

No. 10-290

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

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MICROSOFT CORPORATION,  
*Petitioner,*

v.

I4I LIMITED PARTNERSHIP AND  
INFRASTRUCTURES FOR INFORMATION INC.,  
*Respondents.*

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

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**AMICI CURIAE BRIEF OF FORMER USPTO  
COMMISSIONERS AND DIRECTORS  
IN SUPPORT OF RESPONDENTS**

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**STATEMENT OF INTEREST  
OF THE *AMICI CURIAE*<sup>1</sup>**

*Amici* are former Commissioners or Directors of the United States Patent and Trademark Office (“USPTO”). Most were nominated to the position by the President of the United States, including Presidents Ronald W. Reagan, George H.W. Bush, William J. Clinton, and George W. Bush, and confirmed by the United States Senate. *Amici* directed the USPTO and advised the President, Secretary of Commerce, Administration, and Congress on issues of intellectual property policy.

The Honorable Gerald J. Mossinghoff served as Commissioner of Patents and Trademarks from 1981-1985. Mr. Mossinghoff started his career in intellectual property at the USPTO as a patent examiner in the field of radar and electronic technologies. Mr. Mossinghoff advised President Reagan concerning the establishment of the Court of Appeals for the Federal Circuit, which has strengthened and brought certainty to patent law in the United States. He initiated a far-reaching automation program to computerize the USPTO’s extensive databases. From 2000-2008, Mr. Mossinghoff served three

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<sup>1</sup> No party or their counsel has authored any part of this brief or made any monetary contribution to fund the preparation or submission of this brief. Pursuant to Supreme Court Rule 37.3(a), the parties have consented to the filing of this brief and have filed letters of general consent with the Clerk.

consecutive terms on the statutory Patent Public Advisory Committee, established to advise the Under Secretary of Commerce for Intellectual Property on the operation of the USPTO. Mr. Mossinghoff served as United States Ambassador to the Diplomatic Conference on the Revision of the Paris Convention and as Chairman of the General Assembly of the United Nations World Intellectual Property Organization the “WIPO”). Mr. Mossinghoff testified before Congress as a principal witness more than 75 times on issues relating to intellectual property law, regulation, procedure and policy. He is currently the Armand and Irene Cifelli Professorial Lecturer in Law at the George Washington University Law School, where he teaches patent law.

The Honorable Donald J. Quigg served as Deputy Commissioner of the USPTO from October 26, 1981, until October 20, 1985, and Assistant Secretary and Commissioner of Patents and Trademarks from October 17, 1985, until October 31, 1989. Mr. Quigg’s efforts succeeded in streamlining patent appellate procedures, registering trademarks within 13 months by 1985, granting patents within 18 months by 1989, and achieving substantial automation of all aspects of the operation of the USPTO by 1990 – all of which were accomplished on schedule. Prior to his government service, Mr. Quigg practiced patent law for over thirty-five years, the last ten as General Patent Counsel of Phillips Petroleum Company. Mr. Quigg also served as

the head of United States delegations to United Nations meetings on industrial property matters, and on the President's Committee on Industrial Innovation and United States delegations, which involved multilateral discussions with the European Patent Office and the Japanese Patent Office. In addition, he was instrumental in getting schools across the United States to adopt a program encouraging K through 12th grade students to approach and solve problems daily on an innovative basis.

The Honorable Harry F. Manbeck, Jr. was Assistant Secretary of Commerce and Commissioner of Patents and Trademarks of the United States from March 1990 to May 1992. Prior to government service, Mr. Manbeck practiced patent law for over thirty-five years and, at the time of his appointment, was General Patent Counsel of the General Electric Company. Mr. Manbeck served as Chairman of the Patent, Trademark and Copyright Section of the American Bar Association, President of the Association of Corporate Patent Counsel, Director of the Intellectual Property Owners, Inc., and Director of the Bar Association of the Court of Appeals for the Federal Circuit.

The Honorable Bruce A. Lehman served as Assistant Secretary of Commerce and Commissioner of Patents and Trademarks from August 1993 through December 1998. As the leader of the United States delegation to the WIPO's December 1996 Diplomatic

Conference on Certain Copyright and Neighboring Rights Questions, he successfully concluded negotiations that resulted in the adoption of two treaties: the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. Mr. Lehman's guidance on the development of the intellectual property provisions of the Uruguay Round Agreement, now known as TRIPS, has enabled American creators and inventors to more easily protect their creations from piracy throughout the world. Mr. Lehman is currently the Chairman and President of the International Intellectual Property Institute.

