

No. 10-290

IN THE
Supreme Court of the United States

MICROSOFT CORPORATION,
Petitioner,

v.

i4i LIMITED PARTNERSHIP, ET AL.
Respondents.

**On Writ of Certiorari to the
United States Court of Appeals
For the Federal Circuit**

**BRIEF OF AMICUS CURIAE,
AMERICAN INTELLECTUAL PROPERTY LAW
ASSOCIATION IN SUPPORT OF NEITHER PARTY**

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STATEMENT OF INTEREST

This brief is submitted by the American Intellectual Property Law Association (“AIPLA”) as *amicus curiae* in support of neither party to urge the Court to uphold the “clear and convincing” evidentiary standard for proving the facts underlying an invalidity defense, as firmly established by the common law of the United States and this Court for well over a century.¹

AIPLA has no interest in any party to this litigation or stake in the outcome of this case, other than its interest in seeking a correct and consistent interpretation of the law affecting intellectual property.²

¹ AIPLA sought consent to file this brief from the counsel of record for all parties, pursuant to Supreme Court Rule 37.3(a). Counsel for all parties consented and copies of the letters of general consent have been filed with the Clerk.

² In accordance with Supreme Court Rule 37.6, AIPLA states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than AIPLA or its counsel. After reasonable investigation, AIPLA believes that (i) no member of its Board or *Amicus* Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter, (ii) no representative of any party to this litigation participated in the authorship of this brief, and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or

AIPLA is a voluntary bar association of approximately 16,000 members who work daily with patents, trademarks, copyrights, trade secrets, and the legal issues that intellectual property presents.

AIPLA's members include attorneys in private and corporate practice and in government service who secure, license, enforce, and defend against enforcement of intellectual property rights. They regularly counsel and advise their clients in connection with defending or challenging the validity of patents. Accordingly, this Court's decision to consider the evidentiary standard for facts to support invalidation of a patent is of vital interest to AIPLA's members.

Through its diverse representation, AIPLA brings a broad perspective and extensive practical experience to the important issues raised in this case. AIPLA is able to offer the Court a unique and balanced perspective because its members represent parties on both sides of the issues raised in this case: (i) patent owners defending their patents against invalidity charges; and (ii) competitors or accused infringers seeking to invalidate a patent in defending against an infringement claim.

employers, made a monetary contribution to the preparation or submission of this brief.

SUMMARY OF ARGUMENT

AIPLA urges the Court to reject the efforts of Petitioner and certain *amici* to lower the standard for proving the facts in support of a patent invalidity defense. The heightened “clear and convincing” standard of proof should continue to apply to all evidence used to overcome the presumption of patent validity – as it has for over 100 years – whether or not the proffered evidence had been considered by the United States Patent and Trademark Office (“USPTO”).

AIPLA sets forth in detail below the historical development of the presumption of validity, culminating with its codification in the Patent Act of 1952, and the corresponding heightened standard of proof required to support an invalidity defense, reflected in this Court’s 1934 decision in *Radio Corp.* and a multitude of earlier cases. *See, e.g., Radio Corp. of Am. v. Radio Eng’g Labs., Inc.*, 293 U.S. 1 (1934). This deeply-rooted common law tradition arose out of more than simply administrative deference. The heightened standard of proof for validity challenges was meant to encourage inventors to enter into the bargain with the public underlying the American patent system: detailed disclosure of an invention to the public in exchange for exclusive rights to the invention for a limited time.

The heightened evidentiary standard – commonly articulated as “clear and convincing evidence” – was

developed long ago by this Court when faced with the very fact pattern presented by this case, *i.e.*, a challenger's use of oral testimony of an alleged prior invention to assert invalidity of the patent in suit. *See* Petitioner's Brief at 5. Lowering the standard of proof in these circumstances would permit the invalidation of patents based on unreliable evidence, including but not limited to oral testimony of prior use or prior invention, which is almost impossible to disprove.

AIPLA supports the existing law as established and applied by this Court and the Federal Circuit. As codified at 35 U.S.C. § 282, a patent is presumed valid, and a party challenging patent validity bears the burden of persuasion. As a general rule, the existence, authentication, availability, and scope of evidence to prove facts supporting an invalidity defense must be shown by "clear and convincing" evidence. This heightened evidentiary standard is not dependent upon what was presented to or considered by the USPTO. Instead, it serves to guard against facile claims of invalidity easily crafted out of the very disclosures patent applicants are required to make to the public as part of the bargain underlying the patent grant.

Petitioner's brief repeatedly calls attention to this Court's recent statement that "the rationale underlying the presumption that the PTO, in its expertise, has approved the claim seems much diminished" when the PTO did not consider the invalidity evidence proffered in subsequent

litigation. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 426 (2007). Petitioner's reliance on this dictum is misplaced. The cited statement observes that the *rationale* underlying the presumption may be "diminished," but does not hold that the presumption as codified by Congress in 35 U.S.C. § 282 is voided – or even diminished – in such circumstances. Moreover, the heightened standard of proof required to rebut the presumption of validity, as shown below, has a broader basis than the agency's action. The Court in *KSR* did not have the benefit of briefing that explains the deep historical roots of the heightened evidentiary standard as a judicial rule.

As AIPLA sets forth in detail below, this Court's observation in *KSR* is entirely consistent with Federal Circuit precedent holding that (i) a challenger's burden is more easily carried with evidence of prior art not considered by the USPTO – particularly when such evidence is a patent that would inherently satisfy the clear and convincing standard, and (ii) the extent of deference given to the USPTO decision is a fact-specific determination as to the "weight of the evidence" before the factfinder.

Petitioner and its *amici* offer no sound reason for this Court to reverse its long-standing precedent, as consistently applied by the Federal Circuit, and retroactively alter the terms of a bargain that has been integral to the patent system for well over a century.

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ARGUMENT

I. The Common Law Development of the Presumption of Validity and the Heightened Standard of Proving Facts Supporting Patent Invalidity.

