

tain consideration of the absurdity doctrine.<sup>96</sup> When the text of a statute is clear and unambiguous, a sizeable majority of the present Court does not seem interested in squarely confronting and grappling with the real costs to society entailed by a strict textualist approach.

Thus, only Congress is left to prevent the disclosure of information that would threaten public safety where such information is not already protected by other FOIA exemptions. Congress can go about this task in either of two ways: it can amend FOIA, or it can exempt individual pieces of information on a piecemeal basis.<sup>97</sup> There is already movement afoot in Congress to do the latter with regard to the arc maps sought in *Milner*.<sup>98</sup> Congress is very busy, though; in the long run, it might be much more practical simply to add a new general exemption to FOIA that permits agency withholdings of information when disclosure would threaten public safety.

### C. Patent Act of 1952

*Standard of Proof.* — The U.S. patent system is failing to adequately promote innovation.<sup>1</sup> Common criticisms include that the U.S. Patent and Trademark Office (PTO) is understaffed and underfunded,<sup>2</sup> and that an increase in the number of “patent trolls” — entities that do not innovate but instead buy and assert patents in court — has impeded innovation.<sup>3</sup> Despite these problems, Congress for many years left maintenance of the patent system to the Supreme Court,<sup>4</sup> which

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<sup>96</sup> This shift has become more pronounced within just a few years: as recently as 2007, Justice Stevens wrote in a concurring opinion that he would have sided with the majority even if a “literal reading of the statutory text” would have dictated the opposite result, simply because his understanding of congressional “intent” on the matter would have necessitated such an outcome. *Zuni Pub. Sch. Dist. No. 89 v. Dep’t of Educ.*, 550 U.S. 81, 106–07 (2007) (Stevens, J., concurring).

<sup>97</sup> Exemption 3 purports to provide Congress with authority to “specifically exempt [information] from disclosure by statute” so long as certain conditions are met, 5 U.S.C. § 552(b)(3) (2006 & Supp. IV 2010), but it is doubtful that this exemption is either necessary or binding, since a more recently enacted statute would presumptively govern regardless.

<sup>98</sup> See Letter from Glen Milner to Sen. Patty Murray (June 16, 2011), reprinted in *Perspective: Navy Seeks New Exemption for Indian Island Information*, PORT TOWNSEND & JEFFERSON COUNTY LEADER (Wash.), June 22, 2011, <http://ptleader.com/main.asp?SectionID=5&SubSectionID=5&ArticleID=29484>.

<sup>1</sup> See FED. TRADE COMM’N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY 5 (2003). See generally ADAM B. JAFFE & JOSH LERNER, INNOVATION AND ITS DISCONTENTS: HOW OUR BROKEN PATENT SYSTEM IS ENDANGERING INNOVATION AND PROGRESS, AND WHAT TO DO ABOUT IT (2004).

<sup>2</sup> See Mark A. Lemley, Essay, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1496 (2001); see also *id.* at 1500 (“The total average time the examiner spends on all [patent-evaluation] tasks over the two- to three-year prosecution of the patent is eighteen hours.”).

<sup>3</sup> See Mark A. Lemley & Carl Shapiro, *Patent Holdup and Royalty Stacking*, 85 TEX. L. REV. 1991, 2009–10 (2007).

<sup>4</sup> However, after the conclusion of the most recent Supreme Court Term, Congress did pass a law making sweeping changes to the patent system. See Leahy-Smith America Invents Act, H.R. 1249, 112th Cong. (2011) (enacted).

has issued a series of opinions altering Federal Circuit patent doctrine.<sup>5</sup> Last Term, in *Microsoft Corp. v. i4i Ltd. Partnership*,<sup>6</sup> the Supreme Court held that a party challenging the validity of a patent must prove invalidity by clear and convincing evidence, even if the PTO did not consider a relevant piece of prior art.<sup>7</sup> The Court's opinion marked a shift in its patent jurisprudence, forgoing the policy-laden language of its recent cases<sup>8</sup> and upholding the Federal Circuit's rule. The Court's desire to stay out of a policy debate about the patent system is admirable. But the Court misused several tools of statutory interpretation in an attempt to portray itself as constrained by the Patent Act of 1952.<sup>9</sup> It should have acknowledged the ambiguity inherent in the Act and placed the burden to produce a workable solution on Congress.