The Honorable Q. Todd Dickinson served as the first Under Secretary of Commerce for Intellectual Property and Director of the USPTO from 2000-2001. Prior to that, Mr. Dickinson served as Assistant Secretary of Commerce and Commissioner of Patents and Trademarks from 1999 to 2000, and as Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patents and Trademarks from 1998 to 1999. Mr. Dickinson introduced the first electronic filing of patent applications, created the first Office of Independent Inventor Programs, and served as the head of the United States delegation for several intellectual property treaty negotiations. He also oversaw the transition of the USPTO to one of the first performance-based organizations in the federal government and the groundbreaking for the new USPTO campus in Alexandria, Virginia. Subsequent to his government

service he served as a partner in a major law firm and was the Vice President and Chief Intellectual Property Counsel for the General Electric Company. He was previously Vice Chair of the American Bar Association's Section on Intellectual Property Law. He is currently the Executive Director of the American Intellectual Property Law Association.

Mr. Nicholas P. Godici has a long history of service to the USPTO. Over the course of his thirty-three year career Mr. Godici rose through the ranks at the USPTO serving in numerous roles including as a patent examiner, supervisory patent examiner, group director, Deputy Assistant Commissioner for Patents, and Acting Assistant Commissioner for Patents. Mr. Godici was appointed Commissioner for Patents by the Secretary of Commerce in March 2000 and served in that role for five years. He also served as the Acting Under Secretary of Commerce for Intellectual Property and Director of the USPTO in 2001. Mr. Godici was a frequent lecturer at the USPTO's Patent Academy and held oversight responsibility for the entire patent examining corps from 1997 to 2005. Mr. Godici represented the United States before a number of international bodies concerning intellectual property issues and agreements, including before the WIPO and other national intellectual property offices. Mr. Godici testified before the United States House and

Senate on various intellectual property matters.

*Amici* have no personal stake in the outcome of this case. *Amici* submit this brief to bring to the Court's attention relevant information based on their background and experience regarding the issues in this case, including the special expertise of USPTO examiners in reviewing patents, the extensive practices and procedures implemented by the USPTO to determine patentability, the efforts to measure and continually improve patent quality, and the effects of changing the standard of proof for proving patent invalidity in litigation. *Amici* do not take a position with respect to the parties's arguments that fall outside of the knowledge and experience of *Amici*. *Amici* believe that the special expertise and procedures of the impartial USPTO underpin the long-established clear-and-convincing standard and that altering this standard is unwarranted, would disregard the work of the USPTO, and would discourage investment and innovation.

### **SUMMARY OF ARGUMENT**

*Amici* urge the Court to uphold the clear-and-convincing standard of proof required in litigation to invalidate a U.S. patent. The standard is based on the unique, impartial expertise and experience of the USPTO – *the* adjudicator in the U.S. patent system able to analyze patentability first-hand based on the knowledge of those skilled in the

art. The long-established standard is also a part of the carefully crafted bargain between the public and inventors to encourage prompt disclosure and sharing of inventions and ideas. The clear-and-convincing standard is fundamental to a strong, stable U.S. patent system that appropriately rewards innovation and encourages investment.

Microsoft and certain *amici* seek to drop the standard of proof in litigation merely to a preponderance of the evidence or to lower the standard dependent on whether prior art was or was not considered by the USPTO. *E.g.*, Pet. Br. at 8-13. Changing the standard of proof as they propose, however, disregards the efforts of the USPTO and upsets the carefully crafted and longstanding bargain between the public and inventors, weakening the U.S. patent system by unnecessarily and counter-productively increasing uncertainty in patent validity. Regarding the proposal of a shifting standard based upon whether the USPTO has considered the prior art or not, the proposed shifting standard is an unnecessary departure from the application of such standards of proof, with the same adverse consequences. Whether a prior art reference was considered by the USPTO goes to its weight as evidence, not to the overarching standard of proof. In addition, practical impediments make such a system unworkable. Regarding the proposal to drop the standard of proof to a preponderance-of-the-evidence in all circumstances, this lowering of the standard would dramatically alter the patent bargain between the public

and the inventor, increasing uncertainty and diluting the value of all patents. Inventors, especially independent and small entity inventors, would be faced with a different calculus – whether to simply keep their advances secret, or go to the expense and effort of disclosing them in exchange for a patent that can be more easily challenged in an almost certain and even more expensive litigation. The net result would weaken the U.S. patent system, which fills the critical role of safeguarding American invention against infringement, both foreign and domestic, and encouraging innovation and investment.

## **ARGUMENT**

### **I. THE LONG ESTABLISHED CLEAR-AND-CONVINCING-EVIDENCE STANDARD FOR INVALIDATING A PATENT IN LITIGATION IS FUNDAMENTAL TO A STRONG U.S. PATENT SYSTEM.**

The importance of a strong, stable U.S. patent system is beyond dispute. The Framers recognized the importance of patents to the public good and expressly empowered Congress “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries ...” Art. 1, § 8. The Framers regarded patents

as public franchises granted to the inventors of new and useful

improvements for the purpose of securing to them ... the exclusive right and liberty to make and use ... their own inventions, as tending to promote the progress of science and the useful arts, and as matter of compensation to the inventors for their labor, toil, and expense in making the inventions, and reducing the same to practice for the public benefit ....

