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No State Sovereign Immunity in IPRs

by Paul C. Haughey

Kilpatrick Townsend successfully represented LSI Corp. and Avago Technologies in a case where the Federal Circuit held, in a precedential opinion on June 14, 2019, that sovereign immunity does not apply to IPRs challenging state-owned patents (*Regents of the Univ. of Minnesota v. LSI Corp.*, No. 2018-1559, --- F.3d ---, 2019 WL 2479596 (Fed. Cir. June 14, 2019)). The opinion stated that state sovereign immunity was similar to Native American tribal sovereign immunity, which was held not to apply to IPRs in a case involving the St. Regis Mohawk Tribe (*St. Regis Mohawk Tribe v. Mylan Pharms.*, 896 F.3d 1322, 1329 (Fed. Cir. 2018)). The U.S. Supreme Court denied certiorari of the St. Regis Mohawk case on April 15, 2019.

In this Regents v. LSI case, the Regents sued in Federal Court, and we filed IPRs challenging the patents. The Regents moved to have the IPRs dismissed on the basis of sovereign immunity, saying that the University of Minnesota (UMN) is an arm of the state. An expanded panel of the PTAB found that states (and arms of states) may assert sovereign immunity as a defense to an IPR, but that UMN had waived immunity by suing LSI. On appeal, the Federal Circuit consolidated with other cases having the same issue. At the March 11, 2019 oral argument, Kristopher L. Reed of Kilpatrick Towsend argued for appellees LSI and Ericcson, with intervenor Gilead and amicus United States also participating in argument.

The Court unanimously affirmed the PTAB's denial of UMN's motion to dismiss, saying: "IPR represents the sovereign's reconsideration of the initial patent grant, and the differences between state and tribal sovereign immunity do not warrant a different result than in *Saint Regis*. We therefore conclude that state sovereign immunity does not apply to IPR proceedings." In light of its holding, the Court did not address the question of whether UMN had waived immunity "by asserting patent claims in district court that were later challenged in a petition for IRP." Judges Dyk, Wallach, and Hughes also issued a separate opinion containing their "additional views" that "state sovereign immunity also does not apply to IPR proceedings because they are in substance the type of in rem proceedings to which state sovereign immunity does not apply."