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Presumption of Validity in Patent Cases

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A defense to a claim of patent infringement is that the patent is invalid for failure to comply with one or more sections of the Patent Act. These provisions include lack of novelty, obviousness, or violation of the written description or enablement requirements. An accused infringer may have a patent claim declared invalid by a court for violation of any of these provisions. Because an invalid claim cannot be infringed, the accused infringer is therefore off the hook for the accused infringement.

Yet, the Patent Act also contains a provision that would seemingly help the patent owner. "A patent shall be presumed valid." 35 U.S.C. § 282. What exactly does that mean? The courts have interpreted this statutory provision to mean that, in order for a challenger to prove that a patent is invalid for violating one of the provisions of the Patent Act, he must make such proof by clear and convincing evidence.

Standards of Proof

In the law, there are a number of standards of proof that are used in particular cases. In criminal cases, the prosecution must prove "beyond a reasonable doubt" that the elements of a crime were committed by the accused. This generally means that the trier of fact (the court or the jury) is convinced of the truth of the facts to the point where it would be unreasonable to doubt their veracity.

In most civil cases, including patent infringement, the party seeking to prove a fact must do so by a "preponderance of the evidence." This means that the trier of fact must be convinced that the facts are more likely true than not true.

In a few instances, such as when attempting to prove that a patent claim is invalid, the party seeking to prove a fact must do so by “clear and convincing evidence.” This standard is a bit uncertain, but it is a higher standard than simply more likely than not; it does not, however, reach the level of beyond a reasonable doubt. It has been defined as a “strong belief” in the truth of the fact.

Presumption of Validity

Why did Congress grant patents a presumption of validity? Why must invalidity be proven by clear and convincing evidence? The rationale behind this statutory provision is that the PTO is a Federal agency that has already passed on the validity of the claims of issued patents. Patent examiners are presumed to be experts in the subject matter of reviewing patent applications and granting patents. Thus, for the initial Federal review by an expert to have any meaning, a challenger must present evidence that reaches a higher level than merely more likely than not.

When a patent examiner reviews a patent application to determine whether a patent should be granted, he first performs a search of the prior art for patents, articles, or other publications that were in existence prior to the filing of the patent application. Some of the references uncovered may be used to reject the claims in one or more office actions, and some may simply be considered by the examiner to be pertinent to the patent application, but not close enough to reject the claims. Applicants are also required to submit prior art of which they are aware and which is material to the patentability of the claims in the application; the examiner is required to consider these references as well with respect to the claims of the application. Once the examiner has allowed the claims and determined that a patent should issue, the prior art references that were considered by the examiner, whether uncovered during the examiner’s search or submitted by the applicant, are listed on the face of the patent. The examiner is presumed to have considered each listed reference and found the claims to be patentable over such references.



For some time now, there has been a discussion as to whether the presumption of validity should only cover issues that were actually considered by the patent examiner, but not for newly raised issues. For example, should the presumption of validity cover prior art references (to prove the patent claim is invalid because it is not novel or is obvious) that were not found or considered by the patent examiner? Or should invalidity based on previously undiscovered references be determined by the trier of fact under the more likely than not standard of review?

On the one hand, the patent examiner is presumed to have searched for and discovered the most relevant prior art. Perhaps the examiner found the prior art presented by the accused infringer, but did not consider it pertinent or material enough to consider it with respect to the patent claims, and thus it is not listed on the patent. Is it really newly discovered or not? Should it matter if the PTO passed on the patent claims? Should a court or jury be allowed to second-guess the PTO?

On the other hand, sometimes the expertise of the patent examiner is overblown. We know that examiners have a large work load with many applications to examine and little time to review each patent application. They could not possibly discover every pertinent piece of prior art in the world. Accused infringers have strong incentives to discover such prior art; if the infringer is faced with a large damage demand in the tens of millions of dollars, it will have a great incentive to search far and wide for prior art that could invalidate the claims, spending much more time searching than the patent examiner ever could. We should not hamstring the trier of fact by the higher standard of proof required to invalidate the patent.

Microsoft v. i4i

Recently, the Supreme Court granted certiorari in *Microsoft Corp. v. i4i L.P.*, No. 10-290. The Court will consider the question:

Whether the court of appeals erred in holding that Microsoft's invalidity defense must be proved by clear and convincing evidence.



The Federal Circuit, following long standing precedent, ruled that Microsoft was required to prove invalidity by clear and convincing evidence, even when the prior art had not been considered by the patent examiner. The court affirmed a jury verdict awarding i4i \$290 million in damages against Microsoft for infringement of a patent covering certain functionality in Microsoft Word. Microsoft argued that the patented invention was embodied in another piece of software sold by i4i more than one year before it filed the patent application. Thus, the patent claims were invalid. Microsoft urged the district court to instruct the jury that because the prior art was not considered by the patent examiner, invalidity must only be proven by a preponderance of the evidence. The court refused and the Federal Circuit affirmed.

In urging the Supreme Court to review this case and reverse the long-established Federal Circuit precedent, Microsoft argued that the Federal Circuit law conflicts with Supreme Court decisions and those of all 12 regional circuits prior to the formation of the Federal Circuit in 1982. The Supreme Court seemed to foreshadow the outcome of this case when it recently commented on prior art not considered by the examiner, albeit in dicta: “the rationale underlying the presumption — that the USPTO, in its expertise, has approved the claim — seems much diminished.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 426 (2007).

A number of parties filed amicus briefs where they urged the Supreme Court to review this case. It seems likely that the Supreme Court will lower the standard of proof from clear and convincing evidence. The main question the justices must decide then is: what does the statutory presumption of validity mean? Simply lowering the standard to a preponderance of the evidence would render the presumption of validity a nullity. The statutory presumption must have some meaning. Possibly, the Court will keep the higher burden of proof for prior art actually listed on the face of the patent; after all, that is the only prior art that we know for certain was considered by the examiner.

Is this case important? How often will an accused infringer not be able to prove invalidity by the clear and convincing standard, but still be able to prove it by a preponderance of the evidence? Do juries even understand the difference? Does anyone? Juries usually do not indicate that they would find a patent invalid under the



lower standard, but because they are constrained by the higher standard they do not find it invalid. Because of the current state of the law, juries are never even asked this.

The case is important because the presumption of validity and the higher standard of proof required provide a psychological barrier to invalidity arguments, especially for juries. A ruling in Microsoft's favor may indeed result in more patents being declared invalid in litigation.

The Court will hear arguments in the case in the spring, presumably in April. A decision is expected by the end of the Court's current term in June. The Chief Justice recused himself from consideration of the cert. petition, so the appeal will be decided by the remaining 8 justices.

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