

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 PROFESSOR LEE A. HOLLAAR  
AS AMICUS CURIAE IN SUPPORT OF  
PETITIONER MICROSOFT CORPORATION**

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## Interest Of The *Amicus Curiae*<sup>1</sup>

Lee A. Hollaar is a professor in the School of Computing at the University of Utah, where he teaches courses in computer and intellectual property law and computer systems and networking. He is the author of *Legal Protection of Digital Information*,<sup>2</sup> and was a committee fellow with the Senate Committee on the Judiciary, where he worked on patent reform legislation and what became the Digital Millennium Copyright Act, and was a visiting scholar at the Court of Appeals for the Federal Circuit.

Dr. Hollaar supervised the filing of the amicus brief of IEEE-USA, whose theory of foreseeability was adopted by this Court in *Festo*,<sup>3</sup> and filed an amicus brief on his own behalf in *Grokster*,<sup>4</sup> whose theory of inducement liability was also adopted by this Court.

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<sup>1</sup> In accordance with Supreme Court Rule 37.6, counsel listed on the cover states that this brief was authored by amicus curiae Professor Hollaar and reviewed by counsel, and that counsel to a party did not author this brief in whole or in part. No person other than the amicus curiae made a monetary contribution to the preparation or submission of this brief.

Blanket consents to the filing of amicus briefs have been previously filed with the Court by the parties.

<sup>2</sup> BNA Books (2002), also available online at <http://digital-law-online.info>.

<sup>3</sup> *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002).

<sup>4</sup> *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005).

His amicus brief in *KSR*<sup>5</sup> suggested the alternative approach of granting deference only to the actual fact-finding of the patent examiner, the question now before this Court.

As a computer science researcher and software developer, as well as a consultant to software-related business on both technology and intellectual property protection and an expert witness and consultant in patent litigation, Professor Hollaar is particularly concerned that the precedent established by this case will make it impossible to invalidate a software-based patent when there is anticipating prior art in the form of academic journal articles, conference proceedings, user manuals, or sales brochures, but the original source code is no longer available, a problem discussed later in this brief.

### **Summary Of The Argument**

With this case, this Court can not only correct the Federal Circuit's misguided policy of granting deference to a patent itself, but also go one step further to provide a substantial incentive for patent applicants to submit art for consideration by the examiner.

Giving deference only to prior art that was before the examiner, as urged by Petitioner Microsoft, will most likely result in applicants flooding the examiner with references with little explanation of their relevance, making it even harder for a time-pressed

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<sup>5</sup> *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007).



examiner to provide a proper and complete examination.

But by giving deference only to the actual fact-finding during the examination of a patent application, there will be strong incentives for patent applicants to submit art for consideration by the examiner and comment on its relevance, as well as to insist that the examiner provide a more complete record of why a patent was granted. This will lead to higher-quality patents than under the current approach or that suggested by the Petitioner.

Currently, the Federal Circuit reads far too much into the statutory presumption of patent validity, holding that a party must always show invalidity with clear and convincing evidence. But the presumption of validity simply says that it is not necessary for the patent owner to prove that a patent is valid as part of an infringement action, something that is impossible to do. Instead, the burden for proving invalidity rests on the alleged infringer.

While a presumption of administrative correctness applies to decisions of the PTO, there is no reason to impose a heightened evidentiary requirement for prior art (or other fact-finding) not considered by the examiner. Such a requirement makes little sense and allows bad patents to remain in force, contrary to sound public policy.

Instead, the presumption of administrative correctness should only apply to the actual fact-finding by the PTO as it examined the patent application. That will give higher deference to extensive examinations and lower deference to examinations

where there is little fact-finding in the record. By giving deference only to the actual fact-finding of the PTO, applicants will be encouraged to have the examiner give detailed evaluations and explanations of the prior art considered.

This Court has the opportunity to finally state the evidentiary standard for invalidating a patent, and in a way that is easy for a jury to understand: the normal burden of proof in civil litigation – preponderance of the evidence – also applies in patent litigation *except* for facts already determined by the Patent Office, where the presumption of administrative correctness dictates that clear and convincing evidence is required to rebut that fact-finding.

