

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

—◆—  
MICROSOFT CORPORATION,

*Petitioner,*

v.

i4i LIMITED PARTNERSHIP, et al.,

*Respondents.*

—◆—  
**On Writ Of Certiorari To The  
United States Court Of Appeals  
For The Federal Circuit**

—◆—  
**BRIEF OF *AMICUS CURIAE* SAN DIEGO  
INTELLECTUAL PROPERTY LAW  
ASSOCIATION AND CONNECT  
IN SUPPORT OF RESPONDENTS**

—◆—  
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**QUESTION PRESENTED**

The Patent Act provides that “[a] patent shall be presumed valid” and that “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” 35 U.S.C. § 282. The Federal Circuit held below that Microsoft was required to prove its defense of invalidity under 35 U.S.C. § 102(b) by “clear and convincing evidence,” even though the prior art on which the invalidity defense rested was not considered by the Patent and Trademark Office prior to the issuance of the asserted patent.

The question presented is:

Whether the court of appeals erred in holding that Microsoft’s invalidity defense must be proved by clear and convincing evidence.

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

The San Diego Intellectual Property Law Association (SDIPLA) is a non-profit association whose members have significant ties to San Diego's world-class research institutions, and leading wireless, biotechnology, and solar industries. Comprising about 500 registered members, the SDIPLA has grown to become one of the largest intellectual property bar organizations in the country. The primary goal of the SDIPLA in serving the San Diego community is providing continuing legal education services to its members. Today San Diego is home to almost 6,000 technology companies employing almost 140,000 people.

CONNECT was created in 1985 by the City of San Diego and the University of California, San Diego, to stimulate commercialization of discoveries from local research institutions through education, mentoring, and by fostering a "culture of collaboration" between the research organizations, industry, capital sources, and professional service providers.

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<sup>1</sup> Pursuant to Supreme Court Rule 37.6, SDIPLA and CONNECT state that this brief was prepared by members of the SDIPLA Amicus Committee and the CONNECT Public Policy Committee on a *pro bono* basis. Counsel for a party did not author this brief in whole or in part. Nor did counsel for a party make a monetary contribution intended to fund the preparation or submission of the brief. In addition, all parties have consented to the filing of this *amicus* brief, and their consent letters are on file with the Clerk's office.

CONNECT has assisted in the formation and development of more than 2,000 companies, and is regarded as one of the world's most successful and emulated regional programs linking investors and entrepreneurs with the resources they need for commercialization.

Founded with the specific goal of helping inventors and entrepreneurs to understand and overcome the numerous obstacles faced by new technology-based ventures, CONNECT is uniquely positioned to render an objective assessment of the importance of the strong presumption of validity in § 282. CONNECT observes that inventors starting new ventures take significant professional and financial risks when leaving established jobs, investing personal savings, and filing patent applications to help capture the value of their technology. Confidence that their patents will enjoy a strong presumption of validity and help to secure investor backing mitigates the personal risks that inventors take in starting up new technology-based businesses that “promote the Progress of Science and useful Arts.” Innovation based on patent protection under the strong presumption of validity has fostered inventors’ risk-taking and has driven capital investment in San Diego and the commercialization of vital technologies.



## SUMMARY OF ARGUMENT

Since its inception in the early 1980's the Federal Circuit has consistently held that the presumption of patent validity codified at 35 U.S.C. § 282 requires parties in litigation to prove invalidity by clear and convincing evidence. That longstanding statutory interpretation flows from this Court's rulings that a patent is presumed valid until the presumption has been overcome by clear and satisfactory evidence, as well as policy statements by Congress when it codified the existing presumption in 35 U.S.C. § 282.

