

No. 10-290

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In the  
**Supreme Court of the United States**

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MICROSOFT CORPORATION,

*Petitioner,*

v.

14I LIMITED PARTNERSHIP AND  
INFRASTRUCTURES FOR INFORMATION INC.,

*Respondents.*

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

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**BRIEF OF GOOGLE INC., VERIZON  
COMMUNICATIONS INC., CONSUMER ELECTRONICS  
ASSOCIATION, COMCAST CORP., DELL COMPUTER  
CORP., HEWLETT-PACKARD CO., HTC CORP., INTUIT  
INC., L-3 COMMUNICATIONS CORP., LINKEDIN  
CORP., LOCKHEED MARTIN CORP., MASTERCARD  
WORLDWIDE, THE NEW YORK TIMES COMPANY,  
RACKSPACE HOSTING INC., RED HAT, INC.,  
SHUTTERFLY, INC., SOFTWARE & INFORMATION  
INDUSTRY ASSOCIATION, TIME WARNER INC., WAL-  
MART STORES, INC., AND ZYNGA INC. AS *AMICI  
CURIAE* IN SUPPORT OF PETITIONER**

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### **QUESTION PRESENTED**

Whether a party disputing a patent's validity must prove invalidity by clear and convincing evidence.

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## INTEREST OF *AMICI CURIAE*<sup>1</sup>

*Amici* are 18 companies and two trade associations that include innovative leaders in a wide variety of high-technology fields. Having obtained a number of patents based on their own extensive research and development efforts, and having also been unfairly and repeatedly accused of infringing others' patented technology, *amici* and their members support a strong patent system that rewards rather than impedes innovation. *Amicus* Wal-Mart Stores, Inc., one of the world's largest retailers, has a similar interest because it sells over 100,000 products that high-technology and other companies manufacture and provide to it. *Amici* L-3 Communications Corp. and Lockheed Martin Corp. have filed a pending certiorari petition that raises the same issue in this case. See *L-3 Commc'ns Corp. v. Honeywell Int'l Inc.*, No. 10-491 (filed Oct. 8, 2010).

All too often, the requirement that a party prove a patent's invalidity by clear and convincing evidence skews the inquiry and causes courts and juries to sustain invalid patents. *Amici* provide, sell, or use products and services incorporating large numbers of components that can and do attract wrongful allegations of patent infringement. Those allegations are often based on invalid patents, but

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<sup>1</sup> The parties have consented to the filing of this brief in letters on file with the Clerk. No counsel for any party authored this brief in whole or in part, and no person or entity, other than *amici* and its counsel, made a monetary contribution intended to fund the preparation or submission of this brief.

they are nonetheless costly and risky to defend, in part because of the clear-and-convincing standard. Those costs and risks often force accused infringers to pay significant litigation settlements even when accused of infringing invalid patents—a reality that encourages abusive patent suits and discourages innovation, raising the cost of goods and services without any corresponding value to the consumer. *See Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, \_\_\_ F.3d \_\_\_, 2011 WL 179768, \*9 (Fed. Cir. 2011) (Lourie, J., concurring in part and dissenting in part) (describing use of patents “as a business weapon”).

## **INTRODUCTION AND SUMMARY OF ARGUMENT**

1. In private civil litigation, including litigation about property rights, a preponderance of the evidence is the default standard of proof. The Federal Circuit’s clear-and-convincing-evidence requirement departs from that general principle of law without any basis in the text of the Patent Act. This Court should re-affirm that the same principles of law that apply in all other contexts also apply in patent cases, and hold that the preponderance of the evidence is the correct standard of proof for *all* challenges to a patent’s validity.

It is no answer that the Patent Act states that patents are presumed to be valid. Outside of patent law, such statutory presumptions are routinely governed by the preponderance-of-the-evidence standard.

Moreover, the clear-and-convincing standard undermines the aim of the Patent Act: to promote

innovation. The Act fosters innovation in part by *not* granting property rights where they are not necessary to stimulate innovation and where they would impair future innovation by others. The heightened standard of proof dismisses too lightly the costs to innovation that questionable patents impose. Nor could anyone have a justifiable reliance interest in a *procedural* rule of relatively recent vintage, especially considering that the Patent and Trademark Office (“PTO”) itself applies the default preponderance standard, not a heightened standard, when it reexamines the validity of a previously issued patent. The evidentiary standard for invalidity challenges is now more important than ever because of the importance of patents in today’s economy and the ever-increasing number of patent infringement lawsuits, including suits brought by non-practicing entities.

Overcoming invalid patents is already challenging, given that the realities of jury trials already confer significant advantages on patent holders. There is no reason to adopt a heightened standard of proof that gives one private litigant an even greater advantage over another, but that is exactly what the clear-and-convincing standard does by tilting the playing field even further in favor of patent holders.

2. A heightened standard is not justified by notions of deference to the PTO’s issuance of a patent. The PTO’s decision to grant a patent is better understood as a non-denial than as an issuance subject to deference. The PTO, following Federal Circuit precedent, must presume that all patent applications should be granted, and therefore

permits a patent examiner to reject an application only if *the examiner* demonstrates unpatentability. The examiner bears that burden as part of an *ex parte* procedure that generally relies on the applicant's disclosures and the examiner's own research—research that is greatly limited because of the extreme time pressures that workload demands impose on examiners. Moreover, examiners are not expected to consider all of the requirements for patentability, such as the written description and best mode requirements, in part because it is impractical to consider some of them as part of the *ex parte* examination process.

None of these procedures suggests that the grant of a patent warrants the extraordinary deference conferred by the clear-and-convincing standard. Instead, they show that patent applicants receive the benefit of favorable procedures and an *ex parte*, resource-constrained review by the PTO. Applying a clear-and-convincing standard in litigation serves only to insulate patents from adequate scrutiny at any stage.

The nature of infringement litigation is also incompatible with deferential review of agency action. Under settled principles of administrative law, deference to agency action generally goes hand in glove with limiting review to (i) the administrative record and (ii) the agency's reasoning. In part because of the *ex parte* nature of the patent application process, however, parties to patent litigation create a new evidentiary record. The courts also consider all grounds and rationales for upholding or invalidating a patent, without limiting their analysis to whether the PTO's *actual*

reasoning is sustainable. Under settled principles of administrative law, deference is inapplicable in such a *de novo* proceeding.

