

No. 10-290

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IN THE  
**Supreme Court of the United States**

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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

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**BRIEF FOR *AMICUS CURIAE* BAR  
ASSOCIATION OF THE DISTRICT OF COLUMBIA  
PATENT, TRADEMARK & COPYRIGHT SECTION  
IN SUPPORT OF NEITHER PARTY**

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**INTEREST OF *AMICUS CURIAE*<sup>1</sup>**

The Patent, Trademark & Copyright Section of the Bar Association of the District of Columbia (“Association”) respectfully submits this brief as *amicus curiae* in support of neither party.

The Association is one of the senior-most intellectual property bar associations in the United States, drawing its membership from government, industry, and private practice. The Association and its members have a substantial interest in the adjudication of significant issues defining our patent laws. The Association only submits *amicus curiae* briefs when issues of significant magnitude arise. The case at bar presents such an important issue, namely whether the burden of proof on a party disputing a patent’s validity should remain by “clear and convincing evidence.” Petitioner suggests that the Court adopt the lower “preponderance of the evidence” burden either for all invalidity defenses or, alternatively, in cases when “the prior art on which the invalidity defense rests was not considered by the Patent and Trademark Office prior to the issuance of the asserted patent.”

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<sup>1</sup> This brief is presented by the Bar Association of the District of Columbia under Supreme Court Rule 37.3. Petitioner and respondents have filed their blanket consent to the filing of *amicus curiae* briefs with the Court on December 8, 2010, and December 7, 2010, respectively. No counsel from either party authored any part of this brief. Only *amicus curiae* made a monetary contribution to the preparation and submission of this brief. Counsel for *amicus curiae* prepared this brief on a *pro bono* basis.

The Association does not take a position on whether there should be any change in the burden of proof for a party establishing invalidity. This is an important issue which will impact the valuation and assertion of many issued patents and the current law should not lightly be disturbed. The Association submits this brief to address the narrow issue of whether it would be proper, as Petitioner suggests, to apply a different burden of proof to invalidity defenses relying upon prior art cited during prosecution than to invalidity defenses relying upon other prior art.

### **INTRODUCTION AND SUMMARY OF THE ARGUMENT**

The Court of Appeals for the Federal Circuit and district courts currently apply an unchanging “clear and convincing” standard to all validity challenges against issued patents. Petitioner suggests adopting a standard that would change depending on whether the prior art on which the invalidity defense rests was cited during the asserted patent’s prosecution.<sup>2</sup> Invalidity defenses based upon cited prior art would have to be made by “clear and convincing” evidence while defenses based

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<sup>2</sup> As used in this brief, cited references refer to the prior art listed on the face of an issued patent. Prior art addressed during prosecution should be identified in either a Notice of References Cited prepared by the examiner or in an Information Disclosure Statement prepared by the applicant. A listing of that prior art is printed on the face of the patent. *See* Manual of Patent Examination Procedure § 1302.12 (8th ed. 8th rev. 2010) (hereinafter “M.P.E.P.”).

upon any other prior art would have only to meet the lower “preponderance of the evidence” standard.

This rule would place far greater emphasis on whether prior art was cited during prosecution than that fact currently receives. This emphasis is unwarranted because the mere citation of prior art, absent the application of that art by the examiner, does not necessarily reflect the expertise of the Patent Office. The patent examination process does not give equal consideration to all cited prior art.

Patent examiners have a difficult job. While parties may spend years and millions of dollars in attorneys’ fees testing the validity of an asserted patent in litigation, examiners are asked to make the same determination in a few hours. Patent Office procedures intend to foster the efficient issuance of patents by guiding the examiner to make a decision on validity in a limited amount of time with limited resources. These procedures are designed to focus the examiner’s efforts on identifying and testing what he determines to be the best arguments against patentability based upon the information that he has at hand. Given the benefits of additional time and resources, litigants can reasonably be expected to identify additional, and more reasoned, arguments against patentability based upon the same evidence.

Patent examination – from search to allowance – is guided by the principle that “the shortest path to the final disposition of an application is by finding the best references on the

first search and carefully applying them.”<sup>3</sup> The process begins with prior art references identified in examiner searches or submitted by the applicant. The examiner identifies and applies the best rejection against each individual pending claim. He is instructed to avoid raising cumulative rejections, being taught that the speediest path to resolution is to focus on the best art and the best arguments.

