LIGHTENING THE LOAD: WHETHER THE BURDEN OF PROOF FOR OVERCOMING A PATENT’S PRESUMPTION OF VALIDITY SHOULD BE LOWERED

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Patents fuel innovation and are becoming an ever-more important form of protection in this technological age. Society also has a vested interest in only valid patents being issued and enforced. Patents are presumed valid once they are issued and also currently enjoy the application of a heavy burden of proof—clear and convincing evidence—to overcome that presumption when their validity is questioned at trial. This burden has started to be questioned as the U.S. Patent and Trademark Office becomes more taxed by the increasing influx of patent applications. Current precedent conflicts with past precedent and with general principles of administrative law. This Note argues that the application of a clear and convincing burden of proof should be revisited and ultimately lowered to a preponderance of the evidence standard in order to only enforce valid patents.

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INTRODUCTION

It is just as important that a good patent be ultimately upheld as that a bad one be definitively stricken.1

The Patent Act is codified in Title 35 of the United States Code.2 Section 282 specifically states that “[a] patent shall be presumed valid.”3 Section 282 also specifically lays out the defenses available in any patent infringement action, including those involving invalidity issues.4 In a

3. Id. § 282.
4. Id. These defenses are
   (1) Noninfringement, absence of liability for infringement or unenforceability,
   (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
   (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,
   (4) Any other fact or act made a defense by this title.

Id.
patent infringement litigation, the burden of “establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” Notably, however, the statute does not mention the standard of proof required to satisfy that burden.

The U.S. Court of Appeals for the Federal Circuit has long held that the party asserting invalidity must overcome the presumption with clear and convincing evidence. In a recent report, however, the Federal Trade Commission (FTC) made recommendations for patent system reform. This report specifically recommended that the burden of proof to show the invalidity of an issued patent should be lowered from clear and convincing evidence to the normal civil standard of a preponderance of the evidence.

This Note addresses the conflict regarding what burden of proof should be required to overcome a patent’s presumption of validity. Part I examines the patent system in general, as well as burdens of proof, presumptions, and their operation. In addition, this part provides an overview of administrative law as it applies to patent law. Part II examines the historical evolution of case law surrounding the presumption of validity in the various courts of appeals. Specifically, this part highlights the conflict among the pre–Federal Circuit courts regarding the burden of proof required to overcome the presumption. It also surveys relevant case law in the Court of Customs and Patent Appeals, the Federal Circuit, and finally in the U.S. Supreme Court.

Part III argues that the courts should revisit the application of a clear and convincing standard of proof. Part III also asserts that the burden should then be lowered to the normal civil burden of a preponderance of the evidence. This change is supported by pre–Federal Circuit precedent, administrative deference due to Patent Office decisions, and general policy considerations that affect the choice of the applicable burden of proof.

I. THE PATENT SYSTEM, PROCEDURAL CONSIDERATIONS, AND ADMINISTRATIVE LAW


5. Id.
6. See id.
9. Id. Executive Summary at 8.
application to patent law. In particular, Part I.C.1 explains judicial review of an administrative agency’s legal determinations, and Part I.C.2 covers judicial review of factual findings.

A. The Patent System

The U.S. Constitution gives Congress the power 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.”10 A patent secures this exclusive right by granting the “right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention.”11 This limited monopoly right lasts for twenty years from the date the patent application was filed in the United States.12 The federal patent system “embodies a carefully crafted bargain” by balancing “creation and disclosure” with the “exclusive right” conferred by a patent.13 It balances monopolies—which are disfavored because they “stifle competition”—with the “need to encourage innovation.”14 The Patent Act, which sets forth the rules governing the patent system, is codified in Title 35 of the United States Code.15 Part I.A.1 discusses the requirements and process for obtaining a patent.

1. The Patenting Process

To obtain a patent, the inventor must submit a patent application to the PTO.16 A PTO examiner will then determine whether the invention complies with the conditions of patentability and will either award a patent17 or notify the applicant of a rejection.18 The PTO examines thousands of patent applications per year; in fact, 485,312 patent applications were filed in 2008.19 The roughly 6000 patent examiners employed by the PTO spend an average of only eighteen hours over a two- to three-year period examining each patent application.20 The backlog in

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12. Id. § 154(a)(2).
16. See id. § 2(b)(1) (mandating that the PTO “shall adopt and use a seal of the Office . . . with which letters patent[s] . . . shall be authenticated”).
17. Id. § 131.
18. Id. § 132.
the PTO is quite large; as of fiscal year 2009 there were 718,835 patent applications awaiting a first action from an examiner.21 Section 101 of the Patent Act provides that “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” is eligible for a patent.22 In order to obtain a patent, however, the invention must be new, useful, and nonobvious.23 A patent confers property rights, the boundaries of which are defined by the claims of the patent.24 The claims are the “precise legal definition of the invention.”25

An invention must satisfy five requirements in order to be patentable: it is patentable subject matter; it does not already exist; it is useful; it is not obvious with respect to prior art; and it is sufficiently disclosed and described in the patent application to enable others to make and use it.26 The “novelty” requirement means that no identical invention already exists.27 An invention is not novel if it was known or used by others before the invention or if it was made or sold more than one year before the application was filed.28 Information that renders an invention non-novel is said to anticipate the invention.29 The requirement that the invention be useful is not difficult to satisfy; the PTO will not deny a patent for lack of utility unless it has “absolutely no ‘practical utility.’”30 To be “nonobvious,” the invention must make more than a trivial advance over the prior art.31 The nonobviousness requirement is the most important because it attempts to ensure that the invention is a “big enough technical advance” to warrant a patent.32


23. Id. §§ 101–103.
25. Id.
26. See 35 U.S.C. § 101 (requiring patentable subject matter and utility); id. § 102 (requiring novelty); id. § 103 (requiring nonobviousness); id. § 112 (requiring enablement); see also MERGES ET AL., supra note 24, at 124–25.
27. See MERGES ET AL., supra note 24, at 124.
30. MERGES ET AL., supra note 24, at 124. The utility requirement is rarely an issue during a patent’s examination in the PTO and is also rarely a defense asserted during infringement litigation. See MERGES & DUFFY, supra note 29, at 207.
32. MERGES ET AL., supra note 24, at 124.
The last major requirement, enablement, requires the patent application to describe the invention well enough that one “skilled in the art” could make and use the invention. The enablement requirement demonstrates concern for the public, ensuring that those in the field can understand the invention and that when the patent expires the public will have sufficient knowledge to make and use it. Related to enablement is the written description requirement, which requires that the applicant show that he was “in possession” of the invention at the time of filing. Lastly, this requirement mandates that the patent disclose what the inventor considers the “best mode” of practicing the invention.

2. Review of Decisions

During examination of the patent application, if any claim is rejected twice, a patent applicant may appeal the rejection to the Board of Patent Appeals and Interferences (the Board). An applicant may then appeal an adverse decision by the Board to the Federal Circuit, which has exclusive jurisdiction over such appeals.

When reviewing an examiner’s or a court’s decision, findings of fact are reviewed for substantial evidence while legal conclusions are reviewed de novo. Whether a patent is anticipated—and thus not novel—is a question of fact. Usefulness is also reviewed as a question of fact. Whether the invention is obvious, however, is “a legal conclusion based on factual determinations.” Notably, the Supreme Court has held that a court, or the PTO, should make “several basic factual inquiries” when deciding the issue of obviousness. These factual inquiries are “the scope and content of the prior art,” “differences between the prior art and the claims at issue,” and “the level of ordinary skill in the pertinent art.” In addition, the Court explained that certain “secondary considerations [such as] commercial success, long felt but unsolved needs, failure of others, etc.,” may also be relevant in determining if an invention is obvious.

33. 35 U.S.C. § 112; see Merges et al., supra note 24, at 124–25.
34. See Merges et al., supra note 24, at 124–25.
35. See 35 U.S.C. § 112; Merges et al., supra note 24, at 173.
37. 35 U.S.C. § 134(a). The Board of Patent Appeals and Interferences (the Board) is a part of the PTO. Id. § 6(a). The Board “shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents.” Id. § 6(b).
41. Moleculon Research Corp. v. CBS, Inc., 793 F.2d 1261, 1268 (Fed. Cir. 1986).
44. Id.
45. Id. at 17–18.
3. Validity Issues in Patent Litigation

Anyone who, “without authority makes, uses, offers to sell, or sells” a patented invention in the United States, or imports a patented invention into the United States, infringes the patent.\(^{46}\) Once a patent has issued, a patentee “shall have remedy by civil action for infringement of his patent.”\(^{47}\) In a civil action, a court can award either damages\(^{48}\) or an injunction (preliminary or permanent), or both.\(^{49}\) The patent statutes, however, do not provide for criminal prosecution.\(^{50}\)

The federal district courts have “original jurisdiction of any civil action arising under any Act of Congress relating to patents.”\(^{51}\) Prior to 1982, the various U.S. courts of appeals had jurisdiction over appeals from the district courts.\(^{52}\)

In 1929, Congress transferred jurisdiction of appeals of PTO decisions from the U.S. Court of Appeals for the District of Columbia to the U.S. Court of Customs and Patent Appeals (CCPA).\(^{53}\) The CCPA heard cases involving patents, requiring it to deal with questions involving patentability, validity, and infringement, among other things.\(^{54}\)

The CCPA had jurisdiction over appeals from the PTO until Congress passed the Federal Courts Improvement Act of 1982.\(^{55}\) The Act created the U.S. Court of Appeals for the Federal Circuit, an appellate court with nearly exclusive jurisdiction over any claims involving patents.\(^{56}\) When it was

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\(^{46}\) 35 U.S.C. § 271(a) (2006). In addition, actively inducing infringement leads to liability as an infringer, and contributory infringement is also possible. Id. § 271(b), (c).

\(^{47}\) Id. § 281.

\(^{48}\) Id. §§ 284, 289. A court may also, in “exceptional cases,” award attorney’s fees. Id. § 285.

\(^{49}\) See id. § 283; 8 DONALD S. CHISUM, CHISUM ON PATENTS § 20.01, at 20-7 (2009).


\(^{53}\) Act to Change the Title of the United States Court of Customs Appeals, Pub. L. No. 70-914, 45 Stat. 1475–76 (1929).

\(^{54}\) See 8 CHISUM, supra note 49, § 21.02[5][b][i], at 21-407 (explaining that the U.S. Court of Customs and Patent Appeals (CCPA) was one of the “predecessor courts” to the Federal Circuit).


\(^{56}\) See 28 U.S.C. § 1295 (granting exclusive jurisdiction to the Federal Circuit for appeals from district courts for cases where jurisdiction was founded on § 1338). Section 1338 grants original jurisdiction to the district courts for civil actions “arising under any Act of Congress relating to patents.” Id. § 1338(a). Importantly, the U.S. Supreme Court has held that the Federal Circuit does not have jurisdiction over an appeal when the patent claims arose only as counterclaims by the defendant. Holmes Group, Inc. v. Vornado Air
established, the Federal Circuit merged the CCPA and the appellate division of the U.S. Court of Claims. The Federal Circuit’s first decision adopted the bodies of law of these two courts as precedent. Thus, the Federal Circuit now has jurisdiction over appeals from the various federal district courts as well as appeals directly from the PTO.

The standard patent suit involves the patent owner on one side and the alleged infringer on the other. Patent interests may be transferred, however, and thus the question of who may bring a suit against an infringer and whom must be joined in the suit can become quite complex. Important to this Note is that parties in patent litigation are usually in dispute over the validity and infringement of the relevant patent or patents.

From as early as 1924, courts recognized the presumptive validity of issued patents. At the same time, the Court recognized that the presumption was not conclusive and thus could be rebutted by contrary evidence. In 1952, the Patent Act codified the presumption of validity that attaches to an issued patent. The statute simplified the “morass of case law” regarding the presumption of patent validity. Section 282 of the Patent Act specifically states that “[a] patent shall be presumed valid.”