3. For those reasons, the preponderance of the evidence is *always* the correct standard of proof for challenges to a patent's validity. There is no legal or practical justification for a shifting-standards approach in which, for example, a heightened standard of proof would apply to invalidity theories the PTO considered but not to those it did not consider. That approach would also require the courts to resolve a number of subsidiary questions concerning which of the two standards of proof should apply in various circumstances, and who (the judge or jury) should make that determination. There is no need to open that novel set of issues when the alternative is to follow the same well-settled principles that apply in all other areas of law.

4. i4i's reliance on older decisions of this Court, and Congress's inaction on this issue, is misplaced. This Court has never held that the PTO's mere issuance of a patent warrants a heightened standard of proof. And congressional silence here is irrelevant because *this Court* is charged with reviewing lower courts' decisions. In any event, Congress *has* acted by enacting a heightened standard of proof for one specific type of defense, and only that defense.

## ARGUMENT

### **THE STANDARD OF PROOF FOR PATENT INVALIDITY SHOULD ALWAYS BE A PREPONDERANCE OF THE EVIDENCE.**

#### **I. The Federal Circuit's Imposition Of The Clear-And-Convincing Standard Puts Patent Law At Odds With General Principles Of Law.**

General principles of law that apply in all other contexts also govern in patent cases. *See, e.g., MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) (declaratory judgment standard); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (permanent injunction standard); *Dickinson v. Zurko*, 527 U.S. 150, 165 (1999) (standard of review of agency action). There is little doubt about the applicable principles here: in civil suits, the party that bears the burden of proof may overcome that burden with a preponderance of the evidence unless Congress expressly requires a higher standard or certain important liberty interests are at stake. *See, e.g., Grogan v. Garner*, 498 U.S. 279, 286 (1991). Because neither of those exceptions even arguably applies here, normal standards of proof apply in patent cases just as in other cases.

#### **A. The Patent Act does not require a heightened standard of proof.**

Far from requiring a heightened standard of proof for invalidity, the Patent Act simply states that “[a] patent shall be presumed valid. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such

invalidity.” 35 U.S.C. § 282. While that section identifies *who* bears the burden of proof on invalidity, it says nothing about the *evidentiary standard* for carrying that burden. In contrast, a separate section of the Patent Act expressly provides for a heightened standard in the one circumstance where Congress wanted one. See 35 U.S.C. § 273(b)(4). Thus, under the general principles of law explained above, the default preponderance standard applies, except when Congress has indicated otherwise.

It makes no difference that Section 282 establishes a presumption of validity. Such presumptions do not affect the standard of proof, only the initial burden of production, which is not at issue here. Fed. R. Evid. 301. Numerous statutory presumptions are overcome by a preponderance of the evidence. See, e.g., *Medforms, Inc. v. Healthcare Mgmt. Solutions, Inc.*, 290 F.3d 98, 114 (2d Cir. 2002) (copyright validity); *Material Supply Int’l, Inc. v. Sunmatch Indus. Co.*, 146 F.3d 983, 990 (D.C. Cir. 1998) (trademark validity); *Bracic v. Holder*, 603 F.3d 1027, 1034 (8th Cir. 2010) (fear of persecution in asylum proceedings); *St. Paul Fire & Marine Ins. Co. v. United States*, 6 F.3d 763, 768-69 (Fed. Cir. 1993) (presumption that decisions of the Customs Service are correct); *Thomas v. Nicholson*, 423 F.3d 1279, 1282 (Fed. Cir. 2005) (“presumption of service connection for [veterans’] injuries that occur during active duty”).

Indeed, *all* agency decisions are “entitled to a presumption of regularity.” *Citizens to Pres. Overton Park, Inc. v. Volpe*, 401 U.S. 402, 415 (1971); see also Stuart Minor Benjamin & Arti K. Rai, *Who’s Afraid*

*of the APA? What the Patent System Can Learn from Administrative Law*, 95 Geo. L.J. 269, 281 n.53 (2007) (citing cases). But that does not mean that they must all be overcome by clear and convincing evidence.

As noted above, when Congress intended to impose a clear-and-convincing standard in the Patent Act, it knew how to do so: “A person asserting the defense under this section [concerning prior uses of business methods] shall have the burden of establishing the defense by clear and convincing evidence.” 35 U.S.C. § 273(b)(4). Congress’s specification of the clear-and-convincing standard for that one defense, coupled with its silence on that issue elsewhere, confirms that Congress did not intend to require a heightened standard of proof for other issues. *See Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 452 (2002); *Bilski v. Kappos*, 130 S. Ct. 3218, 3228-29 (2010).

This Court cannot disregard Section 273, as it claims, on the basis that Congress enacted it after Section 282. *See Br. in Opp.* 14 n.9. To the contrary, Congress’s decision to specify a heightened standard of proof for this one specific defense confirms that Congress understood that the preponderance of the evidence is the default standard of proof for the Patent Act, just as for other statutes. *See Bilski*, 130 S. Ct. at 3228-29.

The legislative history does not reveal any intent to deviate from traditional standards of proof. The committee reports recite the statutory presumption of validity only in passing, and do not even mention evidentiary standards, much less state that a

heightened standard should apply. *See* H.R. Rep. No. 82-1923, at 10 (1952); S. Rep. No. 82-1979 (1952). Congress’s silence on the evidentiary standard “is inconsistent with the view that Congress intended to require a special, heightened standard of proof.” *Grogan*, 498 U.S. at 286.

**B. The nature of the patent right does not warrant a heightened standard of proof.**

1. Absent explicit congressional direction, this Court has permitted deviations from the baseline preponderance standard only where important liberty interests radically different from those implicated by patent rights are at stake. *See Grogan*, 498 U.S. at 286. Because the potential loss of liberty is “more substantial than mere loss of money,” “[t]he individual should not be asked to share equally with society the risk of error” in such cases, *Addington v. Texas*, 441 U.S. 418, 424, 427 (1979), which include civil confinement, *id.* at 432-33; denaturalization, *Schneiderman v. United States*, 320 U.S. 118 (1943); deportation, *Woodby v. INS*, 385 U.S. 276 (1966); and loss of parental rights, *Santosky v. Kramer*, 455 U.S. 745 (1982).

In contrast, private patent litigation involves the same types of economic injuries that are at issue in “the typical civil case involving a monetary dispute between private parties.” *Addington*, 441 U.S. at 423; *see also eBay*, 547 U.S. at 391 (money damages are the norm in patent litigation absent irreparable injury because “familiar principles apply with equal force to disputes arising under the Patent Act”). In disputes regarding property, courts regularly apply the normal, preponderance standard of proof. *See*,

e.g., *Grogan*, 498 U.S. at 286 (discharge from obligations in bankruptcy); *Medforms*, 290 F.3d at 114 (copyright validity); *Material Supply Int'l*, 146 F.3d at 990 (trademark validity). With respect to such injuries, there is no reason to adopt a standard of proof that favors one side over the other.

