



Insights from Trial Analysts:

Combating the Presumption of Validity in Patent Lawsuits

Technical testimony and the complexities of patent law combine to create a unique set of cognitive challenges for judges, trial lawyers, and jurors in patent infringement lawsuits. This paper focuses on two issues that often perplex jurors – the presumption of validity and the apparent inconsistency between a non-infringement defense and challenges to the validity of a patent. Strategies for challenging the validity of a patent are discussed with these issues in mind.

Presumption of Validity: A Reliable Heuristic

Jurors in patent infringement cases often have a difficult time processing complex technical testimony and legal arguments. We routinely talk with lawyers about the variety of cognitive heuristics (or simple decision rules) that jurors use to form judgments about issues without having to process complex information. The most prominent heuristic in a patent case is the presumption of patent validity. Given the standard jury instructions regarding the presumption of validity, deference to the judgment of a patent examiner is perhaps the most rational decision rule that jurors can apply.

Adherence to the presumption of validity enables jurors to reach judgments about the validity of a patent without conducting a careful examination of the issues and evidence in a validity challenge. It makes sense that people who cannot understand the merits of technical testimony will defer to an “impartial expert” at the U.S. Patent

and Trademark Office who has already carefully examined the issue.

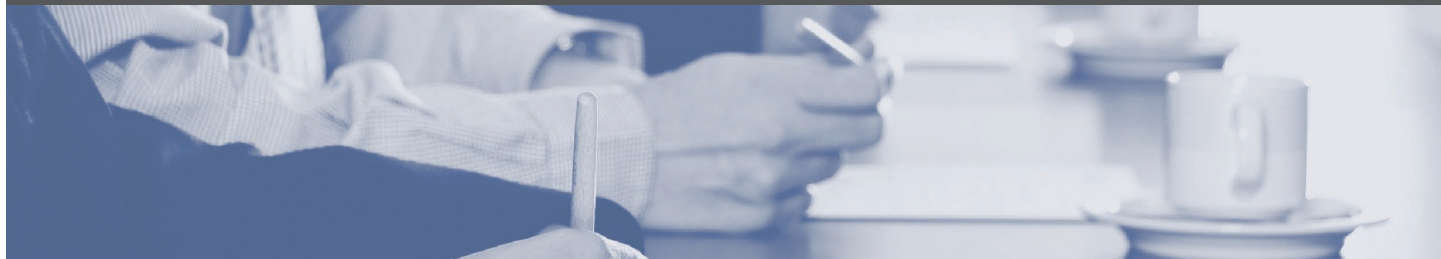
Although the presumption of validity is pervasive, there are a number of factors that affect the extent to which jurors – both individually and collectively – defer to the judgment of the patent examiner. Perhaps the most important factor is the education that jurors have and their experience with the technology at issue. We have found that jurors who are well educated often

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have the cognitive training and are willing to engage in the complex information processing that is necessary to challenge the validity of a patent. In contrast, poorly educated jurors often lack the ability and motivation to critically evaluate technical testimony and reach an independent conclusion about patent validity. Consequently, in venues where jurors lack formal education, like the Eastern District of Texas where only 15 percent of the residents have a college degree, deference to the judgment of the patent examiner is likely to be quite high. By way of contrast, in the Northern District of California, where 40 percent of the residents have a college degree, jurors are better prepared to engage in critical evaluation of invalidity arguments.

We have also observed regional variation in the strength of the presumption of validity. For example, jurors in the Eastern District of Virginia and Delaware, who live in the enormous economic and political shadow of the federal government, tend to have a more favorable impression of the federal government in general, and the U.S. Patent Office in particular, than jurors in other areas of the country where the federal bureaucracy is less prevalent. Research has found a strong correlation ($r = .48$) between ratings of the “quality of public services” and the “number of public employees” in an area; a greater number of public employees results in a higher perception of quality in public services. Thus, jurors who live in communities where a significant percentage of workers are employed in federal agencies are likely to hold federal agencies in high regard and may be less inclined to question the competence of the patent examiner.

