

U.S. Supreme Court decides case brought by i4i against Microsoft

The case Toronto's i4i brought against Microsoft Inc. can be considered from a number of different perspectives. There is an element of David v. Goliath in the story due to the significant disparity in the sizes of the two organizations. There is also an element of irony in a corporation that has vigorously asserted its intellectual property rights in building its own business having to defend itself from charges that it misappropriated the intellectual property of another. But apart from the decision that the lower courts' award of about \$290 million in damages must now be paid, does the i4i case mean anything to patent owners, particularly Canadian patent owners?

The good news is that nothing has really changed, as Microsoft's argument that the standard of proof necessary to invalidate a patent should be reduced was rejected by the U.S. Supreme Court. Writing for the court, Justice Sotomayor noted that the Supreme Court in 1934 had reviewed nearly a century of case law and concluded that "there is a presumption of validity, a presumption not to be overthrown except by clear and cogent evidence." In 1952 the U.S. patent legislation was revised, and an explicit statutory presumption of validity was added. Justice Sotomayor noted that the Court of Appeals for the Federal Circuit (the appeals court to which all patent appeals go) had concluded that the statutory presumption required clear and cogent evidence of invalidity, and had never wavered from this standard in 30 years of decisions. Justice Sotomayor also noted that despite some criticism of the standard, Congress had not seen fit to change the standard of proof although it had changed many other aspects of the patent statute.

How does this standard compare to the standard of proof required in Canada? In 2002 the Supreme Court of Canada considered the issue in the AZT case. They held that: "There is no privative clause and the statutory presumption of the patent's validity in s. 45 of the Patent Act is rather weakly worded. It provides that after issuance a patent "in the absence of any evidence to the

contrary” is presumed to be valid.... In other words, the statutory “presumption” adds little to the onus already resting, in the usual way, on the attacking party.” On the surface then, one might think that a different standard applies in Canada, and it would be easier to invalidate a Canadian patent than a United States patent. However, in the AZT case the Court also noted that a “patent should be approached with a judicial anxiety to support a really useful invention” and that in that particular case the “onus was on the appellants to show that the patent is invalid, not on [the patent owner] to show that it is valid.”

In the end, the apparent difference in the statement of the standard of proof is unlikely to change the outcome in many cases. Judges are human, and people generally look at the available evidence and decide whether a particular event occurred or it didn't. While a gray zone in which an event probably happened, but the court cannot be convinced that it did happen may exist in theory, in practice such cases must be rare. In most cases the evidence is pretty clear one way or another whether device A was on the market at a date early enough to be considered for invalidity. The bigger question in such cases is whether A is close enough to what is claimed in the patent to actually result in invalidity. For practical purposes, it is hard to see that the difference in words actually results in different outcomes.

by Peter Wells

For more information on this topic, please contact:

Toronto Peter Wells 416.307.4007 peter.wells@mcmillan.ca

a cautionary note

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