

Microsoft

v.

i4i

Clear and Convincing Evidence a Mandate



The *Microsoft Corporation versus i4i Limited Partnership* case of 2011 emerged as an important benchmark for those questioning patent validity at a time a robust framework had not yet been created to navigate patent-related matters. It wasn't the obvious sensation of 'a software giant versus a tiny company' that turned heads, but the implications the ruling of this case could have on how patent law is applied to technology. The statements by the presiding bench of this case have since then shaped the way technical patents are handled, affecting all traders in the world of technology - be it a computer manufacturer or a software services company.

Advocating for a change in the ways patent invalidity can be proven, Microsoft ended up garnering support from huge names like Facebook, Google, and Apple. And while the Supreme Court did not dance to Microsoft's tunes, it did emphasize the need for 'clear and concise' proof to invalidate a patent.

i4i Limited Partnership's lawsuit against Microsoft

In 2007, a Toronto-based software firm i4i Limited Partnership alleged that Microsoft's Word, a word processing software, used a custom XML editor

that is patented by i4i in US 5,787,449. Custom XML or Extensible Markup Language allows the users to create code simultaneously while writing a document - a strategy Microsoft Word used to generate custom forms and templates for businesses that wished to edit XML documents outside the scope of open XML as part of Microsoft Office 2003 and Office 2007. i4i's tagline 'structured content company' still marks the importance of this invention in the day-to-day deals with their clients that largely consisted of government entities.

Microsoft's Argument

In an attempt to paint i4i's suit as a money-grabbing agenda, Microsoft, at first, requested a re-examination of the claims filed by the Canadian firm. Microsoft claimed that i4i's patent was not valid because the software product called 'S4', which made use of the custom XML technology in consideration, was marketed in the US a year before i4i filed the patent. This made the invention unpatentable as per the 'on sale' bar of 35 U.S.C. § 102(b). However, the district court sided with i4i in its ruling.

Microsoft moves to U.S. Court of Appeals for the Federal District

Microsoft claimed that the lower court's verdict to stop the sales of Word and pay a huge sum in damages was not only erroneous but "grossly unsupportable". HP and Dell, two giants in the computer market, came forward to support Microsoft. They asserted that taking Word off the market would incur these computer manufacturers a huge amount of investment in terms of configurations and testing.

Microsoft's appeal to the Supreme Court

When the Lower and Federal courts both sided with i4i, Microsoft appealed to the Supreme Court to revisit the ways a patent can be invalidated. It tried to waive the stringent policies around the proof needed before a patent can be called invalid, implying that the current laws are over-demanding and are being misused. It tried to convince the bench to go for a "preponderance of evidence" over a "clear and concise evidence" verdict.

Microsoft petitioned that the stringent standards upheld by the court make it

difficult to needle out invalid patents that might be granted by the U.S. Patent and Trademark Office (USPTO) due to a shortage of resources and other restraints. A similar question was raised in front of the Supreme Court when the case of *KSR International Co. v. Teleflex Inc.*, 550 US 398 (2007) was in motion.

Supreme Court rules in favour of i4i

Slapping Microsoft with \$290 million in damages on June 9, 2011, Judge Sonia Sotomayor, one of seven on the bench, wrote, "Section 282 requires an invalidity defense to be proved by clear and convincing evidence."

Unanimously upholding the U.S. District Court for the Eastern District of Texas and the U.S. Court of Appeals for the Federal Circuit's previous decision, the ruling maintained that Microsoft infringed upon i4i's patent. While Microsoft maintained that this was an abuse of the patent system of the country, Sotomayor cleared that any changes in the law or any re-calibration on the standards of proof resided with Congress and not the court.

Ramifications and implications of this ruling

The key phrases in this case, “clear and convincing evidence” and “preponderance of the evidence” may not make much of a difference to most, but the numerous American corporates weighing in on this argument makes one wonder what the difference is all about.

While the case and the final statements affected every patent holder in the country, it also weighed in on how the Innovation policies of the country would alter henceforth. The supporters of Microsoft brought forth the argument that the USPTO doesn’t require its applicants to practice due diligence when it comes to reporting prior art and the patent examination does not have an adversary advocating

the rejection of the patent, making it easy to patent work that already exists or is patented. In these cases, true innovation would suffer due to prior invalid patents and marketing of novel products are a

The opposing school of thought, which eventually won, claimed that lowering the standards required to prove a patent invalid would result in a decrease in investments in high technology innovations. If challenging innovations and nullifying patents became easy, getting sponsorships and investments for true research would get harder proportionally. Citing this as one of the reasons and upholding their trust in the capabilities of the USPTO, the Supreme Court continued to maintain its requirements for evidence leading to a win for i4i Limited Partnership.

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