



## Patent Transfer to Native American Tribe Does Not Immunize Patents from *Inter Partes* Review

***This ruling may have eliminated the practice of transferring patents to Native American tribes for immunization from IPR proceedings.***

The Federal Circuit, in a matter of first impression, has ruled that tribal sovereign immunity does not apply to *inter partes* review ("IPR") proceedings.

Allergan, the maker of Restasis, a chronic dry-eye treatment, sued Mylan for patent infringement. In response, Mylan filed petitions for IPR challenging the patentability of the claims of the Restasis patents. During the proceedings, Allergan assigned the patents to Saint Regis Mohawk, a Native American tribe, while receiving a grant-back license for all FDA approved uses. The tribe then moved to terminate all IPR proceedings, arguing that it was entitled to tribal sovereign immunity. The Patent Trial and Appeal Board ("Board") denied the tribe's motion.

The Federal Circuit unanimously affirmed on appeal. Although Native American tribes generally possess sovereign immunity from suit, the Federal Circuit explained that sovereign immunity generally does not apply where a federal government agency is "engaged in an investigative action or pursues an adjudicatory agency action."

In determining whether tribal sovereign immunity applies to IPR proceedings, the panel considered whether IPRs are more similar to a private civil suit or to an agency enforcement action. While acknowledging that IPRs are a "hybrid proceeding," having similarities to both civil suits and agency actions, the court decided that IPRs are more similar to an agency enforcement action. In doing so, the Federal Circuit emphasized that the Director of the United States Patent and Trademark Office, an executive branch official, has broad discretion in deciding whether to institute review. The Federal Circuit also noted that the Board can continue IPR proceedings even without the patent owner or the challenger.

Although the Federal Circuit acknowledged the parallels between tribal sovereign immunity and state sovereign immunity, the court specifically limited its holding to tribal sovereign immunity. The Federal Circuit will have an opportunity to address state sovereign immunity in another case pending before the court. In the meantime, and pending further appellate review, this ruling may eliminate the practice of transferring patents to Native American tribes in an effort to immunize the patents from IPR proceedings.

Jones Day will continue to monitor these issues and provide updates as appropriate.



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