The presumption of an issued patent’s validity and the heightened standard of proof to establish the facts underlying an invalidity defense are both deeply ingrained in U.S. common law, as developed through the jurisprudence of this Court for more than a century.

As this Court noted long before enactment of the 1952 Patent Act, “the rule of law is that the letters patent afford a *prima facie* presumption that the patentee is the original and first inventor of what is therein described as his improvement” *Agawam Co. v. Jordan*, 74 U.S. 583, 596 (1868); *see also, e.g., Blanchard v. Putnam*, 75 U.S. 420, 425-26 (1869); *Seymour v. Osborne*, 78 U.S. 516, 538 (1870) (“Power to grant letters patent is conferred by law upon the Commissioner of Patents, and when that power has been lawfully exercised, and a patent has been duly granted, it is of itself *prima facie* evidence that the patentee is the original and first inventor of that which is therein described, and secured to him as his invention.”) (citations omitted); *Mitchell v. Tilghman*, 86 U.S. 287, 390-91 (1873).

The *prima facie* presumption controls “unless sufficient evidence to overcome that presumption and to establish the contrary allegation of the

answer is exhibited in the record.” *Mitchell*, 86 U.S. at 391. As early as 1844, Justice Story addressed the question of what constitutes sufficient evidence to invalidate a patent. *Washburn v. Gould*, 29 F. Cas. 312 (C.C. Mass. 1844). The case involved Woodworth’s patent for a planing machine licensed to plaintiffs. Defendant argued that Woodworth’s invention was known and used prior to issuance of the patent, citing an English planing machine patent to Bentham in 1793 and an actual planing machine constructed by Blanchard.

In his jury instructions for prior invention, Justice Story explained the heightened burden the defendant faces in invalidating a patent, instructing that the defendant “must satisfy you beyond a reasonable doubt, that there was a prior invention to Woodworth’s, because the plaintiff has a right to rest upon his patent for his invention, till its validity is overthrown.” *Washburn*, 29 F. Cas. at 320.

Justice Story’s instructions made clear that this burden applies equally to prior inventions described in a patent as well as those described in oral testimony. With respect to Bentham’s alleged prior art patent, Justice Story framed the question: “Have you evidence, which leaves no reasonable doubt in your minds, that Bentham really does substantially describe Woodworth’s machine?” *Id.* Justice Story’s “prior invention” instruction explained that this same heightened standard of proof applied to testimony offered to prove Blanchard’s alleged prior use of a planing machine. *Id.*

Other circuit courts followed Justice Story's reasoning to require that evidence of invalidity be established beyond a reasonable doubt. *See, e.g., Wood v. Cleveland Rolling-Mill Co.*, 30 F. Cas. 429 (C.C.N.D. Ohio 1871) (“[S]uch testimony should be weighed with care, and the defense allowed to prevail only where the evidence is such as to leave no room for a reasonable doubt upon the subject.”); *Hawes v. Antisdel*, 11 F. Cas. 856, 856 (C.C.E.D. Mich. 1875) (“In order to defeat the patent on the ground of want of novelty, the proof of prior use or previous knowledge must be such as to establish the fact clearly and satisfactorily and beyond a reasonable doubt.”).

In 1874, this Court considered the standard of proof in a pair of cases involving oral testimony of prior invention. Consideration of the standard of proof arose most frequently in such cases, where the sufficiency of proof was challenged on appeal. In the first case, *Coffin v. Ogden*, 85 U.S. 120 (1874), the patent claimed door locks with reversible latches. The defendants sought to establish prior invention by Erbe through the testimony of several witnesses. In considering their evidence of prior invention, this Court explained that “[t]he invention or discovery relied upon as a defence, must have been complete, and capable of producing the result sought to be accomplished; and this must be shown by the defendant. The burden of proof rests upon him, and every reasonable doubt should be resolved against him.” *Id.* at 124. The Court found that the defendants had “clearly shown” the priority of Erbe’s

invention, thereby meeting the heightened standard of proof necessary to establish invalidity.

In the second case, *The Corn-Planter Patent*, 90 U.S. 181 (1874), the Court considered the validity of a patent on corn-planting machines. In assessing the challenger's evidence of prior invention, the Court noted that "in the absence of conclusive evidence to the contrary, the presumption is in favor of the [patentee]." *Id.* at 227. The Court's reference to "conclusive evidence" reflected the established heightened standard of proof necessary to support a prior use defense.

By 1883, in the first edition of his patent treatise, Albert Walker noted that the heightened standard of proof of facts establishing lack of novelty "rest[s] upon him who avers it, and every reasonable doubt should be resolved against him ... novelty can only be negated by proof which puts the facts beyond a reasonable doubt." ALBERT WALKER, TEXT-BOOK OF THE PATENT LAWS OF THE UNITED STATES OF AMERICA § 76 (L.K. Strouse, 1st ed. 1883) ("Walker 1st Edition"). "This rule of reasonable doubt applies where the question of novelty depends upon the identity of the patented thing or process with the alleged anticipation; as well as where that question depends upon the existence or the priority of the latter." *Id.*

In 1886, this Court again considered the defense of prior invention and clearly set out the standard of proof, expressly distinguishing the heightened

standard of proof from the preponderance of evidence standard. *Cantrell v. Wallick*, 117 U.S. 689, 695 (1886). Relying on *Coffin* and *Washburn*, the Court noted that “[n]ot only is the burden of proof to make good this defence upon the party setting it up, but it has been held that ‘every reasonable doubt should be resolved against him.’” *Id.* at 695-96 (quoting *Coffin*, 85 U.S. at 124). After considering evidence of prior use, the Court held that the defendants “failed to show by preponderance of proof, much less beyond reasonable doubt, the prior use on which they rely.” *Id.* at 696.