In its patent jurisprudence, this Court has accorded weight to inventors' legitimate expectations of patent rights – expectations also at stake here. Since the Federal Circuit adopted this Court's requirement for clear and convincing proof of invalidity, innovators have relied on strong patent protection in risking billions of dollars in research and development to bring life-saving and life-enriching products to the American public. In 2010 alone, investors risked \$21.8 billion in venture capital to build research and development programs and facilities needed to bring innovations to market. Lowering the burden of proof will weaken patent rights, devalue investments in new technologies, and subvert the carefully balanced patent system crafted by Congress and this Court's and the Federal Circuit's precedential rulings. More importantly, greater uncertainty in the outcome of patent enforcement proceedings will chill future investment and undermine the position of American entrepreneurs at the forefront of cutting-edge

technology. A dramatic judicial reworking of the presumption of validity at the cost of these settled expectations is not warranted, especially where the current system is workable, and it is Petitioner's and its *amici*'s proposed standard that will prove impractical.

Since 1980, in its efforts to improve patent quality, Congress has left unaltered the burden of proof for overcoming the presumption of validity applicable in patent infringement actions, focusing instead on implementing and amending re-examination proceedings to encourage more frequent administrative challenges to poor quality patents. Under the current patent system, competitors can challenge patent validity in a re-examination proceeding carried out by the United States Patent and Trademark Office (PTO), where the presumption of validity does not apply. In 69% of *inter partes* re-examination proceedings filed from 1999 to 2009 the PTO cancelled all of the claims in the patent. Thus, re-examination proceedings can have a marked impact on patent quality.

If instead, litigants can rely on uncited prior art to invalidate patents by a preponderance of the evidence, patent challengers will enlist district courts and juries as an auxiliary branch of the PTO – foregoing re-examination proceedings before experienced examiners for a chance to sway a judge and lay jury. Moreover, a bifurcated burden of proof may necessitate “*iAi*” hearings to determine the appropriate burden for each defense based on prior art. It will

also leave district courts without guidance for the burden of proof to apply to challenges under 35 U.S.C. §§ 101 and 112 which were not of record at the PTO. Finally, applicants will flood the PTO with prior art, to make it of record and ensure litigation under a heightened burden of proof. Thus, reversing the Court of Appeals may have the unintended and perverse consequence of decreasing patent quality as examiners are inundated by less relevant art and devote more time to record-keeping. Such sweeping changes in the patent system can properly be addressed only by Congress.

For decades, inventors and innovators have upheld their pact to disclose their inventions to the public in return for patent protection and the certainty that the patents on which they staked their investments were presumed valid unless clear and convincing evidence proved otherwise. In turn, the American public has benefitted from the patent-incentivized development of life-saving and life-enriching products, and the innovation and economic investment inspired by strong patent rights. Affirming the Federal Circuit's decision below is therefore supported by principles of *stare decisis* and inventor expectations of strong patent rights, instilled by this Court's long-standing precedents and designed by Congress to promote economic growth and fulfill the Constitutional mandate "[t]o promote the Progress of Science and useful Arts."



## ARGUMENT

### I. THE “CLEAR AND CONVINCING” BURDEN OF PROOF TRACES ITS ORIGIN TO THIS COURT’S DECISIONS

Since its inception in the early 1980’s, the Federal Circuit has consistently held that the presumption of patent validity codified at 35 U.S.C. § 282 requires parties in litigation to prove invalidity by clear and convincing evidence. *E.g.*, *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350 (Fed. Cir. 1984); Brief of Amicus Curiae, American Intellectual Property Law Association in Support of Neither Party at 28-37 (hereinafter “AIPLA Amicus Brief”).