### **Argument**

Section 282 of the Patent Act of 1952 states that “A patent is presumed valid. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.”<sup>6</sup> As noted by Judge Giles Rich, one of the drafters of the original provision, “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.”<sup>7</sup> He goes on to explain that “Section 282 puts into the statute the presumption of validity for the

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<sup>6</sup> Pub. L. No. 94-593, 66 Stat. 792. Subsequent amendments to 35 U.S.C. § 282 have separated the two sentences.

<sup>7</sup> *Amer. Hoist & Derrick v. Sowa*, 725 F.2d 1350, 1358-1359 (Fed. Cir. 1984).

benefit of those cynical judges who now say the presumption is the other way around.”<sup>8</sup>

As the second original sentence makes clear, this “presumption of validity” establishes a permanent burden of going forward imposed on the challenger of a patent. This simply recognizes that it is impossible for a patent owner to prove that there is no prior art anywhere in the world, which would be necessary if proving that a patent is valid was required as an element of an infringement suit.<sup>9</sup>

**The presumption of administrative correctness  
is different from the Presumption of  
Validity required by Section 282**

Related to the presumption of validity just discussed is the “presumption of administrative

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<sup>8</sup> Speech to the New York Patent Law Association on November 6, 1952, *Id.* at 1359.

<sup>9</sup> This is the reason why a trial court does not (or should not) find that a patent is valid, but instead that, based on the evidence presented, it is “not invalid.”

Even during the prosecution of a patent application, the applicant is not required to show that there is no prior art that would foreclose the granting of a patent. “A person shall be entitled to a patent *unless ...*,” 35 U.S.C. § 102 (emphasis added). However, once the examiner has made a *prima facie* case for unpatentability, the burden shifts to the applicant to rebut the specific prior art cited by the examiner.

correctness,”<sup>10</sup> which has courts giving deference to the fact-finding of the Patent and Trademark Office (PTO), either by the examiner, as the patent application is being examined, or by the Board of Patent Appeals and Interferences, if it holds that there are new grounds for rejecting a claim.<sup>11</sup>

That deference is shown by requiring a higher burden of proof when attempting to rebut the fact-finding of the examiner. In the context of an appeal of the PTO’s decision not to allow a patent, this is done by giving “court/agency” deference in reviews of the PTO’s fact-finding.<sup>12</sup> In the context of an assertion of patent invalidity in litigating the patent, this is done by requiring “clear and convincing” evidence<sup>13</sup> that the fact-finding of the PTO was incorrect.

This Court has summarized a number of cases in the Court of Customs and Patent Appeals (CCPA), a predecessor of the Federal Circuit, as “pointing out that the PTO is an expert body, or that the PTO can better deal with the technically complex subject

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<sup>10</sup> “In addition to the presumption of validity, a presumption of administrative correctness attaches to the decision by the PTO to issue a patent.” *Candela Laser v. Cynosure*, 862 F. Supp. 632, 639 (D. Mass. 1994).

<sup>11</sup> See 37 C.F.R. § 41.50(b).

<sup>12</sup> *Dickinson v. Zurko*, 527 U.S. 150 (1999).

<sup>13</sup> For a discussion of how the “clear and convincing” requirement came about, see Lee Hollaar and John Knight, *Unclear and Unconvincing: How a misunderstanding led to the heightened evidentiary requirement in patent litigation*, <http://digital-law-online.info/papers/jk/unclear.htm>.

matter, and that the PTO consequently deserves deference.”<sup>14</sup>

This heightened evidentiary requirement is different from the presumption of validity’s burden of going forward. In the words of one commentator, using a tennis analogy, “§ 282 merely determines who serves first, but does not regulate the height of the net.”<sup>15</sup>

**Under the presumption of administrative  
correctness, evidence not considered by the  
PTO does not receive deference**

The presumption of administrative correctness due the PTO requires heightened deference – clear and convincing evidence – to the fact-finding of the examiner, as stated in the prosecution history of the patent application. But that does not mean that the same deference is due when there has been no fact-finding on a matter by the examiner.

