

IP Client Alert

Patent Law Unchanged by *Microsoft* Supreme Court Decision

Despite all of the anticipation surrounding the outcome of the *Microsoft v. i4i* case, on June 9, 2011, the Supreme Court upheld the current state of patent law rather than change long-held precedent. Specifically, the Court held unanimously that when an accused infringer alleges that a patent is invalid, such an allegation needs to be proven by clear and convincing evidence.

This “clear and convincing evidence” standard has been defined as requiring “evidence indicating that the thing to be proved is highly probable or reasonably certain.” This standard provides a relatively high hurdle for accused infringers to overcome in order to invalidate a patent and, thus, provides a rather stable environment for patents.

The Court based this decision on section 282 of the Patent Act of 1952, which grants to patents a presumption of validity. The Court noted that “Congress specified the applicable standard of proof in 1952 when it codified the common-law presumption of patent validity.” Relying on previous Supreme Court precedent, the Court cited Justice Cardozo, who stated, “There is a presumption of validity, a presumption not to be overthrown except by clear and cogent evidence.”

In this case, Microsoft asserted an invalidity defense to an allegation of infringement which relied on evidence that had not been considered by the United States Patent and Trademark Office (USPTO) during examination. Microsoft alleged that i4i sold a version of the software covered by U.S. Patent No. 5,787,449 (“the ‘449 patent”) more than a year before the patent was filed. Microsoft presented evidence that suggested the software

at issue was previously marketed and sold to another company. The evidence included various documents describing the software such as manuals, a funding application, and letters to potential investors, etc. However, i4i maintained that the software that was sold did not include the contents of the patent at issue in this case. Unfortunately, the code at issue was destroyed and was not available for a comparison to the patent. The lower courts determined that the evidence presented did not clearly and convincingly show that the software sold was the same as the software described in the ‘449 patent. While one might be able to infer that fact from the evidence in question, it did not meet the clear-and-convincing standard of proof. Therefore under the Court’s interpretation the patent remains valid.

Further, the Court determined that the standard of evidence should be consistent regardless of whether the evidence was previously considered by the USPTO. However, the Court also stated that juries may be instructed to give more weight to evidence not previously considered by the USPTO when considering the issue of patent validity. Thus, in cases, such as *Microsoft*, where some material was not before the USPTO during prosecution, the jury may be instructed to give these materials more weight during consideration. Unfortunately for Microsoft, no such request was made of the district court.

With respect to the policy arguments put forth, the Court found itself “in no position to judge these policy arguments.” The Court relied instead on the almost thirty-year history of interpretation and

congressional action regarding section 282 of the Patent Act of 1952. During this time frame, the Court noted that the evidentiary standard has been left “untouched.”

The Court affirmed the current standard of proof for invalidity. Many patent holders are now breathing a sigh of relief.

Now the question is, will Congress take up the challenge set forth by the Court when it stated, “Any recalibration of the standard of proof remains in its hands.”

If you have questions regarding this decision, or have any other matters, please contact your Vedder Price Intellectual Property attorney.

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