The requirement for “clear and convincing” evidence to prove patent invalidity can be traced to this Court’s precedents in the late 1800s, as recounted by Justice Cardozo in *Radio Corp. of America v. Radio Engineering Labs., Inc.*, 293 US. 1 (1934). *See generally id.* at 7-10 and cases cited therein. Prior to 1923, on numerous occasions, this Court required challengers relying on a prior use defense to carry a burden of proof “beyond a reasonable doubt,” with all reasonable doubts construed against the challenger. *See id.* In *RCA*, this Court concluded that “[a] patent regularly issued, and even more obviously a patent issued after a hearing of all the rival claimants, is presumed to be valid until the presumption has been overcome by convincing evidence of error”; this conclusion was based on Justice Cardozo’s distillation of the burden of proof applied in this Court’s precedents and the rationale for construing “all reasonable

doubts” against an accused infringer attempting to establish invalidity based on prior use:

Through all the verbal variances, however, there runs this common core of thought and truth, that one otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion, and fails unless his evidence has more than a dubious preponderance.

*RCA*, 293 U.S. at 8 (citing *Philippine Sugar E.D. Co. v. Philippine Islands*, 247 U.S. 385, 391 (1918)) (holding that the burden of proof for reformation of a contract “cannot be satisfied by mere preponderance of the evidence. . . . [R]elief . . . will not be granted, unless the proof of mutual mistake be ‘of the clearest and most satisfactory character.’”); see, e.g., *Barbed Wire Patent Case*, 143 U.S. 275, 284 (1892) (“In view of the unsatisfactory character of testimony . . . courts have not only imposed upon defendants the burden of proving such devices, but have required that the proof shall be clear, satisfactory, and beyond a reasonable doubt.”); *Eibel Process Co. v. Minn. & Ontario Paper Co.*, 261 U.S. 45, 60 (1923); see also AIPLA Amicus Brief at 6-14 and cases cited therein.

Petitioner attempts to distinguish the holding in *Radio Corp.* and its precedents on the basis that those cases involved challenges based on oral testimony of prior use or knowledge, and that the patents in *RCA* had been previously litigated. See Brief for Pet. at 28-30. However, the rule broadly stated in *RCA*, and its underlying rationale is equally applicable

to other prior art defenses. This Court's precedents recognized the importance of safeguarding against derogation of valuable patent rights when the evidence is less than clear and convincing. The analogy drawn by Justice Cardozo in *RCA* to the heightened burden required for reformation of a contract further supports the Court's appreciation of the reliance placed by the inventor on the patent bargain with the American public, subject to which the inventor discloses his invention in return for strong patent rights. See *Radio Corp.*, 293 U.S. at 8 (citing *Philippine Sugar*, 247 U.S. at 391); see also AIPLA Br. at 15-16.

Additionally, if *RCA* reflects an exception, not the rule, then even if the Court were to rule in Microsoft's favor without overruling *RCA*, prior knowledge and use defenses under 35 U.S.C. § 102(a) & (g) will remain subject to a requirement for clear and convincing evidence, even though those are the prior art defenses which most often rely on documents and testimony not available to the PTO. Finally, the Court made clear in *RCA* that the heightened burden of proof was not limited to cases involving earlier litigated patents, when it endorsed its application of the same burden in the earlier litigation, stating: "This court held the view when these patents were last before it that the evidence was insufficient to overcome the presumption of their validity in any clear or certain way." *RCA*, 293 U.S. at 10 (emphasis added).

Policy statements in the legislative history of § 282 when Congress codified the existing common-law presumption further support upholding the

heightened burden of proof required to invalidate a patent. *See* AIPLA Br. at 21-24. Tellingly, Microsoft and *amici* in support of Microsoft have not cited any case where a majority of this Court expressly overturned the requirement for clear and convincing evidence of invalidity. Moreover, for nearly 30 years the Federal Circuit has looked to this Court's guidance and imposed a heightened burden of proof.

