



Revisiting Burden Of Proof In Patent Challenges

‘Clear and convincing’ evidence standard is unusual in civil cases

BY WILLIAM J. CASS

The U.S. Supreme Court is about to reconsider the burden of proof on a party seeking to invalidate a patent. Under Section 282 of the Patent Act, 35 U.S.C. § 282, “the burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.”

The Federal Circuit has long interpreted the presumption of validity codified in the Patent Act to require proof of the factual predicate of invalidity by *clear and convincing evidence*, even when the prior art evidence on which the invalidity defense rests was never considered by the U.S. Patent and Trademark Office. See *e.g.*, *American Hoist & Derrick Co. v. Sowa & Sons Inc.*, 725 F.2d 1350, 1359-60 (Fed. Cir. 1984).

Challenges to patents are often based on prior art that existed before the invention. For example, a product on sale more than a year before the patent filing date which anticipates the patent claims is a bar to patentability. 35 U.S.C. § 102(b). This is referred to as the “on-sale bar.”

This heightened evidentiary standard is incongruent at best with the patent examination process. In a typical patent examination, the examiner may spend a dozen hours or so examining the prior art at his or her disposal, including both U.S. and foreign patents.

What is often not fully understood is that the examiner is limited by both time and resources to consider other available information such as commercial products and technical literature not readily available on the Internet or in the data-

bases maintained by the PTO.

Thus, in patent litigation, with the ability to take discovery, greater resources and/or the defendant’s own records, the defendant may be able to locate much more pertinent prior art that was never considered by the patent examiner. Nevertheless, even though the defendant has uncovered such new prior art, which might include its own products, the defendant is burdened with a jury instruction that invalidity be proven by clear and convincing evidence. (That is, the jury is instructed that it must have a clear conviction that the patent is invalid).

PTO’s ‘Expertise’

The so-called rationale for this standard, “that the PTO, in its expertise, has approved the claim” was noted more recently to be much more diminished when a defense rests on evidence that the PTO never addressed. See *KSR International v. Teleflex Inc.*, 550 U.S. 398, 426 (2007).

As part of the “statutory bargained-for-exchange by which a patentee obtains the right to exclude others,” the inventor must disclose the best mode of practicing the invention at the time the patent application is filed. 35 U.S.C. §112. See *Eli Lilly & Co. v. Barr Labs. Inc.*, 251 F.3d 955, 963 (Fed. Cir. 2001). At the time the application is filed, there is no guarantee that a patent will eventually issue. Many companies elect to maintain their technology as a trade secret as opposed to risking disclosure in an

unsuccessful patent application. For example, source code that operates a machine or software program is typically maintained as a trade secret. Thus, vast amounts of industrial knowledge are not readily available to the PTO.

The clear and convincing evidentiary standard in civil cases is not a common standard. As noted by the Supreme Court, the appropriate standard of proof in civil cases is a preponderance of the evidence (more likely than not) “unless particularly important individual interests or rights are at stake.” See *Grogan v. Garner*, 498 U.S. 279, 286 (1991). Such individual interests or rights meriting a higher burden of proof include termination of parental rights, civil commitment, deportation and denaturalization.

The Supreme Court now appears ready to revisit this evidentiary standard, granting a writ of certiorari on Microsoft’s appeal in *Microsoft Corporation v. I4I Limited Partnership et al.* At trial, I4I alleged that cer-



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tain versions of Microsoft's word processing software, Microsoft Word, infringed I4I's patent. Microsoft contended that I4I's patent was invalid because the disclosed invention had been embodied in the software product sold in the United States more than one year before the patent application was filed, thus rendering the invention unpatentable under the sale bar of 35 U.S.C. § 102(b).

That prior art software was never considered by the PTO during prosecution of the patent, yet because I4I had destroyed the source code for the software before filing its action against Microsoft, I4I's technical expert and counsel were able to stress to the jury repeatedly that Microsoft could not prove by

clear and convincing evidence that the software embodied the patented invention. Ultimately the jury concluded that Microsoft failed to sustain this heightened standard of proof. In support of its position, Microsoft presented a letter from one of the inventors touting the fact that the earlier and potentially invalidating software program provided the basis for the patent.

In its brief, Microsoft has argued that the rule cannot be reconciled with the Court's longstanding presumption that in the absence of a constitutional congressional command to the contrary, civil cases are governed by the preponderance standard, noting that the statute is silent on the burden of proof. Microsoft also notes that patent litigation has played an

important role in weeding out those patents that should not have been granted and that such a heightened standard is particularly inappropriate where the PTO did not consider the relevant prior art.

Numerous parties have offered briefs *amicus curiae* for the Court's consideration supporting both sides of the issue. For example, IBM has advocated that the high evidentiary standard be maintained and that lowering the burden of proof to a preponderance standard would eviscerate the deference owed to the PTO's decision-making process. Regardless of how the Supreme Court rules in the *I4I* litigation, this decision is eagerly anticipated by industry, patent practitioners and inventors alike. ■