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**I 4 AN I: WHY CHANGING THE STANDARD FOR OVERCOMING  
THE PRESUMPTION OF PATENT VALIDITY WILL CAUSE  
MORE HARM THAN GOOD**

By John A. Morrisett\*

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**I. INTRODUCTION**

[1] Bad facts make bad law. The Supreme Court recently addressed the issue of what constitutes the appropriate standard of proof for invalidating an issued patent.<sup>1</sup> The Patent Act provides a presumption of patent validity.<sup>2</sup> Therefore, a party challenging a patent's validity bears the burden of overcoming this presumption.<sup>3</sup> However, the Patent Act is silent as to the standard of proof required to satisfy this burden.<sup>4</sup> Despite the Act's silence, the U.S. Court of Appeals for the Federal Circuit

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<sup>1</sup> See *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2244 (2011).

<sup>2</sup> 35 U.S.C. § 282 (2006).

<sup>3</sup> *Id.*

<sup>4</sup> See B.D. Daniel, *Heightened Standards of Proof in Patent Infringement Litigation: A Critique*, 36 AIPLA Q.J. 369, 394 (2008) ("The statute is silent about the *standard* of proof."). See generally 35 U.S.C. § 282 (showing that the statute fails to provide a standard of proof to satisfy the burden of overcoming a patent's presumed validity).

(“Federal Circuit”) has consistently held that the Patent Act’s presumption of validity can only be overcome by a showing of clear and convincing evidence.<sup>5</sup> Major players in the patent field, including Google, filed an amicus brief to the Supreme Court, arguing for the standard to be lowered to preponderance of the evidence.<sup>6</sup> Despite the unusual facts of the case, the Supreme Court correctly chose not to lower the required standard of proof.<sup>7</sup> While lowering the standard of proof has appeal in certain instances, it would damage the patent system and stifle innovation because the enforceability of a patent would remain questionable until litigation or beyond.

[2] It is easier to understand the ripple effect resulting from a change to the standard of proof when considering the balance of interests behind that standard. In exchange for a patent, an applicant must disclose his invention to society.<sup>8</sup> Just as the invention must meet certain requirements to be worthy of receiving a patent, the associated patent protection must be

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<sup>5</sup> See, e.g., *Atlas Powder Co. v. E.I. du Pont De Nemours & Co.*, 750 F.2d 1569, 1573 (Fed. Cir. 1984) (“Under 35 U.S.C. § 282, a patent is presumed valid, and the one attacking validity has the burden of proving invalidity by clear and convincing evidence.”); *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984) (“Neither does the *standard* of proof change; it must be by clear and convincing evidence or its equivalent, by whatever form of words it may be expressed.” (citing *Radio Corp. of Am. v. Radio Eng’g Labs., Inc.*, 293 U.S. 1, 8 (1934))).

<sup>6</sup> See Brief for Google, Inc. et al. as Amici Curiae Supporting Petitioner at 6, *Microsoft*, 131 S. Ct. 2238 (No. 10-290), 2011 WL 380826.

<sup>7</sup> See *Microsoft*, 131 S. Ct. at 2252.

<sup>8</sup> See *Universal Oil Prods. Co. v. Globe Oil & Ref. Co.*, 322 U.S. 471, 484 (1944) (“As a reward for inventions and to encourage their disclosure, the United States offers a seventeen-year monopoly to an inventor who refrains from keeping his invention a trade secret. But the *quid pro quo* is disclosure of a process or device in sufficient detail to enable one skilled in the art to practice the invention once the period of the monopoly has expired; and the same precision of disclosure is likewise essential to warn the industry concerned of the precise scope of the monopoly asserted.”).

sufficient to incentivize disclosure by the applicant.<sup>9</sup> While the strength of that protection is important, so is the reliability that a patent issued by the United States Patent and Trademark Office (“PTO”) will be upheld as valid.<sup>10</sup> Since the current standard of proof gives deference to the PTO’s decision to issue a valid patent, the standard increases the likelihood that a patent’s validity will be upheld during litigation.<sup>11</sup> Lowering the standard of proof to a preponderance of the evidence would remove the deference given to the PTO, therefore making the enforceability of a patent suspect until its validity is upheld in litigation. It makes sense for courts to give the PTO deference when determining patent invalidity based on prior art that the PTO has previously considered.<sup>12</sup> However, when patent validity is challenged based on prior art that was not previously considered by the PTO, giving deference to the PTO may make less sense.

[3] In the case before the Supreme Court, the PTO had not previously considered the new prior art.<sup>13</sup> Microsoft contended that before litigation, i4i Limited Partnership (“i4i”) destroyed a computer software program

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<sup>9</sup> See MARTIN J. ADELMAN ET AL., PATENT LAW IN A NUTSHELL 3 (2008) (discussing the patent system's creation of economic incentives to invent).

<sup>10</sup> See *Technograph Printed Circuits, Ltd. v. United States*, 372 F.2d 969, 978 (Ct. Cl. 1967) (“It is just as important that a good patent be ultimately upheld as that a bad one be definitively stricken.”).

<sup>11</sup> See generally J. Michael Buchanan, *Deference Overcome: Courts’ Invalidation of Patent Claims as Anticipated by Art Considered by the PTO*, 2006 STAN. TECH. L. REV. 2, ¶ 1 (2006) (explaining that a patent's presumption of validity is partly based on the patent examiner's consideration of prior art in granting the patent).

<sup>12</sup> See *Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837, 842-43 (1984) (declaring that reviewing courts will accept an agency’s reasonable interpretation of ambiguous statutes). See generally Thomas Chen, *Patent Claim Construction: An Appeal For Chevron Deference*, 94 VA. L. REV. 1165, 1181-86 (2008) (arguing for Chevron deference to apply to patent claim construction, giving deference to the PTO when interpreting claims).

<sup>13</sup> See *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2244 (2011).

called “S4.”<sup>14</sup> According to Microsoft, this program would have rendered i4i’s patent invalid if it had been available as prior art.<sup>15</sup> However, Microsoft was unable to proffer the destroyed program and therefore could not meet the clear and convincing standard.<sup>16</sup> The only remaining evidence of the computer program was the testimony of a co-inventor of S4, who was a former i4i employee.<sup>17</sup> The co-inventor testified about the content and function of S4.<sup>18</sup> Microsoft also presented expert testimony about how, based on the co-inventor’s testimony, S4 taught some of the features of i4i’s U.S. Patent No. 5,787,449 (“the ‘449 patent”).<sup>19</sup> However, the sole testimony of an alleged co-inventor cannot meet the clear and convincing evidence standard.<sup>20</sup> To successfully meet the standard, according to Microsoft, Microsoft needed to corroborate the alleged co-inventor’s testimony, but could not do so due to a lack of corroborating evidence as S4 had been destroyed.<sup>21</sup> Microsoft contends

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<sup>14</sup> i4i Ltd. P’ship v. Microsoft Corp., 589 F.3d 1246, 1254 (Fed. Cir. 2009), *opinion withdrawn and superseded on reh’g*, 598 F.3d 831 (Fed. Cir. 2010), *aff’d* 131 S. Ct. 2238 (2011).

<sup>15</sup> *See id.*

<sup>16</sup> *Id.* at 1263.

<sup>17</sup> *Id.* at 1262.

<sup>18</sup> *Id.* at 1262-63.

<sup>19</sup> *Id.* at 1263. *See generally* U.S. Patent No. 5,787,449 (filed June 2, 1994) (illustrating Microsoft’s ‘449 patent).

<sup>20</sup> Symantec Corp. v. Computer Assocs. Int’l, 522 F.3d 1279, 1295 (Fed. Cir. 2008).

<sup>21</sup> *See* i4i Ltd. P’ship v. Microsoft Corp., 598 F.3d 831, 847 (Fed. Cir. 2010), *cert. granted*, 131 S. Ct. 647, 178 L. Ed. 2d 476 (U.S. 2010) and *aff’d* 131 S. Ct. 2238 (2011). Disagreeing with Microsoft, the Federal Circuit held that corroborating evidence, while required to support testimony alone of any witness to *invalidate* a patent, was not required *in response* to a claim for patent invalidity. *See id.*

that a lower standard should apply to allow it to meet the burden of proof in light of S4 being destroyed.<sup>22</sup>

[4] The unusual facts of the *i4i* case cause a change to the preponderance of the evidence standard to seem appealing. However, bad facts make for bad law. Lowering the standard to address those bad facts would damage the patent system and stifle innovation.

[5] First, this paper describes the interests behind the presumption of patent validity and the historical treatment of the burden of proof required to overcome that presumption. While precedent does not bind the Supreme Court, it is important to consider how and why a particular standard has been applied in addition to Congress's inaction in implementing a new standard. Second, this paper examines arguments in support of maintaining the status quo, changing to a preponderance of the evidence standard, and adopting a dual standard where some evidence must rise to the level of clear and convincing evidence while other evidence need only show invalidity by a preponderance of the evidence. Finding this dual standard to be impractical, and the broad application of the preponderance of the evidence standard to be inappropriate, this paper supports the continued broad application of the clear and convincing standard along with congressional action to address the unfairness that accompanies broad application of that standard.

