

Proving Patent Invalidity May Become Easier for Accused Infringers

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The Patent Act provides in part that “a patent shall be presumed valid” and that “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. Nothing in the Act provides for a heightened burden of proof for asserting invalidity.

In *Microsoft Corp. v. i4i Limited Partnership*, i4i sued Microsoft for infringement of U.S. Patent No. 5,787,449 (the ‘449 patent) directed toward a system for editing the metacodes of an HTML or XML document. In asserting invalidity of the ‘449 patent, Microsoft argued that i4i sold an embodiment of the invention embedded in a system called S4 to SEMI, a client of i4i’s predecessor, over a year before applying for the ‘449 patent in violation of 35 U.S.C. § 102(b).

Under 35 U.S.C. § 102(b), if an invention was publicly disclosed or on sale more than one year before a patent application is filed, the applicant is barred from obtaining a patent on the same invention.

In a review of the prosecution history for the ‘449 patent, it was determined that the sale to SEMI was never disclosed to the U.S. Patent Office. Moreover, evidence of this sale could not be presented as evidence of invalidity during reexamination of the ‘449 patent because offers-for-sale are excluded from consideration during a reexamination. At trial, the inventors of the S4 system, who are also the same inventors of the ‘449 patent, testified that the S4 system did not include two key features of their invention. Unable to prove invalidity by providing the S4 source code, Microsoft relied on the testimony of a former i4i employee and upon written statements that one of the inventors made to investors and the Canadian Government suggesting that the S4 software did contain the key features. However, experts for i4i opined that it was impossible to know whether the key features of the ‘449 patent were met without looking at the S4 source code. While the unavailability of the source code was not Microsoft’s fault, the Federal Circuit stated that the burden was on Microsoft to show by clear and convincing evidence that S4 embodied all of the claim limitations.

The clear and convincing evidence standard lies somewhere between the preponderance of the evidence standard and proof beyond a reasonable doubt. While criminal cases require proof beyond a reasonable doubt, most civil cases only require proof by a preponderance of the evidence, or proof of more likely than not. In patent cases, a patentee alleging infringement need only prove that it is more likely than not that the defendant infringed the asserted patent, while the Federal Circuit has long held that invalidity of the same patent must be proven by clearing and convincing evidence.

Because this heightened requirement is more than what is considered by the U.S. Patent Office when granting a patent, Microsoft has petitioned for a writ of certiorari for the U.S. Supreme Court to lower this standard at least for situations in which the evidence of invalidity was not considered by the Patent Office before the patent issued.

The U.S. Supreme Court has granted Microsoft’s petition and will now consider whether patent law requires that an accused infringer prove invalidity by a clear and convincing evidence standard. Hahn Loeser & Parks LLP will continue to monitor and report this patent law evidentiary issue as it develops.

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