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### Patently Inconsistent: State and Tribal Sovereign Immunity in Inter Partes Review

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**PATENTLY INCONSISTENT:  
STATE AND TRIBAL SOVEREIGN  
IMMUNITY IN *INTER PARTES* REVIEW\***

JOHN MIXON<sup>†</sup>

INTRODUCTION

From 2016 to 2017, the Patent Trial and Appeals Board (“PTAB” or the “Board”), an adjudicatory branch of the United States Patent and Trademark Office (“USPTO”),<sup>1</sup> instituted five separate *inter partes* review (“IPR”) proceedings against patents owned by various state universities.<sup>2</sup> Upon instituting these proceedings, the universities all moved to dismiss the

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\* Currently, there is no consensus regarding the appropriate nomenclature that should be used to refer to the indigenous groups known as American Indians or Native Americans due to various factors such as culture, geographic region, and individual preference. Throughout this Note, the terms “Native American” and “Indian” are used interchangeably due to such lack of consensus and the fact that the cases addressing Native American sovereignty use the terms “Indians” and “Native Americans” interchangeably.

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<sup>1</sup> The USPTO is the federal agency responsible for “granting U.S. patents and registering trademarks.” *About Us*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/about-us> (last updated Mar. 12, 2019). Within the USPTO, the PTAB is responsible for issuing decisions on patent appeals and post-grant challenges. *About PTAB*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/about-ptab> (last updated Mar. 14, 2019).

<sup>2</sup> See *LSI Corp. v. Regents of the Univ. of Minn.*, No. IPR2017-01068, 2017 WL 6517562 (P.T.A.B. Dec. 19, 2017); *Ericsson Inc. v. Regents of the Univ. of Minn.*, No. IPR2017-01186, 2017 WL 6517563 (P.T.A.B. Dec. 19, 2017); *Reactive Surfaces Ltd., LLP v. Toyota Motor Corp.*, No. IPR2016-01914, 2017 WL 2992429 (P.T.A.B. July 13, 2017); *NeoChord, Inc. v. Univ. of Md.*, No. IPR2016-00208, 2017 Pat. App. LEXIS 12969 (P.T.A.B. May 23, 2017); *Covidien LP v. Univ. of Fla. Research Found. Inc.*, No. IPR2016-01274, 2017 WL 4015009 (P.T.A.B. Jan. 25, 2017).

proceedings on state sovereign immunity grounds.<sup>3</sup> While only three of these proceedings resulted in the dismissal of the state entities,<sup>4</sup> the cumulative effect of the five proceedings was that state-owned patents are clearly insulated from IPR proceedings by state sovereign immunity so long as the state does not (1) bring a federal patent infringement suit or (2) transfer all substantive rights in the patent in question to a separate third party.<sup>5</sup>

Perhaps inspired by these developments, the pharmaceutical company Allergan adopted a noteworthy approach to the IPRs that were instituted against six of its patents on December 8, 2016.<sup>6</sup> Attempting to avoid the proceedings, Allergan assigned all of its rights in the six patents to the Saint Regis Mohawk Tribe, a federally recognized Indian tribe.<sup>7</sup> The tribe then moved to dismiss the proceedings based on tribal sovereign immunity.<sup>8</sup> However, in *Mylan Pharmaceuticals Inc. v. Saint Regis Mohawk Tribe (Mylan I)*, the PTAB found that unlike states, tribes could not use their sovereign immunity to avoid IPRs.<sup>9</sup> The United States Court of Appeals for the Federal Circuit affirmed the PTAB's holding in *Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals Inc. (Mylan II)*.<sup>10</sup> As a result of these decisions, there was a brief inconsistency between how tribal sovereign immunity was treated and how state sovereign immunity was treated in IPR proceedings<sup>11</sup> until the recent decision in *Regents of the University of Minnesota v. LSI Corp.*<sup>12</sup> In that case, the Federal Circuit corrected course by holding that state sovereign

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<sup>3</sup> See *LSI*, 2017 WL 6517562, at \*1; *Ericsson*, 2017 WL 6517563, at \*1; *Reactive Surfaces*, 2017 WL 2992429, at \*1; *NeoChord*, 2017 Pat. App. LEXIS 12969, at \*3-4; *Covidien*, 2017 WL 4015009, at \*1.

<sup>4</sup> See *Reactive Surfaces*, 2017 WL 2992429, at \*1; *NeoChord*, 2017 Pat. App. LEXIS 12969, at \*31; *Covidien*, 2017 WL 4015009, at \*1.

<sup>5</sup> See *LSI*, 2017 WL 6517562, at \*3-4; *Ericsson*, 2017 WL 6517563, at \*3-4; *Reactive Surfaces*, 2017 WL 2992429, at \*6-7; *NeoChord*, 2017 Pat. App. LEXIS 12969, at \*30-31; *Covidien*, 2017 WL 4015009, at \*17.

<sup>6</sup> *Mylan Pharm. Inc. v. Saint Regis Mohawk Tribe (Mylan I)*, No. IPR2016-01127, 2018 WL 1100950, at \*1 (P.T.A.B. Feb. 23, 2018) (per curiam).

<sup>7</sup> *Id.* at \*2.

<sup>8</sup> *Id.* at \*1.

<sup>9</sup> *Id.* at \*15.

<sup>10</sup> 896 F.3d 1322, 1326 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019).

<sup>11</sup> Compare *Mylan II*, 896 F.3d at 1326, and *Mylan I*, 2018 WL 1100950, at \*15, with *Reactive Surfaces*, 2017 WL 2992429, at \*1, and *NeoChord*, 2017 Pat. App. LEXIS 12969, at \*31, and *Covidien*, 2017 WL 4015009, at \*1.

<sup>12</sup> *Regents of the Univ. of Minn. v. LSI Corp.*, 926 F.3d 1327, 1342 (Fed. Cir. 2019).

immunity may not be applied in IPRs.<sup>13</sup> Nonetheless, the Supreme Court can still potentially grant certiorari and reverse the Federal Circuit's decision, which would result in the inconsistency between state and tribal sovereign immunity in IPRs being revived.<sup>14</sup>

This Note is composed of four parts. Part I reviews the origins, development, and purpose of both tribal and state sovereign immunity, compares the two doctrines, and concludes that the two are functionally the same despite deriving from different historical roots. Part II provides an overview of the history and purpose behind the patent system, the America Invents Act, and IPRs. Part II also analyzes the constitutionality of IPRs, as decided by the Supreme Court in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*.<sup>15</sup> Part III introduces and addresses the five IPR decisions on state sovereign immunity, *Mylan I*, and *Mylan II*. In addition, it discusses the PTAB's internal inconsistency in applying state and tribal sovereign immunity and the inconsistency between the PTAB's state sovereign immunity precedent and the Federal Circuit's rationale and holding in *Mylan II*. Finally, Part IV of this Note argues that (1) the Federal Circuit's *Mylan II* holding is correct; (2) policy implications dictate that sovereign immunity of either form should not apply in IPRs; and (3) if the Supreme Court grants certiorari in *LSI Corp.*, *Mylan II*'s holding, as well as the *LSI Corp.* holding should be read to prohibit both state and tribal immunity equally because of the similarity between the two doctrines.

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<sup>13</sup> *Id.*

<sup>14</sup> See Appellant University of Minnesota's Motion to Stay Issuance of the Mandate Pending Filing and Disposition of a Writ of Certiorari with the Supreme Court at 3, *Regents of the Univ. of Minn. v. LSI Corp.*, 926 F.3d 1327 (Fed. Cir. 2019) (No. 18-1559) [hereinafter University of Minnesota's Motion to Stay]. See also Matthew J. Rizzolo & Kyle Tsui, *Federal Circuit Confirms That State Sovereign Immunity, Like Tribal Immunity, Cannot Shield Patents from AIA Patent Challenges*, *Ropes & Gray: Alert* (June 17, 2019), <https://www.ropesgray.com/en/news-room/alerts/2019/06/Federal-Circuit-Confirms-that-State-Sovereign-Immunity-Like-Tribal-Immunity-Cannot-Shield> (speculating that the Supreme Court will grant certiorari).

<sup>15</sup> 138 S. Ct. 1365 (2018).

## I. TRIBAL SOVEREIGN IMMUNITY VERSUS STATE SOVEREIGN IMMUNITY

### A. *The Origins, Development & Purpose of Tribal Sovereign Immunity*

The doctrine of tribal sovereign immunity provides that Native American tribes recognized by the United States may not be subjected to lawsuits brought by states, private individuals, or private entities.<sup>16</sup> Although this doctrine as we know it today is a creature of federal common law,<sup>17</sup> it is nonetheless firmly engrained in the legal doctrine of the United States<sup>18</sup> and has historical roots that date back to before the United States Constitution was ratified.<sup>19</sup>

#### 1. The Historical Roots of Tribal Sovereign Immunity

According to Felix S. Cohen,<sup>20</sup> the relation between the rights of Native Americans and Europeans in the Americas was first formally clarified by Francisco de Victoria in 1532.<sup>21</sup> Victoria was

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<sup>16</sup> *Michigan v. Bay Mills Indian Cmty.*, 572 U.S. 782, 788–789 (2014).

<sup>17</sup> *See Three Affiliated Tribes of the Fort Berthold Reservation v. Wold Eng'g*, 476 U.S. 877, 890 (1986) (“The common law sovereign immunity possessed by the Tribe is a necessary corollary to Indian sovereignty and self-governance.” (citing *Santa Clara Pueblo v. Martinez*, 436 U.S. 49 (1978))).

<sup>18</sup> *Kiowa Tribe of Okla. v. Mfg. Techs., Inc.*, 523 U.S. 751, 756 (1998) (“[T]he doctrine of tribal immunity is settled law . . .”).

<sup>19</sup> *Bay Mills*, 572 U.S. at 788 (“[Native American tribes] remain ‘separate sovereigns pre-existing the Constitution.’” (quoting *Martinez*, 436 U.S. at 56)); *see also* *Blatchford v. Native Vill. of Noatak*, 501 U.S. 775, 782 (1991) (inferring that tribes had immunity from suit prior to the Constitutional Convention in stating that “it would be absurd to suggest that the tribes surrendered immunity in a convention to which they were not even parties”). Upon declaring its independence, the United States “followed Britain’s example and recognized and interacted with indigenous Nations as separate sovereigns.” Andrea M. Seielstad, *The Recognition and Evolution of Tribal Sovereign Immunity Under Federal Law: Legal, Historical, and Normative Reflections on a Fundamental Aspect of American Indian Sovereignty*, 37 TULSA L. REV. 661, 684 (2002). Such recognition evolved into the judicially created tribal sovereign immunity doctrine that we know today. *See id.* at 682–99.

<sup>20</sup> Felix S. Cohen was revered by many, including Justice Frankfurter, for his work in shaping Native American Law. *See* FELIX S. COHEN, HANDBOOK OF FEDERAL INDIAN LAW, at viii–ix (Rennard Strickland et al. eds., 1982 ed., The Michie Co. 1982) (“Cohen was the Blackstone of American Indian law.”); Felix Frankfurter, Foreword to Cohen, *Dialogue on Private Property*, 9 RUTGERS L. REV. 355, 356 (1954) (stating that “[o]nly a ripe and imaginative scholar with a synthesizing faculty would have brought luminous order out of such a mish-mash” in reference to Cohen’s work on the 1942 version of the Handbook of Federal Indian Law).

<sup>21</sup> COHEN, *supra* note 20, at 50.

a “leading Spanish intellectual and academic” during the 1500s who had been tasked with advising Spain on how Spanish rights in the Americas interacted with Native American rights.<sup>22</sup> Upon studying various property rights theories that could possibly allow the Spanish to take Indian land, Victoria concluded that Europeans had no right to Indian land unless the Indians voluntarily handed it over to them.<sup>23</sup>

Victoria’s conclusion was meant to accord respect to Indian tribes as sovereign nations and led to Spanish treaties, laws, and charters recognizing Indian tribes as sovereign nations.<sup>24</sup> Victoria’s view of Native American sovereignty eventually became widely adopted by European nations, and although there were many instances of ethnocentric invasion and improper taking of Native American land,<sup>25</sup> most of the land obtained by Europeans settling in colonial America was purchased from Native American tribes.<sup>26</sup> In fact, according to Cohen, the recognition of tribes as sovereign nations was so widespread that it was accepted by international law scholars of the sixteenth, seventeenth, and eighteenth centuries, who were then cited as authority in federal cases, such as *Johnson v. M’Intosh*, one of the earliest United States Supreme Court cases involving Native American rights.<sup>27</sup>

## 2. The Marshall Trilogy & the Doctrine’s Subsequent Developments

Even more telling of tribal sovereignty than federal court citations to colonial-era treatises is the fact that the United States Constitution explicitly refers to Native American tribes as

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<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 50–51.

<sup>24</sup> *Id.* at 51–52.

<sup>25</sup> *Id.* at 52–53 (“Although the actions of Spanish conquistadores and government administrators often contrasted sharply with the principles expressed in these doctrines, generally such actions violated rather than reflected existing Spanish law. . . . These tenets were adhered to in the earliest dealings between European settlers and Indians.”).

<sup>26</sup> *See id.* at 52–58.

<sup>27</sup> *Id.* at 52 & nn.19–20; *see also* *Johnson v. M’Intosh*, 21 U.S. (8 Wheat.) 543, 563–65, 567–71 (1823) (citing various natural and international law writers, such as Emmerich de Vattel and Hugo Grotius). Hugo Grotius was a seventeenth-century scholar, and Emmerich de Vattel was an eighteenth-century scholar. *See* F. S. Ruddy, *International Law and the Enlightenment: Vattel and the 18th Century*, 3 INT’L LAW. 839, 839, 841 (1969) (discussing Grotius’s and Vattel’s work).

entities separate from the states<sup>28</sup> and grants the president the power to make treaties with them as if they are a sovereign nation.<sup>29</sup> Indeed, to an extent, it was these constitutional predicates that the Supreme Court relied on in a series of three cases where it recognized Indian tribes as sovereign nations.<sup>30</sup> These three cases are known as the Marshall Trilogy.<sup>31</sup>

The first of these cases, *Johnson v. M'Intosh*, involved a dispute over land that the Piankeshaw Indians sold to the plaintiff's family prior to the end of the American Revolution.<sup>32</sup> Following the Revolution, Virginia passed an act reclaiming all land that had previously been deeded by Indian tribes to private individuals, including the land that had been deeded to the plaintiff.<sup>33</sup> Subsequently, Virginia conveyed the reclaimed land to the United States, which then sold the parcel that had been deeded to the plaintiff to the defendant.<sup>34</sup> This caused there to be two "owners" of the land.<sup>35</sup> In resolving the issue, the Supreme Court held that the tribe's sale was invalid because, among other things, treaties that had previously been entered into between the tribe and the United States had ceded the land in question to

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<sup>28</sup> U.S. CONST. art. I, § 8, cl. 3 ("The Congress shall have Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes . . .").

<sup>29</sup> U.S. CONST. art. II, § 2, cl. 2; *Worcester v. Georgia*, 31 U.S. (6 Pet.) 515, 519–20 (1832) ("The constitution, by declaring treaties already made, as well as those to be made, to be the supreme law of the land, has adopted and sanctioned the previous treaties with the Indian nations, and, consequently, admits their rank among those powers who are capable of making treaties.").

<sup>30</sup> See *Worcester*, 31 U.S. (6 Pet.) at 519–20 (holding that a Georgia statute did not apply on the Cherokee Nation's reservation because the United States had the sole authority to enter treaties with Indian tribes and had in fact entered into treaties with the tribe, which recognized it as a sovereign nation; thus, the Supremacy Clause of the Constitution prevented state law from applying in the tribal territory); *Cherokee Nation v. Georgia*, 30 U.S. (5 Pet.) 1, 18–20 (1831) (holding that although the Commerce Clause recognizes Indian tribes as sovereign, they are not foreign nations, but instead sovereign nations that are dependent on the United States); *M'Intosh*, 21 U.S. (8 Wheat.) at 593–94 (holding that a tribal sale of land was invalid because, among other things, the treaties between the tribe and the United States allowed for annulment of the sale and, since the tribe did not annul the agreement while it was at war with the United States, it was presumed that the tribe considered the deal to be void).

<sup>31</sup> See, e.g., *United States v. Washington*, 853 F.3d 946, 963 (9th Cir. 2017); U.S. v. Lara, 324 F.3d 635, 642 (8th Cir. 2003); Seielstad, *supra* note 19, at 686.

<sup>32</sup> 21 U.S. (8 Wheat.) at 571–72.

<sup>33</sup> *Id.* at 585–86.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 562–63.

the United States.<sup>36</sup> Based on the Court's reliance on such treaties, it is clear that the Court viewed the tribe as a sovereign nation independently capable of diplomatic relations with the United States.

Eight years after *M'Intosh*, the Supreme Court again dealt with Native American sovereignty rights in *Cherokee Nation v. Georgia*.<sup>37</sup> In this case the state of Georgia tried to extend its laws into the Cherokee Nation.<sup>38</sup> In response, the Cherokee Nation claimed to be a foreign nation and filed for an injunction directly to the Supreme Court to give the Court original jurisdiction over the matter.<sup>39</sup> Ultimately, Chief Justice Marshall determined that the text of the Commerce Clause<sup>40</sup> and the nature of the relationship between Indian tribes and the United States indicated that tribes were not foreign states, but rather "domestic dependent nations."<sup>41</sup> This meant that they were a hybrid sovereign because they were self-governing entities distinct from states that also relied on the United States for protection like "a ward to his guardian."<sup>42</sup>

One year after *Cherokee Nation*, Chief Justice Marshall issued the majority opinion in *Worcester v. Georgia*.<sup>43</sup> In this case, the petitioner, a white male, was convicted for violating a Georgia law that required "all white persons[] residing within the limits of the Cherokee nation" to obtain a license and to take an oath of loyalty to the state of Georgia.<sup>44</sup> The petitioner appealed

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<sup>36</sup> *Id.* at 593–94. It is unclear from the opinion which treaty Chief Justice Marshall was referring to, but there were several treaties that the United States had entered into with various different tribes, including the Piankeshaw tribe, whereby the tribes relinquished their ownership rights of their land to the United States. See, e.g., Treaty with the Piankeshaw, Aug. 27, 1804, art. I, 7 Stat. 83; Treaty with the Eel River, etc., Aug. 7, 1803, 7 Stat. 77; Jon D. May, *Piankashaw*, OKLA. HIST. SOC'Y, <https://www.okhistory.org/publications/enc/entry.php?entry=PI001> (last visited June 1, 2019).

<sup>37</sup> 30 U.S. (5 Pet.) 1 (1831).

<sup>38</sup> *Id.* at 15.

<sup>39</sup> *Id.* at 15–16; see also U.S. CONST. art. III, § 2, cls. 1–2 (extending the judicial power to "all Cases . . . between a State, or the Citizens thereof, and foreign states" and granting original jurisdiction to the Supreme Court in "all Cases . . . in which a State shall be Party").

<sup>40</sup> The Commerce Clause provides, "The Congress shall have Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian tribes . . ." U.S. CONST. art. I, § 8, cl. 3.

<sup>41</sup> *Cherokee Nation*, 30 U.S. (5 Pet.) at 17–20.

<sup>42</sup> *Id.* at 17.

<sup>43</sup> 31 U.S. (6 Pet.) 515 (1832), *abrogated by* *Nevada v. Hicks*, 533 U.S. 353 (2001).

<sup>44</sup> *Id.* at 515–16.



his conviction, and the Supreme Court determined that states have no authority to enforce laws on Indian soil because treaties between the United States and Indians recognized Indians as “distinct, independent political communities.”<sup>45</sup> The Court also clarified that the United States has exclusive authority to deal with Indian tribes.<sup>46</sup>

While the Marshall Trilogy did not address tribal sovereign immunity per se, the principles set forth in these cases formed the foundation of the doctrine by recognizing Indian tribes as sovereign.<sup>47</sup> These principles were that: (1) Native American tribes’ sovereignty derives from the fact that they were indigenous to the Americas and from their relations with European settlers, relations the United States subsequently acknowledged and adopted upon its formation;<sup>48</sup> (2) only the federal government may abrogate or weaken such sovereignty;<sup>49</sup> and (3) tribes’ sovereignty is a hybrid between that of the states and foreign nations, as they are located inside the United States without being part of the union, but also depend on the United States for protection.<sup>50</sup> In fact, these principles resurfaced nearly two decades after *Worcester* in *Parks v. Ross*, where the Court held that an officer of the Cherokee Nation could not be held liable for actions taken in his official tribal capacity because “[t]he Cherokees are in many respects a foreign and independent nation.”<sup>51</sup> This was one of the first cases to suggest that tribes and their officers are not subject to suit due to tribal sovereignty, but it certainly was not the last.<sup>52</sup>

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<sup>45</sup> *Id.* at 519.