2. i4i argues that the clear-and-convincing standard promotes innovation and protects patentees' expectations. Br. in Opp. 17-18. *Amici* are familiar with that concern because they are among the most innovative companies in the world and they own thousands of patents. But private property rights of *all* kinds serve similar functions. Harold Demsetz, *Toward a Theory of Property Rights*, 57 Am. Econ. Rev. 347, 347-49 (1967). Nonetheless, property disputes generally take the ordinary preponderance standard, as explained above.

Moreover, the protection for invalid patents that results from the clear-and-convincing standard is a threat—not a boon—to innovation. Questionable patents do not foster innovation. Instead, they block and impair others from innovating. See Dep't of Commerce, *Patent Reform: Unleashing Innovation, Promoting Economic Growth & Producing High-Paying Jobs*, 1, 5 (2010), [http://2001-2009.commerce.gov/s/groups/public/@doc/@os/@opa/documents/content/prod01\\_009147.pdf](http://2001-2009.commerce.gov/s/groups/public/@doc/@os/@opa/documents/content/prod01_009147.pdf); Christopher R. Leslie, *The Anticompetitive Effects of Unenforced Invalid Patents*, 91 Minn. L. Rev. 101, 113-29 (2006). If the holder of an invalid patent secures—or even threatens to secure—an injunction or royalties, it can block or tax innovation, driving up prices and

decreasing the availability of innovative products and services to the public.

The goal of patent law, however, is to stimulate innovation while “not granting monopolies over procedures that others would discover by independent, creative application of general principles.” *Bilski*, 130 S. Ct. at 3228. Invalid patents “stifle, rather than promote, the progress of useful arts,” *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 427 (2007); accord *Lear v. Adkins*, 395 U.S. 653, 656 (1969), in part because a “zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims . . . discourage[s] invention only a little less than unequivocal foreclosure of the field.” *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236 (1942).

Protecting invalid patents therefore undermines innovation. But that is exactly what the clear-and-convincing standard does—it preserves patents even when a party has proven that a patent is more likely than not invalid, but has not also surmounted the clear-and-convincing hurdle. In contrast, the default preponderance standard provides a more level playing field, and thereby makes it more likely that the courts will screen out invalid patents and “deter at least some infringement actions based on weak patents.” See Honorable William Alsup, *A District Judge’s Proposal for Patent Reform*, 24 Berkeley Tech. L.J. 1647, 1650 (2009).

Moreover, no one could have any reasonable, settled expectations on this issue that could trump the correct application of law. *Cf.* Br. in Opp. 2, 16. Changes to procedural rules (unlike substantive

ones) are presumptively retroactive precisely because there can be no *justifiable* reliance on a procedural rule. *See Landgraf v. USI Film Prods.*, 511 U.S. 244, 275 (1994). The prospective benefits to innovation from correcting the Federal Circuit’s relatively recent procedural error far outweigh any short-term disruption of expectations. *Cf. KSR*, 550 U.S. at 418 (reversing a line of substantive patent jurisprudence at least as old as the one here); *eBay*, 547 U.S. at 394.

3. It also bears emphasis that the statutory presumption of validity and the realities of jury trials already provide significant advantages to patent holders. There is certainly no policy justification for granting them the *additional* advantage of the clear-and-convincing standard.

“Jurors are notoriously reluctant to second-guess patent examiners.” Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 Nw. U. L. Rev. 1495, 1528 (2001). “Jury research has indicated that almost one out of every three jurors is unwilling to undertake a task which they view [the PTO] to have already accomplished. While almost all jurors on *voir dire* will honestly state that they are willing to look behind that which [the PTO] has done, many (if not most) will resort to the presumption of validity once the issues become complicated or difficult.” Donald S. Chisum et al., *Principles of Patent Law* 1038 (3d ed. 2004) (“side bar” of William F. Lee). Thus, even without the “heavy burden” of the clear-and-convincing standard, *Honeywell Int’l Inc. v. Hamilton Sundstrand Corp.*, 370 F.3d 1131, 1145 (Fed. Cir. 2004), lay juries face an enormous temptation to defer to the PTO instead of having to

master the daunting complexity of technical details on which an alleged infringer's case often depends. Chisum, at 1036-40.

Especially in complex patent cases, the clear-and-convincing requirement can often dictate the outcome because "it is very difficult to ever make the evidence 'clear and convincing' to a group of people who do not have the necessary training and education to understand it." Adam B. Jaffe & Josh Lerner, *Innovation and Its Discontents* 1, 196 (2004). "Thus the 'clear and convincing evidence' standard combined with decision-making by juries makes it likely that the patentee will win on validity questions" regardless of whether the patent is actually valid. *Id.*

Indeed, the evidence shows that juries are twice as likely as judges to find patents valid. *Id.* at 125; see also Kimberly A. Moore, *Judges, Juries, and Patent Cases*, 99 Mich. L. Rev. 365, 390 (2000). Imposing a clear-and-convincing standard only enhances the significant risk of erroneous decisions that is already built into the system.

4. Significantly, when the PTO reexamines the patentability of a previously issued patent, it determines validity based on a preponderance-of-the-evidence standard, *not* based on the clear-and-convincing standard. See *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008). That is proof positive that nothing in the nature of a patent warrants a heightened standard of proof for invalidity and that the default preponderance standard will not lead to detrimental effects on innovation.

5. The proper standard of proof for invalidity is now more important than ever because patents have taken center stage in the information-age economy. Last year, the PTO issued more patents than it has ever issued in any calendar year. See PTO, US Patent Statistics Chart, [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us\\_stat.htm](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm). Patent litigation filings have nearly tripled in the past two decades. PricewaterhouseCoopers, 2010 Patent Litigation Study, 1, 6, <http://www.pwc.com/us/en/forensic-services/publications/assets/2010-patent-litigation-study.pdf>; see also Jason Rantanen, *Patent Suit Filings for 2010 Show a Slight Rise* (Jan. 28, 2011), <http://www.patentlyo.com/patent/2011/01/patent-suit-filings-for-2010-show-a-slight-raise.html> (noting increase in filings in 2010). Many of those filings are abusive patent suits based on invalid patents, which have powerful coercive effects and are a scourge of modern business. See *eBay*, 547 U.S. at 396 (Kennedy, J., concurring); CTIA Br. 17-20, 25-27.

