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Supreme Court Affirms "Clear and Convincing Evidence" Standard of Proof for Patent Invalidity

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In a case followed closely by the patent bar, the Supreme Court today unanimously affirmed the clear and convincing evidence standard of proof for patent invalidity determinations. *Microsoft Corp. v. i4i Ltd. P'ship*, No. 10-290 (S. Ct. June 9, 2011) ("Slip op.").

In an opinion by Justice Sotomayor, the Court found in favor of patentee i4i against Microsoft, which had argued that the lesser preponderance of the evidence standard of proof should apply in patent invalidity cases. Specifically, Microsoft had argued (1) that a defendant in an infringement action need only persuade the jury of an invalidity defense by a preponderance of the evidence; and, alternatively, (2) that the preponderance standard must apply at least when an invalidity defense rests on evidence that was never considered by the Patent Office.

The Court noted that 35 U.S.C. Section 282 states "[a] patent shall be presumed valid," and "[t]he burden of establishing invalidity . . . rest[s] on the party asserting such invalidity," and that this language evidenced Congress's incorporation of the common law standard of clear and convincing evidence that had existed before Section 282 was enacted. (Slip op. at 6-7). The Court explained that its earlier decision in *Radio Corp. of America v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1 (1934) ("*RCA*"), set forth this common law standard of proof in invalidity determinations, stating that the presumption of validity was "not to be overthrown except by clear and cogent evidence." (*Id.* at 7).

According to the Court, *RCA* also expressly rejected the preponderance of the evidence standard, noting that the common-law presumption "reflected the universal understanding that a preponderance standard of proof was too 'dubious' a basis to deem a patent invalid." (*Id.* at 7-9). In rejecting Microsoft's arguments that historically only certain cases called for the heightened clear and convincing standard of proof, the Court found no such qualifications in either *RCA's* explanation of the presumption or in other Supreme Court cases. (*Id.* at 10-11). Moreover, the Court noted that in the nearly 30 years since *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350 (Fed. Cir. 1984) (adopting RCA's presumption and standard of clear and convincing evidence), "the Federal Circuit has never waivered in this interpretation of § 282." (*Id.* at 3-4).

The Court also rejected Microsoft's alternative argument that the preponderance of evidence standard should apply where the allegedly invalidating evidence had not been before the Patent Office during patent prosecution. (*Id.* at 15-17). While the Court recognized the commonsense appeal of Microsoft's argument, it found that Congress specified that the clear and convincing evidence standard of proof should apply to issued patents. (*Id.* at 14-15, 17). The Court noted, however, that "new" evidence supporting an invalidity defense may "carry more weight" than evidence previously considered by the

Patent Office. (*Id.* at 17). Here, the Court recognized that in some cases it may be disputed as to whether the evidence was considered by the Patent Office, and thus it may be appropriate to have the factfinder consider "whether the evidence before it is materially new." (*Id.* at 18).

Finally, the Court found that the numerous policy arguments made by the parties and *amici* could not change Congress's specification of the applicable standard of proof expressed in Section 282. (*Id.* at 19-20).

The complete text of the Supreme Court's opinion may be found here.

If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings New York lawyers:

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