AVX Corp. v. Presidio Components, Inc., 923 F.3d 1357 (Fed. Cir. 2019)

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AVX Corporation, a company that manufactures and sells a variety of electronic components including capacitors, petitioned for *inter partes* review (IPR) of Presidio Components, Inc.'s patent directed to single-layer ceramic capacitors. Presidio manufactures and sells a variety of ceramic capacitors. AVX and Presidio are competitors in the market for capacitors. Following a trial on patentability, the Patent Trial and Appeal Board (PTAB) issued a final written decision holding some claims of Presidio's patent unpatentable but others not unpatentable based on AVX's challenge. Only the petitioner AVX appealed the PTAB's decision to the Federal Circuit. On appeal, the patent owner Presidio moved to have the appeal dismissed on grounds that AVX lacked standing under Article III of the Constitution.

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The Constitution limits the grant of the "judicial power" to "Cases" or "Controversies." Thus, any party that appeals to the Federal Circuit must have standing under Article III before the court can consider the merits of the case. Article III standing requires among other things a non-speculative, concrete injury in fact resulting from the challenged action. For example, patent owners have such an injury because they stand to lose their intellectual property.

Presidio argued that AVX, as the petitioner below, lacked such a concrete injury based on the PTAB's upholding some claims of Presidio's challenged patent. Seeking to rebut this contention, AVX submitted a declaration by its general counsel describing AVX's business and its competitive relationship with Presidio. The declaration also explained the history of litigation between the parties, including four prior district court actions alleging infringement of various capacitor patents. In one of these prior actions, AVX was required to pay roughly $3.3 million in damages and was enjoined from selling a capacitor found to infringe a Presidio patent not involved in the appeal. AVX argued that the costs of that litigation were even higher due to the loss of customer goodwill and the reluctance of customers to purchase potentially infringing products. AVX cited one customer who refused to buy a capacitor due to the risk of future injunction. AVX stated that it perceived a substantial risk of future litigation with Presidio over the patent challenged in IPR, which along with the estoppels resulting from the IPRs, should be sufficient to confer standing for AVX to appeal the PTAB's decision.

The Federal Circuit rejected AVX's arguments and concluded that it lacked standing to appeal. Specifically, the court held that the estoppel resulting from the IPR does not, itself, constitute an injury sufficient to confer Article III, a conclusion that had been set forth in prior decisions of the court. The court expressly declined to decide, however, whether those estoppels have effect if the petitioner is unable to appeal an adverse determination. With respect to AVX's alleged injury based on its competitive relationship with Presidio and history of litigation, the court concluded that the government action at issue in an IPR is different from other types of government action that could give rise to competitor standing, e.g., where the action directly impacts the pricing in the market. Here, by contrast, the government action is the upholding of specific patent claims that give the patent owner a right to exclude others from practicing the invention. Because AVX had not averred that it has a present or non-speculative interest in engaging in conduct even arguably covered by the patent claims at issue, it lacked standing.

RELATED STANDING CASES

- *Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349 (Fed. Cir. 2019) (dismissing an IPR petitioner's appeal on grounds that the purported competitive injuries based on perceived limitations on the ability to market turbo engine products potentially covered by the patent were too speculative and the competitive relationship with the patent owner alone was insufficient)
- *Amerigen Pharm. Ltd. v. UCB Pharma GmBH*, 913 F.3d 1076 (Fed. Cir. 2019) (finding that an IPR petitioner had standing to appeal because its Abbreviated New Drug Application had received tentative approval by the Food & Drug Administration and the listing of the challenged patent in the Orange Book was delaying the ability of the petitioner to launch its generic product)
- *Samsung Elecs. Co. v. Infobridge Pte. Ltd.*, 929 F.3d 1363 (Fed. Cir. 2019) (finding that an IPR petitioner had standing because it licensed the patent as part of a standard-essential patent pool and suffered an injury because under the terms of the license, the petitioner would collect higher royalties for its own patents in the pool if the patent at issue was rendered invalid)
- *Momenta Pharm., Inc. v. Bristol-Myers Squibb Co.*, 915 F.3d 764 (Fed. Cir. 2019) (dismissing appeal because the IPR petitioner no longer had a cognizable injury given that it had publicly announced that it was abandoning development of the corresponding biosimilar product and was thus no longer engaging in activity that could give rise to a claim of infringement)
- *Mylan Pharm. Inc. v. Research Corp. Techs., Inc.*, 914 F.3d 1366 (Fed. Cir. 2019) (finding that three petitioners that joined an IPR relying on the exception to the one-year bar had standing to appeal because even though they were joined, the joinder and appeal provisions of the AIA treated them as "parties" with a right to appeal an adverse decision by the PTAB)
- *Sony Corp. v. Iancu*, 924 F.3d 1235 (Fed. Cir. 2019) (holding that a patent owner had standing to appeal an adverse decision by the PTAB even though the petitioner withdrew and the underlying district court litigation had settled, concluding that there was still a live controversy between the patent owner and the PTO regarding whether the PTAB erred in its determination)