Several years later, in *The Barbed Wire Patent* case, the Court set out the importance of the heightened standard of proof when the evidence supporting a lack of novelty defense is oral testimony:

We have now to deal with certain unpatented devices, claimed to be complete anticipations of this patent, the existence and use of which are proven only by oral testimony. In view of the unsatisfactory character of such testimony, arising from the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things as the party calling them would have them recollect them, aside from the temptation to actual perjury, courts have not only imposed upon defendants the burden of proving such devices, but

have required that the proof shall be clear, satisfactory and beyond a reasonable doubt.

143 U.S. 275, 284 (1892).

Two 1894 decisions of this Court again applied the heightened standard of proof. In *Morgan v. Daniels*, 153 U.S. 120 (1894), an interference case to resolve an inventorship dispute, the Court quoted language from the *Coffin* and *Cantrell* infringement cases, each noting that the defendant bears the burden of proof when attempting to prove prior invention, and “every reasonable doubt should be resolved against him.” *Id.* at 122-23.

Later that year, this Court underscored the importance of the heightened standard to guard against patent challenges based upon oral testimony of an alleged prior inventor. In *Deering v. Winona Harvester Works*, 155 U.S. 286 (1894), the Court observed, citing *Barbed Wire*, that “oral testimony, unsupported by patents or exhibits, tending to show prior use of a device regularly patented is, in the nature of the case, open to grave suspicion.” *Id.* at 300. Given this, the Court found that the case at issue “is an apt illustration of the wisdom of the rule requiring such anticipations to be proven by evidence so cogent as to leave no reasonable doubt in the mind of the court” *Id.* at 301.

Early twentieth century Supreme Court cases continued to follow *Barbed Wire*. In *Adamson v. Gilliland*, 242 U.S. 350, 353 (1917), Justice Holmes

noted that “[t]he reasons for requiring the defendant to prove his case beyond a reasonable doubt are stated in the case of *The Barbed Wire Patent*, 143 U.S. 275, 284.” *See also Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 60 (1923).

In *Radio Corp. of America v. Radio Engineering Labs., Inc.*, 293 U.S. 1 (1934), Justice Cardozo took the opportunity to synthesize the standard of proof case law described above. As an initial matter, in characterizing the “heavy burden” a patent challenger must sustain, Justice Cardozo explained that “[e]ven for the purpose of a controversy with strangers there is a presumption of validity, a presumption not to be overthrown except by clear and cogent evidence.” *Id.* at 2. Justice Cardozo observed that although prior decisions varied slightly in their descriptions of the standard of proof, the cases reflect a “common core of thought and truth, that one otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion, and fails unless his evidence has more than a dubious preponderance.” *Id.* at 7-8.

Shortly after *Radio Corp.*, this Court reaffirmed its categorical statement that the patent challenger’s burden of establishing invalidity “is a heavy one,” noting that “it has been held that ‘every reasonable doubt should be resolved against him.’” *Mumm v. Jacob E. Decker & Sons*, 301 U.S. 168, 171 (1937). That same day, this Court also decided *Smith v.*

Hall, 301 U.S. 216 (1937). The *Smith* decision again identified the heavy burden that rests upon one who seeks to invalidate a patent by showing prior use, citing *Radio Corp.* and cases cited therein. *Id.* at 232. In *Smith*, the prior use evidence proffered by the defendants included documentary evidence as well as oral testimony, making clear that the heightened standard was not limited to cases seeking to invalidate patents based on oral testimony alone.

Petitioner attempts to diminish the force of more than a century of consistent Supreme Court jurisprudence by saying that these decisions arise only in a “narrow category” of cases. But not one of the cases expresses the view that the heightened standard of proof is limited to invalidity defenses that turn on oral testimony. Indeed, Petitioner fails to identify a single Supreme Court decision applying a preponderance standard, or even stating in dicta that the heightened standard does not apply outside the oral testimony context. That so many of these cases involved oral testimony arises, rather, from the fact that it is these cases where the sufficiency of the evidence was contested on appeal and the standard of proof therefore came into play. Where the defense of prior invention was based upon documentary evidence, such as an issued patent, the challenger would have had no cause to challenge the sufficiency of the proof, and the Court would have no occasion to discuss the clear and convincing standard.

II. The Heightened Standard of Proof Reflects the Importance of Protecting the Statutory Patent Grant as a Carefully-Crafted Bargain Between the Inventor and the Public.

Petitioner and *amici* in support of certiorari argue that the “clear and convincing evidence” standard could only have been derived from an administrative deference rationale. With this “straw man” established, they contend that Administrative Procedure Act standards do not apply, and that such deference is particularly inappropriate when the USPTO did not consider the evidence proffered by the patent challenger at trial on invalidity.

To be sure, some of the decisions of this Court and lower federal courts articulating the heightened standard of proof for invalidity evidence cite an administrative deference rationale. For example, in *Morgan v. Daniels*, this Court offered a deference rationale in the context of a patent interference. *Morgan*, 153 U.S. at 124 (characterizing the proceeding as an application to set aside the action of an executive department of government that had made a determination of priority of invention, and stating “[i]t is something in the nature of a suit to set aside a judgment, and as such is not to be sustained by a mere preponderance of evidence.”).

But the presumption of validity and the heightened evidentiary standard long predate the 1894 *Morgan* decision and are grounded in more than just an administrative deference rationale.

Indeed, courts and early commentators pointed to the unique nature of the patent grant as a contract or bargain between the inventor and the public. This carefully-crafted bargain requires the inventor to disclose his invention in detail – and at the risk of facilitating false claims of prior invention.

As part of the incentive and reward for disclosing an invention in the face of this risk, the patent statute and common law provide that an inventor who meets the statutory requirements is entitled to a presumption that his patent is valid and the assurance that it can be invalidated only with evidence of a higher quality than a mere preponderance. This incentive-based rationale is an independent basis for the presumption of validity given to patents and the heightened evidentiary standard required to invalidate them. This rationale equally supports application of the heightened standard to proof of invalidity even when a challenger identifies prior art or information not considered by the USPTO.