The Patent Act states that "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."<sup>10</sup> Since the 1980s, the Federal Circuit has consistently imposed upon the party challenging a patent's validity not only the burden of proof, but also a heightened standard of proof<sup>11</sup>: the challenging party must prove invalidity by clear and convincing evidence.<sup>12</sup> However, the Supreme Court recently called the Federal Circuit's interpretation into question when it noted that the asserted rationale for the clear and convincing evidence standard "seems much diminished" in cases where the challenging party introduces prior art that has not been considered by the PTO.<sup>13</sup>

In 1998, the PTO granted i4i's application for a patent (the '449

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<sup>5</sup> See, e.g., *Bilski v. Kappos*, 130 S. Ct. 3218 (2010); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006); see also John M. Golden, Commentary, "Patent Trolls" and Patent Remedies, 85 TEX. L. REV. 2111, 2112-13 (2007) (framing *eBay* as a response to the harm of patent trolls).

<sup>6</sup> 131 S. Ct. 2238 (2011).

<sup>7</sup> The Patent Act, 35 U.S.C. §§ 1-376 (2006), defines "prior art" as any publicly available information confirming that the subject matter sought to be patented was "obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." *Id.* § 103(a).

<sup>8</sup> See, e.g., *Bilski*, 130 S. Ct. at 3227 (plurality opinion) (arguing that changing technology necessitates flexible patent rules); *eBay*, 547 U.S. at 393 (supporting a flexible test for injunctions because different patent holders might wish to use their patents in different ways).

<sup>9</sup> 35 U.S.C. §§ 1-376.

<sup>10</sup> *Id.* § 282.

<sup>11</sup> Following the Supreme Court's lead, this Comment will use "burden of proof" to identify the party that "must persuade the jury in its favor to prevail." *Microsoft*, 131 S. Ct. at 2245 n.4. It will use "standard of proof" to identify the "degree of certainty" by which the party bearing the burden of proof must convince the factfinder that its claims are true — for example, by a "preponderance of the evidence" or by "clear and convincing evidence." *Id.*

<sup>12</sup> See, e.g., *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984) ("[Section 282] imposes the burden of proving [patent] invalidity on the attacker. That burden is constant and never changes and is to convince the court of invalidity by clear evidence.").

<sup>13</sup> *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 426 (2007).

patent) for a method to store the contents of a document separately from data regarding the document's structure.<sup>14</sup> In 2007, *i4i* filed suit against Microsoft, claiming that the XML editing software included in versions of Microsoft Word infringed several claims in the '449 patent.<sup>15</sup> In 2009, a jury found the '449 patent valid and infringed, and it awarded *i4i* \$200 million in damages.<sup>16</sup>

The District Court for the Eastern District of Texas denied Microsoft's motions for judgment as a matter of law and for a new trial on a variety of grounds.<sup>17</sup> Among other arguments, Microsoft claimed that the '449 patent was invalid under the Patent Act's on-sale bar,<sup>18</sup> which states that a patent is invalid if the invention was "on sale in this country, more than one year prior to the date of the application for patent in the United States."<sup>19</sup> Both sides agreed that the '449 patent's inventors had sold a product called S4 more than a year before filing their application for the '449 patent. They disagreed over whether S4 practiced the claims in the '449 patent.<sup>20</sup> The district court refused to overturn the jury's finding that the '449 patent was valid, holding that Microsoft had not proved invalidity by clear and convincing evidence.<sup>21</sup> The court also awarded \$40 million in enhanced damages and a variety of other damages and interest,<sup>22</sup> bringing the total award to almost \$300 million.

The Court of Appeals for the Federal Circuit affirmed.<sup>23</sup> Writing for the panel, Judge Prost<sup>24</sup> confirmed that Microsoft was required to prove the patent's invalidity by clear and convincing evidence.<sup>25</sup> Microsoft had not proved invalidity as a matter of law, and the jury was

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<sup>14</sup> *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 839 (Fed. Cir. 2010). The patented method relates to XML, a computer language that inserts "tags" around text to tell a computer how to process that text. *See id.* at 839–40. For instance, "a tag indicating that '717 Madison Pl. NW' is an address might appear as <address>717 Madison Pl. NW</address> where 'address' is the tag's name." *Id.* at 840. The patented method creates a map of these tags that is stored separately from the text of the file. *Id.*

<sup>15</sup> *Id.* at 840.

