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Federal Circuit Rejects Assertion Of Sovereign Immunity By Saint Regis Mohawk Tribe In *Inter Partes* Review Proceedings

On July 20, 2018, a Federal Circuit panel (Dyk, Moore, Reyna) affirmed a denial by the Patent Trial and Appeal Board of a motion by the Saint Regis Mohawk Tribe to dismiss, on the basis of sovereign immunity , *inter partes* review ("IPR") proceedings against patents that had been assigned to the Tribe by Allergan.

In 2015, Allergan sued Mylan, Teva and Akorn for infringement of patents covering Allergan's Restasis® dry eye treatment. Mylan, Teva and Akorn petitioned for IPR of those patents. The Board instituted and consolidated the IPRs. Before the oral hearing for the consolidated IPRs took place, Allergan assigned the patents to the Tribe. The Tribe subsequently moved to terminate the IPRs on the basis of tribal sovereign immunity, and Allergan moved to withdraw. The Board denied the motions.

In a decision by Judge Moore, the Federal Circuit affirmed the Board's denial, holding that "tribal sovereign immunity cannot be asserted in IPRs."

In reaching that holding, the Federal Circuit reasoned that "[g]enerally, [tribal sovereign] immunity does not apply where the federal government acting through an agency engages in an investigative action or pursues an adjudicatory agency action," and that an IPR—while resembling civil litigation in certain aspects—is "more like an agency enforcement action than a civil suit brought by a private party." In particular, the Federal Circuit observed that the Director of the United States Patent and Trademark Office "possesses broad discretion in deciding whether to institute review," and that this factor served to distinguish IPRs from other agency proceedings in

which federal agencies lack the discretion to refuse to adjudicate private-party disputes. The Federal Circuit also observed that the Board could continue IPR proceedings even if the petitioner or patent owner chose not to participate. The Federal Circuit further observed that IPR procedures differ substantially from those prescribed by the Federal Rules of Civil Procedure for civil litigation, including that IPRs provide more limited opportunities than civil litigation for amending papers and pursuing discovery.

The Federal Circuit qualified its opinion by noting that "we are only deciding whether tribal immunity applies in IPR. While we recognize there are many parallels, we leave for another day the question of whether there is any reason to treat state sovereign immunity differently."

Judge Dyk, in a concurring opinion, recounted the history and policy considerations leading to the creation of IPRs to bolster the panel's conclusions that IPRs are "fundamentally agency reconsiderations of the original patent grant, proceedings as to which sovereign immunity does not apply."

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