

No. 10-1219

IN THE
Supreme Court of the United States

DAVID J. KAPPOS, UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR,
UNITED STATES PATENT AND TRADEMARK OFFICE,
Petitioner,

v.

GILBERT P. HYATT,
Respondent.

**On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit**

SUPPLEMENTAL BRIEF FOR RESPONDENT

GREGORY L. ROTH
5712 Parkwest Circle
La Palma, California 90623
(714) 723-6871

AARON M. PANNER
Counsel of Record
KELLOGG, HUBER, HANSEN,
TODD, EVANS & FIGEL,
P.L.L.C.
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900
(apanner@khhte.com)

June 14, 2011

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
ARGUMENT.....	1
CONCLUSION.....	5

TABLE OF AUTHORITIES

	Page
CASES	
<i>Butterworth v. United States ex rel. Hoe</i> , 112 U.S. 50 (1884)	3
<i>Microsoft Corp. v. i4i LP</i> , No. 10-290, 2011 WL 2224428 (U.S. June 9, 2011)	1, 2, 3, 4, 5
<i>Radio Corp. of Am. v. Radio Eng'g Labs., Inc.</i> , 293 U.S. 1 (1934)	1
 STATUTES AND RULES	
Patent Act (35 U.S.C.):	
35 U.S.C. § 141	3
35 U.S.C. § 144	3
35 U.S.C. § 145	2, 3, 4, 5
35 U.S.C. § 282	1, 2
Rev. Stat. § 4915	3
Sup. Ct. R. 15.8	1

Pursuant to this Court’s Rule 15.8, respondent submits this supplemental brief to address the impact of this Court’s decision in *Microsoft Corp. v. i4i LP*, No. 10-290, 2011 WL 2224428 (June 9, 2011), on the government’s petition for certiorari, which the government asked to be held for *Microsoft*. The Court’s holding that a “clear and convincing” standard of proof applies under § 282 when an accused infringer challenges the validity of an issued patent has no direct bearing on either of the two questions presented and therefore does not provide a basis for vacatur and remand of the Federal Circuit’s decision. If anything, that decision confirms that the government’s petition should be denied.

1. *Microsoft*’s holding is provision-specific, involving the proper interpretation of the statutory presumption of validity. See 35 U.S.C. § 282. Relying on the Court’s “authoritative” interpretation of the common-law presumption of validity in *Radio Corp. of America v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1 (1934), the Court found that the “common-law presumption . . . reflected the universal understanding” that the presumption “encompassed . . . a heightened standard of proof,” 2011 WL 2224428, at *6-*7. “Whatever the significance of a presumption in the abstract, basic principles of statutory construction require us to assume that Congress meant to incorporate ‘the cluster of ideas’ attached to the common-law term it adopted.” *Id.* at *7.

Neither § 282 nor the presumption of validity of an issued patent is at issue in this case. Furthermore, while the government suggested that the decision in *Microsoft* might “shed light on the proper disposition of this case” by elaborating “the application of administrative-review principles to the PTO’s patent-

ing decisions,” Pet. 31, the decision does not include any such elaboration. To the contrary, this Court expressly avoided either relying on or commenting on the application of generic principles of administrative deference to PTO decisions. *See* 2011 WL 2224428, at *12 (“We find ourselves in no position to judge the comparative force of these policy arguments.”). The opinion thus adds no force to (indeed, as discussed below, is inconsistent with) the government’s argument that the long-standing interpretation of § 145 should be changed to conform to the government’s understanding of “fundamental principles of administrative law.” Pet. 10.

2. *Microsoft’s* approach to statutory construction bolsters the Federal Circuit’s conclusion that § 145 permits the introduction of evidence that was not before the PTO, consistent with the Federal Rules of Evidence and Civil Procedure. *See* App. 2a. This Court’s analysis in *Microsoft* began with the language of the statute; finding that the language did not, by its express terms, address the standard of proof, this Court relied on the long history of judicial application of the presumption of validity that preceded the adoption of § 282 to construe the statute. This Court’s conclusion was based on its recognition that, “by the time Congress enacted § 282 . . . , the presumption of patent validity had long been a fixture of the common law” with a “settled meaning.” 2011 WL 2224428, at *7.

