

Tribal Sovereign Immunity a No-go in Allergan IPR
by Charles Meeker

The Patent Trial and Appeal Board (PTAB) of the United States Patent and Trademark Office (USPTO) recently rejected the sovereign immunity claim asserted in the *inter partes* review (IPR) proceedings between Mylan Pharmaceuticals and Allergan, Inc.

Previously, in a first-of-its-kind move to insulate patents from an IPR challenge at the PTAB, Allergan transferred a number of its patents to the Saint Regis Mohawk Tribe and licensed all of the patents back from the tribe for millions in upfront and annual royalties and the agreement that the tribe would claim sovereign immunity against *inter partes* review of the patents. Generally, due to its sovereign status under federal law, a Native American tribe cannot be hauled into court without its consent. In view of the specific terms of their license-back agreement, however, the PTAB found that “all substantial rights” in the patents were held by Allergan. Thus, for purposes of the IPR, the PTAB would treat Allergan, not the tribe, as the patent owner.

Some of the factors considered by the PTAB in reaching this decision include:

- Allergan’s exclusive rights to the patents under the license are irrevocable, continue until the patents expire or are invalidated, have no meaningful, commercially-relevant limits, and include the exclusive right to sue for patent infringement; and
- The tribe has no control over Allergan’s rights to sub-license the patents, cannot unilaterally assign its interests in the patents, does not receive money from litigation or Allergan’s other licensing activities, and is not a necessary party to the IPR.

Allergan’s exclusive right to enforce the patents appeared to be the most important factor for the PTAB. The PTAB, accordingly, denied the tribe’s motion to terminate the IPRs based on their sovereign immunity and found that the IPRs could move forward with Allergan as the effective patent owner. This decision seems to echo previous holdings that declined to place the form of an agreement over its substance. In the end, because the substance of the license allowed Allergan to retain all meaningful patent rights, the PTAB would treat Allergan as the patent owner, even though the agreement attempted to place the tribe in the position of owner.

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The PTAB also concluded that, even if the tribe was deemed to be the patent owner, tribal sovereign immunity does not apply to IPRs. As an initial matter, the PTAB found no case law or statutory mandate to grant tribal sovereign immunity in a federal agency proceeding, like an IPR. Moreover, because the IPRs affected the challenged patents, themselves, rather than the patent owner (whoever that may be), the PTAB concluded that an IPR is not the kind of legal proceeding for which a claim of sovereign immunity is available.

The full decision of the PTAB can be found here: [PTAB_Decision](#)