

MEDTRONIC, INC. v. MIROWSKI FAMILY VENTURES, LLC, Appeal No. 12-1128 (U.S. Supreme Court January 22, 2014). Appealed from Federal Circuit (Judges Lourie, Linn and Prost).

Background:

Medtronic designs, makes, and sells medical devices. Mirowski owns patents relating to implantable heart stimulators. Medtronic and Mirowski entered into an agreement permitting Medtronic to practice some Mirowski patents. In 2007, a dispute arose between the parties regarding the scope of the licensed patents in view of several new Medtronic products. Medtronic brought a declaratory judgment action in the District Court of Delaware seeking a declaration that the new products did not infringe and that the patents were invalid. In deciding the issue of infringement, the district court held that the patentee bore the burden of proving infringement, even though a counterclaim for infringement was precluded by the license. After a bench trial, the district court found Mirowski had failed to prove infringement. Mirowski appealed to the Federal Circuit, which reached the opposite conclusion, holding that the declaratory judgment plaintiff, Medtronic, bore the burden of proving non-infringement. Medtronic sought certiorari, asking the Supreme Court to review the Federal Circuit's burden of proof rule.

Issue/Holding:

In a patent license declaratory judgment action, does the patentee bear the burden to prove infringement or does the licensee bear the burden of proving non-infringement? The patentee bears the burden of persuasion, just as if the patentee had brought an infringement suit.

Discussion:

The Supreme Court considered three basic legal propositions. First, it is well established that the burden of proving infringement generally rests upon the patentee. Second, determining the burden of proof is a substantive aspect of a claim. Third, declaratory judgment actions only differ from ordinary civil actions procedurally and thus, substantive rights should remain unchanged. Based on those legal propositions, the Supreme Court concluded that the burden of proving infringement should remain with the patentee.

The Court noted several practical considerations that also lead to the same conclusion. Shifting the burden of proof could create post-litigation uncertainty as to the true scope of the patent, thereby failing the declaratory judgment suit's objective: to provide "an immediate and definitive determination of the legal rights of the parties." Moreover, shifting the burden to the licensee could create unnecessary complexity by making it difficult for the licensee to understand the theory on which the patentee's infringement claim rests. A patent holder is in a better position than an alleged infringer to know and point out why a product or process infringes a patent. Until then, "the alleged infringer may have to work in the dark, seeking, in his declaratory judgment complaint, to negate every conceivable infringement theory."

The Court also found that the Federal Circuit's reliance on *Schaffer v. Weast* was misplaced because although *Schaffer* discusses an ordinary default rule where "plaintiffs" have the "risk of failing to prove their claims," *Schaffer* is not a declaratory judgment case. Declaratory judgment suits are an exception to *Schaffer's* default rule.