2013-1377

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CONSUMER WATCHDOG,
(formerly known as The Foundation for Taxpayer and Consumer Rights),

Appellant,

v.

WISCONSIN ALUMNI RESEARCH FOUNDATION,

Appellee.

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in Reexamination 95/000,154.

BRIEF OF APPELLANT IN RESPONSE TO UNITED STATES

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January 27, 2014

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CERTIFICATE OF INTEREST

Counsel for Appellant Consumer Watchdog certifies the following:

1. The full name of every party or amicus represented by me is:

Consumer Watchdog

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

NONE

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

NONE

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

Daniel B. Ravicher, Sabrina Hassan, Public Patent Foundation

Dated: January 27, 2014

/s/ Daniel B. Ravicher
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Among the dark clouds of standing law, there is a bright-line rule. The narrow category of judicial review statutes including the two at issue here relieves the Court of the difficulty of determining whether there is injury apart from a contested agency rejection. In this distinct class of judicial review statutes, Congress itself has defined both the injury and the injured. It is then necessary only to ask, "Is this party the *unique* party Congress identified as the beneficiary of judicial review of *this* agency action?" If the answer is yes, that party has standing.

I. CW HAS A CONCRETE, DIFFERENTIATED INTEREST IN THE PTO DECISION RENDERED AGAINST CW

The Government[1] refers to generalized grievances about burdens on taxpayer-funded research to cast the instant dispute as one of concerned bystanders. Gov. Br. 7-8. It is true that such burdens exist and engender general interest in the patentability of the invention claimed in the '913 patent. But none of the parties who are merely interested in that patentability has standing to bring this case. Instead, only one party has standing to appeal the adverse decision of the PTO in *inter partes* reexamination number 95/000154 pursuant to 35 U.S.C. §§141 and

1 The United States Department of Justice and the Patent and Trademark Office, who jointly filed an amicus brief on January 17, 2013, are jointly referenced herein as "the Government." Their joint amicus brief is referenced as "Gov. Br." The standing brief Consumer Watchdog ("CW") submitted on November 25, 2013 in response to the Court's order is referenced as "CW Stg. Br."

315(b)(1). Consumer Watchdog is that party.

The Government's reference to "any third party requester at any time" (Gov. Br. 4) is inapposite, because in all of their applications over all their years in effect, the two statutes under which CW finds standing to bring this appeal have applied to only a subset of third party requesters of *inter partes* reexaminations. As the Government pointed out repeatedly in its brief (Gov. Br. 9, 12), the PTO could have declined CW's request for reexamination altogether, making the two statutes inapplicable to CW. The statutes granting the right to judicial review apply only to third party requesters who successfully presented a substantial new question of patentability to the PTO. 35 U.S.C. § 312(a) (2010).

After CW completed that task and participated in the reexamination and Board of Patent Appeals and Interferences appeal for over five years at the PTO, the government's characterization of CW as "wholly a stranger to the '913 patent" (Gov. Br. 7) is hardly accurate. To the extent that CW's interest in the '913 was ever an "undifferentiated public interest," it was not so after the PTO granted its request.

An estoppel provision further differentiates CW's interest from that of the public. 35 U.S.C. § 317(b), in effect before the America Invents Act,[2] stated in

2 The provision of 35 U.S.C. 315(e)(1) currently in effect similarly estops a requester of *inter partes* review.

relevant part as follows:

> [I]f a final decision in an inter partes reexamination proceeding instituted by a third-party requester is favorable to the patentability of any original or proposed amended or new claim of the patent, then neither that party nor its privies may thereafter request an inter partes reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such . . . inter partes reexamination proceeding, and an inter partes reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter.

No other member of the public is so limited.

The government action that CW seeks to challenge here is not, as the Government insinuates, the patenting of a claimed invention, which applies equally to all people in the United States save the patentee. Instead, it is the PTO's specific action of, after granting CW's request for reexamination of the '913 patent, issuing a decision with which CW was dissatisfied in the reexamination, an action that applies uniquely to CW. "If [the plaintiff is himself an object of the action (or foregone action) at issue], there is ordinarily little question that the action or inaction has caused him injury . . .." *Lujan v. Defenders of Wildlife*, 504 U.S. 577, 562 (1992).

II. WHERE A STATUTE EXPRESSLY GRANTS JUDICIAL REVIEW TO THE DENIED REQUESTER OF A PARTICULAR AGENCY ACTION, THAT REQUESTER NEED NOT PROVE ANY ADDITIONAL INJURY FOR STANDING TO LIE

CW does not argue that all statutes granting the right to judicial review of agency action provide standing for all plaintiffs, as the government pretends it does (Gov. Br. 9). Instead, CW argues that statutes granting the right of judicial review to requesters of agency action who are denied the outcome they seek provide standing to such requesters even when the requesters lack a statute-independent injury. The support for this argument is evident in the binding case law.

