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No Friend of the Clear-and-Convincing Evidence Standard: Analysis of Amicus Briefs Filed in Support of the Petition for Certiorari in *Microsoft v. i4i Limited*

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The Supreme Court recently agreed to decide whether the Federal Circuit correctly reads the Patent Act's presumption of validity to require a defendant always to prove patent invalidity by clear and convincing evidence. At the petition stage in the Supreme Court, the eleven amicus briefs took several different positions as to what the standard of proof should be. This client alert summarizes the views taken to date in *Microsoft Corp. v. i4i Limited Partnership*, No. 10-290. The merits-stage briefing will no doubt have even more amici and possibly additional positions on the standard.

Microsoft's petition for certiorari described the Federal Circuit as holding "that Microsoft was required to prove its defense of invalidity under 35 U.S.C. § 102(b) by 'clear and convincing evidence,' even though the prior art on which the invalidity defense rests was not considered by the Patent and Trademark Office before issuance of the asserted patent." The question presented is: "Whether the court of appeals erred in holding that Microsoft's invalidity defense must be proved by clear and convincing evidence."

The eleven amicus briefs were universally critical of the Federal Circuit's current clear-and-convincing evidence standard and urged the Supreme Court to review the decision. The amicus briefs, however, took distinct positions on how the Supreme Court should alter the Federal Circuit's rule. Five briefs urged a complete repudiation of the clear-and-convincing evidence standard and adoption of a preponderance-of-the-evidence standard for all invalidity challenges. Two briefs urged an intermediate position that preserved a role for clear-and-convincing evidence, but only when the invalidity challenge was based on prior art that had been presented to the Patent Office. And four briefs strongly criticized the clear-and-convincing evidence standard without taking a definitive position on how it should be altered.

The five amicus briefs opposing any use of the clear-and-convincing evidence standard were filed by (in alphabetical order): CTIA – The Wireless Association; the Electronic Frontier Foundation; Google, joined by Verizon, Dell, HP, HTC Corp., and Walmart; the Securities Industry and Financial Markets Association, joined by The Clearing House Association; and Yahoo!.

Those briefs took the view that traditional principles of statutory construction suggest that the appropriate burden should be the preponderance standard. They argued that in the absence of contrary statutory language or an important liberty interest, nothing warrants increasing the burden of proof beyond a preponderance of the evidence. Some of the briefs focused on more practical arguments. Google contended that, because the Patent Office on a patent application tilts in favor of issuance rather than denial, and because overburdened patent examiners can devote only limited time to an *ex parte* consideration of each application, traditional administrative law principles counsel against deferring to Patent Office

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determinations. Yahoo! emphasized the extent to which significant evidence in many invalidity challenges was never presented to or considered by the patent examiner. CTIA – The Wireless Association argued that the dynamic effects of the clear-and-convincing evidence standard, at and before trial and in settlement negotiations, benefitted non-practicing-entity patent holders (“patent trolls”) while harming consumer welfare. The Electronic Frontier Foundation noted that these dynamic effects were especially pernicious for developers in the free and open source software communities, and SIFMA’s brief called attention to the particular harms caused by overbroad patents and patent trolls in the financial sector.

Briefs filed separately by Apple and Intel urged a more nuanced position. Those amicus briefs argued that while the deferential clear-and-convincing evidence standard can be justified by reference to the expertise of the patent examiner, such a standard is inappropriate where the examiner had never applied his or her expertise to the particular information underlying the invalidity challenge. Intel emphasized the practical limitations on the Patent Office’s examination of applications, and thus the frequency of invalidity challenges based on previously-unconsidered information. Apple pointed out that the clear-and-convincing evidence standard, added to overall lay-juror deference to the Patent Office, made even meritorious invalidity challenges enormously difficult to win when tried to juries.

Finally, four amicus briefs from academics and other corporations identified problems with the clear-and-convincing evidence standard: 36 Law, Business, and Economics Professors; Acushnet Co., joined by GM, Pregis Corp., and SAP America; Facebook, joined by Intuit, Netflix, Newegg, Toyota, and Trimble Navigation; and Teva Pharmaceuticals, joined by the Generic Pharmaceutical Association and Cisco.

The Acushnet and Facebook briefs emphasized the inconsistency between a broad clear-and-convincing evidence standard and the overall statutory scheme for patent examination, issuance, and reexamination. The brief for 36 Professors described the procedural and logistical constraints on patent examiners generally. Teva Pharmaceuticals et al. argued that the clear-and-convincing evidence standard created incentives for patent applicants wrongfully to conceal harmful information from examiners, particularly in the pharmaceutical context.

These four briefs did not take a definite stance on the rule the Supreme Court should adopt. The criticisms of the clear-and-convincing evidence standard by the briefs of Acushnet et al. and Facebook et al. would seem to apply across the board rather than distinguish cases where the basis for the invalidity challenge was considered by the examiner. The brief for 36 Professors argues for a “flexible, context-specific presumption of validity” tied to the realities of the patent examination process; given the brief’s accompanying description of the resource limits facing patent examiners, such a flexible standard might in practice be little different from a categorical preponderance requirement.

All these entities will have another opportunity to file amicus briefs with the Supreme Court in January 2011, before the Court renders a decision in the case by July 2011.

Morrison & Foerster LLP filed an amicus brief on behalf of Apple Inc. in support of Microsoft’s petition for certiorari.

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