This Court has long recognized the bargain aspect of patents and their role in promoting progress and encouraging invention. In the 1858 decision of *Kendall v. Winsor*, Justice Daniel described a patent as “at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals, and the incentive to further efforts for the same important objects.” 62 U.S. 322 (1858). In 1870, Justice Clifford wrote:

Letters-patent are not to be regarded as monopolies, created by executive authority at the expense and to the prejudice of all the community except the persons therein named as patentees, but as *public franchises granted to inventors of new and useful improvements* for the purpose of securing to them, as such inventors, for the limited term therein mentioned, the exclusive right and liberty to make and use and vend to others to be used their own inventions, as tending to promote the progress of science and the useful arts, and as matter of compensation to the inventors for their labor, toil, and expense in making the inventions, and reducing the same to practice for the public benefit, as contemplated by the Constitution and sanctioned by the laws of Congress.

Seymour, 78 U.S. at 533 (emphasis added).

In more recent times, this Court has explained that the patent system “embodies a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for the exclusive right to practice the invention for a period of years.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51 (1989). In recognition that an inventor is free to “keep his invention secret and

reap its fruits indefinitely,” the grant of a patent provides the inventor a reward for “disclosure and the consequent benefit to the community.” *Id.* at 152.

Consistent with this rationale, a United States patent has long been described as “a contract of the public;” in other words, a contract between the inventor and the American public. *Detmold v. Reeves*, 7 F. Cas. 547, 549 (C.C.E.D. Pa. 1851). In their 1872 book entitled “American Patent System,” Henry and Charles Howson set forth this understanding:

[T]he patent laws assume the aspect of a compact between the inventors and the public, by which the public in consideration of the disclosure by the inventor of an original thought which it is not compulsory on him to disclose, yet of which without such disclosure, neither he nor they can have the use and enjoyment, undertake to secure for him a limited period, by positive grant, that exclusive right in his invention, which without such a positive grant, it would be impossible for him to maintain.

HENRY & CHARLES HOWSON, AMERICAN PATENT SYSTEM 13 (Sherman & Co. 1872).

The patent, including its detailed specification, forms the basis of this contract. The consideration

for it is public disclosure of a new and useful invention. If, however, the inventor fails to disclose a new and useful invention, then the public owes him nothing. In effect, a patent granted for such an “invention” would be “invalid for want of consideration.” *Id.* at 16.

In *Bonito Boats*, this Court recognized the patent’s disclosure as part of the consideration, or *quid pro quo*, provided by the patent applicant to the public in exchange for the exclusive right to practice the invention for the patent term. *See Bonito Boats*, 489 U.S. at 150-151; *see also J.E.M. Ag. Supply, Inc. v. Pioneer Hi-Bred Int’l, Inc.*, 534 U.S. 124, 142 (“The disclosure required by the Patent Act is ‘the *quid pro quo* of the right to exclude.’”) (quoting *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 484 (1974)). “[O]ne principal object intended to be secured by the specification, is such a full description of the invention or discovery, that the public may know how to avail themselves of it with reasonable facility, after the patent has expired.” J.G. MOORE, PATENT OFFICE AND PATENT LAWS: OR, A GUIDE TO INVENTORS AND A BOOK OF REFERENCES FOR JUDGES, LAWYERS, MAGISTRATES, AND OTHERS 46-47 (Henry Carey Baird 1860). “The contract of the public is not with him who has discovered, but him who also makes his discoveries usefully known.” *Detmold*, 7 F. Cas. at 549.

The heightened standard of proof is integral to this patent bargain. *Washburn*, 29 F. Cas. at 320 (Story, J.) (“[Defendant] must satisfy you beyond a

reasonable doubt that there was a prior invention ..., because the plaintiff has the right to rest upon his patent till its validity is overthrown.”). The heightened standard of proof protects inventors from the inevitable vulnerability brought about by the public disclosure of their inventions required in exchange for the patent grant.

The first edition of Walker’s patent law treatise emphasized this vulnerability. With his patent disclosure, the inventor enables others with illicit motives to claim that they invented first, requiring the inventor to prove a negative, *i.e.*, that others did not make the invention before he did.

It is easy for a few bad or mistaken men to testify, that in some remote or unfrequented place, they used or knew a thing substantially like the thing covered by the patent, and did so before the thing was invented by the patentee. In such a case it may happen that the plaintiff can produce nothing but negative testimony in reply: testimony of persons who were conversant with the place in question, at the time in question, and did not see or know the thing alleged to have been there at that time. If mere preponderance of evidence were to control the issue, the affirmative testimony of a few persons, that they did see or know or use a particular thing at a particular time

and place, would outweigh the negative testimony of many persons, that they did not see or know or use any such thing. But such negative testimony may cast a reasonable doubt upon such affirmative evidence, and if it is strong enough for that purpose it will render the latter unavailing.

Walker 1st Edition at § 76 (internal footnotes omitted).

In sum, the requirements of the patent “contract” – including the detailed written description of the invention in the patent specification – make the inventor and his invention vulnerable to attack upon the grant of his patent. The presumption of validity and the corollary heightened standard of proof are a necessary part of the bargain, providing an incentive to disclose inventions while reducing the risks of a patent challenge that invariably accompany public disclosure.

III. The 1952 Patent Act Codified the Common Law Presumption of Validity and Did Not Alter the Heightened Standard of Proof for Facts Supporting Invalidity.

As part of the 1952 Patent Act, Congress codified the presumption of patent validity. Specifically, Section 282 of the Act provides that “[a] patent shall be presumed valid” and “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest

on the party asserting such invalidity.” 35 U.S.C. § 282. When Congress enacted Section 282, the drafters were well aware of the long-standing judicial rule that the challenger of a patent bore the burden of proving invalidity and the corresponding rule that a heightened evidentiary standard applied to proof of the facts supporting invalidity.