In its November brief, CW described three contexts in which petitioners who had requested and been denied a particular agency action sought and received judicial review, under a statute granting requesters that review, without showing injury independent of the denial. The first was *inter partes* reexamination, the very statutory scheme at issue here, in which the statutes grant review expressly to "[a] third-party requester" of a given reexamination. 35 U.S.C. §§ 141, 315(b)(1). This Court has heard no less than four cases by third-party requesters who did not show independent injury. CW Stg. Br. 8-9.[3] The second was FECA (CW Stg. Br. 5), in

3 As noted in CW's earlier brief on standing (CW Stg. Br. 9 n.1), this Court also twice stated before *inter partes* reexam existed that a statute providing the right of appeal to a requester in reexamination proceedings was precisely what was

which the statute allows a petition for review by "[a]ny party aggrieved by an order of the Commission dismissing a complaint filed *by such party*." 2 U.S.C. 437g(a)(8)(A) (emphasis added). *See FEC v. Akins*, 524 U.S. 11 (1998). The third context was FOIA (CW Stdg. Br. 4), which grants courts Article III jurisdiction over a complaint by the precise party from whom records were improperly withheld: "On complaint, the [appropriate district court] has jurisdiction to enjoin the agency from withholding agency records and to order the production of any agency records improperly withheld *from the complainant*." 5 U.S.C. 552(a)(4)(B) (emphasis added). *See also Public Citizen v. United States Dep't of Justice*, 491 U.S. 440 (1989). "Our decisions interpreting the Freedom of Information Act have never suggested that those requesting information under it need show more than that they sought and were denied specific agency records." *Id.* at 449.

The Government does not reference a single case in which a denied requester who cited a statute granting judicial review to such denied requesters needed to prove injury to show standing. The cases the Government cites instead involved 1)

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needed for a requester to have standing. *Boeing v. Commissioner of Patents & Trademarks*, 853 F.2d 878, 881-82 (Fed. Cir. 1988); *Syntex (U.S.A.), Inc. v. U.S. Patent & Trademark Office*, 882 F.2d 1570, 1573 (Fed. Cir. 1989). Neither the Government nor WARF has offered a reason that denying standing now that such a statute exists would not be entirely contradictory to the guidance given by the Court on the issue to Congress in those decisions.

challenges of agency decisions to which review-seekers were not parties and 2) statutes that did not precisely identify denied requesters as the recipients of a right to judicial review. *See, e.g. Lujan*, 504 U.S. at 559 (finding no standing absent injury to plaintiffs who challenged, under the ESA citizen-suit provision, the Secretary's action of promulgating a law narrowing the geographical scope of an environmental regulation); *Sierra Club v. Morton*, 405 U.S. 727, 730 (1972) (finding no standing absent injury to plaintiffs who challenged, under the APA, federal approval of commercial development in the Sequoia National Forest); *Summers v. Earth Island Inst.*, 555 U.S. 488, 489 (2009) (finding no standing absent injury to plaintiffs who, under the APA and ARA, challenged unspecified applications of regulations that exempted certain land sales from the notice, comment and appeal process). The Government also cites *Americans for Safe Access v. Drug Enforcement Admin.*, 706 F.3d 438 (D.C. Cir. 2013), a sister circuit decision in which the applicable statute grants review not to the requester of an agency action but rather to "any person aggrieved by a final decision of the Attorney General." 21 U.S.C. § 877.

What distinguishes the APA/EPA cases from the FOIA/FECA/*inter partes* reexam cases is that, in the former cases, the plaintiffs sought review under statutes

that didn't designate them as the precise parties to whom review was available. An independent showing of injury was thus necessary for standing. In the latter cases, the plaintiffs were both the very parties against whom the adverse agency decision being reviewed had been rendered and they were the expressly designated recipients of the statutes' right to review. Thus in the FOIA, FECA and *inter partes* reexamination review statutes, Congress did both "identify the injury it seeks to vindicate"-- denial of certain requested administrative action-- "and relate the injury to the class of persons entitled to bring suit"-- the denied requesters. *Lujan*, 504 U.S. at 580 (Kennedy, J., concurring in part and concurring in the judgment). *See also Summers v. Earth Island Inst.*, 555 U.S. at 501 (Kennedy, J., concurring). Standing thus lies.