*Seymour v. Osborne*, 78 U.S. 516, 534 (1871).

Pursuant to this authorization, Congress established the U.S. patent system and USPTO<sup>2</sup> over 170 years ago to encourage the creation of new inventions and their disclosure to the public.

In doing so, Congress sought to devise “a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design

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<sup>2</sup> The patent system was initially administered by the Secretary of State, the Secretary of the Department of War and the Attorney General. Act of Apr. 10, 1790, Ch. 7 §1, 1 Stat. 109. Congress officially designated the Patent Office in the Patent Act of 1836. Act of July 4, 1836, Ch. 357(a), 5 Stat. 117. Trademark registration was added to the functions of the Patent Office in 1881. Act of Mar. 3, 1881, 21 Stat. 502. The name of the Patent Office was changed to the Patent and Trademark Office in 1975 and changed to the United States Patent and Trademark Office in 2000. [www.uspto.gov/web/offices/pac/doc/general/#uspto](http://www.uspto.gov/web/offices/pac/doc/general/#uspto).

in return for the exclusive right to practice the invention for a period of years.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51 (1989). As part of the incentive for inventors to disclose their inventions and enter the patent bargain, courts crafted a heightened evidentiary standard for invalidating a patent in litigation.

As early as 1874, this Court addressed the appropriate standard of proof for patent invalidity in litigation in a pair of cases. In *Coffin v. Ogden*, 85 U.S. 120 (1874), the Court required a heightened standard of proof for invalidity, explaining that “[t]he invention or discovery relied upon as a defence, must have been complete, and capable of producing the result sought to be accomplished; and this must be shown by the defendant. The burden of proof rests upon him, and every reasonable doubt should be resolved against him.” *Id.* at 124. The Court found that the defendants had “clearly shown” the priority of a prior art invention, thereby meeting the heightened standard of proof necessary to establish invalidity. In *The Corn-Planter Patent*, 90 U.S. 181 (1874), the Court stated that “in the absence of conclusive evidence to the contrary, the presumption is in favor of the [patentee].” *Id.* at 227. The Court’s direction for “conclusive evidence” such that invalidity is “clearly shown” reflects the established heightened standard of proof.

This “clearly shown” “conclusive evidence” standard was codified in the 1952

Patent Act. Section 282 provided that “[a] patent shall be presumed valid” and “[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. With this language, Congress intended to codify the existing common law:

Section 282 introduces a declaration of the presumption of validity of a patent, which is now a statement made by courts in decisions, but has had no expression in the statute.

H.R. Rep. No. 82-1923, at 10 (1952); S. Rep. No. 82-1979, at 8 (1952). *See also* P.J. Federico, Commentary on the New Patent Act, 35 U.S.C. (1952), *republished in* 75 J. Pat. & Trademark Off. Soc’y 161, 215 (1993) (“That a patent is presumed valid was the law prior to the new statute, but it was not expressed in the old statute. The statement of the presumption in the statute should give it greater dignity and effectiveness.”).

Since its inception, the Federal Circuit has consistently interpreted section 282 to require a clear-and-convincing standard of proof to invalidate a patent in litigation. *See SSIH Equip. S.A. v. United States Int’l Trade Comm’n*, 718 F.2d 365, 375 (Fed. Cir. 1983) (“Standard of proof relates to specific factual questions. While undoubtedly certain facts in patent litigation must be proved by clear and convincing evidence, ... the formulation of a

legal conclusion on validity from the established facts is a matter reserved for the court.”); *Connell v. Sears Roebuck & Co.*, 722 F.2d 1542, 1549 (Fed. Cir. 1983) (“Proof, however, relates not to legal presumptions, but to facts. The patent challenger may indeed prove facts capable of overcoming the presumption, but the evidence relied on to prove those facts must be clear and convincing.”).

Given its long and certain history, the clear-and-convincing standard is fundamental to the U.S. patent system. The standard is properly based on the special, impartial expertise and experience of the USPTO, as explained in Section II below.

## **II. THE SPECIAL, IMPARTIAL EXPERTISE AND ANALYSIS OF THE USPTO IS VITAL TO THE U.S. PATENT SYSTEM AND SHOULD NOT BE DISREGARDED OR IGNORED.**

The USPTO, with its unbiased expert personnel and its detailed practices and procedures for examining patent applications, is uniquely situated to determine patentability. The USPTO does yeoman’s work and, in doing so, seeks to instill confidence in the U.S. patent system.