That problem has become far worse as “non-practicing entities” have bought up questionable patents for the sole purpose of asserting them in litigation. See, e.g., *Patent Trolls: Fact or Fiction?*, *Hearing Before the Subcomm. on Courts, the Internet, & Intellectual Property of the House Comm. on the Judiciary*, 109th Cong. 2-3 (2006) (statement of Rep. Berman); *Patents as Financial Assets: Trolls Demanding Tolls*, *The Economist*, Sept. 10, 2009. And the most dubious patents, those that are most susceptible to invalidity challenges, benefit the most from the heightened burden of the clear-and-convincing standard. See Alsup, 24 *Berkeley Tech. L.J.* at 1648. There is no justification for adopting a

heightened standard to slant patent litigation in favor of patent holders over other entities that are attempting to innovate and compete.

The clear-and-convincing standard has also had a corrosive effect on patent law itself. For example, this Court has long held that patent claims must “clearly circumscribe” their scope in order to satisfy the definiteness requirement for patentability. *United Carbon*, 317 U.S. at 236. The Federal Circuit, however, has held that claims may be ambiguous so long as they are not “insolubly ambiguous.” *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1347-48 (Fed. Cir. 2005). It has cited the need to “follow” its clear-and-convincing requirement as a reason for adopting that more permissive standard. *Id.* In that respect as well, the clear-and-convincing standard is skewing outcomes to favor the most questionable patents. *Cf. Applera Corp. v. Enzo Biochem, Inc.*, No. 10-246, 131 S.Ct. 847 (2010) (calling for the views of the Solicitor General on indefiniteness).

## **II. Deference To The PTO’s Expertise Does Not Warrant A Heightened Standard Of Proof.**

The clear-and-convincing requirement is not justified as a means of deferring to the PTO’s issuance of a patent. The Administrative Procedures Act codifies the principles that have traditionally governed judicial review of agency action. *See Zurko*, 527 U.S. at 152-154. Under those principles, standards of proof are not used for deference; instead, in circumstances where deference is warranted, a party challenging agency action must satisfy certain substantive standards by showing

that agency action is, for example, contrary to law or arbitrary and capricious. *See* 5 U.S.C. § 706. And under the traditional deference principles reflected in the APA, the PTO's issuance of a patent is not entitled to any deference—much less the strong deference of the clear-and-convincing standard.

**A. Federal Circuit law and PTO practice tilt the scales heavily in favor of granting patent applications based on incomplete analyses.**

Deference turns not on whether the PTO is “do[ing] its job,” *Am. Hoist & Derrick v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984), which it is, but on whether the job the PTO's examiners are tasked with doing is the kind that warrants deference. As the Federal Trade Commission (“FTC”) has determined, current law and PTO procedure stack the deck heavily in favor of issuing patents. *See* FTC, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, Executive Summary, 1, 9 (2003) (“FTC Report”), available at <http://www.ftc.gov/os/2003/10/innovationrpt.pdf>. The PTO's unbalanced and incomplete review of patent applications is not entitled to deference.

1. Ordinarily, an applicant bears the burden of proving its entitlement to a government benefit or privilege. *See, e.g., Fagan v. Shinseki*, 573 F.3d 1282, 1286 (Fed. Cir. 2009). But under Federal Circuit precedent, patent prosecution takes the opposite approach: the patent *examiner* “bears the initial burden, on review of the prior art or on any other ground, of presenting a *prima facie* case of

unpatentability.” *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *see also* Manual of Patent Examining Procedure § 716.01(d) (“MPEP”).

In other words, the PTO presumes that it should award an exclusive property right to anyone who asks for it. If the examiner’s initial review does not result in “a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent.” *Oetiker*, 977 F.2d at 1445 (citations omitted). For example, “[i]f the examiner does not produce a *prima facie* case [of obviousness], the applicant is under no obligation to submit evidence of nonobviousness.” MPEP § 2142.

2. Moreover, a “plethora of [additional] presumptions and procedures tip the scales in favor of the ultimate issuance of a patent, once an application is filed.” FTC Report, Executive Summary at 8. Under the PTO’s institutionalized procedures, examiners do not typically consider all aspects of patentability. For example, “[t]he examiner should assume that the best mode is disclosed in the application . . . .” MPEP § 2165.03. In addition, “[t]here is a strong presumption that an adequate written description of the claimed invention is present” in an application, MPEP § 2163, along with a similar presumption concerning the enablement requirement, MPEP § 2164.04.

Under that strong presumption, rejections for lack of adequate written description under 35 U.S.C. § 112 are deliberately “rare.” MPEP § 2163. Yet the written description requirement serves the crucial function of limiting the scope of the patent grant to the actual invention, thereby ensuring that

applicants do not claim solutions to problems they have not solved. *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc). Many patents vaguely claim a means for accomplishing a result. Without reviewing the written description of the supposed means, the examiner cannot tell whether the applicant invented a solution for accomplishing that result, or just described the problem. The written-description requirement is therefore essential to ensure that the patent system provides an “incentive to actual invention and not attempts to preempt the future before it has arrived.” *Id.* at 1353 (internal quotation marks, citation, and alteration omitted). Under the PTO’s processes, however, “serious § 112 analysis is left for litigation”—the same litigation that, *i4i* argues, should be skewed by the clear-and-convincing standard. R. Polk Wagner, *Understanding Patent-Quality Mechanisms*, 157 U. Pa. L. Rev. 2135, 2150 (2009).

Likewise, examiners rarely inquire into important non-documentary sources of information, such as the knowledge of skilled artisans, market demands, *see KSR*, 550 U.S. at 418, and public uses or commercial offers for sale, *see* 35 U.S.C. § 102(b). The PTO *can* require an applicant to disclose such information. *See* 37 C.F.R. § 1.105; MPEP §§ 704.10, 704.11. But those inquiries present obvious challenges, especially in an *ex parte* setting, and the PTO has not widely required applicants to disclose such information. *See* John R. Thomas, *The Responsibility of the Rulemaker*, 17 Berkeley Tech. L.J. 727, 749-50 (2002). Under this Court’s decision in *KSR*, a full knowledge of the prior art is essential,

but examiners often lack it. See Joseph Farrell & Carl Shapiro, *Intellectual Property, Competition, and Information Technology* (UC Berkeley Competition Policy Ctr., Working Paper No. CPC04-45, 2004), at 33, available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=527782](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=527782).

