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Summary of Microsoft v. i4i Oral Argument

Guest Post by Megan M. La Belle, Catholic University Columbus School of Law

Professor La Belle attended the oral argument in Microsoft v. i4i Limited Partnership this morning and was kind enough to prepare this summary for Patently-O.

Today, the United States Supreme Court heard oral argument in *Microsoft Corporation v. i4i Limited Partnership*, in which Microsoft has challenged the Federal Circuit's clear and convincing evidence standard for overcoming the presumption of patent validity set forth in 35 U.S.C. § 282. The argument was held before a full courtroom, with former Deputy Solicitor General Thomas G. Hungar representing Microsoft, former Solicitor General Seth P. Waxman representing i4i, and Deputy Solicitor General Malcolm Stuart arguing as amicus curiae on behalf of the United States in support of i4i.

Mr. Hungar began his argument by referring to the Court's statement in *KSR Int'l Co. v. Teleflex, Inc.* that the presumption of validity "seems much diminished" where, as here, the prior art was not considered by the U.S. Patent & Trademark Office. Justice Scalia quickly responded, asking whether Microsoft was arguing that a preponderance of the evidence standard should apply across the board, or only when the prior art was not considered by the USPTO. Mr. Hungar explained that Microsoft's position is that the more relaxed standard should apply in all cases where patent validity is challenged.

The Justices then asked a series of questions about the state of the law and congressional intent in 1952 when § 282 was enacted, since the statute itself is silent as to the evidentiary standard. The Court focused on *Radio Corporation of America (RCA) v. Radio Eng'g Labs., Inc.*, 293 U.S. 1 (1934), in which Justice Cardozo made some broad statements about the presumption of patent validity, including that the challenger "bears a heavy burden of persuasion" and that the presumption cannot be overcome "except by clear and cogent evidence." Relying on *RCA*, i4i argued that Congress intended to codify the existing presumption of patent validity when it enacted § 282, and therefore clear and convincing evidence is the correct standard. Microsoft countered that the law regarding the presumption of validity was "all over the map" in 1952, and that some courts did not recognize any presumption of validity, much less a presumption that could only be overcome by clear and convincing evidence. Microsoft further argued that the quoted language from *RCA* was mere dicta, and that the case was distinguishable because *RCA* involved a question of priority of invention, not validity.

In addition to arguing that Congress intended to codify the clear and convincing standard, counsel for both i4i and the United States emphasized Congress's acquiescence in that standard over the years. They contended that Congress is well aware of the Federal Circuit's clear and convincing standard, and that Congress has been very active in the patent arena both in the past and in the present. Yet, despite its many other proposals to reform the patent system, Congress has made no attempt to change the long-standing evidentiary standard for overcoming a presumption of validity.

Some Justices inquired about solutions other than altering the evidentiary standard. Justices Breyer and Sotomayor wondered if perhaps the issues raised by this case could be addressed with careful jury instructions. Justice Sotomayor suggested, for example, that a jury could be instructed that the burden of proof to overcome the presumption of validity is clear and convincing evidence, but that the challenger's burden is more easily satisfied with respect to evidence of prior art that was not considered by the USPTO.

Microsoft responded that such a jury instruction could be confusing for the jury, as the Federal Circuit held in an earlier case between Microsoft and z4 Technologies.

Finally, the Court returned to the question as to why the presumption of validity should apply when the prior art was not considered by the USPTO. In response to Justice Ginsburg's request to justify such a rule, Mr. Waxman offered four reasons. First, a validity challenge is a "collateral attack" on a governmental decision to issue a patent. Second, if a patent is erroneously invalidated, the harm to the patent owner is significant because of the preclusive effect such a determination has under *Blonder Tongue v. University of Illinois*, 402 U.S. 313 (1971). Third, i4i argued that such a presumption is warranted because patent owners, investors, and licensees rely on patents once they are issued. Finally, i4i claimed that it is "far from black and white what the PTO does or doesn't consider," and that rejecting the long-standing clear and convincing standard would marginalize the agency. In response, Justice Breyer stated that i4i's reasons "are all along the lines of how important patents are and what a disaster [it is when] patents are invalidated." Justice Breyer then commented that, in today's world, perhaps a "worse disaster for the country is to have protection given to things that don't deserve it…."

The Court is expected to issue its decision before the end of June 2011. Chief Justice Roberts recused himself, so the case will be decided by the remaining eight justices.

Megan M. La Belle is an assistant professor at the Catholic University of America, Columbus School of Law, where she teaches and researches in the area of intellectual property law and procedure. Her article "Patent Litigation, Personal Jurisdiction, and the Public Good" recently appeared in the George Mason Law Review.

Update: A copy of the rough transcript can now be downloaded here: Download Microsofti4iOralArgument

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