## **II. INNOVATORS RELYING ON STRONG PATENT ENFORCEMENT RIGHTS HAVE DISCLOSED INVENTIONS TO THE PUBLIC AND RISKED BILLIONS OF DOLLARS TO COMMERCIALIZE DISCOVERIES**

Following the Federal Circuit's adoption of the Court's clear and convincing requirement for evidence of invalidity, inventors and investors have risked hundreds of billions of dollars secured by the strong patent enforcement rights accorded by the heightened burden of proof. In 2010 alone, investors staked \$21.8 billion in venture capital to drive innovation of life-saving and life-enriching products and services. *See* Peter Delevett, *Venture capital investment in 2010 grew for first time in three years*, MERCURY NEWS (February 20, 2011). The 2010 investment was in addition to the over \$75 billion in venture capital which investors committed to commercialize innovative technologies in 2007 to 2009. *See* CONNECT Innovation Report, 3Q 2010 at 8, [http://www.connect.org/programs/connect-track/docs/Q3\\_2010\\_CIR\\_012411.pdf](http://www.connect.org/programs/connect-track/docs/Q3_2010_CIR_012411.pdf).

The importance of strong patent rights as an incentive to fund commercialization is further underscored by studies showing that for every dollar spent on scientific discoveries by research institutions, investors may pay upwards of \$10,000 of private capital to bring those discoveries to market – on average, companies that license ideas from universities wind up paying from 75% to over 99% of the innovation’s final cost. Congressional Research Service Report, *The Bayh-Dole Act: Selected Issues in Patent Policy and the Commercialization of Technology*, Dec. 8, 2006, Updated October 5, 2007 (“CRS”), at 4; *Innovation’s Golden Goose*, The Economist (US), December 14, 2002 (“*The Economist December 2002*”).

#### **A. Strong Patent Rights Inspire Innovation and Investment in Technology**

The level of a country’s patent rights and changes in the strength of those patent rights has a very strong positive relationship with the willingness of private firms to invest in innovation. See Brent B. Allred & Walter G. Park, *The Influence of Patent Protection on Firm Innovation Investment in Manufacturing Industries*, 13(2) J. INT’L MANAGEMENT 91-109, 96, 106 June 2007. Strong patent rights impact economic growth by encouraging investors to take risk by investing in research and development and physical facilities, which can have positive effects on economic growth. Walter G. Park & Juan C. Ginarte, *Intellectual Property Rights And Economic Growth*, XV CONTEMPORARY ECONOMIC POLICY 51, July 1997.

Stronger patent rights also encourage patent holders to disclose their knowledge in exchange for patent protection, as opposed to safeguarding discoveries as a trade secret. The knowledge disclosed by inventors as part of the patent bargain in turn helps others to innovate. Additionally, a stronger patent system gives pioneers incentives to commercialize the discovery, and organize knowledge and the market better for follow-on innovation. *See* Edmund W. Kitch, *The Nature and Function of the Patent System*, 20 J. L. & Econ. 265 (1977); AEI Reprint No. 87, April 1978. It is undisputed that lowering the burden of proof required to invalidate a patent will weaken patent rights by making it more difficult for patentees to enforce those rights.

Currently, the strong presumption of validity mitigates some of the risks undertaken by inventors who face significant professional and financial hardship in leaving established jobs, staking personal and family savings on their startup ventures, and filing patent applications to help secure the value of their endeavors. CONNECT's survey of the startup companies it assists shows that in the second half of 2010, 31% of these startups' funding came from family and friends. *CONNECT Springboard Program Impact Assessment Report 2005 to 2nd Half 2010*, at 5, [http://www.connect.org/email/newsletter/doc/031111\\_Springboard\\_Five\\_Year\\_Impact\\_Assessment\\_Report\\_2005-2nd\\_Half\\_2010.pdf](http://www.connect.org/email/newsletter/doc/031111_Springboard_Five_Year_Impact_Assessment_Report_2005-2nd_Half_2010.pdf)). These early stage personal investments are the most critical to startup ventures, but would be fraught with much higher risk (and

resultant attenuation) without a strong presumption of patent validity.