The Federal Circuit has not been clear about the basis for this presumption; some cases have based the presumption on deference to the PTO, while

Circulation Sys., Inc., 535 U.S. 826, 834 (2002) (stating that jurisdiction is founded on “whether a patent-law claim appears on the face of the plaintiff’s well-pleaded complaint”).


58. S. Corp. v. United States, 690 F.2d 1368, 1369 (Fed. Cir. 1982).


60. See 8 CHISUM, supra note 49, § 21.03, at 19-14; see also Kimberly A. Moore, Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box, 99 MICH. L. REV. 365, 389–90 (2000) (reporting that of the 1209 patent cases going to trial between 1983 and 1999, 1151 validity decisions and 1359 infringement decisions were made by the fact finder).


62. Id.

63. Id.


65. Id.

66. Id.
other cases indicate that deference is only part of the basis. Some cases even assert that administrative correctness is in fact the origin, not just the basis, of the presumption.

A patent’s validity can become an issue in litigation in multiple ways. A plaintiff may bring an action in federal court seeking a declaratory judgment that a patent is invalid. More commonly, however, a defendant will defend an allegation of infringement on the grounds of invalidity. Invalidity is most often asserted based on obviousness, but the presumption of validity is applicable to all of the possible grounds of invalidity. Invalidity may be asserted for multiple reasons, and, thus, a court may consider all of the elements of patent validity considered by the PTO.

The defense of patent invalidity must be pleaded; however the Supreme Court has indicated that a court may, and possibly even must, raise the issue of validity on its own motion if the complaint alleges infringement. The burden of “establishing invalidity of a patent or any claim thereof shall rest

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68. Compare Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc., 98 F.3d 1563, 1569 (Fed. Cir. 1996) (“The presumption of validity is based on the presumption of administrative correctness of actions of the agency charged with examination of patentability.”), with Brooktree Corp. v. Advanced Micro Devices, Inc., 977 F.2d 1555, 1574 (Fed. Cir. 1992) (“[The] presumption is based in part on the expertise of patent examiners presumed to have done their job.”).

69. Paltex Corp. v. Mossinghoff, 758 F.2d 594, 605 (Fed. Cir. 1985) (noting that the presumption’s “origin is the presumption of administrative correctness”).

70. See, e.g., MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 137 (2007) (holding that “petitioner was not required . . . to break or terminate its 1997 license agreement before seeking declaratory judgment in federal court that the underlying patent is invalid, unenforceable, or not infringed”).

71. 35 U.S.C. § 282. Section 282 specifically lays out the defenses available in any action involving the validity or infringement of a patent . . . :

1) Noninfringement, absence of liability for infringement or unenforceability,

2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

4) Any other fact or act made a defense by this title.

Id.


73. Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1570 (Fed. Cir. 1987); see also supra notes 26–36 and accompanying text.

74. See MERGES ET AL., supra note 24, at 162; see also supra notes 26–36 and accompanying text.


76. Slawson v. Grand Street R.R., 107 U.S. 649, 652 (1883) (“If [letters patents] are void . . . it is the duty of the court to dismiss the cause on that ground whether the defence be made or not.”).
The issues in patent litigation are important to both the parties involved and to the public. As the court has recognized, “[i]t is just as important that a good patent be ultimately upheld as that a bad one be definitively stricken.”\(^{78}\) Although infringement and validity are often litigated together, they are separate issues and “of the two questions, validity has the greater public importance.”\(^{81}\) In fact, since \(\text{Lear, Inc. v. Adkins}^{82}\), patent law “has affirmatively encouraged litigation challenges to the validity of granted patents.”\(^{83}\) In that case, the Supreme Court acknowledged a “strong public policy in invalidating invalid patents,” a policy that overrode the contract interests involved.\(^{84}\) Ultimately, the public has a strong interest in invalidating “bad” patents (ones that should never have issued) because the existence of invalid patents can undermine the policies of patent law.\(^{85}\)

4. Recent Patent Reform

In 2005, Representative Lamar Smith introduced the Patent Reform Act of 2005.\(^{86}\) The bill proposed multiple reforms for patent law, but none regarding the presumption of validity.\(^{87}\) The bill was not passed and similar bills have been proposed in subsequent Congresses.\(^{88}\) These more recent bills have suggested amendment of § 282—the section of the Patent Act that codifies the presumption of validity—but purely on technical grounds.\(^{89}\) However, Congress is aware of the issue regarding the burden of proof necessary to rebut the presumption of patent validity because it has

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78. Id.
79. See Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 331 n.21 (1971) (quoting Technograph Printed Circuits, Ltd. v. United States, 372 F.2d 969, 977–78 (Ct. Cl. 1967)).
80. Technograph Printed Circuits, 372 F.2d at 978.
81. Sinclair & Carroll Co. v. Interchemical Corp., 325 U.S. 327, 330 (1945) (citing Cover v. Schwartz, 133 F.2d 541, 545 (2d Cir. 1943)).
84. Sarnoff, supra note 83, at 1045 (arguing that this policy favoring validity challenges “would seem to be even stronger where such contractual fairness concerns were not applicable”); see Lear, 395 U.S. at 672–73 (holding that licensor’s rights cannot “substantial[ly] impair[] . . . overriding federal policy”).
85. See FED. TRADE COMM’N, supra note 8, Executive Summary at 3.
87. See id.
heard testimony that the heightened burden should be reduced. The next section of this Note will explain burdens of proof and legal presumptions in more detail.

B. Proof, Persuasion, and Presumptions

1. The Burden of Proof

The “burden of proof” is “[a] party’s duty to prove a disputed assertion.” This burden “includes both the burden of persuasion and the burden of production.” Once a suit is brought, the plaintiff usually has the burden of persuasion. Therefore, the plaintiff must persuade the trier of fact, either a judge or jury, of the merits of his case with some prescribed degree of certainty. Substantive law determines which party has the burden of persuasion, and the burden remains with that party throughout the trial.

The party with the burden of persuasion also usually has the burden of production, meaning that he must produce evidence to show that he is entitled to relief. A federal court may grant a motion for judgment against a party that fails to satisfy the burden of production with respect to a claim or a defense. Burdens of production can shift throughout a trial.

There is no Federal Rule of Evidence assigning the burden of proof to a specific party in litigation. Assignment of the burden generally reflects policies in substantive law, but courts often mechanically assign the burden. When assigning the burden, courts first consider the policy of the substantive law at issue, sometimes “put[ting] a finger on the scales” to

90. See, e.g., American Innovation at Risk: The Case for Patent Reform: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 110th Cong. 36 (2007) (statement of Daniel Ravicher, Executive Director, Public Patent Foundation) (recommending that the Federal Circuit’s “super presumption of validity” be eliminated); Patent Trolls: Fact or Fiction?: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong. 32 (2006) (statement of Chuck Fish, Vice President and Chief Patent Counsel, Time Warner, Inc.) (advocating that a preponderance of the evidence standard should be applied to invalidate a patent where prior art was not considered by the PTO).

91. BLACK’S LAW DICTIONARY 223 (9th ed. 2009).

92. Id. (emphasis omitted) (explaining that although the term “burden of proof” has been used in two different senses, the present trend is to use the term only in the sense of “‘carrying the risk of nonpersuasion’” (quoting ROLLIN M. PERKINS & RONALD N. BOYCE, CRIMINAL LAW 78 (3d ed. 1982))).


94. Id.

95. Id.

96. Id.

97. FED. R. CIV. P. 50(a); see 3 FEDERAL LITIGATION GUIDE § 25.11[1]–[2] (2009).

98. SILBERMAN ET AL., supra note 93, at 10.


100. Id. § 5122, at 402–04 (giving examples of courts’ formal rules assigning burdens).
tip the balance in favor of the party furthering the policy behind a specific law or “place[ing] hurdles” in front of a party advocating a position disfavored by the policy.101 Second, courts consider a party’s probability of success in the specific situation and tend to assign the burden to the party asserting the least likely facts.102 Finally, courts consider access to facts necessary to satisfy the burden of proof and tend to assign the burden to the party with superior access.103

Substantive law also fixes the weight of the burden of proof.104 Courts must assign the weight of the burden of proof when Congress or the Constitution has not prescribed one.105 Even if the standard of proof does not greatly affect the outcome in a particular case, selecting a standard “[at a minimum] reflects the value society places” on the rights in question.106 The heaviest burden is proof “beyond a reasonable doubt.”107 This burden is applied only in criminal cases and reflects society’s strong aversion to convicting innocent people.108 The lowest burden is proof by a “preponderance of the evidence.”109 This low burden is the usual burden of proof in civil cases.110 In federal courts, proof by a preponderance of the evidence means proof that leads a jury considering all of the evidence to find that a disputed fact is more likely true than not.111 This burden is the default, and if a jury “cannot decide who should win, the party with the burden of persuasion loses.”112 Between these two standards is the intermediate standard of “clear and convincing evidence.”113 “Clear and convincing evidence” is “evidence indicating that the thing to be proved is highly probable or reasonably certain.”114 The Supreme Court has applied the clear and convincing standard in cases involving “important liberty interests.”115 Lower courts have also applied the clear and convincing standard in cases involving “important liberty interests.”115

101. Id. § 5122, at 403.
102. Id.
103. Id. § 5122, at 403–04.
104. Id. § 5122, at 405–06.
107. 21B Wright & Graham, supra note 99, § 5122, at 406.
108. Id. (“[C]onvictions of the innocent threaten the legitimacy of the criminal justice, and by implication, the state itself.”).
109. Id. § 5122, at 409. There are “sub-preponderance” standards, but they are less common and not of great importance for purposes of this Note. Id. § 5122, at 410–11.
110. Silberman et al., supra note 93, at 10.
111. 3 federal litigation guide, supra note 97, § 25.11[4]. A “preponderance of the evidence” is evidence “not sufficient to free the mind wholly from all reasonable doubt, [yet] is still sufficient to incline a fair and impartial mind to one side of the issue rather than the other.” Black’s law dictionary, supra note 91, at 1301.
112. 21B Wright & Graham, supra note 99, § 5122, at 410.
113. Id. § 5122, at 406–08.
114. Black’s law dictionary, supra note 91, at 636.
115. 21B Wright & Graham, supra note 99, § 5122, at 407; see Santosky v. Kramer, 455 U.S. 745, 769–70 (1982) (holding that a clear and convincing evidence standard applied to a case depriving parents of their parental rights over children); Addington v. Texas, 441 U.S.
standard in both cases involving important liberty interests and in patent cases.\textsuperscript{116}

In \textit{Addington v. Texas},\textsuperscript{117} the Supreme Court provided guidance on the three differing standards of proof when it was faced with deciding what standard of proof the Fourteenth Amendment required in a state-law civil case brought to involuntarily commit a person to a state mental hospital.\textsuperscript{118} The Court explained that the “function of the standard of proof . . . is to ‘instruct the factfinder concerning the degree of confidence our society thinks he should have in the correctness of factual conclusions for a particular type of adjudication.’”\textsuperscript{119} Further, it explained that the weight of the burden of proof “allocate[s] the risk of error between the litigants and . . . indicate[s] the relative importance attached to the ultimate decision.”\textsuperscript{120}

The Court then discussed the three levels of proof and society’s interest in the adjudication of the cases in which each standard is applied.\textsuperscript{121} At the low end of the burden spectrum is the “typical civil case,” namely, private parties disputing over money.\textsuperscript{122} In these cases, the Court explained, society has “minimal concern” about the outcome, and thus the burden is a “mere” preponderance of the evidence.\textsuperscript{123} On the opposite end are criminal cases, in which the defendant’s interests are “of such magnitude” that proof beyond a reasonable doubt is required.\textsuperscript{124} The Court then identified the intermediate burden of proof, clear and convincing evidence.\textsuperscript{125} According to the Court, a “typical use” of the clear and convincing standard is in civil cases when fraud or other “quasi-criminal” behavior is involved.\textsuperscript{126} The Court recognized that it had also applied the intermediate standard to “protect particularly important individual interests.”\textsuperscript{127}

\textsuperscript{116.} 21B \textsc{Wright \& Graham}, supra note 99, § 5122, at 408; see Am. Hoist \& Derrick Co. v. Sowa \& Sons, Inc., 725 F.2d 1350, 1360 (Fed. Cir. 1984) (applying a clear and convincing evidence standard to claim that a patent is invalid); NLRB v. J.P. Stevens \& Co., 538 F.2d 1152, 1160 (5th Cir. 1976) (applying a clear and convincing standard to plaintiff requesting an adjudication of civil contempt); \textit{see also infra} Part II.C.

