing the patent. Nonetheless, Microsoft argues that in *KSR International Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007), the Supreme Court "th[ought] it appropriate to note that the rationale underlying the presumption – that the PTO, in its

expertise, has approved the claim – seems much diminished” where an invalidity defense rests on evidence that the PTO never had an opportunity to consider. *Id.* at 426. Despite this language in *KSR*, the Federal Circuit has repeatedly applied a heightened evidentiary standard. Accordingly, Microsoft and other supporters of the petition urge the Supreme Court to codify *KSR*'s invitation to reconsider the heightened evidentiary standard, particularly when the invalidity defense rests on new evidence the PTO did not consider in issuing the patent.

In contrast, [i4i argues that any such change to existing burdens of proof should be dictated by Congress, not by the courts](#). Along with i4i, numerous parties urge the Court to reject the Microsoft petition, setting forth the historical development of the presumption of validity and the corresponding heightened standard of proof required to support an invalidity defense. The i4i brief cites long-standing precedent invoking the heightened standard of proof, noting in particular that nothing in these cases indicates that the PTO had previously considered the evidence for invalidity or that the burden of proof would be lower when considering new evidence. i4i also argues that when the 1952 Patent Act codified the common law presumption of validity, it did not alter the heightened standard of proof for facts supporting invalidity.

Furthermore, the opposition argues that this heightened standard of proof for invalidity arose not only out of deference to the administrative decisions of the PTO, but also as a means to encourage inventors to enter into the underlying bargain of the American patent system: detailed disclosure of an invention to the public in exchange for exclusive rights to the invention for a limited time. In effect, lowering the standard of proof would permit the invalidation of patents based on unreliable evidence, thus removing the protection the heightened standard of proof provides inventors from the inevitable vulnerability brought about by the public disclosure of their inventions.

In short, the outcome of this case may have significant ramifications for individuals and companies who hold patents. If the Supreme Court holds that a lesser evidentiary standard is appropriate in situations where the PTO did not consider all the evidence, patent holders may have a more difficult time upholding their patents. On the other hand, parties challenging the validity of a patent will have a smaller hurdle to overcome. What is more, the outcome of this case may impact the likelihood of settlements in future patent litigation. By lowering the standard of proof required to invalidate a patent, parties accused of infringement might feel less inclined to settle because there will be a greater chance of invalidating the patent in question. The Supreme Court will hear oral arguments for *Microsoft v. i4i Limited Partnership* on Monday, April 18, 2011. The Court is expected to render a decision by June 2011.

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