3. The PTO procedures discussed above produce a substantial risk that the agency will issue invalid patents. That risk is compounded by the *ex parte* nature of the examination process and the limits on the PTO's resources. Our justice system is adversarial precisely because a decision maker who hears *both* sides of the story from parties with a concrete interest in the outcome is more likely to reach a correct determination. See *Lassiter v. Dep't of Soc. Servs. of Durham Cty.*, 452 U.S. 18, 28 (1981). Yet the patent system "gives only one party, the one with the greatest incentive to distort, an opportunity to be heard." Alsup, 24 Berkeley Tech L.J. at 1651. Without an adversary to aid the process and expand the record, the PTO examiner faces a daunting task in attempting to develop a complete understanding of the alleged invention, the relevant technology, and the prior art.

The absence of adversarial guidance would pose a grave problem even if the PTO had unlimited resources to review each patent application thoroughly. But the PTO does not. This Court identified that problem over four decades ago, *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966), and the PTO's resources have been stretched even further since then.

“Almost any patent lawyer will agree that the U.S. patent system is currently overburdened: there are too many patent applications and not enough examiners to ensure that the merits of each and every patent are properly assessed.” Matthew Sag & Kurt Rohde, *Patent Reform and Differential Impact*, 8 Minn. J.L., Science, & Tech. 1, 16 (2007); *see also* Warren K. Mabey, Jr., *Deconstructing the Patent Application Backlog*, 92 J. Pat. & Trademark Off. Soc’y 208 (2010); *How an Improved U.S. Patent and Trademark Office Can Create Jobs: Hearing Before the House Subcomm. on Intell. Prop., Competition & the Internet, Comm. on the Judiciary*, 112th Cong. (2011) (statement of David J. Kappos, Director, PTO) (stating PTO’s “greatest challenges . . . continue to be on the patent side” in part because of “[u]ncertainty about funding”).

In 2003, the FTC found that examiners “have from 8 to 25 hours to read and understand each application, search for prior art, evaluate patentability, communicate with the applicant, work out necessary revisions, and reach and write up conclusions.” FTC Report, Executive Summary at 10 (emphasis added); *see also* Lemley, 95 Nw. U. L. Rev. at 1500. The number of patent applications submitted to the PTO has increased by 37% since then, from 355,418 to 485,500 annually, making the situation even worse. *See* PTO, *Performance and Accountability Report* Tables 1-3 (2009), <http://www.uspto.gov/about/stratplan/ar/2009/2009annualreport.pdf>.

By contrast, when the PTO reexamines a previously issued patent, its second look *normally* reveals that the patent should not have issued.

Whereas a single examiner undertakes an initial examination and has to attempt to consider a wide range of issues in a limited amount of time, three experienced examiners from the PTO's Central Reexamination Unit conduct a reexamination that focuses on specific validity issues. *See generally* MPEP § 2271 (2008). *Inter partes* reexaminations also provide adversarial guidance. *See* 35 U.S.C. § 314. Significantly, 89% of the previously issued patents that go through adversarial *inter partes* reexaminations are cancelled or re-issued only after the patentee amends some of the claims. *See* PTO, *Inter Partes* Reexamination Filing Data, [http://www.uspto.gov/patents/stats/IP\\_quarterly\\_report\\_Sept\\_2010.pdf](http://www.uspto.gov/patents/stats/IP_quarterly_report_Sept_2010.pdf). Patents involved in *ex parte* reexaminations do not fare much better: 77% of claims are cancelled or re-issued only after amendment, and that number rose to about 88% last year. *See* PTO, *Ex Parte* Reexamination Filing Data, [http://www.uspto.gov/patents/stats/EP\\_quarterly\\_report\\_Sept\\_30\\_2010.pdf](http://www.uspto.gov/patents/stats/EP_quarterly_report_Sept_30_2010.pdf).

Those reexamination results, like the analyses of many scholars, show that the PTO is issuing many invalid patents. *See also* Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law's Presumption of Validity*, 60 *Stan. L. Rev.* 45, 47 (2007); Joshua D. Sarnoff, *Bilcare, KSR, Presumptions of Validity, Preliminary Relief, and Obviousness in Patent Law*, 25 *Cardozo Arts & Ent. L.J.* 995, 1050-52 (2008).<sup>2</sup>

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<sup>2</sup> As discussed below, reexaminations are not a cure-all that justifies requiring clear and convincing evidence in litigation, in

4. Even under traditional administrative-law principles, the PTO's issuance of a patent is not entitled to deference, much less the strong deference the clear-and-convincing standard gives it. The amount of deference due to an agency decision generally correlates with the thoroughness of that decision. See *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 42-44 (1983); *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944). Because the procedures and realities of the examination process constrain examiners' ability to consider all aspects of patentability in a thorough manner, deference is unwarranted.

Indeed, an agency commits reversible error when it fails to consider an important aspect of the problem before it. *Motor Vehicle*, 463 U.S. at 43. For practical reasons, as discussed above, the PTO's institutionalized procedures do not require examiners to consider all the important requirements for patentability.

Moreover, the PTO's presumptions and procedures mean that it does not approve patent applications so much as it does not deny them unless a time-constrained examiner discovers and develops a *prima facie* case of unpatentability. That process of issuing effective non-denials is not entitled to deference for the additional reason that, when agencies systematically place a thumb on the scale, courts often apply a reduced level of deference. See, e.g., *NLRB v. St. Mary's Home, Inc.*, 690 F.2d 1062,

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part because some grounds for invalidity are not considered in reexamination. See pp. 27-29, *infra*.

1067 (4th Cir. 1982); *UPS Worldwide Forwarding, Inc. v. United States Postal Serv.*, 66 F.3d 621, 638-39 (3d Cir. 1995); *Spentonbush/Red Star Cos. v. NLRB*, 106 F.3d 484, 492 (2d Cir. 1997). One leading commentator has concluded that the PTO views “its mission to be ‘helping our customers get patents.’” Lemley, 95 Nw. U. L. Rev. at 1496 n.3 (citation omitted). Whether or not that is the case, “the presumption of validity attached to a determination of patentability made by the United States Patent Office [must be] subject to searching review by the courts.” *Howes v. Great Lakes Press Corp.*, 679 F.2d 1023, 1028-29 (2d Cir. 1982) (citations omitted).