<sup>16</sup> *i4i Ltd. P'ship v. Microsoft Corp.*, 670 F. Supp. 2d 568, 573 (E.D. Tex. 2009).

<sup>17</sup> *Id.* at 572–73, 573–96.

<sup>18</sup> *Id.* at 584.

<sup>19</sup> 35 U.S.C. § 102(b) (2006); *see also Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67–68 (1998) (describing test for proving patent invalid due to on-sale bar).

<sup>20</sup> *i4i*, 670 F. Supp. 2d at 584. Specifically, the '449 patent was limited to products that created a "metacode map" of the locations of XML tags; S4's inventors testified that it had created no such map. *Id.* S4's source code, which could have resolved this dispute, had been destroyed "years before this litigation began." *i4i*, 598 F.3d at 846.

<sup>21</sup> *i4i*, 670 F. Supp. 2d at 585.

<sup>22</sup> *See id.* at 596–98.

<sup>23</sup> *i4i*, 598 F.3d at 839.

<sup>24</sup> Judge Prost was joined by Judges Schall and Moore.

<sup>25</sup> *i4i*, 598 F.3d at 848.

free to credit the testimony of *i4i*'s experts over Microsoft's experts.<sup>26</sup> The court also considered the impact of the Supreme Court's dictum in *KSR International Co. v. Teleflex Inc.*<sup>27</sup> that, in cases where relevant prior art was not presented to the PTO, "the rationale underlying the presumption [of validity] — that the PTO, in its expertise, has approved the claim — seems much diminished."<sup>28</sup> Judge Prost found that the *KSR* dictum was not controlling and that a number of Federal Circuit cases made clear that *KSR* did not change the standard of proof for proving patent invalidity.<sup>29</sup>

The Supreme Court affirmed.<sup>30</sup> Writing for the Court, Justice Sotomayor<sup>31</sup> noted that § 282 of the Patent Act includes no explicit statement of the requisite standard of proof.<sup>32</sup> However, she argued that the "statutory inquiry . . . cannot simply end" with § 282's ordinary meaning.<sup>33</sup> Instead, when Congress stated that a patent is "presumed valid," it used a common law term whose meaning incorporated the clear and convincing standard of proof.<sup>34</sup> Justice Sotomayor found evidence supporting this common law meaning in *Radio Corp. of America v. Radio Engineering Laboratories, Inc.*<sup>35</sup> (*RCA*). In that case, Justice Cardozo explained that "one 'common core of thought and truth' unified the [Court's patent] decisions: '[O]ne otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion, and fails unless his evidence has more than a dubious preponderance.'"<sup>36</sup> Thus, patents are "presumed to be valid until the presumption has been overcome by convincing evidence of error."<sup>37</sup> Because § 282 provided no evidence that Congress wanted to drop the standard of proof from the presumption,<sup>38</sup> the Court found that Congress meant to incorporate the "cluster of ideas" associated with the common law term.<sup>39</sup> The Court also considered — in a footnote that spoke only "[f]or those [Justices] for whom it is relevant" —

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<sup>26</sup> *Id.*

<sup>27</sup> 550 U.S. 398 (2007).

<sup>28</sup> *Id.* at 426. The statement was dictum because the *KSR* Court held that the underlying invention was obvious, *id.*, and thus unpatentable regardless of which standard of proof was applied.

<sup>29</sup> *i4i*, 598 F.3d at 848 (citing cases).

<sup>30</sup> *Microsoft*, 131 S. Ct. at 2253.

<sup>31</sup> Justice Sotomayor was joined by Justices Scalia, Kennedy, Ginsburg, Breyer, Alito, and Kagan. Chief Justice Roberts recused himself.

<sup>32</sup> *Microsoft*, 131 S. Ct. at 2245.

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* at 2245–46.

<sup>35</sup> 293 U.S. 1 (1934).

<sup>36</sup> *Microsoft*, 131 S. Ct. at 2245 (alteration in original) (quoting *RCA*, 293 U.S. at 8).

<sup>37</sup> *Id.* at 2246 (quoting *RCA*, 293 U.S. at 7) (internal quotation mark omitted).

