
Post-Lexmark: Status of Prudential Standing in Patent Law

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Standing is a threshold requirement to bring a cause of action, and requires “two strands: Article III standing, which enforces the Constitution’s case-or-controversy requirement, and prudential standing, which embodies judicially self-imposed limits on the exercise of federal jurisdiction.”¹ On March 25, 2014, however, the Supreme Court of the United States abrogated prudential standing for the foreseeable future in *Lexmark International, Inc. v. Static Control Components, Inc.*² The fallout of this hardly publicized, yet unanimous opinion is two-fold. First, federal courts will need to dissect and reconstruct their standing requirements. Second, plaintiffs who could have had their day in court in 2014 may have the court’s doors slammed in their face today. This Article focuses on the impact of the Supreme Court’s ruling in the patent field and demonstrates that the ruling reinforces a party’s right to access the courts in patent infringement suits.

Standing is the determination of “whether the litigant is entitled to have the court decide the merits of the dispute or of particular issues.”³ Unfortunately, standing is one of the most convoluted areas of law. This confusion stems from the Court’s own inconsistencies.⁴ Some argue these inconsistencies rise from the Court manipulating cases based on something other than the merits.⁵ Despite inconsistent application and biases, the standing doctrine serves three policy concerns. First, the doctrine promotes separation of powers by

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1. 1 OTIS STEPHENS, JR. ET AL., *AMERICAN CONSTITUTIONAL LAW: SOURCES OF POWER AND RESTRAINT* 103 (6th ed. 2014).

2. 134 S. Ct. 1377, 1395 (2014).

3. *Warth v. Seldin*, 422 U.S. 490, 498 (1975) (holding petitioners failed to meet threshold standing requirements).

4. See *Valley Forge Christian Coll. v. Ams. United for Separation of Church & State, Inc.*, 454 U.S. 464, 475 (1982) (citing differing court interpretations of standing requirement). “We need not mince words when we say that the concept of Art. III standing has not been defined with complete consistency in all of the various cases decided by this Court . . .” *Id.*

5. See Richard J. Pierce, Jr., *Is Standing Law or Politics?*, 77 N.C. L. REV. 1741, 1742 (1999) (arguing background affects judge’s determination of standing); Gene R. Nichol, Jr., *Abusing Standing: A Comment on Allen v. Wright*, 133 U. PA. L. REV. 635, 650 (1985) (discussing prevalence of manipulation in redressability standard).

restricting judicial review.⁶ Second, it prevents a surge of lawsuits by those lacking a stake in the outcome.⁷ Third, it promotes fairness such that only holders of rights may assert them.⁸

Although these policy concerns seem clear, the judiciary has blurred the difference between constitutional and prudential standing requirements. The three-pronged constitutional standing requirement is relatively clear: A plaintiff bringing an action must have an injury in fact, the defendant must have caused the injury, and it must be an injury that the court can redress. The Court's prudential standing requirements are much harder to delineate. Some prudential requirements prohibit plaintiffs from raising claims on behalf of absent third parties, or from raising generalized grievances. Other prudential requirements demand a party be within the relevant statute's zone of interests, or within the group intended to benefit from the statute.⁹ Perpetual change and confusion regarding constitutional and prudential standing requirements have left lower courts to navigate standing on a statute-by-statute and case-by-case basis.

Standing in patent law cases is particularly interesting because the patent right is an exclusionary right that the patent owner may transfer either in part or in whole. In patent infringement suits, the Federal Circuit and lower courts apply Patent Act requirements, constitutional requirements, and judicially imposed prudential requirements.¹⁰ When a patent owner transfers or divides her patent right, as by license, courts discern whether the asserting party has prudential standing by evaluating the substance of the transferred rights and determining which individual holds "all substantial rights" to the patent in question.¹¹ Despite serious opposition to the "all substantial rights" prudential standing test, the Federal Circuit and lower courts continue to rely on this standard to determine whether they may adjudicate the case.

6. *Lewis v. Casey*, 518 U.S. 343, 353 n.3 (1996) (discussing court's failure to recognize separation of powers in standing cases). Standing "has a separation-of-powers component, which keeps courts within certain traditional bounds vis-à-vis the other branches, concrete adverseness or not." *Id.* Article III, in Chief Justice Warren's words, "define[s] the role assigned to the judiciary in a tripartite allocation of power to assure that the federal courts will not intrude into areas committed to the other branches of government." *Flast v. Cohen*, 392 U.S. 83, 95 (1968).

7. *See United States v. Richardson*, 418 U.S. 166, 192 (1974) (Powell, J., concurring) (explaining inefficiency of allowing public interest suits for all citizens).

8. *See infra* Part I.A and accompanying text.

9. *See Valley Forge*, 454 U.S. at 475 (explaining complaint must fall within "zone of interests"); *Gladstone, Realtors v. Vill. of Bellwood*, 441 U.S. 91, 99-100 (1979) (stating plaintiff may achieve standing based on questions of broad impact). *But see Duke Power Co. v. Carolina Envtl. Study Grp., Inc.*, 438 U.S. 59, 60-61 (1978) (arguing in some cases standing exists only where constitutional requirements met); *Warth*, 422 U.S. at 501 (omitting zone-of-interests test from its summary of law of standing).

10. *See Evident Corp. v. Church & Dwight Co.*, 399 F.3d 1310, 1313-14 (Fed. Cir. 2005) (discussing doctrine of standing limiting judicial power).

11. *See Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1378 (Fed. Cir. 2000) (summarizing test for patentee joining in infringement suits).

Following the Supreme Court's *Lexmark v. Static Control* trademark decision, reliance on the patent prudential standing standard, or any prudential standard, may no longer be appropriate. In 2014, the Supreme Court effectively eliminated the longstanding doctrine of prudential standing in all federal statute cases.¹² In its stead, the Court espoused a zone-of-interests test, along with a proximate-cause requirement.¹³

Although the Supreme Court's decision in *Lexmark* had clear repercussions on trademark law, courts have yet to fully realize *Lexmark*'s effect on patent law because a limited number of courts have applied it in the patent context. In accordance with national trends, courts applying patent law could interpret the *Lexmark* decision in three ways: first, as eliminating the patent prudential standing inquiry known as the "all substantial rights" test; second, as inapplicable in the patent context; or third, as reinforcing traditional patent prudential standing. This Article argues that a proper application of *Lexmark* results in the reinforcement, rather than the destruction, of the standing requirement for patent cases.

In Part I, this Article begins by describing the general fundamentals of constitutional standing, followed by specific standing requirements in patent infringement cases.¹⁴ Part I then introduces traditional and general conceptions of prudential standing and its applications in patent infringement cases;¹⁵ this is followed by the development, decision, and outcome of the Supreme Court's decision in *Lexmark*, which arguably abrogated the prudential standing doctrine as a whole.¹⁶ Part II analyzes the outcome of the *Lexmark* decision and contends that *Lexmark* does not eviscerate prudential standing in patent infringement cases because the two-step inquiry set out in *Lexmark* embraces the prudential standing inquiry courts have traditionally conducted in patent infringement cases.¹⁷ This Article concludes that the traditional prudential standing inquiry in patent infringement cases aligns with the test set out in *Lexmark*, and thus courts should continue to apply its precedent.¹⁸

I. BACKGROUND

The Supreme Court upended the long-term standing precedent in *Lexmark* by abolishing prudential standing doctrine. This Part analyzes the impact of this eradication in patent law by first discussing the development and precedent of standing generally, and then precedent for standing specifically in patent law

12. *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1395 (2014) (discussing lack of merit for prudential standing).

13. *See id.* at 1388 (interpreting statutory language and congressional intent).

14. *See infra* Part I.A.1.

15. *See infra* Part I.A.2.

16. *See infra* Part I.B.

17. *See infra* Part II.

18. *See infra* Part III.

prior to *Lexmark*.¹⁹ Next, this Part details *Lexmark*'s development and decision, which removed prudential consideration from the standing analysis.²⁰ Finally, this Part explores the limited case law applying *Lexmark* in the patent context.²¹

A. Standing Generally

Standing is one of several justiciability principles that takes root in the “cases” and “controversies” language of Article III of the United States Constitution.²² Article III stipulates that federal judicial power and justiciability principles limit this power.²³ Justiciability is one of many doctrines courts use to determine which matters they may adjudicate and which matters they must dismiss.²⁴ Standing is the particular aspect of justiciability that evaluates “whether the litigant is entitled to have the court decide the merits of the dispute or of particular issues.”²⁵ Accordingly, a federal court cannot hear or decide a particular case without the establishment of standing.²⁶ Standing, therefore, is a threshold requirement and is necessary for a plaintiff to gain access to the court on any subject.²⁷ Scholars contend the standing doctrine furthers three policy objectives: to promote separation of powers by eradicating judge-made law, to prevent those without a stake in the lawsuit from bringing suit, and to foster fairness such that only right holders assert their rights.²⁸

In restricting judicial review, the standing doctrine promotes separation of powers.²⁹ Writing in this journal, the *Suffolk University Law Review*, back in

19. See *infra* Part I.

20. See *infra* Part I.C.

21. See *infra* Part I.D.

22. *Flast v. Cohen*, 392 U.S. 83, 95 (1968) (discussing role of judiciary); see also U.S. CONST. art. III.

23. See *Flast*, 392 U.S. at 95 (explaining meaning of “cases” and “controversies” language); U.S. CONST. art. III.

24. See William J. Brennan, Jr., *State Constitutions and the Protection of Individual Rights*, 90 HARV. L. REV. 489, 498 (1977).

25. *Warth v. Seldin*, 422 U.S. 490, 498 (1975).

26. See *Myers Investigative & Sec. Servs., Inc. v. United States*, 275 F.3d 1366, 1369-70 (Fed. Cir. 2002) (discussing threshold jurisdictional question of standing).

