



ARE PTAB Alert: PTAB Denies Tribe's Request for Sovereign Immunity in Mylan v. Saint Regis Mohawk Tribe

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On February 23, 2018, the Patent Trial and Appeal Board ("PTAB") issued a ruling in *Mylan Pharms. Inc., et al. v. Saint Regis Mohawk Tribe*, IPR2016-01127, Paper 129 (PTAB Feb. 23, 2018) on the Saint Regis Mohawk Tribe's ("the Tribe") motion to terminate. The PTAB denied the Tribe's motion to terminate under the doctrine of Tribal Sovereign Immunity, holding that "the Tribe [did] not establish[] that it is entitled to assert its tribal immunity in [] *inter partes* review proceedings." (Paper 129 ("Decision") at 40.) The PTAB further determined that "the Tribe is [not an indispensable party](#), and that [it] may continue with the[] proceedings without the Tribe's participation." (Decision at 39.)

Mylan addressed an important question: whether the doctrine of Tribal Sovereign Immunity applies in *inter partes* review proceedings before the PTAB. The PTAB found it does not. (Decision at 18.)

In December, Amster, Rothstein & Ebenstein LLP filed an amicus brief on behalf of Askeladden LLC in this matter (Paper 107, "Askeladden Br."), arguing that the doctrine of Tribal Sovereign Immunity should not apply in *inter partes* review proceedings ("IPRs"). In the PTAB's decision on the motion to dismiss, the PTAB agreed that Tribal Sovereign Immunity does not apply to IPRs, and denied the Tribe's motion to terminate. The PTAB's analysis tracked much of the rationale set forth in Askeladden's brief.

The PTAB began by noting that the issue was one of first impression. Although state sovereign immunity has been applied at the PTAB, the PTAB explained that Tribal Sovereign Immunity is distinguishable from state sovereign immunity, and thus PTAB decisions applying state sovereign immunity in IPRs do not control. (See Decision at 7–10; Askeladden Br. at 9.) Though other cases applying Tribal Sovereign Immunity were cited, the PTAB noted that it was not bound by those cases.

Next, the PTAB explained that Tribal Sovereign Immunity does not apply to IPRs proceedings. The PTAB specifically limited its holdings to IPRs, "in which the Board assesses the patentable scope of previously granted patent claims," and explained that its decision "does not address contested interference proceedings, which necessarily involve determining the respective rights of adverse parties concerning priority of inventorship." (Decision at 11 n.5.) The PTAB held that IPRs are "not the type of 'suit' to which an Indian tribe would traditionally enjoy immunity under the common law." (*Id.* at 16;



Askeladden Br. at 4-9.)

The PTAB made several observations in reaching this conclusion. Specifically, the PTAB found that Congress enacted a generally applicable statute, making IPRs available for any patent. And, since “Congress has given the Patent Office statutory authorization both to grant a patent limited in scope to patentable claims and to *reconsider* the patentability of those claims via” IPR, the PTAB found that IPRs concern a patent itself (including the public’s interest in properly issued patents) and are distinguishable from traditional lawsuit between two “parties to resolve private disputes that only affect themselves.” (Decision at 11–16; see Askeladden Br. at 9-11.) The review proceedings, in addition to providing a forum for the parties to resolve a dispute, also serve the important public purpose of correcting the Patent Office’s own errors in originally issuing the patent.

The PTAB observed that the Tribe’s participation in the IPR was not required, and that it did not exercise *in personam* jurisdiction over the Tribe for purposes of the IPR. Although the PTAB included a footnote stating that “[it] need not characterize the[] proceedings as *in rem*,” the PTAB held that “the Board does not exercise personal jurisdiction over the patent owner” but rather it “exercises jurisdiction over the challenged patent” in an IPR. (Decision at 16; see Askeladden Br. at 9-11, 13.) The PTAB also found that it may proceed without the parties’ participation to “independently determine any question of . . . patentability.” (Decision at 17-18; see Askeladden Br. at 12-13.)

The PTAB alternatively concluded that, even if Tribal Sovereign Immunity applied, the proceedings could continue with Allergan as the “true owner of the challenged patents.” (Decision at 18-19; *cf.* Askeladden Br. at 14-15.) The PTAB found that the license agreement transferred “all substantial rights” back to Allergan, and that the Tribe retained only an illusory or artificial right to sue for infringement of the challenged patents. (Decision at 19-20, 35; *cf.* Askeladden Br. at 14-15.) The PTAB further found that the license gave Allergan the right to sublicense, reversionary rights, right to litigation or licensing proceeds, the right to pay maintenance fees and control prosecution and other PTO proceedings, and the right to assign. Therefore, the PTAB found that Allergan remained the effective patent owner.

The PTAB determined that Tribal Sovereign Immunity does not apply in IPRs. Even assuming it did, the PTAB found that Allergan remains the effective patent owner under the specific license agreement of the challenged patents at issue.

The Tribe is appealing the PTAB’s decision denying the Tribe’s motion to dismiss for lack of jurisdiction based on Tribal Sovereign Immunity. See *Mylan Pharms. Inc., et al. v. Saint Regis Mohawk Tribe and Allergan, Inc.*, IPR2016-01127, Paper 133 (PTAB Feb. 28, 2018). The Tribe Claims that the decision is immediately appealable under 28 U.S.C. § 1295(a)(4)(A) via the Collateral Order Doctrine, which applies to agency adjudications rejecting sovereign immunity claims. (*Id.* at 3.)

We will continue to monitor developments on the appeal and the law on Tribal Sovereign



Immunity in PTAB proceedings. In the meantime, please feel free to contact one of our attorneys regarding the issues raised by this case.

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