<sup>46</sup> *Id.* at 520.

<sup>47</sup> See Seielstad, *supra* note 19, at 689 (“[T]he fact that a form of inherent sovereignty was recognized is significant to the development of other principles of tribal sovereignty such as the doctrine of tribal immunity.”).

<sup>48</sup> Seielstad, *supra* note 19, at 688.

<sup>49</sup> *Id.* While abrogation or weakening of tribal sovereignty is still exclusively the power of the federal government, it is worth noting that the power of states to enforce laws in tribal territory is no longer as impermissible as it was after the Marshall Trilogy. *Nevada v. Hicks*, 533 U.S. 353, 361–62 (2001). Nevertheless, States maintain limited authority on tribal lands. *Id.*

<sup>50</sup> See Seielstad, *supra* note 19, at 688–89; see also *Worcester*, 31 U.S. (6 Pet.) at 519–20; *Cherokee Nation v. Georgia*, 30 U.S. (5 Pet.) 1, 17 (1831).

<sup>51</sup> 52 U.S. (11 How.) 362, 374 (1850).

<sup>52</sup> It is worth noting that about two decades after *Parks*, Congress shifted away from diplomatic relations with tribes in favor of regulating tribes through legislation. See 25 U.S.C. § 71 (2012). This placed the power of Indian affairs exclusively in the control of Congress, while still recognizing the validity of all preexisting tribal treaties. *Id.*

In 1883, the Supreme Court resolved *Ex parte Kan-gi-shun-ca*, which involved the imprisonment and death sentence of a Sioux Indian for the murder of another Sioux Indian.<sup>53</sup> The imprisoned Indian filed a writ of habeas corpus, and the Court determined that since Congress did not clearly intend for the statute in question to encompass Indian-on-Indian crimes occurring on tribal land, the lower court that convicted the petitioner did not have jurisdiction over him.<sup>54</sup> Though the Court did not expressly declare that tribes were immune from suit, it communicated the principle that if tribes were to be subject to suit, Congress would have to pass legislation indicating a clear and unequivocal intent to do so.<sup>55</sup>

Shortly thereafter, the principle requiring clear and unequivocal intent was reaffirmed and built upon by the United States Court of Appeals for the Eighth Circuit in *Thebo v. Choctaw Tribe of Indians*.<sup>56</sup> In *Choctaw*, a United States citizen sued the Choctaw Tribe and some of its officers to recover outstanding attorney's fees owed to the citizen.<sup>57</sup> In resolving the case, the court relied on the "clear and unequivocal intent" standard to determine that there was no jurisdiction over the Choctaw Tribe.<sup>58</sup> In fact, the court took this principle even further and stated that tribes "have been placed by the United States, substantially, on the plane occupied by the states under the [E]leventh [A]mendment to the [C]onstitution,"<sup>59</sup> which illustrates that the court unquestionably viewed the tribe as deserving of the respect typically accorded to sovereigns.

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<sup>53</sup> 109 U.S. 556, 557 (1883).

<sup>54</sup> *Id.* at 572.

<sup>55</sup> *Id.* This principle is still present in the modern tribal sovereign immunity doctrine. See *Michigan v. Bay Mills Indian Cmty.*, 572 U.S. 782, 790 (2014) (alterations in original) ("Our decisions establish as well that such a congressional decision must be clear. The baseline position, we have often held, is tribal immunity; and '[t]o abrogate [such] immunity, Congress must "unequivocally" express that purpose.'" (quoting *C & L Enters., Inc. v. Citizen Band Potawatomi Tribe of Okla.*, 532 U.S. 411, 418 (2001))).

<sup>56</sup> 66 F. 372, 376 (1895) (stating that "[i]t has been the settled policy of congress not to sanction suits generally against the[] Indian Nations" and if it is "[t]he intention of congress to [subject Native Americans to suit, such intention] would have to be expressed in plain and unambiguous terms"). While this was only a circuit court case, the Supreme Court cited to this decision for support in what many consider to be the first case of the modern tribal immunity decisions. See *infra* notes 63–65.

<sup>57</sup> 66 F. at 373.

<sup>58</sup> *Id.* at 376.

<sup>59</sup> *Id.*

In tracing these tribal cases up to this point, it should be noted that the courts' and Congress's view of tribes as sovereign nations and on subjecting them to suit has evolved and allowed for some exceptions.<sup>60</sup> However, the ultimate lessons from the cases that built upon the Marshall Trilogy are that: (1) despite courts not explicitly mentioning tribal sovereign immunity by name, the doctrine started to rear its head in the form of a jurisdictional bar that only Congress could allow circumvention of; and (2) despite Congress's shift away from diplomacy with the tribes, the rationale for the doctrine remained rooted in the understanding that Native American tribes are sovereign, self-governing nations.<sup>61</sup> With that background, the following cases mark the start of what many consider the "modern era" of the tribal sovereign immunity doctrine.<sup>62</sup>

### 3. The Modern Era of Tribal Sovereign Immunity

The first of these modern tribal immunity cases is *United States v. United States Fidelity & Guaranty Co.*, which was decided in 1940.<sup>63</sup> In this case, the Supreme Court determined that although the United States could recover a bankruptcy judgment on behalf of the Choctaw and Chickasaw Nations, the nations were not subject to cross-claims stemming from the same proceeding.<sup>64</sup> The Court's rationale was that there is a "public policy which exempt[s] . . . dependent as well as . . . dominant sovereignties from suit without consent" and "Indian Nations are exempt from suit without Congressional authorization."<sup>65</sup>

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<sup>60</sup> See *Ex parte Kan-gi-shun-ca*, 109 U.S. 556, 570, 572 (1883) (recognizing an exception that Indian-on-Indian crimes are exempt from the jurisdiction of United States courts).

<sup>61</sup> See *id.* at 572; see also *supra* text accompanying note 60.

<sup>62</sup> See Brandon Andersen, *Tribal Sovereign Immunity at the Patent and Trademark Office*, 100 J. PAT. & TRADEMARK OFF. SOC'Y 332, 336 (2018); Seielstad, *supra* note 19, at 694.

<sup>63</sup> 309 U.S. 506 (1940).

<sup>64</sup> *Id.* at 510–12. The United States was acting on behalf of the Choctaw and Chickasaw Nations in this case because the governments of these nations were dissolved pursuant to statute. *Id.* at 512.

<sup>65</sup> *Id.* (first citing *Cherokee Nation v. Georgia*, 30 U.S. (5 Pet.) 1 (1831); then citing *Turner v. United States*, 248 U.S. 354, 358 (1919); *Adams v. Murphy*, 165 F. 304 (8th Cir. 1908); *Thebo v. Choctaw Tribe of Indians*, 66 F. 372 (8th Cir. 1895)). The Court elaborated that because tribes possess immunity "from direct suit . . . [they] possess[] a similar immunity from cross-suits" because a "sovereignty possessing immunity should not be compelled to defend against cross-actions away from its own territory or in courts, not of its own choice, merely because its debtor

Nearly three decades later, the Supreme Court doubled down on its *U.S. Fidelity & Guaranty Co.* holding in *Puyallup Tribe, Inc. v. Department of Game*.<sup>66</sup> The issue in *Puyallup* was whether the Washington Department of Game could sue tribe members for violating state fishing regulations on the Puyallup Tribal reservation.<sup>67</sup> In holding that the Puyallup Tribe was immune from suit, the Court reaffirmed that “[a]bsent an effective waiver or consent, it is settled that a state court may not exercise jurisdiction over a recognized Indian tribe.”<sup>68</sup>

The following year, the Supreme Court decided *Santa Clara Pueblo v. Martinez*, which involved the relatively new Indian Civil Rights Act of 1968 (“ICRA”).<sup>69</sup> Congress adopted the ICRA to apply certain individual rights from the United States Constitution to tribal governments.<sup>70</sup> One such right that Congress included in the ICRA—which was at issue in *Santa Clara Pueblo*<sup>71</sup>—is equal protection of the law.<sup>72</sup> In *Santa Clara Pueblo*, a woman filed suit against the Santa Clara Pueblo Tribe claiming it violated Title I of the ICRA because children of male members who married outside the tribe could be recognized as tribe members, but children of females married outside the tribe could not, which deprived her children of rights such as voting in tribal elections and inheriting land.<sup>73</sup> The Supreme Court held that despite the tribe’s violation of the ICRA, “suits against the tribe under the ICRA are barred by its sovereign immunity” since there was no “unequivocal expression of contrary legislative intent.”<sup>74</sup>

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was unavailable except outside the jurisdiction of the sovereign’s consent.” *Id.* at 513.

<sup>66</sup> 433 U.S. 165 (1977).

<sup>67</sup> *Id.* at 167–68.

<sup>68</sup> *Id.* at 172.

<sup>69</sup> 436 U.S. 49 (1978).

<sup>70</sup> Robert J. McCarthy, *Civil Rights in Tribal Courts: The Indian Bill of Rights at Thirty Years*, 34 IDAHO L. REV. 465, 467 (1998) (“The central purpose of the ICRA was to apply most of the provisions of the Constitution’s Bill of Rights to tribal governments.”).

<sup>71</sup> *See* 436 U.S. at 51.

<sup>72</sup> 25 U.S.C. § 1302(a)(8) (2018) (“No Indian tribe in exercising powers of self-government shall—deny to any person within its jurisdiction the equal protection of its laws . . .”).

<sup>73</sup> 436 U.S. at 51–52.

<sup>74</sup> *Id.* at 59. In dissent, Justice White argued that Congress had a clear implicit intent to make tribes amenable to federal jurisdiction because the whole point of the ICRA was to “provide [American Indians] with the guarantee of equal protection of the laws” and by making tribes immune to suit the majority “denie[d] them access to

Shortly after *Santa Clara*, the Court decided *Three Affiliated Tribes of Fort Berthold Reservation v. Wold Engineering* in which it held that a state may not condition a tribe's ability to file suit against a non-Indian in state court on the tribe's waiver of its own tribal sovereign immunity.<sup>75</sup> Five years later the Supreme Court again dealt with a state trying to subject a tribe to suit without its consent.<sup>76</sup> In *Oklahoma Tax Commission v. Citizen Band Potawatomi Indian Tribe of Oklahoma*, the Court held that tribal sovereign immunity bars states from collecting sales tax on goods sold by the Potawatomi tribe to other Indians while states "remain[] free to collect taxes on sales to nonmembers of the tribe."<sup>77</sup> In so holding, Chief Justice Rehnquist reiterated the principle from *U.S. Fidelity & Guaranty Co.* that tribal sovereign immunity also prevents the tribe from being subjected to counterclaims in suits that it files.<sup>78</sup>

Furthermore, Chief Justice Rehnquist underscored that since Native American tribes are "domestic dependent nations" that exercise inherent sovereign authority over their members and territories," they cannot be sued without a "clear waiver by the tribe or congressional abrogation."<sup>79</sup> In support of upholding the doctrine, Chief Justice Rehnquist deferred to the fact that tribal immunity is a "long-established principle" of the Court that has been consistently approved by Congress.<sup>80</sup> As a result, *Potawatomi* dug the roots of the doctrine further into the ground

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the federal courts to enforce this right." *Id.* at 74 (White, J., dissenting). However, as the majority pointed out, "[t]ribal forums are available to vindicate rights created by the ICRA" and such forums are obligated to apply the ICRA as the law. *Id.* at 65 (majority opinion). Nonetheless, even if there was an implicit intent by Congress to make tribes amenable to suit in federal court, as the majority stated, "[i]t is settled that a waiver of sovereign immunity 'cannot be implied but must be unequivocally expressed.'" *Id.* at 58 (quoting *United States v. Testan*, 424 U.S. 392, 399 (1976)).

<sup>75</sup> 476 U.S. 877, 889 (1986) ("[T]hose statutory conditions may be met only at an unacceptably high price to tribal sovereignty and thus operate to effectively bar the Tribe from the courts."). In so holding, the Court made clear that while it may seem like an inequity to allow tribes to sue, but not reciprocally be sued, it is no different from how "the United States or [individual states may] sue in cases where they could not be sued as defendants because of their sovereign immunity." *Id.* at 893.

<sup>76</sup> See *Okla. Tax Comm'n v. Citizen Band Potawatomi Indian Tribe of Okla.*, 498 U.S. 505, 507-08 (1991).

<sup>77</sup> *Id.* at 507.

<sup>78</sup> *Id.* at 509-10.

<sup>79</sup> *Id.* at 509 (first quoting *Cherokee Nation v. Georgia*, 30 U.S. (5 Pet.) 1, 17 (1831); then citing *Santa Clara Pueblo*, 436 U.S. at 58).

<sup>80</sup> *Id.* at 510.

and made clear that unless Congress says otherwise, it is here to stay.<sup>81</sup>

Seven years after the Court decided *Potawatomi*, the Court echoed that sentiment when it allowed a Kiowa Tribe-owned commercial entity to avoid contract liability for business that was transacted off of the tribe's land.<sup>82</sup> Writing for the Court, Justice Kennedy acknowledged that while tribal immunity may "extend[] beyond what is needed" in our modern society, it is nonetheless grounded as federal law and is solely in the hands of the tribe to waive or Congress to abrogate or limit.<sup>83</sup>

Sixteen years later, the Court reaffirmed *Kiowa's* holding when it found in *Michigan v. Bay Mills Indian Community* that tribal sovereign immunity prevented Michigan from filing suit against Bay Mills Indian Community for opening a casino on non-tribal lands.<sup>84</sup> The crux of *Bay Mills's* holding is that courts "will not lightly assume that Congress in fact intend[ed] to undermine Indian self-government" and that Congress must unequivocally express its desire to abrogate tribal immunity.<sup>85</sup> As such, since the section of the Indian Gaming Regulatory Act ("IGRA") in question only made tribes amenable to suit for "gaming activity located on Indian lands," Bay Mills was immune from Michigan's suit for opening its casino off the reservation.<sup>86</sup>

A review of tribal sovereign immunity from the colonial era to the present makes abundantly clear that the modern doctrine is based on the recognition of tribes as dependent sovereign

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<sup>81</sup> See *infra* note 169 and accompanying text.

<sup>82</sup> *Kiowa Tribe of Okla. v. Mfg. Techs., Inc.*, 523 U.S. 751, 753–54, 760 (1998).

<sup>83</sup> *Id.* at 758–60; see also *infra* note 169 and accompanying text. In addition to calling the necessity of the doctrine into doubt, the Court went as far as saying that the doctrine "developed almost by accident." 523 U.S. at 756. However, such a characterization is a misreading of the doctrine's history because having analyzed tribal immunity up to this point, it is clear that Indian sovereignty has been recognized since before the Constitution and such sovereignty is at the heart of federal court decisions that have allowed Indians to avoid suit since the Founding. See *supra* notes 17–19 and accompanying text. None of the Court's doubts matter of course as they were expressed in dicta and the Court begrudgingly acknowledged that tribal immunity is settled law. *Kiowa*, 523 U.S. at 756.

<sup>84</sup> 572 U.S. 782, 785 (2014).

<sup>85</sup> *Id.* at 790 (citations omitted).

<sup>86</sup> *Id.* at 787, 803–04. In fact, the Court even acknowledged that allowing the tribe to be sued for on-reservation gaming, but not off-reservation gaming, appears to create "an apparent anomaly." *Id.* at 794. However, in acknowledging this, the Court said that it "does not revise legislation," that "Congress wrote the statute it wrote," and that "'Congress must 'unequivocally' express [its] purpose' to subject a tribe to litigation." *Id.* (alteration in original) (citations omitted).

nations that are entitled to self-government—subject to Congress's plenary power.<sup>87</sup> This recognition in turn derived from a combination of sources consisting of tribal treaties, the Constitution, and colonial-era laws and traditions that served the purpose of according Native Americans the respect and dignity to which self-governing sovereigns are traditionally entitled.<sup>88</sup>

*B. The Origins, Development & Purpose of State Sovereign Immunity*

State sovereign immunity is just what it sounds like: a legal doctrine that gives a state the right to avoid being hauled into court as a defendant without its consent.<sup>89</sup> Similar in many respects to the origins of tribal sovereign immunity, the roots of state sovereign immunity predate the ratification of the Constitution.<sup>90</sup> However, unlike tribal sovereign immunity, there is no clear consensus among scholars as to the exact pre-Constitution source for state immunity.<sup>91</sup> Nonetheless, one of the most widely accepted theories about state immunity's origins, which the Supreme Court has subscribed to, is that despite rejecting most British common law traditions, "the doctrine that a sovereign could not be sued without its consent was universal in the States when the Constitution was drafted and ratified."<sup>92</sup>

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<sup>87</sup> See *id.* at 788 ("Among the core aspects of sovereignty that tribes possess—subject, again, to congressional action—is the 'common-law immunity from suit traditionally enjoyed by sovereign powers.'" (quoting *Santa Clara Pueblo v. Martinez*, 436 U.S. 49, 58 (1978))).

<sup>88</sup> See *supra* Section I.A.1.

<sup>89</sup> Scott Dodson, *The Metes and Bounds of State Sovereign Immunity*, 29 HASTINGS CONST. L.Q. 721, 721 (2002).

<sup>90</sup> See *id.* at 727; Katherine Florey, *Insufficiently Jurisdictional: The Case Against Treating State Sovereign Immunity as an Article III Doctrine*, 92 CAL. L. REV. 1375, 1385–86 (2004).

<sup>91</sup> While many say that the states assumed sovereign immunity from when they were colonies as a result of the King's immunity, see, e.g., Dodson, *supra* note 89, at 727; Miles McCann, *State Sovereign Immunity*, NAGTRI J.: EMERGING ISSUES FOR ATTYS GEN. OFFS., November 2017, at 12, others are skeptical of this theory and believe that this was never an assumption of the states. See, e.g., John J. Gibbons, *The Eleventh Amendment and State Sovereign Immunity: A Reinterpretation*, 83 COLUM. L. REV. 1889, 1895–99, 1913 (1983) (arguing that there was no inherent understanding that state sovereign immunity existed in colonial America as a carryover from Britain and insinuating that the alternative theory that such an understanding of immunity was evident during the ratifying conventions is a misunderstanding based on "[a] few isolated remarks").

<sup>92</sup> *Alden v. Maine*, 527 U.S. 706, 715–16 (1999); see also *Fed. Mar. Comm'n v. S.C. State Ports Auth.*, 535 U.S. 743, 751–52 (2002) ("States, upon ratification of the Constitution, did not consent to become mere appendages of the Federal

Because there is no clear-cut consensus among scholars, and because the Supreme Court has indeed subscribed to the theory that the doctrine was inherently carried over from Britain, this Note assumes *arguendo* that this theory is historically accurate.<sup>93</sup>

### 1. The Historical Roots of State Sovereign Immunity

The British common law accorded the King immunity from suit based on the theory that “the King can do no wrong.”<sup>94</sup> The interpretation of this adage that has been relied on to understand sovereign immunity is that unless the British Crown consented to suits filed against it, the King was “not amenable to any other earthly power or jurisdiction . . . so as to render him answerable for [his actions] personally to his people.”<sup>95</sup> Although the American people rejected many of the legal and political principles of England upon declaring their independence,<sup>96</sup> they simultaneously and universally accepted “the doctrine that a sovereign could not be sued without its consent.”<sup>97</sup> In fact, the Supreme Court has even quoted the Federalist Papers and records from state ratifying conventions to support this contention.<sup>98</sup>

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Government. Rather, they entered the Union ‘with their sovereignty intact.’ An integral component of that ‘residuary and inviolable sovereignty’ retained by the States is their immunity from private suits.” (citations omitted)).