27. See *infra* note 36 and accompanying text; see also *Warth*, 422 U.S. at 498 (explaining standing as “threshold question in every federal case, determining the power of the court to entertain the suit”); Wayne Batchis, *Suburbanization and Constitutional Interpretation: Exclusionary Zoning and the Supreme Court Legacy of Enabling Sprawl*, 8 STAN. J. C.R. & C.L. 1, 32 (2012) (describing Supreme Court’s long history of addressing standing as threshold requirement to bring claim); Nancy C. Staudt, *Modeling Standing*, 79 N.Y.U. L. REV. 612, 612-13 (2004) (explaining requirement of standing). “Standing is a threshold requirement. Without standing, plaintiffs are barred from court; with it, they quite possibly will get a hearing on the merits.” Staudt, *supra*, at 612-13.

28. See *United States v. Richardson*, 418 U.S. 166, 192 (1974) (Powell, J., concurring) (identifying preventing unrelated parties from bringing suit as justification for standing doctrine).

29. See *Lewis v. Casey*, 518 U.S. 343, 353 n.3 (1996) (recognizing separation of powers reasoning for standing requirement). In Chief Justice Warren’s words, Article III “define[s] the role assigned to the judiciary in a tripartite allocation of power to assure that the federal courts will not intrude into areas committed to other

1983, Justice Scalia contended that the standing doctrine is a “crucial and inseparable element” of the separation of powers principle.³⁰ According to Justice Scalia, the very existence of standing “is largely within the control of Congress.”³¹ Therefore, a court encroaches on the legislature’s power to create cases and controversies pursuant to Article III if the court hears a case in which the plaintiff lacks standing, or conversely, declines to hear a case where Congress has provided the plaintiff with a cause of action.³²

Second, the standing doctrine prevents those lacking a stake in the outcome from bringing a plethora of lawsuits.³³ As a result, standing can “ensure the effectiveness of the federal courts by making sure that their limited resources are directed to those who have more than simply a political or ideological interest in the result of the case.”³⁴ Additionally, a third party should not unnecessarily adjudicate the rights of another, especially where the holder of those rights does not wish to assert them or would not benefit from successful litigation.³⁵

Third, the standing doctrine promotes fairness because only holders of rights may assert them.³⁶ In *Warth v. Seldin*, the Court explained that plaintiffs “generally must assert [their] own legal rights and interests, and cannot rest [their] claim[s] on the legal rights or interests of third parties.”³⁷

Determining whether standing exists is not a simple task. Historically, federal courts have evaluated standing through two prongs: First, by appraising constitutional limitations on federal-court jurisdiction, and second, by appraising prudential limits on the exercise of that jurisdiction.³⁸ Constitutional and prudential standing requirements are expounded upon below.

1. *Constitutional Standing*

Constitutional standing derives from the Supreme Court’s interpretation of Article III’s limit on federal court jurisdiction over “cases” and

branches of government.” *Flast v. Cohen*, 392 U.S. 83, 95 (1968).

30. See Antonin Scalia, *The Doctrine of Standing as an Essential Element of the Separation of Powers*, 17 SUFFOLK U. L. REV. 881, 883 (1983) (emphasizing importance of standing within separation of powers).

31. *Id.* at 822 (explaining congressional power in regard to standing).

32. See *Lewis*, 518 U.S. at 353 n.3 (stating standing doctrine has separation of powers implications); *Flast*, 392 U.S. at 95 (identifying cases and controversies clause as preserving separation of powers).

33. See *United States v. Richardson*, 418 U.S. 166, 192 (1974) (Powell, J., concurring) (noting reluctance of courts to entertain suits brought by plaintiffs with nothing at stake).

34. David M. Palmer, Note, *Untangling Tenth Amendment Standing: Why Private Parties Cannot Enforce the Federal Structure*, 35 HASTINGS CONST. L.Q. 169, 177 (2008).

35. *Singleton v. Wulff*, 428 U.S. 106, 113-16 (1976) (discussing petitioner’s benefit by prevailing in suit asserting personal rights).

36. See *Warth v. Seldin*, 422 U.S. 490, 499 (1975).

37. *Id.*

38. See *id.* at 498 (explaining process for determining standing).

“controversies.”³⁹ Therefore, the doctrine of constitutional standing identifies which disputes fall within the scope of these broad categories and which disputes a federal court may resolve.⁴⁰ Constitutional standing requires that a plaintiff show: an injury in fact; a causal connection between the injury and the defendant’s conduct; and that a favorable decision would redress the injury.⁴¹ Constitutional standing is a necessary but insufficient ingredient to guarantee a court hears and decides the plaintiff’s claim.⁴² Moreover, the Court identified prudential standing requirements in addition to the constitutional requirements necessary to establish standing.⁴³

2. Prudential Standing: Origins of the Zone-of-Interests Test

Even when a plaintiff satisfies constitutional requirements, courts may still refuse to hear and decide the case if the plaintiff does not also satisfy prudential requirements.⁴⁴ In essence, prudential standing requires that plaintiffs raise their own rights as opposed to rights of a third party.⁴⁵ Prudential standing requirements also relate to the court’s proper role over a case, which is to interpret—but not make—law.⁴⁶

Critics of prudential standing, like Justice Scalia, consider the bifurcation of the constitutional inquiry “[u]nsatisfying—not least because it leaves unexplained the Court’s source of authority for simply granting or denying standing as its prudence might dictate.”⁴⁷ This prudence could allow courts to forego the separation of powers and improperly tailor Congress’s intent.⁴⁸ Justice Scalia posited that “[w]hen the legislature explicitly says that a private

39. U.S. CONST. art. III, § 2, cl. 2 (outlining limits on federal jurisdiction).

40. See *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560 (1992) (defining doctrine of standing).

41. See *id.* (listing foundational elements of case with standing).

42. See *Elk Grove Unified Sch. Dist. v. Newdow*, 542 U.S. 1, 15-18 (2004) (dismissing father’s claim arguing Pledge of Allegiance unconstitutional because father lacked prudential standing); *United Food & Commercial Workers v. Brown Grp., Inc.*, 517 U.S. 544, 557 (1996) (suggesting bar against third-party standing as prudential); *Warth v. Seldin*, 422 U.S. 490, 499 (1975) (referring to injury requirements as “minimum constitutional mandate”).

43. See *United Food*, 517 U.S. at 557 (barring litigants from asserting rights of absent third parties); *Warth*, 422 U.S. at 499 (providing examples of prudential standing requirements).

44. See *Elk Grove*, 542 U.S. at 17-18 (dismissing father’s claim challenging constitutionality of Pledge of Allegiance because father lacked prudential standing).

45. See *id.*

46. See *id.* at 12 (discussing need for prudential limitations). The Court stated:

Without [prudential] limitations, closely related to Art. III concerns but essentially matters of judicial self-governance, the courts would be called upon to decide abstract questions of wide public significance even though other governmental institutions may be more competent to address the questions and even though judicial intervention may be unnecessary to protect individual rights.

Warth, 422 U.S. at 500 (internal citations and quotations omitted).

47. Scalia, *supra* note 30, at 885.

48. See *id.* at 886 (stating courts have no power to confer standing).

right exists, [the] prudential inquiry is displaced.”⁴⁹ Congress, however, does not always make its intent express and in such cases it may be necessary for courts to apply prudential factors, “[n]ot by virtue of their own inherent authority to expand or constrict standing, but rather as a set of presumptions derived from common law tradition designed to determine whether the legal right exists.”⁵⁰

Despite criticism, the Court has used prudential considerations to prohibit third-party standing, evaluate standing for general grievances, and require that a party or injury be within the relevant statute’s zone of interests to have standing.⁵¹ Following the Court’s decision in *Lexmark*, however, the first two of those three considerations become irrelevant, and the third objective likely applies to the standing inquiry for federal statutes in the future. Thus, the remainder of this Part explores the origin and development of the zone-of-interests test.

Under the zone-of-interests test, if the constitutional standing requirements are met, a plaintiff may sue if the interest she seeks to protect falls within the zone of interests Congress intended to protect via statute.⁵² Courts traditionally evoke this test when a plaintiff challenges an administrative agency regulation that does not directly control the individual’s actions.⁵³ Although the test undoubtedly applies in federal administrative actions, its application in that context has been unclear.⁵⁴ The obscure legal authority that established the zone-of-interests requirement, the enduring debate over whether the requirement is truly prudential, and a statutory instruction from Congress may have contributed to this lack of clarity.⁵⁵ Use of the test may also be unclear because of the “schizophrenic” nature by which the Court applies this test to cases.⁵⁶

The first articulation of the zone-of-interests test was in *Ass’n of Data Processing Service Orgs., Inc. v. Camp*.⁵⁷ The plaintiff challenged the comptroller of currency’s ruling, which allowed banks to make data processing

49. *Id.*

50. *Id.*

51. *See Elk Grove Unified Sch. Dist. v. Newdow*, 542 U.S. 1, 12 (2004) (explaining scope and implications of prudential standing).

52. *See ERWIN CHERMERINSKY, FEDERAL JURISDICTION 103* (4th ed. 2003); *see also Ass’n of Data Processing Serv. Orgs., Inc. v. Camp*, 397 U.S. 150, 153 (1970) (noting zone of interests answers standing question).

53. *See CHERMERINSKY, supra* note 52, at 98.

54. *See id.* at 100-02.

55. Jonathan R. Siegel, *Zone of Interests*, 92 GEO. L.J. 317, 317-18 (2004); *see also Nat’l Credit Union Admin. v. First Nat’l Bank & Trust Co.*, 522 U.S. 479, 488 (1998) (interpreting statute as imposing prudential standing requirement); *Clarke v. Sec. Indus. Ass’n*, 479 U.S. 388, 400 n.16 (1987) (noting zone-of-interests test statutorily imposed); *Allen v. Wright*, 468 U.S. 737, 751 (1984) (explaining zone-of-interests test judicially self-imposed).