When Congress first created the USPTO to replace a failing registration patent system,

it made clear the important role of the USPTO:

The duty of examination and investigation necessary to a first decision at the Patent Office, is an important one, and will call for the exercise and application of much scientific acquirement and knowledge of the existing state of the arts in all their branches, not only our own, but in other countries. Such qualifications in the officers charged with the duty, will be the more necessary and desirable, because the information upon which a rejection is made at the office, will be available in the final decision. It becomes necessary, then, to give the Patent Office a new organization, and secure to it a character altogether above a mere clerkship. The competency and efficiency of its officers should correspond with their responsibility, and with the nature and importance of the duties required of them.

S. Rep. No. 24-338, at 4 (1836). From the beginning, Congress envisioned a USPTO with a character different than other agencies, more than mere clerkship, with heightened responsibility corresponding to the nature and importance of its duties. The USPTO honors

this role, assembling a corps of technically trained and experienced examiners, developing procedures to ensure efficient, thorough, and fair examination, and reviewing and measuring its performance to drive continuous improvement.

**A. The USPTO Examiners Are Best Situated To Determine Patentability.**

The USPTO is made up of a legion of knowledgeable and well-trained personnel who review each patent application. This Court has recognized, in determining that the findings of fact made by the USPTO deserve deference, the rationale that “the PTO is an expert body” and “can better deal with the technically complex subject matter.” *Dickinson v. Zurko*, 527 U.S. 150, 160 (1999). Other courts have similarly recognized the expertise of the USPTO. *See, e.g., In re Berg*, 320 F.3d 1310, 1315 (Fed. Cir. 2003) (“As persons of scientific competence in the fields in which they work, examiners ... are responsible for making findings, informed by their scientific knowledge, as to the meaning of prior art references to persons of ordinary skill in the art and the motivation those references would provide to such persons.”); *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426 (Fed. Cir. 1988) (recognizing that the “the most expert opinions exist” at the USPTO).

The USPTO examiners are impartial scientific and technical experts and expert in

laws, rules, practices and procedures in the examination of patent applications. Every examiner has, at a minimum, a bachelor's degree or an equivalent amount of education in a technical or scientific field of study, and many hold graduate degrees in science and engineering. Many have a legal education as well. Newly hired examiners receive classroom training from experienced instructors prior to beginning their examining duties. They also attend an extensive twelve-month program at the USPTO Patent Training Academy, which includes lab exercises and hands-on examination of patent applications. Examiners also participate in continuing education, testing, and on-the-job-training throughout their careers at the USPTO.

Accordingly, patent examiners are generally knowledgeable, if not expert, in the relevant art, whereas a typical judge or jury is not. The understanding of the relevant ordinary skill in the art is the foundation of the patentability analysis. *See, e.g., KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 420 (2007) (“The question is not whether the combination was obvious to the patentee but whether the combination was obvious to a person with ordinary skill in the art.”); *Markman v. Westview Instruments*, 517 U.S. 370, 273 (1996) (patent must “contain[] a specification describing the invention ‘in such full, clear, concise, and exact terms as to enable any person skilled in the art ... to make and use the same”). The USPTO, with its constitutionally and congressionally mandated

unique expertise and experience, and neutral position, is and should remain the primary adjudicator of patentability. Challenges in litigation, where the adjudicators themselves do not usually have such expertise and experience, should continue to require the clear-and-convincing standard.

**B. The USPTO's Analysis Is Robust And Extensive.**

The USPTO also has robust and extensive procedures to ensure that the proper teams of highly educated and trained personnel review a particular patent application and to guide patent examiners and patent applicants in the preparation and prosecution of patent applications. Many of these procedures have been codified in Title 37 of the Code of Federal Regulations. Others are published by the USPTO in its Manual of Patent Examining Procedure ("MPEP"), a nearly 2,800-page tome (not counting appendices) that sets forth practices and procedures for the prosecution of patent applications. The MPEP contains instructions, as well as other material in the nature of information and interpretation, and outlines the current procedures that examiners follow in appropriate cases in the examination of a patent application.

Microsoft and supporting *amici* question the work of the USPTO without a fair consideration of the service that it provides. Indeed, Microsoft and supporting *amici* go so

far as to suggest that the USPTO is institutionally biased and that examiners have a financial incentive to allow patents. Pet. Br. at 47; Apotex Br. at 25 n.9. The actual examination process, described below, however, is robust, thorough, and impartial, and provides for multiple reviews by an expert examiner corps. Moreover, in order to promote the timely examination of patent applications, the USPTO rewards examiners based on *dispositions*, regardless of whether the application is disposed by way of allowance or abandonment.

The examination process begins when the USPTO first receives an application for patent. Each application is initially reviewed by the Office of Patent Application Processing (“OPAP”). Staff of the OPAP ensures that the application meets formal requirements established by Congress and the USPTO.