Striking evidence that stronger patent protection inspires innovation and investment also comes from the dramatic rise in investments in technology following passage of the Bayh-Dole Act. In 1980, as America struggled to recover from the double-digit inflation of the 1970s and rising technological competition from Japan and Germany, Congress sought to facilitate commercialization of new technologies by passing the Bayh-Dole Act, which was designed to encourage cooperative ventures between the research community, small business, and industry. *The Economist December 2002*. The Bayh-Dole Act strengthened patent protection for venture funded enterprises by permitting research institutions to retain ownership of patent rights and to exclusively license federally funded inventions to companies built around the new technologies. *The Economist December 2002; CRS*, at 1.

The Bayh-Dole Act catalyzed the revitalization of technology, and over the next twenty years American universities increased patent filings, spun off more than 2,200 companies to develop and commercialize research, created 260,000 jobs, and contributed \$40 billion annually to the American economy. *The Economist December 2002*. Importantly, nine out of ten business executives surveyed identified the Bayh-Dole Act as an “important factor” in their decisions to fund research and development in academia. *CRS* at 9 (citing U.S. General Accounting Office, Patent

Policy: Recent Changes in Federal Law Considered Beneficial, RCED-87-44, April 1987, 23).

In contrast, prior to enactment of the Bayh-Dole Act, inadequate patent protection against competition under non-exclusive licenses, discouraged private investors from risking the significant amounts of time and money necessary to turn discoveries into products. Accordingly, at the time the Bayh-Dole Act was passed in 1980, the federal government held title to approximately 28,000 patents, of which fewer than 5% were licensed to industry for development of commercial products. U.S. General Accounting Office Report, "Technology Transfer: Administration of the Bayh-Dole Act by Research Universities," RCED 98-126, May 7, 1998, at 3.

These observations further indicate that weakening the presumption of validity will drastically rewrite the long-standing pact between inventors and the American public, and devalue the assets of private investors who have risked billions of dollars in reliance on those rights.

### **B. This Court Has Previously Upheld Precedent to Realize Inventor Expectations**

This Court has previously accorded great weight to inventor expectations in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002). In reversing the Federal Circuit's ruling, which diminished patent protection by restricting application of

the Doctrine of Equivalents, this Court emphasized that:

Fundamental alterations in these rules risk destroying the legitimate expectations of inventors in their property. . . . To change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents that have not yet expired and that would be affected by our decision.”

*Festo*, 535 U.S. at 739 (citing *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 32 (1997)); see also *id.*, at 41 (Ginsburg, J., concurring) (“The new presumption, if applied woodenly, might in some instances unfairly discount the expectations of a patentee who had no notice at the time of patent prosecution that such a presumption would apply”). This sentiment also led the Court to conclude if the Doctrine of Equivalents were to be rewritten, it is Congress and not the Court that should do so, because “[t]he various policy arguments now made by both sides are thus best addressed to Congress, not this Court.” *Warner-Jenkinson*, 520 U.S. at 28.

Additionally, this Court has recognized that clarity of patent rights plays a critical role in efficient investment in innovation, thereby helping to fulfill the Constitutional mandate:

The patent laws “promote the Progress of Science and useful Arts” by rewarding innovation with a temporary monopoly. U.S. Const., Art. I, § 8, cl. 8. The monopoly is a

property right; and like any property right, its boundaries should be clear. This clarity is essential to promote progress, because it enables efficient investment in innovation. A patent holder should know what he owns, and the public should know what he does not. . . . For this reason, the patent laws require inventors to describe their work in “full, clear, concise, and exact terms,” 35 U.S.C. § 112, as part of the delicate balance the law attempts to maintain between inventors, who rely on the promise of the law to bring the invention forth, and the public, which should be encouraged to pursue innovations, creations, and new ideas beyond the inventor’s exclusive rights.

*Festo*, 535 U.S. 722, 731 (2002).