Political orientation is a third factor that explains variation in the strength of the presumption of validity. In a recent survey, 67 percent of Democrats provided an “excellent” or “pretty good” rating of the federal government, while less than 40 percent of Republicans reported favorable ratings of the federal government. Democrats also provided more favorable ratings of the competence and quality of the federal agencies. Given these differences, it is likely that Democrats will hold more favorable impressions of the patent office and will be more likely to defer to the judgment of the patent examiner than Republicans.



This is not to suggest that jurors in East Texas or Eastern Virginia will always defer to the patent examiner, while all jurors in the Silicon Valley will be more critical. Indeed, many jurors may have conflicting characteristics (i.e., a highly educated Democrat who has favorable impressions of federal agencies) that make it difficult to definitively label a prospective juror as being deferential to the patent office. Moreover, despite their economic dependence on the federal bureaucracy, federal government employees who see the imperfections of bureaucratic agencies on a daily basis may be especially skeptical of the validity of the patent prosecution process.

Recommendation: Education and employment training, perceptions of federal bureaucracies, and political orientation are important indicators of a juror's willingness to question the adequacy of a patent examiner's review of a patent application. These personal characteristics should receive important consideration in the evaluation of prospective jurors during voir dire and jury selection.

The Perceptual Inconsistency Between Non-infringement and Invalidity

Jurors also have a difficult time understanding "their role" in patent infringement lawsuits. Although judges, lawyers, and occasionally the Federal Judicial Center video, "An Introduction to the Patent System," combine to explain to jurors why they are asked to make a determination about the validity of a patent, this is a difficult concept for many jurors. Jurors willingly accept their role as arbiters of patent infringement because such judgments essentially focus on whether the accused infringer has done something wrong. However, challenges to

the validity of a patent are predicated on a complicated combination of technical testimony and patent law.

Added to this complexity is the incongruity between a validity challenge and a non-infringement defense. Although they are distinct legal concepts, jurors often view invalidity arguments as inconsistent with non-infringement arguments. Jurors often question why a party would challenge the validity of a patent if there has been no infringement. In this regard, technical arguments about patent invalidity, like on sale bar, anticipation and obviousness, derivation, and inventorship, are often perceived as "excuses for infringement" and can serve to undermine the strength of the non-infringement defense. Thus, while the technical invalidity arguments are important from a legal perspective, they can create problems during deliberations unless jurors understand and are prepared to argue why the question of infringement is separate from the question of validity.

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Recommendation: We believe that the Federal Judicial Center video "An Introduction to the Patent System" demonstrates a clear bias in favor of the patent holder. We argue against showing the video in cases where our clients are challenging the validity of a patent. Nevertheless, the video contains important information for jurors about their role in the litigation process. Consequently, lawyers challenging the validity of a patent should oppose presentation of the video to the jury, but ensure that critical information about the role of the jury is presented during voir dire and opening

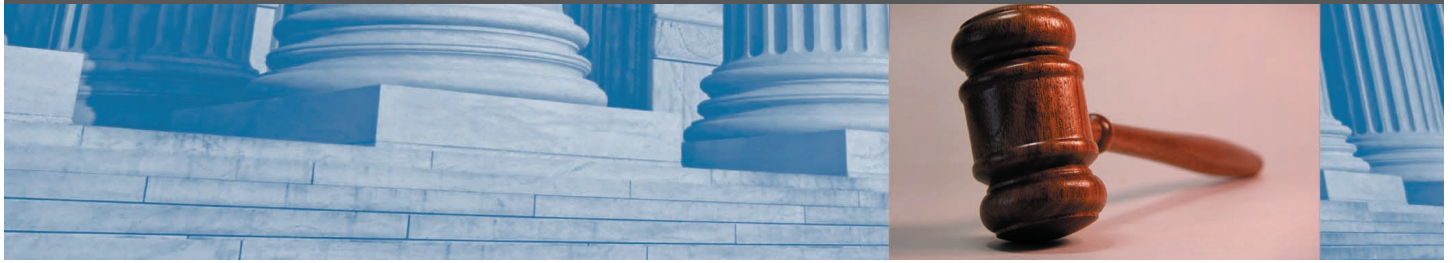
statements. Specifically, jurors must understand why they are being asked to judge the validity of the patent and jurors should be told that if they conclude that the patent should not have been issued, then they should find that the patent is invalid.