## II. INTRODUCTION TO THE STANDARD OF PROOF PROBLEM

[6] The interests behind the presumption of patent validity provide context for the standard of proof issue within the patent system. This section analyzes those interests by examining the application of both the clear and convincing standard and the preponderance of the evidence standard in various circuit courts before the establishment of the Federal Circuit, in the Federal Circuit itself, and the Supreme Court. The historical treatment of the standard of proof reflects the standard's

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<sup>22</sup> See *i4i*, 589 F.3d at 1263.

purpose, which although merely persuasive, is significant in light of Congress's refusal to change the standard.<sup>23</sup>

### A. Interests Behind the Standard of Proof

[7] Patents are obtained through an examination process performed by the PTO.<sup>24</sup> First, an inventor submits an application to the PTO. Then, a PTO examiner evaluates the patentability of the invention and eventually allows a patent to issue or issues a rejection.<sup>25</sup> An issued patent is entitled to a presumption of validity.<sup>26</sup> This presumption of validity can only be overcome by a showing of clear and convincing evidence.<sup>27</sup>

[8] Several factors support this heightened standard. First, the PTO is presumed to have thoroughly examined patent applications and to have issued valid patents.<sup>28</sup> Second, the PTO is the agency that determines patent validity, so its decisions should generally preside over a finding of invalidity by a non-expert.<sup>29</sup> Third, the heightened standard facilitates licensing, purchasing, and acquisition of patent rights by increasing the

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<sup>23</sup> See Kristen Dietly, *Lightening the Load: Whether the Burden of Proof for Overcoming a Patent's Presumption of Validity Should be Lowered*, 78 *FORDHAM L. REV.* 2615, 2651 (2010). The Court has not issued any opinions on the appropriate standard of proof to overcome the presumption of patent validity that are binding on the Federal Circuit. See *id.*

<sup>24</sup> See 35 U.S.C. § 2(b)(1) (2010) (mandating that the PTO "shall adopt and use a seal of the Office . . . with which letters patent[s] . . . shall be authenticated").

<sup>25</sup> 35 U.S.C. §§ 131-132(a).

<sup>26</sup> 35 U.S.C. § 282.

<sup>27</sup> See, e.g., *Atlas Powder Co. v. E.I. du Pont De Nemours & Co.*, 750 F.2d 1569, 1573 (Fed. Cir. 1984); *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984).

<sup>28</sup> See 35 U.S.C. § 131; *Sowa & Sons*, 725 F.2d at 1360.

<sup>29</sup> See *W. Elec. Co. v. Piezo Tech., Inc.*, 860 F.2d 428, 433 (Fed. Cir. 1988).

reliability of an issued patent's validity.<sup>30</sup> However, applying a lower standard that does not give deference to the PTO would promote uncertainty in the enforceability of a patent until it is upheld as valid after litigation.

[9] However, a heightened standard for overcoming the presumption of patent validity has aspects that make the first two factors suspect. PTO examiners have limited time and resources, particularly due to the high volume of incoming patent applications and the large backlog of applications.<sup>31</sup> Further, PTO examiners are usually not capable of evaluating all of the identified prior art references for reasons other than time constraints.<sup>32</sup> Some prior art is unknown to both the examiner and the inventor during examination.<sup>33</sup> In uncommon cases with bad facts, parties may have, in good faith, destroyed relevant prior art before litigation.<sup>34</sup>

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<sup>30</sup> See *Microsoft v. i4i Petitioner and Amici Briefs*, OBLON, SPIVAK, MCCLELLAND, MAIER & NEUSTADT (Feb. 8, 2011), <http://www.oblon.com/blog/donna/2011/02/08/microsoft-v-i4i-petitioner-and-amici-briefs>.

<sup>31</sup> See Dietly, *supra* note 23, at 2655; *Data Visualization Center*, UNITED STATES PAT. & TRADEMARK OFF., <http://www.uspto.gov/dashboards/patents/main.dashxml> (last visited Jan. 14, 2011) (as of December 2011, 6,652 PTO examiners examined 112,073 applications in the fiscal year, the backlog of applications waiting to receive a first office action tallied 662,457).

<sup>32</sup> See Dietly, *supra* note 23, at 2655 (arguing that examiners have “inadequate access to prior art”).

<sup>33</sup> See *id.* at 2643 (“[T]he examiner’s search for prior art is guided by only what the applicant discloses.”).

<sup>34</sup> See, e.g., *i4i Ltd. v. Microsoft*, 598 F.3d 831, 846 (Fed. Cir. 2010) *cert granted*, 131 S. Ct. 647 (2010), *aff’d* 131 S. Ct. 2238 (2011).



## B. Background of the Clear and Convincing Standard

[10] Historically, the two most common standards of proof used in civil litigation have been applied to overcome the presumption of patent validity.<sup>35</sup> The clear and convincing evidence standard requires a showing that an event is “highly probable,” though it does not quite rise to the level of “beyond a reasonable doubt.”<sup>36</sup> Alternatively, the preponderance of the evidence standard merely requires a showing by more than a fifty percent chance.<sup>37</sup>

[11] The clear and convincing standard has long been the established precedent of the Federal Circuit for overcoming the presumption of validity.<sup>38</sup> Before the establishment of the Federal Circuit, however, differing standards were applied across the various courts of appeals.<sup>39</sup> While the decisions of those courts have no binding impact on the Federal Circuit or Supreme Court, the reasoning for applying various standards provides context for the Federal Circuit’s broad application of the clear and convincing standard.

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<sup>35</sup> See Dietly, *supra* note 23, at 2636, 2640.

<sup>36</sup> See *Buildex, Inc. v. Kason Indus.*, 849 F.2d 1461, 1463 (Fed. Cir. 1988) (citing *Colorado v. New Mexico*, 467 U.S. 310, 316 (1984)).

<sup>37</sup> See *Hodges v. Sec’y of Dept. of Health & Human Servs.*, 9 F.3d 958, 968 (Fed. Cir. 1993).

<sup>38</sup> See *Atlas Powder Co. v. E.I. du Pont De Nemours & Co.*, 750 F.2d 1569, 1573 (Fed. Cir. 1984).

<sup>39</sup> Compare *Dickstein v. Seventy Corp.*, 522 F.2d 1294, 1297 (6th Cir. 1975) (adopting a preponderance of the evidence standard), and *Rains v. Niaqua, Inc.*, 406 F.2d 275, 278 (2d Cir. 1969) (applying a preponderance of the evidence standard), with *Hobbs v. U.S. Atomic Energy Comm’n*, 451 F.2d 849, 856 (5th Cir. 1971) (applying a clear and convincing evidence standard), and *Universal Marion Corp. v. Warner & Swasey Co.*, 354 F.2d 541, 544 (10th Cir. 1965) (applying a clear and convincing evidence standard).

[12] Some circuit courts have applied a heightened burden of proof.<sup>40</sup> For example, the Ninth Circuit held that a patent’s presumption of validity could only be overcome by clear and convincing evidence.<sup>41</sup> The Ninth Circuit went on to state that the presumption of validity is based on the “expertness of the Patent Office acting within a specific field . . . .”<sup>42</sup> The Tenth Circuit also applied the clear and convincing evidence standard.<sup>43</sup> To overcome a patent’s presumption of validity, the Fifth Circuit required a “quantum of proof” greater than a mere preponderance of the evidence.<sup>44</sup> The Fifth Circuit stated that the clear and convincing evidence standard and the “beyond a reasonable doubt” standard both satisfy this extra “quantum of proof.”<sup>45</sup> The Eighth Circuit required a showing of “substantial evidence” to overcome the presumption of validity.<sup>46</sup> Later, the Eighth Circuit characterized both substantial evidence and clear and convincing evidence as comparably heavy burdens of proof.<sup>47</sup>

[13] In contrast, some courts merely required a showing by a preponderance of the evidence to overcome a patent’s presumption of validity.<sup>48</sup> For example, the Second Circuit stated that the presumption of validity did not have “independent evidentiary value” and could be overcome by “a preponderance of the evidence.”<sup>49</sup> The Fourth Circuit

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<sup>40</sup> See, e.g., *Moon v. Cabot Shops, Inc.*, 270 F.2d 539, 541 (9th Cir. 1959).

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> *Universal Marion Corp. v. Warner & Swasey Co.*, 354 F.2d 541, 544 (10th Cir. 1965).

<sup>44</sup> *Hobbs v. U.S. Atomic Energy Comm’n*, 451 F.2d 849, 856 (5th Cir. 1971).

<sup>45</sup> *Id.*

<sup>46</sup> *L & A Prods., Inc. v. Britt Tech Corp.*, 365 F.2d 83, 86 (8th Cir. 1966).

<sup>47</sup> *Clark Equip. Co. v. Keller*, 570 F.2d 778, 795 n.17 (8th Cir. 1978).

<sup>48</sup> See, e.g., *Rains v. Niaqua, Inc.*, 406 F.2d 275, 278 (2d Cir. 1969).

<sup>49</sup> *Id.*

explicitly rejected an argument that a defendant must overcome a presumption of validity beyond a reasonable doubt.<sup>50</sup> The Fourth Circuit applied a preponderance of the evidence standard.<sup>51</sup>

[14] Despite the lack of consensus among courts regarding which standard should be applied to overcome the presumption of patent validity, courts have applied the same standard in cases where a prior art reference had not been previously considered by the PTO.<sup>52</sup> When dealing with such cases, courts required no more than a mere preponderance of the evidence and some removed the presumption of validity altogether.<sup>53</sup> In explaining why the heightened standard was not appropriate in those cases, the Fifth Circuit stated that the PTO's expertise, which was the reason behind affording deference in the first place, was irrelevant because the agency had not considered the prior art.<sup>54</sup>

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<sup>50</sup> *Universal Inc. v. Kay Mfg. Corp.*, 301 F.2d 140, 148 (4th Cir. 1962).

<sup>51</sup> *Id.*

<sup>52</sup> See *Petition for Writ of Certiorari at 22, Microsoft Corp. v. z4 Techs., Inc.*, No. 07-1243 (U.S. Mar. 31, 2008), 2008 WL 877886 at \*22. For further discussion, see *Dietly*, *supra* note 23, at 2644.

<sup>53</sup> See *Plastic Container Corp. v. Cont'l Plastics of Okla., Inc.*, 708 F.2d 1554, 1558 (10th Cir. 1983); *Turzillo v. P & Z Mergentime*, 532 F.2d 1393, 1399 (D.C. Cir. 1976); *Futorian Mfg. Corp. v. Dual Mfg. & Eng'g, Inc.*, 528 F.2d 941, 943 (1st Cir. 1976); *Alcor Aviation, Inc. v. Radair Inc.*, 527 F.2d 113, 115 (9th Cir. 1975); *U.S. Expansion Bolt Co. v. Jordan Indus.*, 488 F.2d 566, 569 (3d Cir. 1973); *Ralston Purina Co. v. Gen. Foods Corp.*, 442 F.2d 389, 390 (8th Cir. 1971); *Eisele v. St. Amour*, 423 F.2d 135, 138-39 (6th Cir. 1970); *Formal Fashions, Inc. v. Braiman Bows, Inc.*, 369 F.2d 536, 539 (2d Cir. 1966); *Heyl & Patterson, Inc. v. McDowell Co.*, 317 F.2d 719, 722 (4th Cir. 1963).

