
Sovereign Immunity at the PTAB: Where do we stand?

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Sovereign Immunity

- Sovereign immunity exempts a sovereign from the jurisdiction of a court
- States are entitled to sovereign immunity under the 11th amendment *Seminole Tribe of Fla v. Florida*, 517 U.S. 44 (1996)
 - State universities and their research foundations also immune as “arms of the state” *Regents of the Univ. of California v. Doe*, 519 U.S. 425, 429 (1997).
- Sovereign immunity extends to adjudicative proceedings before an administrative agency *Federal Maritime Comm’n v. South Carolina State Ports Authority*, 535 U.S. 743 (2002).

The Case That Started It All at the PTAB

- *Covidien LP v. Univ. of Florida Research Found., Inc.*
(IPR2016-01274, -01275, & -01276)(PTAB January 25, 2017)(Paper 19)
 - Covidien filed IPR petitions against patents owned by UFRF
 - PTAB Panel held:
 - IPRs are adjudicatory administrative proceedings, so sovereigns are entitled to immunity
 - UFRF is an “arm of the state” and therefore a sovereign
 - PTAB dismissed IPRs based on UFRF’s sovereign immunity under the 11th amendment

Sovereign Immunity at the PTAB

All PTAB panel decisions have found that sovereign immunity applies in IPR

- But PTAB panels have differed on terminating IPR where there is sovereign immunity

Neochord, Inc. v. Univ. of Md., Balt., IPR2016-00208 (PTAB May 23, 2017)(Paper 28)

- Univ. of Md. licensed patent to Harpoon Medical
- IPR Petition filed against Univ. of Md. & Harpoon Medical
- PTAB held Univ. of Md. is entitled to sovereign immunity and is indispensable party
- IPR terminated

Sovereign Immunity at the PTAB

Reactive Surfaces, LTD v. Toyota Motor Corp., (IPR2016-01914, IPR2017-00572)(PTAB July 13, 2017)(Paper 36)

- Toyota co-owned patent with Univ. of Minn.
- PTAB held Univ. of Minn. is entitled to sovereign immunity and dismissed Univ. of Minn.
- PTAB held that Toyota would “adequately represent” interests of Univ. of Minn., IPR not terminated
- In IPR2017-00572, after institution, Toyota requested adverse judgment on instituted claims
 - No indication whether or not Univ. of Minn. agreed with request for adverse judgment

Allergan and Restasis® - Tribal Immunity

- Allergan asserted 6 orange book patents for Restasis® against several generic pharmaceutical companies
- The generics filed IPRs against the 6 patents
- Allergan transferred ownership of all 6 patents to the Saint Regis Mohawk Tribe
 - Native American Tribes are entitled to sovereign immunity *Blatchford v. Native Village of Noatak*, 501 U. S. 775 (1991)
- Allergan's press release stated transfer was to avoid IPR by invoking Tribal sovereign immunity
- Meanwhile District Court (EDTX-Bryson) invalidated asserted claims as obvious
 - Dicta condemning Allergan's strategy on evading PTAB jurisdiction

Waiver of Sovereign Immunity at the PTAB

PTAB held that patentee waives sovereign immunity by first suing in Federal Court

- *Ericsson Inc. v. Regents of the Univ. of Minn.*, IPR2017-01186 (PTAB December 19, 2017) (Paper 14)
 - 7-judge PTAB panel held that Univ. of Minn. waived sovereign immunity at the PTAB by asserting patents in district court
 - Filing an infringement action can reasonably be viewed as consenting to IPR of the asserted patent
 - IPR now stayed pending appellate review of PTAB's waiver decision

Open Questions on Sovereign Immunity

- Is Sovereign Immunity Appealable?
 - *WiFi One/Husky*: Does it relate to an institution decision?
 - *Cuozzo*: Does it raise a Constitutional Issue?
 - Petitioner loss when there is no lawsuit not appealable under *Phigenix*?
 - Could Covidien have appealed the dismissal?
 - Ericsson/Univ. of Minn. appeal likely test case for appealability and waiver

Open Questions on Sovereign Immunity

- If appealable, will Fed. Cir. affirm Board?
 - Will it be considered *en banc*?
 - By Supreme Court?
 - Broad jurisdictional reach of PTAB's waiver theory
- Will the scope of Sovereign Immunity extend to Tribes and foreign nations?
 - Any distinctions (e.g., Senator McCaskill attempting to abrogate tribal immunity before PTAB)?

Open Questions on Sovereign Immunity

- Would there be no sovereign immunity if a state or federal agency filed an IPR against a state?
 - *Alden v. Maine*, 527 U. S. 706, 755 (1999).
- Will waiver apply to compulsory counterclaims?
- Might Hatch-Waxman and Patent Dance lawsuits be treated as statutorily-compelled lawsuits to which waiver does not apply?
- Will co-ownership of with sovereign entity always result in sovereign being dismissed while IPR goes forward?

Open Questions on Sovereign Immunity

- Will there be a difference between IP developed by a sovereign compared to IP acquired by sovereign?
- Will timing matter when patents assigned to sovereign:
 - Patent assigned after IPR petition filed
 - Patent assigned after institution of IPR
 - Patent assigned after IPR oral argument
 - Patent assigned before lawsuit
 - Patent assigned after lawsuit but before IPR petition filed

Questions and Strategy

- IP Clearance & Timing:
 - Biologics challenges typically when there is no lawsuit
 - Appealability under *Phigenix*
- Avoid Enforcement & Convey to Sovereign:
 - Select patent family covering product for non-assertion
 - Platform technology patents for several products
- What's the best sovereign entity? Tribe? State? Foreign country?

Questions and Strategy

- Contract drafting
 - Draw up grant-back provision if no termination of IPR?
 - But this creates a higher risk that the assignment would be viewed a sham contract
- In-license IP from state university
 - Exclusive vs. non-exclusive license matter?
 - State require right to veto enforcement of exclusively licensed technology
- Collaborations with state university for co-ownership

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