

Supreme Court Holds That Facts Underlying Patent Challenge Must Be Proved by Clear and Convincing Evidence

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In *Microsoft Corp. v. i4i Limited Partnership*, a unanimous Supreme Court held last week that an accused infringer must prove the facts underlying any challenge to the validity of a United States patent by clear and convincing evidence.

Under 35 U.S.C. § 282, “[a] patent shall be presumed valid” and “[t]he burden of establishing invalidity . . . rest[s] upon the party asserting” such invalidity. Writing for the Court, Justice Sotomayor interpreted this language as codifying not only the burden of proof to establish invalidity, but also a heightened standard of proof rooted in the common law and recognized in Supreme Court jurisprudence dating back to the 19th century.

The case before the Court involved a patent claiming a method for editing computer documents. The plaintiff, i4i, sued Microsoft for infringement. In its defense, Microsoft alleged that the patent was invalid under the on-sale bar of § 102(b) of the Patent Act, based upon the sale of an earlier i4i software program. The code for that program had been destroyed, and the parties’ witnesses disputed whether the software met the claim limitations of the patent. Emphasizing that the patent examiner had not considered i4i’s earlier program in evaluating the prior art, Microsoft objected to a proposed jury instruction that its invalidity defense must be proved by clear and convincing evidence. The district court overruled Microsoft’s objection, and the Supreme Court affirmed.

While upholding the clear and convincing standard of proof, the Court left open to accused infringers several avenues of argument. Importantly, the Court suggested that additional jury instructions might be needed when a defendant relies on prior art that was not before the Patent Office. In her opinion for the Court, Justice Sotomayor stated that a “jury instruction on the effect of new evidence can, and when requested, most often should be given.” The jury may be instructed, for example, to consider that the Patent Office had no opportunity to evaluate the evidence, and may be instructed to consider whether the evidence before it is new when determining whether invalidity has been proved by clear and convincing evidence.

Justice Breyer, in a concurrence joined by Justices Scalia and Alito, provided additional guidance as to the proper application of the heightened standard. The concurring justices emphasized that the clear and convincing standard applies to proof of facts rather than to questions of law. Noting that invalidity claims often turn on application of law to the facts, Justice Breyer explained that the clear and convincing standard has no application to questions such as whether the facts show that the invention was “novel” or “non-obvious.” His opinion encouraged courts to cabin the clear and convincing standard to questions of fact by employing interrogatories or special verdict forms that make clear the factual underpinnings of the jury’s verdict.

The Court’s reasoning, including its historical analysis of Supreme Court precedent and the suggested use of jury instructions to address prior art not considered by the Patent Office, closely tracked the arguments presented by the American Intellectual Property Law Association in its brief as *amicus curiae*. Foley Hoag LLP authored the AIPLA’s *amicus* brief.