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 2247 (quoting *Beck v. Prupis*, 529 U.S. 494, 501 (2000)).

the Patent Act's legislative history.<sup>40</sup> The House and Senate Reports accompanying the Patent Act both stated that the Act "introduces a declaration of the presumption of validity of a patent, which is now a statement made by courts in decisions, but has had no expression in the statute."<sup>41</sup> This statement provided the Court with further evidence that Congress was referring to *RCA* when it drafted § 282.<sup>42</sup>

The Court next addressed Microsoft's arguments about the standard of proof in cases prior to the Patent Act's passage. Microsoft argued that, before 1952, the clear and convincing standard applied only in two limited types of cases: those involving oral testimony of prior invention, due to the unreliability of this oral testimony; and those challenges involving priority of invention, where priority had already been litigated in PTO proceedings.<sup>43</sup> The Court rejected this argument, finding that, "[s]quint as we may, we fail to see the qualifications that Microsoft purports to identify in our cases."<sup>44</sup> Microsoft also argued that there was no settled presumption of validity in 1952, due to several district court decisions that imposed different standards of proof or placed the burden of proof on the patent grantee.<sup>45</sup> But the Court reiterated that the language of *RCA* was controlling: "that some lower courts doubted its wisdom or even pretended it did not exist is of no moment."<sup>46</sup>

The Court then turned to Microsoft's argument that the preponderance of the evidence standard should apply if prior art before the jury was not considered by the PTO.<sup>47</sup> The Court found that the standard enunciated in *RCA* "admitted of no apparent exceptions" and that its opinions "do not indicate, even in dicta, that anything less than a clear-and-convincing standard would ever apply to an invalidity defense."<sup>48</sup> While several pre-1952 decisions in the courts of appeals did

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<sup>40</sup> *Id.* at 2249 n.8. This construction appears to be designed to allow Justice Scalia to join the opinion in full rather than joining with respect to everything except footnote eight.

<sup>41</sup> *Microsoft*, 131 S. Ct. at 2249 n.8 (quoting S. REP. NO. 82-1979, at 9 (1952); H.R. REP. NO. 82-1923, at 10 (1952)) (internal quotation mark omitted).

<sup>42</sup> Because the Patent Act already placed the burden of proving patent invalidity on the defendant before its revision in 1952, the Court argued that "the only thing missing from § 282's predecessor was the heightened standard of proof itself." *Id.*

<sup>43</sup> *Id.* at 2247.

<sup>44</sup> *Id.* Justice Sotomayor cited a number of cases that included broad language about the standard of proof, absent any link to oral testimony or issues of priority. *See id.* at 2247-48 (citing cases).

<sup>45</sup> *Id.* at 2248 n.7.

<sup>46</sup> *Id.* The Court also noted that no proposed interpretation of § 282 avoids the canon against superfluity. Microsoft's suggested interpretation — that the phrase "[a] patent shall be presumed valid" only allocates the burden of proof — makes that phrase superfluous to the accompanying statement that the burden of establishing invalidity "shall rest on the party asserting such invalidity." *Id.* at 2248-49.

<sup>47</sup> *Id.* at 2249 (citing *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 426 (2007)).

<sup>48</sup> *Id.* at 2250.

speaking of the presumption of validity being “weakened” or “dissipated” for prior art not considered by the PTO,<sup>49</sup> the Court held that these cases simply upheld the Federal Circuit’s interpretation that evidence not considered by the PTO might “carry more weight” than evidence the PTO had previously considered.<sup>50</sup> Thus, the party asserting invalidity can request a jury instruction to “evaluate whether the evidence before it is materially new” and to weigh that fact when determining if invalidity has been proved by clear and convincing evidence.<sup>51</sup>

Finally, the Court briefly examined the parties’ countervailing policy arguments.<sup>52</sup> However, the Court found itself “in no position to judge the comparative force of these policy arguments” in light of the fact that, “[f]or nearly 30 years, the Federal Circuit has interpreted § 282 as we do today.”<sup>53</sup> While Congress had amended the Patent Act in a variety of ways since 1952, it had left § 282 “untouched.”<sup>54</sup>

Justice Breyer concurred.<sup>55</sup> He wrote separately to emphasize that the clear and convincing standard applies only to questions of fact and not to questions of law.<sup>56</sup> He noted that judges can help preserve this division by using special instructions to help determine which findings of fact support the jury’s overall verdict.<sup>57</sup>