The legislative history of the 1952 Act makes clear that Congress intended Section 282 to codify the existing common law. H.R. Rep. No. 82-1923, at 29 (1952) (“The first paragraph [of Section 282] declares the *existing* presumption of validity.”) (emphasis added); S. Rep. No. 82-1979, at 21 (1952) (same). As explained in the Senate and House Reports, “Section 282 introduces a declaration of the presumption of validity of a patent, which is now a statement made by courts in decisions, but has had no expression in the statute.” H.R. Rep. No. 82-1923, at 10 (1952); S. Rep. No. 82-1979, at 8 (1952).³ Similarly, P.J. Federico, one of the principal drafters of the 1952 Act, noted that:

³ At a minimum, the reference to “courts” includes the decisions of this Court, because Congress is presumed to be familiar with this Court’s precedents. *North Star Steel Co. v. Thomas*, 515 U.S. 29, 34 (1995) (explaining that “it is not only appropriate but also realistic to presume that Congress was thoroughly familiar with [our] precedents ... and that it expect[s] its enactment[s] to be interpreted in conformity with them”) (quoting *Cannon v. University of Chicago*, 441 U.S. 677, 699 (1979)).

[t]he first paragraph of section 282 declares that a patent shall be presumed valid and that the burden of establishing invalidity of a patent shall rest on a party asserting it. That a patent is presumed valid was the law prior to the new statute, but it was not expressed in the old statute. The statement of the presumption in the statute should give it greater dignity and effectiveness.

P.J. Federico, *Commentary on the New Patent Act*, 35 *U.S.C.* (1952), republished in 75 *J. PAT. & TRADEMARK OFF. SOC'Y* 161, 215 (1993) ("Federico Commentary").

Petitioner's brief on the merits and *amicus* Intel Corporation's brief supporting certiorari cite an earlier draft of the statute as stating that "the burden of establishing invalidity by convincing proof shall rest on any person asserting invalidity of the patent." Petitioner and Intel suggest that Congress's failure to include this language in the statute as enacted means Congress was implicitly endorsing a preponderance of the evidence standard of proof. There is no discussion of this draft language in the legislative history. Congressional intent to lower the standard of proof cannot be inferred from this ambiguous history. *See TRW Inc. v. Andrews*, 534 U.S. 19, 32-33 (2001) (rejecting argument that disappearance of language in bill reflected "intent to reject the rule that the deleted words would have

plainly established”). This is particularly true where the legislative history makes clear that Congress was codifying existing common law precedent, which included a heightened standard of proof.

Notably, at the time the 1952 Act was drafted, the courts had used a variety of phrases to express the heightened standard of proof applicable in different types of civil cases.⁴ As of 1952, the phrase “clear and convincing” was not yet consistently used to describe the heightened evidentiary standard, and courts used various other terms to express the heightened standard. *See Addington v. Texas*, 441 U.S. 418, 424 (1979) (“The intermediate standard, which usually employs some combination of the words ‘clear,’ ‘cogent,’ ‘unequivocal’ and ‘convincing,’ is less commonly used, but nonetheless ‘is no stranger to the civil law.’”). Given this backdrop, Congress elected to leave it to the courts to articulate the heightened evidentiary standard for

⁴ Contrary to Petitioner’s suggestion, this heightened standard of proof was not limited to cases threatening a significant deprivation of liberty or stigma, nor was it unique to patent law. In addition to patents, the common law imposed a heightened standard of proof in other cases involving the revocation of rights and privileges formally conferred by the government. *See Note, Appellate Review in the Federal Courts of Findings Requiring More than a Preponderance of the Evidence*, 60 HARV. L. REV. 111, 114 (1946) (explaining that a higher standard of proof applies in cases involving revocation of citizenship, patents, or grants of land).

proving patent invalidity rather than imposing specific statutory language.

Commentary in a 1964 patent law treatise supports the view that the 1952 Act's silence as to the applicable standard of proof did not alter the common law and lower the standard. *See* A.W. DELLER, *DELLER'S WALKER ON PATENTS* § 81 (2d ed. 1964). The Deller treatise first cites the *Radio Corp.* decision to explain the common law heightened standard of proof. *Id.* Then, in a subsection entitled "Various Statements as to Degree of Proof Necessary to Negative Novelty," Deller explains that "the degree of proof required to establish anticipation or prior invention is stated in such various ways that it is difficult to attempt to make a general statement," and cites numerous examples of the different phrases courts have used to describe the heightened standard of proof. *Id.* Nowhere does Deller suggest that the 1952 Act lowered the standard of proof to preponderance of evidence.

IV. Regional Circuit Case Law in Conflict with Section 282 and Supreme Court Precedent Should be Disregarded.

In codifying the presumption of validity, Congress intended to "give it greater dignity and effectiveness." Federico Commentary at 215. Nevertheless, some decisions of the regional circuits failed to afford this dignity to the statutory presumption, failed to comply with Supreme Court precedent imposing the heightened standard of

proof, and overlooked the distinction between the evidentiary standard for proving facts and the ultimate legal conclusion of invalidity.

For example, despite the statute's clear command that a patent be presumed valid, some courts held that the presumption could be destroyed or did not apply when prior art was not before the examiner. *See, e.g., Westinghouse Elec. Corp. v. Titanium Metals Corp. of Am.*, 454 F.2d 515, 517 n.2 (9th Cir. 1971) (holding that "the way was open for the district court to independently determine if the patent was void for obviousness free from any ... presumption" of validity where pertinent prior art was not before the PTO); *see also Cornell v. Adams Eng'g Co.*, 258 F.2d 874, 875 (5th Cir. 1958) ("[W]hen the Patent Office has not considered important contributions to the prior art, the usual presumption of validity otherwise attaching from the issuance of a patent is greatly weakened, if not completely destroyed."). In so holding, these decisions erroneously failed to recognize that the statutory presumption applies to *all* patents and that, by statute, the burden of establishing an invalidity defense never shifts. *See* 35 U.S.C. § 282. While new evidence proffered in court may make it easier to carry the overall burden of persuasion, it does not change either the presumption of validity or the standard of proof.