The government argues that statutes like FOIA and FECA do not exemplify statutorily created standing but rather create "substantive legal rights," the violation of which constitutes injury.[4] Gov. Br. 11. But if those rights yielded independent

4 The government also cites a case regarding the Fair Housing Act, *Havens Realty v. Coleman*, 455 U.S. 363 (1982). That case was not one in which the plaintiffs had been party to an adverse agency decision prior to seeking judicial review. Instead, black and white individuals had received conflicting information from a realty company about the availability of certain apartments, so they sued for violation of the Fair Housing Act. *Id*. at 363. Accordingly, only the black plaintiff who suffered independent injury, misrepresentation about housing availability, was found to have standing. *Id.* This case further supports the delineation between statutes that do and do not require a showing of independent

injuries in fact rather than injuries dependent on those statutes, then there would be no support for the decisions in *United States v. Richardson*, 481 U.S. 166 (1974) or *Berg v. Obama*, 574 F. Supp. 2d 509 (E.D. Pa. 2008), *aff'd* 586 F.3d 234 (3d Cir. 2009), which found no standing for parties who had identical injuries-in-fact to parties with standing under FOIA and FECA but who failed to request and then appeal agency action under those statutes before seeking review. CW Stg. Br. 4, 5.

Moreover, the government suggests no way to distinguish a "substantive legal right" such as access to government records from the rights granted in 35 U.S.C. §§141 and 315(b)(1) to a final decision favoring the requester. It is unclear how the lack of information in FECA and FOIA cases was more concrete or particularized for plaintiffs than it was for any other member of the public. *FEC v. Akins*, 524 U.S. 11 (1988); *Public Citizen*, 491 U.S. 440. For injury purposes, the only thing that differentiates those requesters from the general public is that they expended the effort, as CW did in this case, to prompt certain agency action. The fact that their success might benefit only them rather than the rest of the public, unlike patent invalidation which would benefit the general public in addition to CW, should not weigh in their favor.[5] To the extent that standing depends on

injury.

5 While many FOIA requesters seek government information for their own private benefit, many others seek to use it for public benefit, such as providing the

specificity, it is the specificity of the injury that matters, not the specificity of the relief sought.

III. THE LOOPHOLE THE GOVERNMENT INVENTS TO FIND STANDING FOR OTHER THIRD-PARTY REQUESTERS IS UNSUPPORTABLE

The Government claims that a finding of no standing for CW would not prevent the Court from finding standing for other third-party requesters of *inter partes* reexam whose disputes are unripe for declaratory judgment jurisdiction. Gov. Br. 13-16. Maintaining that mere denial of the agency action requested does not constitute injury, the Government finds sufficient "hard floor" injury for a

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disinfectant of sunshine by publishing such information for the whole world to see. The distinction doesn't matter because "the FOIA's central purpose is to ensure that the Government's activities be opened to the sharp eye of public scrutiny." *United States DOJ v. Reporters Comm. For Freedom of Press*, 489 U.S. 749, 774 (1989) (emphasis removed). "[T]he FOIA is not meant to provide documents to particular individuals who have special entitlement to them, but rather 'to inform the *public* about agency action." *United States DOJ v. Julian*, 486 U.S. 1, 17 (1988) (quoting *NLRB v. Sears, Roebuck & Co.*, 421 U.S. 132 (1975). The motivation of the requester of inter partes reexamination is similarly irrelevant, and would likely be subject to manipulative gamesmanship and difficult discovery processes if made relevant by the doctrine. As the Court has observed, "[t]he reexamination statute's purpose is to correct errors made by the government, to remedy defective governmental (not private) action, and if need be to remove patents that should never have been granted." *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 604 (1985). Thus, the case law does not pursue the futile exercise of ranking requesters by motivation. Rather, courts merely ask the question of whether the specific party before the Court was denied the right of process provided specifically to it by Congress.

prospective competitor who is trying to decide whether to invest in a particular market. *Id.* at 16. But it provides no explanation for how denial of the outcome that that competitor sought would injure it more concretely than the appealed denial here has injured CW.

To be sure, a prospective competitor would enjoy a more particularized economic *gain* than CW would from the invalidation of the patent. But the cases the Government cites to support its relaxed standard for standing are those in which the plaintiff asserted a procedural right to prevent or redress a *loss*. Thus in *Lujan*, the Court provides the example that "one living adjacent to the site for proposed construction of a federally licensed dam has standing to challenge the licensing agency's failure to prepare an environmental impact statement." *Lujan*, 504 U.S. at 573. In *Summers*, the Court identified as injury the respondents' mooted claim that "but for the allegedly unlawful abridged procedures they would have been able to oppose the project that threatened to impinge on their concrete plans to observe nature in [a] specific area." *Summers*, 555 U.S. at 497. *See also Massachusetts v. EPA*, 549 U.S. 497, 521 (2007) (finding the "EPA's steadfast refusal to regulate greenhouse gases presents a risk of harm" including loss of a significant fraction of coastal property); *Asarco, Inc. v. Kadish*, 490 U.S. 605, 616 (1989) (finding injury

to petitioner holders of mineral leases after the state court invalidated the law that governed those leases even though respondents had lacked Article III standing to bring the suit in the district court). In no case cited did the Supreme Court define an injury as eliminating the potential to gain, e.g. from a particular investment decision. Instead, in each case where the court identified a statute-independent injury, the contested government action had eliminated or threatened to eliminate a right the requester had held before the government took the contested action.

