IP Alert: Standing to Appeal Comes into Focus

Standing to Appeal Comes into Focus

By Sarah A. Kagan

The U.S. Court of Appeals for the Federal Circuit took another step toward defining the contours of standing to appeal an inter partes review (IPR) decision in JTEKT Corp. v. GKN Automotive LTD. (No. 2017-1828). JTEKT was an appeal of a review of a patent (U.S. 8,215,440) relating to drivetrains for four-wheel drive vehicles, and may reverberate in a still-pending appeal relating to a biological drug used to treat rheumatoid arthritis. Momenta Pharmaceuticals, Inc. v. Bristol Myers Squibb Co. (No. 17-1694).

In its August 3, 2018, decision, the Federal Circuit briefly dispatched IPR petitioner JTEKT's appeal, finding that it had no standing to appeal the Patent Trial and Appeal Board's (PTAB) decision that JTEKT had not proven that two of GKN's claims were unpatentable. While there is no standing requirement to initiate an IPR before the PTAB, the Court explained, "the [IPR] statute

cannot be read to dispense with the Article III injury-in-fact requirement for appeal." JTEKT attempted to show standing based on a product that is still in development and that "will continue to evolve" until finalization. As a result, the Court concluded that JTEKT's current version of the product does not create a concrete and substantial risk of infringement or that the patentee is likely to claim infringement.

The Court reiterated its prior holdings that estoppel generated by participation in an IPR does not create a separate injury in the absence of any activity that would give rise to a possible infringement suit. While past unsuccessful appellants were non-practicing entities, JTEKT was no more successful, despite having plans for future activity that might infringe.

Judge Dyk wrote the decision, and was joined by Chief Judge Prost and Circuit Judge O'Malley. Perhaps surprisingly, in the oral arguments for the still-pending Momenta case, Judge Dyk expressed the most pro-standing statement among the panel members. He indicated that if standing was not found, the appellant (and IPR petitioner) might have no opportunity to challenge patentability before making substantial expenditures for research and clinical testing. Judge Chen's comments in the Momenta oral arguments seem to have anticipated the holding in JTEKT. Specifically, Judge Chen noted that the Momenta product was not certain, it could be redesigned, or might not pass its clinical trials. Despite the factual similarities between the two cases, some differences might lead to a different result. For example, at the time of appeal, Momenta was focusing on a product that was likely to prompt the patentee to assert an infringement claim in the future.

The Federal Circuit has been defining the limits of its appellate jurisdiction since the institution of administrative, post-grant patent challenges in the America Invents Act in 2011. We anticipate that the frequency of standing challenges will abate as the contours for appellate standing from an IPR become clearer. The inability to appeal is likely to cause patent challengers to refrain from bringing post-grant challenges at the PTAB. But the Court still has not addressed whether estoppel applies to a party who has been denied an appeal on the basis of standing. If estoppel does apply, it's even more likely that post-grant challenges will decline.

Click here to download the decision in JTEKT Corp. v. GKN Automotive LTD.

Click here to read our past analysis of the Momenta case.

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