



Alerts

U.S. Supreme Court Maintains Clear and Convincing Evidence Standard of Proof for Patent Invalidity

June 24, 2011

Intellectual Property Update

The U.S. Supreme Court on June 9, 2011 issued its highly awaited opinion in *Microsoft Corp. v. i4i Limited Partnership*, 2011 WL 2224428. In the end, the Court unanimously maintained the clear and convincing evidence standard of proof for establishing patent invalidity. Microsoft had argued for a change to reduce the standard of proof to a preponderance of the evidence.

Microsoft was found to have infringed i4i's patent with a feature in Microsoft's Word products. Damages of over \$200,000,000 were assessed. The jury rejected Microsoft's defense that the patent was invalid because the invention had been sold in a prior art i4i product called S4. The S4 software no longer existed and the parties disputed exactly what features S4 included. The U.S. Patent and Trademark Office (PTO) had not considered the S4 software during prosecution of the i4i patent.

Microsoft had argued for a jury instruction that would have allowed it to prove invalidity by a preponderance of the evidence because the PTO had not considered the S4 product. The Supreme Court had perhaps invited such a challenge with its 2007 statement in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 426 (2007), that, where the PTO has not considered a piece of prior art, "the rationale underlying the presumption [of validity]—that the PTO, in its expertise, has approved the claim—seems much diminished." In the Supreme Court, Microsoft argued for an even broader rule that the standard of proof for all patent validity challenges should be the preponderance of the evidence.

The Court, however, held that 35 U.S.C. § 282 adopted the presumption of validity, which long before its statutory adoption was understood to require that invalidity be proved by clear and convincing evidence. Congress had not seen fit to modify the statute to change this long-standing interpretation, even though it had frequently amended the patent laws, including Section 282. As to the issue raised in *KSR*, the Court held that even where the PTO has not considered the prior art, this standard of proof applies because other rationales justify it, such as protecting patentees' reliance interests in disclosing their inventions. Moreover, no Supreme Court case prior to Section 282 had ever endorsed a "fluctuating" standard of proof that varied based on whether the PTO had considered the prior art. The Court did acknowledge, however, that where the PTO has not considered the allegedly invalidating prior art, a jury instruction on the effect of new evidence can, and probably should, be given.

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An easier path to invalidating patents is attractive to large technology companies that are often accused of infringement. Lowering the standard of proof required to invalidate a patent, however, might have proved disastrous both to smaller, innovative businesses and to companies in other industries, such as pharmaceuticals, that rely heavily on patent protection to justify huge research and development expenditures. Those sectors undoubtedly are pleased by the Court's decision.

For further information, please contact Patrick L. Patras or your regular [Hinshaw attorney](#).