Justice Thomas concurred in the judgment.<sup>58</sup> He did “not think that the words ‘[a] patent shall be presumed valid’ so clearly conveyed a particular standard of proof to the judicial mind in 1952 as to constitute a term of art.”<sup>59</sup> However, because § 282 did not include a standard of proof, Justice Thomas found that the common law rule as set forth in *RCA* still applied and thus that the clear and convincing standard was correct.<sup>60</sup>

In its recent patent cases, the Supreme Court has not hesitated to

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<sup>49</sup> *Id.* at 2250; *see also id.* at 2250–51 (citing cases).

<sup>50</sup> *Id.* at 2251 (quoting *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984)) (internal quotation marks omitted).

<sup>51</sup> *Id.* Microsoft had failed to request such a jury instruction during the trial and thus waived this argument on appeal. *Id.*

<sup>52</sup> Microsoft claimed that the PTO is overworked and understaffed, that the clear and convincing standard makes it difficult to invalidate bad patents, and that *inter partes* reexamination proceedings before the PTO are inadequate because the on-sale bar cannot be raised there. *Id.* at 2251–52. 141 argued that eliminating the clear and convincing standard would dissuade inventors from disclosing their innovations, that Congress’s limitations on the reexamination process protects patent holders’ reliance interests, and that many juries do find patents invalid under the current standard. *Id.* at 2252.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> *Id.* at 2253 (Breyer, J., concurring). Justice Breyer was joined by Justices Scalia and Alito.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* (Thomas, J., concurring in the judgment).

<sup>59</sup> *Id.*

<sup>60</sup> *Id.* at 2254.

invalidate longstanding Federal Circuit rules in favor of a standard-based approach. For instance, in *Bilski v. Kappos*,<sup>61</sup> the Court held that the Federal Circuit's machine-or-transformation test is not the sole metric for determining whether a process is patentable.<sup>62</sup> The plurality opinion noted that this test was particularly unworkable because it would "create uncertainty as to the patentability of . . . emerging technologies," including software and medical techniques.<sup>63</sup> Similarly, in *eBay Inc. v. MercExchange, L.L.C.*,<sup>64</sup> the Court rejected the Federal Circuit's "general rule that courts will issue permanent injunctions against patent infringement"<sup>65</sup> and replaced it with a more flexible four-factor test.<sup>66</sup> In his concurrence in *eBay*, Justice Kennedy noted the existence of "firms [that] use patents . . . primarily for obtaining licensing fees" as one factor supporting reversal of the Federal Circuit's rule.<sup>67</sup> It is thus somewhat surprising that the *Microsoft* Court ignored policy considerations, including the dictum in *KSR*, in upholding the Federal Circuit's rule.<sup>68</sup> The Court's decision to leave maintenance of the Patent Act to Congress is likely the correct one in the long run. But the Court's claim that the Patent Act tied its hands relied on a misapplication of tools of statutory interpretation.

First, the Court applied the canon that, when Congress inserts a common law term into a statute, the Court assumes that the term takes on its common law meaning.<sup>69</sup> In *Microsoft*, because the Court found that the common law meaning was stated in a Court case (*RCA*), it also implicitly applied the assumption that Congress is "thoroughly familiar with . . . unusually important precedents from this and other federal courts and that it expect[s] its enactment[s] to be interpreted in conformity with them."<sup>70</sup> Notably, this assumption refers to "other federal courts" in addition to the Supreme Court, just as the legislative history accompanying § 282 refers to the presumption of validity as "a statement made by *courts* in decisions."<sup>71</sup> Before 1952, some lower

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<sup>61</sup> 130 S. Ct. 3218 (2010).

<sup>62</sup> *Id.* at 3225–28.

<sup>63</sup> *Id.* at 3227 (plurality opinion).

<sup>64</sup> 547 U.S. 388 (2006).

<sup>65</sup> *Id.* at 391 (quoting *MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1339 (Fed. Cir. 2005)) (internal quotation mark omitted).

<sup>66</sup> *Id.* at 393–94.

<sup>67</sup> *Id.* at 396 (Kennedy, J., concurring).

