



Client Alert

June 14, 2011

Supreme Court Upholds Clear and Convincing Standard for Invalidity but with a Twist

A unanimous Supreme Court has rejected Microsoft's argument that a lower "preponderance of the evidence" standard should apply to patent invalidity challenges. The Supreme Court, in last week's *Microsoft Corp. v. i4i Limited Partnership* decision, reaffirmed the longstanding principle that a party challenging the validity of a patent must present "clear and convincing" evidence of invalidity.

The Supreme Court first established this heightened burden in the 1934 case of *Radio Corp. of America v. Radio Engineering Labs, Inc.* 293 U.S. 1 (1934). There, the Supreme Court held that invalidation required "clear and cogent evidence" to overturn an issued patent. The Patent Act later codified this heightened burden in 35 U.S.C. § 282, explaining that a patent "shall be presumed valid."

Microsoft argued that the Court's settled interpretation of Section 282 was incorrect and that the presumption of validity does not establish the need for "clear and convincing" evidence to invalidate a patent.

Relying on almost a century of precedent, the Supreme Court disagreed:

[B]y the time Congress enacted § 282 and declared that a patent is "presumed valid," the presumption of patent validity had long been a fixture of the common law. According to its settled meaning, a defendant raising an invalidity defense [bears] "a heavy burden of persuasion," requiring proof of the defense by clear and convincing evidence.

The Court also disagreed with Microsoft's alternative argument—that the presumption of validity should be weakened when a party challenges a patent using art not before the Patent Office during prosecution. According to the Court, invalidity of a patent must *always* be proven by clear and convincing evidence.

An interesting twist comes in the Court's recognition that "new evidence" of invalidity likely carries more weight than evidence already considered by the Patent Office. The Court references with approval the jury instruction given in the 1993 case of *Mendenhall v. Cedar Rapids, Inc.* that states:

Because the deference to be given the Patent Office's determination is related to the evidence it had before it, you should consider the evidence presented to the Patent Office during the [] application process, compare it with the evidence you have heard in this case, and then determine what weight to give the Patent Office's determinations.

5 F.3d 1557 (Fed. Cir. 1993).

The Court explained that "[a] jury may be instructed to evaluate whether the evidence before it is materially new, and if so, to consider that fact when determining whether an invalidity defense has been proved by clear and convincing evidence." Put differently, the Court recognized that a jury may properly give evidence of "new" prior art special weight in deciding whether the clear and convincing standard has been met.

On the whole, the Court's ruling on the clear and convincing evidence standard can be viewed as a pro-patent decision (contrary to several of the Court's other recent decisions, like *KSR* (obviousness), *MedImmune* (declaratory judgment jurisdiction), and *eBay* (permanent injunctions)). Yet, its explicit acknowledgement of the role which "new" prior art can have may give accused infringers and their defense counsel some degree of satisfaction. Using "new" prior art not considered by the Patent Office during prosecution, along with the benefit of good jury instructions emphasizing the proper place of this "new" prior art, defendants may improve their chances of invalidating asserted patents.

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