Allowing patents to be struck down based on less than clear and convincing evidence will cause greater uncertainty in patent enforcement proceedings, devalue innovator investments, chill future investments, and undermine the position of America’s entrepreneurs at the forefront of cutting edge technology. *Cf. Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966) (“To await litigation is – for all practical purposes – to debilitate the patent system.”). Moreover, weakening the presumption of validity will increase the costs of investing, as potential investors are required to conduct a much more rigorous assessment of validity to determine prior art and defenses which were not before the PTO. The lack of clarity and stability in the value of patent rights, and increased

costs of litigation and due diligence will further dampen investment.

Thus, changing the burden of proof will make it easier to invalidate patents, creating uncertainty and greater risk to investment, and chill innovation.

### **III. MAINTAINING THE “CLEAR AND CONVINCING” BURDEN OF PROOF WILL GIVE EFFECT TO THE SETTLED EXPECTATIONS OF INNOVATORS**

Under principles of *stare decisis*, when this Court contemplates a ruling that will impact a prior holding, “its judgment is customarily informed by a series of prudential and pragmatic considerations designed to test the consistency of overruling a prior decision with the ideal of the rule of law, and to gauge the respective costs of reaffirming and overruling a prior case.” *See Planned Parenthood v. Casey*, 505 U.S. 833, 854 (1992). Where a prior rule has not proved unworkable, foremost among those concerns is “whether the rule is subject to a kind of reliance that would lend a special hardship to the consequences of overruling and add inequity to the cost of repudiation.” *Id.* at 854-55.

Following the Court’s long-standing precedent imposing a heightened burden of proof will give effect to settled expectations of inventors and their investors, promote economic stability, and continue to encourage the investment of time, resources and capital needed to commercialize scientific discoveries.

Moreover, it will ensure that the American public upholds and benefits from its patent bargain with inventors.

Furthermore, a dramatic reformation of the presumption of validity at the cost of inventor expectations and future innovation is not warranted where the current system is workable, and it is Petitioner's proposed standard that will prove impractical. Under the current system, patent challengers can raise issues of validity in a re-examination proceeding before the PTO where the presumption of validity does not apply.

In fact, since 1980, in its efforts to improve patent quality, Congress has left unaltered the general presumption of validity, focusing instead on authorizing the PTO to conduct administrative re-examination proceedings, and amending that procedure to encourage more frequent administrative challenges to poor quality patents. Without a presumption of validity in re-examination proceedings, Congress intended to encourage patent challengers to raise questions of validity in an administrative proceeding conducted by experienced examiners, which was designed to be less costly and lengthy than litigation.

As a measure of the impact of the re-examination procedure on addressing substantial new question of patentability not earlier considered by the examiner, in *inter partes* re-examination proceedings filed from 1999 to 2009, 69% of re-examinations resulted in all claims cancelled, 22% resulted in amended claims and 9% resulted in all claims being confirmed, while

in ex parte re-examinations filed from 1981 to June 30, 2006, 10% resulted in all claims cancelled, 64% resulted in amended claims and 26% resulted in all claims being confirmed. W. Karl Renner & Thomas A. Rozylowicz, *Re-Examination Request: To File Or Not To File?*, LAW360, May 14, 2009.

Moreover, if a litigant can rely on uncited prior art to invalidate a patent by a preponderance of the evidence, patent challengers will forego re-examination proceedings before experienced patent examiners and enlist district courts and juries as an auxiliary corps of the PTO, for a chance to sway a judge and lay jury. Furthermore, a bifurcated burden of proof may necessitate an “*i4i*” hearing to determine the appropriate burden for each of the prior art defenses set forth in the § 282 invalidity statement. It will also leave district courts without guidance for the burden of proof for challenges under sections 101 and 112 if those bases of invalidity were not clearly of record before the PTO.