\textsuperscript{117.} 441 U.S. 418.

\textsuperscript{118.} Id. at 419–22.

\textsuperscript{119.} Id. at 423 (quoting \textit{In re Winship}, 397 U.S. 358, 370 (1970) (Harlan, J., concurring)).

\textsuperscript{120.} Id.

\textsuperscript{121.} Id. at 423–24.

\textsuperscript{122.} Id. at 423.

\textsuperscript{123.} Id.

\textsuperscript{124.} Id. at 423–24.

\textsuperscript{125.} Id. at 424.

\textsuperscript{126.} Id.

\textsuperscript{127.} Id. (citing cases that applied a clear and convincing standard when deportation and denaturalization were involved).
2. Presumptions

A “presumption” is a legal inference that one fact is true given that another known fact is true.\textsuperscript{128} A presumption shifts the burden of proof to the opposing party who then must overcome the presumption to prove that the inferred fact is not true.\textsuperscript{129} A “rebuttable presumption” establishes a prima facie case that the fact is true but can be overcome by contrary evidence.\textsuperscript{130}

In 1974, Federal Rule of Evidence 301 was enacted to define the effect of presumptions in federal actions.\textsuperscript{131} The rule provides,

In all civil actions . . . a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.\textsuperscript{132}

Before the rule was enacted, two conflicting views of presumptions existed. One view, referred to as the Thayer theory,\textsuperscript{133} viewed presumptions as a procedural device that shifted the burden of producing evidence to the party against whom the presumption is directed.\textsuperscript{134} The other view, referred to as the Morgan theory,\textsuperscript{135} believed a presumption shifted both the burden of production of evidence and the burden of persuasion.\textsuperscript{136} Today, the general consensus is that Federal Rule of Evidence 301 adopted Thayer’s approach to presumptions.\textsuperscript{137}

A patent’s presumption of validity can be analogized to a tennis match.\textsuperscript{138} As Charles Phipps explains, § 282 of the Patent Act “determines who will serve first, but does not regulate the height of the net.”\textsuperscript{139} The height of the net, and thereby the difficulty for the party challenging the patent “to hit the ball over the net and place the ball in the patentee’s court,”

\textsuperscript{128} Black’s Law Dictionary, supra note 91, at 1304.
\textsuperscript{129} Id.
\textsuperscript{130} Id. at 1306.
\textsuperscript{131} Fed. R. Evid. 301.
\textsuperscript{132} Id.
\textsuperscript{133} See James Bradley Thayer, A Preliminary Treatise on Evidence at the Common Law 336–39 (Boston, Little, Brown & Co. 1898). Professor Wigmore also supported this approach and thus it was sometimes called the Thayer-Wigmore theory. John Henry Wigmore, Select Cases on the Law of Evidence § 745, at 1068–71 (2d ed. 1913).
\textsuperscript{134} See generally 2 John W. Strong et al., McCormick on Evidence § 344(A), at 445–46 (5th ed. 1999).
\textsuperscript{135} Charles McCormick also supported this approach and thus it is sometimes called the Morgan-McCormick theory. Charles T. McCormick, Law of Evidence § 316, at 667–68 (1954).
\textsuperscript{136} Edmund M. Morgan, Foreword to Model Code of Evidence 1, 52–65 (1942). For more discussion of the two approaches, see generally 21B Wright & Graham, supra note 99, § 5122.1, at 425–43.
\textsuperscript{137} See Reeves v. Gen. Foods Corp., 682 F.2d 515, 522 n.10 (5th Cir. 1982).
\textsuperscript{139} Id.
is regulated by the weight of the evidentiary burden. The clear and convincing standard “set[s] [the net] in the high position,” making it more difficult for the challenger to pass the ball. The next section of this Note will discuss general administrative law principles and specifically how they apply to patent-related issues.

C. Administrative Law

Administrative law governs agencies—“governmental bod[ies] with the authority to implement and administer particular legislation.” The Administrative Procedure Act (APA) was enacted in 1946 and governs agency procedures and judicial review of agency decisions. Courts can review administrative agency actions, and this review is important because it provides relief to individuals, “foster[s] reasoned decisionmaking,” and ensures that agencies act according to political will. Judicial review is not always available, but when it is, the “scope of review” allowed by the court becomes an issue.

The PTO is a federal agency in the Department of Commerce. However, both the Federal Circuit and commentators have at times been “inattentive” to administrative law’s role in the patent law. For example, the Federal Circuit has held that the APA did not alter the applicable standard for reviewing PTO findings of fact. The Supreme Court, however, reversed the Federal Circuit’s decision and held that the APA does apply to the PTO and that the court must review PTO decisions within its framework. Thus, the Supreme Court has indicated that as an administrative agency, the PTO is generally subject to the principles of administrative law. Most of the PTO’s decisions, like those of any administrative agency, are in reality a series of conclusions.

140. Id.
141. Id.
142. BLACK’S LAW DICTIONARY, supra note 91, at 71.
144. ERNEST GELLHORN & RONALD M. LEVIN, ADMINISTRATIVE LAW AND PROCESS IN A NUTSHELL 72 (5th ed. 2006).
145. Id. at 73.
147. See Stuart Minor Benjamin & Arti K. Rai, Who’s Afraid of the APA? What the Patent System Can Learn from Administrative Law, 95 GEO. L.J. 269, 270 (2007) (“[T]he inattention to administrative law principles has long been a striking feature of the patent system. In contrast to commentators and practitioners in other technically complex areas . . . the patent law community has tended to pay little attention to administrative law.”).
149. Dickinson, 527 U.S. at 152.
150. See id.; see also Benjamin & Rai, supra note 147, at 270 (explaining that patent reform legislation with “emphasis on fortifying administrative procedures . . . is in accord with the Supreme Court’s interest, demonstrated through its 1999 Dickinson v. Zurko decision, in applying administrative law to the patent system”).
151. GELLHORN & LEVIN, supra note 144, at 74.
conclusions usually fall into one of three categories: legal, factual, or political.152

1. Legal Determinations

Administrative law governs the effect that an administrative agency’s legal determinations have on subsequent judicial proceedings. In the early case of Skidmore v. Swift & Co.,153 the Court was faced with the Administrator of the Fair Labor Standards Act’s interpretation of the Fair Labor Standards Act.154 Under this statute, the courts had the responsibility of deciding cases.155 Thus, the Court explained, the Administrator’s findings were not binding upon the Court.156 However, despite the fact that the findings had not resulted from an adversarial proceeding, the findings were “entitled to respect” in courts.157 According to the Court, the weight given to a finding would “depend on the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade, if lacking power to control.”158 Thus, while an agency’s interpretations cannot have the force of law, they are still entitled to “respect” from the courts to the extent that they have “power to persuade.”159

Some agency legal determinations are entitled to a higher level of deference by courts, and in Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.,160 the Supreme Court decided what effect these determinations have.161 The case involved the Environmental Protection Agency’s construction of the term “stationary” as it was used in the Clean Air Act.162 In determining the level of deference to afford the EPA’s construction of the term “stationary,” the Court explained that when it reviews an agency’s statutory construction, the first inquiry is “whether Congress has directly spoken to the precise question at issue.”163 If congressional intent is clear, both the courts and the agency must obey that intent.164 However, if a statute is “silent or ambiguous” a court must determine whether the agency’s conclusion was “based on a permissible

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152. See id. at 74–75 (“Typically, an agency interprets the law it is supposed to implement; it finds facts about the situation it will address; and it uses discretion in applying the law to the factual situation that it has found to exist.”); see also Benjamin & Rai, supra note 147, at 284 (explaining that agency determinations are broken down into three categories: fact, law, and policy).
154. Id. at 137–38.
155. Id. at 137.
156. Id. at 139.
157. Id. at 140.
158. Id.
159. Id.
161. Id. at 842–45.
162. Id. at 840.
163. Id. at 842.
164. Id. at 842–43.
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...construction” or, as the Court also phrased it, a “reasonable interpretation” of the statute.165 Thus, if congressional intent is clear, a court will not defer to an agency’s interpretation of a statute, but when a statute is not clear, a court will defer to the agency’s interpretation if it is reasonable.166

More recently, in Christensen v. Harris County,167 the Supreme Court held that an agency’s statutory interpretation in an opinion letter did not merit deference.168 The Court held that other agency interpretations, namely those “contained in policy statements, agency manuals, and enforcement guidelines” also did not “warrant Chevron-style deference” because they “lack the force of law.”169 The Court did state that such interpretations were “entitled to respect,” but only because they have “power to persuade.”170

The Court expanded on the idea expressed in Christensen in United States v. Mead Corp.,171 where the Court had to decide how much deference was due to the U.S. Custom Service’s tariff classification ruling.172 The Court explained that whether an interpretation was due Skidmore or Chevron deference depended on whether “Congress would expect the agency to be able to speak with the force of law.”173 The Court went further to explain that it is “fair to assume” Congress had this expectation when the interpretation is the result of “a relatively formal administrative procedure tending to foster . . . fairness and deliberation.”174 Thus, after Mead, a court must decide whether the agency interpretation at issue was the result of a procedure that Congress would expect to yield results with the force of law; if so, that interpretation is entitled to Chevron, rather than Skidmore, deference.175

The question of a court’s deference to an administrative agency’s legal interpretations is implicated in cases involving patents.176 When the PTO issues a patent, it makes legal interpretations by applying legal standards to underlying factual findings.177 For example, whether patented subject

165. Id. at 843–44.
166. See id. at 842–44.
168. Id. at 587.
169. Id.
170. Id. (quoting Skidmore v. Swift & Co., 323 U.S. 134, 140 (1944)).
172. Id. at 221.
173. Id. at 229.
174. Id. at 230.
175. See id. at 229–30. See generally Gellhorn & Levin, supra note 144, at 79–102 (discussing courts’ deference to agency legal findings and exceptions to the Chevron doctrine).
176. See Benjamin & Rai, supra note 147, at 297–301 (discussing the role of administrative law in assessing the PTO’s legal interpretations).
177. See id. at 297 (“Legal interpretation most often comes into play because patent validity determinations such as nonobviousness require the application of legal standards to underlying factual findings.”).
matter is obvious is a legal conclusion based on factual findings.178 Ultimately, the Supreme Court has recognized that “[a] patent . . . simply represents a legal conclusion reached by the Patent Office.”179 According to the Supreme Court, *Chevron* deference applies both to an agency’s pure legal interpretations and to legal interpretations made in the course of applying legal standards to facts.180 However, *Mead* teaches that whether the PTO’s proceedings are “formal” determines whether the interpretations warrant *Chevron*, as opposed to *Skidmore* deference.181 The PTO’s rulemaking authority covers many procedural and a few substantive issues.182 The statutes pertaining to the PTO, however, have no general grant of rulemaking authority and the PTO does not have the power to decide requirements for patentability.183 The Court in *Mead* did indicate that agency decisions with the “force of law” were entitled to *Chevron* deference.184 The PTO’s decision to issue a patent is legally binding.185 Thus, whether the PTO is entitled to *Chevron* or *Skidmore* deference when it makes legal interpretations depends on whether its proceedings qualify as formal adjudications or its decisions have the force of law, as required by *Mead*.186

2. Factual Findings

The APA sets out a process for federal court review of an administrative agency’s factual decisions.187 The statute specifically enunciates three standards of review that can apply:

The reviewing court shall—

...
(2) hold unlawful and set aside agency action, findings, and conclusions found to be—

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

... 