In addition to an explanation about the role of the jury in patent infringement cases, lawyers must distinguish the non-infringement defense from the invalidity challenges. Jurors need a rationale for the presentation of invalidity arguments by an alleged infringer who has been wrongly accused. One technique that is often helpful is to argue on behalf of an entire industry when challenging the validity of the patent. That is, lawyers can argue that their client does not infringe the patent, but that the case is about more than just their client. The invalidity challenge should be presented as an effort to prevent the patent holder from engaging in similar litigation with other competitors in the marketplace. Jurors should be told that if they conclude that the patent is invalid, they will send a message to the patent holder that it does not have standing to sue others alleging infringement.

Guidelines for Persuasive Invalidity Arguments

Given the psychological impact of the presumption of validity and the perceived inconsistency between a non-infringement defense and invalidity arguments, the development of a compelling invalidity challenge poses special challenges for lawyers. Although the specific issues vary from case to case, four general guidelines should provide the foundation for a successful challenge to patent validity.

Less is More. One of the most difficult strategic decisions in preparing a challenge to the validity of a patent is deter-



mining which invalidity arguments are likely to be most effective, from both a legal and jury perspective. Although there is a natural desire to develop as many legal arguments as possible to challenge the validity of the patent, it is usually counterproductive to advance several different invalidity challenges in a jury trial.

Our experience has been that there is an inverse relationship between the number of challenges to the validity of a patent and the persuasiveness of those arguments. There are several reasons for this effect. First, with regard to prior art references, it is easier to convince jurors that the patent examiner missed one or two references than it is to convince jurors that the examiner missed several prior art references. Indeed, the more references that are cited, the less plausible the argument that the examiner missed each of the references.

Second, similar to the concept of “marginal utility” in economics, the value of arguments challenging the validity of a patent diminishes as the number of challenges increases. The more arguments that are presented to challenge the validity of a patent, the more likely jurors will conclude that the alleged infringer is “grasping at straws” to excuse the infringement.

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Third, patent infringement cases are cognitively complex. The more arguments that are presented to jurors, the more difficult it becomes for them to understand the issues and develop compelling arguments during deliberations. In the end, jurors are

likely to focus on one or two reasons to question the validity of a patent. The rest of the arguments are merely noise that can interfere with or distract from processing the essential arguments.

Recommendation: Early in the development of the case presentation, it is important to cull the list of possible invalidity challenges to the two or three invalidity arguments that will be most persuasive. Focus group research can be an effective tool for identifying issues that are most easily understood and will resonate among jurors. Early refinement of this list will enable the trial team to focus attention, time, and resources on the development of issues that are likely to be most persuasive at trial.

Tell the Company Story. Jurors who adopt a holistic approach and focus on *who should win* often rely on the company story to inform their judgments about both the infringement and validity issues in the case. The fundamental question that jurors have for accused infringers is, “If you did not infringe the patent, then where is the evidence that you developed your own technology?” Thus, with regard to the non-infringement issues, jurors want specific evidence that the accused product or method was developed independently from the plaintiff’s patented invention. Testimony from your client about its own patents and research and development is essential. Without such evidence, jurors have no explanation, other than infringement, for the source of your client’s technology.