Frequently, patents are allowed after just a handful of rejections. A patent’s file history reflects the exchange between the examiner and the applicant regarding the references raised in those rejections. A patent’s file history may also reflect some discussion by the examiner of other references which he found and considered pertinent. However, under current procedures, the public record may have no discussion at all regarding the prior art references identified by the applicant. Therefore, there is little record developed during prosecution for cited references other than those relied upon as bases for rejection.

The Association submits that adopting a burden of proof that depends on whether prior art was cited during prosecution would place unwarranted emphasis on the citation of prior art during prosecution and would have detrimental effects on the patent practice. The Association presents two policy reasons why the suggested rule should be avoided.

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<sup>3</sup> M.P.E.P. § 707.02.

First, such a broad-sweeping rule is grounded in the assumption that the examiner weighed and conceived of every possible argument suggested by the art before him. However, Congress has rejected this presumption of full consideration and Patent Office policies are inconsistent with it. The rule would hinder a defendant's ability to raise arguments that the examiner did not consider when issuing the patent, including obviousness defenses grounded in novel combinations of cited references.

Second, the rule would create an incentive for applicants to submit as much prior art as possible during prosecution, so as to insulate against that art being used in a future invalidity defense. The increased volume of applicant-submitted art which would follow may overwhelm patent examiners, with little resulting improvement in patent quality.

Accordingly, without regard to which burden of proof is adopted, the Association submits that the Court should not adopt a burden of proof for invalidity defenses based upon prior art cited during prosecution which differs from the burden of proof for invalidity defenses based upon other prior art.

## **ARGUMENT**

### **I. THERE SHOULD BE NO PRESUMPTION THAT THE EXAMINER GAVE FULL CONSIDERATION TO EACH CITED REFERENCE**

Currently, one challenging a patent's validity faces constant and never changing burden of establishing invalidity by clear and convincing

evidence.<sup>4</sup> The Court of Appeals has observed that a litigant assumes an “additional burden” when raising an argument “based on the very same references that were before the examiner when the claim was allowed.”<sup>5</sup> The burden is justified by the presumption of “deference that is due to a qualified government agency presumed to have properly done its job,” that is, that a competent examiner is presumed to discharge his duty of issuing only valid patents.<sup>6</sup> Petitioner suggests such a litigant should not merely face an “additional burden” but should have to surmount a higher burden of proof than litigants raising invalidity defenses based upon other art. This suggestion must be questioned because the presumption upon which it rests – that the patent examiner has “properly done [his] job” by considering all arguments suggested by all of the art before him – stands on a weak foundation.

In 1997, the Court of Appeals for the Federal Circuit considered the same test applied to a reexamination proceeding. In *In re Portola Packaging*, the Court articulated the bright-line rule that an applicant could not establish a substantial new question of patentability relying on prior art previously before the examiner.<sup>7</sup> Congress has explicitly rejected this rule and, in 2002, amended the statutes governing reexamination to overturn

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<sup>4</sup> See *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984).

<sup>5</sup> *Ultra-Tex Surfaces, Inc. v. Hill Bros. Chem. Co.*, 204 F.3d 1360, 1367 (Fed. Cir. 2000).

<sup>6</sup> See *Am. Hoist*, 725 F.2d at 1359.

<sup>7</sup> See *In re Portola Packaging Inc.*, 110 F.3d 786, 790 (Fed. Cir. 1997).

this holding.<sup>8</sup> Applying the revised statute, the Court of Appeals for the Federal Circuit recognized that Congress rejected the presumption of full examiner consideration:

[A] single reference might, alone or in combination, create multiple possible grounds of rejection and thus raise more than one “question of patentability.” The bright-line rule in *In re Portola Packaging* was based on a presumption that the examiner had properly discharged his duties and thus had considered all questions of patentability raised by any reference before him. *Congress, however, has now rejected this presumption of full consideration.*<sup>9</sup>

Without the presumption, determining what the examiner considered is rightly a question of fact which properly requires an analysis of the file history to determine “if and how the examiner used the reference in making his initial decisions.”<sup>10</sup>

Congress’ reasons for rejecting the presumption in reexamination apply equally to litigation:

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<sup>8</sup> See Patent and Trademark Authorization Act of 2002, Pub. L. No. 107-273, § 13105, 116 Stat. 1900 (2002).

<sup>9</sup> *In re Swanson*, 540 F.3d 1368, 1380 (Fed. Cir. 2008) (citation omitted) (emphasis added).

<sup>10</sup> See *id.* at 1380-81.