Although Microsoft and its *amici* assert that their proposed sweeping change in the law is needed to improve patent quality, their proposed change in the burden of proof is not appropriately tailored to eliminate only poorly-examined patents. Even under the clear and convincing burden of proof, a substantial number of litigated patents are invalidated. See University of Houston Law Center [www.patstats.org](http://www.patstats.org) (indicating that accused infringers prevailed on prior art defenses 46.4% of the time, in litigations

from 2005 to 2009). It may be the case that judges and juries already evaluate documentary evidence as more “clear” than testimony, and uncited evidence as more “convincing” than evidence considered and addressed by the PTO. However, lowering the standard for invalidating patents in all cases only increases the risk that well-examined patents will be invalidated during litigation.

In addition, greater responsibilities may befall examiners at the PTO if the Court adopts a hybrid burden of proof which depends on whether prior art was considered by the PTO. First, the PTO may be flooded with prior art cited by applicants, hoping to ensure that any litigated defense will require proof by clear and convincing evidence. PTO Director David Kappos has expressed serious concerns that if the burden of proof were lowered it would result in an influx of marginal prior art, further straining the PTO’s delicate examination systems without adding value to the examination process. Innovation Alliance, *Video: USPTO Director David Kappos at the Innovation Alliance Conference* (January 21, 2011), <http://www.innovationalliance.net/news-and-resources/video-uspto-director-david-kappos-innovation-alliance-conference>.

Second, under a lower standard which hinges on prior PTO consideration, there will be a burden on the PTO examiners to create more thorough records of what was considered by the examiner but not deemed of sufficient materiality to issue a rejection on that basis. Thus, a hybrid burden of proof may

have the unintended consequence of decreasing patent quality as examiners are inundated by and forced to address less relevant prior art or other bases for invalidity. Moreover, it could lead to absurd results, by allowing challengers to invalidate patents based on prior art less relevant than that considered by the PTO.

Finally, Congress failed to limit the presumption of validity in one setting where an accused infringer will rely on a defense not considered by the PTO. Section 282 states that when “a claim to a composition is held invalid, and that claim was the basis of a determination of nonobviousness under section 103(b)(1), the process shall no longer be considered nonobvious solely on the basis of section 103(b)(1).” If other conditions are met, under 103(b)(1), a patentee can elect to have a method claim presumed to be unobvious if the method uses or results in a composition found novel and non-obvious by the PTO, and the PTO then presumes the non-obviousness of that method claim. See 35 U.S.C. § 103(b)(1). Yet, rather than eliminating entirely or lowering the burden of proof required to overcome the presumption of validity for such a method claim when its corresponding composition claim has been held obvious, Congress instead provided only that the method claim should not be found non-obvious on the basis of 103(b)(1) alone. This further weighs against Microsoft’s attempt to obtain a judicial exception under which the

presumption of validity is lessened or more easily overcome.<sup>2</sup>

#### IV. CONCLUSION

Inventors have upheld their pact with the American public to disclose their inventions in return for patent protection and the certainty that the patents on which their companies were founded and their personal and professional fortunes were staked could not be invalidated on less than a showing of clear and convincing evidence. Petitioner and its *amici* have failed to establish that the current system is unworkable or any other overriding concerns that would justify repudiating those legitimate expectations through judicial reformation of the burden of proof required to prove patent invalidity.

SDIPLA and CONNECT therefore urge this Court to affirm the Federal Circuit's decision below, and to reaffirm this Court's long-standing precedents based on principles of *stare decisis* and the strong policy in favor of realizing inventor expectations,

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<sup>2</sup> That Congress is mindful of its role in legislatively addressing the burden of proof for proving claims invalid or unpatentable is further evident from provisions in recently passed Senate Bill S. 23, which update re-examination procedures and provides for a new post-grant opposition procedure before the PTO. For both proceedings, the Senate prescribed a "preponderance of the evidence" as the burden of proof required to prove "a proposition of unpatentability." S. 23, 112th Cong. (2011), at § 5 (setting forth amendments to add sections 316(e) and 326(e) to provide "Evidentiary Standards.>").

encouraging innovation, and fulfilling the Constitutional mandate to “promote the Progress of Science and useful Arts.”

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