<sup>68</sup> The Court's refusal to extend *KSR*'s rationale is particularly surprising because the most natural reading of the Patent Act would place the burden of proof on the challenging party but would say nothing about the appropriate standard of proof. *Cf. Microsoft*, 131 S. Ct. at 2246 ("We recognize that it may be unusual to treat a presumption as alone establishing the governing standard of proof.")

<sup>69</sup> *See id.* at 2245; *Morissette v. United States*, 342 U.S. 246, 263 (1952).

<sup>70</sup> *Cannon v. Univ. of Chi.*, 441 U.S. 677, 699 (1979).

<sup>71</sup> S. REP. NO. 82-1979, at 9 (1952) (emphasis added); H.R. REP. NO. 82-1923, at 10 (1952)

courts suggested that the presumption had been eliminated<sup>72</sup> or even reversed to place the burden “upon the patentee to establish validity.”<sup>73</sup> And other lower courts mentioned the presumption but applied a preponderance of the evidence standard of proof.<sup>74</sup>

It is strange that the Court discounted the decisions of lower courts questioning the continuing relevance of the presumption of patent validity.<sup>75</sup> Absent a consensus about both whether a presumption existed and whether a standard of proof attached to that presumption, there cannot have been a settled common law meaning for Congress to have adopted in drafting § 282. Of course, it is often a fiction that Congress legislates with *any* court’s decisions firmly in mind.<sup>76</sup> But if the Court believes such a fiction is worth preserving — perhaps because it helps “hold legislators accountable for what they have actually passed”<sup>77</sup> — then the Court should apply that fiction consistently.

The *Microsoft* Court did make an effort to explain why the lower courts’ decisions should have been ignored; it claimed that those opinions conflict with the *RCA* Court’s historical analysis of the standard of proof and thus are “of no moment” in interpreting Congress’s intent.<sup>78</sup> But, even assuming this claim is true, the Court cannot mean that Congress selectively ignores court decisions that might conflict with higher court precedent. Such an approach would require the drafter to function as an independent interpreter of law rather than someone who, “like other citizens,” simply “know[s] the law,”<sup>79</sup> and would thus contradict the very purposes of the legislative fiction.

Second, the Court’s use of legislative history in *Microsoft* failed to comport with its standard approach. Those Justices who consider legislative history generally assume that some types of history are more persuasive than are others.<sup>80</sup> Committee reports are the most fa-

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(emphasis added).

<sup>72</sup> See, e.g., *Ginsberg v. Ry. Express Agency*, 72 F. Supp. 43, 44 (S.D.N.Y. 1947).

<sup>73</sup> See, e.g., *Myers v. Beall Pipe & Tank Corp.*, 90 F. Supp. 265, 268 (D. Or. 1948).

<sup>74</sup> See, e.g., *Cooper v. Westchester Cnty.*, 85 F. Supp. 589, 608 (S.D.N.Y. 1949) (“[T]he presumption is that [plaintiff] is the inventor and the burden to overcome this presumption by a fair preponderance of the evidence, is upon defendants.”).

<sup>75</sup> See *Microsoft*, 131 S. Ct. at 2248 n.7. Strikingly, later in the opinion the Court assumed that Congress *had* paid attention to Federal Circuit decisions that were in line with *RCA*. *Id.* at 2252.

<sup>76</sup> See Victoria F. Nourse & Jane S. Schacter, *The Politics of Legislative Drafting: A Congressional Case Study*, 77 N.Y.U. L. REV. 575, 600 (2002) (“[D]elving deeply into interpretive law as a way to maximize clarity does not seem to be part of what [congressional] staffers do on a regular basis.”).

<sup>77</sup> John F. Manning, *Textualism as a Nondelegation Doctrine*, 97 COLUM. L. REV. 673, 692 (1997).

<sup>78</sup> *Microsoft*, 131 S. Ct. at 2248 n.7.

<sup>79</sup> *Cannon v. Univ. of Chi.*, 441 U.S. 677, 697 (1979).

