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Not Every Party Will Have Article III Standing In An Appeal From A PTAB Final Written Decision

The Patent Trial and Appeal Board ("PTAB") found the asserted claims of U.S. Patent No. 8,337,856 ("the '856 patent") are nonobvious in a final written decision. *Phigenix, Inc. v. Immunogen, Inc.*, IPR 2014-00676 (PTAB Oct. 27, 2015). Appellant Phigenix, Inc. (Phigenix) appealed to the Federal Circuit in *Phigenix, Inc. v. Immunogen, Inc.*, Case No. 2016-1544 (Fed. Cir. Jan. 9, 2017).

Appellee were ImmunoGen, Inc. ("ImmunoGen"), the assignee of the '856 patent, and Genentech Inc. ("Genentech"), a licensee having a worldwide exclusive license to the '856 patent. The '856 patent relates to the drug Kadcyla®™ ("Kadcyla") produced by Genentech.

Appellant Phigenix did not manufacture any products. Rather, Phigenix described itself as a non-profit research company focusing on novel molecular therapeutics designed to fight cancer. In particular, Phigenix asserted that it engages in development of an intellectual property portfolio that relates to U.S. Pat. No. 8,080,534 ("the '534 patent") owned by Phigenix. Phigenix further asserted that the '534 patent covers Genentech's activities relating to Kadycla. Phigenix also asserted that it was forced to bring litigation when Genentech refused to agree to a license on the '534 patent.

On appeal, ImmunoGen asserted that Phigenix lacks standing, and the Federal Circuit agreed. The Federal Circuit stated that "[w]e have an obligation to assure ourselves of litigants' standing under Article III" of the Constitution. The Federal Circuit reasoned that Article III discusses confining the judicial powers of federal courts to deciding actual cases or controversies. The Federal Circuit further stated that "'the irreducible constitutional minimum of standing' consists of 'three elements,'" quoting from the Supreme Court's decision in *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560 (1992). These three elements require that an appellant "must have (1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the [appellee], (3) that is likely to be redressed by a favorable judicial decision."

With respect to the first element, the Federal Circuit emphasized that "the injury-in-fact requirement requires [an appellant] to allege an injury that is both concrete *and* particularized." (emphasis in the original) Citing *Cuozzo Speed Techs, LLC v. Lee*, 136 S. Ct. 2131, 2143-44 (2016), the Federal Circuit particularly noted that not every party will have Article III standing in an appeal from a PTAB final written decision.

Then, the Federal Circuit recognized that no legal standard for demonstrating standing in an appeal from a final agency action has been established. Reviewing and interpreting the relevant Supreme Court decision, *Lujan v. Defs. Of Wildlife*, and subsequent decisions, the Federal Circuit concluded that the summary judgment burden of production applies in cases where an appellant seeks appeal of a final agency action and its standing is at issue.

Turning to the issue of what evidence will meet the burden, the Federal Circuit noted that "[s]elf-evident standing typically arises when an appellant 'is an 'object of the action (or foregone action) at issue.'" If the appellant's standing is not self-evident, the Federal Circuit held that an appellant may submit

arguments and any affidavits or other evidence to demonstrate its standing. The Federal Circuit further clarified that an appellant must identify the relevant evidence demonstrating its standing "at the first appropriate" time, or at the earliest possible opportunity, whether in response to a motion to dismiss or in the opening brief. In this case, ImmunoGen filed a motion to dismiss for lack of standing, in advance of the parties' full briefing.

Applying the identified standards to Phigenix's standing, the Federal Circuit found that Phigenix's documents did not present facts supporting its standing. In particular, the Federal Circuit found that the evidence presented by Phigenix showed "concerns over the '856 patent's validity" but were insufficient to demonstrate injury in fact. The Federal Circuit also rejected Phigenix's arguments that its injury in fact could be based upon (1) a violation of § 35 U.S.C. 141(c), which provides a statutory basis for appeal and (2) the estoppel effect of the PTAB's final written decision under 35 U.S.C. § 315(e).

This Decision may have significant impact on appeals by petitioners having indirect relationships to patents at issue, such as hedge funds, non-practicing third party petitioners, and so on. Moreover, in light of this Decision, petitioners appealing the PTAB's final written decisions will likely face more challenges to standing. Also, the patent owner appellee should be prepared to raise the standing issue "at the earliest possible opportunity" in order to avoid any risk of a waiver of standing arguments.

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