

The Federal Circuit's Standing Requirement to Appeal Patent Office Decisions

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In a recent landmark decision, the Court of Appeals for the Federal Circuit announced that not all *inter partes* review ("IPR") proceedings at the U.S. Patent Office can be appealed. While anyone can file an IPR petition, not all persons can appeal. For petitioners without standing, *i.e.*, an "injury in fact," the Patent Office's Patent Trial and Appeal Board ("PTAB") is the last and final stop.

In most cases, standing is not a problem when appealing a final written decision from the PTAB. In a typical proceeding, the petitioner would file for an IPR after being sued for infringement, or threatened with such a suit. In such a case, there is unquestionably an "actual case or controversy," the fundamental requirement for standing in the federal courts. Those circumstances were not present, however, when petitioner, Phigenix, Inc. used the IPR process as leverage to encourage the respondent, ImmunoGen, Inc., to license one of its patents.

Phigenix, a non-practicing entity, demanded a license from ImmunoGen, but ImmunoGen refused to pay. Instead of suing ImmunoGen for patent infringement in district court, Phigenix used a different tactic. Phigenix claimed that, to further its own "commercialization efforts," it "was forced" to seek *inter partes* review of ImmunoGen's U.S. Patent No. 8,337,856. But Phigenix was ultimately unsuccessful in its efforts – the PTAB sided with ImmunoGen and upheld the validity of its patent. Phigenix then appealed the PTAB's decision to the Federal Circuit.

The Federal Circuit dismissed Phigenix's appeal because Phigenix could not demonstrate "an injury in fact" underlying its case, and thus lacked standing to appeal the patent office's decision to a federal court. In doing so, the Federal Circuit announced, for the first time, the legal standard for demonstrating standing in an appeal from a final agency action.

The Federal Circuit noted that, even though the relevant statute provides a *right* to appeal a final agency action, the appellant still must establish an injury in fact to do so. Specifically, the Federal Circuit applied the three traditional factors for establishing standing in federal court. It required the appellant to prove that it, "(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."

It further identified what evidence the appellant must put forward to establish standing, and when the appellant has to provide such evidence. In particular, the Federal Circuit held that the appellant must

first establish its burden of production. According to the Federal Circuit, this is the same standard as a plaintiff seeking to avoid summary judgment – *i.e.*, “enough evidence on an issue to have the issue decided by the fact-finder, rather than decided against the party in a peremptory ruling . . .” But not everyone has to make this showing – standing is “self-evident” in many cases, such as when the appellant “is an object of the action . . . at issue.” If evidence of standing is required, however, the appellant should produce standing evidence “at the earliest possible convenience” – whether in “response to a motion to dismiss” the appeal, or in the opening appellate brief.

The case is *Phigenix, Inc. v. ImmunoGen, Inc.*, No. 2016-1544, decided by the Federal Circuit.

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National Law Review, Volume VII, Number 24

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