A patent application that meets the formal requirements is then classified based on its technology and sent to a Technology Center experienced in the subject matter to which the application relates (Technology Centers are consolidated examining groups made up of Group Art Units). Each Technology Center is managed by one or more Group Directors who oversee approximately five to ten Art Units. Art Units are organized by technical specialties falling within their respective Technology Center’s areas of responsibility. There are 374 different Art Units within the USPTO (as of last month),

handling technology that is further classified into tens of thousands of classes and subclasses of technology. Each Art Unit consists of approximately seven to fourteen examiners and one supervisory patent examiner. Examiners are assigned to Art Units on the basis of their technical expertise and background.

The patent examiner is responsible for conducting a fair and thorough examination of the patent application and determining whether the claims of the application satisfy the requirements for patentability set forth in the patent statutes and regulations. In particular, the examiner decides whether the claimed invention is novel, useful, nonobvious, enabled, and clearly claimed as required by 35 U.S.C. §§ 101-103, and 112.

As part of the examiner's review, the examiner conducts a thorough search for relevant prior art.<sup>3</sup> USPTO rules expressly provide that examiners "shall make a thorough study [of the application] and shall make a thorough investigation of the available prior art relating to the subject matter of the claimed invention."<sup>4</sup> Their prior art investigation encompasses prior patents (both U.S. patents and foreign patents), published patent applications, and prior non-patent literature (*e.g.*, magazines and trade journals).

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<sup>3</sup> MPEP § 704.01. An international-type search is also conducted for all national applications filed on and after June 1, 1978. 37 C.F.R. § 1.104(a)(3).

<sup>4</sup> 37 C.F.R. § 1.104(a)(1).

In addition, the examiner may consider prior public uses, sales, and offers for sale of the invention.

For their prior art search, examiners have at their disposal extensive resources upon which they may rely to determine whether a claimed invention is novel and nonobvious. In addition to their own personal knowledge and experience, the USPTO houses one of the largest repositories of scientific and technical knowledge in the world. The USPTO's internal data sources consist of approximately 42,000,000 unique patent-related documents from the U.S., Canada, China, the European Patent Office, France, Germany, Japan, Korea, Switzerland, the United Kingdom, the WIPO, and the IBM Technical Disclosure Bulletin. Examiners also have electronic access to non-patent literature through subscriptions to 20,000 journals and over 30,000 books in full-text, over 1,000 commercial databases, and various news, business, public records, and legal sources from various commercial vendors.<sup>5</sup> Additionally, if the application is related to an earlier-filed "parent" application, examiners will review the prior art of record in the parent application.<sup>6</sup> Patent examiners will note the

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<sup>5</sup> <http://www.uspto.gov/patents/resources/priorart.jsp>.

<sup>6</sup> MPEP § 609.02 ("The examiner of the continuing application will consider information which has been considered by the Office in the parent application."); MPEP § 2001.06(b) ("[I]f the application under examination is identified as a continuation... or continuation-in-part of an earlier application, the

closest prior art that they find, but typically do not record all prior art reviewed in this extensive prior art search process.<sup>7</sup>

After a thorough investigation of the prior art uncovered during the search and any prior art cited in the application by the inventor or his agent or attorney, the examiner sends an Office Action to the applicant. The Office Action is a letter stating the USPTO's position with respect to the application. The Office Action begins a give-and-take discussion, which works to distill the patentable aspects from the application, if any. Through this process, the examiner may review additional prior art and will ultimately determine whether the claims of the application are patentable. The examiner will allow the application as filed or, more commonly, in amended form, if the claims are patentable. If the examiner maintains a rejection to any of the claims, however, the applicant may appeal the decision to the Board of Patent Appeals and Interferences (the

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examiner will consider the prior art cited in the earlier application."); MPEP § 904 ("In all continuing applications, the parent applications should be reviewed by the examiner for pertinent art.").

<sup>7</sup> See 37 C.F.R. § 1.104(c)(2) ("In rejecting claims for want of novelty or obviousness, the examiner must cite the best references at his or her command."); MPEP § 706.02 ("Prior art rejections should ordinarily be confined strictly to the best available art.... Such rejections should be backed up by the best other art rejections available.").

“BPAI”) and, if dissatisfied with the BPAI’s holding, to a federal court.<sup>8</sup>

The patent application process is complex. The USPTO’s practices and procedures impose numerous safeguards in an effort to separate the patentable from the unpatentable. Not only do examiners conduct a thorough investigation of the prior art, but their review is also reinforced through institutional checks, applicant oaths and the duty of candor, and by the training, experience and scientific, technical and legal knowledge of the examiners.

Patent examiners cannot, of course, review all prior art, but the fact that there are patents for which relevant prior art may not have been reviewed by an examiner should not weaken all patents. Nor should such patents be relegated to a secondary class of patents (unbeknownst to the patent holder until litigation). The USPTO’s practices and procedures are the best available system for determining patentability, and the system is constantly being updated and improved.