<sup>93</sup> Whether or not the American version of state sovereign immunity truly was assumed by the states as a carryover from the Crown is irrelevant to this Note’s argument because if this is indeed historically accurate, it would put tribal and state sovereign immunity on equal footing, and if it is not actually historically accurate—and the doctrine was not assumed to exist upon declaring independence—then it would actually mean tribal sovereign immunity has stronger historical roots than state sovereign immunity.

<sup>94</sup> Erwin Chemerinsky, *Against Sovereign Immunity*, 53 STAN. L. REV. 1201, 1201 (2001); McCann, *supra* note 91, at 12 n.8.

<sup>95</sup> Herbert Broom, A SELECTION OF LEGAL MAXIMS, CLASSIFIED AND ILLUSTRATED 43 (1845). There is also a second interpretation that means that the prerogative of the Crown extends not to do any injury, because it is created for the benefit of the people, and, therefore, cannot be exerted to their prejudice—it being a fundamental general rule, that the king cannot sanction any act forbidden by law; and it is in this point of view that he is under, and not above the laws[]—that he is bound by them equally with his subjects.

*Id.* This interpretation is not, however, the basis of understanding the sovereign immunity that British common law stipulated.

<sup>96</sup> Chemerinsky, *supra* note 94, at 1202 (“The United States was founded on a rejection of a monarchy and of royal prerogatives.”).

<sup>97</sup> *Alden*, 527 U.S. at 715–16.

<sup>98</sup> The Court quoted THE FEDERALIST NO. 81 (Alexander Hamilton) in stating, “It is inherent in the nature of sovereignty not to be amenable to the suit of an



Despite such universal acceptance of the doctrine when the Constitution was drafted and ratified, the actual text of the Constitution did not acknowledge state sovereign immunity's existence when it was ratified.<sup>99</sup> Not surprisingly, this constitutional omission quickly became an issue; and five years after the Constitution's ratification, the Supreme Court decided *Chisholm v. Georgia*, where a South Carolina citizen filed suit against the state of Georgia.<sup>100</sup> In deciding the case, four of the five justices found that Georgia was subject to suits brought by citizens of other states based on the explicit language of Article III of the Constitution.<sup>101</sup>

As a direct reaction to the outcome of *Chisholm*, Congressional representatives quickly proposed resolutions for an eleventh amendment, and the following year the Eleventh Amendment was passed.<sup>102</sup> The Eleventh Amendment provides, "The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State."<sup>103</sup> As a result, the amendment effectively overturned *Chisholm*, although it does

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individual *without its consent*. . . . Unless, therefore, there is a surrender of this immunity in the plan of the convention, it will remain with the States . . . . *Id.* at 716–17. The Court then took quotes from the Virginia ratifying convention where James Madison said, "[i]t is not in the power of individuals to call any state into court," and John Marshall said, "[w]ith respect to disputes between a state and the citizens of another state, its jurisdiction has been decried with unusual vehemence . . . [and i]t is not rational to suppose that the sovereign power should be dragged before a court." *Id.* at 717–18.

<sup>99</sup> See generally U.S. CONST. art. III.

<sup>100</sup> 2 U.S. (2 Dall.) 419, 420 (1793).

<sup>101</sup> See *id.* at 451 (opinion of Blair, J.); *id.* at 466 (opinion of Wilson, J.); *id.* at 469 (opinion of Cushing, J.); *id.* at 479 (opinion of Jay, C.J.). More specifically, in issuing his opinion, Chief Justice Jay made clear that the Constitution explicitly authorized suits between states and citizens of other states and that the Framers could not have intended to only authorize such suits where states were plaintiffs because this could have easily been expressed. *Id.* at 476–77.

<sup>102</sup> John E. Nowak, *The Scope of Congressional Power To Create Causes of Action Against State Governments and the History of the Eleventh and Fourteenth Amendments*, 75 COLUM. L. REV. 1413, 1436–37 (1975). In fact, the amendment was passed by the Senate by a resounding twenty-three to two and by the House of Representatives by a resounding eighty-one to nine. *Id.* However, the amendment was not formally announced as law until 1798, due to a slow adoption by some states. Bradford R. Clark, *The Eleventh Amendment and the Nature of the Union*, 123 HARV. L. REV. 1817, 1893–94 (2010).

<sup>103</sup> U.S. CONST. amend. XI.

not address whether a state can be sued by one of its *own* citizens.<sup>104</sup>

This latter question was addressed by the Supreme Court nearly a century after the Eleventh Amendment was ratified in *Hans v. Louisiana*.<sup>105</sup> Here, a Louisiana citizen tried to sue the state of Louisiana, claiming the Eleventh Amendment did not bar his suit because its text only explicitly bars suits from citizens of different states.<sup>106</sup> However, realizing that subjecting a state to suit by its own citizen and not an out-of-state citizen would be a “startling and unexpected” result, the Court relied heavily on Justice Iredell’s *Chisholm* dissent and the prevailing views at the time the Constitution was ratified<sup>107</sup> to decide that a state may not be sued by its own citizens.<sup>108</sup>

Eighteen years after *Hans*, the Supreme Court expanded on state immunity in *Ex parte Young*.<sup>109</sup> In this case, stockholders of several railroad companies sued Minnesota’s attorney general in his official capacity for enforcing unconstitutional legislation.<sup>110</sup> Addressing the issue, the Court held that state officials who enforce legislation that runs afoul of the Constitution are amenable to suit for injunctive relief because in doing so “the officer . . . comes into conflict with the superior authority of th[e] Constitution” and the “state has no power to impart to [the official] any immunity from responsibility to the supreme authority of the United States.”<sup>111</sup>

Up to this point the Court and Congress had shown that they view the state sovereign immunity doctrine as having strong pre-Constitutional roots while simultaneously showing that they were not afraid to carve out some exceptions when equity requires relief for individuals.<sup>112</sup> Almost seventy years later, the Court expanded upon Congress’s ability to carve out such

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<sup>104</sup> *See id.*

<sup>105</sup> 134 U.S. 1 (1890).

<sup>106</sup> *Id.* at 10.

<sup>107</sup> *See id.* at 11–16, 18. The prevailing views at the time the Constitution was drafted and ratified are the same views that the Court relies on today to form the basis of state sovereign immunity’s historical origins. *See supra* notes 98–99 and accompanying text.

<sup>108</sup> *Hans*, 134 U.S. at 21.

<sup>109</sup> 209 U.S. 123 (1908).

<sup>110</sup> *Id.* at 129–130.

<sup>111</sup> *Id.* at 159–60 (citing *Ex parte Ayers*, 123 U.S. 443 (1887)).

<sup>112</sup> *See* U.S. CONST. amend. XI; *Hans*, 134 U.S. at 21; *Ex parte Young*, 209 U.S. at 159–60.

exceptions to the Eleventh Amendment when it decided *Fitzpatrick v. Bitzer*.<sup>113</sup>

## 2. The Modern Interpretation of State Sovereign Immunity

*Fitzpatrick* involved amendments to Title VII of the Civil Rights Act of 1964 that were passed by Congress pursuant to the Fourteenth Amendment.<sup>114</sup> The amendments authorized individuals to sue states for money damages resulting from employee discrimination, and a group of retired male state employees filed such a suit against Connecticut state officials.<sup>115</sup> In resolving the case, the Supreme Court held that the Eleventh Amendment is “necessarily limited by the enforcement provisions of [§] 5 of the Fourteenth Amendment,” since that section calls for “appropriate legislation” in enforcing the limitations of the rest of that amendment.<sup>116</sup> Thus, Congress had plenary power within the context of the Fourteenth Amendment to abrogate state sovereign immunity.<sup>117</sup>

Thirteen years later, *Fitzpatrick* was expanded upon in *Pennsylvania v. Union Gas Co.*, where a plurality of the Court found that by authorizing Congress to regulate interstate commerce through the Commerce Clause, the Constitution implicitly granted Congress the power to abrogate state sovereign immunity in the pursuit of the regulation of commerce.<sup>118</sup> However, on the very same day, the Court clarified in *Dellmuth v. Muth* that the standard of articulation required for abrogation of state immunity is “unmistakably clear [intention] in the language of the statute.”<sup>119</sup> While the holding

<sup>113</sup> 427 U.S. 445 (1976).

<sup>114</sup> 427 U.S. at 447–48. The Fourteenth Amendment, Section 1, states that [n]o State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. U.S. CONST. amend. XIV, § 1. Section five of the Fourteenth Amendment states that “[t]he Congress shall have power to enforce, by appropriate legislation, the provisions of this article.” U.S. CONST. amend. XIV, § 5.

<sup>115</sup> *Id.* at 448–49.

<sup>116</sup> *Id.* at 456.

<sup>117</sup> *Id.* (“We think that Congress may, in determining what is ‘appropriate legislation’ for the purpose of enforcing the provisions of the Fourteenth Amendment, provide for private suits against States or state officials which are constitutionally impermissible in other contexts.” (citations omitted)).

<sup>118</sup> 491 U.S. 1, 18–20 (1989).

<sup>119</sup> 491 U.S. 223, 227–28 (1989) (quoting *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 242 (1985)).

in *Dellmuth* remains the standard, the *Union Gas* holding was overruled seven years later in *Seminole Tribe of Florida v. Florida*.<sup>120</sup>

*Seminole* involved the IGRA, enacted pursuant to the Commerce Clause, which imposed a duty on the states to negotiate in good faith with tribes to form a gaming compact and unmistakably authorized tribes to file suit against a state for breaching that duty.<sup>121</sup> In its opinion, the *Seminole* Court articulated two questions that must be asked to determine whether state sovereign immunity has been abrogated by Congress: “first, whether Congress has ‘unequivocally expresse[d] its intent to abrogate the immunity’; and second, whether Congress has acted ‘pursuant to a valid exercise of power.’”<sup>122</sup>

In addressing the first inquiry, the Court determined that Congress unquestionably intended to abrogate state sovereign immunity through the IGRA.<sup>123</sup> As for the second inquiry, the Court said that the Act was not passed “pursuant to a valid exercise of power.”<sup>124</sup> While acknowledging that *Union Gas* unquestionably gave Congress abrogation authority under the Commerce Clause, the Court nonetheless ruled that *Union Gas* had no majority rationale or support from established jurisprudence and improperly expanded Article III’s jurisdictional scope.<sup>125</sup> As a result, the Court expressly overruled *Union Gas* and held that state sovereign immunity was not validly abrogated under the IGRA.<sup>126</sup>

Regarding *Seminole*, it is important to note that the Court acknowledged (1) the deep historical roots and principles of

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<sup>120</sup> *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 66 (1996) (“We feel bound to conclude that *Union Gas* was wrongly decided and that it should be, and now is, overruled.”).

<sup>121</sup> *Id.* at 47.

<sup>122</sup> *Id.* at 55 (quoting *Green v. Mansour*, 474 U.S. 64, 68 (1985)).

<sup>123</sup> *Id.* at 57.

<sup>124</sup> *Id.* at 58, 76.

<sup>125</sup> *Id.* at 62–65.

<sup>126</sup> *Id.* at 66, 76. Additionally, the Court addressed the alternative argument that the Florida Governor may be subjected to the suit through the *Ex parte Young* exception. *Id.* at 73. Ultimately, the Court held that *Ex parte Young* was inapplicable because (1) the IGRA provided a remedial scheme outside of subjecting a state to suit so courts “should hesitate before . . . permitting an action against a state officer based upon *Ex parte Young*,” and (2) “the fact that Congress chose to impose upon the State a liability that is significantly more limited than would be the liability imposed upon the state officer under *Ex parte Young* strongly indicates that Congress had no wish to create the latter under [the IGRA].” *Id.* at 74–76.

sovereignty that are embodied in the Eleventh Amendment;<sup>127</sup> (2) the continued existence of the *Ex parte Young* exception;<sup>128</sup> (3) the importance of the “unmistakably clear” intention standard;<sup>129</sup> and (4) the continuing validity of Congress’s Fourteenth Amendment abrogation power that was indicated in *Fitzpatrick*.<sup>130</sup> However, the Court was not finished clarifying congressional abrogation of state sovereign immunity, as it addressed the issue a mere three years later in *Alden v. Maine*.<sup>131</sup>

*Alden* involved state probation officers filing a suit against the state of Maine for violations of the Fair Labor Standards Act (“FLSA”), which authorized private suits against non-consenting states in their own courts.<sup>132</sup> However, the Court held that such authorization was unconstitutional because Article I of the Constitution prohibits Congress from subjecting non-consenting states to suits in their own courts.<sup>133</sup>

In reaching this holding, the Court reasoned that state sovereign immunity is not derived from, or limited by, the Eleventh Amendment, as it is a “fundamental aspect of the sovereignty which the States enjoyed before the ratification of the Constitution, and which they retain today . . . except as altered by the plan of the Convention or certain constitutional Amendments.”<sup>134</sup> Ultimately, the Court thought it would be

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<sup>127</sup> *Id.* at 54 (“[E]ach State is a sovereign entity in our federal system; and . . . [i]t is inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent’ [and f]or over a century we have reaffirmed that federal jurisdiction over suits against unconsenting States ‘was not contemplated by the Constitution when establishing the judicial power of the United States.’” (quoting *Hans v. Louisiana*, 134 U.S. 1, 13, 15 (1890))).

<sup>128</sup> *See id.* at 73–76.

<sup>129</sup> *Id.* at 55–56.

<sup>130</sup> *Id.* at 65–66.

<sup>131</sup> 527 U.S. 706 (1999).

<sup>132</sup> *Id.* at 711–12.

<sup>133</sup> *Id.* at 712.

<sup>134</sup> *Id.* at 712–13. The Court went as far as to say that despite commonly referring to state sovereign immunity as “Eleventh Amendment immunity,” this is actually a convenient shorthand phrase that does not encapsulate the whole origin of the doctrine. *Id.* Rather, despite the explicit text of the amendment which would appear to restrict only the Article III diversity jurisdiction of the federal courts, “[the Court] ha[s] understood the Eleventh Amendment to stand not so much for what it says, but for the presupposition . . . which it confirms.” That presupposition, first observed over a century ago in *Hans v. Louisiana*, has two parts: first, that each State is a sovereign entity in our federal system; and second, that “[i]t is inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent.”

*Id.* at 729 (ellipsis in original) (citations omitted).

anomalous for states to be subjected to suit in their own court while being shielded from suit in federal court and supported this view by looking to “the Constitution’s structure, its history, and the [Court’s] authoritative interpretations.”<sup>135</sup>

Sticking with a narrow scope in which Congress is authorized to abrogate state sovereign immunity, the Court decided *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank* on the same day as *Alden*.<sup>136</sup> The *Florida Prepaid* case centered around the Patent and Plant Variety Protection Remedy Clarification Act (“Patent Remedy Act”), which was enacted pursuant to the Fourteenth Amendment § 5, and abrogated state sovereign immunity in patent infringement and plant variety protection suits.<sup>137</sup> The goal of the act was to allow infringed upon patent owners to seek redress from patent infringing states by preventing states from claiming sovereign immunity in infringement suits.<sup>138</sup> In evaluating whether the act validly abrogated state immunity, the Court analyzed the two-step inquiry articulated in *Seminole* and determined that, under the first step, “Congress’ intent to abrogate could not have been any clearer.”<sup>139</sup> However, Congress failed under the second step because it did not act pursuant to a valid exercise of power.<sup>140</sup>

Although patent rights have long been held a form of property<sup>141</sup> and the Fourteenth Amendment prohibits states from depriving people of property without due process of law,<sup>142</sup> the Court in *Florida Prepaid* nonetheless held that the Patent Remedy Act was invalid under the Fourteenth Amendment § 5.<sup>143</sup> Applying a recently established standard for Fourteenth Amendment legislation,<sup>144</sup> the Court deemed that since the Act did not “identify[] . . . [its] targeted constitutional wrong or

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<sup>135</sup> *Id.* at 713, 743, 752–53.

<sup>136</sup> 527 U.S. 627 (1999).

<sup>137</sup> *Id.* at 630–32.

<sup>138</sup> *Id.* at 641–42.

<sup>139</sup> *Id.* at 635.

<sup>140</sup> *Id.* at 647.

<sup>141</sup> *Id.* at 637.

<sup>142</sup> U.S. CONST. amend. XIV, § 1.

<sup>143</sup> 527 U.S. at 647.

<sup>144</sup> The standard for Fourteenth Amendment legislation was set forth in *City of Boerne v. Flores*, wherein the Court held that legislation enacted pursuant to the Fourteenth Amendment, Section 5, requires “congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.” 521 U.S. 507, 520 (1997).

evil,”<sup>145</sup> its means—that is, abrogation of state immunity in all infringement suits—were too broad in proportion to the end it was trying to reach—that is, provide recourse for infringed upon patent owners.<sup>146</sup> As a result, the Patent Remedy Act was deemed unconstitutional and the state was immune from suit.<sup>147</sup>

Three years after *Florida Prepaid*, the Court was faced with an issue of first impression in *Federal Maritime Commission v. South Carolina State Ports Authority* (“FMC”): whether state sovereign immunity applies to agency proceedings.<sup>148</sup> In deciding the case, the Court set forth the framework for determining whether state sovereign immunity applies in administrative proceedings. The Court stated: “we must examine [Federal Maritime Commission (“FMC”)] adjudications to determine whether they are the type of proceedings from which the Framers would have thought the States possessed immunity when they agreed to enter the Union” and then proceeded to compare the characteristics of FMC administrative adjudications to those of civil litigation.<sup>149</sup> In applying this standard, the Court held that although the FMC is an Article II administrative agency, “the similarities between FMC proceedings and civil litigation are overwhelming,” making it hard to “imagine that [the Framers]

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<sup>145</sup> *Fla. Prepaid*, 527 U.S. at 646. After reciting *City of Boerne*'s holding, the *Florida Prepaid* Court stated that *City of Boerne* requires Congress to both “identify conduct transgressing the Fourteenth Amendment’s substantive provisions, and . . . tailor its legislative scheme to remedying or preventing such conduct.” *Id.* at 639. The Court specifically noted that the deprivation of a protected interest by the state is not unconstitutional on its own, but rather the “deprivation of such an interest without due process of law” is what is unconstitutional. *Id.* at 643 (quoting *Zinermon v. Burch*, 494 U.S. 113, 125 (1990)). Based on this, the Court went on to say that it is not patent infringement by the state that is unconstitutional, it is patent infringement without provision of a remedy. *Id.* (citations omitted). Since Congress did not address potential state remedies that were available, did not focus on specific types of infringement, and did not provide anything in the legislative record to indicate that using sovereign immunity to avoid infringement suits was widespread, the act was deemed unconstitutional. *Id.* at 643, 645–47.

<sup>146</sup> *Id.* at 646 (“[T]he provisions of the Patent Remedy Act are ‘so out of proportion to a supposed remedial or preventive object that [they] cannot be understood as responsive to, or designed to prevent, unconstitutional behavior.’ An unlimited range of state conduct would expose a State to claims of direct, induced, or contributory patent infringement . . .”) (citation omitted).

<sup>147</sup> *Id.* at 647–48.

<sup>148</sup> 535 U.S. 743, 747 (2002). This case involved a cruise ship company that filed a complaint against the South Carolina State Ports Authority with the Federal Maritime Commission (“FMC”) for violating the Shipping Act of 1984. *Id.* at 747–48. The FMC is an administrative agency whose authority falls under the executive branch. *Id.* at 750.

