

ALERT

Federal Circuit Patent Bulletin: *Consumer Watchdog v. Wisc. Alumni Research Found.*

June 5, 2014

"The estoppel provisions contained within the inter partes reexamination statute likewise do not constitute an injury in fact for Article III purposes."

On June 4, 2014, in *Consumer Watchdog v. Wisc. Alumni Research Found.*, the U.S. Court of Appeals for the Federal Circuit (Prost, Rader,* Hughes) dismissed the appeal from the Patent Trial and Appeal Board's reexamination decision upholding the patentability of claims 1–4 of U.S. Patent No. 7,029,913, which related to human embryonic stem cell cultures. The Federal Circuit stated:

The present appeal concerns Article III standing. To meet the constitutional minimum for standing, the party seeking to invoke federal jurisdiction must satisfy three requirements. First, the party must show that it has suffered an "injury in fact" that is both concrete and particularized, and actual or imminent (as opposed to conjectural or hypothetical). Second, it must show that the injury is fairly traceable to the challenged action. Third, the party must show that it is likely, rather than merely speculative, that a favorable judicial decision will redress the injury. These constitutional requirements for standing apply on appeal, just as they do before district courts. Accordingly, these requirements apply with equal force to appeals from administrative agencies, such as the U.S. Patent and Trademark Office (PTO), to the federal courts. To be clear, although Article III standing is not necessarily a requirement to appear before an administrative agency, once a party seeks review in a federal court, "the constitutional requirement that it have standing kicks in."

That said, where Congress has accorded a procedural right to a litigant, such as the right to appeal an administrative decision, certain requirements of standing—namely immediacy and redressability, as well as prudential aspects that are not part of Article III—may be relaxed. However, the "requirement of injury in fact is a hard floor of Article III jurisdiction that cannot be removed by statute." That injury must be more than a general grievance or abstract harm. Indeed, "a disagreement, however sharp and acrimonious it may be" will not suffice for the injury in fact requirement. Rather, the party invoking federal jurisdiction must have "a personal stake in the outcome." The personal stake in the outcome—and injury in fact—generally will be easier

to show where the party seeking to invoke the federal courts' jurisdiction is the object of the complained of action (or inaction). By contrast, where a party is alleging an injury arising from the government's allegedly unlawful action or inaction pertaining to a third party, injury in fact is much more difficult to prove. . . .

Consumer Watchdog does not identify any alleged injury aside from the Board denying Consumer Watchdog the particular outcome it desired in the reexamination, i.e., canceling the claims of the '913 patent. Consumer Watchdog does not allege that it is engaged in any activity involving human embryonic stem cells that could form the basis for an infringement claim. It does not allege that it intends to engage in such activity. Nor does it allege that it is an actual or prospective licensee, or that it has any other connection to the '913 patent or the claimed subject matter. Instead, Consumer Watchdog relies on the Board's denial of Consumer Watchdog's requested administrative action—namely, the Board's refusal to cancel claims 1-4 of the '913 patent. That denial, however, is insufficient to confer standing.

To be sure, "Congress may enact statutes creating legal rights, the invasion of which creates standing, even though no injury would exist without the statute." That principle, however, does not simply override the requirement of injury in fact. Here, the Board's disagreement with Consumer Watchdog did not invade any legal right conferred by the inter partes reexamination statute. The statute at issue here allowed any third party to request reexamination, and, where granted, allowed the third party to participate. The statute did not guarantee a particular outcome favorable to the requester. Consequently, the Board's denial of Consumer Watchdog's request did not invade any legal right conferred upon Consumer Watchdog. . . .

Consumer Watchdog was not denied anything to which it was entitled. Consumer Watchdog was permitted to request reexamination and participate once the PTO granted its request. This is all the statute requires. [T]he PTO did not abridge any of Consumer Watchdog's rights. Nor is it enough that the inter partes reexamination statute allows a third party requester to appeal decisions favorable to patentability. A statutory grant of a procedural right, e.g., right to appeal, does not eliminate the requirements of Article III. To be clear, a statutory grant of a procedural right may relax the requirements of immediacy and redressability, and eliminate any prudential limitations, which distinguishes the present inquiry from that governing a declaratory judgment action. But the statutory grant of a procedural right does not eliminate the requirement that Consumer Watchdog have a particularized, concrete stake in the outcome of the reexamination.

The estoppel provisions contained within the inter partes reexamination statute likewise do not constitute an injury in fact for Article III purposes. Consumer Watchdog is not engaged in any activity that would give rise to a possible infringement suit. Nor does Consumer Watchdog provide any indication that it would file another

request seeking to cancel claims at the Patent Office. In any event, as Consumer Watchdog only has a general grievance against the '913 patent, the "conjectural or hypothetical" nature of any injury flowing from the estoppel provisions is insufficient to confer standing upon Consumer Watchdog. The court, however, leaves it to future panels to decide whether, under other circumstances, the preclusive effect of the estoppel provisions could constitute an injury in fact. In sum, aside from its procedural right to appeal, Consumer Watchdog has only alleged a general grievance concerning the '913 patent. It states that it is a nonprofit consumer rights organization that is concerned about the potential preemptive reach of the '913 patent and the alleged burden it places on taxpayer-funded research in the State of California. While Consumer Watchdog is sharply opposed to the Board's decision and the existence of the '913 patent, that is not enough to make this dispute justiciable.