This Court, in *Dickenson v. Zurko*,<sup>16</sup> noted that the Administrative Procedures Act’s scope of review provision<sup>17</sup> requires deference be given by the courts to the fact-finding of the Patent Office. But this Court noted:

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<sup>14</sup> *Dickinson v. Zurko*, 527 U.S. 150, 153 (1999).

<sup>15</sup> Charles E. Phipps, *The Presumption of Administrative Correctness: The Proper Basis for the Clear and Convincing Evidence Standard*, 10 Fed. Cir. Bar J. 143, 160 (2000).

<sup>16</sup> 527 U.S. 150 (1999).

<sup>17</sup> 5 U.S.C. § 706.

An applicant denied a patent can seek review either directly in the Federal Circuit, see 35 U.S.C. § 141, or indirectly by first obtaining direct review in federal district court, see § 145. The first path will now bring about Federal Circuit court/agency review; the second path might well lead to Federal Circuit court/court review, for the Circuit now reviews Federal District Court factfinding using a “clearly erroneous” standard. ... The presence of such new or different evidence makes a factfinder of the district judge. And nonexpert judicial factfinding calls for the court/court standard of review.<sup>18</sup>

In other words, the findings of fact by the Patent Office are entitled to heightened deference on review, based on a presumption of administrative correctness.<sup>19</sup> But new evidence presented in the district court is not entitled to that deference. By analogy, one wishing to invalidate a patent should have to provide clear and convincing evidence where it is counter to the fact-finding of the patent examiner, but should only have to bear the preponderance of

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<sup>18</sup> 527 U.S. at 164. (citations omitted).

<sup>19</sup> When the Patent Office reviews its own work, such as during the reexamination of an issued patent, there is no presumption of administrative correctness. There is, however, a statutory requirement that “a substantial *new* question of patentability” be raised by the request for reexamination. (35 U.S.C. § 303, emphasis added.) This prevents a requester from simply questioning the examiner’s finding and conclusions but imposes no special burden for considering prior art not duplicative of that already considered.

evidence burden normal to civil litigation when new evidence not duplicative of what was considered by the patent examiner is presented.

As noted by the Federal Circuit:

When an attacker, in sustaining the burden imposed by § 282, produces prior art or other evidence *not* considered in the PTO, there is, however, *no reason to defer* to the PTO so far as *its* effect on validity is concerned. (Emphasis in the original)<sup>20</sup>

The Federal Circuit hints that the “clear and convincing” evidentiary standard may not really apply for evidence not considered by the examiner.

Indeed, new prior art not before the PTO may so clearly invalidate a patent that the burden is fully sustained merely by proving its existence and applying the proper law.<sup>21</sup>

In other words, while the burden is still clear and convincing evidence, with new prior art it may be easy to convince the court. It would be far better to say (and easier to for a jury to understand) that the normal burden of proof in civil litigation – the preponderance of the evidence – also applies in patent litigation *except* for facts already determined by the Patent Office, where the presumption of administrative correctness

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<sup>20</sup> *Amer. Hoist & Derrick v. Sowa*, 725 F.2d 1350, 1359 (Fed. Cir. 1984).

<sup>21</sup> *Id.* at 1359-1360.

dictates that clear and convincing evidence is required to rebut that fact-finding.

**Showing invalidity of a patent is often based on a number of facts, only some of which were considered by the PTO**

Perhaps more important than the question of when “clear and convincing” evidence should be required is how such a standard should be applied .

It is relatively easy to apply the clear and convincing evidentiary requirement when there is only a single fact being considered. In this case, that is whether the claimed invention was on sale more than a year before i4i filed its patent application, something that the PTO did not consider when examining the application because the possibility of an earlier sale was not brought to the examiner’s attention and examiners are not usually able to determine independently whether an on-sale bar to patentability applies.