56. Siegel, *supra* note 55, at 318-19 (examining indecisiveness in court analysis).

57. 397 U.S. 150, 153 (1970) (applying zone-of-interests analysis).

services available to other banks and customers.⁵⁸ Under the Administrative Procedures Act (APA), persons “aggrieved by agency action within the meaning of a relevant statute” can seek judicial review of the agency’s determination.⁵⁹ In addition to Article III requirements, the Court determined that standing also encompasses a rule of self-restraint that the Court should impose to govern itself.⁶⁰ The Court determined that to satisfy this rule, the interest the plaintiff sought to protect must “arguably [be] within the zone of interests to be protected or regulated by the statute or constitutional guarantee in question.”⁶¹ The Court ultimately determined that the data processors’ injuries fell within the zone of interests of the Bank Service Corporation Act of 1962, which prohibited banks from engaging in any activity other than the performance of bank services for banks.⁶²

Despite espousing the zone-of-interests test in *Data Processing*, the Court failed to provide guidance to lower courts on how to apply it. The Court also failed to provide more useful guidance in cases to follow employing the zone-of-interests test.⁶³ Over time, the zone-of-interests test has sparked debate among legal scholars. Proponents of the test submit that it promotes the separation of powers, covering only the individuals that Congress intended to protect.⁶⁴ Conversely, opponents to the zone-of-interests test find it inconsistent and imprecise.⁶⁵ Opponents specifically note that “the Court never has articulated how a judge is to decide the zone of interests protected by a particular statute.”⁶⁶ Additionally, the Court has inconsistently viewed the zone-of-interests test as a prudential standing requirement.⁶⁷ For years the legal community considered the test abandoned, until 1978 when the Court resurrected the test as a separate standing requirement, but one intended to be limited.⁶⁸ Irrespective of the controversy arising from the zone-of-interests test, this test now has explicit roots in the standing inquiry according to the

58. *See id.* at 151.

59. 5 U.S.C. § 702 (2012).

60. *See Camp*, 397 U.S. at 154 (applying self-restraint rule to standing issues).

61. *Id.* at 153.

62. *See id.* at 155 (discussing relevance of statute for standing determination).

63. CHEMERINSKY, *supra* note 52, at 98.

64. 13A FED. PRAC. & PROC. JURIS. *Zone of Protected Interests* § 3531.7 n. 36 (3d ed.), Westlaw (database updated Apr. 2015).

65. CHEMERINSKY, *supra* note 52, at 98 (discussing criticism of zone-of-interests test).

66. *Id.*

67. *See Duke Power Co. v. Carolina Envtl. Study Grp., Inc.*, 438 U.S. 59, 72 (1978) (discussing standing requirements without reference to zone of interests); *Warth v. Seldin*, 422 U.S. 490, 498-502 (1975) (providing background and standard for determining standing). *But see Valley Forge Christian Coll. v. Ams. United for Separation of Church & State, Inc.*, 454 U.S. 464, 475 (1982) (including zone-of-interest test as prudential standing requirement); *Gladstone, Realtors v. Vill. of Bellwood*, 441 U.S. 91, 100 n.6 (1979) (determining no standing for individuals did not reside in community designated in complaint).

68. *See Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 351 (1984); *Clarke v. Sec. Indus. Ass’n*, 479 U.S. 388, 397 (1978).

Court. Determining how this development affects patent law specifically will first require a thorough overview of standing in patent law prior to *Lexmark*.

B. Patent Law Standing: Origins of the “All Substantial Rights” Test

Plaintiffs bringing patent infringement actions must satisfy the Patent Act, constitutional requirements, and prudential standing requirements.⁶⁹ The Patent Act bestows an exclusionary property right to prevent others from “making, using, selling, or offering to sell the patented invention.”⁷⁰ An individual’s right to exclude others from their patented property is considered “one of the most essential sticks in the bundle of rights that are commonly characterized as property.”⁷¹ A violation of any of these exclusionary rights constitutes infringement.⁷² Thus, the Patent Act confers an explicit cause of action for patent infringement, defines the nature and source of the infringement claim, and determines whether a party is entitled to relief.

To sue for infringement, the party bringing suit must establish Article III standing. According to Federal Circuit precedent, an essential consideration for ascertaining constitutional standing in a patent infringement suit is “whether a party can establish that it has an exclusionary right in a patent, which, if violated by another, would cause the party holding the exclusionary right to suffer legal injury.”⁷³ The injury the patent owner suffers in an infringement action is the diminished ability to exclude an individual from practicing the patented invention without respecting the patent owner’s rights.⁷⁴ Generally, the patentee—that is, the patent owner and title holder—at the time suit is filed will have constitutional standing because the Patent Act provides that a “patentee shall have remedy by civil action for infringement on his patent.”⁷⁵ A patentee can be either the individual to “whom the patent was issued [or] the successors in title to the patentee.”⁷⁶ A successor in title is an individual who, by assignment, becomes the effective patentee.⁷⁷

To determine whether an individual is an effective patentee, the federal

69. See Sarah Greibrok, Note, *Contract Principles: A Sensible Alternative to the “All Substantial Rights” Standard in Licensee Standing*, 42 AIPLA Q.J. 109, 112 (2014) (describing requirements petitioner must exhibit to bring claims in patent cases).

70. *WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1264 (Fed. Cir. 2010) (evaluating statute).

71. *Kaiser Aetna v. United States*, 444 U.S. 164, 176 (1979) (highlighting fundamental nature of right to exclude).

72. See S. REP. NO. 82-1979, at 2402 (1952) (“[A] declaration of what constitutes infringement . . . is not actually necessary because the granting clause creates certain exclusive rights and infringement would be any violation of those rights.”).

73. *WiAV Sols.*, 631 F.3d at 1265 (explaining standing in patent context).

74. See *id.* at 1264 (articulating injury in patent infringement cases).

75. See 35 U.S.C. § 281 (2012) (providing remedies for patent owners); *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 40 (1923) (identifying patent owner as proper plaintiff).

76. 35 U.S.C. § 100(d) (2012) (defining patentee).

77. See *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1339 (Fed. Cir. 2007) (defining successor in title as person with legal title).

courts turn to prudential standing requirements. The Federal Circuit has determined patent ownership, which the patent owner can divide or assign or retain in whole or part, by examining whether one person holds a large enough portion of the total rights.⁷⁸ An individual found to have a sufficiently large portion of the bundle of rights may sue for infringement in his own name.⁷⁹ Yet because the patent right can be divided, not all those with rights to a patent may sue those that infringe on those rights. Rather, plaintiffs are categorized into one of three general groups for purposes of prudential standing in patent infringement cases: those who can sue in their own name; those who can sue if they join the patent owner; and those who cannot participate as a party in an infringement suit.⁸⁰

Consequently, the first group of plaintiffs are those who hold all of the legal rights to a patent; these plaintiffs may sue for infringement in their own name.⁸¹ Traditionally, a grant of “all substantial rights” in a patent amounts to an assignment.⁸² According to the Federal Circuit, patentees and their assignee are afforded ownership, and thus the right to sue:

A conveyance of legal title by the patentee can be made only of the entire patent, an undivided part or share of the entire patent, or all rights under the patent in a specified geographical region of the United States. A transfer of any of these is an assignment and vests the assignee with title in the patent, and a right to sue infringers. A transfer of less than one of these three interests is a license, not an assignment of legal title, and it gives the licensee no right to sue for infringement at law in the licensee’s own name.⁸³

The second group of plaintiffs are those who hold an exclusive license; these “exclusive licensees” hold only some rights and interests, characterized as exclusive, but not the entirety of the substantial rights to the patent.⁸⁴ An exclusive licensee also has the right to sue because such a licensee “has a legally protected interest in the patent created by the Patent Act, so that it can

78. See *Alfred E. Mann Found. for Sci. Research v. Cochlear Corp.*, 604 F.3d 1354, 1360 (Fed. Cir. 2010) (describing method of determining patent ownership).

79. See *id.* (outlining test for patent ownership to establish standing).

80. See *Morrow*, 499 F.3d at 1339 (listing types of plaintiffs in patent litigation).

81. See *id.* at 1339-40; see also *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998) (defining patentee and discussing rights).

82. See *Intellectual Prop. Dev., Inc. v. TCI Cablevision of Cal., Inc.*, 248 F.3d 1333, 1344-45 (Fed. Cir. 2001) (discussing relationship between transfer of patent rights and assignment); see also *WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1264 (Fed. Cir. 2010) (“The term ‘patentee’ encompasses both the owner of the patent and the assignee of all substantial rights in the patent.”).

83. *Waterman v. Mackenzie*, 138 U.S. 252, 255 (1891) (footnotes and citations omitted).

84. See *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1340 (Fed. Cir. 2007) (explaining category of plaintiffs does not have substantial rights to patent).

be said to suffer legal injury from [the] act of infringement.”⁸⁵ Although exclusive licensees have exclusionary rights, they must enforce those rights through or in the name of the owner of the patent, and the licensee usually joins the patentee.⁸⁶ This joinder may not be necessary in all instances because, if the patentee transfers “all substantial rights” in the patent to an exclusive licensee, then the licensee is treated as an assignee and can sue in its own name such that the patent owner need not be joined in the action.⁸⁷ Transference of “all substantial rights” occurs when the licensee is granted the rights to enforce the patent and relieves the licensor of those rights.⁸⁸

Finally, the third category of plaintiffs encompasses those that hold less than “all substantial rights” to the patent and lack exclusionary rights under the patent statutes.⁸⁹ As such, plaintiffs in this category cannot cure their lack of standing by joining the patent owner.⁹⁰

In determining the category in which a party falls, courts created a prudential standing test that looked to the substance of the party’s rights rather than the characterization of those rights.⁹¹ In evaluating the substance of the right, a court may therefore find that a licensor did not afford an exclusive licensee sufficient rights to confer standing, or that an assignee transferred away too many rights and thus divested the assignee of its right to sue, or that a purported assignee never received sufficient rights to sue alone.