<sup>54</sup> See *Baumstimler v. Rankin*, 677 F.2d 1061, 1066 (5th Cir. 1982). The Eleventh Circuit agreed with this reasoning. See *Mfg. Research Corp. v. Graybar Elec. Co.*, 679 F.2d 1355, 1364 (11th Cir. 1982).

[15] When the Federal Circuit was established in 1982, it chose not to adopt a standard of proof from any particular circuit.<sup>55</sup> Instead, the Federal Circuit adopted the law of the Court of Customs and Patent Appeals and the U.S. Court of Claims as precedent in its first decision.<sup>56</sup> Historically, the Court of Customs and Patent Appeals required a showing of clear and convincing evidence to overcome the presumption of patent validity, regardless of whether the evidence had been previously considered by the PTO.<sup>57</sup> In its first year, however, the Federal Circuit declined to adopt a “particular standard of proof [as] necessary to reach a legal conclusion,” holding that standards of proof “relate[] to specific factual questions.”<sup>58</sup> The court expanded upon its position in 1983, stating that while a standard of proof “relates [not] to legal presumptions, but to facts,” a party seeking to overcome the presumption of validity must do so by a showing of “clear and convincing evidence.”<sup>59</sup> In 1984, the Federal Circuit concluded that prior art not considered by the PTO did not face a different presumption or burden of proof than previously considered prior art.<sup>60</sup> The court required a showing of clear and convincing evidence in all cases to overcome a patent’s presumption of validity.<sup>61</sup> The Federal Circuit did not clarify why it applied the clear and convincing standard so broadly.<sup>62</sup> The court continued to broadly apply the clear and convincing standard to patent invalidity challenges.<sup>63</sup>

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<sup>55</sup> *S. Corp. v. United States*, 690 F.2d 1368, 1370 (Fed. Cir. 1982).

<sup>56</sup> *Id.*

<sup>57</sup> *See Solder Removal Co. v. U.S. Int’l Trade Comm’n*, 582 F.2d 628, 632 (C.C.P.A. 1978). For further discussion, *see* Dietly, *supra* note 23, at 2648-49.

<sup>58</sup> *SSIH Equip. S.A. v. U.S. Int’l Trade Comm’n*, 718 F.2d 365, 375 (Fed. Cir. 1983).

<sup>59</sup> *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1549 (Fed. Cir. 1983).

<sup>60</sup> *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359-60 (Fed. Cir. 1984) (citing *Radio Corp. of Am. v. Radio Eng’g Labs., Inc.*, 293 U.S. 1, 8 (1934)).

<sup>61</sup> *Id.* at 1360.

<sup>62</sup> *See id.* at 1359-60.

[16] In contrast to the Federal Circuit, the Supreme Court has not definitively identified a particular standard of proof.<sup>64</sup> Before the *i4i* case, the Supreme Court had not directly addressed the burden of proof required to overcome the presumption of patent validity.<sup>65</sup> However, in *KSR International Co. v. Teleflex, Inc.*, the Court noted, in dicta, that when the PTO had not considered prior art, the justification for applying a heightened standard based on the PTO's expertise is largely eliminated.<sup>66</sup> The *i4i* case gave the Court an opportunity to resolve the controversy surrounding the appropriate standard of proof necessary to overcome the presumption of patent validity.

### III. *MICROSOFT CORP. V. I4I LTD. PARTNERSHIP*

[17] *i4i* owns the '449 patent,<sup>67</sup> which claims a novel way of "editing custom XML, a computer language."<sup>68</sup> *i4i* sued Microsoft for

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<sup>63</sup> See, e.g., *Atlas Powder Co. v. E.I. du Pont De Nemours & Co.*, 750 F.2d 1569, 1573 (Fed. Cir. 1984) (finding that in challenges to patent validity, the party "attacking validity has the burden of proving invalidity by clear and convincing evidence"). There is at least one instance where the court applied a lower standard for a validity issue. B. D. Daniel, *Heightened Standards of Proof in Patent Infringement Litigation: A Critique*, 36 AIPLA Q.J. 369, 394 n.136 (2008) (citing *Environ Prods., Inc. v. Furon Co.*, 215 F.3d 1261, 1266 (Fed. Cir. 2000) (holding that the correct standard of proof of priority in invention for co-pending patents is by a preponderance of the evidence)).

<sup>64</sup> Dietly, *supra* note 23, at 2651.

<sup>65</sup> The Supreme Court addressed the standard of proof for determining inventorship, but this determination is distinct from the determination of patent invalidity. *Radio Corp. of Am. v. Radio Eng'g Labs., Inc.*, 293 U.S. 1, 7-8 (1934).

<sup>66</sup> 550 U.S. 398, 426 (2007).

<sup>67</sup> Method and Sys. for Manipulating the Architecture and the Content of a Document Separately from Each Other, U.S. Patent No. 5,787,449 (filed June 2, 1994) (issued July 28, 1998).

infringement of the '449 patent, citing use of the claimed invention in certain versions of Microsoft Word.<sup>69</sup>

[18] In the United States District Court for the Eastern District of Texas, a jury concluded that the '449 patent was not invalid and that the patent was infringed by Microsoft.<sup>70</sup> The district court stated that Microsoft bore the high burden of proving patent invalidity by a showing of “clear and convincing evidence,” which the jury found Microsoft had failed to meet.<sup>71</sup> The Federal Circuit affirmed the findings of the district court.<sup>72</sup> Before the district court, Microsoft argued that the '449 patent was invalid because it was anticipated by the sale of a program known as S4.<sup>73</sup> S4 was developed and sold by i4i early enough to trigger the on-sale bar under 35 U.S.C. § 102(b).<sup>74</sup> However, i4i destroyed S4 in good faith before litigation and the PTO never considered it.<sup>75</sup> Because there was no dispute that S4 is prior art under 35 U.S.C. § 102(b), the argument focused

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<sup>68</sup> i4i Ltd. P'ship v. Microsoft Corp., 598 F.3d 831, 839-40 (Fed. Cir. 2010), *aff'd*, 131 S. Ct. 2238 (2011). Specifically, the invention separates tags, referred to as “metacodes,” from the content within computer code. *Id.* Separation of the metacodes from the content of a document or webpage allows for a user to change the language of the content without editing the metacodes, and to view the content as one document. *Id.* at 840. The separated metacode and content documents can be independently edited and then put back together via a “metacode map.” *Id.*

<sup>69</sup> *Id.* at 839.

<sup>70</sup> i4i Ltd. P'ship v. Microsoft Corp., 670 F. Supp. 2d 568, 573 (E.D. Tex. 2009), *aff'd as modified*, 589 F.3d 1246 (Fed. Cir. 2009), *opinion withdrawn and superseded on reh'g*, 598 F.3d 831 (Fed. Cir. 2010), *aff'd*, 131 S. Ct. 2238 (2011).

<sup>71</sup> *Id.* at 584, 608.

<sup>72</sup> *i4i Ltd. P'ship*, 598 F.3d at 864.

<sup>73</sup> *Id.* at 846-47.

<sup>74</sup> *Id.* at 846.

<sup>75</sup> *Id.*

on whether Microsoft adequately proved that S4 employed the “metacode map” limitation claimed in the '449 patent.<sup>76</sup> Since S4 was destroyed, corroborating testimony of S4’s creators with independent evidence became a large issue.<sup>77</sup>

[19] Microsoft presented testimony of a co-inventor, a former i4i employee, because it lacked other evidence of S4’s coding and capabilities.<sup>78</sup> Microsoft did not have evidence to corroborate the alleged co-inventor’s testimony.<sup>79</sup> Microsoft contended that if i4i had not destroyed S4 before litigation, it could have presented the corroborating evidence required to meet this heightened standard.<sup>80</sup> Microsoft did not corroborate the alleged co-inventor’s testimony and could not meet the clear and convincing standard.<sup>81</sup>

[20] Microsoft argued that the district court erred in its application of the clear and convincing standard and stated that the burden of proof should have been a preponderance of the evidence.<sup>82</sup> When the Federal

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<sup>76</sup> *Id.* at 846-47.

<sup>77</sup> *See i4i Ltd. P’ship*, 598 F.3d at 846-47.

<sup>78</sup> *See id.* at 847-48.

<sup>79</sup> *Id.*

<sup>80</sup> *i4i Ltd. P’ship v. Microsoft Corp.*, 589 F.3d 1246, 1262 (Fed. Cir. 2009), *opinion withdrawn and superseded on reh’g*, 598 F.3d 831 (Fed. Cir. 2010), *aff’d*, 131 S. Ct. 2238 (2011).

<sup>81</sup> *See i4i Ltd. P’ship*, 598 F.3d at 848; *cf. Symantec Corp. v. Computer Assocs. Int’l, Inc.*, 522 F.3d 1279, 1295-96 (Fed. Cir. 2008). Although Microsoft contends that it needed corroborating evidence to meet the clear and convincing standard, the Federal Circuit disagreed. The court held that corroborating evidence, while required to support testimony alone of any witness to *invalidate* a patent, was not required *in response* to a claim for patent invalidity. *See i4i Ltd. P’ship*, 598 F.3d at 847.

<sup>82</sup> Petition for Writ of Certiorari at 12-13, *i4i Ltd. P’ship*, 598 F.3d 831 (No. 10-290), 2010 WL 3413088 at \*14-15.

Circuit affirmed the district court's decision to apply the clear and convincing standard, Microsoft petitioned the Supreme Court for certiorari.<sup>83</sup>

[21] At the Supreme Court, Microsoft continued to argue that the Patent Act did not support the clear and convincing standard.<sup>84</sup> Countering Microsoft's argument, *i4i* cited Congress' refusal to change the standard and the need to defer to the expertise of the PTO.<sup>85</sup> The Supreme Court decided to maintain the broad application of the clear and convincing standard.<sup>86</sup> However, the Court's reasoning to arrive at that conclusion is suspect. Section III explores the analysis that the Court should have made.