<sup>149</sup> *Id.* at 756–59.

would have found it acceptable” to subject states to litigation-esque agency proceedings initiated by a private complaint such as FMC adjudications.<sup>150</sup> As a result, state sovereign immunity protected the state from FMC proceedings.<sup>151</sup>

Ten years after *FMC*, the Court clarified the standard required to abrogate under the Fourteenth Amendment § 5, in *Coleman v. Court of Appeals of Maryland*.<sup>152</sup> In *Coleman*, a male employed by the Court of Appeals of Maryland filed suit against the court for violating the Family and Medical Leave Act of 1993 (“FMLA”).<sup>153</sup> The FMLA provided that employees could take up to twelve weeks of unpaid leave each year under certain circumstances, and it provided a right to file suit “against any employer (including a public agency) in any Federal or State court of competent jurisdiction.”<sup>154</sup>

When the petitioner filed suit, the Court of Appeals of Maryland claimed state sovereign immunity, so the Court had to apply the proportional and congruent test from *City of Boerne v. Flores*.<sup>155</sup> In applying the test, the Court concluded that while the FMLA sought to remedy sexual discrimination, there was no evidence to support that states had a pattern of discriminating against employees in the application of their medical leave policies, which rendered abrogation of state immunity too broad of a solution.<sup>156</sup> For abrogation to be valid under the Fourteenth Amendment § 5, “Congress must identify a pattern of constitutional violations and tailor a remedy congruent and proportional to the documented violations.”<sup>157</sup>

This exploration of the historical origins and development of the state sovereign immunity doctrine reveals several discernable principles. The doctrine comes from the idea of sovereign immunity that shielded the King from suit in England,

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<sup>150</sup> *Id.* at 757–60. However, the Court did explicitly note that the FMC could “institute its own administrative proceeding against a state-run port” for Shipping Act violations. *Id.* at 768. Thus, even though the similarities between FMC proceedings and civil litigation played a part in the Court’s holding, the holding seems to actually rest on the fact that when a complaint is filed with the FMC by a private party, the FMC “does not even have the discretion to refuse to adjudicate [it].” *Id.* at 764 (citation omitted).

<sup>151</sup> *Id.* at 769.

<sup>152</sup> 566 U.S. 30 (2012).

<sup>153</sup> *Id.* at 33–35.

<sup>154</sup> *Id.* at 34.

<sup>155</sup> *Id.* at 36; see also *supra* note 144.

<sup>156</sup> *Coleman*, 566 U.S. at 37–38, 43.

<sup>157</sup> *Id.* at 43.



and, while the extent of colonial adoption of the doctrine is unclear, it was definitely acknowledged by many during the Constitution's ratification process.<sup>158</sup> Nonetheless, it was not explicitly accounted for in the Constitution and as a result of several controversies that addressed this constitutional silence, the doctrine now rests upon a combination of the Eleventh Amendment, the Constitution's structure, and the Supreme Court's interpretation of pre-constitutional common law and traditions.<sup>159</sup> As a result, the Court has made clear that the primary purpose of state sovereign immunity is "to accord States the dignity that is consistent with their status as sovereign entities."<sup>160</sup>

*C. Tribal Sovereign Immunity and State Sovereign Immunity Are Functionally the Same*

Based on the deep historical dives into tribal and state sovereign immunity, it may initially appear that state sovereign immunity is clearly the stronger legal doctrine, due to its more robust constitutional roots. However, there are principles common to the two doctrines that actually place them on relatively equal footing.<sup>161</sup>

For starters, the two doctrines are strikingly similar to each other. As noted above, both doctrines predate the ratification of the Constitution.<sup>162</sup> This is noteworthy because with state sovereign immunity in particular, the Supreme Court has emphasized the fact that a state's immunity is not derived solely from the Constitution, but rather from "common-law tradition," which is embodied today by the Constitution.<sup>163</sup> Because tribal

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<sup>158</sup> See *supra* Section I.B.1.

<sup>159</sup> See *supra* Section I.B.

<sup>160</sup> Fed. Mar. Comm'n v. S.C. State Ports Auth., 535 U.S. 743, 760 (2002) (citing *In re Ayers*, 123 U.S. 443, 505 (1887)).

<sup>161</sup> In fact, it has been suggested that tribal sovereign immunity actually has a broader reach than state sovereign immunity since tribes cannot be sued by a state, but a state can be sued by another state. See William Wood, *It Wasn't an Accident: The Tribal Sovereign Immunity Story*, 62 AM. U. L. REV. 1587, 1666 (2013) ("Tribal immunity is in certain respects broader than other governments' immunities . . ."); *Kiowa Tribe of Okla. v. Mfg. Techs., Inc.*, 523 U.S. 751, 765 (1998) (Stevens, J., dissenting) (posing the question: "Why should an Indian tribe enjoy broader immunity than the States, the Federal Government, and foreign nations?" when discussing the "anomalous" results of the majority's holding in comparison to the other sovereign immunity doctrines).

<sup>162</sup> See *supra* Sections I.A–B.

<sup>163</sup> *Alden v. Maine*, 527 U.S. 706, 712–13, 733 (1999).

sovereign immunity also derives from common law,<sup>164</sup> and certain principles of tribal sovereignty are embodied in the Constitution,<sup>165</sup> the Supreme Court's emphasis on state immunity's common-law origins places the two doctrines on similar footing in terms of how the two originated.

Moreover, tribal immunity protects tribes from suits brought by states, and state immunity protects states from suits brought by tribes.<sup>166</sup> Another similarity is that both doctrines extend to officers in their official capacities—except for when *Ex parte Young* applies.<sup>167</sup> While these two similarities may seem minor, they are key in illustrating the equivalence of these two doctrines. The fact that states and tribes are reciprocally immune from suits from each other illustrates that the United States does not favor one sovereignty over the other. The immunity of tribal and state officers emphasizes this point further because it recognizes the fact that government officers are vital to maintaining self-government, which is an important aspect of sovereignty.<sup>168</sup> By according both tribal and state officers immunity, United States law and policy illustrate that the self-government—and thus the sovereignty—of both tribes and states are valued.

On the other hand, the differences between the two doctrines are insignificant when placed under a microscope. One main point that scholars have brought up to distinguish state sovereign immunity from tribal sovereign immunity is the fact that Congress has plenary power to abrogate tribal immunity, while up to this point Congress has only been permitted to abrogate state sovereign immunity pursuant to the limitations of

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<sup>164</sup> See, e.g., *Three Affiliated Tribes of the Fort Berthold Reservation v. Wold Eng'g*, 476 U.S. 877, 890 (1986).

<sup>165</sup> See *supra* notes 28–29 and accompanying text.

<sup>166</sup> *Blatchford v. Native Vill. of Noatak*, 501 U.S. 775, 782 (1991) (“We have repeatedly held that Indian tribes enjoy immunity against suits by States, as it would be absurd to suggest that the tribes surrendered immunity in a convention to which they were not even parties. But if the convention could not surrender *the tribes’* immunity for the benefit of the *States*, we do not believe that it surrendered the States’ immunity for the benefit of the tribes.” (citation omitted)).

<sup>167</sup> See *Ex parte Young*, 209 U.S. 123, 159–60 (1908); *Parks v. Ross*, 52 U.S. (11 How.) 362, 374 (1850).

<sup>168</sup> See *Kiowa Tribe of Okla. v. Mfg. Techs., Inc.*, 523 U.S. 751, 757 (1998) (indicating that Congress has not abrogated tribal sovereign immunity because it wanted to promote tribal self-sufficiency (citing *Okla. Tax Comm’n v. Citizen Band Potawatomi Indian Tribe of Okla.*, 498 U.S. 505, 510 (1991))).

the Fourteenth Amendment § 5.<sup>169</sup> Although this is a valid point, so long as Congress enacts “‘appropriate’ legislation” that is proportional and congruent, and addresses an area that is covered by the Fourteenth Amendment, it may abrogate state sovereign immunity.<sup>170</sup> And, as we have seen in the past, Congress can masterfully enact legislation that is arguably somewhat attenuated from the enumerated power under which it was passed.<sup>171</sup>

More to the point, and relevant for present purposes, Congress apparently has the ability to abrogate state sovereign immunity with regard to certain types of patent infringement—direct, incidental, contributory—which can impact *inter partes* review proceedings.<sup>172</sup> As stated in *Florida Prepaid* and recently reconfirmed by the Supreme Court, patent rights are property.<sup>173</sup> Because they are property, if the state infringes on an individual’s patent and then tries to avoid an infringement suit by claiming sovereign immunity, the patent owner would be deprived of his or her property without due process of law.<sup>174</sup> This would violate the Fourteenth Amendment § 1, which in turn would allow Congress to pass “appropriate legislation” under § 5

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<sup>169</sup> See Katherine Florey, *Sovereign Immunity’s Penumbra: Common Law, “Accident,” and Policy in the Development of Sovereign Immunity Doctrine*, 43 WAKE FOREST L. REV. 765, 783 (2008) (pointing out that the main difference between state and tribal sovereign immunity is that tribal immunity can be abrogated by Congress at will, while state sovereign immunity cannot); Jeff M. Kosseff, *Sovereignty for Profits: Courts’ Expansion of Sovereign Immunity to Tribe-Owned Businesses*, 5 FLA. A&M U. L. REV. 131, 148 (2009) (noting that Congress is very limited in its ability to abrogate state sovereign immunity, but it does not have the same limitations in its ability to abrogate tribal sovereign immunity); Gregory Ablavsky, *Tribal Sovereign Immunity and Patent Law*, STAN. L. SCH.: LEGAL AGGREGATE (Sept. 13, 2017), <https://law.stanford.edu/2017/09/13/tribal-sovereign-immunity-and-patent-law/>.

<sup>170</sup> See *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 637–38 (1999).

<sup>171</sup> Congress passed the Civil Rights Act of 1964, which aimed to prohibit discrimination, pursuant to the Commerce Clause, and, in doing so, it conveniently construed the words of the Commerce Clause to interrelate discrimination and interstate commerce so that the act could pass constitutional muster. See *Heart of Atlanta Motel, Inc. v. United States*, 379 U.S. 241, 250 (1964).

<sup>172</sup> See *Fla. Prepaid*, 527 U.S. at 646–48 (implying that had Congress narrowed the coverage of the Patent Remedy Act it would have been valid legislation enacted pursuant to the Fourteenth Amendment, Section 5).

<sup>173</sup> See *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1379 (2018) (“[O]ur decision should not be misconstrued as suggesting that patents are not property for purposes of the Due Process Clause or the Takings Clause.” (citations omitted)); *Fla. Prepaid*, 527 U.S. at 642 (“Patents, however, have long been considered a species of property.” (citations omitted)).

<sup>174</sup> See *Fla. Prepaid*, 527 U.S. at 637, 642–643.

of that Amendment.<sup>175</sup> Thus, within the ambit of this Note, both doctrines are vulnerable to congressional abrogation.

Regardless, while there are concededly many fewer restrictions on Congress's power to abrogate tribal sovereign immunity than with respect to state sovereign immunity, the most important point to note in this analysis is that Congress has only abrogated tribal immunity in the limited context of certain classes of suits, and, *as a whole, the tribal sovereign immunity doctrine has mostly been left undisturbed by Congress.*<sup>176</sup> Thus, the argument that Congress *could* abrogate tribal immunity more easily fails because, until Congress acts, the argument is mere conjecture. Moreover, even if Congress were to absolutely abrogate tribal sovereign immunity, the standard of articulation would be the same for tribes as it is for states: clear and unequivocal expression of intent.<sup>177</sup>

One more key difference that is hard to ignore is that while states are amenable to suits filed by other states, they may not sue tribes.<sup>178</sup> This is because upon discussion at the ratifying conventions, states agreed to waive their immunity against each other upon entering the union; tribes on the other hand were not

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<sup>175</sup> U.S. CONST. amend. XIV, §§ 1, 5; *see also Fla. Prepaid*, 527 U.S. at 642, 646–48 (noting that there is “no reason why Congress might not legislate against . . . deprivation [of patent rights] without due process under § 5 of the Fourteenth Amendment” and indicating that the Patent Remedy Act would have been valid had it been more narrowly tailored).

<sup>176</sup> Gregory J. Wong, *Intent Matters: Assessing Sovereign Immunity for Tribal Entities*, 82 WASH. L. REV. 205, 211–12 (2007) (“Although Congress may waive tribal sovereign immunity, it has only chosen to do so in limited classes of suits. For example, Congress has chosen to expose tribes to suit in the areas of mandatory liability insurance and gaming activities.”).

<sup>177</sup> *Michigan v. Bay Mills Indian Cmty.*, 572 U.S. 782, 790 (2014) (“[T]o abrogate [tribal] immunity, Congress must ‘unequivocally’ express that purpose.” (quoting *C & L Enters., Inc. v. Citizen Band Potawatomi Tribe of Okla.*, 532 U.S. 411, 418 (2001)); *Sossamon v. Texas*, 563 U.S. 277, 285 (2011) (stating that “our precedents require” unequivocal expression to subject states to suit).

<sup>178</sup> *See supra* note 161. While the tribal sovereign immunity cases that have been analyzed in this Note have not addressed whether Native American tribes may sue other Native American tribes in federal court, the likely presumption is that they cannot since “federally recognized tribes are immune from suit by any entity or individual, other than the United States, absent their consent or congressional abrogation” and different tribes are considered separate entities from one another. Clay Smith, *Tribal Sovereign Immunity: A Primer*, ADVOC. (IDAHO), May 2007, at 19, 19; *see also* Bart J. Freedman et al., *Exploring Tribal Sovereign Immunity with Lewis v. Clarke*, K&L GATES: LEGAL INSIGHT (May 11, 2017), [http://www.klgates.com/files/Publication/f5f67b54-b13d-4b18-98d5-7f1bd6d9e444/Presentation/PublicationAttachment/6eca24af-4d39-4590-9beb-955c60394f65/ExploringIndian\\_Law\(North%20America\)Alert\\_05092017.pdf](http://www.klgates.com/files/Publication/f5f67b54-b13d-4b18-98d5-7f1bd6d9e444/Presentation/PublicationAttachment/6eca24af-4d39-4590-9beb-955c60394f65/ExploringIndian_Law(North%20America)Alert_05092017.pdf).

privity to the ratifying conventions and thus “it would be absurd to suggest that the tribes surrendered immunity [from suits brought by states] in a convention to which they were not even parties.”<sup>179</sup> This is the only area in which one doctrine trumps the other, and the result of this difference is that tribal sovereign immunity actually has a somewhat broader reach than the state doctrine.<sup>180</sup>

Nonetheless, the two doctrines serve the same purpose with regard to their respective sovereigns. While the Supreme Court has explicitly stated that the primary purpose of state sovereign immunity is “to accord States the dignity that is consistent with their status as sovereign entities,”<sup>181</sup> this principle is implicit for tribal immunity. Within that statement by the Court is an implication that there is a certain level of dignity that all sovereign entities deserve.

Additionally, Alexander Hamilton stated in *The Federalist* No. 81 that “[i]t is inherent in the nature of sovereignty not to be amenable to the suit of an individual WITHOUT ITS CONSENT.”<sup>182</sup> Moreover, the Supreme Court has explicitly stated that “Indian tribes . . . exercise ‘inherent sovereign authority’” and “[a]mong the core aspects of sovereignty that tribes possess . . . is the ‘common-law immunity from suit traditionally enjoyed by sovereign powers.’”<sup>183</sup> Thus, it is implied that the primary purpose of tribal sovereign immunity is to accord tribes “the dignity that is consistent with their status as sovereign entities.”<sup>184</sup> As a result, it can be said that despite somewhat different historical roots, tribal and state sovereign immunity serve the same purpose and are functionally the same, with the tribal version having a slightly broader reach than the state version.

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<sup>179</sup> *Blatchford v. Native Vill. of Noatak*, 501 U.S. 775, 782 (1991).

<sup>180</sup> *See supra* note 161.

<sup>181</sup> *Fed. Mar. Comm'n v. S.C. State Ports Auth.*, 535 U.S. 743, 760 (2002) (citing *In re Ayers*, 123 U.S. 443, 505 (1887)).

<sup>182</sup> THE FEDERALIST NO. 81 (Alexander Hamilton).

<sup>183</sup> *Michigan v. Bay Mills Indian Cmty.*, 572 U.S. 782, 788 (2014) (first quoting *Okla. Tax Comm'n v. Citizen Band Potawatomi Indian Tribe of Okla.*, 498 U.S. 505, 509 (1991); then quoting *Santa Clara Pueblo v. Martinez*, 436 U.S. 49, 58 (1978)).

<sup>184</sup> *Fed. Mar. Comm'n*, 535 U.S. at 760 (citing *In re Ayers*, 123 U.S. at 505). To bring this argument full circle, as mentioned earlier, the original recognition of tribal sovereignty came from Francisco de Victoria's view that tribes deserved to be treated with the respect that sovereign nations deserved, which was widely embraced and eventually adopted by the Supreme Court. *See supra* notes 23–24, 27 and accompanying text.

## II. THE PATENT SYSTEM, THE AMERICA INVENTS ACT AND *INTER PARTES* REVIEW

### A. *Historical Overview and Purpose of the Patent System*

The recognition of patents as an essential tool of society has existed since before the United States was founded.<sup>185</sup> In fact, the first known patent system was established in Venice through the Venetian Senate's 1474 Act.<sup>186</sup> Eventually, the idea of the patent system spread throughout Europe and in due course was introduced to the American colonies.<sup>187</sup>

Upon declaring independence, the colonists recognized the importance of having a national patent system.<sup>188</sup> As such, the Framers provided for an American patent system in the United States Constitution.<sup>189</sup> The Intellectual Property Clause of the Constitution states, "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . ."<sup>190</sup> The plain words of this clause state the purpose of having a patent system.<sup>191</sup> That is, the patent system is formed for the purpose of stimulating individuals to make advancements in science and the arts so that society can benefit from the new knowledge and processes that are created.<sup>192</sup>

As the utilitarian theory suggests, "absent patent protection inventors will not have sufficient incentive to invest in creating, developing, and marketing new products."<sup>193</sup> The patent system is created to provide patent protection for a limited time period<sup>194</sup>

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<sup>185</sup> See 1 PETER S. MENELL ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE*: 2018, at 156 (2018).

<sup>186</sup> *Id.*

<sup>187</sup> *Id.* at 156–57.

<sup>188</sup> *Id.* at 157.

<sup>189</sup> See U.S. CONST. art. I, § 8, cl. 8.

<sup>190</sup> *Id.*

<sup>191</sup> See Jeanne C. Fromer, *The Intellectual Property Clause's External Limitations*, 61 DUKE L.J. 1329, 1339–40 (2012) (discussing the purpose of the Intellectual Property Clause and stating that the "natural reading of this clause . . . is that Congress has the power to promote the progress of science and useful arts using solely the specified means"—that is, by giving authors and inventors the exclusive rights to their works for a limited time).

<sup>192</sup> See 1 MENELL ET AL., *supra* note 185, at 167.

<sup>193</sup> *Id.*

<sup>194</sup> In the United States, patents are protected for twenty years from the date the patent application was filed. 35 U.S.C. § 154(a)(2) (2018).

to motivate inventors to come up with innovative new products and processes that are revealed to the public to benefit society.<sup>195</sup> In essence, the patent system provides for a *quid pro quo* between inventors and society as a whole: the inventor gets a limited monopoly over his or her invention and society reaps the benefits that come from disclosure of the invention's advancements.<sup>196</sup>

When an invention is patented, the patent is then considered the inventor's property,<sup>197</sup> but the rights that come along with that property are unlike most forms of property.<sup>198</sup> As mentioned, patent rights are limited in time. In addition, patents only give the patent holder, or "patentee," the right to exclude others from using the patented device, and, therefore, it is often described as a negative right.<sup>199</sup> Because of the exclusionary nature of patents, there are stringent requirements that must be met to get an invention patented.<sup>200</sup>

As designated in the Constitution, the power to set these requirements rests solely in the hands of Congress.<sup>201</sup> Over the years, Congress has passed various major acts to govern and to ensure the efficiency of the patent system.<sup>202</sup> The very first patent statute was passed by Congress in 1790, but due to issues with administrative efficiency and a high bar for inventors, the act was quickly superseded three years later by the Patent Act of

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<sup>195</sup> See 1 MENELL ET AL., *supra* note 185, at 167.

<sup>196</sup> *Brenner v. Manson*, 383 U.S. 519, 534 (1966) ("The basic *quid pro quo* contemplated by the Constitution and the Congress for granting a patent monopoly is the benefit derived by the public from an invention . . ."); see also Andersen, *supra* note 62, at 333 ("The 'essential tension,' of the U.S. patent system is that it is designed to encourage the *societal* benefit of innovation by dolling [sic] out the *individual* reward of exclusive rights to an invention."); Bruce Day & Mike Martinez, *The Roots of Intellectual Property: Trade Secrets, Patents, Trademarks and Copyrights*, J. KAN. B. ASS'N, Jan. 1993, at 30, 32 ("The *quid pro quo* for this right is that the patentee must make a full disclosure of the inventions to the public so that the public will be able to practice or use the invention when the patent expires.").