**B. Patent litigation provides an essential *de novo* test of patents’ validity.**

The nature of patent litigation confirms that deference is unwarranted. Patent litigation is *de novo*. Litigants develop a new evidentiary record, and they are free to raise new validity issues and rationales the PTO did not consider. See *Purdue Pharma L.P. v. Faulding Inc.*, 230 F.3d 1320, 1329 (Fed. Cir. 2000). That *de novo* undertaking is essential because of the inherent limitations of the *ex parte* examination process. See *id.* And it makes deference principles inapplicable.

1. Deference to agency fact-finding has long gone hand in glove with administrative-record review. As this Court has explained, “the focal point for judicial review should be the administrative record *already in existence*, not some new record made initially in the reviewing court.” *Camp v. Pitts*, 411 U.S. 138, 142 (1973) (per curiam) (emphasis added). To be

sure, there are limited circumstances in which courts reviewing agency action will consider a new record. *Id.* at 141-42. But in those instances, the courts act as *de novo* fact finders and do *not* limit themselves to deferential review of the agency's action. *See, e.g., Chandler v. Roudebush*, 425 U.S. 840, 861 (1976) (explaining the "choice" between administrative-record and *de novo* review); *Overton Park*, 401 U.S. at 415 (explaining that "a record that is to be the basis of agency action" is "the basic requirement for substantial-evidence review" under the APA). Because patent litigation turns on a new record, not an administrative record, deference is misplaced.

Under settled principles of administrative law, moreover, "an administrative order cannot be upheld unless the *grounds* upon which the agency acted in exercising its powers were those upon which its action can be sustained." *SEC v. Chenery Corp.*, 318 U.S. 80, 95 (1943) (emphasis added). The Federal Circuit's clear-and-convincing standard is not, however, tied to the reasons an examiner issued a patent; instead, it *always* applies. *Am. Hoist & Derrick*, 725 F.2d at 1359. And the basis for an examiner's conclusion, as well as the examiner's findings, are merely non-exclusive factors for a court to consider in making its independent determination of invalidity. *See, e.g., Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1359-60 (Fed. Cir. 2007); *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1555 (Fed. Cir. 1985) (holding that examiner's decision is merely "evidence the court must consider"); *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1139 (Fed. Cir. 1985) (holding that a court must make "independent conclusion" while deferring to

the PTO's "result"). For that reason as well, the Federal Circuit's clear-and-convincing requirement bears little relationship to established deference doctrines.

Indeed, the Federal Circuit has acknowledged that the clear-and-convincing standard is not really a deference doctrine at all: "[w]hen 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." *Am. Hoist & Derrick*, 725 F.2d at 1360 (emphases in original). But even though deference to an administrative determination is not at issue in that circumstance, because the PTO has not even considered the relevant evidence, the Federal Circuit still applies the clear-and-convincing standard. *Id.* The Federal Circuit applies its heightened standard of proof even when the applicant withheld the relevant prior art from the PTO, misrepresented it, obscured it as part of a last-minute deluge of additional documents, or provided it only in a foreign language. *See id.* at 1359 (holding that the clear-and-convincing standard *always* applies); p. 30, *infra*. The Federal Circuit's across-the-board application of its clear-and-convincing standard is proof positive that the standard is not based on rational deference to the PTO's actual determinations.

The Federal Circuit applies its clear-and-convincing standard even when the PTO itself has called its own issuance of a patent into question. If the PTO has found that a substantial new question of patentability warrants a reexamination, the

Federal Circuit nonetheless applies its clear-and-convincing requirement in litigation concerning the same patent. See *Procter & Gamble Co. v. Kraft Foods Global, Inc.*, 549 F.3d 842, 848 (Fed. Cir. 2008). If the PTO examiners finally reject a patent during reexamination, the Federal Circuit still applies the clear-and-convincing requirement as long as appeals from the reexamination are pending. See *Callaway Golf Co. v. Acushnet Co.*, 576 F.3d 1331, 1337 n.4, 1342 (Fed. Cir. 2009). There is no justification for deferring to an examiner's initial issuance of a patent when three examiners have since determined on reexamination that the patent is not valid. The Federal Circuit's contrary conclusion is indefensible and underscores that its clear-and-convincing standard has nothing to do with ordinary deference principles.

2. Litigation results confirm the importance of *de novo* litigation. When judges determine patents' validity on summary judgment or following a bench trial, they invalidate patents approximately half of the time, notwithstanding the daunting standard of proof. See Mark A. Lemley & Carl Shapiro, *Probabilistic Patents*, 19 J. Econ. Persp. 75, 76 (2005); Jaffe & Lerner at 125. Under more balanced standards, that number would undoubtedly increase. Indeed, since the Federal Circuit imposed the clear-and-convincing requirement, "district courts have been roughly half as likely to issue a decision of invalidity, patentees have been about 25 percent more likely to appeal these decisions, and the appeals court has been nearly three times more likely to not affirm a decision of invalidity." Matthew D. Henry & John L. Turner, *The Court of*

*Appeals for the Federal Circuit's Impact on Patent Litigation*, 35 J. Legal Stud. 85, 90 (2006); see also CTIA Br. 7-9.

As the FTC concluded, “[i]t does not seem sensible to treat an issued patent as though it had met some higher standard of patentability.” FTC Report, Executive Summary at 10. “Whatever greater technical expertise does exist [at the PTO] . . . is counterbalanced by the greater time devoted to validity in the litigation process.” Lemley, 95 Nw. U. L. Rev. at 1510 n.64. Litigation permits an in-depth review of issues that the examiner may not have even been aware of, much less had time to focus on.

3. i4i has argued that Congress’s authorization of reexaminations in some circumstances supports the Federal Circuit’s clear-and-convincing requirement. Br. in Opp. 18-21. Quite to the contrary, Congress created reexamination procedures in recognition of the widespread problem of invalid patents. See, e.g., H.R. Rep. No. 96-1307, at 3 (1980) (referring to “doubtful patents”); H.R. Rep. No. 107-120, at 3 (2001) (describing purpose of *inter partes* reexamination as “to review poor-quality or otherwise defective patents”). Congress’s concern with the PTO’s issuance of invalid patents is fundamentally at odds with applying a heightened standard to invalidity determinations.

While reexaminations can be valuable in some circumstances, they are not a complete remedy for the problem of “doubtful patents.” See Alsup, 24 Berkeley Tech. L.J. at 1653-54. Congress authorized the PTO to order reexamination only on the basis of “patents or printed publications.” 35 U.S.C. §§ 301,

303, 312. Parties may not ask the PTO to review issued claims for unpatentable subject matter, lack of written description, enablement, or failure to comply with the best mode requirement. *See* 35 U.S.C. §§ 101, 112. Even questions concerning lack of novelty or obviousness under Sections 102 and 103 are reviewed only with respect to prior art patents and publications—evidence of prior use, invention by others, and the on-sale bar is excluded. *See* MPEP § 2258, I.B.