#### **IV. THREE SCENARIOS TO CONSIDER WHEN DETERMINING THE APPROPRIATE STANDARD OF PROOF FOR BROAD APPLICATION**

[22] When determining which standard of proof for overcoming a patent's presumption of validity is appropriate for broad application, separating the analysis into three types of scenarios provides clarity. First, the clear and convincing evidence standard should apply when the PTO has previously considered the prior art reference in question. Second, the clear and convincing evidence standard should also apply when prior the PTO does not previously consider prior art references in question and some post-grant review is available for consideration. Third, the preponderance of the evidence standard is fairer when the PTO did not previously consider the prior art reference in question and some post-grant review to consider this art is unavailable.

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<sup>83</sup> See generally *i4i Ltd. P'ship*, 598 F.3d at 864; Petition for Writ of Certiorari, *i4i Ltd. P'ship*, 598 F.3d 831 (No. 10-290).

<sup>84</sup> *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2247-48 (2011).

<sup>85</sup> *Id.* at 2252.

<sup>86</sup> *Id.*



### A. Previously Considered Prior Art

[23] In litigation where the alleged infringer asserts patent invalidity based on evidence that was previously reviewed by a PTO examiner, a showing of clear and convincing evidence is the appropriate standard of proof for overcoming a patent's presumption of validity.<sup>87</sup> As the expert agency in determining patent validity, the PTO's decisions should be given deference.<sup>88</sup> Expert agencies are awarded deference for other determinations, such as statutory interpretation under *Chevron*.<sup>89</sup> Also, business transactions, such as licensing, purchasing, and acquisition of patent rights, rely heavily on the strong presumption of an issued patent's validity that accompanies the clear and convincing standard.<sup>90</sup> Without the heightened standard of proof, the enforceability of a patent would remain questionable until litigation.<sup>91</sup> Under a lower standard, those business transactions would be largely disrupted.<sup>92</sup> In this scenario,

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<sup>87</sup> See *Radio Corp. of Am. v. Radio Eng'g Lab., Inc.*, 293 U.S. 1, 2 (1934); *Price v. Symsek*, 988 F.2d 1187, 1191-92 (Fed. Cir. 1993).

<sup>88</sup> See *W. Elec. Co. v. Piezo Tech., Inc.*, 860 F.2d 428, 433 (Fed. Cir. 1988) (explaining that a patent examiner's decisions are given presumptive correctness because he is a "quasi-judicial official").

<sup>89</sup> See *Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837, 842-43 (1984) (declaring that reviewing courts will accept an agency's reasonable interpretation of ambiguous statutes); *Chen*, *supra* note 12, at 1181-86 (2008) (arguing for *Chevron* deference to apply to patent claim construction, giving deference to the PTO when interpreting claims).

<sup>90</sup> Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party at 15-16, *Microsoft*, 131 S. Ct. 2238 (No. 10-290), 2011 WL 343072 at \*15-16.

<sup>91</sup> See Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law's Presumption of Validity*, 60 STANFORD L. REV. 45, 52, 58 (2007).

<sup>92</sup> See *Microsoft v. i4i Petitioner and Amici Briefs*, OBLON, SPIVAK, MCCLELLAND, MAIER & NEUSTADT (Feb. 8, 2011), <http://www.oblon.com/blog/donna/2011/02/08/microsoft-v-i4i-petitioner-and-amici-briefs>.

arguments center on awarding *Chevron* deference, the constitutional basis for applying a standard other than the default preponderance of the evidence standard for civil cases, and public policy.<sup>93</sup> As the expert agency, the PTO should be trusted to do its job.<sup>94</sup> Expert findings have appropriately been given special treatment in other areas.<sup>95</sup>

[24] Although different than determinations of patent validity, *Chevron* deference is awarded to expert agencies for statutory interpretation.<sup>96</sup> *Chevron* deference bases judicial review of agency statutory interpretations upon “a range of reasonable interpretations, rather than a single prescriptive meaning.”<sup>97</sup> When applying *Chevron* deference, a reviewing court applies a two-step analysis.<sup>98</sup> First, the court looks to whether the plain language of a statute is ambiguous.<sup>99</sup> If the statute is unambiguous, the court should apply the unambiguous meaning as directed by Congress.<sup>100</sup> Second, if the statute is ambiguous, the court examines whether the agency’s interpretation was reasonable.<sup>101</sup> If an

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<sup>93</sup> See Chen, *supra* note 12, at 1185-86.

<sup>94</sup> Moon v. Cabot Shops, Inc., 270 F.2d 539, 541 (9th Cir. 1959) (supporting this notion); see also KSR Int’l Co. v. Teleflex, Inc., 550 U.S. 398, 426 (2007) (noting that in cases where the PTO had not considered prior art, the justification for the application of a heightened standard on the basis of the PTO’s expertise is largely eliminated).

<sup>95</sup> See *Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837, 842-43 (1984) (declaring that reviewing courts will accept an agency’s reasonable interpretation of ambiguous statutes).

<sup>96</sup> See *id.*

<sup>97</sup> Chen, *supra* note 12, at 1181.

<sup>98</sup> *Chevron*, 467 U.S. at 842.

<sup>99</sup> *Id.* at 842-43.

<sup>100</sup> *Id.*

<sup>101</sup> *Id.*

agency defines an ambiguous statutory term in a reasonable way, the reviewing court must uphold the agency's interpretation.<sup>102</sup> It is reasonable to apply *Chevron* deference to other areas as well for reasons such as the access to experts and other resources, maintaining the separation of power between branches of government, "improv[ing] the quality of agency proceedings . . . and encourag[ing] clearer draftsmanship."<sup>103</sup>

[25] For the same reasons<sup>104</sup>, deference to the PTO should be given in the *i4i v. Microsoft* case. First, the PTO certainly has more expertise than the courts in evaluating prior art and determining patent validity.<sup>105</sup> Regardless of a particular examiner's technical background, the expertise of the PTO resides in the authority vested in an examiner's appointment.<sup>106</sup> Second, applying *Chevron* deference in this situation maintains a separation between the judiciary and executive branch by preventing courts from interfering with "administrative agencies' policymaking responsibilities."<sup>107</sup> The PTO is the designated agency for determining patentability and issuing patents.<sup>108</sup> Congress did not direct

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<sup>102</sup> See *id.*; Chen, *supra* note 12, at 1182.

<sup>103</sup> Chen, *supra* note 12, at 1181–85 (2008).

<sup>104</sup> *Id.*

<sup>105</sup> Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269, 316 (2007).

<sup>106</sup> See *W. Elec. Co. v. Piezo Tech., Inc.*, 860 F.2d 428, 433 (Fed. Cir. 1988) ("Furthermore, questions that might discredit an examiner are irrelevant because it is not the particular examiner's expertise that gives the decisions presumptive correctness but the authority duly vested in him by his appointment as a patent examiner.").

<sup>107</sup> Chen, *supra* note 12, at 1183.

<sup>108</sup> 35 U.S.C. § 2(a)(1) (2006).

that role to the judiciary.<sup>109</sup> As such, the PTO should fulfill its role as the primary issuer of patents while the courts should enforce issued patents.

[26] Though they carry little weight, there are four reasons why the PTO's decisions of patent validity are not a traditional fit for receiving *Chevron* deference. First, the PTO does not generally engage in either informal rulemaking or formal adjudication, which are two proceedings that merit deference.<sup>110</sup> While engaging in those proceedings would strengthen the argument for receiving *Chevron* deference, a failure to do so does not foreclose it.<sup>111</sup> Second, examiners are usually hired for their technical training rather than legal training.<sup>112</sup> While not all agencies are comprised of legal experts, PTO examiners' lack of formal legal training guides against granting deference.<sup>113</sup> However, Congress has directed the PTO to have the primary role for determining patent validity.<sup>114</sup> To fulfill

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<sup>109</sup> *See id.*

<sup>110</sup> Chen, *supra* note 12, at 1189 (quoting Benjamin & Rai, *supra* note 105, at 297).

<sup>111</sup> Benjamin & Rai, *supra* note 105, at 298.

<sup>112</sup> *See Patent Examiner Positions - View Jobs*, UNITED STATES PAT. & TRADEMARK OFF., <http://www.usptocareers.gov/Pages/PEPositions/Jobs.aspx> (last visited Nov. 18, 2011) ("Basic qualifications for Patent Examiners include United States citizenship and a minimum of a bachelor's degree in physical sciences, life science, engineering discipline or computer science.").

<sup>113</sup> Chen, *supra* note 12, at 1189; *cf.* *Markman v. Westview Instruments, Inc.* (Markman II), 517 U.S. 370, 388 (1996) ("The construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis."). However, it is important to consider that agencies need not be comprised of legal experts. *See e.g., Opportunities for College and Grad School Graduates*, UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, <http://www.epa.gov/careers/gradopp.html#college> (last visited, Nov. 30, 2011) ("The ECP seeks graduates with a bachelor's or higher level degree in a variety of academic disciplines, including physical and life sciences, business, finance, computer sciences, policy and public administration").

<sup>114</sup> 35 U.S.C. § 2(a)(1) (2006).

that role, PTO examiners are not required to have legal expertise.<sup>115</sup> Rather, examiners require technical skills to understand and differentiate inventions from the prior art.<sup>116</sup> Third, PTO determinations of patent validity are often made based on incomplete information such as missing prior art.<sup>117</sup> In this scenario, however, this reason is irrelevant because the PTO made an informed decision based on prior art that it reviewed.<sup>118</sup> Finally, deference may not be appropriate because PTO proceedings are generally *ex parte* in nature.<sup>119</sup>

[27] Although PTO proceedings are generally *ex parte* in nature, examiners are neutral in their analysis of patent validity as mandated by the PTO.<sup>120</sup> Examiners are trained to analyze prior art and issue rejections if necessary.<sup>121</sup> Also, patents are usually issued after receiving at least one rejection.<sup>122</sup> Since the PTO has been given the role of the primary issuer

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<sup>115</sup> See *Patent Examiner Positions*, *supra* note 112.