<sup>197</sup> See *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1379 (2018); *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 642 (1999).

<sup>198</sup> Adam Mossoff, *Exclusion and Exclusive Use in Patent Law*, 22 HARV. J. L. & TECH. 321, 322 (2009).

<sup>199</sup> *Id.*

<sup>200</sup> See *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979); Day & Martinez, *supra* note 196, at 33; Karl F. Jorda, *Patent and Trade Secret Complementariness: An Unsuspected Synergy*, 48 WASHBURN L.J. 1, 25 (2008).

<sup>201</sup> See U.S. CONST. art. I, § 8, cl. 8.

<sup>202</sup> See 1 MENELL ET AL., *supra* note 185, at 157–60.

1793.<sup>203</sup> The 1793 Act switched the patent system from an examination system, whereby patent examiners examined inventions before the initial patent grant, to a registration system, whereby inventors obtained patents by merely registering their inventions—but the validity of such patents was then left to the mercy of the federal courts’ interpretation of the 1793 statute to determine validity when the patents were challenged.<sup>204</sup>

Although the 1793 Act resulted in some useful interpretations by jurists,<sup>205</sup> the exclusive reliance on courts to determine patent validity led to uncertainty in the patent realm<sup>206</sup> and caused people to lose faith in the patent system.<sup>207</sup> As a result, Congress enacted the Patent Act of 1836, which switched the American patent system back to an examination system.<sup>208</sup> However, this time around the examination system incorporated full-time professional examiners, which helped to avoid the administrative inefficiency that was suffered under the 1790 Act.<sup>209</sup>

Under the 1836 Act, the patent system grew exponentially and there were many important developments in the system through the common law.<sup>210</sup> But eventually, that growth and development slowed due to a widespread distrust of big business and monopolies,<sup>211</sup> which resulted in an “anti-patent bias on the Supreme Court.”<sup>212</sup> Such bias caused the Court to require a high bar for patentability and led Congress to enact the Patent Act of 1952.<sup>213</sup>

The Patent Act of 1952 took a fair amount of discretion away from the courts by codifying specific standards to allow for consistency within the patent system.<sup>214</sup> For example, the 1952

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<sup>203</sup> *Id.* at 157–58.

<sup>204</sup> Andrew P. Morriss & Craig Allen Nard, *Institutional Choice & Interest Groups in the Development of American Patent Law: 1790–1865*, 19 SUP. CT. ECON. REV. 143, 151–52 (2011).

<sup>205</sup> See 1 MENELL ET AL., *supra* note 185, at 158–59.

<sup>206</sup> See Morris & Nard, *supra* note 204, at 151.

<sup>207</sup> See 1 MENELL ET AL., *supra* note 185, at 159.

<sup>208</sup> *Id.*

<sup>209</sup> *Id.*; see also Morriss & Nard, *supra* note 204, at 160 (discussing additional changes to the patent system following the enactment of the 1836 Act).

<sup>210</sup> See 1 MENELL ET AL., *supra* note 185, at 159; Craig Allen Nard, *Legal Forms and the Common Law of Patents*, 90 B.U. L. REV. 51, 69–70 (2010).

<sup>211</sup> 1 MENELL ET AL., *supra* note 185, at 160.

<sup>212</sup> Nard, *supra* note 210, at 72.

<sup>213</sup> See *id.* at 72–73.

<sup>214</sup> See *id.*



Act specifically set forward the requirements that are to be met in order for an invention to be patentable: (1) subject matter,<sup>215</sup> (2) utility,<sup>216</sup> (3) novelty,<sup>217</sup> (4) nonobviousness,<sup>218</sup> and (5) disclosure.<sup>219</sup> Additionally, the act codified the standard for patent infringement,<sup>220</sup> which ironically had been left up to the courts up to that point.<sup>221</sup> And while a full description of all of the 1952 Act's provisions is outside the scope of this Note, it is worth mentioning that certain provisions of the Act still serve as the foundation of the current patent system despite a more recent enactment by Congress.<sup>222</sup>

Before touching upon the most recent congressional enactment in patent law, however, it is pertinent to the background of this Note to mention the Federal Courts Improvement Act of 1982.<sup>223</sup> The Federal Courts Improvement Act of 1982 was enacted by Congress to create the United States Court of Appeals for the Federal Circuit for the purpose of unifying the nation's laws in certain areas of practice, one of which was patent law.<sup>224</sup> In creating the Federal Circuit, the act merged the United States Court of Customs and Patent Appeals with the appellate division of the United States Court of Claims and vested exclusive jurisdiction over patent appeals in the Federal Circuit.<sup>225</sup>

### B. *The Leahy-Smith America Invents Act and Inter Partes Review*

More recently, Congress has passed the Leahy-Smith America Invents Act ("America Invents Act" or "AIA").<sup>226</sup> The

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<sup>215</sup> See 35 U.S.C. § 101 (2018).

<sup>216</sup> *Id.*

<sup>217</sup> *Id.* § 102(a).

<sup>218</sup> *Id.* § 103.

<sup>219</sup> *Id.* § 112(a)–(b).

<sup>220</sup> See *id.* § 271.

<sup>221</sup> See Giles S. Rich, *Infringement Under Section 271 of the Patent Act of 1952*, 35 J. PAT. OFF. SOC'Y 476, 476–77 (1953).

<sup>222</sup> See 1 MENELL ET AL., *supra* note 185, at 169.

<sup>223</sup> Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified as amended in scattered sections of 28 U.S.C.).

<sup>224</sup> See 1 MENELL ET AL., *supra* note 185, at 160; Richard H. Seamon, *The Provenance of the Federal Courts Improvement Act of 1982*, 71 GEO. WASH. L. REV. 543, 577–78 (2003).

<sup>225</sup> *Court Jurisdiction*, U.S. CT. APPEALS FOR FED. CIR., <http://www.cafc.uscourts.gov/the-court/court-jurisdiction> (last visited July 7, 2019).

<sup>226</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (codified as amended in scattered sections of 35 U.S.C.).

AIA's legislative history indicates that its purpose is "to ensure that the patent system in the 21st century reflects the constitutional imperative. . . . The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."<sup>227</sup> Additionally, the Act has shifted the American patent system more in line with the systems of other nations, which has assisted in harmonizing international patent law.<sup>228</sup>

In carrying out its purpose, the AIA implemented various features that were new to American patent law. The most prominent of these new provisions is the updated wording of 35 U.S.C. § 102, which changes the patent system from a first-to-invent system toward more of a first-to-file system.<sup>229</sup> Essentially this has made it so the first person to file a valid patent application for an invention is granted the patent rights, with a few important exceptions, whereas the old system aimed to give the patent to the first person to actually invent the invention, regardless of who filed first.<sup>230</sup>

Among the many other changes that the AIA made to the patent system was the introduction of a new form of agency-level post-grant review proceeding, the *inter partes* review.<sup>231</sup> IPRs consist of a proceeding that is instituted by the Patent Trial and Appeal Board<sup>232</sup> upon petition by a third party and a finding that "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."<sup>233</sup> If instituted, the PTAB reviews the "patentability of

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<sup>227</sup> H.R. REP. NO. 112-98, pt. 1, at 40 (2011).

<sup>228</sup> Albert Tramosch, *The Global Impact of the America Invents Act*, WIPO MAG., Dec. 2011, at 6, 6, [http://www.wipo.int/export/sites/www/wipo\\_magazine/en/pdf/2011/wipo\\_pub\\_121\\_2011\\_06.pdf](http://www.wipo.int/export/sites/www/wipo_magazine/en/pdf/2011/wipo_pub_121_2011_06.pdf).

<sup>229</sup> See 35 U.S.C. § 102 (2018); Susanne Hollinger, *The America Invents Act—Overview and Implications*, ACS MED. CHEMISTRY LETTERS, Feb. 21, 2012, at 174, 174; Jing Wang et al., *Comparison of United States AIA First-Inventor-to-File with Chinese First-to-File*, 38 U. DAYTON L. REV. 251, 253 (2013).

<sup>230</sup> See Wang et al., *supra* note 229, at 252–53; Hollinger, *supra* note 229. The distinctions between the first-to-file and the first-to-invent systems are not relevant to this Note, but it is worth briefly mentioning the change as a key aspect of the AIA for the purpose of giving the reader an overview of patent law.

<sup>231</sup> See 35 U.S.C. § 311; see also Aashish Kapadia, *Inter Partes Review: A New Paradigm in Patent Litigation*, 23 TEX. INTELL. PROP. L.J. 113, 114–15 (2015) (explaining the AIA's introduction of IPRs to replace IPXs).

<sup>232</sup> The PTAB was established by the America Invents Act and codified in Title 35 of the United States Code. See 35 U.S.C. § 6.

<sup>233</sup> *Id.* § 314(a).

one of more claims in [the challenged] patent only on a ground that could be raised under §§ 102 or 103, and only on the basis of prior art consisting of patents or printed publications.”<sup>234</sup>

While considered a new form of post-grant proceeding, IPR proceedings are a reformed version of the now defunct *inter partes* reexamination (“IPX”) proceeding.<sup>235</sup> Like IPR proceedings, IPX proceedings allowed third parties to request the USPTO to reexamine the validity of issued patents.<sup>236</sup> However, the standard for instituting a proceeding was lower for IPXs than they are for IPRs.<sup>237</sup> Additionally, IPXs had no timetable for resolution,<sup>238</sup> whereas IPRs must be resolved within one year of instituting the review.<sup>239</sup> And while there are several other discrepancies between the two proceedings, it is enough for present purposes to point out that the IPR was created to alleviate clear inadequacies of the IPX and to provide more efficient means of challenging patents and avoiding litigation.<sup>240</sup>

Indeed, the USPTO requires an efficient safeguard for its patent-issuing process, as it currently receives over 600,000 patent applications per year.<sup>241</sup> As a result of such a high

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<sup>234</sup> *Inter Partes Review*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/trials/inter-partes-review> (last visited July 13, 2019); see also 35 U.S.C. § 311(b) (providing petitioners the ability to challenge patent claims based on Section 102 or 103 grounds).

<sup>235</sup> See Paul R. Gugliuzza, *(In)Valid Patents*, 92 NOTRE DAME L. REV. 271, 281–82 (2016); Kapadia, *supra* note 231, at 115; Jason Kornmehl, *Ericsson, Inc. v. Regents of the University of Minnesota and a New Frontier for the Waiver by Litigation Conduct Doctrine*, 2018 PEPP. L. REV. 1, 5 (2018).

<sup>236</sup> MATTHEW A. SMITH, *INTER PARTES REEXAMINATION* 11 (1E ed. 2009), [https://www.ipo.org/wp-content/uploads/2013/03/Inter\\_Partес\\_Reexamination.pdf](https://www.ipo.org/wp-content/uploads/2013/03/Inter_Partес_Reexamination.pdf) (last visited Jul. 13, 2019).

<sup>237</sup> See Kapadia, *supra* note 231, at 118 (“The original IPX proceeding had a lower standard . . . where ‘a substantial new question of patentability’ [was] required.”). Compare SMITH, *supra* note 236, at 12 (“The Examiner decides whether the request raises a ‘substantial new question of patentability’, [sic] and if so, begins an *inter partes* reexamination proceeding.”), with 35 U.S.C. § 314(a) (“The Director may not authorize an inter partes review to be instituted unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”).

<sup>238</sup> See Kapadia, *supra* note 231, at 116.

<sup>239</sup> 35 U.S.C. § 316(a)(11).

<sup>240</sup> See Kapadia, *supra* note 231, at 115; Joel Sayres & Julie Wahlstrand, *To Stay or Not to Stay Pending IPR? That Should Be A Simpler Question*, CHI.-KENT J. INTELL. PROP. | PTAB B. ASS'N., Apr. 2018, at 52, 52 n.2 (quoting various congressional reports to illustrate the deficiencies of IPX and the purpose of adding the IPR).

<sup>241</sup> U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE & ACCOUNTABILITY REPORT 179 tbl.2 (2018), <https://www.uspto.gov/sites/default/files/documents/USPTOFY18PAR.pdf>.

demand, examiners at the Patent Office face unrealistic pressures to make a decision on each patent application, which leads to erroneous patent grants and can ultimately undermine the integrity of the patent system.<sup>242</sup> Thus, IPR proceedings act as a backstop for erroneously issued patents by allowing the PTAB to take a closer second look at patents<sup>243</sup> and letting the public know that they can trust the USPTO and have confidence in the patent system.<sup>244</sup>

### C. Oil States: *The Constitutionality of Inter Partes Review*

Despite the efficiency and safeguarding functions that IPR proceedings are intended to provide for the USPTO, IPRs have been challenged on constitutional grounds several times since they replaced IPX proceedings.<sup>245</sup> The most recent challenge came in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, where the petitioner, Oil States, argued that IPRs run afoul of Article III of the Constitution.<sup>246</sup>

In relevant part,<sup>247</sup> Oil States argued that: (1) patent rights are private property rights, as opposed to public rights under the public-rights doctrine, and thus mandate resolution in an Article III court;<sup>248</sup> (2) IPRs “violate[] the ‘general’ principle that ‘Congress may not “withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty” ’” since English courts heard patent validity challenges at common law during the eighteenth century,<sup>249</sup> and (3) IPRs violate Article III because they share “every salient characteristic associated with the exercise of the judicial power.”<sup>250</sup>

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<sup>242</sup> *Mylan II*, 896 F.3d 1322, 1331–32 (Fed. Cir. 2018) (Dyk, J., concurring), *cert. denied*, 139 S. Ct. 1547 (2019).

<sup>243</sup> The second time around usually affords examiners the opportunity to look at prior art that was “not known or available to the PTO” at the time of the initial examination. *Id.* at 1331.

<sup>244</sup> *Id.* at 1332–33.

<sup>245</sup> See generally *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365 (2018); *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015).

<sup>246</sup> 138 S. Ct. at 1372.

<sup>247</sup> Oil States made an argument that IPRs violate the Seventh Amendment right to a jury, but this argument is irrelevant to this Note and the Court was unpersuaded by this argument. *Id.* at 1379.

<sup>248</sup> *Id.* at 1375–76.

<sup>249</sup> *Id.* at 1376 (quoting *Stern v. Marshall*, 564 U.S. 462, 484 (2011)).

<sup>250</sup> *Id.* at 1378.

In response to Oil States' first argument, the Supreme Court held that patent grants are "a matter involving public rights" and thus IPRs fall "squarely within the public-rights doctrine."<sup>251</sup> The Court reasoned that when the government grants patents, it takes valuable information from the public and gives it to the inventor to the exclusion of everybody else; thus, it is a matter "between 'the public . . . and . . . the patentee.'"<sup>252</sup> The Constitution sanctions patent grants, and IPRs merely involve retracing the steps of granting the patent to ensure an efficient patent system.<sup>253</sup> The Court then went on to state that because patents are granted subject to reexamination by the PTO, and such a qualification is authorized for public rights "franchises," the public-rights doctrine covers matters for *inter partes* review.<sup>254</sup>

The Court then addressed Oil States' second argument regarding the English common law.<sup>255</sup> Ultimately, the Court determined that patent validity is not a matter that "from its nature" requires resolution by a court because although this was common under English law, England also had other methods of resolving these matters that resembled IPR.<sup>256</sup> This reasoning illustrates that conditioning patent grants on the ability to reexamine them at a later time was not unusual, even if adjudication was the traditional method of resolution.<sup>257</sup>

Finally, in addressing Oil States' comparison of IPRs to litigation, the Court noted that (1) it "has never adopted a 'looks like' test" to decide whether Article III has been violated, (2) "[t]he fact that an agency uses court-like procedures does not necessarily mean it is exercising the judicial power," and (3) "[a]lthough *inter partes* review includes some of the features of adversarial litigation," it is not binding on the parties involved as to ultimate infringement liability.<sup>258</sup> As such, the Court held that IPRs are constitutional as they remain a public-rights matter and do not require a judicial determination by an

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<sup>251</sup> *Id.* at 1373.

<sup>252</sup> *Id.* at 1373-74 (second elipsis in original) (quoting *United States v. Duell*, 172 U.S. 576, 586 (1899)).

<sup>253</sup> *Id.* at 1374-75.

<sup>254</sup> *Id.*

<sup>255</sup> *See id.* at 1376-78.

<sup>256</sup> *Id.* at 1376-77 (quoting *Stern v. Marshall*, 564 U.S. 462, 484 (2011)).

<sup>257</sup> *Id.* at 1377-78.

<sup>258</sup> *Id.* at 1378 (first citing *Freytag v. Comm'r*, 501 U.S. 868, 878 (1991); then citing *Crowell v. Benson*, 285 U.S. 22, 51 (1932)).

Article III court.<sup>259</sup> In practical terms, this holding means that patent holders will continue to find innovative ways to avoid IPR proceedings.

### III. THE INTRA-CIRCUIT SPLIT BETWEEN THE FEDERAL CIRCUIT AND THE PTAB

Indeed, since the inception of *inter partes* review proceedings there have been various instances of patentees attempting to avoid the proceedings.<sup>260</sup> While some of these instances have been unsuccessful for patentees,<sup>261</sup> there have also been several instances of patentee success.<sup>262</sup> In particular, the PTAB has faced several assertions of sovereign immunity to avoid IPRs, and it has been inconsistent in how it treats the tribal doctrine compared to the state version.<sup>263</sup> To make matters worse, until the recent *LSI Corp.* decision<sup>264</sup> the Court of Appeals for the Federal Circuit had only added to this inconsistency.<sup>265</sup> As it currently stands, this inconsistency has been resolved, but

<sup>259</sup> *Id.*

<sup>260</sup> *See id.* at 1372 (challenging the constitutionality of IPRs); *Mylan II*, 896 F.3d 1322, 1325 (Fed. Cir. 2018) (claiming tribal sovereign immunity), *cert. denied*, 139 S. Ct. 1547 (2019); *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1285 (Fed. Cir. 2015) (challenging the constitutionality of IPRs); *LSI Corp. v. Regents of the Univ. of Minn.*, No. IPR2017-01068, 2017 WL 6517562, at \*1 (P.T.A.B. Dec. 19, 2017) (claiming state sovereign immunity); *Ericsson Inc. v. Regents of the Univ. of Minn.*, No. IPR2017-01186, 2017 WL 6517563, at \*1 (P.T.A.B. Dec. 19, 2017) (same); *Reactive Surfaces Ltd., LLP v. Toyota Motor Corp.*, No. IPR2016-01914, 2017 WL 2992429, at \*1 (P.T.A.B. July 13, 2017) (same); *NeoChord, Inc. v. Univ. of Md.*, No. IPR2016-00208, 2017 Pat. App. LEXIS 12969, at \*1 (P.T.A.B. May 23, 2017) (same); *Covidien LP v. Univ. of Fla. Research Found. Inc.*, No. IPR2016-01274, 2017 WL 4015009, at \*1 (P.T.A.B. Jan. 25, 2017) (same).

<sup>261</sup> *See Oil States*, 138 S. Ct. at 1379; *Mylan II*, 896 F.3d at 1329; *MCM Portfolio*, 812 F.3d at 1292.

<sup>262</sup> *See NeoChord*, 2017 Pat. App. LEXIS 12969, at \*31; *Covidien*, 2017 WL 4015009, at \*17.

<sup>263</sup> *Compare Mylan I*, No. IPR2016-01127, 2018 WL 1100950, at \*6 (P.T.A.B. Feb 23, 2018) (holding that tribal sovereign immunity does not apply to IPRs because, among other things, unlike civil litigation “[*inter partes* review proceedings] are] not the type of ‘suit’ to which an Indian tribe would traditionally enjoy immunity under the common law” (citation omitted)), *with Covidien*, 2017 WL 4015009, at \*11 (holding that state sovereign immunity applies to IPRs because, among other things, “the considerable resemblance between [*inter partes* review and civil litigation] is sufficient to implicate the immunity afforded to the States by the Eleventh Amendment”).