<sup>80</sup> See William N. Eskridge, Jr., *The New Textualism*, 37 UCLA L. REV. 621, 636–40 (1990) (ranking six different types of legislative history).

vored,<sup>81</sup> while the most disfavored include statements by nonlegislative drafters, legislative silence, and post-enactment history.<sup>82</sup> But in *Microsoft*, the Court confined the committee reports to a footnote<sup>83</sup> even as it elevated disfavored types of history. This derogation of favored legislative history is particularly troubling because the committee reports are at best silent about whether § 282 specifies a standard of proof<sup>84</sup> and because the ordinary meaning of the statute incorporates only a burden of proof.<sup>85</sup> Despite this evidence, the Court quoted with approval Judge Rich's opinion in the 1984 case *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*<sup>86</sup> (*AmHoist*), in part because Judge Rich was "a principal drafter of the 1952 Act."<sup>87</sup> The Court thus deferred to the post-enactment statements of a nonlegislative drafter — a combination of two disfavored types of legislative history.<sup>88</sup> Similarly, the Court accorded weight to the lack of amendment to § 282 since 1952.<sup>89</sup> However, the Court has previously stated that "unsuccessful attempts at legislation are not the best of guides to legislative intent."<sup>90</sup>

The Court's inversion of the traditional hierarchy of legislative history may have been motivated by a desire to curtail its practice of providing case-by-case fixes to the patent system by consistently invalidating the Federal Circuit's tests.<sup>91</sup> Indeed, there are good reasons to

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<sup>81</sup> *Id.* at 637; *cf.* *Zuber v. Allen*, 396 U.S. 168, 186 (1969) ("A committee report represents the considered and collective understanding of those Congressmen involved in drafting and studying proposed legislation.")

<sup>82</sup> See Eskridge, *supra* note 80, at 639–40.

<sup>83</sup> See *Microsoft*, 131 S. Ct. at 2249 n.8.

<sup>84</sup> In fact, a more natural reading of the committee reports suggests that Congress may have intended to enact a presumption with no accompanying standard of proof. The Court reasoned that, because pre-1952 versions of the Patent Act already placed the burden of proving patent invalidity on the accused infringer, the only thing that § 282's presumption of validity could be adding was a standard of proof. See *id.* But presumptions are often understood as being different from burdens of proof. See, e.g., FED. R. EVID. 301 ("[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 . . ."). While it is theoretically possible that Congress used "presumption" in § 282 to indicate a standard of proof, the Court is incorrect to argue that this is the only conceivable (or even the most likely) interpretation of the term.

<sup>85</sup> See *Microsoft*, 131 S. Ct. at 2245.

<sup>86</sup> 725 F.2d 1350 (Fed. Cir. 1984).

<sup>87</sup> *Microsoft*, 131 S. Ct. at 2243. If the Court simply found the reasoning of *AmHoist* persuasive, there would have been no need to highlight Judge Rich's connection to the 1952 Act.

<sup>88</sup> If "post-passage remarks of legislators, however explicit, cannot serve to change the legislative intent of Congress," *Reg'l Rail Reorganization Act Cases*, 419 U.S. 102, 132 (1974), then the post-passage remarks of a judge involved in the process should be entitled to even less weight.

<sup>89</sup> See *Microsoft*, 131 S. Ct. at 2252 ("Congress has amended the patent laws to account for concerns about 'bad' patents . . . . Through it all, the evidentiary standard adopted in § 282 has gone untouched.")

<sup>90</sup> *Red Lion Broad. Co. v. FCC*, 395 U.S. 367, 382 n.11 (1969).

<sup>91</sup> Last Term, the Court halted its pattern of overruling the Federal Circuit by affirming its opinions in *Microsoft* and in two other high-profile patent cases. See *Bd. of Trs. of the Leland*

believe that the Court should leave patent reform to Congress.<sup>92</sup> Effective patent reform would not only discourage the filing of bad patents, but would also promote (or at least not discourage) the filing of good patents.<sup>93</sup> Congressional reform could address both sides of this balance at once. For instance, several commentators have called for a two-tiered system of patent review, where the PTO employs “gold-plated” review for those applicants who are willing to pay more for a heightened standard of review in court.<sup>94</sup> Courts, on the other hand, can typically only benefit or disadvantage all patent holders at once.<sup>95</sup> Eliminating the clear and convincing standard might discourage the filing of bad patents,<sup>96</sup> but it would also chill the filing of good patents.<sup>97</sup> Congress itself provided further support for this argument when, following the last Term, it passed the Leahy-Smith America Invents Act.<sup>98</sup> The Act made sweeping changes to the patent system<sup>99</sup> but left the clear and convincing standard of review in place. However, Congress did address the issue of the PTO granting too many bad patents by amending the Patent Act to allow a third party to request that the PTO conduct post-grant review of a patent for invalidity.<sup>100</sup> This additional level of administrative review is exactly the sort of remedy that the Court is unable to impose.