Other regional circuits acknowledged the presumption but refused to apply the clear and convincing standard of proof. For example, just four

years after recognizing that the presumption of validity “is perhaps too often minimized in the courts” and that “restrictive judicial views of inventiveness ... forced a Congressional reinvigoration of the standards,” *Georgia-Pacific Corp. v. United States Plywood Corp.*, 258 F.2d 124, 132-33 (2d Cir. 1958), the Second Circuit refused to apply a heightened standard of proof to evidence of invalidity. *Lorenz v. F.W. Woolworth Co.*, 305 F.2d 102, 105 (2d Cir. 1962) (refusing to “allow decisions of ... [the USPTO] to alter the preponderance of the evidence on the question of validity”); *see also Manufacturing Research Corp. v. Graybar Elec. Co.*, 679 F.2d 1355, 1360-61 (11th Cir. 1982) (holding that when prior art was not considered by the USPTO, the challenger “need only introduce a preponderance of the evidence to invalidate a patent”). These decisions reflect an incorrect assumption that the standard of proof turns on the degree of deference due the USPTO.

As explained above, administrative deference is only one of several reasons for the well-established clear and convincing standard of proof. The standard of proof remains the same, regardless of whether the USPTO considered a particular issue of fact. Accordingly, when a challenger produces evidence of prior art not considered by the USPTO, the reason to defer to the USPTO is reduced, and the challenger may be more likely to meet the burden, but neither the burden nor the standard of proof changes. *See infra* pp. 30-32,

The regional circuits also often failed to recognize the distinction between the proof of facts by clear and convincing evidence and the persuasive force of those facts on the record as a whole. *See, e.g., Manufacturing Research*, 679 F.2d at 1360 (“The alleged infringer must demonstrate the patent’s invalidity by clear and convincing evidence to succeed in this defense.”); *see also Fairchild v. Poe*, 259 F.2d 329, 331 (5th Cir. 1958) (“[T]here is a presumption of validity which attends the grant of letters patent by the Patent Office, but this presumption may be overcome if invalidity is proved beyond a reasonable doubt.”). These cases misapprehend the standard of proof, which applies to underlying facts, *not* to the ultimate question of invalidity.⁵

Because these courts failed to apply Section 282, contradicted this Court’s well-established precedent,

⁵ The distinction between the standard of proof for facts and the persuasive force of those facts is an important one. For example, authenticated documents such as patents or publications generally constitute clear and convincing evidence of their content. By contrast, oral testimony may be unreliable due to the “forgetfulness of witnesses, their liability to make mistakes, [and] their proneness to recollect things as the party calling them would have them recall,” particularly when that testimony is provided long after the inventor has disclosed her invention to the public. *The Barbed Wire Patent*, 143 U.S. at 284. While the same standard of proof applies to both categories of facts, a party challenging validity may more easily meet the clear and convincing standard with documentary evidence.

and overlooked the distinction between proof of facts and the persuasive force of those facts, the decisions of these circuits do not illuminate the question before this Court as to the proper standard of proof.

V. Federal Circuit Case Law Conforms with Long-Standing Supreme Court Precedent and the Principles Underlying the Heightened Standard for Proving Facts Supporting Patent Invalidity.

The regional circuit decisions failing to apply the statutory presumption and heightened standard of proof reflected a larger problem recognized by Congress – the hostility of some circuit courts to patents and the resulting regional inconsistencies in patent law. In 1982, Congress addressed this problem with the Federal Courts Improvement Act (“FCIA”), which created the Court of Appeals for the Federal Circuit. P.L. 97-164, 96 Stat. 25 (codified at 28 U.S.C. § 1295).

As explained in the legislative history of the FCIA, Congress perceived that some of the regional circuits were “regarded as ‘pro-patent’ and others ‘anti-patent,’” and sought to resolve this “disuniformity.” H.R. Rep. No. 97-312, at 20-21 (1981). Crediting testimony that stability in patent law encourages innovation and has important economic implications, S. Rep. No. 97-275 at 6 (1981), Congress observed that “the validity of a patent is too dependent upon geography ... to make effective business planning possible.” H.R. Rep. No. 97-312, at 20-22 (1981). To “produce desirable

uniformity” in patent law, Congress centralized patent appeals with the creation of the Federal Circuit. S. Rep. No. 97-275, at 5 (1981).

In 1983, shortly after its formation, the Federal Circuit expressly addressed the statutory presumption of patent validity and the standard of proof a patent challenger must meet. *See SSIH Equip. S.A. v. United States Int’l Trade Comm’n*, 718 F.2d 365 (Fed. Cir. 1983); *Connell v. Sears Roebuck & Co.*, 722 F.2d 1542 (Fed. Cir. 1983). *First*, “[t]he presumption of validity afforded by 35 U.S.C. § 282 does not have independent evidentiary value. Rather the presumption places the burden of going forward, as well as the burden of persuasion, upon the party asserting invalidity.” *SSIH*, 718 F.2d at 375; *see also Connell*, 722 F.2d at 1549.