When considering the validity of a patent, the fundamental question is whether the patent holder is entitled to control the use of the claimed invention. Testimony about your client’s research and development,

along with the research and development of other competitors in the industry, will undermine the patent holder’s moral authority to restrict others from making or using a similar product or method. In addition, knowledge about the history of research and development in the industry may enable jurors to argue that the claimed invention was obvious or anticipated given prior art.

Guidelines for Persuasive Invalidity Arguments

- 1. Less is More***
- 2. Tell the Company Story***
- 3. Explain the Significance of the Invalidity Challenge***
- 4. Avoid Arguments about Legal Maneuvering***

Recommendation: Early in the development of the case, it is important to identify a witness who can be an ambassador for the company and confidently describe the company’s commitment to research and development and the merits of the company’s technology. This is easier said than done. We often find that company witnesses are reluctant to become involved in litigation that interferes with their day-to-day duties and does not serve their personal career interests. Nevertheless, identifying a cooperative witness who can tell a compelling company story is essential to success.

Explain the Significance of the Invalidity Challenge. A “statute of limitations” defense is an important legal argument, but it only becomes an important jury argument when jurors understand the rationale underlying the statute and the significant



disadvantage that defendants face when confronted with allegations that are so old that they cannot be properly investigated or fully defended. When jurors appreciate the disadvantage that is created for a defendant when an allegation has not been brought in a timely fashion, the statute of limitations defense becomes more than a technicality.

In much the same way, jurors in patent cases often assume that an invalidity challenge is simply a technicality resulting from arbitrary and complicated patent system rules. This is not to say that these challenges cannot be successful, but jurors want specific information about why these apparent technicalities matter. For example, prior art that discloses an invention is an important legal justification for invalidating a patent, but in order for it to become an effective jury argument, jurors must understand why it is unfair for a party to seek patent protection for an invention that has been publicly available through prior art.

Recommendation: It is not enough to provide evidence challenging the validity of a patent. Before this challenge can be effective, jurors need to understand why such an argument affects who should win the case. If a challenge to patent validity is merely presented as a technical violation of the patent prosecution process, it is unlikely to be persuasive and may foster the perception that the accused infringer is searching for any excuse to avoid an adverse verdict.

Avoid Arguments about Legal Maneuvering. Jurors generally dismiss arguments about the legal maneuvering that precedes most trials. Arguments about discovery disputes, allegations of unfair competition, and the emergence of “patent

trolls” are generally discounted by jurors as largely irrelevant. While the emergence of patent trolls has become a significant issue for intellectual property lawyers and corporate licensing departments, arguments that the patent holder has no customers, no product base, and has not engaged in any research and development are generally unpersuasive for jurors. Similarly, jurors are generally uninterested in arguments regarding anti-competitive conduct or failure to reasonably comply with discovery requests.

Of course, there are exceptions to every rule. For example, when substantive questions about derivation or inventorship arise, patent trolls are at a distinct disadvantage because they lack the firsthand knowledge to tell a compelling story about the development of the invention. In such cases, ownership of the patent may become an important issue. However, arguments that a patent holder’s business model is predicated on acquiring and enforcing patent rights are generally not important issues for jurors.

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Recommendation: While it is important to tell your client’s company story and to create a belief that your client should win the case, this goal is rarely achieved by denigrating the legitimacy of the opposing party. In most cases, as long as the patent holder acquired the patent rights legitimately, jurors are more interested in making a determination about whether the patent – not the patent holder – is meritorious.

Summary

The presumption of validity and incongruity between non-infringement and invalidity defenses make it difficult to develop compelling challenges to the validity of a patent. Lawyers have an obligation to “filter the noise” and focus jurors on two or three essential arguments that have the greatest opportunity for success. Jurors must understand why they are being asked to judge the validity of the patent, the underlying rationale for the patent rule that serves as the basis for the validity challenge, and the practical significance of the rule violation. Unless jurors are motivated to be advocates for your client and prepared with specific arguments to challenge the validity of the patent, there is little hope that they will second guess the judgment of the patent examiner.

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