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Sovereign Immunity Does Not Shield State-Owned Patents from Inter Partes Review

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States and their agencies, particularly state universities, are often parties to patent infringement litigation in federal courts. An increasingly common defense to infringement allegations is to ask the Patent Office to invalidate the asserted patent in an agency procedure known as an *inter partes* review (IPR). That is what happened when the University of Minnesota (a state school) sued several companies for patent infringement—two of the companies filed IPR petitions. In response, the University argued that, based on the doctrine of sovereign immunity, its patents are shielded from IPRs. The Federal Circuit—the appeals court in Washington, D.C., that decides all appeals from patent cases—disagreed. State entities may not wield their patents as swords while also shielding those same patents from Patent Office scrutiny in IPRs.

Background

The University of Minnesota moved to dismiss the IPR petitions on the theory that, as an arm of the State of Minnesota, sovereign immunity protected it from being involuntarily subjected to IPRs. The Patent Office denied the motion, holding that, in effect, the University waived sovereign immunity by asserting its patents in federal court.

On appeal, the Federal Circuit affirmed, relying on a previous case in which it held that tribal sovereign immunity did not shield the Saint Regis Mohawk Tribe from review of its patents. In that previous case, the Federal Circuit reasoned that IPRs are unlike federal court litigation in one key respect and thus sovereign immunity did not apply. Specifically, sovereign immunity shields states from suits in federal courts and federal agencies initiated by private parties. But in IPRs, the decision to institute is left to a superior sovereign—the United States, acting through the Director of the Patent Office—rather than to a private party. To be sure, the Patent Office decides whether to institute an IPR based on information provided by a private party in its IPR petition. But it is still the Patent Office that ultimately decides whether to institute the IPR, not the private party who filed the petition.

Key Takeaways

The Federal Circuit's decision means that state actors filing patent litigation will be treated just like private parties and thus can expect to have their patents challenged in IPRs and other Patent Office proceedings.

Interestingly, this decision comes just days after the Supreme Court decided in *Return Mail, Inc. v. United States Postal Service* that the U.S. government—and presumably state governments as well—may not file IPR petitions to challenge patents owned by private parties. See [Patent Alert](#). Thus, the two cases, taken together, create an odd dynamic in which states can have their patents challenged in IPRs but may not themselves challenge other parties' patents in IPRs. Perhaps the Supreme Court will consider this discrepancy if the case is appealed to the Supreme Court.

The case is *Regents of the University of Minnesota v. LSI Corp.*, No. 2018-1559 (Fed. Cir. June 14, 2019).



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