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<sup>8</sup> Microsoft and supporting *amici* contend that patent examiners spend approximately 16 to 18 hours on average examining a patent application. Pet. Br. at 51; 37 Law, Bus. & Econ. Profs.’ Br. at 4. However, that figure, even assuming it is accurate, is an average. Indeed, examiners commonly spend much more time reviewing applications relating to complex technological fields. Moreover, in the context of a continuation application, the time of examination is essentially doubled because both the original application and continuation application would have been examined.

**C. The USPTO's Examination Of Patent Applications And The Quality Of Issued Patents Is Demonstrably And Continuously Improving.**

The USPTO is a unique performance-based agency. Scrutiny of its examination of patent applications must take this into account. The USPTO is not stagnant. Nor is it unaware of reports critical of its work. Indeed, deliberate steps have been and are being made, with demonstrable results, to improve the quality of the USPTO's examination of patent applications.

The USPTO's resources are increasing and should continue to be increased. Over all but one of the past several years, the USPTO has been allowed to retain and apply all of its revenue to systemic improvements. Beginning in 2005, the U.S. budget did not divert fees collected by the USPTO to other sources, and the USPTO was permitted to retain and use all the revenues it generated through patenting fees. Although fee diversion resurfaced in the U.S. budget for 2010, the pending patent reform legislation currently includes a provision to codify and permanently end fee diversion from the USPTO. During the time fee diversion was suspended, the USPTO's budget rose steadily from \$1.6 billion

dollars to over \$2.1 billion, an increase of over 30 percent.<sup>9</sup>

Other key statistics have also risen rapidly in the past several years. For example, the number of patent examiners (excluding design patent examiners) was about 4,200 in 2005 and stands currently above 6,600. Plans for hiring another 1,200 patent examiners a year through the end of 2013 put the USPTO on course to double its number of patent examiners over seven years.

Metrics relating to patent quality have been continuously improving. For example, the USPTO compiles statistics on the review of both final and non-final office actions, checking the correctness of the examiner's overall determination of patentability. For 2009 and 2010 alone, the statistics reveal that the compliance rate in both areas has improved approximately 2 percent, to 96 and 95 percent, respectively.

Recent Congressional action also promises still further improvements to patent examination by the USPTO. The America Invents Act, passed by the Senate on March 8, 2011 by a vote of 95 to 5,<sup>10</sup> would, among other

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<sup>9</sup> United States Patent and Trademark Office: Performance and Accountability Report Fiscal Year 2010 at 53.

<sup>10</sup> U.S. Senate Roll Call Votes, Vote Number 35, available at [http://www.senate.gov/legislative/LIS/roll\\_call\\_lists/roll\\_call\\_vote\\_cfm.cfm?congress=112&session=1&vote=00035](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=112&session=1&vote=00035).

things, create a post-grant review process, and allow for preissuance submissions by third parties.<sup>11</sup> The post-grant review process would allow any person who is not the patent owner to request to cancel as unpatentable one or more claims of a patent within 9 months after the grant of the patent. The request may be based on, among other things, novelty, usefulness, nonobviousness, enablement, and clear claiming as required by 35 U.S.C. §§ 101-103, and 112, and may be supported by any patents, printed publications, fact or expert declarations, or relevant statements of the patent owner filed in federal court or the USPTO. Under the preissuance submission provision, third parties would be permitted to submit any patent, published patent application, or other printed publication of potential relevance to the examination of an application. Together, these provisions would provide additional safeguards to ensure a thorough examination by the USPTO.

The USPTO, with its examination corps of impartial persons having a high level of technical and legal expertise, its extensive procedures, and its measured and improving quality, is the only appropriate authority for determination of patentability at a preponderance-of-the-evidence standard.

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<sup>11</sup> S.23, 112<sup>th</sup> Cong., America Invents Act §§ 5 & 7 (2011).

### III. CHANGING THE STANDARD OF PROOF FOR INVALIDITY WILL WEAKEN U.S. PATENTS AND DISCOURAGE INNOVATION AND INVESTMENT.

Microsoft and several *amici* contend that altering the standard of proof for invalidity would strengthen the patent system by weeding out invalid patents. *E.g.*, Pet. Br. at 8-9, 16. Microsoft argues that there is no basis for any standard beyond a preponderance of the evidence, or, in the alternative, that the appropriate standard is one that shifts depending on whether the prior art was considered by the USPTO.

There is broad consensus that the U.S. needs a strong patent system and that this is and has been the overriding legislative direction. For example, in a recent statement, Senator Patrick Leahy, Chairman of the Senate Judiciary Committee, said as he introduced the Patent Reform Act of 2011, “A strong patent system will encourage innovation and protect inventors. This will result in new businesses and more jobs.” Similarly, Representative Bob Goodlatte, Chairman of the House Judiciary Subcommittee on IP, Competition & the Internet, said, “Intellectual property ... is a major driving force and job-creating engine of our economy. In order to grow our national economy, we must ensure this vital sector is protected and able to flourish.”