[S]ome applications may include hundreds of prior art references, knowing that the PTO examiner has only a few precious hours to review the application before she is required to make a decision on its grant. Therefore, a weak patent application may be prepared in a fashion so that the resulting patent would likely be insulated from subsequent review through reexamination even if there was a “smoking gun” bearing on its validity.<sup>11</sup>

The presumption of full consideration would extend a presumption in litigation to arguments which the Patent Office does not consider in its review of examiner actions. The presumption would encompass any argument grounded in any cited reference. However, under current regulations, a challenger may institute a reexamination by presenting a new argument resting entirely on prior art already considered by the examiner.<sup>12</sup> Likewise, the presumption would extend to arguments against one claim grounded in references applied only against a different claim. However, under current practices, an examiner answering an appeal from a

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<sup>11</sup> See H.R. REP. NO. 107-120, at 2 (2001). The legislative history noted that the amendment “struck a balance between curing allegedly defective patents and preventing the harassment of patentees” through repeated challenges to the validity of their patent. *Id.* Such an interest of the patentee is not an issue in the case of defenses raised when a patentee willfully asserts its own patent.

<sup>12</sup> See M.P.E.P. § 2216; M.P.E.P. § 2242.

final rejection is barred from raising an argument based upon any reference which was not previously cited against the specific claim at issue, even if used against other claims.<sup>13</sup>

The rule would saddle defendants with a higher burden should they raise any arguments suggested by the cited references, either alone or in combination. This would include any obviousness argument based upon combinations of cited references not appreciated by the examiner. This would also include arguments against one claim based upon references applied only against different claims, or even based upon references which were applied against claims that have been withdrawn.

## **II. INCREASED INCENTIVES FOR APPLICANT SUBMISSION OF PRIOR ART WOULD NOT IMPROVE PATENT QUALITY**

Petitioner suggests a rule that would provide a strong incentive for applicants to cite any prior art which could conceivably be used against them in litigation. Applicants may be motivated to submit references which, although not material individually, may be used in combination by future litigants. There is, however, no indication that an

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<sup>13</sup> An argument based upon a reference cited against a different claim would constitute a new ground of rejection, possibly reopening prosecution. Examiners are instructed that, even if an examiner had rejected one claim under 35 U.S.C. § 103 on the basis of Reference A in view of Reference B and a second claim under 35 U.S.C. § 103 on the basis of Reference A in view of Reference C, a rejection under 35 U.S.C. § 103 on the basis of Reference A in view of Reference B and Reference C would constitute a new rejection. *See* M.P.E.P. § 1207.03.

increased volume of such art would increase patent quality under current Patent Office practices. Rather, it may hinder prosecution by flooding the desks of examiners with cumulative and unnecessary references.

The practical reality is that patent examiners have limited time to render their decisions. Examiners are required to balance their obligation to “consider all the prior art references (alone and in combination)” in the file and submitted by applicants<sup>14</sup> with the instruction that the “shortest path to the final disposition of an application is by finding the *best references* on the first search and carefully applying them.”<sup>15</sup> Examiners cull through the file to put forth their best individual rejections in their first action on the merits.<sup>16</sup> Only if this rejection is overcome would the examiner return to the file to raise additional art for consideration. Examiners are under pressure to dispose of cases quickly, ideally with only one office action prior to allowance or abandonment.<sup>17</sup> Indeed, empirical

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<sup>14</sup> M.P.E.P. § 707.05.

<sup>15</sup> M.P.E.P. § 707.02 (emphasis added).

<sup>16</sup> Regulations governing patent examination require that examiners apply the “best references at his or her command.” *See* 37 C.F.R. § 1.104(c)(2). Examiners are instructed to confine prior art rejections “*strictly* to the best available art.” M.P.E.P. § 706.02 (emphasis added). Examiners are further instructed to avoid raising cumulative rejections, which would fall if the primary rejection were not sustained. *See id.* That is, of all of the references cited in a patent file history, the examiner is instructed to rely upon the minimum number necessary to sustain a rejection.

<sup>17</sup> Patent examiner incentives are based upon their “production,” in which they are given a target amount of time

evidence suggests that roughly seventy percent of patents are allowed before a second office action.<sup>18</sup> According to Patent Office procedures, if a third office action issues in a case, the examiner's supervisor is instructed to personally check on the status of the application.<sup>19</sup>

Consequently, the allowance of most patents will rise and fall on the few references raised in the initial rejections. A recent empirical study had found that in the observed cases examiners only relied upon 11% of cited references in rejections.<sup>20</sup> More significantly, this study found that of those 11%, over 87% of the art relied upon was art which was identified by the examiner – not by the applicant.<sup>21</sup>

Unless applicant-submitted art is relied upon in a rejection, there may be little in the prosecution

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to “dispose” of cases, either through allowance, abandonment by the applicant, or submitting an answer in an applicant's appeal. Under this system, there is an incentive to dispose of a case with the minimum amount of effort following the first office action on the merits. *See* M.P.E.P. § 1705; OFFICE OF INSPECTOR GEN., U.S. DEPT. OF COMMERCE, REPORT NO. IPE-15722, USPTO SHOULD REASSESS HOW EXAMINER GOALS, PERFORMANCE APPRAISAL PLANS, AND THE AWARD SYSTEM STIMULATE AND REWARD EXAMINER PRODUCTION 7 (2004).