<sup>264</sup> *See Regents of the Univ. of Minn. v. LSI Corp.*, 926 F.3d 1327, 1342 (Fed. Cir. 2019).

<sup>265</sup> *See Mylan II*, 896 F.3d at 1327, 1329 (holding that tribal sovereign immunity does not apply to IPRs because IPRs are “more like an agency enforcement action than a civil suit”).

should the Supreme Court grant certiorari and reverse the *LSI Corp.* decision, the inconsistency will be revived.<sup>266</sup>

A. *State Sovereign Immunity at the PTAB*

In 2016, Covidien LP filed IPR petitions against three patents owned by the University of Florida Research Foundation Inc. (“UFRF”), and, in response, UFRF immediately moved to dismiss the petitions on the basis of state sovereign immunity.<sup>267</sup> In addressing the issue, the PTAB applied the framework set forward by the Supreme Court in *FMC*<sup>268</sup> that is used to determine whether sovereign immunity applies to agency proceedings.<sup>269</sup> In doing so, the PTAB reasoned that, among other things, IPRs are adversarial, are initiated by a third party, share similar rules and procedures with civil litigation, and have judges with similar roles to Article III judges.<sup>270</sup> As a result of such similarities, the PTAB held that state sovereign immunity shields state patent owners from IPR.<sup>271</sup>

In so holding, the PTAB acknowledged the negative consequences that could result from shielding state-owned patents from review but nonetheless held that precluding IPRs against the states was “precisely the point of the Eleventh

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<sup>266</sup> *LSI Corp.*, 926 F.3d at 1342; Rizzolo & Tsui, *supra* note 14.

<sup>267</sup> *Covidien*, 2017 WL 4015009, at \*1. UFRF’s basis for claiming state sovereign immunity is that it is an arm of the state of Florida because it is part of the University of Florida. *Id.* at \*2.

<sup>268</sup> See *Fed. Mar. Comm’n v. S.C. State Ports Auth.*, 535 U.S. 743, 747 (2002); see also *supra* notes 148–151 and accompanying text.

<sup>269</sup> *Covidien*, 2017 WL 4015009, at \*3–5, \*8–11.

<sup>270</sup> *Id.* at \*9–10. It is worth noting that the PTAB’s rationale for holding that state sovereign immunity is allowed as a defense in IPRs in part because IPRs share similar rules and procedures with civil litigation is seemingly at odds with the Supreme Court’s rationale in *Oil States* that the “fact that an agency uses court-like procedures does not necessarily mean it is exercising the judicial power.” Compare *Covidien*, 2017 WL 4015009, at \*9–11, with *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1378 (2018). To some extent, the Supreme Court must have recognized this tension as it explicitly stated that its holding in *Oil States* was narrow and was only meant to address the constitutionality of IPRs. *Oil States*, 138 S. Ct. at 1379. Nonetheless, the Supreme Court chose not to address the issue when it denied Allergan and the Saint Regis Mohawk Tribe’s petition for certiorari, which addressed the issue in the petition, on April 15, 2019. See *Saint Regis Mohawk Tribe v. Mylan Pharm. Inc. (Mylan III)*, 139 S. Ct. 1547 (2019); Petition for Writ of Certiorari at 31, *Mylan III*, 139 S. Ct. 1547 (No. 18-899).

<sup>271</sup> *Covidien*, 2017 WL 4015009, at \*11 (“On the whole, considering the nature of *inter partes* review and civil litigation, we conclude that the considerable resemblance between the two is sufficient to implicate the immunity afforded to the States by the Eleventh Amendment.”).

Amendment.”<sup>272</sup> Further, the board defended its acceptance of these consequences by stating that Congress did not express unequivocal intent to abrogate state sovereign immunity.<sup>273</sup> Calling on the Supreme Court’s *Florida Prepaid* rationale that “Congress identified no pattern of patent infringement by the States,” the board held that there is no evidence that allowing state sovereign immunity in IPRs will regularly allow wrongly issued, state-owned patents to be shielded from review.<sup>274</sup>

Shortly after the PTAB decided *Covidien*, it decided *NeoChord, Inc. v. University of Maryland*, which involved yet another assertion of the state sovereign immunity defense in an IPR.<sup>275</sup> While this proceeding was essentially identical to the *Covidien* IPR, there were a few minor differences that caused the PTAB to treat *NeoChord* as an issue of first impression.<sup>276</sup>

One difference that the PTAB noted was the different procedural posture as compared to *Covidien*. While the sovereign immunity defense was raised almost immediately in *Covidien*, the defense here was not raised until right before an oral hearing in front of the board.<sup>277</sup> This difference was key to NeoChord’s argument as it claimed that the university implicitly waived its sovereign immunity by delaying its assertion of the defense and participating in the proceeding up to that point.<sup>278</sup> However, the PTAB was unconvinced by this argument as it cited to Supreme Court precedent indicating that state sovereign immunity is a defense that can be raised at any time.<sup>279</sup> NeoChord also argued that *Covidien* did not govern this case because the university licensed out its patent rights to a third party and thus it was a dispensable party to the proceeding.<sup>280</sup> However, this argument was also unavailing as the university still retained substantive rights under the license agreement, which made the university

<sup>272</sup> *Id.*

<sup>273</sup> *Id.*

<sup>274</sup> *Id.* at \*12 (quoting Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 640 (1999)).

<sup>275</sup> No. IPR2016-00208, 2017 Pat. App. LEXIS 12969, at \*3–4 (P.T.A.B. May 23, 2017).

<sup>276</sup> *See id.* at \*6.

<sup>277</sup> *Id.* at \*21.

<sup>278</sup> *Id.*

<sup>279</sup> *Id.* at \*22–23

<sup>280</sup> *Id.* at \*29.



indispensable.<sup>281</sup> While these differences between the two proceedings played a part in the PTAB's *NeoChord* holding, the crux of the PTAB's holding came in the same form of the *FMC* framework with an ultimate determination that IPRs resemble civil litigation.<sup>282</sup> As such, the board once again held that state sovereign immunity could be asserted to avoid IPR proceedings.<sup>283</sup>

Nearly two months later, the PTAB decided *Reactive Surfaces Ltd., LLP v. Toyota Motor Corporation*, which once again involved a state patentee using state sovereign immunity as an IPR defense.<sup>284</sup> This proceeding involved a patent that was co-owned by both Toyota Motor Corp. and the Regents of the University of Minnesota (the "Regents"), the latter of which is an arm of the state of Minnesota.<sup>285</sup> Based on the state sovereign immunity claim by the Regents, the PTAB once again went through the *FMC* analysis and held that the similarities between IPR proceedings and litigation warrant the application of state sovereign immunity in IPRs.<sup>286</sup> As a result, the Regents were able to avoid the IPR proceeding.<sup>287</sup>

However, this was not the end of the PTAB's analysis, as the patent was co-owned by Toyota, which is a private corporation.<sup>288</sup> Since Toyota and the Regents owned equal rights in the patent and were represented by the same legal counsel, the PTAB determined that the Regents were not an indispensable party and the proceeding could continue without the Regents.<sup>289</sup> Thus, state sovereign immunity was successful in shielding the Regents, but it was not sufficient to shield the patent itself from the proceeding.<sup>290</sup>

The next two board decisions, which also involved patents owned by the Regents, were resolved on the same day and present an exception to the PTAB's application of state sovereign

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<sup>281</sup> *Id.* at \*29–31. This indispensable-party reasoning later became part of the PTAB's rationale in *Mylan I*. See No. IPR2016-01127, 2018 WL 1100950, at \*13–15 (P.T.A.B. Feb. 23, 2018).

<sup>282</sup> See *NeoChord*, 2017 Pat. App. LEXIS 12969, at \*5–14.

<sup>283</sup> *Id.* at \*31.

<sup>284</sup> *Reactive Surfaces Ltd., LLP v. Toyota Motor Corp.*, No. IPR2016-01914, 2017 WL 2992429, at \*1 (P.T.A.B. July 13, 2017).

<sup>285</sup> *Id.* at \*1, \*5.

<sup>286</sup> *Id.* at \*2–3.

<sup>287</sup> *Id.* at \*5.

<sup>288</sup> See *id.*

<sup>289</sup> *Id.* at \*5–7.

<sup>290</sup> *Id.* at \*7.

immunity.<sup>291</sup> These two proceedings, *LSI Corp. v. Regents of the University of Minnesota* and *Ericsson Inc. v. Regents of the University of Minnesota*, were both decided by the same PTAB judge, Chief Administrative Patent Judge Ruschke, and both involved waiver of state sovereign immunity.<sup>292</sup> Specifically, both decisions involved the Regents filing an action for patent infringement and the alleged infringer responding by petitioning the PTAB for an IPR proceeding for the same patent.<sup>293</sup> Because of the identical procedural postures, the board issued decisions in both proceedings that are nearly mirror images of each other.<sup>294</sup>

Although we have seen that state sovereign immunity applies in IPRs, the board ultimately determined that because the Regents had filed patent infringement suits for the patents in question in both proceedings, it had waived its sovereign immunity from IPRs for those patents.<sup>295</sup> In reaching these holdings, the PTAB reasoned that the key inquiry is whether or not allowing state sovereign immunity claims would cause “unfairness and inconsistency” and allow the state to “achieve a litigation advantage.”<sup>296</sup> IPR petitions are similar to compulsory counterclaims because petitions for IPR of a specific patent must be filed within one year of an infringement suit.<sup>297</sup> Thus, allowing a state to file an infringement suit, triggering the statute of limitations for an IPR petition, and then to assert immunity from the resulting IPR petition would provide the Regents with an unfair litigation advantage.<sup>298</sup> Because such a result would cause “substantial unfairness and inconsistency,” the PTAB carved out a waiver exception for state sovereign immunity in IPRs.<sup>299</sup> It is worth noting that on February 13, 2018, the Regents of the University of Minnesota appealed the

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<sup>291</sup> See generally *LSI Corp. v. Regents of the Univ. of Minn.*, No. IPR2017-01068, 2017 WL 6517562 (P.T.A.B. Dec. 19, 2017); *Ericsson Inc. v. Regents of the Univ. of Minn.*, No. IPR2017-01186, 2017 WL 6517563 (P.T.A.B. Dec. 19, 2017).

<sup>292</sup> See *LSI*, 2017 WL 6517562, at \*1; *Ericsson*, 2017 WL 6517563, at \*1.

<sup>293</sup> See *LSI*, 2017 WL 6517562, at \*3; *Ericsson*, 2017 WL 6517563, at \*3.

<sup>294</sup> See generally *LSI*, 2017 WL 6517562; *Ericsson*, 2017 WL 6517563.

<sup>295</sup> See *LSI*, 2017 WL 6517562, at \*4; *Ericsson*, 2017 WL 6517563, at \*4.

<sup>296</sup> See *LSI*, 2017 WL 6517562, at \*4 (citing *Lapides v. Bd. of Regents of Univ. Sys. of Ga.*, 535 U.S. 613, 620 (2002)); *Ericsson*, 2017 WL 6517563, at \*4 (citing *Lapides*, 535 U.S. at 620).

<sup>297</sup> See *LSI*, 2017 WL 6517562, at \*3; *Ericsson*, 2017 WL 6517563, at \*3.

<sup>298</sup> See *LSI*, 2017 WL 6517562, at \*3 (citations omitted); *Ericsson*, 2017 WL 6517563, at \*3 (citations omitted).

<sup>299</sup> *LSI*, 2017 WL 6517562, at \*4 (citing *Lapides*, 535 U.S. at 620); *Ericsson*, 2017 WL 6517563, at \*4 (citing *Lapides*, 535 U.S. at 620).

PTAB's *LSI* and *Ericsson* decisions to the Federal Circuit.<sup>300</sup> The appeals were consolidated, and on June 14, 2019, the Federal Circuit held that state sovereign immunity may not be applied in IPRs and the Regents of the University of Minnesota plans to file a petition for certiorari to the Supreme Court.<sup>301</sup>

### B. Tribal Sovereign Immunity at the PTAB

Despite the PTAB's continual willingness to declare that state sovereign immunity applies in IPR proceedings, the board was highly reluctant to declare the same for tribal sovereign immunity when it first decided the issue in *Mylan I* on February 23, 2018.<sup>302</sup>

#### 1. The Lead-Up to the PTAB's Tribal Sovereign Immunity Decision

In 2015, Allergan Inc., a pharmaceutical company owning several patents relating to an Allergan product known as Restasis, which is used to treat "chronic dry eye" symptoms,<sup>303</sup> filed suit against Mylan Pharmaceuticals, Inc., Teva Pharmaceuticals USA, Inc., and Akorn, Inc. (collectively, "the Infringers") for infringing its Restasis patents.<sup>304</sup> In response, Mylan—and, subsequently, Teva and Akorn—petitioned the PTAB for IPRs against the Restasis patents and the PTAB instituted the IPR proceedings.<sup>305</sup>

Allergan countered the board's decision to institute these proceedings by entering into a strategic transaction with the Saint Regis Mohawk Tribe (the "Tribe") several days before the scheduled oral hearing date for the IPRs.<sup>306</sup> As a result of this

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<sup>300</sup> See Petition for Review/Notice of Appeal to the United States Court of Appeals for the Federal Circuit by Regents of the University of Minnesota, Regents of the Univ. of Minn. v. LSI Corp., 926 F.3d 1327 (Fed. Cir. 2019) (No. 18-1559); Petition for Review / Notice of Appeal to the United States Court of Appeals for the Federal Circuit by Regents of the University of Minnesota, *LSI Corp.*, 926 F.3d 1327 (Fed. Cir. 2019) (No. 18-1560).

<sup>301</sup> *LSI Corp.*, 926 F.3d at 1342; University of Minnesota's Motion to Stay at 3, Regents of the Univ. of Minn. v. LSI Corp., 926 F.3d 1327 (Fed. Cir. 2019) (No. 18-1559).

<sup>302</sup> See No. IPR2016-01127, 2018 WL 1100950, at \*6 (P.T.A.B. Feb. 23, 2018) (citations omitted).

<sup>303</sup> *Mylan II*, 896 F.3d 1322, 1325 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019).

<sup>304</sup> *Id.*

<sup>305</sup> *Id.*

<sup>306</sup> *Mylan I*, 2018 WL 1100950, at \*1.

transaction, Allergan transferred its rights in the challenged Restasis patents and related patent applications to the Tribe, and the Tribe subsequently licensed the patent rights back to Allergan.<sup>307</sup> The license agreement granted Allergan “an irrevocable, perpetual, transferrable and exclusive license” to the patents, and in return, the Tribe received \$13.75 million up front and \$15 million annually during the license’s royalty term.<sup>308</sup>

Furthermore, the assignment and license agreements specified the rights and obligations of Allergan and the Tribe as to infringement suits and maintenance of the patents and included a provision that explicitly provided that the Tribe did not waive its right to tribal sovereign immunity.<sup>309</sup> On the very same day, the Tribe contacted the PTAB to file a motion to dismiss the IPRs on the basis of tribal sovereign immunity.<sup>310</sup>

## 2. The PTAB’s Tribal Sovereign Immunity Decision

In deciding whether tribal sovereign immunity applies to IPRs, the PTAB made clear that there was no controlling precedent for the issue.<sup>311</sup> Although the Tribe cited to the Supreme Court’s *FMC* decision, the PTAB was unpersuaded, reasoning that there is no “federal court or Board precedent suggesting that *FMC*’s holding with respect to state sovereign immunity can or should be extended to an assertion of tribal immunity in similar federal administrative proceedings.”<sup>312</sup> The board also reasoned that there are differences between the state and tribal doctrines that indicate tribal immunity should not apply to IPRs.<sup>313</sup>

Furthermore, the board stated that because the patent statutes are generally applicable, they apply equally to Indian tribes.<sup>314</sup> In support of this proposition, the PTAB relied on a nonbinding Ninth Circuit test that delineated exceptions for when generally applicable statutes do not apply to Indian tribes.<sup>315</sup> In doing so, the PTAB ignored Supreme Court

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<sup>307</sup> *Id.* at \*2–3.

<sup>308</sup> *Id.* at \*3.

<sup>309</sup> *Id.* at \*2–3.

<sup>310</sup> *Id.* at \*1.

<sup>311</sup> *Id.* at \*3–4.

<sup>312</sup> *Id.* at \*3.

<sup>313</sup> *Id.* at \*4.

<sup>314</sup> *Id.* at \*4–5.

<sup>315</sup> *Id.* at \*5 (quoting *Donovan v. Coeur d’Alene Tribal Farm*, 751 F.2d 1113, 1116 (9th Cir. 1985)).

precedent that states “[t]he baseline position, we have often held, is tribal immunity; and ‘to abrogate such immunity, Congress must “unequivocally” express that purpose.’”<sup>316</sup>

Ultimately, the PTAB implicitly engaged in the *FMC* assessment that it explicitly dismissed as inapplicable to tribal immunity.<sup>317</sup> The board reasoned that unlike civil litigation, IPRs do not involve a petitioner seeking a form of relief, do not require the board to exercise personal jurisdiction over the patentee, do not require the patentee’s participation, and instead allow a final determination by the board regardless of a settlement between the parties.<sup>318</sup> In light of these differences, the PTAB was of the opinion that tribal sovereign immunity could not terminate an IPR proceeding.<sup>319</sup>

The board then went on to reason that “[e]ven assuming *arguendo* that the Tribe [was] entitled to assert immunity, termination of the[] proceedings [was] not warranted” because the license agreements “transferred ‘all substantial rights’ in the challenged patents back to Allergan.”<sup>320</sup> As a result, the Tribe was not an indispensable party, so even if tribal sovereign immunity applied, the proceedings could continue without the Tribe’s presence.<sup>321</sup>

### 3. The Federal Circuit Decision

After the PTAB issued its decision on February 23, 2018, the Tribe and Allergan appealed the decision to the Federal Circuit.<sup>322</sup> In deciding the issue, the court first acknowledged the status of Native American tribes as “domestic dependent nations” with “inherent sovereign immunity” that requires clear

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<sup>316</sup> *Michigan v. Bay Mills Indian Cmty.*, 572 U.S. 782, 790 (2014) (alterations omitted) (quoting *C & L Enters., Inc. v. Citizen Band Potawatomi Tribe of Okla.*, 532 U.S. 411, 418 (2001)).

<sup>317</sup> *Mylan I*, 2018 WL 1100950, at \*6 (stating that “an *inter partes* review proceeding is not the type of ‘suit’ to which an Indian tribe would traditionally enjoy immunity under the common law” and then proceeding to distinguish the characteristics of IPRs from civil litigation (citation omitted)).

<sup>318</sup> *Id.* at \*6–7.

<sup>319</sup> *Id.* at \*7.

<sup>320</sup> *Id.* at \*7–8.

<sup>321</sup> *Id.* at \*15.

<sup>322</sup> *See Mylan II*, 896 F.3d 1322, 1325 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019). As stated earlier, the Federal Circuit has exclusive jurisdiction over all patent matters, so all PTAB decisions that are appealed are decided by the United States Court of Appeals for the Federal Circuit. *See supra* text accompanying notes 223–225.

congressional abrogation to subject them to suit.<sup>323</sup> The court then went on to discuss the Supreme Court's *FMC* decision and noted that "[a]lthough the precise contours of tribal sovereign immunity differ from those of state sovereign immunity, the *FMC* analysis is instructive" to apply in this case.<sup>324</sup>

In applying the *FMC* test to IPR proceedings, the court noted four factors that distinguish IPRs from civil litigation and lead to the conclusion that tribal sovereign immunity is not implicated in IPRs.<sup>325</sup> The first main factor was that unlike civil litigation where courts are required to adjudicate all complaints that are filed, the director of the USPTO has "broad discretion in deciding whether to institute review."<sup>326</sup> The court made clear that the director's decision not to institute an IPR can be based on a number of factors ranging from the merits to a party's status as a sovereign, and in exercising such discretion, the director acts as a politically accountable federal official.<sup>327</sup> Such political accountability affords tribes the "dignity that is consistent with their status as sovereign entities"<sup>328</sup> and makes institution of an IPR more akin to "cases in which an agency [independently] chooses whether to institute a proceeding" based on outside information supplied by a third party, which is allowed under *FMC*.<sup>329</sup>

The second distinction that the court noted was that unlike civil litigation, once an IPR proceeding is initiated, the PTAB has the right to continue the proceeding even if the petitioner chooses not to be an active participant.<sup>330</sup> In fact, the director even has the ability to participate in the appeals process of IPR decisions.<sup>331</sup> Because of this factor, the court likened IPR proceedings to an agency "reconsidering its own grant of a public franchise."<sup>332</sup>

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<sup>323</sup> *Mylan II*, 896 F.3d at 1325 (quoting *Okla. Tax Comm'n v. Citizen Band Potawatomi Indian Tribe of Okla.*, 498 U.S. 505, 509 (1991)).