There are several possible circumstances in which courts may need to determine whether a complainant has proper standing to maintain an action for patent infringement. The first is the archetypal case in which a licensee or purported assignee attempts to bring suit and the court must determine whether the complainant possesses “all substantial rights” in the patent or patents at issue.⁹² With respect to a purported assignee, if there is an official assignment document, or a recording of an assignment, the court presumes the assignment to be valid, placing the burden to rebut on the party challenging the assignment.⁹³

The converse circumstance is also possible, in which courts may need to determine whether there is proper standing when a patent owner or legal

85. *See Propat Int’l Corp. v. RPost, Inc.*, 473 F.3d 1187, 1193 (Fed. Cir. 2007).

86. *See Indep. Wireless Tel. Co. v. Radio Corp. of Am.*, 269 U.S. 459, 467, 469 (1926).

87. *See Delano Farms Co. v. Cal. Table Grape Comm’n*, 655 F.3d 1337, 1342 (Fed. Cir. 2011) (providing patentee not always necessary party).

88. *See id.*; *see also Alfred E. Mann Found. for Sci. Research v. Cochlear Corp.*, 604 F.3d 1354, 1361 (Fed. Cir. 2010) (discussing significance of licensee’s right to sue).

89. *See Morrow*, 499 F.3d at 1341 (considering proper plaintiffs with less than “all substantial rights” to patent).

90. *See id.* (stating joinder cannot cure deficiency in standing).

91. *See Vaupel Textilmaschinen KG v. Meccania Euro Italia S.P.A.*, 944 F.2d 870, 875 (Fed. Cir. 1991) (concluding formal assignment of patent not necessary to confer substantial rights).

92. *See SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1327-28 (Fed. Cir. 2010).

93. *See id.* (explaining recorded assignment presumed valid).

assignee has transferred away sufficient rights, causing the court to determine whether standing—and consequently the right to sue—exists.⁹⁴ Retaining the right to sue alleged infringers, however, often precludes a finding that “all substantial rights” were transferred.⁹⁵ For example, in *Mann*, the Court determined that the patent owner did not divest “all substantial rights” by limiting her right to sue individuals until the licensee chose to sue.⁹⁶

An exclusive licensee or purported assignee may sue in their own name and need not join the patent owner or original assignee if they receive “all substantial rights in the patent,” and are effectively an assignee.⁹⁷ Otherwise, the licensee or purported assignee generally must join the patent owner to sue for infringement.⁹⁸ As the Supreme Court noted in *Independent Wireless Telegraph Co. v. Radio Corp. of America*,⁹⁹ the presence of the patent owner as a party is indispensable, not only to gain jurisdiction under patent laws, but also to enable the alleged infringer to respond in one action to all claims of infringement for his act.¹⁰⁰ The patent owner may either defeat all claims in the one action, or satisfy one adverse decree to bar all subsequent actions.¹⁰¹ Further, the Federal Circuit has stated that a patent licensee’s joinder of a patent owner is essential as a matter of statutory standing.¹⁰²

Although federal courts have relied on prudential standing in patent cases, opponents to the “all substantial rights” test believe it is unnecessarily convoluted. Some academics have advocated for complete eradication of the test from the standing analysis. In particular, Professor Nguyen of Indiana University Robert H. McKinney School of Law promotes a standing analysis that does away with the “all substantial rights” test, making the patent owner an “indispensable party” according to Rule 19 of the Federal Rules of Civil Procedure.¹⁰³ As a result, courts must dismiss any action in which an “indispensable party” is absent, regardless of the potential inconvenience to the plaintiff or the possibility that such dismissal would deprive the plaintiff of a forum in which to bring his action.¹⁰⁴ Be that as it may, the vitality of the “all

94. See *Alfred E. Mann Found. for Sci. Research v. Cochlear Corp.*, 604 F.3d 1354, 1359 (Fed. Cir. 2010) (discussing alternate situation where sufficient rights transferred).

95. See *id.* at 1361.

96. See *id.* at 1363 (finding license agreement did not assign patent).

97. *Delano Farms Co. v. Cal. Table Grape Comm’n*, 655 F.3d 1337, 1342 (Fed. Cir. 2011) (explaining when original patent owner must be party to lawsuit).

98. See *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1340 (Fed. Cir. 2007) (detailing joinder requirements for licensees).

99. 269 U.S. 459 (1926).

100. See *id.* at 466.

101. See *id.* (describing reasons for patent owner as necessary party to action).

102. See *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 1133 (Fed. Cir. 1995) (declaring significance of patent licensee joining patent owner).

103. See FED. R. CIV. P. 19; Xuan-Thao Nguyen, *Patent Prudential Standing*, 21 GEO. MASON L. REV. 17, 37 (2013) (noting Supreme Court’s departure from “all substantial rights” standard).

104. See *Brown v. Pac. Life Ins. Co.*, 462 F.3d 384, 393-94 (5th Cir. 2006) (presenting method for

substantial rights” prudential standing test became more uncertain following the Supreme Court’s decision in *Lexmark*, which foreclosed the era of prudential standing for all federal statutes.

C. Lexmark

Despite the Supreme Court previously maintaining that standing jurisprudence requires a party to establish both constitutional and prudential requirements, the Court in *Lexmark* abrogated its previous precedent relating to “prudential” standing.¹⁰⁵ The Court stressed that the judiciary cannot “limit a cause of action that Congress has created merely because ‘prudence’ dictates,” holding that a direct application of the zone-of-interests test and the proximate-cause requirement supplies the relevant limits on who may sue.¹⁰⁶

Before expanding on the Court’s reasoning, it is important to first understand how this particular case came before the Court. The *Lexmark* case focused on Section 43(a) of the Lanham Act, a federal trademark statute that provided two general theories of liability: false endorsement and false advertising.¹⁰⁷ Pre-dating the Supreme Court’s decision in 2014, the issue of prudential standing in trademark cases under Section 43(a) divided the circuit courts.¹⁰⁸ The Sixth Circuit in *Lexmark* identified three distinct, pre-2014 tests for prudential standing in false advertising cases: the “Antitrust” or “Conte Bros.” test; the “Direct Competitor” test; and the “Reasonable Interest” test.¹⁰⁹ The lack of clarity among the circuits drove the Supreme Court to grant certiorari.

1. Procedural History

Lexmark is a manufacturer of laser printers and printer cartridges. Its cartridges are equipped with a microchip that disables the cartridge when it runs out of toner.¹¹⁰ *Lexmark* developed this microchip for its cartridges so that after a single use it would disable unauthorized refill and reuse, ostensibly intending to address the actions of certain third-party companies, called “remanufacturers,” who would acquire empty cartridges, refill them with their

determining indispensable party); *Disabled Rights Action Comm. v. Las Vegas Events, Inc.*, 375 F.3d 861, 867 n.5 (9th Cir. 2004) (discussing significance of indispensable party); Howard P. Fink, *Indispensable Parties and the Proposed Amendment to Federal Rule 19*, 74 YALE L.J. 403, 407 (1965) (outlining implications of rule requiring indispensable party).

105. See *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1387 (2014) (stating zone-of-interest test not under “prudential rubric”); *Elk Grove Unified Sch. Dist. v. Newdow*, 542 U.S. 1, 11 (2004) (establishing requirements of proper standing).

106. See *Lexmark*, 134 S. Ct. at 1388 (concluding proximate-cause and zone-of-interest tests provide relevant limitations).

107. See *id.* at 1386-88 (discussing Lanham Act).

108. See *id.* at 1385 (highlighting inconsistent approaches to issue).

109. See *id.* (recognizing three tests circuit courts employ).

110. See *Lexmark*, 134 S. Ct. at 1383 (discussing components within *Lexmark*’s cartridges).

own toner, and then sell the used cartridges.¹¹¹

Following Lexmark's sales, a nonmanufacturer, Static Control, reverse-engineered and sold the Lexmark microchips to Lexmark's competitors that also sold replacement toner cartridges.¹¹² Lexmark sued Static Control for copyright infringement in the United States District Court for the Eastern District of Kentucky.¹¹³ Lexmark also advertised that its microchip-equipped cartridges are subject to a single-use license, and that recycling them would impose liability on remanufacturers.¹¹⁴ Static Control counterclaimed for false advertising under the Lanham Act's false advertisement provision, alleging certain Lexmark advertisements falsely represented Static Control's products' legal status, which damaged their reputation and business.¹¹⁵ Finding a copyright violation likely occurred, the district court granted a preliminary injunction against Static Control for duplicating Lexmark's microchips.¹¹⁶ Static Control appealed to the United States Court of Appeals for the Sixth Circuit.¹¹⁷ The Sixth Circuit reversed the district court's ruling on copyright, vacated the injunction, and remanded the case.¹¹⁸

The district court, on remand, turned to Static Control's trademark counterclaim. The court reasoned the test for standing under the Lanham Act is the same as for standing in an antitrust action.¹¹⁹ Under this premise, the court held that Static Control lacked prudential standing to bring the Lanham Act claim, applying a multifactor balancing test attributed to *Associated Gen. Contractors of Cal., Inc. v. Cal. State Council of Carpenters*.¹²⁰ The court determined Static Control lacked standing because the injury allegedly suffered as a result of Lexmark's statements was remote, and the cartridge remanufacturers, as direct competitors, were the more direct plaintiffs.¹²¹ Static Control then appealed to the Sixth Circuit.¹²²

Noting a circuit split regarding the appropriate test for standing, the Sixth Circuit reasoned, in contrast to the district court, that its precedent distinguished between standing as applied in Lanham Act cases and standing applied in antitrust cases.¹²³ The Sixth Circuit then adopted and applied the

111. See *id.* at 1384 (observing function of microchip in Lexmark cartridges).

112. See *id.* (describing defendant's objectionable conduct).

113. See *id.* (discussing procedural background of case).

114. See *Lexmark*, 134 S. Ct. at 1383 (outlining Lexmark's terms of use for cartridges).

115. See *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1384-85 (2014) (noting Static Control's position against Lexmark).