<sup>18</sup> Mark A. Lemley & Bhaven Sampat, *Examining Patent Examination*, 2010 STAN. TECH. L. REV. 2, ¶8 (2010).

<sup>19</sup> *See* M.P.E.P. § 707.02.

<sup>20</sup> *See* Christopher A. Cotropia et al., *Do Applicant Patent Citations Matter? Implications for the Presumption of Validity* 11 (Stanford Law & Econ. Olin Working Paper No. 401, 2010), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1656568](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1656568).

<sup>21</sup> *Id.* at 12.

record reflecting it. The examiner is required to perform a search of databases and the files of related applications to identify pertinent prior art.<sup>22</sup> The examiner is not required to make all of the documents which he reviewed during this search of record; rather, he is instructed to list only “appropriate prior art which is *nearest* to the subject matter defined in the claims” under examination.<sup>23</sup> For any reference cited, but not relied upon as a basis for rejection, the examiner is instructed to provide an explanation of pertinence.<sup>24</sup> The applicant, in contrast, is free to submit any prior art which it desires to the Patent Office, regardless of its relevance.<sup>25</sup> All references provided by the applicant should be cited on the face of the patent, irrespective of whether the examiner deems them pertinent.<sup>26</sup> The examiner is not required to document the pertinence of references provided by the applicant.<sup>27</sup>

Promoting the increased submission of peripheral art may do little as a practical matter to advance prosecution. In many cases, such art will receive no explanation in the prosecution file. However, applicant “flooding” of the examiner with references of marginal relevance is a serious concern. The few critical pieces of applicant-submitted art are likely to be lost in the

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<sup>22</sup> See M.P.E.P. § 904; M.P.E.P. § 707.05. The examiner is required to perform an independent search even if the applicant submits prior art. See M.P.E.P. § 707.05(b).

<sup>23</sup> M.P.E.P. § 707.05 (emphasis added).

<sup>24</sup> See M.P.E.P. § 707.05 .

<sup>25</sup> See M.P.E.P. § 609.

<sup>26</sup> See M.P.E.P. § 1302.12.

<sup>27</sup> See M.P.E.P. § 707.05(c).

piles of art submitted by applicants under the new rule. The Court of Appeals for the Federal Circuit has recognized an examiner's practical limitations when faced with a deluge of applicant-submitted information:

The conclusion that [the examiner] was "fully informed" rests solely on the presentation to him of a mountain of largely irrelevant data from which he is *presumed* to have been able, with his expertise and with adequate time, to have found the critical data. It ignores the real world conditions under which examiners work.<sup>28</sup>

Promoting further submission of art will only increase the chance that an examiner will miss a hidden "smoking gun."<sup>29</sup>

The rule would also deter litigants from pursuing *inter partes* reexamination of patents asserted in litigation. The local patent rules of many jurisdictions require that defendants identify the prior art and invalidity arguments which they intend to raise early in discovery.<sup>30</sup> Defendants would be weary of filing a copending *inter partes* reexamination, knowing that any art which they have identified during discovery could then be cited

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<sup>28</sup> *Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F.2d 1556, 1573 (Fed. Cir. 1983) (emphasis in original) (considering whether an applicant satisfied his duty of disclosure by submitting a volume of test data without calling the relevant data to the examiner's attention).

<sup>29</sup> H.R. REP. NO. 107-120, at 2 (2001).

<sup>30</sup> *See, e.g.*, N. Dist. Cal. Patent R. 3-3; E. Dist. Tex. Patent R. 3-3.

to the examiner. After being made of record, a defendants' burden of proving validity will have increased under the proposed rule.

### CONCLUSION

The Association does not take a position on whether the current "clear and convincing" standard should remain undisturbed. The Association does submit, however, that a rule that would impose a higher burden of proof for invalidity defenses based upon prior art cited during prosecution than the burden of proof for invalidity defenses based upon other prior art should be avoided.

Respectfully submitted,

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