<sup>324</sup> *Id.* at 1326.

<sup>325</sup> *Id.* at 1327.

<sup>326</sup> *Id.* (citing *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1371 (2018)).

<sup>327</sup> *Id.*

<sup>328</sup> *Fed. Mar. Comm'n v. S.C. State Ports Auth.*, 535 U.S. 743, 760 (2002).

<sup>329</sup> *Mylan II*, 896 F.3d at 1327.

<sup>330</sup> *Id.* at 1328.

<sup>331</sup> *Id.* (quoting *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016)).

<sup>332</sup> *Id.*

The third factor relied on by the court focused on the procedural rules that govern IPRs.<sup>333</sup> The court noted that the Federal Rules of Civil Procedure allow for plaintiffs to make “significant amendments” to their complaints, whereas in IPRs, petitioners are only permitted to make minor “clerical or typographical corrections” to their petitions.<sup>334</sup> Furthermore, a patentee may amend the claims of her patent in the middle of IPRs, which plaintiffs are not permitted to do to their complaints in civil litigation.<sup>335</sup> Finally, while the Federal Rules of Civil Procedure allow various methods of discovery in civil litigation, discovery in IPRs is limited to deposing witnesses who submit affidavits or declarations and “what is otherwise necessary in the interest of justice.”<sup>336</sup> And as it turns out, “what is otherwise necessary in the interest of justice” rarely includes live testimony.<sup>337</sup>

The final factor relied on by the court is the fact that IPR proceedings serve the same purpose as *inter partes* reexamination, which as the Tribe conceded, tribal sovereign immunity would not apply to.<sup>338</sup> Quoting the Supreme Court’s recent decision in *Cuozzo Speed Technologies, LLC v. Lee*, the court reiterated that IPR and IPX “have the same ‘basic purposes, namely to reexamine an agency decision.’”<sup>339</sup> Because the Tribe conceded that tribal sovereign immunity would not apply in IPX, which has the same purpose as IPR, the court concluded that it also does not apply to IPR patent reconsiderations.<sup>340</sup> Shortly after the Federal Circuit issued its decision, the Tribe and Allergan filed petitions for the court to

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<sup>333</sup> *See id.*

<sup>334</sup> *Id.* (citation omitted).

<sup>335</sup> *Id.*

<sup>336</sup> *Id.*

<sup>337</sup> *Id.* at 1328–29 (citing *Ultratec, Inc. v. CaptionCall, LLC*, 872 F.3d 1267, 1270 n.2 (Fed. Cir. 2017)).

<sup>338</sup> *Id.* at 1329. Being that the court merely mentioned it in passing, it is unclear exactly why the Tribe would concede that tribal sovereign immunity would not apply to IPX proceedings. Perhaps it was a way for the Tribe to ease the court’s apprehension about allowing tribal sovereign immunity to shield patents from review by showing the court that even if it were to allow tribal sovereign immunity in IPRs, there are still other post-grant proceedings that can be used to review an issued patent—although IPXs no longer exist. Or perhaps it was the tribe trying to set IPRs apart from IPXs to make IPRs seem more akin to traditional litigation. Nonetheless, whatever the Tribe’s reasoning may have been, it evidently did not work out in its favor.

<sup>339</sup> *Id.* (quoting *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016)).

<sup>340</sup> *Id.*

rehear the issue en banc, which were denied on October 22, 2018.<sup>341</sup> On December 20, 2018, the Tribe and Allergan filed a petition for writ of certiorari, which was denied by the Supreme Court on April 15, 2019.<sup>342</sup>

*C. The Previously Untenable Inconsistency of the PTAB and Federal Circuit Decisions*

In reading the PTAB's five state sovereign immunity decisions and both the PTAB's and Federal Circuit's Mylan Pharmaceuticals decisions, it is clear that something does not add up. Although all of the PTAB's state sovereign immunity decisions did not result in a complete termination of the proceeding,<sup>343</sup> the one consistent factor in each of those decisions was the PTAB's determination that state sovereign immunity may be asserted in IPRs because civil litigation and IPRs are sufficiently similar to each other.<sup>344</sup> In contrast, the PTAB's decision in *Mylan I* made clear that tribal sovereign immunity did not apply in IPRs because of, among other things, the differences between civil litigation and IPR proceedings.<sup>345</sup>

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<sup>341</sup> See Dave Simpson, *Allergan, Tribe Want PTAB Immunity Denial Reheard En Banc*, LAW360 (Aug. 20, 2018), <https://www.law360.com/articles/1075198/allergan-tribe-want-ptab-immunity-denial-reheard-en-banc>; Saint Regis Mohawk Tribe v. Mylan Pharm. Inc., No. 2018-1638 (Fed. Cir. filed Oct. 22, 2018) (per curiam) (denying petition for rehearing en banc).

<sup>342</sup> See *Mylan III*, 139 S. Ct. 1547 (2019); Petition for Writ of Certiorari, *Mylan III*, 139 S. Ct. 1547 (No. 18-899).

<sup>343</sup> While the Covidien proceeding and the NeoChord proceeding resulted in complete termination due to state sovereign immunity, see *NeoChord, Inc. v. Univ. of Md.*, No. IPR2016-00208, 2017 Pat. App. LEXIS 12969, at \*31 (P.T.A.B. May 23, 2017); *Covidien LP v. Univ. of Fla. Research Found. Inc.*, No. IPR2016-01274, 2017 WL 4015009, at \*17 (P.T.A.B. Jan. 25, 2017), the Reactive Surfaces proceeding continued after the dismissal of the Regents of the University of Minnesota proceeding because Toyota, which is not a state entity, was a co-owner of the patent in question, and thus the Regents was not an indispensable party. *Reactive Surfaces Ltd., LLP v. Toyota Motor Corp.*, No. IPR2016-01914, 2017 WL 2992429, at \*7 (P.T.A.B. July 13, 2017). Further, the LSI proceeding and the Ericsson proceeding were not terminated because although the Regents of the University of Minnesota is a state entity, it filed patent infringement suits regarding the patents in question, which was deemed to be a waiver of state sovereign immunity. See *LSI Corp. v. Regents of the Univ. of Minn.*, No. IPR2017-01068, 2017 WL 6517562, at \*4 (P.T.A.B. Dec. 19, 2017); *Ericsson Inc. v. Regents of the Univ. of Minn.*, No. IPR2017-01186, 2017 WL 6517563, at \*4 (P.T.A.B. Dec. 19, 2017).

<sup>344</sup> *LSI*, 2017 WL 6517562, at \*2; *Ericsson*, 2017 WL 6517563, at \*2; *Reactive Surfaces*, 2017 WL 2992429, at \*3; *NeoChord*, 2017 Pat. App. LEXIS 12969, at \*14; *Covidien*, 2017 WL 4015009, at \*11.

<sup>345</sup> See *Mylan I*, No. IPR2016-01127, 2018 WL 1100950, at \*6–7 (P.T.A.B. Feb. 23, 2018) (stating that “an *inter partes* review proceeding is not the type of ‘suit’ to



### 1. The PTAB's Internal Inconsistency

The PTAB's treatment of IPRs in its state sovereign immunity decisions is internally inconsistent with the PTAB's own treatment of IPRs in its tribal immunity decision.<sup>346</sup> Indeed, a closer look at the board's treatment of the two different doctrines shows that in analyzing the characteristics of IPRs, the board highlighted characteristics that were similar to civil litigation in the state immunity proceedings and highlighted characteristics that distinguished IPRs from civil litigation in the tribal immunity proceeding.<sup>347</sup> Perhaps this inconsistency is the result of the board's realization that the Saint Regis Mohawk transaction could open the floodgates to a trend of tribes and states "rent[ing]" out sovereign immunity to private patent owners to avoid IPR.<sup>348</sup> In realizing this, it is possible that the PTAB decided to narrow the reach of its state sovereign immunity holdings by (1) carving out a waiver exception,<sup>349</sup> and (2) holding that *FMC* does not apply to the tribal doctrine so that it could reach a different holding as to tribal immunity.<sup>350</sup>

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which an Indian tribe would traditionally enjoy immunity under the common law" and then proceeding to discuss the characteristics that are unique to IPR proceedings (citation omitted)).

<sup>346</sup> Compare *Covidien*, 2017 WL 4015009, at \*11, with *Mylan I*, 2018 WL 1100950, at \*6–7.

<sup>347</sup> Compare *Covidien*, 2017 WL 4015009, at \*11 (noting that IPRs (1) are adversarial because they involve a third party petitioner contesting the validity of a patent owner's patent by petitioning to the USPTO, (2) are set into motion by a third party's filing of a petition, which is similar to a complaint, (3) share similar rules and procedures with civil litigation to a limited extent, and (4) have judges whose roles are similar to those of Article III judges), with *Mylan I*, 2018 WL 1100950, at \*6–7 (noting that IPRs (1) do not provide any form of relief to the petitioner, (2) do not involve any exercise of personal jurisdiction, (3) do not require participation by the parties for the PTAB to reach a final decision, and (4) may be continued by the PTAB after the parties settle their dispute).

<sup>348</sup> See *Allergan, Inc. v. Teva Pharm. USA, Inc.*, No. 2:15-cv-1455-WCB, 2017 WL 4619790, at \*2 (E.D. Tex. Oct. 16, 2017) ("The Court has serious concerns about the legitimacy of the tactic that Allergan and the Tribe have employed. The essence of the matter is this: Allergan . . . has paid the Tribe to allow Allergan . . . to rent . . . the Tribe's sovereign immunity in order to defeat the pending IPR proceedings . . ."); see also Susan Decker, *Judges Criticize Allergan's Use of Mohawk Tribe's Sovereignty*, BLOOMBERG (June 4, 2018), <https://www.bloomberg.com/news/articles/2018-06-04/allergan-use-of-tribe-s-sovereignty-called-risk-to-patent-system> (quoting the Association for Accessible Medicines' assertion that "Allergan's immunity-renting transaction with the tribe is the first of its kind, but if the gambit succeeds, it is sure not to be the last").

<sup>349</sup> See *LSI*, 2017 WL 6517562, at \*4; *Ericsson*, 2017 WL 6517563, at \*4.

<sup>350</sup> *Mylan I*, 2018 WL 1100950, at \*3–4.

## 2. Inconsistency Between the PTAB and the Federal Circuit

Regardless of the rationale for the PTAB's own internal inconsistency, the bigger concern is the inconsistency between the Federal Circuit's decision in *Mylan II* and the PTAB's state sovereign immunity decisions. The Federal Circuit's decision in *Mylan II* relied on the *FMC* framework to determine that IPRs are "both functionally and procedurally different from district court litigation."<sup>351</sup> Because of this difference, it concluded that tribal sovereign immunity cannot be asserted in IPR proceedings.<sup>352</sup>

Although the Federal Circuit made sure to clarify that it was only deciding the applicability of tribal sovereign immunity to IPRs and not the applicability of state sovereign immunity, the court's holding and rationale could apply equally to the state doctrine.<sup>353</sup> However, since the court's holding was limited to deciding the applicability of tribal sovereign immunity, it is not binding precedent on the PTAB as to state sovereign immunity.<sup>354</sup> As a result, the PTAB must dismiss IPRs where state sovereign immunity is asserted because of its own precedent that IPRs and civil litigation are similar,<sup>355</sup> but it cannot dismiss IPRs where tribal sovereign immunity is asserted because of the Federal Circuit's precedent that IPRs and civil litigation are different.<sup>356</sup> This has created an inconsistency between the Federal Circuit's holding and the PTAB's prior holdings.<sup>357</sup>

The inconsistency between the Federal Circuit and the PTAB is underscored by the fact that seven different states and two

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<sup>351</sup> *Mylan II*, 896 F.3d 1322, 1326, 1329 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019).

<sup>352</sup> *Id.* at 1329.

<sup>353</sup> *Id.* ("In this case 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.")

<sup>354</sup> *Id.*

<sup>355</sup> *Covidien LP v. Univ. of Fla. Research Found. Inc.*, No. IPR2016-01274, 2017 WL 4015009, at \*11 (P.T.A.B. Jan. 25, 2017). Note, however, that the PTAB does not have to dismiss the IPR if the waiver exception is implicated or if the state is a dispensable party. See *LSI Corp. v. Regents of the Univ. of Minn.*, No. IPR2017-01068, 2017 WL 6517562, at \*4 (P.T.A.B. Dec. 19, 2017); *Reactive Surfaces Ltd., LLP v. Toyota Motor Corp.*, No. IPR2016-01914, 2017 WL 2992429, at \*7 (P.T.A.B. July 13, 2017).

<sup>356</sup> *Mylan II*, 896 F.3d at 1329.

<sup>357</sup> Compare *Covidien*, 2017 WL 4015009, at \*11, with *Mylan II*, 896 F.3d at 1329.

state universities filed amicus briefs in support of Allergan and the Tribe's petition for a rehearing en banc that was filed on August 20, 2018.<sup>358</sup> In their briefs, the states and universities made clear that despite the court's limitation of its holding to tribal sovereign immunity, the reasoning that was used by the court could apply equally to the states' immunity from IPR proceedings.<sup>359</sup> As a result, the states would be equally vulnerable to challenges on state-owned patents, despite current favorable PTAB precedent.<sup>360</sup>

#### IV. NEITHER TRIBAL NOR STATE SOVEREIGN IMMUNITY SHOULD APPLY TO IPRS

Although the PTAB has continually been of the opinion that IPRs and civil litigation are sufficiently similar when state sovereign immunity is asserted, it clearly does not feel that the two proceedings are similar when tribal sovereign immunity is asserted.<sup>361</sup> The Federal Circuit agrees with the PTAB as it pertains to the tribal doctrine, but the court has not explicitly made its opinion known regarding the state doctrine.<sup>362</sup> Nonetheless, the Federal Circuit's *Mylan II* decision can be applied equally to state sovereign immunity.<sup>363</sup> For the reasons that follow, this Note argues that the Federal Circuit's rationale and holdings in both *Mylan II* and *LSI Corp.* are correct and should be applied to prohibit both tribal and state sovereign immunity from being asserted in IPRs.

##### A. *IPR Proceedings Are Significantly Different from Civil Litigation*

Since a large part of both the PTAB's decisions and the Federal Circuit's decision relied on a comparison of IPR

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<sup>358</sup> Ryan Davis, *States Back Tribe, Allergan Fed. Circ. Bid for PTAB Immunity*, LAW360 (Sept. 7, 2018), <https://www.law360.com/articles/1080924/states-back-tribe-allergan-fed-circ-bid-for-ptab-immunity>.

<sup>359</sup> *Id.*

<sup>360</sup> *Id.*

<sup>361</sup> *Compare Covidien*, 2017 WL 4015009, at \*11 (holding that state sovereign immunity applies in IPRs), *with Mylan I*, No. IPR2016-01127, 2018 WL 1100950, at \*6-7 (P.T.A.B. Feb. 23, 2018) (holding that tribal sovereign immunity does not apply in IPRs).

<sup>362</sup> *Mylan II*, 896 F.3d at 1329 (finding that "[i]n IPR, the agency proceedings are both functionally and procedurally different from district court litigation" but noting that it was leaving the question of state sovereign immunity for another day).

<sup>363</sup> *See supra* text accompanying note 353.

characteristics to civil litigation characteristics, an independent analysis of these characteristics is important to illustrate why the Federal Circuit's holding is correct.

### 1. Initiation and Initial Filings

First, as noted by the Federal Circuit,<sup>364</sup> IPR proceedings are instituted by the director of the USPTO at his or her discretion based upon information presented in a third party's petition.<sup>365</sup> By contrast, a civil action is commenced in federal court upon a plaintiff's filing of a complaint.<sup>366</sup> Although one might analogize the director's ability to decline to institute an IPR to a court's ability to dismiss a lawsuit for failure to state a claim, such an analogy would be inapt as a court's ability to dismiss for this reason depends on a defendant raising this as a defense.<sup>367</sup> Moreover, the USPTO director's decision to decline to institute an IPR is "final and nonappealable,"<sup>368</sup> whereas if a court dismisses a lawsuit for failure to state a claim, the court's decision to dismiss may be appealed by the plaintiff.<sup>369</sup>

Additionally, whereas defendants in civil litigation are required to respond to a complaint within twenty-one days of its filing,<sup>370</sup> the default rule in IPR proceedings is that patentees have up to three months from the date of notice of the third party's petition to file a preliminary response<sup>371</sup> and "three months from the date the inter partes review was instituted" to

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<sup>364</sup> See *supra* text accompanying notes 326–327.

<sup>365</sup> See *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1371 (2018) ("The decision whether to institute inter partes review is committed to the Director's discretion." (citing *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016))); 35 U.S.C. § 314(a) (2018) ("The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.").

<sup>366</sup> FED. R. CIV. P. 3.

<sup>367</sup> See FED. R. CIV. P. 12(b)(6).

<sup>368</sup> 35 U.S.C. § 314(d); see also Brief Amici Curiae of Intellectual Property Professors in Support of Appellees at 6, *Regents of the Univ. of Minn. v. LSI Corp.*, 926 F.3d 1327 (Fed. Cir. 2019) (No. 18-1559) [hereinafter Brief of IP Professors] (stating that "the Patent Office has the unreviewable discretion to deny any petition").

<sup>369</sup> See, e.g., *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1124 (Fed. Cir. 2018) (reviewing a district court's 12(b)(6) dismissal for failure to state a claim on appeal).

<sup>370</sup> FED. R. CIV. P. 12(a)(1).

<sup>371</sup> 37 C.F.R. § 42.107(b) (2018).

file a non-preliminary response to the third party's petition.<sup>372</sup> This difference is significant because the Supreme Court has noted that motion practice is a factor to consider in deciding applicability of sovereign immunity to agency proceedings,<sup>373</sup> and the fact that defendants in traditional litigation have only one chance to respond to a complaint within twenty-one days of its filing, whereas IPRs provide the patentee with two different three-month periods to respond to a third-party petition, underscores the non-adversarial nature of IPRs as compared to civil litigation.<sup>374</sup> Further illustrating this difference between litigation and IPRs is the fact that if a defendant does not file a response to a complaint in federal court, default judgment may be entered against him or her,<sup>375</sup> while a patentee holding a patent being petitioned for review may waive the right to a preliminary response without risking default judgment.<sup>376</sup>

## 2. Discovery

Further distinguishing IPRs from civil litigation are the different rules governing discovery in each. The Federal Rules of Civil Procedure call for a broad scope of discovery that allows parties to "obtain . . . any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case."<sup>377</sup> By allowing such a broad scope for discovery, parties in litigation have the discretion to choose from an arsenal of discovery options such as conducting depositions,<sup>378</sup> serving written interrogatories,<sup>379</sup> demanding inspection or document production,<sup>380</sup> and requesting admissions.<sup>381</sup>

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<sup>372</sup> *Id.* § 42.120(b).

<sup>373</sup> *See* Fed. Mar. Comm'n v. S.C. State Ports Auth., 535 U.S. 743, 757 (2002); *see also* Brief of IP Professors, *supra* note 368, at 5–6 (explaining the difference between motion practice in traditional litigation and motion practice in IPRs).

<sup>374</sup> *See supra* text accompanying notes 370–372.

<sup>375</sup> *See* FED. R. CIV. P. 12(a)(1), 55(a); *see also* Brief of IP Professors, *supra* note 368, at 6 (stating that failing to respond to a complaint in federal court can lead to default judgment against defendant).

