

# The Metropolitan Corporate Counsel®

www.metrocorpcounsel.com

Volume 19, No. 6

© 2011 The Metropolitan Corporate Counsel, Inc.

June 2011

## The Right Burden For Proving Patents Invalid: Supreme Court Decision Pending

**Ellen Brickman and  
Julie Blackman**

**DOAR LITIGATION CONSULTING**

At this writing, the Supreme Court is deciding a question that could dramatically change the face of many patent trials: What evidentiary standard should be used in decisions regarding the validity of a patent? In this article, we consider how jurors reckon with invalidity challenges, and how their deliberations might be affected by a decrease in the burden of proof required to prove a patent invalid.

### **Background**

In 2007, i4i sued Microsoft for infringement in the Eastern District of Texas, alleging that features of Microsoft Word's XML editor were covered by i4i's patents. Microsoft argued that the patents were invalid based on the on-sale bar because aspects of the technology had been embodied in software sold in the U.S. over a year before i4i filed its patent application. Noting that this information had not been before the examiner, Microsoft requested a jury instruction that invalidity must be proved by a preponderance of the evidence rather than by clear and convincing evidence (the standard routinely used for

*Ellen Brickman is Director and Julie Blackman is Vice President and Managing Director at DOAR Litigation Consulting. Portions of this article were excerpted from J. Blackman, E. Brickman & C. Brenner, "East Texas Jurors and Patent Litigation," published in The Jury Expert, 22 (2), March 2010. The full paper is available at <http://www.thejuryexpert.com/2010/03/east-texas-jurors-and-patent-litigation/>.*



**Ellen Brickman**



**Julie Blackman**

determinations of validity). This request was denied. The jury found infringement, upheld the validity of the patent, and, ultimately, an order for \$290 million in damages was entered against Microsoft.

Microsoft appealed the verdict, arguing that because information about the earlier sales was not considered by the examiner at the time of the filing, the evidentiary standard for proving invalidity should have been lower. The Federal Circuit affirmed the verdict, and Microsoft petitioned to be heard by the Supreme Court and was granted certiorari. Oral arguments were held in mid-April, and the Court is expected to decide the case by mid-June. The implications of this decision – particularly if the Court decides to lower the burden for proving invalidity – are tremendous.

Microsoft had petitioned to be heard on the question of evidentiary standards in cases where information on the prior art had not been before the patent examiner. In its brief and oral arguments, however, Microsoft broadened its position and argued that the standard for overcoming the presumption of validity should *always* be preponderance of the evidence. Thus, the Supreme Court is now considering that broader question.

While the Microsoft brief focused on interpretations of the wording of the Patent Act and legal precedents, two *amicus*

briefs filed by Apple and Intel in support of Microsoft also considered the impact that a lowered standard might have on jurors. Apple and Intel argued that the heightened standard “works in tandem with jurors’ pre-existing reluctance to invalidate patents, even weak ones.” Jurors’ strong tendency to defer to the Patent Office, when combined with the need for clear and convincing evidence of invalidity, would – according to the briefs – render it extremely difficult to persuade a jury that a patent is invalid.

Indeed, there is compelling evidence of jurors’ reluctance to invalidate patents, and of the real weight they give to patents and to the presumption of validity. Jurors are more likely than judges to uphold patent validity: They do so 71 percent of the time, compared to the 64 percent rate for judges.<sup>2</sup> This tendency is not particularly surprising. The presumption of validity, with its implicit deference to examiners who are presumed to have technical expertise, is often the simplest rule for jurors to follow in highly complex patent cases. It allows jurors to make decisions about validity even when they themselves do not understand the scientific questions at issue, which is likely to be particularly appealing for less-educated jurors.

The Eastern District of Texas, where the Microsoft case was tried, is a good example of this phenomenon. In some of the major counties feeding the East Texas courthouses, college graduation rates are as low as 15 percent (e.g., Harrison County, home to Marshall, where the large majority of Eastern District patent cases are filed).<sup>3</sup> Jurors there also tend to be older, so they may have less experience with technology. Finally, East Texans are noted to have particularly high levels of respect for the government and a strong belief in property rights.<sup>4</sup> In the context of such beliefs,

*Please email the authors at [erickman@doar.com](mailto:erickman@doar.com) or [jblackman@doar.com](mailto:jblackman@doar.com) with questions about this article.*

infringement on intellectual property is akin to trespassing on physical property and is taken equally seriously. It is not surprising, then, that patent holders have flocked to East Texas to protect their patents. In 2010, more defendants were sued for infringement in the Eastern District of Texas than in Delaware, California, New Jersey and Illinois combined.<sup>4</sup>

### Lessons From Pre-Trial Research

We saw strong evidence of the great respect that East Texans accord to issued patents in several mock trials that we conducted in the area. We wrote about this work, and our work was cited in the amicus briefs to the Supreme Court, to support Apple's and Intel's argument that a heightened standard works in tandem with jurors' natural reluctance to invalidate patents. Our East Texan mock jurors were both highly respectful and quite protective of inventors/patent holders and their rights. These jurors tended to personalize the cases, framing them as moral conflicts rather than as business disputes. They talked about companies cheating each other (or an inventor) and stealing ideas, and experienced these perceived violations in very personal terms, often talking about how they would feel if this were happening to them.