Even when reexamination is available, a defendant in litigation may not, as i4i appears to suggest, opt out of litigation by initiating a reexamination. On average, the PTO takes 2-3 years to complete a reexamination. *See* PTO, *Ex Parte* Reexamination Filing Data, *supra*; PTO, *Inter Partes* Reexamination Filing Data, *supra*. A patent holder may take an administrative appeal of any adverse determination to the PTO's Board of Patent Appeals and Interferences ("BPAI"), which adds on average 2-3 additional years of delay, followed by another appeal to the Federal Circuit. *See* 35 U.S.C. § 306; Brad Pedersen, *Polishing a Diamond in the Rough: Suggestions for Improving Inter Partes Reexaminations*, 91 J. Pat. & Trademark Off. Soc'y 422, 422 n.3 (2009).

Patent holders typically oppose stays pending reexaminations and argue that the jury should not even be informed of the reexaminations. *See, e.g., Callaway Golf*, 576 F.3d at 1342-43. As a result, some juries render verdicts before related reexamination proceedings are complete. *See, e.g., NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1291 n.3 (Fed. Cir. 2005). For a patent holder now to

purport to embrace reexamination as a substitute for litigation is at best suspect. In any event, the possibility that the PTO might later change its mind on reexamination provides no basis for deferring to the PTO's issuance (as opposed to reexamination) of a patent.

### **III. The Standard Of Proof Should *Always* Be The Preponderance Of The Evidence.**

Some *amici* have advocated a shifting-standards system under which the preponderance standard would apply to validity issues the PTO did not consider before issuing a patent, but the clear-and-convincing standard would apply to issues the PTO did consider. Under ordinary principles of law, however, the preponderance of the evidence should *always* be the standard of proof. As explained above, the preponderance standard applies unless certain important liberty interests are at stake or Congress specified a heightened standard of proof. Neither of those conditions is satisfied here, and neither turns on whether the PTO considered a particular issue. Similarly, the PTO is not entitled to deference under traditional administrative-law principles because of the procedures the agency follows; the inherent limitations on the resource-constrained, *ex parte* examination process; and the nature of patent litigation. And again, none of those rationales depends on whether the PTO considered a particular issue.

A pending petition for certiorari filed by *amici* L-3 Communications and Lockheed Martin further illustrates how ill-advised the shifting-standards approach would be in practice. *See L-3 Commc'ns*

*Corp. v. Honeywell Int'l Inc.*, No. 10-491. In that case, the patent applicant submitted a reference in German that the PTO never translated. *L-3 Pet. 36*. In addition, on one occasion when the applicant provided multiple references via a late afternoon fax, the examiner purported to consider and sign off on them that very same day. *See id.* Such “consideration” of the prior art does not warrant a heightened standard of proof.

In addition, applying the preponderance standard in all circumstances is preferable from a practical standpoint because adopting the shifting-standards approach would require the courts to resolve a number of subsidiary issues. Because juries would have to apply different standards of proof, the courts would have to decide, in a number of circumstances, which of the two standards should apply to a particular prior art reference or combination of references, and whether the judge or jury should make that determination.

For example, if the PTO considered a prior art reference and determined that it did not anticipate the patent pursuant to 35 U.S.C. § 102, the jury would consider an anticipation challenge based on the same prior art teachings under the clear-and-convincing standard (if a shifting-standards approach were used). But if the infringement defendant also argued that the patent was obvious pursuant to 35 U.S.C. § 103 in light of the combination of that reference and another one the PTO did not consider, the jury would presumably apply the preponderance standard because the PTO had not considered that combination.

Following this Court's decision in *KSR*, defendants often raise obviousness arguments that rely on multiple combinations of references. If a combination included some references that had been considered by the PTO and some that had not, the courts would have to decide which standard of proof applied in that and other situations. Courts would also have to consider which standard should apply for requirements, such as the Section 112 requirements, that the PTO strongly presumes to be met. *See* pp. 17-18, *supra*.

Moreover, a patent holder that wanted the benefit of the higher standard of proof might want to argue that the newly identified prior art was merely cumulative of art the PTO did consider, or was otherwise immaterial to the validity question. In other words, a patent holder might argue that a new reference that assertedly anticipated the patent was no different from a related one the PTO did consider, and thus should be covered by the clear-and-convincing standard. Or if the PTO considered the combination of two prior art references to be non-obvious, and an infringement defendant relied on the combination of those two references plus a third, the patent holder might argue that the third did not add anything material to the obviousness question, and the new combination should thus be governed by the clear-and-convincing standard. The courts would have to decide whether the standard of proof should turn on such factual considerations.

The courts would also have to decide who should determine which standard of proof applied: the judge or the jury. If the standard of proof depended on the materiality or importance of the new

references, courts might consider allowing juries to determine the standard of proof to avoid intruding on the jury's fact-finding role. *Cf. Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 501, 510-11 (1959). Yet the threshold standard of proof is a legal question that courts traditionally decide. *See, e.g., Fuji Kogyo Co. v. Pac. Bay Int'l, Inc.*, 461 F.3d 675, 681 (6th Cir. 2006); *McCann v. Newman Irrevocable Trust*, 458 F.3d 281, 286 (3d Cir. 2006).

Others have suggested an approach under which the clear-and-convincing standard would always apply, but defendants could satisfy that standard more easily if the PTO had not considered the prior art in question. Because that is simply a variant of the shifting-standards approach, it suffers from all the problems discussed above. In addition, it would create a novel standard of proof (a modified clear-and-convincing standard) unique to patent law, contrary to this Court's repeated teachings that the same general principles that apply in all other areas of law also apply in patent cases. *See* p. 6, *supra*. Requiring the jury to apply two different standards while calling both of them the same thing ("clear and convincing evidence") would also increase the jury's confusion.

#### **IV. Neither This Court's Precedents Nor Congressional Inaction Requires A Heightened Standard Of Proof.**

i4i argues that this Court's precedents and Congress's inaction support a clear-and-convincing requirement. Br. in Opp. 8-9, 13-14. They do not. This Court has routinely held patents invalid without even mentioning, let alone applying, such a

heightened standard. *See, e.g., Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998); *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976); *Graham*, 383 U.S. 1.

