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## US Supreme Court Holds That a Patentee Bears the Burden of Persuasion on the Issue of Infringement in a Declaratory Judgment Action

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In an unanimous decision, the US Supreme Court has held that the patentee bears the burden of persuasion on the issue of patent infringement in a declaratory judgment action brought by a licensee, just as it would in an infringement suit. See *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, No. 12-1128 (US Jan. 22, 2014). The Court reversed the decision of the US Court of Appeals for the Federal Circuit that the declaratory plaintiff bears the burden of persuasion when a patentee is a declaratory judgment defendant and is foreclosed from asserting an infringement counterclaim due to a license.

Mirowski licensed its patents to Medtronic. The agreement allowed Mirowski to give Medtronic notice that it believed a new Medtronic product infringed a Mirowski patent and accordingly was subject to royalties under the license. *Op.* at 2. Then, Medtronic could pay the royalties or challenge infringement in a declaratory judgment action while accumulating disputed royalties in an escrow account. *Id.* In 2007, Mirowski exercised the agreement and gave Medtronic notice that seven new products infringed its patents. Medtronic brought a declaratory judgment action in the US District Court in Delaware and paid royalties into an escrow account per the agreement. *Id.* at 2-3. The district court eventually ruled that Mirowski had failed to carry its burden of proving that Medtronic's products infringed the asserted patents. The Federal Circuit reversed, however, ruling that the district court should have assigned Medtronic the burden of proving that its products did not infringe and thus were not royalty-bearing.

In an unanimous opinion written by Justice Breyer, the US Supreme Court reversed the Federal Circuit. The Court ruled that well-settled case law supported placing the burden on the patentee. First, established case law shows that the patentee has the burden of proving infringement. *Id.* at 6. Second, the Declaratory Judgment Act is procedural and does not alter substantive rules of law, of which the burden of proof is one. *Id.* at 7. Further, practical considerations favor the Court's conclusion. Keeping the burden with the patentee reduces post-litigation uncertainty regarding the scope of the patent and whether products infringe. *Id.* Further, the patentee is in a better position to prove infringement because it knows its theory of infringement, while the licensee (accused infringer) would merely be guessing as to the patentee's infringement theory. Lastly, the very

purpose of the Declaratory Judgment Act was to allow parties threatened with assertions of liability to seek an adjudication of their responsibilities without incurring any further disadvantage; placing the burden of persuasion on a licensee-plaintiff would be just such a disadvantage. *Id.* at 8-9.

Although the Federal Circuit cited the "ordinary default rule" that a plaintiff bears the burden of proof, declaratory judgment suits are an exception to the basic rule. *Id.* at 9-10.

The Court also rejected arguments raised by an *amicus curiae* that the Federal Circuit lacked appellate jurisdiction over the case. The Court ruled that Medtronic's declaratory judgment action arose under federal patent law, because Mirowski would have been able to sue for infringement had Medtronic ceased to pay royalties. *Id.* at 5-6.

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