The wildly divergent policy rationales expressed in briefs to the Court<sup>101</sup> provide further support for the Court’s decision to refrain

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Stanford Junior Univ. v. Roche Molecular Sys., Inc., 131 S. Ct. 2188, 2199 (2011); Global-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060, 2072 (2011).

<sup>92</sup> The last sentence of the Court’s opinion noted that “[a]ny re-calibration of the standard of proof remains in [Congress’s] hands.” *Microsoft*, 131 S. Ct. at 2252.

<sup>93</sup> See Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law’s Presumption of Validity*, 60 STAN. L. REV. 45, 49 (2007).

<sup>94</sup> See Alan Devlin, *Revisiting the Presumption of Patent Validity*, 37 SW. U. L. REV. 323, 352–58 (2008); Lichtman & Lemley, *supra* note 93, at 61–63. This system might encourage inventors with important patents to file for heightened review, while at the same time discouraging inventors with bad patents from wasting the PTO’s resources.

<sup>95</sup> *But cf.* 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, 319 (2007) (suggesting that courts give more deference to the PTO’s factfinding in patent denials than in patent grants).

<sup>96</sup> See Lichtman & Lemley, *supra* note 93, at 59–61.

<sup>97</sup> Patents are not absolute property rights but instead grant a patent holder “a right to *try* to exclude others by asserting its patent against them in court.” Mark A. Lemley & Carl Shapiro, *Probabilistic Patents*, J. ECON. PERSP., Spring 2005, at 75, 95. Lowering the standard of proof for proving patent invalidity will necessarily weaken the benefits of holding a patent and thus chill all patent applications to some extent.

<sup>98</sup> H.R. 1249, 112th Cong. (2011) (enacted).

<sup>99</sup> For example, the Act switched the United States from a priority of invention system to a first-to-file system. *See id.* § 3.

<sup>100</sup> *See id.* § 6(a). Post-grant review strengthens the ability of potential infringers to challenge a patent they consider invalid without forcing grantees to rely on more stringent review by lay judges and juries, who necessarily have less technical expertise than the PTO examiners.

<sup>101</sup> *See Microsoft*, 131 S. Ct. at 2251–52.

from wading into the policy debate. Commentators on both sides of the case concede that the PTO is understaffed and underfunded but disagree about whether a lower standard of proof would in fact be an improvement.<sup>102</sup> While the Court may have been right to engage in incremental correction of the patent system in *eBay* and *Bilski*,<sup>103</sup> that approach has resulted in a status quo that both sides agree is unworkable. The Court was thus wise to remove itself from the policy debate and leave further alteration of the Patent Act to the body charged with that duty.

While the *Microsoft* Court was correct to conclude that patent reform must eventually come from Congress, it was not correct to conclude that Congress unequivocally instituted the clear and convincing evidence standard of proof in 1952. The Court should be applauded for removing itself from the policy debate in this case: it was faced with an unclear statute, a variety of policy arguments on both sides of the issue, and no way to fully resolve the PTO's problems absent an ability to increase funding to the patent review system. But the Court would have been better off acknowledging the ambiguity in the Patent Act and removing itself from the patent debate as a matter of institutional competence.

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<sup>102</sup> Compare Lichtman & Lemley, *supra* note 93, at 53–56 (arguing that overworked patent examiners grant a variety of “bad” patents and that this problem should be fixed with less deferential court review), with Gene Quinn, *A 1000 Page IDS? What's at Stake in Microsoft v. i4i Case*, IPWATCHDOG (Feb. 16, 2011, 4:07 PM), <http://ipwatchdog.com/2011/02/16/a-1000-page-ids-whats-at-stake-in-microsoft-v-i4i-case> (arguing that, if the Court articulated a lower standard of proof for prior art that was not before the PTO, an already overburdened PTO would be forced to review a massive amount of prior art).

<sup>103</sup> Cf. Cass R. Sunstein, *Interpreting Statutes in the Regulatory State*, 103 HARV. L. REV. 405, 476–89 (1989) (suggesting that courts should take into account a variety of policy concerns in order to counteract failed statutes).