But most questions of invalidity require looking at a number of distinct facts. In *Graham v. John Deere Co. of Kansas City*,<sup>22</sup> this Court indicated a number of different things that must be considered when determining whether a claim is invalid because it is obvious:

the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained;

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<sup>22</sup> 383 U.S. 1 (1966).



and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.<sup>23</sup>

Based on the consideration of those “factual inquiries,” whether the patent is invalid can then be determined as a matter of law.<sup>24</sup> Unlike findings of fact, there is no deference due the PTO in its conclusions of law.

That a patent was granted is not a finding of fact. Instead, it is the manifestation of the examiner’s conclusions of law that a claim is neither anticipated nor obvious in light of the fact-finding of the examiner.<sup>25</sup> There is no deference due from a court to the PTO’s conclusions of law, just to the underlying fact-finding.

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<sup>23</sup> *Id.* at 17-18.

<sup>24</sup> “[T]he ultimate question of patent validity is one of law,” *Id.* at 17, citing *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 155 (1950).

<sup>25</sup> “[T]he ultimate judgment of obviousness is a legal determination.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 427 (2007).

**Deference should be given only to the  
facts determined by the PTO in its  
examination of the patent**

The most reasonable interpretation for the “clear and convincing” deference for the fact-finding of the PTO is that it applies to individual facts, not the totality of the evidence. For example, an examiner does not commonly state “the level of ordinary skill in the pertinent art” in his or her fact-finding, even though it is one of the *Graham* considerations. If the plaintiff and defendant differ regarding the level of ordinary skill in the art, it would seem strange to adopt the plaintiff’s version unless the defendant shows what that skill is by clear and convincing evidence when the plaintiff’s version has not been previously considered by the PTO.

For each fact in determining whether a patent is invalid, the court or jury should to determine whether evidence has been previously considered by the examiner.<sup>26</sup> If it has been, then the presumption of administrative correctness requires that evidence contrary to the fact-finding by the examiner must be “clear and convincing.” On the other hand, if the evidence presented has not been considered by the examiner, or is not contrary to the fact-finding of the

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<sup>26</sup> The evidence presented could either be a prior art reference considered by the examiner, or another prior art reference that is duplicative of the references considered by the examiner. For example, a paper in a scientific journal that duplicates the teaching in a patent considered by the examiner supplies no evidence not considered by the examiner.

examiner,<sup>27</sup> no heightened deference is warranted and it should then meet the “preponderance of the evidence” standard of civil litigation.

Based on all the findings of fact, each meeting its evidentiary threshold, patent invalidity for obviousness (or other reasons) can then be determined as a matter of law.

It may seem like considering on a fact-by-fact basis the evidentiary standard to be used would seem confusing. But this Court’s *Zurko* decision requires such distinctions in deference based on whether the fact was determined by the PTO or by the district court.<sup>28</sup> And as this Court correctly predicted, the presence of two different standards of review has not created a significant anomaly.

Surprisingly, in practice it would be quite easy to explain this to a jury: “If a fact was determined by the patent office during the course of examining the application, it requires clear and convincing evidence to rebut that fact.”<sup>29</sup>

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<sup>27</sup> The examiner may have discussed only one portion of a reference during the examination of the patent application, making no fact-finding on other portions.

<sup>28</sup> 527 U.S. 150, 164 (1999).

<sup>29</sup> Or, to use the terminology in the 2009 Model Patent Jury Instructions prepared by The National Jury Instruction Project, “The parties have to prove their claims or defenses by persuading you that their position is more probably than not. However, if they are rebutting a fact that was determined by the patent office during the course of examining the application, they must

**The problem illustrated by this case is real,  
especially for patents on software-based  
inventions, and will only grow worse if the  
Federal Circuit rule is not changed**

The situation presented in this case is not unique, and is likely to become a critical problem as more software patents are litigated.

There have been many complaints regarding software patents that appear to cover things well-known in the field. Part of the problem stems from the PTO not regarding software-based inventions as patentable during computer science's formative years. Because of this, there is a big hole in the PTO's database of issued patents.