(E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute; or

(F) unwarranted by the facts to the extent that the facts are subject to trial de novo by the reviewing court.188

The “substantial evidence” test is used if the agency decision was made “after a trial-type, on-the-record hearing (a ‘formal adjudication’ or ‘rulemaking on a record’).”189 In most other cases, the court will apply the “arbitrary and capricious” test, though the court has applied the de novo standard in a few cases.190

Despite the Federal Circuit’s reluctance to apply the APA to review PTO decisions, the Supreme Court ruled in Dickinson v. Zurko191 that the APA does in fact apply to review of PTO fact-finding.192 The Court overturned the Federal Circuit’s use of a “clearly erroneous” standard of review and held that the court must apply one of the standards set out in the APA.193 The issue of which standard applies arose at oral argument, and Justice Breyer suggested that the arbitrary and capricious standard should apply because of the nature of PTO proceedings.194 However, the Court in Zurko was not presented with the specific question of what standard of review applies when courts review PTO factual determinations and thus did not resolve the issue.195

After the Supreme Court decided Zurko, In re Gartside196 presented the Federal Circuit with the question of which APA standard of review applied to review of PTO factual determinations.197 The court reviewed § 706(2)(E) of the APA, which provides for “substantial evidence” review when the “case [is] subject to sections 556 and 557 of this title or otherwise

188. Id. § 706(2).
189. GELLHORN & LEVIN, supra note 144, at 98.
190. Id.
192. Id. at 152.
193. Id. at 152–53.
194. See Transcript of Oral Argument, Dickinson v. Zurko, 527 U.S. 150 (No. 98-377), 1999 WL 190969, at *4–8 (arguing that the arbitrary and capricious standard “applies to all determinations . . . of fact that are not based on a closed record”); see also Benjamin & Rai, supra note 147, at 287 (asserting that Justice Breyer suggested that the arbitrary and capricious standard would apply because PTO proceeding are “ex parte” and “informal”).
195. See Zurko, 527 U.S. at 152 (deciding whether the APA applies to judicial review of PTO decisions); see also Benjamin & Rai, supra note 147, at 287.
196. 203 F.3d 1305 (Fed. Cir. 2000).
197. Id. at 1312.
reviewed on the record of an agency hearing provided by statute." 198 The court admitted that PTO proceedings do not meet the first criteria—that is, it was not under §§ 556 and 557 of the APA. 199 The court did hold that the PTO proceedings fell under the second part of § 706(2)(E)—that is, they are "reviewed on the record." 200 The court came to this conclusion because the court is statutorily required to “review Board decisions ‘on the record’” developed by the PTO. 201 Thus, the court concluded that PTO factual determinations should be reviewed for “substantial evidence” under § 706(2)(E) of the APA. 202

3. Policy Determinations

The APA does not include a specific standard for courts to apply to administrative agency policy, also called discretionary, decisions. 203 In the absence of a statutory standard, courts have applied the “arbitrary or capricious” standard of review to an agency’s policy decisions. 204 When applying this standard, courts take a hard look at the agency’s determination. 205 The “hard look,” also known as the “reasoned decisionmaking” standard, is widely applied by courts reviewing agency policy decisions. 206

Judicial review of discretionary decisions is deferential, but has more “bite” than review of factual or legal determinations. 207 Hard look review should apply to review of the PTO because the PTO, as the Federal Circuit has recognized, does exercise discretion. 208 The court, however, has generally not applied hard look review to PTO policy decisions and has even “failed to recognize policy decisions as a separate category of PTO behavior.” 209

198. 5 U.S.C. § 706(2)(E) (2006); see In re Gartside, 203 F.3d at 1313 (reviewing § 706(2)(E)).
199. In re Gartside, 203 F.3d at 1313 (explaining that § 554 excludes PTO adjudication from §§ 556 and 557).
201. Id. (quoting 35 U.S.C. § 144 (1994)); see also id. (“The United States Court of Appeals for the Federal Circuit shall review the decision from which an appeal is taken on the record before the Patent and Trademark Office.” (quoting 35 U.S.C. § 144)).
202. Id. For more discussion of the Federal Circuit’s treatment of review of PTO fact-finding, see Benjamin & Rai, supra note 147, at 285–93.
203. See 5 U.S.C. § 706(2)(A) (2006); see also Benjamin & Rai, supra note 147, at 304 (“Section 706(2)(A) does not include a distinct provision for review of ‘policy.’”).
205. See id.
206. Gellhorn & Levin, supra note 144, at 104.
207. Benjamin & Rai, supra note 147, at 305 (asserting that in the context of “ordinary” administrative law, “of the three forms of review, hard look review has proved to have the most bite”).
209. Benjamin & Rai, supra note 147, at 305. Two commentators have explained that although the Federal Circuit has cited to and applied Motor Vehicle Manufacturers Ass’n v.
When the PTO examines a patent application, it makes several underlying determinations as well as an ultimate determination of patentability. The PTO makes factual, legal, and discretionary decisions and as an administrative agency is generally subject to the APA. Thus, when a court is reviewing a PTO decision, the level of deference due to the PTO’s decisions is an important issue. This deference forms at least part of the debate over the applicable burden of proof explained in Part II.

II. JUDICIAL TREATMENT OF THE BURDEN OF PROOF

Part II addresses the historical conflict regarding approaches to the burden of proof required to overcome a patent’s presumption of validity among the multiple levels of courts hearing patent litigation—the courts of appeals, the Court of Customs and Patent Appeals, the Federal Circuit, and the Supreme Court. A survey of the courts’ approaches to the burden over time shows its changing course. This part also presents the arguments supporting the various burdens. Although the Federal Circuit has uniformly applied a heightened burden, recent language from the Supreme Court gives reason to question if that burden is proper.

Specifically, Part II.A examines the various circuit courts of appeals and their conflicting application of either the clear and convincing standard, discussed in Part II.A.1, or the preponderance of the evidence standard, discussed in Part II.A.2, to overcome a patent’s presumption of validity. Part II.A.3 discusses the standard of proof required when the PTO did not consider prior art that is asserted in litigation in support of invalidity. Part II.B discusses relevant Court of Customs and Patent Appeals case law. Part II.C discusses Federal Circuit precedent. Finally, Part II.D reviews Supreme Court decisions addressing the burden of proof required to overcome the presumption of validity.

A. Pre–Federal Circuit Case Law in the Circuit Courts of Appeals

Before the establishment of the Federal Circuit in 1982, the various courts of appeals differed in what standard of proof they required to rebut the presumption of patent validity. Some circuits required clear and convincing evidence regardless of claimed grounds for invalidity. Some circuits required clear and convincing evidence regardless of claimed grounds for invalidity.
Although the courts of appeals no longer hear appeals in patent cases, the precedent from before the formation of the Federal Circuit is important in order to understand the developments surrounding the required burden of proof. This Note argues in Part III that this precedent also should have informed the Federal Circuit’s later decisions regarding the issue, especially considering that the circuit courts of appeals applied different burdens of proof.

Part II.A.1 describes the application of the clear and convincing burden of proof in the courts of appeals and discusses commentators’ support for the heightened standard. Part II.A.2 explains the adoption of the preponderance of the evidence standard in multiple courts of appeals and discusses commentators’ views on the standard. Finally, Part II.A.3 discusses an exception to the conflict among the circuit courts, namely the uniform application of a preponderance of the evidence standard when evidence asserted at trial was not considered by the PTO.

1. Clear and Convincing Evidence

   a. The Circuit Courts

   In some circumstances, the court was explicit in requiring a heightened burden of proof, but did not explain its adoption of the standard. In a U.S. Court of Appeals for the Ninth Circuit case, Moon v. Cabot Shops, Inc.,213 the plaintiffs sued for infringement of their patent covering a portable derrick for drilling oil wells.214 The defendants affirmatively pleaded that the patent was invalid because it was not novel and was obvious in view of the prior art.215 Additionally, the defendants asserted that the patent was invalid on the grounds of prior publication.216 The district court held that the patent was valid because it was an inventive advance over the prior art and was not patented or published more than one year prior to the filing of the patent application.217 The Ninth Circuit noted the presumption of validity of an issued patent and explained that the presumption is founded “upon the expertness of the Patent Office acting within its specific field.”218 The court went further and, without explication, stated that the presumption of validity “can be overcome only by clear and convincing proof.”219 The court then upheld the district court’s conclusion that the patent was valid.220

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213. 270 F.2d 539 (9th Cir. 1959).
214. Id. at 540.
215. Id. at 541.
216. Id.
217. Id.
218. Id.
219. Id.
220. Id. at 542.
Other circuits were less clear about the exact quantum of evidence necessary to overcome the presumption of validity. The U.S. Court of Appeals for the Fifth Circuit, for example, faced the question in Hobbs v. U.S. Atomic Energy Commission. In this case, the plaintiff sued the U.S. Atomic Energy Commission (the Commission) seeking compensation for its alleged unlawful taking of his patent rights. Hobbs had invented two valves—the G valve and the H valve—instrumental in the production of nuclear weapons. Hobbs subsequently filed and obtained patents on both valves. Hobbs then submitted a request for compensation for the government’s taking and use of his patented invention. The Commission’s Patent Compensation Board denied compensation and the Commission refused review. Hobbs appealed and the Fifth Circuit had to decide whether his patents were valid.

Before deciding the merits of the case, the court outlined the applicable law of patentability and the presumption of patent validity. It explained that the Fifth Circuit had “employed varying statements of the necessary quantum of proof” to rebut the presumption of patent validity. The court did not resolve the inconsistency within the circuit, but “state[d] that the presumption of patent validity may be rebutted only by a quantum of proof—whether it be called clear and convincing or beyond a reasonable doubt—which is greater than a mere preponderance of the evidence.” The court went on to find the G valve patent invalid because of “clear and convincing evidence” that it was on sale more than one year before Hobbs filed the patent application. With respect to the H valve, the court did not find the quantum of evidence necessary to rebut the presumption of validity by reason of the “on sale” bar, the “in public use” defense, the “sole-inventorship defense,” or in view of prior art.

Many courts simply applied a heightened burden of proof with little or no explanation. The courts were not always clear about whether the

221. 451 F.2d 849 (5th Cir. 1971).
222. Id. at 852.
223. Id.
224. Id. at 852–53.
225. Id. at 853.
226. Id.
227. Id. at 855.
228. Id. at 855–56.
229. Id. at 856 (citations omitted) (listing cases requiring everything from “competent evidence” to evidence “beyond a reasonable doubt”).
230. Id. at 860.
231. Id. at 860–66.
232. See, e.g., Trio Process Corp. v. L. Goldstein’s Sons, Inc., 461 F.2d 66, 70 (3d Cir. 1972) (“Indeed, invalidity must be demonstrated by clear and convincing proof. . . . ” (citing Ever-Wear, Inc. v. Wieboldt Stores, Inc., 427 F.2d 373 (7th Cir. 1970); Gen. Foods Corp. v. Perk Foods Co., 419 F.2d 944 (7th Cir. 1969); Moon v. Cabot Shops, Inc., 270 F.2d 539 (9th Cir. 1959)); Ever-Wear, Inc., 427 F.2d at 375; King-Seeley Thermos Co. v. Refrigerated Dispensers, Inc., 354 F.2d 533, 536 (10th Cir. 1965) (citing cases and characterizing the fact that the burden of proof is clear and convincing evidence as “elementary patent law”).
heightened burden applied when certain grounds for invalidity were asserted or in all cases regardless of the grounds asserted. On the other hand, some courts explicitly stated that the heightened burden applies regardless of the grounds asserted for invalidity. However, even when a circuit did not make explicit whether its heightened burden requirement was restricted to the facts of the case, later cases applied the heightened burden to other grounds of invalidity.