<sup>116</sup> See *General Requirements Bulletin for Admission to the Examination for Registration to Practice in Patent Cases Before the United States Patent and Trademark Office*, UNITED STATES PAT. & TRADEMARK OFF., (Feb., 2011), <http://www.uspto.gov/ip/boards/oed/grb.pdf>.

<sup>117</sup> *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1549 (Fed. Cir. 1983) (noting that there is nearly always “pertinent” and “relevant” prior art that is unconsidered by the PTO).

<sup>118</sup> *i4i Ltd. P'ship v. Microsoft Corp.*, 589 F.3d 1246, 1263 (Fed. Cir. 2009), *opinion withdrawn and superseded on reh'g*, 598 F.3d 831 (Fed. Cir. 2010), *aff'd*, 131 S. Ct. 2238 (2011).

<sup>119</sup> *Chen*, *supra* note 12, at 1190.

<sup>120</sup> See *id.* at 1168, 1190.

<sup>121</sup> *Patent Examiner Training*, UNITED STATES PAT. & TRADEMARK OFF., [http://www.uspto.gov/about/stratplan/ar/2004/0602\\_patexamtrain.jsp](http://www.uspto.gov/about/stratplan/ar/2004/0602_patexamtrain.jsp) (last modified July 4, 2009, 1:22 PM).

<sup>122</sup> Christopher A. Cotropia et. al, *Do Applicant Patent Citations Matter? Implications for the Presumption of Validity* 11, (Stanford Law and Econ. Olin, Working Paper No. 401,

of patents and because it has the capacity to fulfill this role, especially when it has previously considered the prior art in question, the PTO's decision to issue a patent should be given deference by the courts. While the PTO's decisions of patent validity may not fit the traditional mold to receive *Chevron* deference, these factors are unconvincing to prevent receiving such deference.

[28] Another argument against applying the clear and convincing standard is Congress' failure to address whether a heightened standard of proof should apply. In civil suits, the party bearing the burden of proof may overcome that burden by a preponderance of the evidence, unless important liberty interests are at stake or Congress has heightened the standard.<sup>123</sup> Congress specified the presumption of validity, but was silent as to the standard of proof for overcoming that presumption.<sup>124</sup> However, stating that there is a presumption of patent validity only to set the burden at the default preponderance of the evidence standard would be superfluous. Arguably, the presumption was only identified because the burden of proof changed. Furthermore, Congress has had many opportunities to change the Federal Circuit's broad application of the clear and convincing standard, but has failed to do so.<sup>125</sup>

[29] The next argument turns on public policy. Microsoft and several others contended that applying the heightened clear and convincing standard stifles innovation because it provides too much protection for

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2010), available at <http://ssrn.com/abstract=1656568> ("Applicants submitted 23,664 of the 32,180 prior art references cited in patents with at least one prior art-based rejection, or 73.5%.")

<sup>123</sup> See, e.g., *Grogan v. Garner*, 498 U.S. 279, 286 (1991).

<sup>124</sup> See 35 U.S.C. § 282 (2010) (identifying who bears the burden of proof on invalidity, but saying nothing about the evidentiary standard for meeting that burden of proof).

<sup>125</sup> See generally 35 U.S.C. § 282 (2010) (identifying who bears the burden of proof on invalidity, but saying nothing about changing the evidentiary standard for meeting that burden of proof).

invalid patents and simultaneously lowers patent quality.<sup>126</sup> If the PTO incorrectly issues a patent, the heightened standard of proof makes it more difficult to prove that the patent is invalid. Proponents of this argument contend that the issuance of invalid patents is a major problem, and cite a lack of full knowledge of the prior art, time, and resources among PTO examiners as reasons why the PTO issues invalid patents.<sup>127</sup> However, these public policy concerns are unpersuasive when considering the patent system as a whole.

[30] Lowering the standard to preponderance of the evidence and taking away the deference given to PTO decisions on patent validity will not promote patent quality.<sup>128</sup> In fact, taking away the deference given to the PTO would effectively shift the task of ultimately determining patent validity from the PTO to the courts.<sup>129</sup> With this lower standard, alleged infringers would probably challenge the validity of patents more frequently because courts could disregard the PTO's validity decision.<sup>130</sup> The PTO would only serve as an initial filter to patentability, and validity would remain suspect until upheld by a court. Such a system would

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<sup>126</sup> See Taylor, *supra* note 118, at 312-313.

<sup>127</sup> See Graham v. John Deere Co., 383 U.S. 1, 18 (1966); Joseph Farrell & Carl Shapiro, *Intellectual Property, Competition, and Information Technology* 31-33 (UC Berkeley Competition Policy Ctr., Working Paper No. CPC04-45, 2004), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=527782](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=527782).

<sup>128</sup> Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party, *supra* note 90, at 13.

<sup>129</sup> Michael J. Shuster et. al, *Altering Patent Suit Proof Burden Would Chill Innovation*, 19 WASH. LEGAL FOUND., no. 7, 2004, at 4, available at [http://www.fenwick.com/docstore/477/Altering\\_Patent.pdf](http://www.fenwick.com/docstore/477/Altering_Patent.pdf); Biotechnology Indus. Org., *Response to the Federal Trade Commission's Patent System Reform Recommendations*, 4 (Apr. 26, 2004), <http://www.bio.org/sites/default/files/ResponsetoFTCPatReformrecommendations.pdf>.

<sup>130</sup> See Stephen E. Noona, *U.S. Supreme Court Agrees to Hear Challenge to Burden of Proof Standard for Invalidity*, INSIDE BUS.: THE HAMPTON ROADS BUS. J., (Dec. 7 2010), <http://www.insidebiz.com/blogs/kaufman-canoles/us-supreme-court-agreeshearchallenge-burden-proof-standard-invalidity>.

provide little incentive to improve the quality of patent examination because the quality of that examination would not influence the likelihood of a patent being held valid in court.<sup>131</sup> Instead of increasing innovation, lowering to the preponderance of the evidence standard may ultimately lead to lower patent quality, greater uncertainty of patent rights, and increased litigation.<sup>132</sup>

[31] There is also a significant reliance on issued patents being upheld as valid.<sup>133</sup> Reliance on the current standard of proof for business decisions makes the prospect of changing the standard of proof disturbing for the stability of the entire patent system.<sup>134</sup> Businesses have made strategic decisions about licensing rates and whether “to bring, defer, pursue, or settle infringement lawsuits” based on the clear and convincing standard.<sup>135</sup> In essence, investments in companies are based on the heightened standard.<sup>136</sup> Clients decide whether to launch new product lines by relying on legal opinions of patent attorneys who based their opinions on that heightened standard.<sup>137</sup> Changing the standard of proof

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<sup>131</sup> See Etan S. Chatlyne, Note, *The Burden of Establishing Patent Invalidity: Maintaining a Heightened Evidentiary Standard Despite Increasing “Verbal Variances”*, 31 CARDOZO L. REV. 297, 320 (2009) (stating that lowering to a preponderance of the evidence standard to overcome patent invalidity would weaken patents and increase associated litigation).

<sup>132</sup> *See id.*

<sup>133</sup> See, e.g., Adam B. Jaffe & Josh Lerner, *Innovation and Its Discontents*, 1 CAPITALISM & SOC’Y, Issue 3, Art. 3, at 22 (2006) (“Uncertainty is the enemy of investment . . . [E]liminating the presumption of validity is [thus] a potentially dangers change in terms of . . . innovation.”); see also *Colorado v. New Mexico*, 467 U.S. 310, 316 (1984).

<sup>134</sup> See Jaffe & Lerner, *supra* note 133, at 51.

<sup>135</sup> Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party, *supra* note 90, at 15.

<sup>136</sup> *Id.*

<sup>137</sup> *Id.*



for overcoming patent validity disrupts the foundation on which these decisions were made and would significantly disrupt the U.S. economy.<sup>138</sup> The heightened burden increases the incentive for inventors to engage in substantial research and development and to disclose their inventions in pursuit of patents rather than keep their innovations hidden as trade secrets.<sup>139</sup> In situations where the PTO has previously considered the prior art in question, the clear and convincing standard should apply.

### **B. Prior Art Not Previously Considered Where PTO Reexamination Is an Option**

[32] In litigation where the alleged infringer asserts patent invalidity based on evidence that was not reviewed by a PTO examiner, but that could have been the basis for a reexamination proceeding, the clear and convincing evidence remains the appropriate standard. Applying the heightened standard encourages the use of reexamination proceedings while allowing parties to choose to litigate.<sup>140</sup> Congress created reexamination proceedings as a cheaper and more efficient alternative to litigation.<sup>141</sup> Courts should allow the means provided by Congress to serve their intended purpose.

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<sup>138</sup> See, e.g., *AIPLA Response to the October 2003 Federal Trade Commission Report*, AM. INTELLECTUAL PROP. LAW ASS'N 6 (Apr. 21, 2004), <http://www.aipla.org/advocacy/executive/Documents/ResponseToFTC.pdf>; *Biotechnology Indus. Org.*, *supra* note 129, at 4–5 (estimating the potential effect of lowering the standard on the biotechnology industry).

<sup>139</sup> Richard S. Gruner, *Better Living Through Software: Promoting Information Processing Advances Through Patent Incentives*, 74 ST. JOHN'S L. REV. 977, 1012-13 (2000).

<sup>140</sup> See Alan W. Kowalchuk & Joshua P. Graham, *Patent Reexamination: An Effective Litigation Alternative?*, 3 LANDSLIDE, no. 1, 2010 at 2, available at [http://www.merchantgould.com/CM/Articles/Kowalchuk\\_LANDSLIDE.pdf](http://www.merchantgould.com/CM/Articles/Kowalchuk_LANDSLIDE.pdf).

<sup>141</sup> See H.R. REP. NO. 96-1307, pt. 1, at 4 (1980) (predicting that reexamination would require “a fraction of the time” of litigation).