Some became so wedded to the moral dimensions of the conflict that they engaged in their own versions of jury nullification, taking positions that they thought were morally right even if they were unsupported (and unsupportable) under the law. For example, in one mock trial, some jurors voted to award damages to the plaintiff even though they had found that the patent was not infringed. They felt that the defendant had used some aspects of the plaintiff's invention, though not each and every element of any of the claims. Nonetheless, these jurors felt, the patent holder should receive some compensation in acknowledgement of the patentee's role in developing aspects of the technology that the defendant ultimately used. One mock juror articulated this sentiment:

[The defendant] profited from [the plaintiff's] patent. I do feel that they profited from that; and by doing so, I do feel that they should be entitled to something.

Consistent with the respect and value that these jurors attached to the patents, they also displayed more resistance to the idea of invalidating a patent than we typically see in other venues. They often began

their deliberations on invalidity with blanket statements indicating their reluctance to consider this question, as illustrated in these two comments from mock jurors:

It's valid. I don't think we should even argue that point. If the Patent Office gave it to them, it's there.

You can't challenge what the Patent Office does.

Some mock jurors were, in fact, offended by the defendant's effort to overturn an issued patent. These jurors perceived the invalidity defense as a cheap trick to distract jurors from the defendant's infringement of a hard-earned patent. For example, one mock juror said:

[The defendant] was trying to draw attention away from the fact that maybe they used it and shouldn't have.

Jurors' unwillingness to invalidate a patent stemmed from several sources. First, some simply refused to believe that they had the power to do so. At each mock trial, a few mock jurors held onto the belief (despite repeated instructions to the contrary) that only the Patent Office could "undo" a decision that it had made. One even believed it would take an act of Congress to reverse a Patent Office decision. He equated patents with laws and said:

Once they get it, it validates. Once it's validated, that's the law. That's what a patent is – a law.

Second, most jurors believed that the Patent Office would not have "gotten it wrong." Partly, these jurors did not display the cynicism with which more urban jurors often talk about government agencies. Documents issued by the U.S. government were assumed to be correct and beyond questioning. Additionally, these mock jurors assumed that the expert patent examiners would have researched the prior art on their own, and would have been sure to have all the facts before allowing the patent to issue. One mock juror expressed this clearly:

There's a lot of diligence goes into getting a patent, especially on something like a chip or a circuit board that requires so much technical information. And the United States does a very good job of monitoring it. I mean, that's why very few other countries have patent offices or patent guidelines, because it's very tough and very rigid and strict. And so I think it's a valid patent. I don't think — you know, our country doesn't

issue a lot of them that are full of — frivolous or not necessary.

Similarly, another said:

If they issued them a patent, they had a reason to do that ... They're gonna research that, and they had all the references that went with them, and I feel confident they're gonna research that before they offered it.

This sentiment was generally shared by other mock jurors in the research described here. Furthermore, these jurors believed that once a hard-won patent had issued, it was valid no matter what. This belief was so strong that more than once we heard mock jurors insist that a patent was valid even though they agreed with an argument that would legally render it *invalid*. In one mock trial, for example, several jurors agreed that the invention might have been obvious, but nonetheless upheld the validity of the patent. Speaking on behalf of this group, one mock juror said:

It's obvious but not invalid ... I can't just say I think he has a good patent and then say, "Throw it out."

### Looking To The Future

Clearly, the Supreme Court decision has the potential to have a profound impact on jury decision making in patent cases and, even more broadly, on the inherent value of patents. If the evidentiary standard for proving invalidity is maintained at the "clear and convincing" level, jurors' natural reluctance to invalidate patents (particularly in venues like East Texas) will continue to be supported by the heightened standard associated with invalidity challenges. If the evidentiary standard is lowered, however, we may expect to see a new openness among juries to the possibility of invalidating patents, giving accused infringers a stronger platform from which to launch invalidity defenses.

<sup>1</sup> Moore, Kimberly A. (2001, July 24). Judges, juries and patent cases: An empirical peek inside the black box. *Michigan Law Review* 99. Available at SSRN: <http://ssrn.com/abstract=222708>.

<sup>2</sup> U.S. Census Bureau, 2006-2008 American Community Survey 3-Year Estimates.

<sup>3</sup> Raymond, Nate. (2008, March 1). Taming Texas. *The American Lawyer*. Available at: <http://www.immagic.com/eLibrary/archives/general/genesispress/A080301R.pdf>.

<sup>4</sup> James Pistorino, "Concentration of Patent Cases in Eastern District of Texas Increases in 2010," 81 *BNA Patent, Copyright & Trademark Journal* 803 (2011), cited in *PatentlyO* Blog, April 18, 2011. <http://www.patentlyo.com/patent/2011/04/concentration-of-patent-cases-in-the-eastern-district-of-texas.html?cid=6a00d8341c588553ef014e87f3902b970d>.