Some of the early prior art is documented in computer science journal articles or conference papers, which often lack detail or are ambiguous about how a particular aspect of the system is implemented if that aspect is not the thrust of the paper. For example, a paper describing a collaborative development system might have a paragraph or two about its access control system, perhaps listing some of the operations, but might not describe the method used to implement it. But if the subject of a patent being questioned was a new access control mechanism, the paper by itself would not provide the clear and convincing evidence of invalidity now required by the Federal Circuit, although a jury after hearing from experts might reasonably conclude that it is more probable than not

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persuade you that their position is highly probably, a higher standard of proof.”

that the paper anticipates the patent or renders it obvious.

It is even less likely that the user manual or sales brochure for a commercial software product contains detailed information about the techniques used by the software. At the time patent protection seemed unavailable for software-based invention, such information would have been kept as a trade secret as its only protection.<sup>30</sup>

To establish by clear and convincing evidence whether the techniques used in a software-based system are invalidating prior art when the documents describing the system are open to interpretation, may require the review of the source code by an expert or the reverse engineering of the program to see how it actually works. But for many (if not most) of the systems described in the early computer science literature, the source code (and even the programs themselves) no longer exist.

This case illustrates that if the source code is unavailable, all that might be necessary to defend against a claim of invalidity is for the patent owner's expert to testify that it is impossible to know whether the claim limitation was met without looking at the

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<sup>30</sup> Copyright, which was available for software, protects only the particular expression of a software technique, not the technique itself. See 17 U.S.C. § 102(b).

source code.<sup>31</sup> Although the absence of the source would not be the defendant's fault, "the burden is still on [the defendant] to show by clear and convincing evidence that [the prior art system] embodied all of the claim limitations."<sup>32</sup>

One can easily see how when a patent owner finds that the source code for a prior art system described in the academic literature or a user manual is not available, all that will be needed to defeat the reference is for an expert to repeat the mantra "without the source code, it is impossible to show by clear and convincing evidence whether the prior art invalidates the patent."<sup>33</sup>

**Adoption by this Court of the suggested approach will promote sound policy objectives**

By correcting the Federal Circuit's requirement that all evidence produced to show the invalidity of a patent must meet the heightened "clear and convincing" standard, this Court will also help promote the policy objectives behind a thorough patent examination.

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<sup>31</sup> Paraphrasing "and credit i4i's expert, who opined that it was impossible to know whether the claim limitation was met without looking at S4's source code." *i4i v. Microsoft*, 598 F.3d 831, 848 (Fed. Cir. 2010).

<sup>32</sup> *Id.*

<sup>33</sup> This would also create an unfortunate incentive for a patent owner to purge source code as soon as it was not commercially required.

Because prior art that has been the subject of fact-finding on the part of the examiner during the prosecution will carry a heightened evidentiary requirement for disputing that fact-finding, it will be to the advantage of a patent applicant to bring prior art to the attention of the examiner so that the examiner can make a determination that will be hard to rebut in later litigation.

For example, in this case there would have been an incentive for i4i to bring the prior sale to the attention of the examiner so that a fact-finding that it was not a bar to the patent could be made and deference given. Because the evidence of what the program that had been on sale actually did was fresh at that time, the problem of unavailable evidence and having to rely on recollections of the inventors would not exist.

But since deference is due only to the fact-finding of the examiner regarding a particular reference, simply burying an examiner with boxes of prior art so that the examiner will note what was submitted on a prior art list will not be given any deference. This is in contrast to the likely behavior if this Court were to say that deference is due any document that was before the examiner.

The owner of a questionable patent will be apprehensive in asserting that patent because there will no longer be the heightened evidentiary requirement for art not considered, or where there was little fact-finding by the examiner during the prosecution of the patent application. Whenever a patent is asserted, either in litigation or by a threatening letter, the patent owner is playing “you bet your patent,” since if invalidating prior art is

successfully proven, the patent claims at issue are declared invalid forevermore.<sup>34</sup> The requirement of showing new and invalidating prior art by clear and convincing evidence stacks the deck in favor of the owner of a questionable patent, who will be more willing to assert it.