[33] A reexamination proceeding allows the PTO to reevaluate new evidence that raises a substantial new question of patent validity.<sup>142</sup> Congress created the reexamination proceedings to act as a faster and more cost efficient alternative to litigation.<sup>143</sup> There are several factors that make it a preferred option, including timing, the applicable standard of proof, the ability to amend claims, and reliance on an expert agency.<sup>144</sup>

[34] First, the timing with which reexamination may be brought forward is flexible.<sup>145</sup> Reexamination can be requested by anyone at any time.<sup>146</sup> Judges retain discretion over delaying litigation until a reexamination proceeding concludes.<sup>147</sup> Their discretionary power should not be used suspend litigation for a party who is simply seeking to delay litigation proceedings, or after the parties have invested significant time and resources into the litigation. However, a party seeking to use reexamination proceedings instead of litigation should be allowed to do so, and even incentivized to do so, so long as they file a request for reexamination in a timely manner.

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<sup>142</sup> R. CARL MOY, *MOY'S WALKER ON PATENTS* § 16:71 (4th ed.).

<sup>143</sup> See H.R. REP. NO. 96-1307, *supra* note 141.

<sup>144</sup> *Cf. id.* at 3.

<sup>145</sup> 35 U.S.C. § 302 (2006).

<sup>146</sup> *Id.*

<sup>147</sup> See, e.g., *Xerox Corp. v. 3Com Corp.*, 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999), *appeal dismissed*, 243 F.3d 554 (Fed. Cir. 2000). In determining whether to delay litigation, courts consider whether the associated delay “would unduly prejudice” the party not requesting the delay, whether the delay will “simplify the issues in question and trial of the case,” and whether “discovery is complete and whether the trial date has been set.” *Id.* at 406-07. The closer to trial, the less likely a delay for reexamination will be granted. *Id.* at 407. If a trial date is already set, a requesting party must generally show a “clear case of hardship or inequity” to delay the trial. *Id.* at 407.

[35] Second, reexamination proceedings apply the preponderance of the evidence standard.<sup>148</sup> Therefore, parties have the option of meeting the heightened burden within the courts or the preponderance of the evidence standard in a reexamination proceeding.<sup>149</sup> If courts applied the preponderance of the evidence standard, there would be no point in having reexamination proceedings because deference would not be given to PTO decisions as discussed in the previous subsection. Third, reexamination allows for invalid claims to be narrowed, if appropriate, rather than to be completely destroyed as required by litigation.<sup>150</sup> Because a claim can be narrowed, the PTO has more discretion to reward innovation and invalidate protection for non-innovation. Fourth, reexamination directs decisions of patentability to the PTO.<sup>151</sup> Congress designated the PTO as the expert agency to serve as the primary issuer of patents.<sup>152</sup> Because of these distinctions, reexamination should be preferred over litigation for those wishing to challenge patent validity.

[36] Reexamination is not without its faults. It takes time, usually two to three years on average.<sup>153</sup> Additionally, the patent holder may file an appeal with the Board of Patent Appeals and Interferences, thereby adding another two to three years on average, followed by the possibility of an

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<sup>148</sup> See *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008) (citing *In re Caveney*, 761 F.2d 671, 674 (Fed. Cir. 1985)).

<sup>149</sup> *Id.*

<sup>150</sup> 35 U.S.C. § 305 (2006).

<sup>151</sup> See, e.g., *In re Swanson*, 540 F.3d at 1374.

<sup>152</sup> See 35 U.S.C. § 2(a)(1) (2006); discussion *supra* Part III(a).

<sup>153</sup> See UNITED STATES PATENT AND TRADEMARK OFFICE, EX PARTE REEXAMINATION FILING DATA (2011), available at [http://www.uspto.gov/patents/EP\\_quarterly\\_report\\_June\\_2011.pdf](http://www.uspto.gov/patents/EP_quarterly_report_June_2011.pdf); UNITED STATES PATENT AND TRADEMARK OFFICE, INTER PARTES REEXAMINATION FILING DATA (2011), available at [http://www.uspto.gov/patents/IP\\_quarterly\\_report\\_June\\_2011.pdf](http://www.uspto.gov/patents/IP_quarterly_report_June_2011.pdf).

appeal to the Federal Circuit.<sup>154</sup> However, litigation takes time too. Congress created the reexamination proceedings to provide a more efficient alternative to costly and lengthy litigation.<sup>155</sup> As such, a clear and convincing evidence standard should be applied when reexamination is available. Different arguments are applicable for other types of prior art, which do not allow for reexamination.

### **C. Prior Art Not Previously Considered Where PTO Reexamination is Not an Option**

[37] In litigation, where the alleged infringer asserts patent invalidity based on evidence that was not reviewed by a PTO examiner, and could not have been the basis for a reexamination proceeding, the preponderance of the evidence standard is fairer than the clear and convincing standard. In this scenario, applying the clear and convincing standard gives deference to decisions that the PTO did not make because the prior art reference in question was not considered before the patent was granted and could not be considered post-issuance. Applying this heightened standard leads to circumstances where a party challenging patent validity is unable to meet the heightened standard through no fault of its own, as was the case in *Microsoft*.<sup>156</sup>

[38] Unlike the other two scenarios, public policy does not support a heightened standard here. There is less reason to give such deference to the PTO when it had not, and could not, evaluate the new prior art.<sup>157</sup> In this scenario, reexamination is not available, therefore litigation is the only

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<sup>154</sup> See 35 U.S.C. § 306 (2006); Brad Pedersen, *Polishing a Diamond in the Rough: Suggestions for Improving Inter Partes Reexaminations*, 91 J. PAT. & TRADEMARK OFF. SOC'Y 422, 422 n.3 (2009).

<sup>155</sup> See H.R. REP. NO. 96-1307, *supra* note 141.

<sup>156</sup> See generally *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238 (2011).

<sup>157</sup> See *id.* at 2251 ("Simply put, if the PTO did not have all material facts before it, its considered judgment may lost significant force.").

avenue to overturn the PTO's decision because Congress has provided no alternatives.<sup>158</sup> Consequently, when the PTO is unavailable, no expert agency is better suited to evaluate a patent's validity than the court.<sup>159</sup> These reasons, while compelling, are not sufficient to warrant the broad application of the preponderance of the evidence standard.

[39] While Microsoft could not meet the heightened standard because the S4 program had been destroyed prior to litigation, this is an uncommon circumstance.<sup>160</sup> In many cases, when prior art has been destroyed, courts will look for inequitable conduct or litigation misconduct.<sup>161</sup> When prior art has not been destroyed, corroborative evidence is, or should be, available. A broad change in the standard of proof to overcome patent invalidity, solely based on bad facts of an uncommon situation, as in the *Microsoft* case, would cause more harm than good in the patent system by upsetting the balance of interests in more common situations.

[40] For the above reasons, broad application of the clear and convincing standard is appropriate in most cases, but fails to provide adequate opportunity alleged infringers to defend themselves in situations where reexamination by the PTO is unavailable under the Patent Act.

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<sup>158</sup> See 35 U.S.C. § 302 (2006) (showing the lack of alternatives to litigation).

<sup>159</sup> Cf. *Dickenson v. Zurko*, 527 U.S. 150, 164 (1999).

<sup>160</sup> See generally *i4i Ltd. P'ship v. Microsoft Corp.*, 589 F.3d 1246, 1262 (Fed. Cir. 2009), *opinion withdrawn and superseded on reh'g*, 598 F.3d 831 (Fed. Cir. 2010), *aff'd*, 131 S. Ct. 2238 (2011).

<sup>161</sup> See e.g., *Exxon Corp. v. Mobil Oil Corp.*, No. H-96-3795, 1998 U.S. Dist. LEXIS 17555, at \*66-82 (S.D. Tex. Aug. 13, 1998) (highlighting the requirements of an inequitable conduct defense).

**V. THE DUAL STANDARD, WHILE THE MOST FAIR STANDARD,  
IS IMPRACTICAL**

[41] A dual standard provides a more equitable solution than either the preponderance of the evidence standard or the clear and convincing evidence standard alone. The dual standard would apply a preponderance of the evidence standard when dealing with new prior art that is not eligible for reexamination. The clear and convincing evidence standard would serve as the burden of proof to overcome prior art previously considered by the PTO as well as new prior art that is eligible for reexamination. The dual standard would be the fairest way to address the various scenarios previously discussed. However, the dual standard would be impractical for three reasons. First, requiring jurors to keep track of two standards regarding prior art would cause confusion and make the two standards ineffective.<sup>162</sup> Second, litigation would inappropriately hinge on whether a particular prior art reference was “considered” by the PTO, which raises additional concerns about how to appropriately define “considered.”<sup>163</sup> Finally, the dual standard might overwhelm the PTO by incentivizing a flood of prior art from applicants.<sup>164</sup> As a result, a dual standard should not be adopted.

[42] First, the dual standard, though fairer than either standard alone, would likely confuse jurors.<sup>165</sup> Patent cases are already difficult for juries to understand based on the complex nature of the cases themselves.<sup>166</sup>

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<sup>162</sup> Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party, *supra* note 90, at 21.

<sup>163</sup> *Id.* at 20.

<sup>164</sup> *Id.* at 22.

<sup>165</sup> *Id.* at 21.

<sup>166</sup> Mary M. Calkins et al., *Bearing Witness: Court-Appointed Experts in Patent Cases*, LAW TECH. NEWS (Feb. 16, 2010), <http://www.law.com/jsp/lawtechnologynews/PubArticleLTN.jsp?id=1202443308577&slreturn=1&hbxlogin=1>; *see, e.g.,* Comaper

Jurors struggle to keep track of multiple standards in patent cases.<sup>167</sup> For instance, the clear and convincing evidence standard is applicable to showing patent invalidity, whereas the preponderance of the evidence standard is applicable for determining whether infringement occurred.<sup>168</sup> Varying standards of proof for a single determination are also difficult for jurors to define and quantify.<sup>169</sup> Adding yet another standard of proof to address patent invalidity based on certain prior art will only increase juror confusion. If the two standards were blurred together due to confusion, some of the deference given to the PTO may be taken away or magnified.<sup>170</sup> For these reasons, jury confusion would likely make the dual standard impractical.