The U.S. Court of Appeals for the Eighth Circuit expressed the burden of proof differently than the other circuits that required a heightened burden. The Eighth Circuit called the quantum of proof necessary to overcome the presumption of validity “substantial evidence.” In *L & A Products, Inc. v. Britt Tech Corp.*, the court specifically applied the substantial evidence standard to any ground asserted for invalidity. In another case dealing with the presumption, the defendants argued that the district court erred when it required that the plaintiff overcome the presumption of the patent’s validity with substantial evidence. The defendants claimed that the substantial evidence standard was too lenient and that the court should have required clear and convincing evidence like other circuits required. The court, however, agreed with the district court’s use of the substantial evidence standard because it was the quantum of proof required in the circuit. The court noted that both the substantial evidence and the clear and convincing evidence standard were “heavy burdens of proof.” The court also had “no doubt” that the evidence of prior sale in the case that was sufficient under the substantial evidence standard would also have satisfied a clear and convincing evidence standard. Although the Eighth Circuit formulated the standard of proof

234. *See, e.g.*, *Trio Process Corp.*, 461 F.2d at 70 (discussing the presumption of patent validity separately from the grounds asserted for invalidity in the case).

235. *See, e.g.*, *Universal Marion Corp. v. Warner & Swasey Co.*, 354 F.2d 541, 544 (10th Cir. 1965) (“[A] party asserting invalidity on the ground of anticipation in the prior art, or for any other reason, has the burden of establishing such invalidity by clear and convincing evidence.”).

236. *See, e.g.*, *Paeco, Inc. v. Applied Moldings, Inc.*, 562 F.2d 870, 872–78 (3d Cir. 1977) (citing *Trio Process Corp. v. L. Goldstein’s Sons, Inc.*, which applied a heightened burden when invalidity was asserted on grounds of obviousness, as support for applying a heightened burden when the grounds asserted for invalidity were prior public use or sale, anticipation, and lack of novelty).

237. *Compare L & A Prods., Inc. v. Britt Tech Corp.*, 365 F.2d 83, 86 (8th Cir. 1966) (requiring “substantial evidence” to rebut the presumption of validity), *with Moon v. Cabot Shops, Inc.*, 270 F.2d 539, 541 (9th Cir. 1959) (requiring “clear and convincing proof” to overcome the presumption of validity).

238. *See, e.g.*, *L & A Prods.*, 365 F.2d at 86.

239. 365 F.2d 83.

240. *Id.* at 86 (“[The] presumption is rebuttable and may be overcome by substantial evidence negating any one of the three essentials for patentability.”).


242. *Id.*

243. *Id.* at 795–96.

244. *Id.* at 795 n.17.

245. *Id.*
required to rebut a patent’s presumption of validity as substantial evidence—not specifically clear and convincing evidence—the circuit applied the standard regardless of the grounds asserted and characterized the standard as heavy.246

b. Commentators

The American Intellectual Property Law Association (AIPLA) established a special committee to study the FTC report on patent reform and write a report in response.247 The AIPLA directly opposed the FTC’s recommendation to reduce the burden of proof for overcoming the presumption of validity to a preponderance of the evidence.248 Specifically, the AIPLA argued that changing the burden would “undermine decades of well-reasoned precedent.”249 The report characterized the heightened burden as “entirely appropriate” and asserted that the standard is not unduly burdensome on the party alleging invalidity of a patent.250

The AIPLA argues that the FTC “misunderstood the scope and motive” of the heightened standard and attributed this misunderstanding to the imprecise nature of many court decisions.251 The report clarifies the confusion by explaining that “well-reasoned precedent” requires that the facts supporting a validity challenge be proven by clear and convincing evidence but that the heightened burden is, but should not be, applied to the ultimate conclusion of invalidity.252 In support of its position, the report argued that many courts applied a heightened burden before the creation of the Federal Circuit.253 According to the AIPLA, the courts’ rules were grounded in three sources: the presumption of validity under statutory law and common law, the reliability of evidence, and the court’s deference to the PTO.254 Ultimately, the AIPLA asserted that “(1) the existence, authentication, availability and scope of evidence should be established by clear and convincing evidence, but (2) once such predicate facts are so established, the burden should be that the persuasive force of such facts demonstrates patent invalidity by a fair preponderance, not some elevated standard.”255

One commentator argues that § 282 is not the proper basis for the heightened burden of proof, but that the standard is justified nonetheless.256

246. See id.
248. AM. INTELLECTUAL PROP. LAW ASS’N, supra note 247, at 6.
249. Id.
250. Id.
251. Id.
252. Id. at 6–7.
253. Id. at 8.
254. Id. at 8–13.
255. Id. at 16.
256. Phipps, supra note 138, at 143.
The correct basis, he asserts, is the “presumption of administrative correctness.” In his article, Charles E. Phipps explains that the presumption of patent validity is a legal presumption that does not address the evidentiary burden of proof and is also a procedural device that places the burden of proof on the party asserting invalidity.

Phipps explains that the PTO is “staffed by expert and experienced personnel uniquely qualified to determine questions of patentability.” He admits, however, that the PTO does not make findings with respect to all issues dispositive of patent validity and argues that the presumption of administrative correctness should not apply to those issues. When there is no presumption of administrative correctness, Phipps asserts that there is no longer a rationale for requiring clear and convincing evidence to rebut the presumption of patent validity. Phipps further argues that the presumption of administrative correctness should attach to those issues the PTO does determine. When the presumption of administrative correctness does attach, Phipps asserts that the clear and convincing evidence standard is justified. He also argues that the presumption of administrative correctness is “obviated” when prior art was not considered by the PTO, and, thus, the proper evidentiary standard is a preponderance of the evidence. Ultimately, Phipps asserts that the presumption of administrative correctness is the proper basis for the presumption of patent validity and that the heightened evidentiary burden is proper when the presumption attaches, but that a lower burden should be required when the presumption does not attach.

2. A Preponderance of the Evidence

a. The Circuit Courts

In direct conflict with the circuits that required clear and convincing evidence, some courts required a lesser burden—a preponderance of the evidence—to overcome a patent’s presumption of validity. In a case before the U.S Court of Appeals for the Second Circuit, *Rains v. Niaqua, Inc.*, the plaintiff appealed the district court’s decision that the plaintiff’s design...
patent for an above-ground pool was obvious in view of the prior art.\textsuperscript{267} The plaintiff argued that the prior-art evidence alone could not overcome the statutory presumption of validity and that the presumption should prevail because the defendant did not introduce expert testimony on the obviousness of the design.\textsuperscript{268} The Second Circuit rejected this reasoning, explaining that the presumption does not have any independent evidentiary value.\textsuperscript{269} The court then explained that “a preponderance of the evidence determines the issue” of patent validity.\textsuperscript{270} Ultimately, the court held that the district court had not erred in concluding that the design patent was obvious in light of prior art.\textsuperscript{271} The court thus required only a preponderance of the evidence to overcome the presumption of validity, even when prior art was asserted as the grounds of invalidity.\textsuperscript{272}

The U.S. Court of Appeals for the Fourth Circuit also applied a preponderance of the evidence standard, specifically rejecting a heightened burden of proof. In \textit{Universal Inc. v. Kay Manufacturing Corp.},\textsuperscript{273} the plaintiff sued for the infringement of his patent covering wire springs for upholstered seats.\textsuperscript{274} The defendant argued noninfringement based on the contention that the structure of the defendant’s product did not accomplish the basic purpose of the patent.\textsuperscript{275} The Fourth Circuit rejected this argument and found that the defendant had infringed the patent.\textsuperscript{276} Next, the court turned to the defense that the patent was invalid because of disclosures in prior art.\textsuperscript{277} The court specifically rejected the plaintiff’s contention that the defendant must prove invalidity beyond a reasonable doubt.\textsuperscript{278} The court explained that the cases the plaintiff cited in support of a heightened burden were cases in which the issue was priority of discovery, which, according to the court, are distinguishable from the case at hand, which involved prior-art disclosures.\textsuperscript{279} The court then concluded that the patent was correctly held to be valid.\textsuperscript{280} Thus, the court did not apply a heightened burden of proof, even where prior art was asserted as the grounds for invalidity.\textsuperscript{281}

In a case before the U.S. Court of Appeals for the Sixth Circuit, \textit{Campbell v. Spectrum Automation Co.},\textsuperscript{282} the defendant counterclaimed

\begin{thebibliography}{99}
\bibitem{267} Id. at 275, 278.
\bibitem{268} Id. at 278.
\bibitem{269} Id.
\bibitem{270} Id.
\bibitem{271} Id. at 280.
\bibitem{272} Id. at 278.
\bibitem{273} 301 F.2d 140 (4th Cir. 1962).
\bibitem{274} Id. at 141.
\bibitem{275} Id. at 143–44.
\bibitem{276} Id. at 146.
\bibitem{277} Id.
\bibitem{278} Id. at 148.
\bibitem{279} Id.
\bibitem{280} Id.
\bibitem{281} Id.
\bibitem{282} 513 F.2d 932 (6th Cir. 1975).
\end{thebibliography}
alleging that the patent at issue was invalid because the plaintiff was not the true inventor.\footnote{Id. at 933.} In the counterclaim, the defendant alleged that he was the true inventor.\footnote{Id. at 934.} Each party gave oral testimony in support of his position, and neither had strong corroborating evidence.\footnote{Id.} After surveying precedent, the Sixth Circuit concluded that clear and convincing evidence was required to overcome the presumption of patent validity.\footnote{Id. at 935–37.} However, the court did not “commit this Circuit to any general rule requiring the application of this standard in all patent cases.”\footnote{Id. at 937.} The court also noted that the clear and convincing standard arose from early decisions that were concerned about accepting parol evidence to prove facts better proven by documentary evidence.\footnote{Id. at 936.}

The application of a heightened burden in \textit{Campbell} did not turn into the rule in the Sixth Circuit, however. The court encountered another validity issue in \textit{Dickstein v. Seventy Corp.}\footnote{522 F.2d 1294 (6th Cir. 1975).} Here, the defendants counterclaimed for a declaratory judgment of invalidity.\footnote{Id. at 1295.} The district court required clear and convincing evidence of invalidity and rejected the defendant’s claim that the patent was invalid as obvious.\footnote{Id.} On appeal, the court noted that the clear and convincing standard was applied in \textit{Campbell}, but explained that the holding in \textit{Campbell} was limited to its facts.\footnote{Id. at 1296 (explaining that where oral testimony is offered to prove that the patent holder is not the true inventor or to establish prior public use, or where fraudulent conduct is asserted, a heavy burden is justified).} The court reasoned that certain “unusual factual circumstances” justify application of a heavy burden.\footnote{Id. at 1297.} The court explained that the present case did not involve the concern for unreliability and concluded that in the “usual patent case . . . a preponderance of the evidence is sufficient to establish invalidity.”\footnote{Id. at 1295, 1297.} Here, the court applied a lower burden of proof when the defendant asserted obviousness as the grounds for proving invalidity and held that the lower burden applied in the “usual” case.\footnote{Fed. Trade Comm’n, supra note 8, Executive Summary at 1.}

\begin{itemize}
\item[b. \textit{Commentators}]
\end{itemize}

In 2003, the FTC published a report making recommendations for patent system reform in order to “maintain a proper balance with competition law and policy.”\footnote{Id. at 1297.} The recommendations were the result of twenty-four days
of hearings held by the FTC and the Department of Justice involving more
than three hundred panelists and over one hundred written submissions.297

