

Chicago Daily Law Bulletin®

Volume 157, No. 77

Wednesday, April 20, 2011

Three lawyers offer three outcomes for giant Microsoft patent litigation

By Jerry Crimmins
Law Bulletin staff writer

The Microsoft patent litigation that was argued before the U.S. Supreme Court this week goes to the heart of patent litigation, in the view of three local lawyers.

But they made three different predictions on the outcome.

In *Microsoft v. i4i Limited Partnership*, No. 10-290, a lawyer for Microsoft asked the Supreme Court Monday to lower the standard of evidence required to challenge patents in court.

Asked for a prediction, Scott P. McBride of McAndrews, Held & Malloy Ltd. predicted the court will uphold the current standard that requires a defendant in a patent infringement case to show that a plaintiff's patent is invalid by "clear and convincing evidence."

Richard T. Ruzich of Duane, Morris LLP, predicted the high court will lower the standard for proving that a patent is invalid to "a preponderance of the evidence."

And R. David Donoghue of Holland & Knight LLP took what appears to be the middle position, namely that the justices will reduce the burden of proof for proving a patent is invalid in some instances, but not all.

In the current case, Toronto-based i4i sued Microsoft in 2007, saying it owned the technology behind a tool used in Microsoft Word.

The lower courts said Microsoft willfully infringed on the patent and ordered Microsoft to pay i4i \$290 million and stop selling versions of Word containing the infringing technology.

Microsoft contends the wrong standard of evidence was used by the jury in the original trial to determine the validity of i4i's patent. Microsoft wants a new trial.

In McBride's view, "this case and many other recent actions" in patent law, "appear to be attempts to address symptoms rather than the perceived, underlying problem" namely alleged poor quality patents issued by the U.S. Patent and Trademark Office.

McBride said allegations that patents are being issued on inventions that are not

new compared to prior art have been increasing since Congress changed the funding of the patent office by siphoning off some of the fees the PTO collected.

(For instance, an article in the *William and Mary Law Review* by Michael J. Meurer in 2009 said common complaints were high turnover in patent examiners, poor training and too few senior examiners.)

McBride said since the companies involved in patent infringement cases can't themselves change the patent examination system, they may be trying to use the courts to attack what they perceive as a problem.

"It seems like an inefficient way," McBride said. He praised efforts by David J. Kappos, director of the PTO, to reform the office from within.

McBride predicted, "I don't think the law will change. I think Microsoft loses this particular case."

McBride also noted that Chief Justice John G. Roberts Jr. recused himself because he owns Microsoft stock. Thus, McBride said the court could end up divided 4 to 4, which would leave the lower court ruling in favor of i4i intact.

McBride said neither he nor his firm are involved in the case.

Ruzich of Duane, Morris argued that there are really now two standards of evidence in patent infringement cases.

In instances where the patent examiner asserts that he or she already looked at certain prior art before approving the patent that is being challenged, the courts have held that a defendant who wants to invalidate that particular patent has "an added burden of proof" on top of clear and convincing evidence, according to Ruzich.

But courts have not required any "added burden of proof" if the patent examiner said he or she did not consider the prior art that is used to challenge a patent.

Thus, Ruzich said the courts have created "a hybrid standard" of evidence.

In oral arguments, according to published reports, the lawyer for Microsoft said a lower standard of evidence should at least apply in instances when the patent

office failed to consider certain prior art.

Ruzich said the standard of proof should be a single standard.

He predicted that the high court will rule that preponderance of the evidence should be that single standard.

Establishing a new standard of proof of preponderance of the evidence in patent challenges would bring patent cases in line with most civil trials in the U.S., Ruzich argued.

Ruzich said his client, Apotex, a generic pharmaceutical company, filed an amicus brief in the Microsoft case seeking a lower standard of evidence in patent challenges.

At least two other generic pharmaceutical companies filed similar amicus briefs.

Donoghue, who writes Chicago IP Litigation Blog, said he read the oral argument transcripts from Monday, and "both sides were questioned hard."

"It's a little difficult to say which way the Supreme Court may be leaning — except for the fact that they took the case because they thought it was a case that needed a decision."

"A reduced burden of proof for prior art that hadn't been considered by the patent office would be a significant change in patent law," Donoghue said.

"It would allow defendants a much greater opportunity to get summary judgment of invalidity (of a patent)." This is often difficult with the present, higher burden of proof, Donoghue said.

Whether a jury will find much difference in the standards of evidence "is hard to say," Donoghue said. "I think that is murkier."

He said neither he nor his firm are involved in the Microsoft case.

Asked for a prediction, Donoghue said, "I think there are good arguments that the statute and the law have remained the same for decades and that Congress has not acted" to change the law.

But he predicted the Supreme Court will "reduce the burden somehow" in instances when the patent office did not consider prior art used to challenge a patent.