A key part of a strong patent system is high patent quality. “Patent quality translates into more certainty and economic value for patent holders.”<sup>12</sup> To maintain and stimulate further investment in patents, there must be reasonable certainty and value. Reducing the standard of proof for patent invalidity to a preponderance-of-the-evidence by what is typically a non-technical adjudicator unnecessarily increases uncertainty and reduces value.

Even assuming that an across-the-board preponderance-of-the-evidence standard or shifting standard would weed out more invalid patents, it does not follow that such a change would strengthen the patent system. A shifting standard of proof is unnecessary and would be unworkable. Lowering the standard of proof for all patents wastes the USPTO’s examination and has a disparate impact on small entities and independent inventors who lack the resources to litigate every validity issue concerning their patents.

**A. A Shifting Standard Of Proof Is Unnecessary And Would Be Unworkable.**

Microsoft, in the alternative, and some *amici* acknowledge that deference may be due to the USPTO, but only to the extent that the prior art was actually considered. *E.g.*, Pet. Br.

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<sup>12</sup> United States Patent and Trademark Office: Performance and Accountability Report Fiscal Year 2010 at 16.

at 51-54. They contend that the clear-and-convincing standard of proof is appropriate when the prior art has been considered, but that the preponderance-of-the-evidence standard should apply when the prior art was not considered. A shifting standard of proof, however, is an unnecessary departure from the existing rules and usual application of standards of proof, and would be unworkable.

The existing rules cover the factual circumstances regarding the prior art. Whether evidence was considered by the USPTO properly goes to the weight of the evidence, not to the standard of proof overall. *See, e.g., PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1304 (Fed. Cir. 2008) (“When no prior art other than that which was considered by the PTO examiner is relied on by the attacker, he has the added burden of overcoming the deference that is due to a qualified government agency presumed to have properly done its job.”). A standard of proof that varied depending on factual circumstances relating to the evidence would be a substantial departure from the regular application of a standard of proof.

The shifting standard of proof would also prove unworkable. As discussed above, not everything an examiner considers is indicated in the prosecution history of a patent. In fact, an examiner need only cite the best available prior art in substantiating a rejection based on lack of novelty or non-

obviousness.<sup>13</sup> Requiring an examiner to cite every prior art reference considered is not practical. Examiners use their discretion to determine which of the thousands of internal and commercial databases to search for relevant prior art. As part of that process, examiners necessarily review prior art that they do not ultimately cite because, for example, the prior art may not be the best reference or may be cumulative to other cited prior art.

In addition, because patent examiners are generally experts in the subject matter relating to the patent application, they may rely on facts within their own personal knowledge to reject an application.<sup>14</sup> An

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<sup>13</sup> 37 C.F.R. § 1.104(c)(2) (“In rejecting claims for want of novelty or obviousness, the examiner must cite the best references at his or her command.”); MPEP § 706.02 (“Prior art rejections should ordinarily be confined strictly to the best available art.... Such rejections should be backed up by the best other art rejections available.”).

<sup>14</sup> 37 C.F.R. § 1.104(d)(2) (“When a rejection in an application is based on facts within the personal knowledge of an employee of the Office, the data shall be as specific as possible, and the reference must be supported, when called for by the applicant, by the affidavit of such employee, and such affidavit shall be subject to contradiction or explanation by the affidavits of the applicant and other persons.”); *see also Perfect Web Techs. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009) (the examiner’s analysis “may include recourse to logic, judgment, and common sense available to a person of ordinary skill that do not necessarily require explication in any reference or expert opinion”).

applicant who overcomes such a rejection, however, would nevertheless be at risk of having his or her patent invalidated under a lower standard of proof based on prior art that is merely consistent with the examiner's personal knowledge.

The situation is no better even when a prior art reference is indicated in the prosecution history. Litigants will no doubt dispute whether an examiner has or has not considered a prior art reference. This may occur in instances where the party challenging validity relies on a prior art reference in a manner different from that relied upon by the examiner. For example, the party may contend that an examiner who relied on a prior art reference in the context of a single claim or element should not be considered to have relied upon the prior art reference for all claims or elements. Likewise, parties will likely dispute whether the clear-and-convincing standard of proof applies for a prior art reference that was not considered by the examiner, but which addresses the same system as a prior art reference that was considered.