<sup>376</sup> 37 C.F.R. § 42.107(b); *see also* Brief of IP Professors, *supra* note 368, at 6 (stating that failing to respond to an IPR petition cannot lead to default judgment against patentee). For more on default judgment and non-participation by the patentee, *see infra* notes 393–396 and accompanying text.

<sup>377</sup> FED. R. CIV. P. 26(b)(1); *see also* Brief of IP Professors, *supra* note 368, at 8–9 (explaining the difference between discovery in traditional litigation and discovery in IPRs).

<sup>378</sup> FED. R. CIV. P. 28(a).

<sup>379</sup> FED. R. CIV. P. 33(a).

<sup>380</sup> FED. R. CIV. P. 34(a).

In contrast to the large variety of discovery options available in civil litigation, the PTAB has readily conceded that discovery in IPRs is of a limited nature.<sup>382</sup> Specifically, IPR discovery only allows “the deposition of witnesses submitting affidavits or declarations; and what is otherwise necessary in the interest of justice.”<sup>383</sup> Thus, if a party seeks additional discovery, the party must either receive the opposing party’s consent or show that additional discovery is in the interest of justice.<sup>384</sup>

### 3. Article III Standing

Another major difference between civil litigation and IPRs is that an IPR does not require the petitioner to satisfy the requirements of Article III standing to file a petition.<sup>385</sup> This is an important factor to consider in distinguishing the two because while a party only needs to be someone other than the patent owner to file a petition for an IPR proceeding,<sup>386</sup> in civil litigation the plaintiff is required to meet several requirements illustrating that they have an interest in the outcome of a case in order to proceed to a final decision.<sup>387</sup>

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<sup>381</sup> FED. R. CIV. P. 36(a)(1).

<sup>382</sup> See *Garmin Int’l., Inc. v. Cuozzo Speed Techs. LLC*, No. IPR2012-00001, 2013 WL 11311697, at \*2 (P.T.A.B. Mar. 5, 2013) (discussing the scope of discovery in IPR proceedings and then noting that such rules are “significantly different from the scope of discovery generally available under the Federal Rules of Civil Procedure”); see also Brief of IP Professors, *supra* note 368, at 8–9 (discussing the difference between discovery in IPRs and discovery in traditional litigation).

<sup>383</sup> 35 U.S.C. § 316(a)(5) (2018); see also Brief of IP Professors, *supra* note 368, at 8–9 (stating that beyond limited preliminary discovery, the IPR discovery rules only allow what is “in the interest of justice”).

<sup>384</sup> See 37 C.F.R. § 42.51(b)(2) (2018); *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1339 (Fed. Cir. 2018) (“Under the Board’s procedures, the burden is on the party seeking discovery to show that the requested discovery would be likely to produce favorable evidence.”).

<sup>385</sup> See 35 U.S.C. § 311(a); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44 (2016) (citation omitted); see also Brief of IP Professors, *supra* note 368, at 6, 15 (discussing the lack of requirements for IPR petitioners to have Article III standing).

<sup>386</sup> 35 U.S.C. § 311(a) (“[A] person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.”).

<sup>387</sup> See *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560–61 (1992) (stating that the constitutional minimum for standing requires the plaintiff to show (1) an injury in fact, (2) a causal connection between the injury and the defendant’s conduct, and (3) a likelihood of redressing the injury with a favorable decision (citations omitted)). If the plaintiff does not illustrate these three elements, the case will be dismissed for lack of subject matter jurisdiction. See, e.g., *La Botz v. FEC*, 61 F. Supp. 3d 21, 27 (D.C. Cir. 2014); *Harnage v. Dzurenda*, 176 F. Supp. 3d 40, 45 (D. Conn. 2016).

This principle is emphasized even further by the fact that the petitioner may petition the PTAB for an IPR and participate in that IPR if it is instituted, but if the PTAB reaches a decision that does not satisfy the petitioner, it cannot appeal the decision to the Federal Circuit if it does not illustrate that it has Article III standing to sue in federal court.<sup>388</sup> This caveat once again underscores that the purpose of IPRs is to ensure the patent system's efficiency by reexamining previously granted patents for validity alone, which is completely distinguishable from the resolution of cases or controversies between multiple parties that occurs in federal courts.<sup>389</sup>

#### 4. Duration of Proceedings & Final Decisions

Finally, one of the most important differences between the IPRs and civil litigation is the duration of each proceeding. In civil litigation, courts are not constrained by any deadline by which they must reach a decision in a case.<sup>390</sup> In fact, the average length of patent litigation ranges from twenty-four to thirty-six months.<sup>391</sup> This is in stark contrast to IPRs, which are required to reach a final decision within one year of the director's instituting of the proceeding, with the possibility of the director

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<sup>388</sup> See *Cuozzo*, 136 S. Ct. at 2143–44 (citation omitted); *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1171–72, 1176 (Fed. Cir. 2017) (holding that an IPR petitioner did not have standing to appeal the PTAB's final decision in federal court).

<sup>389</sup> See Brief of IP Professors, *supra* note 368, at 2. Compare *Cuozzo*, 136 S. Ct. at 2144 (second ellipsis in original) (“[T]he purpose of [*inter partes* review] is not quite the same as the purpose of district court litigation. . . . [*Inter partes* review helps protect the public's ‘paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.’” (quoting *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945))), with U.S. CONST. art. III, § 2, cl. 1 (“The judicial Power shall extend to all Cases [or controversies] . . . arising under this Constitution, [and] the Laws of the United States.”).

<sup>390</sup> Mark A. Fellows & Roger S. Haydock, *Federal Court Special Masters: A Vital Resource in the Era of Complex Litigation*, 31 WM. MITCHELL L. REV. 1269, 1289 (2005) (illustrating that over the years, the average length of litigation has varied).

<sup>391</sup> Kyle Pietari, *Note: An Overview and Comparison of U.S. and Japanese Patent Litigation, Part II*, 98 J. PAT. & TRADEMARK OFF. SOC'Y 970, 973 (2016); see Jay P. Kesan & Gwendolyn G. Ball, *How Are Patent Cases Resolved? An Empirical Examination of the Adjudication and Settlement of Patent Disputes*, 84 WASH. U. L. REV. 237, 299 (2006).

extending the proceeding for an additional six months “for good cause.”<sup>392</sup>

Moreover, the presence or participation of the petitioner and patent holder is not required in order for the PTAB to reach a final decision within the one-year time constraint,<sup>393</sup> as IPRs solely focus on deciding patent validity, whereas adversarial patent litigation tends to be focused on infringement liability.<sup>394</sup> In fact, the PTAB may continue an IPR proceeding and make a final determination as to a patent’s validity even if the patentee and third party petitioner come to a settlement agreement.<sup>395</sup> This greatly differs from civil litigation, which calls for the court to dismiss a suit upon a settlement between the parties.<sup>396</sup>

These distinctions demonstrate the dissimilar purposes that the two proceedings serve. The shorter duration of IPRs and the PTAB’s ability to reach a final decision even after the parties settle show that the true purpose of IPRs is to provide a “quick, inexpensive, and reliable” means of ensuring and improving the quality of the patent system by reexamining a prior patent grant.<sup>397</sup> The longer duration of civil litigation and the dismissal of suits upon settlement show that the purpose of Article III courts is to resolve “all Cases [or controversies], in Law and

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<sup>392</sup> 35 U.S.C. § 316(a)(11) (2018); *see also* Brief of IP Professors, *supra* note 368, at 7 (contrasting the requirement for IPRs to reach final disposition within one year with the lack of a time limit for traditional litigation).

<sup>393</sup> *See* 35 U.S.C. § 317(a); *Microsoft Corp. v. Global Techs., Inc.*, No. IPR2016-00663, 2017 WL 2417332, at \*3 (P.T.A.B. June 2, 2017) (entering a final written decision adverse to patent owner despite the owner’s lack of appearance before the board); *Old Republic Gen. Ins. Grp., Inc. v. Owner of U.S. Patent No. 6,519,581 B1*, No. IPR2015-01956, 2017 Pat. App. LEXIS 8446, at \*5 (P.T.A.B. Apr. 18, 2017) (proceeding to a final written decision without the appearance of the patent owner before the board); *see also* Brief of IP Professors, *supra* note 368, at 16 (discussing how the Patent Office can reach a final decision without the patentee’s or petitioner’s participation).

<sup>394</sup> *See supra* text accompanying note 258.

<sup>395</sup> *See* 35 U.S.C. § 317(a); 37 C.F.R. § 42.74(a) (2018); *see also Mylan II*, 896 F.3d 1322, 1335 (Fed. Cir. 2018) (Dyk, J., concurring) (“And if the third party settles, the proceeding does not end, and the USPTO may continue on to a final written decision.”), *cert. denied*, 139 S. Ct. 1547 (2019).

<sup>396</sup> *See* FED. R. CIV. P. 41(a)(1)(A)(ii).

<sup>397</sup> S. REP. NO. 110-259, at 20 (2008) (noting that *inter partes* reexamination should be replaced by a new post-grant review that provides a “quick, inexpensive, and reliable” means of reevaluating patent validity); *see* *Cuozzo Speed Techns., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016); H.R. REP. NO. 112-98, pt. 1, at 40 (2011) (discussing the purpose of the America Invents Act); *see also* Brief of IP Professors, *supra* note 368, at 12 (stating that the purpose of IPRs is to take a second look at a prior patent grant to ensure that patents are kept within their scope).



Equity, arising under th[e] Constitution, [and] the Laws of the United States” by hearing each party’s side of the story.<sup>398</sup>

*B. Policy Implications of Allowing Sovereign Immunity in IPR Proceedings*

To allow any form of sovereign immunity to prevail as a defense to IPRs would circumvent the very purpose of the patent system and would make sovereign-owned patents more valuable than patents owned by the general public.<sup>399</sup> This is evident when taking a closer look at the Supreme Court’s *Oil States* decision.<sup>400</sup>

As discussed earlier, *Oil States* addressed the constitutionality of IPRs, but in doing so, it had some implications for when sovereign immunity should be allowed to be asserted in IPRs.<sup>401</sup> As the *Oil States* Court pointed out, “[i]nter partes review is ‘a second look at an earlier administrative grant of a patent,’” and in doing so, “[t]he Board considers the same statutory requirements that the PTO considered when granting the patent.”<sup>402</sup> By having the PTAB reexamine granted patents, the USPTO “protects ‘the public’s paramount interest in seeing that patent monopolies are kept within their legitimate scope.’”<sup>403</sup> Moreover, as the *Oil States* Court made clear, the USPTO grants patents on the condition that they may potentially be revoked upon a reexamination at a later date,<sup>404</sup> which is well within their authority.<sup>405</sup>

Since the *Oil States* Court held that IPRs are constitutional and that it is entirely permissible for the USPTO to grant

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<sup>398</sup> U.S. CONST. art. III, § 2, cl. 1.

<sup>399</sup> See Tejas N. Narechania, *An Offensive Weapon?: An Empirical Analysis of the “Sword” of State Sovereign Immunity in State-Owned Patents*, 110 COLUM. L. REV. 1574, 1611–12 (2010).

<sup>400</sup> See generally *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018).

<sup>401</sup> *Supra* Section II.C.

<sup>402</sup> *Id.* at 1374 (quoting *Cuozzo*, 136 S. Ct. at 2144).

<sup>403</sup> *Id.* (quoting *Cuozzo*, 136 S. Ct. at 2144).

<sup>404</sup> *Id.* (quoting *Cuozzo*, 136 S. Ct. at 2137); see also 35 U.S.C. § 101 (2018) (emphasis added) (“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, *subject to the conditions and requirements of this title.*”); *id.* § 311(a) (authorizing third parties to petition for *inter partes* review of a patent and request for such patent to be cancelled).

<sup>405</sup> See *Oil States*, 138 S. Ct. at 1374–75 (illustrating that it is entirely permissible for the USPTO to grant patents subject to later reexamination and cancellation).

patents subject to a later reexamination and revocation, allowing tribes and states to avoid IPR proceedings would make their patents more valuable than those of non-tribal and non-state entities or individuals.<sup>406</sup> In fact, empirical evidence has suggested that the ability to shield a patent from review by asserting sovereign immunity has led to heightened aggressiveness with sovereign patent licensing.<sup>407</sup> This is a direct result of the fact that would-be petitioners are unable to request a reexamination in IPR or file suit in district court.<sup>408</sup> In turn, sovereign patentees and assignees are left with all of the bargaining power in licensing agreements, which leads to increased licensing costs and causes (1) a heightened cost of innovation for others, and (2) a decrease in overall efficiency of the patent system.<sup>409</sup>

In contrast, since privately owned patents are subject to IPRs there is always a chance for post-grant invalidation. This has the potential to dissuade investors or potential licensees from doing business with private patent owners and instead doing business with sovereign patent owners of similar technology. Indeed, IPRs have a reputation for being “challenger friendly” due to statistics that show a high percentage of patent claims challenged in IPR are deemed unpatentable or voluntarily cancelled by the patent owner before the board reaches a final decision.<sup>410</sup> Thus, allowing this kind of circumvention of the IPR

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<sup>406</sup> See Narechania, *supra* note 399, at 1612 (showing that the ability of states to assert state sovereign immunity provides them with more leverage in negotiating license agreements, and thus allows states to reap increased profits from patent licenses); see also *Mylan I*, No. IPR2016-01127, 2018 WL 1100950, at \*6 (P.T.A.B. Feb. 23, 2018) (“[T]he scope of the authority granted by Congress to the Patent Office with respect to *inter partes* review proceedings is limited to assessing the patentability of the challenged claims.”).

<sup>407</sup> See Narechania, *supra* note 399, at 1612; see also Brief of IP Professors, *supra* note 368, at 17 (stating that evidence suggests states are more aggressive patent licensors since they are shielded from patent validity challenges in court).

<sup>408</sup> See Narechania, *supra* note 399, at 1612.

<sup>409</sup> See *id.* Further, the ability to shield a patent from IPR could lead to unpredictability of patent ownership due to spontaneous patent assignments as a method of avoiding review. See, e.g., *Mylan II*, 896 F.3d 1322 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019).

<sup>410</sup> Justin Oliver et al., *Is PTAB ‘Death Squad’ Just a Myth?* INTELL. PROP. MAG., June 2015, at 48, 48–49, <https://www.intellectualpropertymagazine.com/patent/is-ptab-death-squad-just-a-myth-109342.htm>. From the inception of IPRs on September 16, 2012, through October 31, 2018, there have been 9,292 petitions for IPR filed with the PTAB. Patent Trial and Appeal Board, *Trial Statistics: IPR, PGR, CBM*, U.S. PAT. & TRADEMARK OFF., at 10 (2018), [https://www.uspto.gov/sites/default/files/documents/trial\\_statistics\\_oct\\_2018.pdf](https://www.uspto.gov/sites/default/files/documents/trial_statistics_oct_2018.pdf). Of these petitions, prior to

process harms entrepreneurs, which directly undermines one of the main goals of the AIA and the overall patent system.<sup>411</sup>

Moreover, since IPRs focus on novelty and nonobviousness of the patent in question, and the novelty and nonobviousness requirements prevent inventors from obtaining a patent on public information, allowing sovereigns to avoid IPRs would prevent the PTAB from ensuring that public information remains in the public domain.<sup>412</sup> As a result, the patent system's purpose would be thwarted.<sup>413</sup>

C. *Tribal Sovereign Immunity and State Sovereign Immunity Should Receive Equal Treatment in IPRs Because They Are Similar in Purpose and Function*

As stated above, tribal and state sovereign immunity serve the same function as each other with respect to the sovereigns that they serve to protect, and thus, they should receive the same treatment in IPRs.<sup>414</sup> Tribes may not be sued by private individuals, private entities, or states; and states may not be sued by private individuals, private entities, or tribes.<sup>415</sup> Although Congress's ability to abrogate tribal sovereign immunity has a broader scope than its ability to abrogate state sovereign immunity,<sup>416</sup> Congress has not chosen to do so, and thus, tribal sovereign immunity can be said to stand on the same

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institution of the IPR there have been 1,158 settled between the parties, 89 dismissed, 34 grants on requests for adverse judgment by the patentee, and 2,372 denied by the PTAB. *Id.* Further, of the 9,292 petitions there have been 4,783 IPRs instituted by the PTAB, with 941 settling after institution, 52 dismissed by the PTAB, 298 grants on requests for adverse judgment by the patentee, and 2,399 final written decisions by the PTAB. *Id.* Of the 2,399 final written decisions there were 461 (19%) that did not deem any of the challenged patent claims to be invalid, 398 (17%) that deemed some of the challenged patent claims to be invalid, and 1,540 (64%) that deemed all of the challenged patent claims to be invalid. *Id.* This means that 40% of the 4,783 IPRs that have been instituted since September 16, 2012, have led to at least one challenged claim being invalidated, and of the 2,399 IPRs reaching a final written decision, 81% have resulted in at least one challenged claim being invalidated. *See id.*

<sup>411</sup> See President Barack Obama, Remarks at the Signing of the America Invests Act (Sept. 16, 2011), in 2011 U.S.C.C.A.N. S6, 2011 WL 5903407 (“[The America Invests Act] will . . . help give entrepreneurs the protection and the confidence they need to attract investment, to grow their businesses, and to hire more workers.”).

<sup>412</sup> See 35 U.S.C. § 311(b) (2018); Margo A. Bagley, Response, *Still Patently Unconstitutional: A Reply to Professor Nard*, 88 MINN. L. REV. 239, 242 (2003).

<sup>413</sup> See *supra* text accompanying notes 191–192.

<sup>414</sup> See *supra* Section I.C.

<sup>415</sup> See *supra* Section I.C.

<sup>416</sup> See *supra* notes 176–177 and accompanying text.

ground as state sovereign immunity.<sup>417</sup> In fact, some are of the opinion that tribal sovereign immunity is a stronger doctrine than state sovereign immunity.<sup>418</sup>

Regardless of whether tribal sovereign immunity is actually stronger than state sovereign immunity, it is unquestionably equivalent to state sovereign immunity. Thus, since the Federal Circuit is correct in its holding that tribal sovereign immunity may not be asserted in IPRs, it must be equally true that state sovereign immunity may not be asserted in IPRs.

#### CONCLUSION

Both tribal and state sovereign immunity have been recognized as common law doctrines that predate the Constitution and serve the purpose of according tribes and states the dignity and respect that sovereign entities deserve. Despite the fact that the two doctrines serve the same purpose and the tribal doctrine has yet to be abrogated by Congress, the PTAB has treated state sovereign immunity more favorably than tribal sovereign immunity in IPR proceedings.

This has caused a logical inconsistency within the PTAB, as well as an inconsistency between the Federal Circuit's *Mylan II* rationale and the PTAB's state sovereign immunity precedent. Furthermore, allowing states to avoid IPR proceedings due to state sovereign immunity claims thwarts the ability of IPRs to "protect the public's 'paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope,'"<sup>419</sup> and, more importantly, hinders the patent system's goal to "promote the Progress of Science and useful Arts."<sup>420</sup>

Because the characteristics and features of *inter partes* review make the proceeding completely distinguishable from civil litigation, the Federal Circuit was correct in *Mylan II* when it held that "tribal sovereign immunity cannot be asserted in IPRs"<sup>421</sup> and in *LSI Corp.* when it held that state sovereign

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<sup>417</sup> See *supra* notes 176–177 and accompanying text.

<sup>418</sup> See *supra* note 161.

<sup>419</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (ellipsis in original) (quoting *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)).

<sup>420</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>421</sup> *Mylan II*, 896 F.3d 1322, 1326, 1329 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1547 (2019).

immunity cannot be asserted in IPRs.<sup>422</sup> This is because (1) to allow the states, or any sovereign for the matter, to successfully assert sovereign immunity in IPRs would negatively affect various policy concerns for the patent system, and (2) tribal sovereign immunity and state sovereign immunity are relatively equivalent doctrines to one another, so it would not make sense to ban one doctrine and permit the other. As a result of the foregoing, neither tribal sovereign immunity nor state sovereign immunity should be applicable as a defense to *inter partes* review proceedings.

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<sup>422</sup> Regents of the Univ. of Minn. v. LSI Corp., 926 F.3d 1327, 1342 (Fed. Cir. 2019).