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Competitor Standing Requires Present or Non-Speculative Interest

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AVX Corp. ("AVX") filed a Petition for *Inter Partes* Review challenging all claims of U.S. 6,661,639 owned by Presidio Components, Inc. (Presidio). The Board found claims 13-16 and 18 unpatentable and affirmed the patentability of all other claims. AVX appealed the Board's findings as to patentability. The Federal Circuit found that AVX lacked Article III standing and dismissed the appeal. *AVX Corp. v. Presidio Components, Inc*., Case No. 2018-1106 (May 13, 2019), slip at 1.

To support its claim to Article III standing AVX first argued that 35 U.S.C. § 315(e) would prevent it from presenting the same challenges in district court. Slip at 8. The Federal Circuit noted that it had "already rejected invocation of the estoppel provision as a sufficient basis for standing." *Id*. The Federal Circuit further explained that it had not yet "decided whether the estoppel provision would have the effect that AVX posits—specifically, whether § 315(e) would have estoppel effect even where the IPR petitioner lacked Article III standing to appeal the Board's decision…." *Id*. The Federal Circuit declined to rule on the second point, though noted the issue may be ripe "if either an infringement action or declaratory judgment action involving those claims is filed in district court." *Id*. at 9.

AVX also urged that that it should have "competitor standing" "because the decision reduces AVX's ability to compete with Presidio." *Id*. In addressing this argument the Federal Circuit explained that for standing based on competitive harm, the action must "nonspeculatively threaten[] economic injury to the challenger by the ordinary operation of economic forces." *Id*. at 11. Examples of such "nonspeculative" injury would be: "directly lowering competitors' prices for competing goods or by opening the market to more competitors." *Id*. The Federal Circuit found that the Board's decision did neither, but rather upheld "specific patent claims, which do not address prices or introduce new competitors, but rather give exclusivity rights over precisely defined product features." *Id*.

The Federal Circuit went on to note that "[a] patent claim *could* have a harmful competitive effect on a would-be challenger if the challenger was currently using the claimed features or nonspeculatively planning to do so in competition, *i.e.*, if the claim would block the challenger's own current or nonspeculative actions in the rivalry for sales." *Id*. at 12 (emphasis original). However, the Federal Circuit "conclude[d] that AVX has not shown that it is engaging in, or has non-speculative plans to engage in,

conduct even arguably covered by the upheld claims of the '639 patent." *Id*. at 12. Thus, the Federal Circuit dismissed the appeal.

Petitioners contemplating challenging a patent at the PTAB should closely consider their argument for Article III standing, e.g., by clearly articulating all non-speculative economic harm associated with an adverse decision from the PTAB. Petitioners should also account for the possibility that they may not have Article III standing to appeal the Boards decision to the Federal Circuit.