Making the standard of proof contingent on whether the prior art was considered by the USPTO would also encourage applicants to flood the USPTO with prior art. Indeed, a similar result is playing out in the context of reexamination proceedings of patents involved

in concurrent litigation.<sup>15</sup> Motivated, at least in part, to avoid any basis for a later claim of inequitable conduct, patentees are submitting any and all potential prior art relied upon by the accused infringers in litigation. However, encouraging a system in which applicants submit prior art to the USPTO because it is better to be safe than sorry, and not because of any particular relevance to the application, would unnecessarily strain the resources of the USPTO.

Moreover, a system that encourages flooding the USPTO with prior art references would not only strain resources, but it would also place independent and small entity inventors at a disadvantage. These inventors may not have the resources to perform exhaustive prior art searches to amass a collection of prior art to submit to the USPTO, let alone the time and resources necessary to support the likely increased interactions with the USPTO.

The current U.S. patent system provides for a preponderance-of-the-evidence review of substantial new questions of patentability raised by patents and publications through the reexamination process. Given the special knowledge and expertise of the USPTO, it is the best-suited

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<sup>15</sup> See, e.g., Reexamination Control No. 90/010,421 (not counting patents and foreign references, over 400 non-patent publication submissions totaling over 17,000 pages were submitted by the patentee during reexamination proceedings).

and most appropriate adjudicator of patentability. A parallel process in litigation would discourage the use of the reexamination process and lacks the unbiased technical expertise of the USPTO. The use of the USPTO reexamination process should be encouraged.

**B. Dropping The Standard Of Proof For Invalidity Would Disregard the USPTO's Work And Disparately Impacts Small Entities And Independent Inventors.**

Lowering the standard of proof for all patents would disregard the USPTO's examination. In addition, a lower standard of proof would have a disparate impact on small entities and independent inventors who lack the resources to litigate every validity issue of their patents.

First, the skilled work of the USPTO would be wasted by an across-the-board preponderance-of-the-evidence standard. At the same time, it inappropriately places lay jurors on equal footing with patent examiners, notwithstanding the fact the patent examiners are highly trained and experts both in the rules and procedures relating to patent prosecution and the relevant scientific fields of study.

Second, dropping the standard of proof for proving invalidity in litigation disparately

affects small entities and independent inventors. Under the system envisioned by Microsoft, the standard of proof would be weakened for all patents. The overall effect is a power shift from patentees to potential infringers at a greater cost to small entities and independent inventors than their larger counterparts. Such a significant change in patent policy should come from the Congress, not the Court.

While this change affects all entities and individuals involved with patents, independent and small entity inventors will be most profoundly impacted. By lowering the standard of proof, patents will be easier to challenge in court. Weakened protections for patents will discourage independent and small inventors from investing the time, money and other resources needed to navigate the complex process of obtaining a patent and, hence, decrease public disclosure of new innovations.

Weakened protections for patents will also decrease the willingness to financially back independent and small entity inventors. For independent and small entity inventors, obtaining a patent opens the door to critical funding that can move innovation from the drawing board to the marketplace. Less certainty that a particular patent will withstand an invalidity attack in litigation will make that door more difficult to open. Funding, whether from traditional lenders or

venture capital, coexists uneasily, or not at all, with such uncertainty.

Weakened protections for patents will also increase the cost of patent enforcement, a result not easily shouldered by independent and small entity inventors. Accused infringers will be more willing to litigate all possible invalidity issues and pursue litigation through summary judgment or trial, even if they are less than confident in their invalidity positions. With some estimates of the costs of patent litigation through trial in the millions, financial considerations already prevent many small inventors from enforcing their rights against infringers. A lower standard of proof places another hurdle before small inventors, and may perversely encourage the infringement of patents held by independent and small entity inventors.

### **CONCLUSION**

In sum, we urge the Court to uphold the clear-and-convincing standard of proof for invalidity of a patent in litigation. A lower standard, whether for all patents or merely in those factual circumstances where the prior art reference was not considered by the USPTO, changes the carefully crafted patent bargain and removes the incentive to disclose inventions, and allows a jury or judge, without the unbiased technical experts or comprehensive procedures of the USPTO, to invalidate patents under the same standard as the USPTO. Instead, the U.S. patent system

should continue to appropriately rely on the USPTO to be the primary adjudicator of patentability at a preponderance-of-the-evidence standard and to maintain the clear-and-convincing standard for litigation, promoting the stability and strength of the U.S. patent system.

Respectfully submitted,

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**PROOF OF SERVICE**

I hereby certify that on this 18<sup>th</sup> day of March, 2011, I have caused true and correct copies of this **BRIEF OF AMICI CURIAE FORMER USPTO COMMISSIONERS AND DIRECTORS IN SUPPORT OF RESPONDENTS** pursuant to Supreme Court Rule 29.3 to be served and filed as follows:

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I certify that the foregoing brief complies with the type-volume limitation of Supreme Court Rule 42(d) in that, according to the word-processing program used to prepare the brief (Microsoft Word), the brief contains 7,199 words and 1,282 lines.

  
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