Second, the standard of proof relates to facts underlying an invalidity claim, not the legal determination of invalidity itself, and such facts must be proven by clear and convincing evidence. *SSIH*, 718 F.2d at 375 (“Standard of proof relates to specific factual questions. While undoubtedly certain facts in patent litigation must be proved by clear and convincing evidence, ... the formulation of a legal conclusion on validity from the established facts is a matter reserved for the court.”); *Connell*, 722 F.2d at 1549 (“Proof, however, relates not to legal presumptions, but to facts. The patent challenger may indeed prove facts capable of overcoming the presumption, but the evidence relied on to prove those facts must be clear and

convincing.”); *see also Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1516 (Fed. Cir. 1984) (“The burden ... is to prove *facts* supporting defenses ... not to prove the legal conclusion (patent invalidity) sought by those defenses.”); *Newell Cos., Inc. v. Kenney Mfg Co.*, 864 F.2d 757, 767 (Fed. Cir. 1988) (“Quantum of proof relates to facts, not legal conclusions.... Our precedent holds that the disputed facts underlying the legal conclusion of obviousness must be established by clear and convincing evidence, not the ultimate legal conclusion of obviousness itself.”).⁶

Third, the presumption of validity accorded to an issued patent and the heightened standard of proof do not change over time, although the question of whether prior art relied on during litigation was considered by the USPTO during examination may affect the challenger’s ability to meet his burden. As the Federal Circuit explained in *SSIH*, “[w]e do not agree that the *presumption* is affected where prior

⁶ Contrary to Petitioner’s argument, the modern corroboration requirement does not supplant this heightened standard of proof. Instead, the requirement *arises* from the clear and convincing standard itself. As the Federal Circuit has explained, the corroboration requirement is directed to whether, as a matter of law, the evidence is sufficient to meet the clear and convincing standard. *See Finnigan Corp. v. United States Int’l Trade Comm’n*, 180 F.3d 1354, 1366 (Fed. Cir. 1999) (explaining that corroboration is required because oral “testimony rarely satisfies the burden upon the interested party ... to prove invalidity by clear and convincing evidence”).

art more relevant than that considered by the examiner is introduced, rather the offering party is more likely to carry its burden of persuasion with such evidence.” *SSIH*, 718 F.2d at 375 (emphasis in original); *see also Connell*, 722 F.2d at 1549 (“[T]he introduction of art or other evidence not considered by the PTO does not change the burden and does not change the requirement that that evidence establish presumption-defeating facts clearly and convincingly.”)

These Federal Circuit pronouncements, which have been consistently applied by the court, are entirely consonant with this Court’s precedent as summarized in *Radio Corp.* As discussed above, in *Radio Corp.* and its predecessor decisions, this Court uniformly required a heightened standard for proof of facts supporting invalidity. The Federal Circuit has correctly applied the modern “clear and convincing” standard to satisfy that requirement. A helpful explanation of this applicable law is set forth in the Federal Circuit’s 1984 decision of *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350 (Fed. Cir. 1984). The *American Hoist* decision was authored by Judge Giles Rich, who was one of the two principal drafters of the 1952 Patent Act.⁷

⁷ *See Carciari v. Salazar*, 129 S. Ct. 1058, 1065 n.5 (2009) (treating “a principal author of the” pertinent statute as “an unusually persuasive source as to the meaning of the relevant statutory language”).

As an initial matter, Judge Rich explained that Section 282 of the 1952 Act codified the common law presumption of validity and assignment of burden. *American Hoist*, 725 F.2d at 1358-59 (“The presumption was, originally, the creation of the courts and was a part of the judge-made body of patent law when the Patent Act of 1952 was written. That act, for the first time, made it statutory in § 282....”) Judge Rich also made clear that Section 282 placed “the burden on the attacker” of the patent, “that burden never shifts,” and “[n]either does the *standard* of proof change; it must be by clear and convincing evidence or its equivalent, by whatever form of words it may be expressed. *See Radio Corp., supra.*” *Id.* at 1359 (emphasis in original).

Judge Rich explained that the presumption and assignment of burden are unaltered, even when the prior art or other evidence relied upon by the patent challenger was not considered by the USPTO during examination. *Id.* at 1359-60. Rather, the question of whether the art was considered by the USPTO goes to the weight of the evidence. Judge Rich continued:

What the production of new prior art or other invalidating evidence not before the PTO does is to eliminate, or at least reduce, the element of deference due the PTO, thereby partially, if not wholly, *discharging* the attacker’s burden, but neither shifting nor lightening it or changing the standard

of proof. When an attacker simply goes over the same ground travelled by the PTO, part of the *burden* is to show that the PTO was wrong in its decision to grant the patent. When new evidence touching validity of the patent not considered by the PTO is relied on, the tribunal considering it is not faced with having to *disagree* with the PTO or with *deferring* to its judgment or with taking its expertise into account. The evidence may, therefore, carry more weight and go further toward sustaining the attacker's unchanging burden.

Id. at 1360 (emphasis in original). In sum, if evidence more relevant than that previously considered by the USPTO is introduced, that does not change the presumption of validity, the standard of proof applicable to any particular fact, or the overall burden. As a practical matter, though, it makes the overall burden more likely to be carried. *See id.; SSIH*, 718 F.2d at 375 (“the presumption of validity [is] not altered by introduction of [prior art not considered by the Patent Office during examination], even though it [is] more relevant prior art”).

This pragmatic framework reflects the conventional wisdom – then and now – that, as a matter of litigation strategy, patent challengers should (and frequently do) introduce and rely upon

art and information not considered by the USPTO. *See, e.g.*, HERBERT F. SCHWARTZ, PATENT LAW & PRACTICE 56 (6th ed. 2008) (noting that challenger’s task in attacking validity is “less difficult if the challenger presents material evidence that was not considered during the PTO application process”).⁸

The Federal Circuit has addressed the evidentiary value in an invalidity trial of the USPTO’s consideration of prior art. For example, in *Mendenhall v. Cedarapids, Inc.*, 5 F.3d 1557 (Fed. Cir. 1993), the court explained that the USPTO’s decision to grant a patent has inherent evidentiary value that the trier of fact may credit, and that the trier of fact determines that value. In that case, the court approved the following jury instruction as “consistent with [Federal Circuit] precedent”:

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

⁸ Petitioner’s proposed new rule would have adverse practical consequences. Faced with the prospect of a lower standard for evidence not before the USPTO, patent applicants would have an incentive to flood the USPTO with prior art and information of marginal importance in an attempt to compensate for the change in law. Given Petitioner’s acknowledgement that the USPTO’s “budget is not remotely adequate,” the torrent of paper likely to arrive on the agency’s doorstep would pose an additional administrative burden, compounding an existing problem.

the Patent Office during the reissue 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.