[43] Second, the dual standard also focuses the litigation away from the differences between the prior art and the invention. Rather, the focus becomes directed at whether the PTO examiner has previously evaluated the prior art, in addition to whether the prior art is eligible for reexamination. This shift in focus will likely increase the time and cost of

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Corp. v. Antec, Inc., 596 F.3d 1343, 1354-55 (Fed. Cir. 2010) (vacating the lower court's decision because the jury's verdicts represented an "irreconcilable inconsistency").

<sup>167</sup> Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party, *supra* note 90, at 21 (stating that infringement issues are evaluated using a preponderance of the evidence standard while patent validity employs a clear and convincing evidence standard).

<sup>168</sup> *Id.*

<sup>169</sup> See Jane Goodman, *Jurors' Comprehension and Assessment of Probabilistic Evidence*, 16 AM. J. TRIAL ADVOC. 361, 364-66 (1992-1993) (providing an extensive discussion on the difficulty that jurors have quantifying the different standards of proof in probabilistic quantities).

<sup>170</sup> See Brief for Biotechnology Industry Organization as Amicus Curiae Supporting Respondents at 5, *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238 (2011) (No. 10-290), 2011 WL 1059617 at \*5.

litigation.<sup>171</sup> Furthermore, determining what constitutes “considered” prior art presents new issues of its own.<sup>172</sup>

[44] Prior art is referenced throughout a patent’s examination.<sup>173</sup> An applicant discloses some prior art references in an Information Disclosure Statement.<sup>174</sup> Depending on the number of references included in the Information Disclosure Statement, a PTO examiner may be unable to realistically “consider” them all.<sup>175</sup> PTO examiners also find and consider prior art references during patent examination.<sup>176</sup> As an application goes through an examination, the examiner discusses some prior art references at length while others are merely mentioned.<sup>177</sup> Also, an examiner will have certain background knowledge or be aware of pertinent teachings

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<sup>171</sup> See David M. Trubek et al., *The Costs of Ordinary Litigation*, 31 UCLA L. REV. 72, 96-97 (1983) (stating that the more complex a lawsuit is, the more time and cost will be involved in litigation).

<sup>172</sup> See *Solder Removal Co. v. U.S. Int’l Trade Comm’n*, 582 F.2d 628, 633 n.9 (C.C.P.A. 1978) (“It has been pointed out that a mere failure to cite certain prior art does not necessarily mean it was no considered by the examiner, who may have considered it unworthy of citation.”).

<sup>173</sup> See 37 C.F.R. § 1.104 (2011); M.P.E.P. § 707.05.

<sup>174</sup> See M.P.E.P. § 704.12(a) (2006); M.P.E.P. § 704.14(d) (2006); PTO Form 1449.

<sup>175</sup> See H.R. Rep. No. 107-120 at 2 (2001) (“It has also lead to abuse by patent agents and lawyers who are gaming the system . . . [by] include[ing] hundreds of prior art references, knowing that the PTO examiner has only a few precious hours to review the application before she is required to make a decision on its grant.”). See generally Fiscal Year 2010 USPTO Workload Tables, available at [http://www.uspto.gov/about/stratplan/ar/2010/oai\\_06\\_wlt\\_00.html](http://www.uspto.gov/about/stratplan/ar/2010/oai_06_wlt_00.html) (last visited Jan. 26, 2011).

<sup>176</sup> See M.P.E.P. § 1302.12 (2006); PTO Form 892.

<sup>177</sup> Brief of Amicus Curiae for International Business Machines Corporation in Support of Neither Party, *supra* note 88, at 19.



from prior art that may be “considered” but not listed as prior art on any form during patent examination.<sup>178</sup>

[45] Even if all listed prior art is deemed “considered” for these purposes, it is still difficult to determine how thoroughly the examiner read, evaluated, and applied a particular reference.<sup>179</sup> Each action by an examiner would have to be adequately defined and quantified. As an examiner goes through examination, each action would have to be taken and documented, presumably slowing productivity. Addressing issues as to the thoroughness of an examination may also complicate and delay litigation. Further, PTO examiners would not be particularly helpful during litigation to resolve the issue because they cannot be compelled to disclose their “mental processes” at trial regarding a decision on a patent application.<sup>180</sup> The issues raised in determining whether a prior art reference has been “considered” make the impracticality of a dual standard more apparent.

[46] Third, adopting a dual standard may overly encourage applicants to flood the PTO with prior art references.<sup>181</sup> The current system requires an applicant to disclose relevant prior art of which the applicant is aware.<sup>182</sup>

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<sup>178</sup> See *id.*; *cf.* *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1549 (Fed. Cir. 1983) (noting that there is almost always “pertinent” and “relevant” prior art that is apparently unconsidered by the PTO).

<sup>179</sup> Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party, *supra* note 90, at 19-20.

<sup>180</sup> See, e.g., *id.* at 20 (citing *W. Elec. Co. v. Piezo Tech., Inc.*, 860 F.2d 428, 431 (Fed. Cir. 1988) (stating that as a general rule, a “patent examiner cannot be compelled to testify regarding his ‘mental processes.’”)).

<sup>181</sup> See Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party, *supra* note 90, at 22; Brief for Genentech, Inc. as Amici Curiae in Support of Respondents at 27-28, *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238 (2011) (No. 10-290), 2011 WL 994261.

<sup>182</sup> See *Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd.*, 394 F.3d 1348, 1351 n.4 (Fed. Cir. 2005).

While an applicant must disclose relevant prior art, there is no obligation and limited incentive to extensively search for prior art or to submit irrelevant prior art to the PTO.<sup>183</sup> However, patent applicants would want the clear and convincing standard to be applied and a dual standard would encourage them to disclose as much prior art as possible to the PTO.<sup>184</sup> Increased disclosure of prior art to the PTO is not necessarily bad. However, extensive disclosure of irrelevant prior art references would be distracting and wasteful of the PTO's already limited resources.<sup>185</sup>

[47] There are two possible solutions to turn this from a potentially negative factor into a positive factor. First, placing a limit on the total number of prior art references that a patent applicant can submit would improve the quality of the submitted references. The limit should be based on the invention's area of technology and include other factors such as foreign filing. It is crucial that a limit be set that appreciates increased disclosure of prior art while deterring extensive disclosure of irrelevant prior art. By limiting the number of references that an applicant can submit, there is an incentive to submit the most on-point references over irrelevant prior art. Second, adding a fee per reference will help alleviate the additional burden placed on the PTO to keep up with the flood of references. Essentially, an applicant would be paying for an examiner's time to sift through all of the disclosed prior art references. As certain patents may be worth paying a high amount to list hundreds of prior art references, these two solutions preferably operate together. With applicants submitting increased relevant prior art and PTO examiners having additional resources, a potentially negative factor could result in higher quality patent examination.

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<sup>183</sup> *Id.*

<sup>184</sup> Brief for International Business Machines Corporation as Amicus Curiae in Support of Neither Party, *supra* note 90, at 22.

<sup>185</sup> See H.R. REP. NO. 107-120, at 2 (2001) (stating that there was abuse by patent agents and attorneys who include an overwhelming number of prior art references in their applications knowing that the PTO examiner cannot consider all of them).

[48] Based on the resulting juror confusion, inappropriate focus on whether prior art has been “considered,” and flooding of prior art sent to the PTO, applying a dual standard is not practical. While it is the fairest balance of interests, a broad application of the clear and convincing evidence standard coupled with congressional changes over what qualifies for PTO reexamination is a more practical solution.

**VI. THE SUPREME COURT CORRECTLY MAINTAINED THE  
STATUS QUO, BUT RE-OPENED THE DOOR FOR CONCERN  
WITH JURY INSTRUCTIONS**

[49] The Supreme Court correctly affirmed the broad application of the clear and convincing standard; however, it opened the door to a dual standard based on its jury instruction.<sup>186</sup> In support of its decision, the Court addressed Microsoft’s two main arguments.<sup>187</sup> First, Microsoft contended that the clear and convincing standard has no congressional authority because Congress did not specify it in the Patent Act and there are no significant liberty interests involved.<sup>188</sup> Second, Microsoft argued that the preponderance of the evidence standard should be applicable where the prior art in question was not before the PTO during the examination process.<sup>189</sup>

[50] The Supreme Court held that there was congressional authority for the clear and convincing standard.<sup>190</sup> In reaching that conclusion, the

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<sup>186</sup> Microsoft Corp. v. i4i Ltd. P’ship, 131 S. Ct. 2238, 2251 (2011).

<sup>187</sup> See generally *id.* at 2244.

<sup>188</sup> See Brief for Petitioner, *Microsoft*, 131 S. Ct. 2238 (No. 10-290), 2011 WL 288890 at \*8; see also *Microsoft*, 131 S. Ct. at 2244-45.

<sup>189</sup> *Id.* at 2244.

<sup>190</sup> See *id.* at 2244-49.

Court looked to § 282 of the Patent Act of 1952.<sup>191</sup> While it did not explicitly state the clear and convincing standard of proof, § 282 featured distinctive common law terms, including the term “presumed valid.”<sup>192</sup> Without express direction from Congress, those terms retain their common law meaning.<sup>193</sup> Citing *Radio Corp. of America v. Radio Engineering Laboratories, Inc.*, where the Court implemented a high standard for determining inventorship, the Court found that the clear and convincing standard had been long established in the common law for determining questions of patent validity.<sup>194</sup> For purposes of identifying the standard of proof, the Supreme Court did not distinguish between determining inventorship and questions of patent invalidity.<sup>195</sup>

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<sup>191</sup> See generally *Microsoft*, 131 S. Ct. at 2242-43 (2011) (describing § 282 of the Patent Act of 1952).

<sup>192</sup> *Id.* at 2245 (citing *Safeco Ins. Co. of America v. Burr*, 551 U.S. 47, 58 (2007)).

<sup>193</sup> *Id.*

<sup>194</sup> *Id.* at 2245-46 (citing *Radio Corp. of Am. v. Radio Eng’g Labs., Inc.*, 293 U.S. 2, 7-8 (1934)).

