

Supreme Court Rules Patentee Must Prove Infringement in Declaratory Judgment Action Brought by Licensee

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In a decision with wide-reaching impact for both patent holders and patent licensees, on January 22, 2014, the **U.S. Supreme Court** issued its decision in *Medtronic v. Mirowski* and unanimously held that a patentee bears the burden of proving infringement in a declaratory judgment action brought by a licensee.

The Court relied on three settled legal concepts. First, a patentee generally bears the burden of proving infringement. Second, the Declaratory Judgment Act is only procedural and does not impact substantive rights. Third, the burden of proof is a substantive part of a claim. From these points, the Court concluded that the burden of proving infringement should remain with a patentee in a declaratory judgment action, regardless of whether the licensee is still in good standing.

The Court found further support for its conclusion considering the practical consequences of shifting the burden of proving infringement away from patentees. Such a change would create the potential for uncertainty following litigation. For example, a licensee might “lose” a declaratory judgment action on patent infringement (where the licensee bears the burden) and the patentee might later “lose” a suit for patent infringement (where the patentee bears the burden). In this case, uncertainty would exist as to whether the licensee actually infringed the patents and as to the scope of the patents themselves.

Additionally, shifting the burden to an accused infringer is inefficient, as a patentee is in the best position to know and point out how an accused infringer infringes the claims of its patent. In contrast, an accused infringer tasked with proving noninfringement must rebut every possible theory of infringement. Shifting the burden would go against the purpose of the Declaratory Judgment Act, which aims to allow accused infringers to avoid having to choose between abandoning the right to challenge the patents and risking a suit for patent infringement.

Finally, the Court considered the public interest in having a well-functioning patent system while ensuring patent monopolies are restricted to their legitimate scope. Patentees should only be permitted royalties for that which falls within the legitimate scope of their patents. As licensees may be the only parties with sufficient incentive to challenge a patent’s scope, the public interest favors maintaining the ordinary rule imposing the burden of proving infringement on patentees.

In light of the Supreme Court's decision, the language of patent licenses should be reviewed, and patent owners should tread lightly when communicating with their licensees, especially when asserting the scope of their licensed patents. If you have questions about *Medtronic v. Mirowski* or for more information on patent license agreements or declaratory judgment actions, please contact a member of the firm's Intellectual Property group or your Vedder Price attorney.

To view the decision in its entirety, please [click here](#).

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