THE
NATIONAL LAW REVIEW

State Sovereignty 101: State Universities Not Immune to IPR Proceedings

Monday, June 17, 2019

School may be out for the summer, but public colleges and universities would do well to spend their break shoring up strategies and defenses against potential inter partes review ("IPR") proceedings. Last week the Federal Circuit ruled that states and state agencies (including state affiliated colleges and universities) may not rely on a sovereign immunity defense in a patent IPR proceeding. This decision means that challenges against University of Minnesota patents will proceed at the Patent Trial and Appeals Board ("PTAB"), and that other state affiliated educational institutions also may be subject to such proceedings.

The June 14 decision could open the floodgates to other IPR challenges against patents held by public colleges, universities, and other state entities. State colleges and universities should plan on adjusting various intellectual property clauses of licenses, sponsored research, and other technology transfer and funding agreements in efforts to mitigate the risks associated with an IPR challenge. These institutions also should carefully evaluate and plan for this risk in any assertion or even licensing efforts where a risk of an IPR may arise. Further, public colleges and universities should develop internal strategic plans to reduce the risk of an IPR occurring and to have various strategic approaches to IPR situations should an IPR challenge, or even a threat of an IPR challenge, occur in the future.

Article By Kristin Lamb
Mark D. Shelley II, Ph.D.Liz LeVan Riley
Jeffrey S. Whittle
Womble Bond Dickinson (US) LLP
Client AlertIntellectual Property
Public Education & Services
Federal Circuit / U.S. Court of Spec. Jurisdiction

In the dispute, Ericsson challenged multiple patents held by the University of Minnesota relating to wireless technologies. The University of Minnesota also faces separate patent challenges to a computer hardware patent and a university patent related to hepatitis C medication.

The Federal Circuit held that for purposes of IPRs, state sovereign immunity is essentially the same as tribal sovereign immunity held by Native American tribes. In 2018, the Federal Circuit ruled that Saint Regis Mohawk could not employ tribal sovereign immunity in a dispute before the PTAB.

"[An] 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 Saint Regis. We therefore conclude that state sovereign immunity does not apply to IPR proceedings," the Court wrote in the June 14 ruling. Regents of the Univ. of Minn. V. LSI Corp., No. 2018-1559, 27 (Fed. Cir. Jun. 14, 2019).

The Federal Circuit also wrote that IPR proceedings differ substantively from typical civil litigation, to which sovereign immunity would normally apply unless waived. Instead, the Court writes that IPR proceedings "are essentially agency reconsideration of a prior patent grant."

In other words, IPRs are more akin to a government agency enforcement action than a civil suit. The PTAB's primary focus is determining whether a previous patent grant was made in error, rather than resolving a dispute between two adversarial parties. The PTAB may issue a ruling even if the petitioner or patent owner decides not to participate, unlike in civil litigation.

A petition for certiorari was filed in Saint Regis but was denied by the U.S. Supreme Court, which effectively allowed the Federal Circuit decision to stand. It remains to be seen if the University of Minnesota will appeal this ruling or if certiorari would be granted, but if allowed to stand, it is fair to anticipate a significant increase in patent IPR challenges to public colleges and universities as well as to other state agencies.

Click here to read the full opinion from the US Court of Appeals for the Federal Circuit.