In the case of § 145, the statutory text provides a much stronger indication of the proper resolution of the admission-of-evidence question (correctly) decided by the Federal Circuit. The term “civil action” in § 145, the remaining language of the provision – which authorizes the district court to “adjudge that

[the] applicant is entitled to receive a patent . . . as the facts in the case may appear” – and the contrast with provisions that provide for an on-the-record “appeal,” *see* 35 U.S.C. §§ 141, 144, all demonstrate that § 145 allows an applicant to introduce new evidence.

Any uncertainty remaining after reading this language in isolation would, moreover, be dispelled by the long legislative history of § 145 and its predecessors. The nature of the action provided under § 145 has had “an established meaning traceable to the mid-19th century.” *Microsoft*, 2011 WL 2224428, at *8 n.7. This Court noted in 1884 (citing several older cases from the lower courts) that the “bill in equity” authorized by R.S. § 4915 was not “confined to the case as made in the record of that office, but is prepared and heard upon all competent evidence adduced, and upon the whole merits.” *Butterworth v. United States ex rel. Hoe*, 112 U.S. 50, 61 (1884). This Court repeatedly reiterated that understanding, which is likewise reflected in the uniform decisions of the lower courts. *See* Br. in Opp. 17 & n.8. That history leaves no room for doubt that Congress meant to endorse that understanding of the statute when it adopted revised R.S. § 4915 in 1927 and the recodified § 145 in 1952. *See id.* at 18-20; App. 12a-18a.

There is no basis in this Court’s cases for any special limitation on the admission of evidence in actions under § 145; nor does the government even cite any pre-1952 lower court cases to support the strict limitation on the introduction of new evidence that it seeks to impose. *See* Br. in Opp. 21-22. “Squint as [one] may,” *Microsoft*, 2011 WL 2224428, at *8, none of the cases that the government cites supports limit-

ing an applicant to evidence that could not have been presented to the Patent Office in the first instance.

3. With respect to the second question presented, *Microsoft* does not affect the Federal Circuit's reaffirmation that, when new evidence is introduced in an action under § 145, a district court must make factual determinations *de novo* – a settled standard that (as we have noted, *see* Br. in Opp. 28-29) the government did not ask the Federal Circuit to change. Furthermore, *Microsoft* illustrates and provides support for the distinction drawn by the Federal Circuit between a governing standard and the weight to be afforded to evidence. As we have explained, *see id.* at 29-30, the Federal Circuit noted that the district court can, in deciding factual questions *de novo* on a new evidentiary record, consider “the proceedings before and findings of the Patent Office in deciding what weight to afford an applicant's newly-admitted evidence.” App. 28a; *cf.* App. 31a (“Because the court must determine the weight and import of . . . new evidence, we have held that the district court in a § 145 action must make *de novo* fact findings with respect to factual issues to which the new evidence relates.”). “Should the facts of a particular case cast suspicion on new evidence that an applicant failed to introduce before the Patent Office, the district court in a § 145 action would be within its discretion to give that evidence less weight.” App. 28a-29a.

Microsoft, analogously, holds that the standard of proof that applies when an accused infringer challenges the validity of an issued patent does not resolve what weight a fact-finder should give to particular evidence. While the clear-and-convincing standard applies irrespective of whether evidence of invalidity was considered by the PTO, “new evidence

supporting an invalidity defense may ‘carry more weight’ in an infringement action than evidence previously considered by the PTO.” 2011 WL 2224428, at *10 (citation omitted). The government is free to argue in cases under § 145 that new evidence should be given lesser weight in particular circumstances.

Because the Federal Circuit left it open to district courts to weigh new evidence in an action under § 145 in light of the prior proceedings before the PTO, the second question presented in the government’s petition does not warrant review.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

GREGORY L. ROTH
5712 Parkwest Circle
La Palma, California 90623
(714) 723-6871

AARON M. PANNER
Counsel of Record
KELLOGG, HUBER, HANSEN,
TODD, EVANS & FIGEL,
P.L.L.C.
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900
(apanner@khhte.com)

June 14, 2011