The second recommendation the report made was to change the burden
of proof to show the invalidity of a patent to a preponderance of the
evidence.298 The FTC asserted that the standard of proof should be lowered
because a “plethora” of circumstances favor a patent’s issuance and because
the PTO does not have the resources to examine all patent applications
thoroughly.299 The report explained that three thousand patent examiners
are tasked with evaluating patent applications that are filed with the PTO at
a rate of over one thousand per workday.300 According to the hearings
upon which the report was based, examiners spent between eight and
twenty-five hours evaluating and making decisions pertaining to each
application.301

The report also argued that procedures favor the issuance of patents, and
thus requiring a heightened burden to prove invalidity is “unjustified.”302
The most important factor, the FTC asserts, is that the courts have required
the PTO to presume that a patent application deserves to be granted, unless
the PTO can prove that the application does not meet some requirement for
patentability.303 Multiple rules guiding the examination of patent
applications favor patentability.304 The PTO does not, for example, inquire
into whether the applicant has met his duty of disclosure, and, thus, the
examiner’s search for prior art is guided by only what the applicant
discloses.305 In addition, an application is presumed to be nonobvious and
the burden is on the examiner to show obviousness.306 A similar
presumption of patentability exists with respect to utility and written

297. See id. Executive Summary at 3–4.
298. See id. Executive Summary at 8.
299. See id.
300. See id. Executive Summary at 9–10. The report stated that in 2003, approximately
300,000 applications were filed yearly, and the number was increasing at ten percent per
year. Id.
301. See id. Executive Summary at 10 (explaining that an examiner must “read and
understand each application, search for prior art, evaluate patentability, communicate with
the applicant, work out necessary revisions, and reach and write up conclusions” in those
eight to twenty-five hours).
302. See id. Executive Summary at 8.
303. See id. Executive Summary at 9.
304. See id.
305. See id. (explaining that the examiner’s prior art search is a “focal point of the
examination process,” and the search is assisted only by the applicants’ disclosure); see also
id. Executive Summary at 9 n.28 (“The PTO’s Manual of Patent Examining Procedure
(MPEP) states that the agency ‘does not investigate’ duty of disclosure issues and ‘does not . . . reject’ applications on that basis.” (quoting U.S. PATENT AND TRADEMARK OFFICE,
MANUAL OF PATENT EXAMINING PROCEDURE § 2010 (8th ed. 2008))).
306. U.S. PATENT AND TRADEMARK OFFICE, supra note 305, § 2142 (“If . . . the examiner
does not produce a prima facie case [of obviousness], the applicant is under no obligation to
submit evidence of nonobviousness.”); see also FED. TRADE COMM’N, supra note 8, ch. 5, at
9.
Lastly, the FTC argued that the PTO grants patents based on only a preponderance of the evidence, and, accordingly, it is not “sensible to treat an issued patent as though it had met some higher standard of patentability” by requiring a heightened burden to overturn a patent’s validity. Ultimately, the FTC recommended that the burden of proof should be lowered to a preponderance of the evidence standard, asserting that the currently applied heightened burden can “undermine the ability of the court system to weed out questionable patents.”

3. Caveat: When Prior Art Was Not Considered by the PTO

a. The Courts of Appeals

Before the creation of the Federal Circuit, the circuit courts confronted patent cases where evidence asserted to prove invalidity was not considered by the PTO examiner. Although the courts of appeals disagreed regarding the burden of proof in the usual case, they all agreed about the burden in cases with evidence unconsidered by the PTO. The courts recognized that in these cases there was no agency determination warranting a heavy burden of proof. For example, the Fifth Circuit reasoned that the principles on which the presumption is founded—the “experience and expertise” of the PTO and the fact that awarding a patent is an administrative determination—“no longer exist” when the invalidity claim is supported by evidence not considered by the PTO. As a result, the court held that the party asserting invalidity was no longer required to “bear the heavy burden of establishing invalidity either ‘beyond a reasonable doubt’ or ‘by clear and convincing evidence.’” The U.S. Court of Appeals for the Eleventh Circuit echoed this reasoning and required only a preponderance of the evidence to invalidate a patent where

307. See Guidelines for Examination of Patent Applications Under the 35 U.S.C. 112 ¶ 1, “Written Description” Requirement, 66 Fed. Reg. 1099, 1105 (Jan. 5, 2001) (“There is a strong presumption that an adequate written description of the claimed invention is present when the application is filed.”); Utility Examination Guidelines, 66 Fed. Reg. 1092, 1098–99 (Jan. 5, 2001) (“Office personnel . . . must treat as true a statement of fact made by an applicant in relation to an asserted utility, unless countervailing evidence can be provided that shows that one of ordinary skill in the art would have a legitimate basis to doubt the credibility of such a statement.”); see also FED. TRADE COMM’N, supra note 8, Executive Summary at 9.
308. FED. TRADE COMM’N, supra note 8, Executive Summary at 10.
309. Id.
310. See, e.g., Baumstimler v. Rankin, 677 F.2d 1061, 1066 (5th Cir. 1982) (explaining that the defendant offered “highly relevant prior art” at trial to prove invalidity that was not considered by the PTO).
312. See, e.g., id. at 23, 2008 WL 877886, at *23.
313. Id. at 20–21, 2008 WL 877886, at *20–21 (quoting Baumstimler, 677 F.2d at 1066).
314. Id. at 21, 2008 WL 877886, at *21 (quoting Baumstimler, 677 F.2d at 1066).
the PTO did not consider prior art. Some courts held that where the PTO did not consider prior art, the presumption of validity no longer existed. Prior to the establishment of the Federal Circuit, all of the circuits had either weakened or removed the presumption of validity in cases where asserted prior art was not considered by the PTO examiner.

b. Recent Arguments in Litigation

In *z4 Technologies, Inc. v. Microsoft Corp.*, the Federal Circuit heard an appeal from a jury’s finding that Microsoft had infringed z4’s patents and had failed to prove that the patents were invalid. In the district court, Microsoft alleged that z4’s patents were invalid because of anticipation and obviousness. The court required that Microsoft prove the patent’s invalidity by clear and convincing evidence. Based on this standard, the court denied Microsoft’s motion for a judgment as a matter of law that the patents were invalid. Ultimately, the jury found that Microsoft had not proven by clear and convincing evidence that the patents were invalid and determined that Microsoft willfully infringed the patents. Microsoft moved for new trial on multiple grounds, one of which was that the court erred when it did not allow a jury instruction communicating that the burden of proving a patent invalid is “more easily carried” when the party asserting invalidity grounds his claim on references not considered by the PTO. The district court denied the motion for a new trial.

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316. See, e.g., Plastic Container Corp. v. Cont’l Plastics of Okla., Inc., 708 F.2d 1554, 1558 (10th Cir. 1983) (holding that the “court must make a fresh assessment of the patent’s validity” when prior art not considered by the PTO is offered); Turzillo v. P & Z Mergentime, 532 F.2d 1393, 1399 (D.C. Cir. 1976) (“The statutory presumption of validity does not apply to prior art not cited to the Patent Office, and even one prior art reference not cited to the examiner overcomes the presumption.”); Alcor Aviation, Inc. v. Radair, Inc., 527 F.2d 113, 115 (9th Cir. 1975) (explaining that the presumption “dissipates upon a showing that the prior art was not brought to the attention of the patent examiner”).
318. 507 F.3d 1340 (Fed. Cir. 2007), cert. dismissed, 128 S. Ct. 2107 (2008).
319. Id. at 1344.
321. Id.
322. Id. at *6.
323. Id. at *2.
324. Id. at *12.
325. Id. at *19.
On appeal, the Federal Circuit upheld the jury’s verdict because it was supported by substantial evidence. For the same reason, the court upheld the district court’s denial of Microsoft’s motion for a judgment as a matter of law that the patent was invalid. When considering Microsoft’s request for a new trial, the court noted that it was proper for the district court to instruct the jury that the party asserting invalidity (Microsoft) had the burden of proving invalidity by clear and convincing evidence. The court rejected Microsoft’s argument that the district court erred in not instructing the jury that the burden may be more easily carried when prior art was not considered by the PTO. The Federal Circuit agreed with the lower court that such an instruction could convey that the burden of proof is not heightened in such circumstances. Thus, the court effectively stated that even when prior art was not considered by the PTO, the burden of proving invalidity is still clear and convincing evidence.

Microsoft appealed to the Supreme Court. In the petition for a writ of certiorari, Microsoft argued that the Supreme Court should answer the question whether a court should require invalidity to be proven by clear and convincing evidence when a defense of patent invalidity is predicated on prior art not considered by the PTO. Microsoft argued that the clear and convincing standard should be reviewed because the Federal Circuit ignored the Supreme Court’s decision in KSR International Co. v. Teleflex, Inc. The petition also alleged that the standard conflicted with the regional circuits’ decisions from before the Federal Circuit was formed. Finally, Microsoft argued that the heightened standard was at odds with principles of administrative law. However, the Supreme Court did not hear the issue because the parties settled the case before the Court could rule on the petition.

A very similar situation arose recently in Lucent Technologies v. Gateway, Inc. At trial, the defendant was charged with infringement and

326. z4 Techs., Inc. v. Microsoft Corp., 507 F.3d 1340, 1344 (Fed. Cir. 2007).
327. Id. at 1353.
328. Id. at 1354.
329. Id. at 1354–55.
330. Id.
331. Id.
332. See Petition for Writ of Certiorari, supra note 311.
333. Id. at i, 2008 WL 877886, at *i.
334. Id. at 15–19, 2008 WL 877886, at *15–19; see KSR Int’l Co. v. Teleflex, Inc., 550 U.S. 398 (2007); see also infra Part II.D.
338. 580 F.3d 1301 (Fed. Cir. 2009).
defended on the grounds of invalidity of the patent and noninfringement.\textsuperscript{339} Microsoft, one of the defendants, alleged that the patent was invalid because it was anticipated or obvious.\textsuperscript{340} After the jury found that Microsoft infringed the patent, Microsoft filed a posttrial motion for judgment as a matter of law that the patent was invalid, but the district court upheld the jury verdict.\textsuperscript{341} On appeal, Microsoft challenged only the district court’s decision with respect to the patent’s obviousness.\textsuperscript{342} The Federal Circuit upheld the district court’s decision because a jury could have reasonably found that Microsoft had not proven the patent’s invalidity by clear and convincing evidence.\textsuperscript{343}

About a month after the Federal Circuit’s decision, Microsoft filed a petition for rehearing en banc with the Federal Circuit.\textsuperscript{344} Microsoft explained that the district court had denied its request for jury instructions reciting a preponderance of the evidence standard to prove invalidity.\textsuperscript{345} Microsoft further explained that it had argued on appeal that the district court erred by giving jury instructions reciting the clear and convincing standard.\textsuperscript{346} The Petition noted that the Federal Circuit did not discuss which burden of proof should apply, even though both parties had briefed the issue.\textsuperscript{347} The Petition requested that the Federal Circuit rehear the case en banc and reverse its precedent applying a clear and convincing standard to prove invalidity even when prior art was not considered by the PTO.\textsuperscript{348} In support of its contention, Microsoft explained that the clear and convincing standard is inappropriate because it conflicts with pre–Federal Circuit decisions in every circuit, because there is no reason to defer to the PTO when it did not consider prior art, and because the heightened standard causes harm by allowing invalid patents to remain in force.\textsuperscript{349} The Federal Circuit has not yet decided whether to reconsider the case en banc.\textsuperscript{350}

