

**U.S. SUPREME COURT AFFIRMS CLEAR AND CONVINCING STANDARD
FOR PATENT INVALIDATION**

by
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On June 9, 2011, the Supreme Court issued a decision in *Microsoft Corp. v i4i Ltd.*, where it affirmed the clear and convincing standard necessary to invalidate a patent. This has been the standard applied by the Federal Courts since 1984. However, the Supreme Court felt the need to grant certiorari on this matter in order to clarify its previous statements in its 2007 decision of *KSR International Co., v Teleflex Inc.*, where the Court wrote, “the rationale for the clear and convincing evidence standard “seems much diminished” when an invalidity defense rests on evidence that the Patent Office never considered.” This language caused confusion in patent defense litigation regarding the appropriate form of jury instructions.

I4i sued Microsoft in Texas over the word processing program “Word” that infringed on a patent held by i4i. Microsoft defended itself by arguing that i4i’s patent was invalid because i4i had sold another program more than a year prior to the filing of its patent application. (Using the defense provided by Section 102(b) which precludes patent protection for any “invention” that was on sale in this country more than one year prior to the filing of a patent application. See generally *Pfaff v. Wells Electronics, Inc.*, 525 U. S. 55, 67-68 (1998).)

Microsoft contended that because the i4i’s prior program was not considered by the Patent Office when it granted i4i’s patent, that the standard for proving invalidity was shifted from clear and convincing to a preponderance of the evidence. At trial, Microsoft sought a hybrid jury instruction that it was not required to meet the usual clear and convincing evidence standard on the defense of invalidity based on prior art, and instead, based on the language of the *KSR* case, that it only needed to prove its defense by a preponderance of the evidence.

The trial court rejected Microsoft’s requested hybrid jury instruction and the jury found in favor of i4i in the amount of \$290 million plus damages, interests and costs. The Federal Circuit court upheld the trial court’s decision.

At issue was the fact that there is no express statutory basis for the clear and convincing standard. Section 282 of the Patent Act of 1952 (35 U.S.C. § 282) provides only that “A patent shall be presumed valid... the burden of establishing invalidity of a patent claim thereof shall rest on the party asserting such invalidity.” Under Section 301 of the Evidence Code, the party seeking invalidation of a patent bears the burden of presenting evidence proving invalidity, but there is nothing in the statute which changes the usual quantum of proof from the preponderance standard to the more exacting clear and convincing standard.

In oral arguments, Microsoft’s attorneys argued that because Section 282 did not specify a heightened standard, the default “preponderance” standard must apply. The Supreme Court did not agree.

Writing for the Court, Justice Sotomayor explained that the presumption of validity had been developed by case law prior to the enactment of the 1952 Patent Act. The opinion readily acknowledged that the statute establishes no particular standard of proof, but it concluded that Justice Cardozo’s 1934 opinion in the *Radio Corporation of America v. Radio Engineering Labs, Inc.* 298 U.S. 1 (1934) case adopted a clear and convincing standard and that the Patent Act’s enactment in 1952 should be understood to incorporate that standard implicitly.

In his concurring opinion, Justice Clarence Thomas wrote:

I reach the same outcome as the Court. Because §282 is silent as to the standard of proof, it did not alter the common-law rule. “[§282]includes no express articulation of the standard of proof”). For that reason, I agree with the Court that the heightened standard of proof set forth in *Radio Corp. of America v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1 (1934)—which has never been overruled by this Court or modified by Congress—applies.

To read the case go to: <http://www.supremecourt.gov/opinions/10pdf/10-290.pdf>. Also you can find some excellent insights and commentary on all Supreme Court decisions at the SCOTUSBLOG at <http://www.scotusblog.com/?p=121647>.



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