

Clear and convincing evidence needed to invalidate a patent

Supreme Court reaffirms patent invalidity must be proved by clear and convincing evidence

The Supreme Court in *Microsoft v. i4i* affirmed that 35 U.S.C. § 282 of the Patent Act requires an invalidity defense to be proved by *clear and convincing evidence*. In so holding, the Supreme Court rejected Microsoft's position that, when the U.S. Patent and Trademark Office has not considered the evidence of invalidity in prosecuting the patent, the appropriate standard should be a preponderance of evidence.

Microsoft was sued by i4i alleging that Microsoft's 2003 and 2007 versions of Microsoft Word infringed i4i's U.S. Patent No. 5,787,449 ('449 Patent), which relates to custom XML. Microsoft counterclaimed and sought a declaration that the '449 Patent was invalid under § 102(b)'s on-sale bar, which precludes a patent from issuing for any invention that was on sale in this country more than one year prior to the filing of a patent application.

The parties agreed that more than one year before i4i filed its '449 Patent, i4i had sold a predecessor software program called S4. The parties, however, disagreed over whether the S4 software embodied the invention claimed in the '449 Patent. Microsoft objected to i4i's proposed jury instructions that the invalidity defense must be proved by clear and convincing evidence. Microsoft argued that because the U.S. Patent Office did not consider the S4 software in prosecuting the '449 Patent, the standard should instead be a preponderance of evidence.

The District Court rejected Microsoft's position and proffered the i4i jury instructions that included the *clear and convincing* evidentiary standard. The jury found that Microsoft willfully infringed the '449 Patent. Microsoft appealed the decision to the Federal Circuit, and the Federal Circuit affirmed the District Court's decision.

Microsoft then appealed to the U.S. Supreme Court. In its petition for *writ of certiorari*, Microsoft asked the Supreme Court to make an exception to the *clear and convincing evidence* standard for finding a patent invalid. Microsoft argued that the evidentiary standard should be reduced when a court is presented with evidence that was not considered by the U.S. Patent and Trademark Office in determining the validity of the patent.

The Supreme Court rejected Microsoft's contention. The Supreme Court reasoned that under § 282 of the Patent Act, "[a] patent shall be presumed valid" and "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." In making its decision, the Supreme Court relied on the legislative history and past precedent of the Supreme Court and the Federal Circuit, finding that none of these supported Microsoft's position.

Specifically, the Supreme Court relied upon *Radio Corp. of America v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1 (1934), in which it previously held that "there is a presumption of validity, a presumption not to be overthrown except by clear and cogent evidence" and that "a preponderance standard of proof was too 'dubious' a basis to deem a patent invalid." The Supreme Court further reasoned that Congress intended to incorporate the heightened standard of proof otherwise § 282 would have clearly stated the lower standard applied.

This holding will mean that proving invalidity of a patent will continue to require *clear and convincing evidence* regardless of whether the U.S. Patent and Trademark Office considered the potentially invalidating prior art at issue. In the event that potentially invalidating prior art was not previously considered by the U.S. Patent and Trademark Office, consideration should be given to filing an *inter partes* reexamination with the U.S. Patent and Trademark Office instead of, or in addition to, counterclaiming invalidity in patent litigation. This may provide an opportunity to get appropriate consideration of the invalidating prior art.



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