116. See *id.* (introducing court's findings).

117. See *id.* at 1384 (discussing procedural background).

118. See *id.* at 1385 (elaborating further on procedural background).

119. See *Lexmark*, 134 S. Ct. at 1384-85.

120. See *id.* at 1385; 459 U.S. 519 (1983) (analyzing facts under balancing test).

121. See *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1385 (2014) (outlining court's findings against Static Control).

122. See *id.* (discussing procedural background).

123. See *id.* (discussing appellate court's reasoning).

Second Circuit’s “reasonable interest” test, reversing the district court and holding that Static Control *did* have standing because it had “alleged a cognizable interest in its business reputation and sales to remanufacturers and sufficiently alleged that th[o]se interests were harmed by Lexmark’s statements”¹²⁴ Lexmark petitioned for certiorari, arguing that the Sixth Circuit applied the incorrect standing framework and that Static Control did not have standing. The Supreme Court granted certiorari to decide the appropriate framework for determining standing to maintain a false advertising action under the Lanham Act.¹²⁵

2. Supreme Court Decision

In its *Lexmark* decision, the Supreme Court unanimously affirmed the Sixth Circuit’s holding that Static Control had standing to sue, but came to this conclusion after rejecting the Sixth Circuit and district court’s reasoning.¹²⁶ The Court articulated a distinct framework, which supplanted the prudential standing requirements with the zone-of-interest and proximate-cause tests. In doing so, the Court upended years of precedent in an effort to prevent unruly judicially imposed limits on congressional intent. The Court’s proclamation is unsurprising, however, considering Justice Scalia’s longstanding opposition to prudential standing.¹²⁷ In fact, the opinion followed the current trend in the judiciary: empowering the separation of powers doctrine.¹²⁸

The question Static Control presented to the Supreme Court in *Lexmark* was whether the lower court correctly dismissed Static Control’s counterclaim for lack of prudential standing.¹²⁹ The Court held that Static Control had standing to sue for false advertising under the Lanham Act.¹³⁰ In reaching this conclusion, the Court first surveyed, and promptly rejected, various tests for prudential standing that other circuit courts applied.¹³¹

124. *Static Control Components, Inc. v. Lexmark Int’l, Inc.*, 697 F.3d 387, 411 (6th Cir. 2012) (providing basis for finding standing).

125. *See id.* The Court’s decision will not, however, and cannot, be narrowed to litigation concerning false advertising, because the Court’s framework for analyzing how to determine standing to sue under federal law will have far-reaching effects, even into patent law.

126. *See Lexmark*, 134 S. Ct. at 1395.

127. *See* Scalia, *supra* note 30, at 882 (stating dissatisfaction with court-created prudential standing). Notably, Justice Scalia penned the *Lexmark* opinion. *See Lexmark*, 134 S. Ct. at 1383.

128. *See* Scalia, *supra* note 30, at 897-98 (explaining Supreme Court’s shift to observing separation of powers through standing doctrine).

129. *See Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1385 (2014) (articulating arguments and issue).

130. *See id.* at 1393 (discussing Static Control’s claimed injuries “precisely the sorts of commercial interests the Act protects”).

131. *See id.* (discussing framework employed by each circuit court). The Court rejected a categorical “bright line” test that the Seventh, Ninth, and Tenth Circuits applied, which accorded standing only to direct competitors. *See id.* at 1392. In rejecting that limitation, the Supreme Court noted “[i]t is . . . a mistake to infer that because the Lanham Act treats false advertising as a form of unfair competition, it can protect *only* the false-advertiser’s direct competitors.” *Id.* The Court also rejected the Second and Sixth Circuits’ “reasonable

Echoing the position he advanced 30 years prior, Justice Scalia, writing for the unanimous Court, then unambiguously rejected the concept of a prudential standing limitation in federal statute cases.¹³² In the doctrine's stead, Justice Scalia advocated that courts employ "traditional tools of statutory interpretation" to determine whether a federal statutory cause of action encompasses a particular plaintiff's claim.¹³³ The crucial determination in the Court's decision was whether Static Control was within the class of plaintiffs whom Congress authorized to sue under Section 43(a) of the Lanham Act.¹³⁴ Under this approach, the Court articulated a two-part inquiry: whether the claim falls within the "zone of interests" the Lanham Act protects, and whether the alleged conduct proximately caused the alleged injury. The Court noted that to satisfy the first prong, the plaintiff must claim "an injury to a commercial interest in reputation or sales."¹³⁵ To satisfy the second prong, the plaintiff must claim an "economic or reputational injury flowing directly from the deception wrought by the defendant's advertising," and must show that the deception leads to consumers withholding business.¹³⁶

The Court readily applied this new zone-of-interests test to the Lanham Act and, given the Act's particularly helpful statements of purpose, was able to seamlessly identify the interests protected thereunder.¹³⁷ The Court concluded that Static Control's claims fell within the zone of the Lanham Act's protected interests because the Court found the alleged injuries (lost sales and damage to its business reputation) to be exactly what the Act was promulgated to defend.¹³⁸ Next, the Court analyzed proximate causation and held that although it is atypical for indirect competitors to seek redress under the Lanham Act's false advertising provision, injury through direct competition is not the sole injury that the statute recognizes.¹³⁹ Thus, the Court reasoned that Static Control, as an indirect competitor, met the proximate causation requirement by alleging that Lexmark disparaged its business reputations and products by asserting that Static Control was acting illegally.¹⁴⁰ *Lexmark* establishes that the zone-of-interests principle only speaks to whether the litigant has a cause of

interest" test as vague and vulnerable to "widely divergent application." *See id.* at 1392-93. Finally, the Court considered and rejected an "antitrust standing" multifactor test that the Third, Fifth, Eighth, and Eleventh Circuits applied in light of *Associated Gen. Contractors of Cal., Inc. v. Cal. State Council of Carpenters*. *See id.* at 1385.

132. *See id.* at 1386-88 (considering appropriateness of prudential standing).

133. *See Lexmark*, 134 S. Ct. at 1387 (outlining appropriate method for determining standing).

134. *See id.* (articulating overarching issue).

135. *See Lexmark*, 134 S. Ct. at 1390 (discussing injury requirement).

136. *See id.* at 1391 (discussing causation requirement).

137. *See id.* at 1389 (applying zone-of-interests test to Lanham Act's unambiguous purpose). "Identifying the interests protected by the Lanham Act, however, requires no guesswork, since the Act includes an 'unusual, and extraordinarily helpful,' detailed statement of the statute's purposes." *Id.*

138. *See id.* at 1393 (articulating rationale under test).

139. *See Lexmark*, 134 S. Ct. at 1393 (considering proximate causation of injury for standing).

140. *See Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1393 (2014).

action under the statute.¹⁴¹ The implications of similar prudential standing requirements following *Lexmark* have begun to morph, and the potential effects on patent law are just beginning to emerge.

D. Post-Lexmark

The ending of prudential standing in *Lexmark* has had a resounding and powerful impact in numerous areas of law, but its effect in patent law is not yet clear. Specifically, since March 25, 2014, there have been only a handful of cases that attempt to address standing in patent law; the following summarizes each of these decisions below.

1. *United States Court of Appeals for the Federal Circuit: Vaillancourt v. Becton Dickinson & Co.*

On April 24, 2014, nearly a month following the Supreme Court's ruling in *Lexmark*, the Federal Circuit addressed the decision's effect on a patent infringement action.¹⁴² The case considered the proper patent owner in an appeal from a reexamination proceeding.¹⁴³ The appellant, Michael J. Vaillancourt, previously owned a patent, but during the patent's reexamination, he assigned all right, title, and interest in the patent to a corporation.¹⁴⁴ Following the assignment, the assignee-corporation brought an infringement action in district court.¹⁴⁵ At the end of the United States Patent and Trademark Office (USPTO) proceedings, however, Vaillancourt appealed to the Federal Circuit as the patent owner.¹⁴⁶ The issue before the court was whether Vaillancourt was the proper patent owner able to appeal the USPTO proceeding, which Vaillancourt ultimately conceded that he was not.¹⁴⁷ In making its decision, the Federal Circuit purported to apply the *Lexmark* standard by determining that standing for patent claims requires a statutory cause of action.¹⁴⁸ The court began by evaluating the statutory cause of action through the language of the statute.¹⁴⁹ Specifically, the court noted that under 35 U.S.C. § 141, only the patentee owner may appeal *inter partes* reexamination proceedings.¹⁵⁰ Ultimately, the court held that Vaillancourt

141. *See id.* at 1393 (discussing application of zone-of-interests test).

142. *See Vaillancourt v. Becton Dickinson & Co.*, 749 F.3d 1368, 1369 (Fed. Cir. 2014) (holding plaintiff did not own patent and therefore lacked cause of action).

143. *See id.* at 1368 (introducing primary issue).

144. *See id.* (discussing factual background).

145. *See id.* at 1369 (providing background leading to lawsuit).

146. *See Vaillancourt*, 749 F.3d at 1369 (explaining capacity under which plaintiff appealed).

147. *See id.* (outlining primary issue).

148. *See Vaillancourt v. Becton Dickinson & Co.*, 749 F.3d 1368, 1368-70 (Fed. Cir. 2014) (articulating statutory cause of action necessary).

149. *See id.* (determining statutory language answered standing issues related to claims brought under 35 U.S.C. § 141 because statute solely included patent owners, not former owners).

150. *See id.* at 1369 (noting limitation on standing to sue under statute); *see also* 35 U.S.C. § 100(d)

assigned all right, title, and interest of the patent, and thus could not seek an appeal of a reexamination proceeding, as only the patent owner was qualified to do so.¹⁵¹ Thus, the Federal Circuit employed *Lexmark* to determine which party was the proper patentee, and thus had standing to appeal.