<sup>195</sup> Cases dealing with questions of inventorship are distinct from those determining patent invalidity. When evaluating inventorship, a court must determine who was involved in the creation of, and usually who owns rights in, the invention. In *Morgan v. Daniels*, the Court characterized a case disputing the true inventor of a patent as putting aside the PTO’s conclusions, which could not occur by a mere preponderance of the evidence. 153 U.S. 120, 122-24 (1894). Later, in another case disputing inventorship, the Court held that a patent’s presumption of validity may not be overcome except by a showing of “clear and cogent evidence.” *Radio Corp. of Am.*, 293 U.S. at 1, 2 (1934). The Court based its conclusion on its recognition that the requirement of a heavy burden of proof was a central truth among the cases rather than on giving deference to the PTO as the Federal Circuit did in *American Hoist. Compare Radio Corp. of Am.*, 293 U.S. at 7-8, with *Am. Hoist & Derrick Co.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984). Alternatively, when evaluating patent invalidity, the Supreme Court has not clearly articulated the standard of proof prior to the present case. In fact, the various courts of appeals prior to the establishment of the Federal Circuit were split on the appropriate standard, as some courts gave deference to the PTO because the expert agency was presumed to have done its job, while others declined to give such deference, especially for art that was not previously considered by the PTO. See *supra* note 61; discussion *supra* Part I.

[51] Next, the Court addressed whether a different standard should apply when the PTO has not previously considered prior art.<sup>196</sup> Again, the Court looked to what Congress had established and pre-1952 cases such as *Radio Corp. of America*.<sup>197</sup> Section 282 codified the common law presumption of patent validity.<sup>198</sup> The clear and convincing standard was implicitly codified with the presumption of validity.<sup>199</sup> Nothing in § 282 suggests a divergence from that meaning.<sup>200</sup> There is certainly no indication that Congress intended to establish a dual standard in which some prior art is evaluated using the clear and convincing standard while other prior art is considered on the preponderance of the evidence standard.<sup>201</sup> While the Court acknowledged pre-1952 courts of appeals cases that featured a lower standard when prior art was not considered previously by the PTO, it refused to imply that Congress's Patent Act included that lower standard.<sup>202</sup> Rather, it held that those cases reflected the Federal Circuit's principle that new evidence of patent invalidity may "carry more weight" than previously considered evidence.<sup>203</sup> The burden of proof remains the same, though the newly considered prior art can significantly help a challenge to a patent's validity.<sup>204</sup>

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<sup>196</sup> *Microsoft*, 131 S. Ct. at 2249.

<sup>197</sup> *See id.* at 2249-50.

<sup>198</sup> *Id.*

<sup>199</sup> *Id.*

<sup>200</sup> *Id.* at 2250. *See generally* 35 U.S.C. § 282 (2006).

<sup>201</sup> *Microsoft*, 131 S. Ct. at 2250-51.

<sup>202</sup> *Id.*

<sup>203</sup> *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2251 (2011) (citing *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984)).

<sup>204</sup> *Id.*

[52] The Court also briefly touched upon various policy arguments and concluded that the Federal Circuit has applied the same heightened standard of proof for nearly thirty years, while Congress, who has often amended § 282, has not once even considered lowering the standard of proof.<sup>205</sup> Congress has expanded re-examination proceedings to provide for *inter partes* proceedings to address policy concerns over issuing “bad” patents.<sup>206</sup> Any further changes to the common law presumption of validity and accompanying standard of proof, which were codified in § 282, should only be made at Congress’s discretion.<sup>207</sup>

[53] Though there is room to question the Supreme Court’s reasoning, it arrived at the correct result to maintain the status quo.<sup>208</sup> The Court’s statements addressing the policy arguments were dead on. It is for Congress to act to change the well-established heightened burden of proof regarding questions of patent validity.<sup>209</sup> While this is the correct conclusion at law, the Court provided further instruction that may effectively employ a dual standard.<sup>210</sup> Unfortunately, the Court stated that an available and appropriate means for giving new prior art additional weight is through jury instruction.<sup>211</sup> According to the Court, a jury may be instructed to consider that particular prior art has not previously been considered by the PTO, that it is disputed whether the prior art presented before the jury is identical to what was presented to the PTO, or that new

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<sup>205</sup> *Id.* at 2252.

<sup>206</sup> *Id.*

<sup>207</sup> *Id.* at 2252.

<sup>208</sup> *See Microsoft*, 131 S. Ct. at 2252.

<sup>209</sup> *Id.* at 2252.

<sup>210</sup> *See id.* at 2250-51.

<sup>211</sup> *Id.*

evidence is “materially new.”<sup>212</sup> The Court then stated that Microsoft had failed to request such an instruction and that it was too late in litigation to do so.<sup>213</sup> So, the clear and convincing standard broadly applies when determining questions of patent validity, and a jury instruction may be used to highlight that certain prior art references were not previously considered by the PTO to provide those references with more weight.<sup>214</sup>

[54] To reiterate the harmful effects of the dual standard, it will likely confuse jurors, distract the focus of litigation, and flood the PTO with prior art.<sup>215</sup> Here, the jury instruction distinguishes between prior art that was previously considered and not previously considered by the PTO.<sup>216</sup> Such a distinction is intended to maintain the same standard for all prior art while giving more weight to prior art that has not previously been considered.<sup>217</sup> This distinction works in theory. Jurors would hear one standard of proof, the clear and convincing standard, followed by a jury instruction reminding them that certain prior art has not been considered by the PTO. However, the jury instruction is more likely to result in jurors employing a dual standard. Even worse, jurors might employ a standard less than the clear and convincing standard out of confusion. Though the law has not changed, the risks presented by the dual standard remain.

[55] Consider the potential impact of a jury instruction in *Microsoft*. Because Microsoft did not corroborate the alleged co-inventor’s

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<sup>212</sup> *Id.* at 2251.

<sup>213</sup> *Microsoft*, 131 S. Ct. at 2251.

<sup>214</sup> *See id.* at 2250-51.

<sup>215</sup> *See* discussion *supra* Part IV.

<sup>216</sup> *Microsoft*, 131 S. Ct. at 2251.

<sup>217</sup> *Id.*

testimony, it could not meet the clear and convincing standard.<sup>218</sup> As the Supreme Court articulated, the standard does not change.<sup>219</sup> Rather, prior art not previously considered by the PTO carries more weight.<sup>220</sup> Regardless of the weight given to prior art, Microsoft needed corroborating evidence to meet the heightened standard.<sup>221</sup> If correctly applied, the jury instruction would have had no effect because the available evidence could not meet the clear and convincing standard.<sup>222</sup> Any other application of the jury instruction would have diluted the heightened standard into one that could be overcome without corroborating evidence because more weight would be given to prior art that had not previously been considered. Jurors are generally not legal scholars. Thus, the jury instruction provides a potentially devastating source of confusion. The only way Microsoft could have proven that the '449 patent was invalid was with a lower standard of proof. Microsoft's attorneys were already able to emphasize to the jury that the PTO had not previously considered certain prior art references.<sup>223</sup> The jury instruction suggested by the Court is unwarranted and potentially harmful because it invites the jury to practically apply a dual standard.

[56] Bad facts make bad law. The Court did well to maintain the status quo despite these facts.<sup>224</sup> Rather than attempting to address these unusual facts with a jury instruction, the Court should have heeded its own advice

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<sup>218</sup> See *id.* at 2247-48; see also *Symantec Corp. v. Computer Assocs. Int'l, Inc.*, 522 F.3d 1279, 1295-96 (Fed. Cir. 2008).

<sup>219</sup> *Microsoft*, 131 S. Ct. at 2251 (citing *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984)).

<sup>220</sup> *Id.*

<sup>221</sup> See *id.* at 2247-48; see also *Symantec Corp.*, 522 F.3d at 1295-96.

<sup>222</sup> See *Microsoft*, 131 S. Ct. at 2247-48.

<sup>223</sup> *Id.* at 2251.

<sup>224</sup> *Id.* at 2252.



and allowed Congress to make the changes necessary to address these circumstances. Even with the jury instruction, however, Congress can still act to address concerns with the broad application of the clear and convincing standard, namely expanding reexamination to include all challenges to patent validity. Congress needs to take such action to prevent bad facts from being used to make bad law.

## VII. CONCLUSION

[57] Courts should continue to broadly require a showing of clear and convincing evidence to overcome a patent's presumption of validity. This heightened standard gives deference to the PTO as the expert agency and enables business owners to rely on a patent's presumption of validity in making business decisions. Lowering the standard to preponderance of the evidence would be inappropriate when prior art has been previously considered by the PTO or when reexamination is available. This is because it eliminates the deference to the PTO, which businesses rely upon when making decisions. Despite unique situations where the PTO has not previously considered prior art and reexamination is unavailable, the clear and convincing standard should still be broadly applied. Courts should not be compelled by unique facts, like those in *Microsoft*, to employ a dual standard where some evidence must rise to the level of clear and convincing while other evidence need only show invalidity by a preponderance of the evidence. Such a dual standard would result in juror confusion, direct the focus of litigation on whether the PTO had previously considered prior art, and encourage applicants to flood the PTO with prior art. Further, changing the standard of proof for overcoming a patent's presumption of patent validity is a decision for Congress rather than the courts. Therefore, courts should continue to broadly apply the clear and convincing standard to challenges of a patent's presumption of validity.

[58] The Court did well to maintain the status quo despite the compelling facts in *Microsoft*. Unfortunately, the Court approved of a potential jury instruction to identify prior art that had not been previously considered by the PTO. Such a jury instruction would practically

implement a dual standard or dilute the clear and convincing standard into a lower standard of proof. The Court should have stopped after holding the clear and convincing standard as the appropriate standard of proof for broad application. Creating ways to address bad facts, like those in *Microsoft*, is a job for Congress. Courts should broadly apply the clear and convincing standard to challenges of a patent's presumption of validity. To do otherwise in light of bad facts allows bad facts to make bad law.