Id. at 1563-64 (rejecting appellant's argument that the presumption of validity was "undercut" by the instruction quoted above).

The Federal Circuit's flexible, context-specific approach for treating evidence to be weighed by the factfinder is consistent with this Court's admonition to avoid transforming a general principle into a rigid, bright-line rule. *See, e.g., KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); *Bilski v. Kappos*, 130 S. Ct. 3218 (2010). Importantly, the Federal Circuit has distinguished this type of limited deference from the formal administrative deference accorded to a Board of Patent Appeals decision on direct appeal to the federal courts. In the case of the latter, the district court reviews the decision by applying the Administrative Procedure Act standard of review. *See Purdue Pharma L.P. v. Faulding, Inc.*, 230 F.3d 1320, 1329 (Fed. Cir. 2000) (rejecting argument that, under APA standards, the district court considering invalidity should have deferred to the examiner's findings that the claims were valid). In *Dickinson v. Zurko*, 527 U.S. 150 (1999), this Court held that APA standards of administrative deference apply to the Federal Circuit's review of the USPTO's denial of patents; there was no issued patent entitled to the statutory presumption of

validity in that case. In sum, the statutory presumption of validity is independent of the administrative deference standards established by the APA.

As a result of the Federal Circuit's context-specific approach to deference, litigants have ample opportunity to argue to the factfinder the evidentiary value of prior art not considered by the USPTO. For example, if the art was submitted to the USPTO but not relied upon by the USPTO, the challenger may argue that the USPTO did not fully appreciate the scope of the prior art. Likewise, if the art was not cited at all, the challenger may argue that the USPTO's decision to allow the patent to issue is entitled to little deference. *See, e.g.*, Edward G. Poplawski, *Some Practical Tips for Closing Argument in Patent Cases*, 949 PLI/Pat 255, 271 (2008) (recommending that counsel challenging patent validity explain that the jury's role in "backing up" the Patent Examiner is particularly crucial where "important information has come to light of which the Examiner was not aware").

In sum, the Federal Circuit has properly held that (i) the Section 282 presumption of validity assigns the burden of going forward and the burden of persuasion on the patent challenger; (ii) the burden never shifts; (iii) facts supporting an invalidity claim must be proven by clear and convincing evidence; and (iv) the unchanging burden may be more easily carried by evidence not previously considered by the USPTO. The Federal

Circuit's decisions on these points are correct based on Section 282 and this Court's long-standing precedent.

VI. This Court Should Reaffirm the “Clear and Convincing” Evidentiary Standard for Proving the Facts in Support of an Invalidity Defense.

When precedent has led to settled expectations in the inventing community, this Court has emphasized that “courts must be cautious before adopting change that disrupt[s]” settled law. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 739 (2002). In such circumstances, “[t]he responsibility for changing [settled law] rests with Congress.” *Id.*

At its core, Petitioner's effort to change the standard of proof in a patent validity challenge seeks to alter the balance to be struck between strong patents and unfettered competition. But policy decisions like this should be based upon empirical evidence and the views of all stakeholders. The stakeholders of our patent system include inventors, universities, venture capitalists and other investors, as well as companies of all sizes across the entire spectrum of industries and technologies. Their views are best weighed by Congress, after conducting rigorous study of legislative facts. Such dramatic change to the patent system should not be based upon the unsubstantiated rhetoric and advocacy of litigants and their supporters. *Cf. Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*,

520 U.S. 17, 28 (1997) (“The various policy arguments now made by both sides are ... best addressed to Congress, not this Court.”).

For more than a century, the well-reasoned precedent of this Court has imposed a heightened evidentiary standard of proof for facts underlying a patent invalidity defense. This precedent is a reflection of the social and economic importance of patents in our society, and settled expectations have emerged around the heightened standard of proof. Sudden change to this standard would subvert the expectations of countless inventors who disclosed their inventions to the public in reliance on the existing law to protect them from becoming the “lawful prey of the infringer.” *The Barbed Wire Patent*, 143 U.S. at 285. Such change would also undermine the assumptions on which investors have provided funding to commercialize inventions and support innovation.

The success of the United States patent system is self-evident. In the years following the enactment of the 1836 Patent Act, widely recognized as the foundation of our patent system, the United States became and has continued to be a leader in innovation. As noted on the centennial of the 1836 Patent Act,

[o]nly by producing new inventions and placing them upon the market can our business enterprises hope to prosper. Research, and research alone, enables

this to be accomplished. Without the patent system, the expenditure of vast sums for this purpose would not be justified, for lacking patent protection the progressive manufacturer who is willing to make such expenditures would not be able to obtain any lasting competitive advantage. It is only by means of patents and the protection afforded thereby that the investment can be insured or safeguarded.

OUTLINE OF THE HISTORY OF THE UNITED STATES
PATENT OFFICE 15-16 (P.J. Federico ed. 1936)
(reprint of 18 J. PAT. OFF. SOC'Y 3 (1936)).

As a Japanese official studying the United States patent system observed at the turn of the 20th Century, “[w]e asked ourselves ‘What is it that makes the United States such a great nation?’ and we investigated and found that it was patents....” Donald W. Banner, *An Unanticipated, Nonobvious, Enabling Portion of the Constitution: The Patent Provision – The Best Mode*, 69 J. PAT. & TRADEMARK OFF. SOC'Y 631, 643 (1987).

Altering the carefully-crafted patent bargain — an integral part of the system that has served this country well for centuries — could have far-reaching, unforeseeable, and harmful consequences to our continued economic growth and security.

CONCLUSION

This Court's long-standing precedent requiring a heightened standard for proving facts in support of an invalidity defense should not be overturned. AIPLA urges this Court to reaffirm its precedents and maintain the settled expectations of the inventing community.

Respectfully submitted,

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