2. *United States Trade Commission: 897 Investigation*

On January 7, 2015, the United States International Trade Commission (Commission) published an opinion clarifying standing requirements post-*Lexmark* for patent infringement suits at the Commission.¹⁵² The opinion reviewed Administrative Law Judge (ALJ) Dee Lord's initial determination (ID), which terminated Investigation No. 337-TA-897 (897 Investigation) for lack of prudential standing.¹⁵³ The Commission instituted the 897 Investigation on October 25, 2014 after Optical Devices, LLC filed a complaint alleging that Respondents imported and sold certain optical disc drives, components thereof, and products containing the same within the United States.¹⁵⁴ These actions violated Section 1337 because they infringed upon two of Optical Devices' U.S. patents, the Wild patents and the Kadlec patents.¹⁵⁵

Respondents then filed a motion to terminate the investigation, arguing that Optical Devices lacked prudential standing with respect to the asserted patents to bring an infringement action.¹⁵⁶ ALJ Lord granted the motion and terminated the investigation.¹⁵⁷ In her ruling, ALJ Lord determined that Optical Devices did not hold "all substantial rights" to either of the patents, and thus lacked prudential standing to maintain an action for infringement without joining other necessary parties.¹⁵⁸ The Commission then reviewed that determination and issued its opinion.¹⁵⁹

The Commission began its opinion by highlighting the Supreme Court's recently negative treatment of prudential standing in *Lexmark*.¹⁶⁰ The Commission, however, did not find that the ALJ misplaced her reliance on prudential standing precedent in light of the Supreme Court's recent holding.¹⁶¹

(2012).

151. See *Vaillancourt*, 749 F.3d at 1370 (holding plaintiff lacked standing).

152. See Certain Optical Disc Drives, Components Thereof, & Products Containing the Same, Inv. No. 337-TA-897, Comm'n Op., 1, 28 (USITC Jan. 7, 2015) (public version) [hereinafter Order To Produce Document Drive] (deciding custody and control of documents sufficient for standing).

153. See *id.* at 1 (discussing respondents' motion for time extension denied as moot for lack of standing).

154. See *id.* (analyzing reason for Commission implementing investigation).

155. See 19 U.S.C. § 1337 (2012); see also Order To Produce Document Drive, *supra* note 152, at 2.

156. See Order To Produce Document Drive, *supra* note 152, at 4 (reciting arguments on appeal).

157. See *id.* at 19 (granting motion and ordering investigation terminated).

158. See *id.* at 18 (determining lack of standing).

159. See *id.* at 19 (issuing ruling).

160. See Order To Produce Document Drive, *supra* note 152, at 6 (introducing judicial consideration of prudential standing).

161. See *id.* at 11 ("Thus, although the ALJ analyzed the standing issue under the rubric of prudential standing, in light of *Lexmark*, the ALJ correctly focused on ownership of the patents.").

Rather, the Commission explained that “because prudential standing and the right to sue under the Patent Act similarly hinge on ownership of the patent in question, the ID’s prudential standing inquiry sheds light on whether Optical Devices satisfies the statutory cause of action necessary to maintain its suit.”¹⁶² In other words, the “all substantial rights” inquiry—the prudential standing inquiry for patent cases—is commensurate with a statutory cause of action inquiry for patent cases.

From this platform, the Commission then addressed the Wild and Kadlec patents separately. For the Wild patents specifically, the Commission agreed with the ALJ that the purported assignment did not end the standing inquiry, especially because the Wild patents’ assignment failed to grant Optical Devices all substantive rights necessary for standing.¹⁶³ Regarding the Kadlec patents, the Commission determined that the ALJ’s determination did not cite to evidence relating to whether any other party had control over how Optical Devices litigates or licenses the Kadlec patents, any evidence demonstrating whether any other party had any security interests in the Kadlec patents, or any evidence that showed whether there were other limits on the right to assign Optical Devices’ interests in the Kadlec patents.¹⁶⁴ Because there was no evidence presented relevant to these issues, the Commission vacated the ALJ’s finding that Optical Devices lacked standing with respect to the Kadlec patents, and remanded the investigation to the ALJ for further proceedings.¹⁶⁵ For both patents, the Commission emphasized that whether a party has sufficient rights for patent standing is a highly fact-intensive inquiry.¹⁶⁶ Thus, while recognizing the Supreme Court’s abrogation of the prudential standing doctrine, the Commission’s decision explicitly suggests that standing for patent infringement still relies on conventional patent prudential standing precedent; that is, whether the party owns substantially all legal rights in the patent.

3. *United States District Court for the District of Delaware: Clouding IP*

On July 28, 2014, the United States District Court for the District of Delaware addressed standing in a patent infringement suit between Clouding IP, LLC and over ten high-profile defendants, including AT&T, Google, and Amazon.¹⁶⁷ Before bringing suit, Clouding had purportedly purchased the patents at issue under a “Patent Assignment Agreement” from Symantec.¹⁶⁸ Clouding alleged that each defendant infringed upon some or all of its fourteen

162. *See id.* at 10 (emphasizing significance of standing based on patent ownership).

163. *See id.* at 19 (observing considerations for determining standing).

164. *See* Order To Produce Document Drive, *supra* note 152, at 24 (highlighting lack of evidence against Optical’s presumption of standing).

165. *See id.* at 25 (explaining basis for remand).

166. *See id.* at 27 (recognizing nature of standing inquiry).

167. *See* Clouding IP, LLC v. Google Inc., 61 F. Supp. 3d 421, 430 (D. Del. 2014).

168. *See id.* at 426-27.

patents.¹⁶⁹ Amazon and Google responded by bringing motions to dismiss under Federal Rule of Civil Procedure 12(b)(1) for lack of subject matter jurisdiction, alleging that Clouding lacked standing to bring the patent infringement action.¹⁷⁰ In granting the motions, the district court held that Clouding had constitutional standing because it satisfied the Article III “case or controversy” requirement, but lacked prudential standing because Clouding did not assert its “own legal rights,” and instead relied “on the rights or interests of third parties.”¹⁷¹ Clouding pointed to the Patent Assignment Agreement with Symantec again, contending that the agreement afforded Clouding “legal title” to the patents.¹⁷² Accordingly, Clouding argued, it had standing to sue.¹⁷³ The court did not find the Patent Assignment Agreement dispositive.¹⁷⁴ Rather, the court looked to the parties’ intentions based on the rights actually transferred.¹⁷⁵

The court identified five instances where Clouding had not obtained “all substantial rights” to the patents.¹⁷⁶ First, Clouding did not obtain a full exclusionary right because Symantec retained the right to sublicense, and some preexisting sub-licensees could continue to grant sublicenses.¹⁷⁷ Second, Clouding did not obtain the full right to bring suit because it obtained “only a right of first refusal to sue,” a right “far less [powerful] than a true owner’s power to indulge infringement.”¹⁷⁸ If Clouding and Symantec both had a right to sue, a single infringer would be at risk of instigating multiple lawsuits.¹⁷⁹ Third, Clouding did not obtain the full right to assign.¹⁸⁰ The court determined the “restraint on alienation” was considerable because Symantec could withhold consent to transfer patent rights under a number of scenarios.¹⁸¹ Fourth, Clouding did not obtain the full right to license.¹⁸² The agreement

169. *See id.* at 427.

170. *See id.*; *see also* FED. R. CIV. P. 12 (b)(1).

171. *See Clouding*, 61 F. Supp. 3d at 429-30 (articulating basis for granting motions to dismiss based on lack of standing).

172. *See id.* at 430 (considering plaintiff’s argument for proper standing).

173. *See Clouding IP, LLC v. Google Inc.*, 61 F. Supp. 3d 421, 430 (D. Del. 2014).

174. *See id.* “The title of the agreement at issue—whether it is termed a license rather than an assignment—is not determinative of the nature of the rights transferred under the agreement; actual consideration of the rights transferred is the linchpin of such a determination.” *Id.* (internal quotation marks omitted) (quoting *Intellectual Prop. Dev., Inc. v. TCI Cablevision of Cal., Inc.*, 248 F.3d 1333, 1344 (Fed. Cir. 2001)).

175. *See id.* at 430-33 (considering parties’ intent over characterization of agreement).

176. *See id.* at 433 (considering “all substantial rights” for standing).

177. *See Clouding*, 61 F. Supp. 3d at 434 (explaining why agreement did not convey complete right to exclude).

178. *Clouding IP, LLC v. Google Inc.*, 61 F. Supp. 3d 421, 434 (D. Del. 2014).

179. *See id.* (addressing prudential argument against permitting multiple rights to sue for patent infringement).

180. *See id.* at 435 (indicating right to assign as substantial right not granted to Clouding).

181. *See id.* at 435 (evaluating right to assign).

182. *See Clouding*, 61 F. Supp. 3d at 435 (stating agreement limited right to license).

afforded Clouding the ability to grant licenses, but Symantec retained “considerable control over Clouding’s ability to license,” such as requiring consent to license.¹⁸³ Fifth, Symantec retained the right to some of the recovery awarded from infringement actions and the right to pay maintenance fees.¹⁸⁴ In sum, the court determined that Clouding lacked prudential standing to bring a patent infringement action because the rights Symantec, the seller, retained, foreclosed Clouding from obtaining substantially all rights in the patents.¹⁸⁵

II. ANALYSIS: APPLICATION OF *LEXMARK* IN PATENT SUITS

Despite the small sampling of cases that have attempted to apply the *Lexmark* ruling in the patent context, the question remains whether the ruling truly alters the standing analysis in patent suits. At first glance, the answer is not evident because the *Lexmark* decision did not turn on patent law. Rather, the Supreme Court answered the narrow question of whether the respondent had standing to sue for false advertising under the Lanham Act.¹⁸⁶ The unanimous opinion adopted Justice Scalia’s longstanding belief that prudential considerations should not limit adjudication in any federal case. As a result, the Court severed prudential standing considerations from the statutory standing inquiry.¹⁸⁷ From the ashes of prudential standing, the Court espoused a new standing inquiry that demands not only Article III requirements, but also a two-step inquiry evaluating the zone of interests and proximate cause.¹⁸⁸ Although application of the new standing inquiry is “extraordinarily clear” in false advertising cases, the implications of this new inquiry on other federal laws are less apparent.