\textbf{B. The Court of Customs and Patent Appeals}

Because the CCPA heard patent cases before the creation of the Federal Circuit, its precedent was evolving with respect to the burden of proof required to overcome the presumption of patent validity simultaneously with the circuit courts.\textsuperscript{351} The CCPA came to require clear and convincing

\begin{thebibliography}{9}
\bibitem{339} Id. at 1309.
\bibitem{340} Id.
\bibitem{341} Id.
\bibitem{342} Id. at 1310.
\bibitem{343} Id. at 1316.
\bibitem{345} Id. at 2, 2009 WL 3611609, at *2.
\bibitem{346} Id.
\bibitem{347} Id. at 3, 2009 WL 3611609, at *3.
\bibitem{348} Id. at 4, 2009 WL 3611609, at *4.
\bibitem{349} See id. at 8–14, 2009 WL 3611609, at *8–14.
\bibitem{350} See id.
\bibitem{351} See supra notes 53–55 and accompanying text.
\end{thebibliography}
evidence to overcome the presumption of validity, even when the claim of invalidity is supported by evidence not considered by the PTO.352

In Astra-Sjuco, A.B. v. United States International Trade Commission,353 the court heard an appeal from an order of the International Trade Commission (ITC).354 The ITC had determined that the plaintiff had infringed a patent by importing and selling thermometer sheath packages.355 When dealing with the validity of the relevant patent, the court, without explanation, adopted the clear and convincing standard.356 The court cited another of its cases in support,357 but this case dealt only with the allocation of the burden of proof, not the quantum of evidence required to overcome the presumption of patent validity.358

In Solder Removal Co. v. U.S. International Trade Commission,359 the court overruled an ITC administrative law judge’s decision holding that the presumption of validity “does not exist when the most pertinent prior art was neither presented to nor considered by the [Patent and Trademark Office].”360 The court reasoned that the “statute does not make the presumption applicable in some situations and not in others.”361 The court specifically held that “the presumption of validity is never ‘destroyed.’”362

As demonstrated by the above two cases, the case law of the CCPA—which is important because it was later adopted by the Federal Circuit—evolved along with that of the various courts of appeals.363 The CCPA explained that the presumption of validity always exists, regardless of whether the PTO considered relevant prior art.364 The court, however, adopted the clear and convincing standard of proof without explanation or consideration of the way circuit courts were contemporaneously treating the issue.365 In addition, the CCPA applied this burden and did so without regard to the normal considerations for selecting a burden of proof.366

353. 629 F.2d 682 (C.C.P.A. 1980).
354. Id. at 683.
355. Id.
356. Id. at 688.
357. Id. (citing Stevenson v. Int’l Trade Comm’n, 612 F.2d 546, 550 (C.C.P.A. 1979)).
359. 582 F.2d 628 (C.C.P.A. 1978).
360. Id. at 632.
361. Id. at 633.
362. Id.
363. See infra notes 367–68 and accompanying text.
364. Solder Removal Co., 582 F.2d at 633.
366. See id.
C. The Federal Circuit

When it was established, the Federal Circuit merged the CCPA and the appellate division of the U.S. Court of Claims. The court’s first decision adopted the bodies of law of these two courts as precedent. Thus, the Federal Circuit initially followed the reasoning in Solder Removal from the CCPA and treated the presumption of validity “like all legal presumptions, [as] a procedural device, not substantive law.” According to the court, the presumption of validity imposed a “procedural burden of proceeding first and establishing a prima-facie case” of invalidity, but had nothing to do with the burden of persuasion.

A year later in SSIH Equipment S.A. v. U.S. International Trade Commission, the court confronted the plaintiff’s contention that a claim in the relevant patent was invalid for obviousness (although it was really anticipation). The defendant argued that there must be clear and convincing evidence of invalidity to overcome the presumption. The court, however, found it “inappropriate to speak in terms of a particular standard of proof being necessary to reach a legal conclusion.” It further explained that standards of proof relate to “specific factual questions” and that the “legal conclusion on validity . . . is a matter reserved for the court.”

Shortly thereafter, the Federal Circuit heard an appeal from a district court’s judgment notwithstanding a jury’s verdict that a patent was valid. The court affirmed the judgment because “the facts underlying the jury’s nonobviousness conclusion were not supported by substantial evidence.” Even though not required, the court continued on to discuss “some statements appearing in the [trial court’s] opinion.” In response to the district court’s assertion that introduction of prior art not considered by the PTO lessens the burden from clear and convincing proof to proof by a mere preponderance, the court expanded on its position in SSIH Equipment.

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368. S. Corp. v. United States, 690 F.2d 1368, 1370 (Fed. Cir. 1982).
370. Id.; see B. D. Daniel, Heightened Standards of Proof in Patent Infringement Litigation: A Critique, 36 AIPLA Q.J. 369, 388 (2008) (arguing that this view of the presumption “could have been supported as a matter of statutory construction, because . . . this was the general understanding of how presumptions operated at the time the Patent Act was passed.”).
371. 718 F.2d 365 (Fed. Cir. 1983).
372. See id. at 374.
373. See Daniel, supra note 370, at 388.
374. SSIH Equip., 718 F.2d at 375.
375. Id.
376. Id.
378. Id. at 1548.
379. Id.
380. Id. at 1549.
The court reiterated that proof relates to facts, not legal presumptions, but added that when a party seeks to prove facts to overcome the presumption, “the evidence relied on to prove those facts must be clear and convincing.”

However, in *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, the court surveyed § 282 of the Patent Act and described the case law surrounding its presumption as “far from consistent—even contradictory.” The court reasoned that “[b]ehind it all, of course, was the basic proposition that a government agency such as the . . . Patent Office was presumed to do its job.” The court went on to reaffirm that existence of prior art not considered by the PTO does not affect the presumption or change which party has the burden of proof. It went further to assert that the presumption and who has the burden of proof “are static and in reality different expressions of the same thing—a single hurdle to be cleared.” Finally, the court stated that the standard of proof does not change and “must be by clear and convincing evidence or its equivalent, by whatever form of words it may be expressed.”

When deciding the applicable burden of proof, the Federal Circuit did not consider that the circuit courts conflicted regarding what standard of proof was required to overcome the presumption, nor did it discuss the considerations for selecting a burden of proof.

Following *American Hoist*, the Federal Circuit quickly adopted the clear and convincing evidence standard for validity defenses. The Federal Circuit has only once applied a lower standard of proof to a validity issue. In the case, *Environ Products, Inc. v. Furon Co.*, three claimants had co-pending patent applications. The court held that “[t]he correct standard of proof of priority of invention, as between co-pending interfering patents, is the preponderance of the evidence.”

The case law predating the establishment of the Federal Circuit shows that the circuit courts did not agree on the applicable standard of proof to

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381. Id.; see Daniel, *supra* note 370, at 389 (“In dicta . . . [the court] simply decreed that the evidence relied on to prove invalidity ‘must be clear and convincing.’” (quoting Connell, 722 F.2d at 1549)).
382. 725 F.2d 1350 (Fed. Cir. 1984).
383. Id. at 1359.
384. Id. (citing Morgan v. Daniels, 153 U.S. 120, 125 (1894)).
385. Id. at 1359–60.
386. Id. at 1360.
387. Id. (citing Radio Corp. of Am. v. Radio Eng’g Labs., Inc., 293 U.S. 1, 8 (1934)).
388. Id.
389. Daniel, *supra* note 370, at 394; see, e.g., Atlas Powder Co. v. E.I. du Pont De Nemours & Co., 750 F.2d 1569, 1573 (Fed. Cir. 1984) (stating, without discussion, that “one attacking validity has the burden of proving invalidity by clear and convincing evidence” (citing *Am. Hoist & Derrick Co.* 725 F.2d at 1360)).
391. 215 F.3d 1261.
392. Id. at 1265–66.
393. Id. at 1266.
overcome a patent’s presumption of validity.\textsuperscript{394} Once established, the Federal Circuit did not consider this conflict and, when faced with the issue, simply held that the presumption must be overcome by clear and convincing evidence.\textsuperscript{395} This heightened burden applies, according to the Federal Circuit, regardless of what prior art is produced in support of invalidity and whether or not it was considered by the PTO.\textsuperscript{396}

D. The Supreme Court

The Supreme Court has not definitively stated what burden of proof is required to overcome a patent’s presumption of validity. However, a few cases, including some that lower courts relied upon, were patent litigations and thus implicitly involved the validity of a patent. The most recent case, although not directly related to a patent’s presumption of validity, included specific language that gives reason to question the Federal Circuit’s treatment of the issue.\textsuperscript{397}

In American Hoist, the Federal Circuit cited the Supreme Court case Morgan v. Daniels\textsuperscript{398} as support for the proposition that a patent’s presumption of validity is based on the thought that the PTO has done its job.\textsuperscript{399} In Morgan, the parties disputed who was the true inventor entitled to a patent.\textsuperscript{400} The Court characterized the suit as “a proceeding to set aside the conclusions reached by the [PTO].”\textsuperscript{401} As such, it was “not to be sustained by a mere preponderance of evidence.”\textsuperscript{402} The Court did not mention any presumption of validity and the case arose specifically because of a dispute over PTO determinations of inventorship.\textsuperscript{403}

Another dispute over inventorship arose in Radio Corp. of America v. Radio Engineering Laboratories, Inc.\textsuperscript{404} The Court, without discussion, stated that the presumption of validity is “not to be overthrown except by clear and cogent evidence.”\textsuperscript{405} The Court reviewed different courts’ expressions quantifying the burden of proving invalidity and recognized the “common core of thought and truth” among the cases as a requirement of a heavy burden of persuasion.\textsuperscript{406} The Court did not base its decision on deference to the PTO as the Federal Circuit did in American Hoist.\textsuperscript{407}

\begin{footnotes}
\item[394] See supra Part II.A.
\item[396] Id. at 1359–60.
\item[397] See infra notes 408–12 and accompanying text.
\item[398] 153 U.S. 120 (1894).
\item[399] See Am. Hoist & Derrick Co., 725 F.2d at 1359.
\item[400] Morgan, 153 U.S. at 122.
\item[401] Id. at 124.
\item[402] Id.
\item[403] Id. at 122.
\item[404] 293 U.S. 1 (1934).
\item[405] Id. at 2.
\item[406] Id. at 7–8.
\item[407] See id.; see supra note 384 and accompanying text.
\end{footnotes}
Most recently, the Court discussed the presumption of validity in *KSR International Co. v. Teleflex, Inc.* After addressing the Federal Circuit’s test for obviousness, the Court added,

> We need not reach the question whether the failure to disclose [prior art] during the prosecution of [the patent at issue] voids the presumption of validity given to issued patents, for claim 4 is obvious despite the presumption. We nevertheless think it appropriate to note that the rationale underlying the presumption—that the PTO, in its expertise, has approved the claim—seems much diminished here.

The issue of the applicable burden of proof was not the question presented to the Court by the petitioner. However, the standard was mentioned in the respondent’s brief and was therefore actually argued in the petitioner’s reply brief. Despite the Court not having to reach the issue of the effect of prior art not considered by the PTO, it found it “appropriate” to note that a large part of the justification for the presumption, deference to the PTO, is “much diminished.”

The Supreme Court has not directly addressed the issue of the burden of proof required to overcome the statutory presumption of validity. Its case law touching on the subject, which the Federal Circuit relied upon, dealt with disputes over inventorship and occurred before the presumption of validity became statutory and in fact before the creation of the Federal Circuit. Although the Federal Circuit has long required clear and convincing evidence to rebut the presumption of validity—even when confronted with evidence not considered by the PTO—the Supreme Court has recently given reason to question this heightened burden.