Even if the owner of the questionable patent is not foolish enough to file an infringement suit, sending a warning letter could be enough to trigger a declaratory judgment action to find the patent invalid, especially if the only requirement for success in such a suit is finding invalidating prior art, not overcoming the high requirement of clear and convincing evidence. A more level playing field may be enough to make most “patent trolls” think twice before threatening a company and putting their patents at risk.

**Although some suggest that no deference be given to the PTO because of their overall impression of the quality of the PTO’s work, the proposed approach properly looks instead to the quality of examination of patent-in-suit**

At the petition state of this case, some *amici* suggested that no deference be given the PTO because of their perception of poor-quality examinations.

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<sup>34</sup> This is one of the reasons why patent reexamination may not be an option for an alleged infringer of a bad patent. Unlike litigation, where a patent claim is either invalidated or not, in reexamination the patent owner can revise the claim. (The scope of the patent cannot be enlarged, however. See 35 U.S.C. §§ 305 and 314.) This means that a patent owner may be able to narrow the claim so that the new prior art is avoided but it still encompasses the alleged infringing device or act.



Against that backdrop, deference is unwarranted under settled principles of administrative law. *First*, in part because of severe constraints on the PTO's resources, the PTO's *ex parte* consideration is too incomplete to warrant deference. *Second*, the PTO's procedures are skewed heavily in favor of issuing patents. *Third*, established administrative-law principles do not support deferring to a result—the PTO's issuance of a patent—without regard to whether the agency's actual reasoning is sustainable, which is the traditional focus of judicial review of agency action.<sup>35</sup>

Neither deferring to issuance of a patent (the current Federal Circuit rule) nor whether the examiner had considered a reference (the rule suggested by Microsoft and others) address those problems.

However, deferring only to the actual fact-finding by the examiner does address those problems. Deference would be given only to references considered by the examiner, and then only to the actual reasoning of the examiner based on each of those references. There would be no deference to things not considered in an “incomplete” examination of the application, nor to areas where little reasoning was given for allowing the patent in light of a reference.

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<sup>35</sup> Brief of Google, et al as *Amici Curiae* in Support of Petitioners at 3-4.

Other *amici* noted

Deference to previous decisions is appropriate in instances where those previous decisions have a high likelihood of being accurate. But the initial process of patent review today is, unavoidably, often an inaccurate signal. Put bluntly, PTO review is not always reliable and is unlikely to become so.<sup>36</sup>

But they offer no way of determining whether the work of the examiner was “reliable,” and entitled to deference, or not. By giving or withholding deference based on whether there was specific fact-finding by the examiner, courts would automatically give deference to patents that were well-examined. Conversely, patents where there is little fact-finding – evidence that the examination may not have been “accurate” – would receive little deference, even for references that were before the examiner but where it is difficult to know why the examiner did not consider them as preventing the issuance of the patent.

Requiring clear and convincing evidence of invalidity even when the pertinent prior art has not been considered by the examiner (as is the present Federal Circuit rule), or giving no deference at all to the fact-finding of the PTO, as suggested at the petition stage by some *amici*, results in a strong disincentive for an applicant to comment on submitted prior art or to push the examiner to make detailed fact-finding. A sparse or ambiguous record provides

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<sup>36</sup> Brief *Amici Curiae* of 36 Law, Business, and Economics Professors in Support of *Certiorari* at 1-2.

little ammunition for challenging the patent in litigation.

However, giving deference only to the fact-finding of the PTO provides an incentive for applicants to want more fact-finding than is currently the norm. Today, there is no benefit for an applicant to provide a description of a submitted prior art reference to aid the examiner.<sup>37</sup> In fact, such a submission acts only to the detriment of applicants – if they overstate what the reference teaches, it is held against them as an admission of prior art, while if they understate it, they are likely to be accused of “inequitable conduct” in any litigation to enforce the patent. It is not surprising that with nothing to gain and everything to lose, applicants do not submit descriptions to help the examiner understand the prior art they have submitted, if they submit prior art at all.