Federal courts across the nation have since worked to grasp the ramifications of this newly espoused standing inquiry in federal cases. In doing so, some courts have interpreted the decision as upending years of precedent.¹⁸⁹ Some courts have used the decision to reinforce precedent.¹⁹⁰ And still other courts

183. See *id.* at 436 (discussing Symantec’s reservation of rights).

184. See *Clouding IP, LLC v. Google Inc.*, 61 F. Supp. 3d 421, 436 (D. Del. 2014) (noting other rights retained by Symantec).

185. See *id.* (concluding Clouding lacked prudential standing).

186. See *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1387 (2014).

187. See *id.* at 1386-88 (clarifying prudential standing question).

188. See *id.* at 1391 (declaring proper method for determining standing).

189. See *V. Real Estate Grp., Inc. v. U.S. Citizenship & Immigration Servs.*, 85 F. Supp. 3d 1200, 1206 (D. Nev. 2015) (applying *Lexmark* to United States Citizenship & Immigration Service’s case). “Courts, therefore, should focus their inquiry on whether a plaintiff falls within the class of plaintiffs whom Congress authorized to sue under the statute.” *Id.*; see also *Adler ex rel. v. Bank of Am., N.A.*, No. 13 CV 4866(VB), 2014 WL 3887224, at *5 n.5 (S.D.N.Y. July 17, 2014) (comparing application of *Lexmark* to state law case). “Although *Lexmark* concerned the Federal Lanham Act, this rule applies with equal force to state statutes.” *Id.*

190. See *Int’l Labor Mgmt. Corp. v. Perez*, No. 1:14CV231, 2014 WL 1668131, at *6 (M.D.N.C. Apr. 25, 2014) (applying *Lexmark* standing in labor law context). The court found that according to the standard

have avoided the Court's analysis in *Lexmark* altogether by distinguishing the facts.¹⁹¹

This Article aims to determine which of these three lines of reasoning patent cases should fall within. To answer this question, the following sections interpret *Lexmark* in the context of patent law by first discussing Article III standing requirements and then the prudential standing requirements, analyzing each of the three aforementioned interpretations of *Lexmark* in the patent context. In sum, this Article advocates for the interpretation that *Lexmark* reinforces patent prudential standing.

A. *Constitutional Standing: Unchanged and Insufficient*

Following *Lexmark*, constitutional standing requirements have not changed. Therefore, it remains true that a showing of constitutional standing does not necessarily guarantee a plaintiff's day in court.¹⁹² The operative issue is how the secondary standing inquiry—the zone-of-interests and proximate-cause analysis—impacts standing, specifically in patent law.

B. *Three Possible Interpretations of the Lexmark Opinion in the Patent Context*

In accordance with national trends, courts could interpret the *Lexmark* decision in one of three ways: as eliminating the patent prudential standing inquiry, or the “all substantial rights” test; as ineffective in the patent context; or as reinforcing patent prudential standing. The next section discusses the strengths and weaknesses of these interpretations, and advocates that the most appropriate interpretation views the decision as reinforcing patent prudential standing precedent.

1. *The Lexmark Decision Should Not Be Interpreted as Eliminating the Patent Prudential Standing Inquiry and the “All Substantial Rights” Test*

If courts view the *Lexmark* decision as ending any prudential standing inquiry in patent law, it would also mean the end of the “all substantial rights” test. In one respect, the elimination of the “all substantial rights” test could further the Patent Act's mandate, which bestows standing *only* on titleholders

promulgated in *Lexmark*, the plaintiff in *Perez*, did in fact have standing to bring the claim. *See id.*

191. *See Superior MRI Servs., Inc. v. All. Healthcare Servs., Inc.*, 778 F.3d 502, 506 (5th Cir. 2015) (declining to apply *Lexmark* standard). “However, we have long applied the prudential requirement that a party must assert its own rights, and we are bound to follow our precedent until the Supreme Court squarely holds to the contrary.” *Id.* (internal citations omitted); *see also Viesti Assocs., Inc. v. McGraw-Hill Glob. Educ. Holdings, LLC*, No. 12–cv–00668–WYD–DW, 2015 WL 585806, at *8 (D. Colo. Feb. 11, 2015) (finding *Lexmark* standard inapplicable for copyright case).

192. *See generally Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014) (requiring additional tests for standing beyond Article III requirements).

and assignees.¹⁹³ Ultimately, this interpretation would require courts to apply a title-focused inquiry to determine standing. Such an interpretation is ill-advised, however, because it would negate the judiciary's goals for the standing doctrine, which were: to prevent those without a stake from bringing suit; to foster fairness such that only right holders assert their rights; and to promote separation of powers by eradicating judge-made law.¹⁹⁴

Without an "all substantial rights" evaluation, courts seeking to determine whether an individual is a patentee would have little choice but to trust as dispositive the parties' characterization of the transferred rights, a title-focused inquiry. For example, if an agreement purports to assign an individual a patent, the court would have little in the way of tools to access whether the individual was anything other than the new patentee. Conversely, if an individual received anything other than the title of assignee, the court would likely not consider that individual the patentee. Thus, notwithstanding the rights actually bestowed on these individuals, cases such as *Clouding IP* would then have a dramatically different outcome.¹⁹⁵ In *Clouding IP* the transferee received an assignment, but on the court's closer inspection of the agreement, the transferee did not receive sufficient rights to amount to an assignment.¹⁹⁶ Under a title-focused inquiry, though, the transferee in *Clouding IP* would have standing because of the agreement's title, "assignment," irrespective of the actual rights awarded to the transferee under the agreement.

Providing standing to only those with proper title would foreclose a licensee's ability to bring an action. It would therefore contradict the judicial policy to ensure the effectiveness of the federal courts by making sure that their limited resources are directed to those who have a stake in the outcome. For example, where a license afforded the licensee the exclusive rights to A, B, and C, but the patent title holder retained rights to D and E, and a third party infringed by doing A, the licensee would lack standing. Although the patent holder contracted away the right to A to the licensee, the licensee cannot assert his right. The same outcome would be true even if the patentee contracted away all her rights except her title as patentee. Focusing on the title fails to ensure that only holders of rights assert them, as it is possible that the licensees holding rights may not be able to bring suit, whereas patentees who do not retain rights may be the only parties able to bring a claim. Even if a title holder brings suit, she does not have a stake in the outcome, and thus she is unlikely to bring suit in a manner that zealously represents the licensee's interests. Thus,

193. See *supra* Part II.B (outlining limitations on parties with standing).

194. See *supra* Part II.A (discussing objectives and significance of standing doctrine); see also *Lewis v. Casey*, 518 U.S. 343, 353 n.3 (1996) (emphasizing separation of powers within standing doctrine); *supra* note 29.

195. See *supra* Part II.D.3 (explaining outcome of case).

196. See *Clouding IP, LLC v. Google Inc.*, 61 F. Supp. 3d 421, 436 (D. Del. 2014) (explaining plaintiff lacked legal title for agreement to equate to outright assignment).

eliminating the “all substantial rights” inquiry, and affording standing to a patentee who lacks a stake in the outcome, contradicts the judicial policy consideration that only individuals with a stake in the outcome have standing.

A title-focused standing inquiry in patent law also contradicts the judicial policy of fairness because right holders, like licensees, who are the primary users and beneficiaries of the patent, may not assert their rights. Without the assignment of title, the court would likely require a party bringing suit to join the patentee to remedy standing. If the patentee were an indispensable party to the lawsuit, according to Rule 19 of the Federal Rules of Civil Procedure, as would likely be the case in a title-focused standing inquiry, the patentee’s absence would require dismissal, even if it profoundly inconveniences the licensee or leaves him without a forum to hear his claim.¹⁹⁷ This is particularly a problem because patentees “will often feel far less incentive to litigate than his or her licensees, who [then] may be bound by an unsuccessful outcome.”¹⁹⁸ Licensees, who are the primary users and beneficiaries of the patent, lose tremendously when they cannot assert their rights by excluding others from using the patent. Thus, a title-focused standing inquiry in patent law contradicts the judicial policy of fairness because licensees may not assert their rights against infringers.

Eliminating patent prudential standing opposes judicial policy of furthering the separation of powers between the legislative and judicial branch. Although opponents to prudential standing believe the doctrine conflates the judiciary’s role with the legislature’s, fully eliminating the “all substantial rights” inquiry in patent law will lead to judge-made law for two reasons: courts will not rely on a title-focused inquiry, and applying the *Lexmark* two-prong test without patent prudential precedent, in effect, *tabula rasa*, will lead to confusion and uncertainty.

First, for the policy reasons discussed above, it is unlikely courts will conduct only title-focused inquiries when interpreting agreements between licensors and licensees or assignors and assignees. To do so would ignore one of the basic canons of patent agreement interpretation, such as interpreting the substance of the agreement as a whole.¹⁹⁹ Accordingly, courts will interpret the agreements as a whole, while applying the *Lexmark* zone-of-interests and proximate-cause tests.

Second, applying the zone-of-interests test independent of previously developed patent precedent will likely cause confusion. As the Supreme Court has noted, “the zone of interest formula . . . has not proved self-explanatory,”

197. See *Brown v. Pac. Life Ins. Co.*, 462 F.3d 384, 393-94 (5th Cir. 2006); *Disabled Rights Action Comm. v. Las Vegas Events, Inc.*, 375 F.3d 861, 867 n.5 (9th Cir. 2004); see also *Fink*, *supra* note 104, at 407.