In the case of the hypothetical competitor, by contrast, the competitor's rights to practice the patented invention are exactly the same immediately before and after the *inter partes* review. Whether the competitor began the *inter partes* review with a mere prospect of investment or with concrete plans that had been foiled by the issuance of the patent, any statute-independent "injury" would be the same both immediately before and after the *inter partes* review proceeding. Both before and after the review, the allegedly invalid patent was in effect, preventing the competitor from using the claimed invention. So if the prospective competitor didn't have Article III standing before the *inter partes* review, and the injury of unsatisfactory reexamination didn't provide that standing, then it wouldn't have standing afterward.

In sum, an *inter partes* review decision favorable to patentability would injure a prospective competitor only in exactly the same way that CW is injured here. The competitor would have spent substantial resources on a proceeding that did not change its inability to practice the claimed invention, and it would be estopped from challenging the validity of the upheld claims in the future.[6] If the Court does not find standing for CW in this case, it cannot justifiably find standing for other third-party requesters whose cases are unripe for declaratory judgment jurisdiction.

The Government also fails to address the pragmatic catastrophe of its suggestion, that leaving uncertain appellate rights to potential filers of inter partes challenges to patents at the PTO will turn this Court into a fact finder on the issue. Should the Court adopt and manage discovery processes, including document requests, depositions, and live testimony of witnesses on the issue? Will the Court need to schedule preliminary standing hearings in all such cases before reaching the merits? If the facts and circumstances change throughout the proceeding, should the Court be forced to continually measure the then-present motivations and intentions of the third party requester, deciding that maybe today the intentions are

6 The fact that a competitor would be estopped from challenging validity in court in addition to doing so at the PTO is of no consequence when the dispute is, by definition of the Government's hypothetical, unripe for resolution in court.

sufficient for standing, but tomorrow they are not? The Government's failure to acknowledge the impracticality of its admittedly novel position makes transparent the position's own failings. Not only is the Government's position contrary to the plain language of the statute and incompatible with binding Supreme Court law, it would also be extremely burdensome, if not wholly impractical, for the Court to even implement.

IV. THE ASYMMETRICAL SCHEME THAT WOULD RESULT FROM DENYING STANDING FOR APPEAL TO ANY THIRD-PARTY REQUESTER IS UNJUST AND VIOLATES DUE PROCESS

The Government offhandedly remarks that "if PTO had concluded that the '913 patent was unpatentable, . . . there would have been little doubt regarding WARF's standing to appeal that adverse decision." Gov. Br. 5. CW agrees that the invalidation of one's patent constitutes sufficient injury to satisfy Article III's requirement. But to ignore the consequences of arguing that only one party to an adversarial proceeding should have the right to appeal an adverse decision is remarkable.

A rule that certain third-party requesters, competitors or not, lack the right to appeal a decision that would unquestionably be appealable by the adverse party if reversed is tantamount to saying to prospective third-party requesters, "You may

participate, but only until you lose." According to the government, if a patentee wins at the PTO, the requester may not appeal to the Court, and the matter is over. If a patentee loses at the PTO, however, then it may indeed appeal to the Court, where if it wins, the challenger would not have the right to seek further review either *en banc* or from the Supreme Court. In fact, under the government's proposed rule, a third-party requester successful at the PTO may not even be allowed to participate in participating alongside the PTO in any appeal to the Court brought by the patentee. Such an asymmetrical ending to what Congress unambiguously intended to be an *inter partes* proceeding is unjust and violates principles of fundamental fairness.

CONCLUSION

For these reasons, CW has standing to pursue this appeal.

Dated: January 27, 2014

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CERTIFICATE OF COMPLIANCE

1. This brief complies with the type-volume limitations of the Court's December 4, 2013, Order, because it is "limited to responding to the brief(s) of the PTO and the United States," excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b).

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of the Federal Rule of Appellate Procedure 32(a)(6), because it has been prepared in a proportionally spaced typeface using Open Office 3 in Nimbus Roman 14 point font.

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