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<sup>37</sup> The PTO’s Rule 56, 37 C.F.R. § 1.56, only requires the disclosure of information known to be material to patentability based on the claims. But it is unlikely that an applicant has written a claim that is unpatentable in light of prior art known to the applicant. The rule only “encourages” applicants to submit the closest prior art to the claimed invention.

The PTO has tried a number of ways to get applicants to submit a description of submitted prior art references, such as requiring it in trade for an accelerated examination. It also proposed a rule that would require it if an application contained more than 10 representative claims, 71 Fed. Reg. 61 (Jan. 3, 2006), which was never adopted in part because of opposition to this requirement.

**Adopting the proposed approach should not affect the requirement of proving inequitable conduct by clear and convincing evidence**

In 1988, the Federal Circuit observed “the habit of charging inequitable conduct in almost every major patent case has become an absolute plague.”<sup>38</sup> Since then, it has worked to reduce this problem by requiring not only that the party charging inequitable conduct must show that the act by the patent owner was material and intentional, but that it must be shown by clear and convincing evidence.<sup>39</sup>

Because inequitable conduct is not based on the fact-finding of the PTO, especially in the case where it is alleged that material information has been withheld from the examiner by the applicant, it might seem that if this Court decides to adopt a rule that deference is given only to the fact-finding of the examiner, the “plague” of inequitable conduct charges will accelerate.

However, the Federal Circuit requirement for clear and convincing evidence to show inequitable conduct *does not* come from its rule that all evidence used to invalidate a patent must be clear and convincing, whether considered by the examiner or not. Instead, it stems from the common law rule that fraud must be proved by clear and convincing evidence.

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<sup>38</sup> *Burlington Industries Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988).

<sup>39</sup> See, for example, *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1365 (Fed. Cir. 2008).

In 1970, the Court of Customs and Patent Appeals, the predecessor of the Federal Circuit, broadened what has been called “fraud on the patent office” to also cover “inequitable conduct.”<sup>40</sup> In doing so, the CCPA indicated that inequitable conduct was a species of fraud, and “courts have demanded that the quantum of proof as to fraud be substantial. The standard has been and still is that proof of fraud must be clear and convincing.”<sup>41</sup>

This Court has recognized the requirement of a higher evidentiary standard to show fraud.

This standard [clear, unequivocal, and convincing evidence], or an even higher one, has traditionally been imposed in cases involving allegations of civil fraud, and in a variety of other kinds of civil cases involving such issues as adultery, illegitimacy of a child born in wedlock, lost wills, oral contracts to make bequests, and the like. See 9 Wigmore, Evidence § 2498 (3d ed. 1940).<sup>42</sup>

In a case where the United States was trying to cancel a patent that it felt was wrongly issued because through fraud by the applicant, this Court held that

before the government is entitled to a decree cancelling a patent for an invention on the ground that it has been fraudulently and

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<sup>40</sup> *Norton v. Curtiss*, 433 F.2d 779 (CCPA 1970).

<sup>41</sup> *Id.* at 797, fn 16.

<sup>42</sup> *Woodby v. INS*, 385 U.S. 276, 285 fn 18 (1966).

wrongfully obtained, it must, as in the case of a like suit to set aside a patent for land, establish the fraud and the wrong by testimony which is clear, convincing, and satisfactory.<sup>43</sup>

It makes little sense that this Court wanted to hold the patent office to the higher “clear and convincing” standard for proving inequitable conduct than other parties asserting it as a defense.

Were this Court to adopt a rule that clear and convincing evidence were required only to rebut the fact-finding of the PTO, it should also indicate that clear and convincing evidence is still necessary to show civil fraud, and in particular “inequitable conduct” during the prosecution of the paper application.

### **Conclusion**

This Court has the chance to provide a strong incentive to patent applicants that will result in better patents, by saying that deference is given only to the actual fact-finding of the PTO. The normal burden of proof in civil litigation – the preponderance of the evidence – should apply in patent litigation *except* for facts already determined by the Patent Office, where the presumption of administrative correctness dictates that clear and convincing evidence is required to rebut that fact-finding.

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<sup>43</sup> *United States v. American Bell Telephone Co.*, 167 U.S. 224, 262 (1897).

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