198. Greibrok, *supra* note 69, at 129.

199. See *Waterman v. Mackenzie*, 138 U.S. 252, 256 (1891). “Whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions.” *Id.* (emphasis omitted).

and thus its application to patent law without guidance would result in chaos.²⁰⁰ This is compounded by the Court's reliance on *Data Processing in Lexmark* because "[a]lthough *Data Processing* created the zone of interests requirement, it gave little guidance in how to apply the requirement."²⁰¹ Further, the Court emphasized the amorphous quality of the zone-of-interests test, as its breadth "varies according to the provisions of law at issue, so that what comes within the zone of interests of a statute for purposes of obtaining judicial review [for one law] may not do so for [another law]."²⁰² Without detailed guidance regarding application of the zone-of-interests test to patent law, lower courts will be left confused when faced with transferees of patent rights.²⁰³ Courts will need to establish whether transferees fall within one of Congress's intended statutory causes of action within the Patent Act's zone of interests.²⁰⁴ Without patent standing precedent, courts' standing inquiry will become imprecise and confused, leading judges to strain for clarity by creating judge-made law.

Therefore, eliminating patent prudential standing opposes clear judicial policy to preserve the separation of powers between the legislative and judicial branches because the *Lexmark* two-prong test without precedent encourages the development of judge-made law. The courts would be remiss to completely eliminate the prudential standing precedents and the "all substantial rights" test from patent law, because such an interpretation is at odds with the three policies furthering the standing doctrine: to prevent those without a stake from bringing suit, to foster fairness such that only right holders assert their rights, and to promote separation of powers by eradicating judge-made law. In short, without using the "all substantial rights" inquiry, courts would likely find standing for assignees who have little rights and deny standing to licensees who have all rights.

2. *The Lexmark Decision Should Not Be Interpreted as Inapplicable in Patent Cases*

Courts could interpret the *Lexmark* decision as inapplicable in patent cases, but distinguishing the Court's decision is tenuous. Although many courts, covering a multitude of federal laws, applied *Lexmark*'s new standing inquiry, some courts have refused to adopt the Court's test by distinguishing the facts. For example, in 2015, the United States District Court for the District of Colorado distinguished *Lexmark* because *Lexmark* addressed the Lanham Act,

200. See *Clarke v. Sec. Indus. Ass'n*, 479 U.S. 388, 396 (1987) (internal quotation marks omitted).

201. See Siegel, *supra* note 55, at 320 (discussing effect of *Data Processing* decision on standing).

202. See *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1389 (2014) (recognizing nebulous nature of zone-of-interests test).

203. See Siegel, *supra* note 55, at 322.

204. See *Lexmark*, 134 S. Ct. at 1388 (identifying significance of congressional intent).

whereas the district court was addressing the Copyright Act.²⁰⁵ Relying on a footnote in the *Lexmark* decision, which noted the Court would not tackle the host of other presented claims besides the Lanham Act claim, the district court stated:

The Court's analysis was limited to the Lanham Act and does nothing to expand the parameters for standing set forth in The Copyright Act, 15 U.S.C. § 501(b). After my careful review of the *Lexmark* opinion, I find *Lexmark*'s zone of interest and proximate cause tests inapplicable to the standing issue in this case²⁰⁶

Sidestepping the Court's decision in this way, however, is inappropriate and weak. The Supreme Court noted that there is an effectively unfaltering duty imposed on the federal courts to hear and adjudicate cases within their jurisdiction.²⁰⁷ Thus, the Court's use of broad in-text language should foreclose courts from distinguishing *Lexmark*'s facts to continue limiting causes of action as prudence dictates. For this reason, it is inappropriate to interpret the *Lexmark* decision as inapplicable in patent cases.

3. *The Lexmark Decision Is Properly Interpreted as Reinforcing Patent Prudential Standing*

This Article contends it is most appropriate to view the *Lexmark* decision as reinforcing patent prudential standing precedent for three reasons: the *Lexmark* two-prong test reinforces the "all substantial rights" inquiry; the "all substantial rights" and *Lexmark* tests read together further the central policies underlying standing; and this interpretation has already been forwarded by the few cases that have applied *Lexmark* in the patent context.

First, the *Lexmark* two-prong test reinforces the "all substantial rights" inquiry because identifying interests in patent law requires precedential knowledge, and a substantial rights evaluation innately determines whether a party is within the Patent Act's zone of interests. Unlike in *Lexmark*, where the purposes of the Lanham Act were readily defined, the Patent Act does not explicitly detail the purpose of the infringement provision. Furthermore, the

205. See *Viesti Assocs., Inc. v. McGraw-Hill Glob. Educ. Holdings, LLC*, No. 12-cv-00668-WYD-DW, 2015 WL 585806, at *8 (D. Colo. Feb. 11, 2015) (declining to apply *Lexmark* standard).

206. See *id.* (relying on *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1385 n.2 (2014)). Specifically, the court stated, "[o]ther aspects of the parties' sprawling litigation, including *Lexmark*'s claims under federal copyright and patent law and *Static Control*'s claims under federal antitrust and North Carolina unfair-competition law, are not before us. Our review pertains only to *Static Control*'s Lanham Act claim." *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1385 n.2 (2014).

207. *Lexmark*, 134 S. Ct. at 1388 (internal citations omitted). "Just as a court cannot apply its independent policy judgment to recognize a cause of action that Congress has denied, it cannot limit a cause of action that Congress has created merely because 'prudence' dictates." *Id.*

Patent Act does not address how to evaluate divided patent rights. Without a purpose for the infringement provisions or direction for divided patent rights, judicial interpretation is necessary. Moreover, an “all substantial rights” evaluation necessarily predicates a zone-of-interests analysis in patent cases.

As noted above, the zone-of-interests test establishes whether Congress intended to afford a particular class of plaintiffs the ability to challenge under the statute. Applying the zone-of-interests test to a patent case would require the courts to determine whether there is congressional intent to afford the plaintiff the ability to bring suit under the Patent Act. The Patent Act explicitly references patentees, assignees, and heirs, as well as expressly references the right to divide in 35 U.S.C. § 261. Regardless of whether a patent right has been parsed or remains whole, courts need to evaluate the bundle of rights the plaintiff holds to determine if the plaintiff is the patentee as contemplated by Congress. Determining the nature of the plaintiff’s right requires an “all substantial rights” analysis, which scrutinizes each right transferred and retained between the relevant individuals. Without using the “all substantial rights” inquiry, courts would likely find standing for assignees who have inadequate rights and deny standing to licensees who have all rights. Thus, because the Patent Act is arguably less specific than the Lanham Act, courts must conduct the “all substantial rights” inquiry to determine whether a particular plaintiff qualifies as a patentee or assignee under the statute as contemplated by Congress.

Second, the *Lexmark* two-prong test also reinforces the “all substantial rights” inquiry because the “all substantial rights” and *Lexmark* tests read together further the three central policies behind standing: to prevent those without a stake from bringing suit, to foster fairness such that only right holders assert their rights, and to promote separation of powers by eradicating judge-made law.

Together the two tests prevent those without a stake from bringing suit because the “all substantial rights” inquiry will help inform when assignees *in title* are not assignees *in right* and thus are not within the Patent Act’s zone of protection.

Similarly, these tests will also foster fairness such that only right holders will be able to assert their rights because the “all substantial rights” inquiry will help clarify when licensees in title are actually assignees in right and thus are within the Patent Act’s zone of protection. The tests also promote the separation of powers by curtailing new, judge-made law. The Patent Act is too vague with respect to divided patent rights, making judicial interpretation necessary. Together, however, both the “all substantial rights” and zone-of-interests tests will likely minimize judge-made law in this area going forward.

Third, when interpreting the *Lexmark* decision as reinforcing patent prudential standing, the “all substantial rights” inquiry would align with the recent cases that have applied *Lexmark* in the patent context. For example, the

ITC recognized the Supreme Court's abrogation of the prudential standing doctrine, yet explicitly suggested that standing for patent infringement still relies on patent prudential standing precedent, specifically whether a party owns substantially all legal rights in the patent. Similarly, though not as explicitly, in both the district court and Federal Circuit, the courts comported with the *Lexmark* and the "all substantial rights" tests. This trend demonstrates that this interpretation is likely the most organic interpretation of the *Lexmark* decision in the patent context. Therefore, it is most appropriate to view the *Lexmark* decision as reinforcing patent prudential standing precedent because the *Lexmark* two-prong test reinforces the "all substantial rights" inquiry, the "all substantial rights" and *Lexmark* tests read together further the central policies behind standing, and this interpretation has already been forwarded by the few cases that have applied *Lexmark* in the patent context.

III. CONCLUSION

On March 25, 2014, the Supreme Court abrogated prudential standing for the foreseeable future in the *Lexmark* case. *Lexmark*'s effect on standing in patent law is particularly interesting because a patent right is exclusionary, which the patent owner may transfer either in part or in whole. In patent suits, the Federal Circuit and lower courts have enforced the Patent Act's requirements, constitutional requirements, and judicially imposed prudential requirements.²⁰⁸ When a patent owner transfers or divides their patent right, courts have determined prudential standing by evaluating the substance of the transferred rights, considering which individual holds "all substantial rights" to the patent in question.²⁰⁹ Following the Supreme Court's decision in *Lexmark*, however, reliance on the patent prudential standing standard may be obliterated.

Although the Supreme Court's decision in *Lexmark* clearly impacts trademark law, courts have yet to fully realize its particular effect and application to patent law because a limited number of patent cases have applied *Lexmark*. In accordance with national trends, however, courts applying patent law could interpret the *Lexmark* decision in one of three ways: first, as eliminating the patent prudential standing inquiry—the "all substantial rights" test; second, as ineffective in the patent context; or third, as reinforcing patent prudential standing. After examining the strengths and weaknesses of these interpretations, this Article advocates for viewing the *Lexmark* decision as reinforcing patent prudential standing precedent. This Article argues that a proper application of *Lexmark* compels an analysis identical to the "all substantial rights" prudential standing inquiry, or at least one that produces the

208. See *Evident Corp. v. Church & Dwight Co.*, 399 F.3d 1310, 1313-14 (Fed. Cir. 2005).

209. See *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1378 (Fed. Cir. 2000).

same outcome. This inquiry aligns with the Supreme Court's zone-of-interests test and proximate-cause requirement. Therefore, the Supreme Court's ruling did not destroy, but rather reinforced, prudential standing requirement for patent cases.