### III. The Burden of Proof Should Be Reconsidered and Lowered

This Note has explained the historical conflict among the circuits regarding the burden of proof required to overcome the presumption of patent validity and the subsequent uniform adoption of the clear and convincing standard in the Federal Circuit. It has also discussed the recent resurgence of support for a preponderance of the evidence standard, especially where the PTO did not consider relevant prior art in its patent application examination. The proper course going forward is for the court to reconsider the application of a clear and convincing standard and lower the burden to a preponderance of the evidence. This change of course is

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409. *Id.* at 426.
414. *See supra* notes 389–90, 409 and accompanying text.
supported by precedent, the amount of deference due to the PTO, and the general considerations in selecting a burden of proof.

Part III examines the justification for lowering the burden of proof to a preponderance of the evidence. Part III.A argues that the Federal Circuit should have considered the conflict among the circuit courts concerning what burden of proof should apply. Part III.B argues that a strong reason for the heightened burden—administrative deference—is not justified because of PTO procedures and because the PTO should only be accorded Skidmore deference. Part III.C asserts that the policy considerations for selecting a burden weigh in favor of a preponderance of the evidence standard to overcome a patent’s presumption of validity.

A. Precedent for a Preponderance

Since 1982, the Federal Circuit has had jurisdiction over most appeals in patent cases.415 Before the Federal Circuit was established, however, the appeals courts for the various circuits heard patent appeals.416 The circuits disagreed about what burden of proof should be applied to overcome the presumption of patent validity.417 Although multiple courts applied a heightened burden, some did not express specifically what burden applied and simply held that the burden was more than a preponderance, either clear and convincing or beyond a reasonable doubt.418

There were three circuits that applied a preponderance of the evidence standard.419 These circuits recognized that in the usual patent case where invalidity is at issue, where the concern for parol or unreliable evidence is not present, a heightened standard is not justified.420 They also correctly noted that the presumption of patent validity has no evidentiary value and merely operates to place the burden on the party asserting invalidity.421

The CCPA also adopted the clear and convincing standard, but without any explanation or consideration of the circuit courts’ precedent.422 The CCPA correctly held that the presumption is never destroyed, even when invalidity is supported by prior art not considered by the PTO.423 This precedent is important because the Federal Circuit adopted it when it was created in 1982.424

The Federal Circuit started down the correct path by reaffirming that the presumption never disappears.425 It was also correct in maintaining that a

415. See supra notes 55–58 and accompanying text.
416. See supra notes 51–52 and accompanying text.
417. See supra Part II.A.
418. See supra Part II.A.1.
419. See supra Part II.A.2.
420. See supra Part II.A.2.
421. See supra note 269 and accompanying text.
422. See supra notes 353–58 and accompanying text.
423. See supra notes 359–62 and accompanying text.
424. See supra note 368 and accompanying text.
425. See supra notes 385–86 and accompanying text.
burden of proof does not apply to a legal conclusion, such as invalidity. The court erred, however, in taking a giant leap from its precedent and holding in *American Hoist* that the presumption must be overcome by clear and convincing evidence. When the Federal Circuit addressed the question of the applicable burden of proof, it did not adequately address the motivations for selecting a burden of proof as outlined by the Supreme Court, nor did it address the conflict in the circuit courts of appeals. Thus, the selection of a clear and convincing standard was not thoroughly supported, and, at a minimum, the court should reconsider its application of a heightened burden.

Moreover, with respect to invalidity claims that are supported by evidence not considered by the PTO, the Federal Circuit has firmly held that the presumption of validity still applies and the burden of proof to overcome it is not lowered. This position with respect to the existence of the presumption of validity is supported by the statutory language because the statute does not make the presumption applicable in some situations but not in others. The statute firmly declares that “[a] patent shall be presumed valid,” unqualified by the type of litigation in which the patent is involved or what evidence supports a claim of invalidity. The court should reconsider its position with respect to the burden of proof when the PTO did not consider material evidence. Applying a heightened burden of proof directly conflicts with unanimous circuit court precedent. The Federal Circuit did not adequately consider this precedent when deciding what burden applies, and it should have done so.

B. Deserving Deference?

1. PTO Procedures

The PTO is struggling. It must evaluate many patent applications with insufficient resources. For example, 485,312 patent applications were filed in 2008 alone. The PTO is currently staffed by approximately 6000 patent examiners, but examiners spend an average of eighteen hours over a two- to three-year period examining each patent application. Although the PTO examiners are experienced and their expertise is due deference, that deference does not support a clear and convincing standard.

426. *See supra* notes 369–76 and accompanying text.
427. *See supra* notes 382–87 and accompanying text.
429. *See supra* notes 382–87 and accompanying text.
431. *Id.*
433. *U.S. Patent & Trademark Office, supra* note 20, at 11; *see Allison & Lemley, supra* note 20, at 2101 (noting that the average time that a patent takes to issue is 2.77 years); *Lemley, supra* note 20, at 1500 (stating that examiners spend eighteen hours over two to three years examining an application).
The proceedings within the PTO are ex parte in nature. For that reason, patents are evaluated with input from only the applicant and the examiner, not third parties. Not only are examiners overburdened by the sheer number of patent applications, but they also may have inadequate access to prior art. In addition, a patent applicant enjoys significant advantages that favor patentability during examination. The PTO issues patents based on a preponderance of the evidence. All of these limitations taken along with the statutory presumption of validity tip the balance greatly in favor of the patentee. The patentee already enjoys significant benefits; those challenging a patent should not have to overcome both those benefits and the added hurdle of a heightened burden of proof to overcome the patent’s presumption of validity. In order to balance out those benefits already enjoyed by the patentee, the burden of proof should be lowered to a preponderance of the evidence.

2. Administrative Deference

The PTO, as an administrative agency, is presumed to have done its job. When the PTO grants (or denies) a patent, it makes both factual findings and legal determinations. These legal determinations are due deference from the courts, but the factual findings are reviewed for “substantial evidence.” This standard of review does not necessitate a heightened burden of proof.

With respect to its legal determinations, the deference due to the PTO depends on whether its proceedings qualify as formal adjudications. Because the PTO does not have substantive rulemaking authority and because patent applications are reviewed in an ex parte, informal fashion, the PTO is likely due Skidmore, as opposed to Chevron, deference. Thus, the PTO’s ultimate determination of patentability, a legal decision, deserves respect, but is not conclusive. A reviewing court will consider the thoroughness of the PTO’s examination to determine how much weight to give the legal determinations. Considering the nature of patent examination in conjunction with the fact that examiners are overburdened, the PTO’s legal decisions, while entitled to respect, should not be conclusive and do not warrant a heightened burden of proof. In fact, considering that the PTO awards patents upon only a preponderance of the

435. Id.
436. Id. ch. 5, at 7.
437. See id. ch. 5, at 9.
438. See id. ch. 5, at 26.
439. See supra note 384 and accompanying text.
440. See supra notes 177–79 and accompanying text.
441. See supra Part I.C.
442. See supra Part I.C.1.
443. See Benjamin & Rai, supra note 147, at 299 (asserting that the PTO’s legal determinations probably deserve Skidmore deference).
444. See supra note 158 and accompanying text.
evidence, courts should only require a preponderance of the evidence to prove that the patent is in fact invalid.

The situation changes when invalidity is asserted in litigation and the claim is supported by evidence the PTO did not consider when initially awarding the patent. In this case, since the PTO did not consider the evidence there is no agency decision to which to defer. As the circuit courts unanimously recognized, when evidence was not considered by the PTO, the reasons to defer to the PTO “no longer exist.” As asserted by two commentators, “[u]nder standard administrative law doctrine (and as a matter of logic), no deference can be owed to factfinding that the PTO has not done.” There is no support, as far as administrative deference is concerned, for a clear and convincing burden of proof when evidence not considered by the PTO is asserted in support of an invalidity claim. The presumption that a patent is valid still applies even when prior art is asserted that was not considered by the PTO, but a preponderance of the evidence standard should be required to overcome it.

C. Policy Considerations for Choosing a Burden

As the Supreme Court has noted, choosing a burden of proof is “‘more than an empty semantic exercise.’” Because the statute assigning the burden of proof to the party asserting invalidity does not assign a weight to that burden, the courts must assign one. Patent infringement litigation, even if invalidity of the patent is at issue, does not involve the type of fraudulent or “quasi-criminal” behavior the Supreme Court has said is the typical case in which the clear and convincing standard is applied. A patent validity dispute is much more like the typical civil case with individual parties disputing over money. The rights involved in patent cases in which the burden of proof is at issue do not rise to the level of “particularly important individual interests” that courts have protected by applying a heightened burden of proof. The interests involved in patent infringement litigation usually revolve around the validity and infringement of the patent and the resulting economic loss from that infringement. This type of litigation is exactly the civil monetary dispute that the Supreme Court has explained is a case in which a preponderance of the evidence standard is applied.

Moreover, the public has an important interest in invalidating bad patents. Bad patents undermine the delicate balance that Congress has

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445. Baumstimer v. Rankin, 677 F.2d 1061, 1066 (5th Cir. 1982); see supra Part II.A.3.
446. Benjamin & Rai, supra note 147, at 293.
448. See supra notes 104–05 and accompanying text.
449. See supra notes 125–27 and accompanying text.
450. See supra notes 122–23 and accompanying text.
451. See supra note 127 and accompanying text.
452. See supra note 62 and accompanying text.
453. See supra notes 122–23 and accompanying text.
struck between free competition and the limited monopolies awarded by patents. Owners of nondeserving patents can obtain royalties and benefits from a patent that should not have been granted. Bad patents can, in essence, “tax legitimate business activity.” Applying a heightened burden of proof in litigation places a large hurdle in front of potential challenges to validity, directly conflicting with the policy of promoting invalidation of bad patents. Since it is just as important to invalidate bad patents as it is to uphold meritorious ones, courts ought to evenly allocate the “risk of error” between the parties by applying a preponderance of the evidence burden of proof. The clear and convincing standard places a hurdle in front of the challenging party and benefits the patent owner. Since the challenger’s interest in invalidating the patent is, at a minimum, as strong as the patentee’s interest in upholding its patent, courts should apply a preponderance of the evidence in order to put the parties on equal footing.

D. A Dual Standard Is Not Workable

The argument for a lower burden of proof is slightly stronger when the PTO did not consider evidence presented at trial to prove invalidity. However, having a dual standard in patent validity litigation would pose application problems. When invalidity is asserted, the court would have to decide whether the PTO “actually considered” the asserted evidence, an inquiry it does not currently have to undertake. This would require “collateral litigation to determine the appropriate burden of proof,” and courts would likely have difficulty determining whether prior art was considered. To avoid increased litigation and judicial inquiry into the PTO’s treatment of certain evidence, a dual standard should not be adopted, and the burden of proof should be lowered to a preponderance of the evidence regardless of what evidence is presented at trial.

CONCLUSION

The courts have imposed a clear and convincing evidence standard where Congress did not prescribe one. Although it is the court’s job to impose a burden of proof where Congress is silent, this burden of proof should be revisited. It is important to uphold valid patents and give teeth to the statutory presumption of validity. However, it is equally important that

454. See Doug Lichtman & Mark A. Lemley, Rethinking Patent Law’s Presumption of Validity, 60 STAN. L. REV. 45, 48 (2007) (explaining that “[u]nder normal circumstances” the patent system “encourages both the creation of new ideas and their dissemination,” but “[p]atents that are issued wrongly, however, do not follow this pattern”).
455. Id.
456. See supra notes 119–20 and accompanying text.
458. See id. at 14.
invalid patents are not enforced in litigation as a result of an inappropriately heavy burden of proof. The Federal Circuit should consider the precedent from the courts of appeals decided before the Federal Circuit was created, something it did not do when it initially imposed a heightened burden of proof. The court should also consider the deference due to Patent Office decisions keeping in mind the many benefits a patentee enjoys during examination and the overburdened state of the Patent Office. It is time for the court to reconsider its burden of proof and realign it with general principles for selecting a burden of proof and the important interest society has in enforcing only valid patents.