1. i4i relies on an older line of cases holding that, when a party relies only on oral testimony to prove an invalidating prior use, the oral testimony must prove the prior use “beyond a reasonable doubt.” *Adamson v. Gilliland*, 242 U.S. 350, 352-53 (1917); *The Barbed Wire Patent*, 143 U.S. 275, 284 (1892); *Cantrell v. Wallick*, 117 U.S. 689, 693-695 (1886); *Coffin v. Ogden*, 85 U.S. 120, 124 (1873); *see also Smith v. Hall*, 301 U.S. 216, 222 (1937). This Court explained that “oral testimony tending to show prior invention as against existing letters patent is, in the absence of models, drawings or kindred evidence, open to grave suspicion.” *T.H. Symington Co. v. Nat’l Malleable Castings Co.*, 250 U.S. 383, 386 (1919); *see also The Barbed Wire Patent*, 143 U.S. at 284; *Adamson*, 242 U.S. at 353. That elevated evidentiary standard is irrelevant because it relates to the nature of a particular type of *evidence* (uncorroborated oral testimony concerning a prior use, which tends to be uniquely within the knowledge of the witness), not to the nature of *validity* generally.

While i4i argues that those cases support a heightened standard in all circumstances, the very cases that i4i emphasizes show otherwise. *See* Br. in Opp. 9. In *The Barbed Wire Patent*, for example, this Court resolved invalidity defenses based in part on documentary evidence without applying a heightened standard; it then articulated and applied the “beyond a reasonable doubt” standard only for purposes of uncorroborated oral testimony about

prior uses. 143 U.S. at 284. *Smith* likewise confirms that this Court has singled out oral testimony about prior uses for special treatment. The Court held that a patent was invalid because, although “without corroboration, [oral testimony] is insufficient to establish prior use,” there was sufficient corroboration in that case. *Smith*, 301 U.S. at 222, 226.

i4i argues that it does not make sense to distinguish between oral testimony about prior uses and other types of evidence. Br. in Opp. 10. As shown above, however, that is the distinction this Court has drawn. That distinction is a natural extension of common-law evidentiary principles, under which claims based on oral contracts to make wills and similar matters are held to a higher evidentiary standard. *See, e.g.*, Kenneth S. Broun, 2 McCormack on Evidence § 340 (6th ed. 2006). And the Federal Circuit itself has read *The Barbed Wire Patent* line of cases to require corroboration of oral testimony. *See Juicy Whip, Inc. v. Orange Bang, Inc.*, 292 F.3d 728, 740 (Fed. Cir. 2002). That corroboration requirement fully addresses the concerns discussed in this Court’s cases; there is no reason to impose a clear-and-convincing standard on top of it.

2. Nor does *dictum* in *Radio Corp. of Am. v. Radio Eng’g Labs.*, 293 U.S. 1 (1934), justify the clear-and-convincing standard. After citing the cases discussed above, *Radio Corp.* stated in *dictum* 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.” 293 U.S. at 8.

Significantly, however, *Radio Corp.* did *not* concern a patent issued by the PTO following only an *ex parte* examination. Instead, it concerned a claim of prior inventorship—a question that had previously been litigated multiple times between the purported inventors, both in adversarial *inter partes* proceedings before the PTO and in district court litigation. 293 U.S. at 3-7. When assignees of the prevailing patentee brought suit for infringement, and the defendant attempted to relitigate priority of inventorship yet again, this Court held that the defendant could not overcome the prior determinations. *Id.* at 8.

The *inter partes* priority proceedings that gave rise to the dispute in *Radio Corp.* are far removed from the PTO’s typical *ex parte* examination of a patent application. Moreover, this Court’s discussion of the appropriate evidentiary standard in *Radio Corp.*—“more than a dubious preponderance”—was pure *dictum*. *See id.* The defendant in that case could not have satisfied any standard of proof by refighting a lost battle. Perhaps for that reason, this Court was less than clear about what it meant by “more than a dubious preponderance.” And as noted above, this Court has not applied a clear-and-convincing standard to invalidity challenges generally. *See* p. 33, *supra*.<sup>3</sup>

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<sup>3</sup> This Court’s recitation of the reasonable-doubt standard in *Mumm v. Jacob E. Decker & Sons*, 301 U.S. 168, 171 (1937), was likewise *dictum*. *Mumm* held only that plaintiffs need not

Before the creation of the Federal Circuit, at least two regional circuits determined that the traditional preponderance-of-the-evidence standard applies to validity challenges “in the usual case.” *Rains v. Niaqua, Inc.*, 406 F.2d 275, 278 (2d Cir. 1969); see also *Dickstein v. Seventy Corp.*, 522 F.2d 1294, 1297 (6th Cir. 1975). Numerous other circuits agreed that the clear-and-convincing standard should not apply at least where, as in this case, the PTO did not consider the relevant prior art. Microsoft Br. 33-36. Those decisions correctly recognize that this Court’s precedents do not mandate a clear-and-convincing standard.

3. i4i’s brief in opposition retreats to the position that, whether the Federal Circuit’s clear-and-convincing requirement is right or wrong, Congress has not acted to change it, so this Court should not, either. Br. in Opp. 13-17. But congressional *inaction* is hardly a reason for this Court to decline to exercise its responsibility to review and correct lower court decisions.

The 1952 Patent Act did not ratify a heightened standard for the simple reason that there was no such well-established standard for Congress to ratify, as explained above. And Congress’s inaction since that time is a very thin reed on which to interpret a statute, especially considering that this Court has not previously decided the question. See,

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plead validity because it is an affirmative defense; the Court mentioned the evidentiary standard by which a defendant must overcome its burden of proof only in passing *dictum*. *Id.* And not even i4i argues for a reasonable-doubt standard.

*e.g.*, *United States v. Powell*, 379 U.S. 48, 55 n.13 (1964).

In any event, Congress has acted with respect to standards of proof. In 1999, Congress adopted a clear-and-convincing standard of proof for *one specific type* of defense, as explained above. *See* p. 8, *supra*. That limited congressional action confirms that Congress has not silently ratified the Federal Circuit's clear-and-convincing requirement for invalidity. *See Leegin Creative Leather Prods., Inc. v. PSKS, Inc.*, 551 U.S. 877, 904-06 (2007). Instead, Congress recognized that the clear-and-convincing standard does *not* apply to patent defenses generally, and therefore enacted legislation to impose that standard where appropriate.

### CONCLUSION

For the foregoing reasons, this Court should vacate the judgment of the court of appeals and hold that the preponderance of the evidence is the correct standard of proof for all invalidity challenges.

Respectfully submitted,

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