

2020-1469 (lead), 2020-1470

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**United States Court of Appeals  
for the Federal Circuit**

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THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM,  
*Appellant,*

— v. —

BAYLOR COLLEGE OF MEDICINE,  
*Appellee,*

ANDREI IANCU, UNDER SECRETARY OF COMMERCE FOR  
INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES  
PATENT AND TRADEMARK OFFICE,  
*Intervenor.*

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*On Appeal from Inter Partes Review Proceedings  
Nos. IPR2018-00948 and IPR2018-00949*

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**PETITION FOR REHEARING EN BANC OF THE  
BOARD OF REGENTS OF THE UNIVERSITY OF  
TEXAS SYSTEM**

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JANUARY 11, 2021

FORM 9. Certificate of Interest

Form 9 (p. 1)  
July 2020

**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

**CERTIFICATE OF INTEREST**

**Case Number** 2020-1469 (lead); 2020-1470

**Short Case Caption** The Board of Regents of the University of Texas System v. Baylor College of Medicine, et. al

**Filing Party/Entity** The Board of Regents of the University of Texas System

**Instructions:** Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box.** Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 01/11/2021

Signature: /s/ Peter E. Mims

Name: Peter E. Mims

## FORM 9. Certificate of Interest

Form 9 (p. 2)  
July 2020

<b>1. Represented Entities.</b> Fed. Cir. R. 47.4(a)(1).	<b>2. Real Party in Interest.</b> Fed. Cir. R. 47.4(a)(2).	<b>3. Parent Corporations and Stockholders.</b> Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.  <input checked="" type="checkbox"/> None/Not Applicable	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.  <input checked="" type="checkbox"/> None/Not Applicable
The Board of Regents of the University of Texas System		

☐ Additional pages attached

## FORM 9. Certificate of Interest

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July 2020

**4. Legal Representatives.** List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

☐ None/Not Applicable

☐ Additional pages attached

Steve Borgman	Kilpatrick Townsend & Stockton LLP	

**5. Related Cases.** Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

☐ None/Not Applicable

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Gensetix, Inc. et al. v. Baylor College of Medicine, et al.	No. 4:17-cv-01025 (S.D. Tex.)	

**6. Organizational Victims and Bankruptcy Cases.** Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

☒ None/Not Applicable

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**STATEMENT OF COUNSEL – FEDERAL CIRCUIT RULE 35(B)(2)**

Based on my professional judgment, I believe the panel decision is contrary to the following decision(s) of the Supreme Court of the United States or the precedents of this court: *Return Mail, Inc. v. U.S. Postal Service*, 139 S. Ct. 1853 (2019); *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018); and *Federal Maritime Commission v. South Carolina State Ports Authority* (“FMC”), 535 U.S. 743 (2002).

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

1. Does State sovereign immunity apply when the Patent Trial and Appeal Board adjudicates a private petition in Inter Partes Review and the patent is owned by a State?

/s/ Peter E. Mims  
Peter E. Mims  
*Principal Attorney of Record for The  
Board of Regents of The University of  
Texas*

## SUMMARY OF ARGUMENT

Inter Partes Review (“IPR”) is the type of proceeding to which State sovereign immunity applies and this Court *en banc* should overturn *Regents of the University of Minnesota v. LSI Corporation*, 926 F.3d 1327 (2019), *cert. denied* 140 S. Ct. 908 (2020). Based solely on the *University of Minnesota* decision, the Patent Trial and Appeal Board (“PTAB”) denied The Board of Regents of the University of Texas System’s (“UT”) motion to dismiss the IPR petitions below. That decision was wrong because:

- UT is an arm of the State of Texas and entitled to sovereign immunity. *Gensetix, Inc. v. Board of Regents of the Univ. of Tex. System*, 966 F.3d 1316, 1319 (Fed. Cir. 2020); Appx46; Appx114.
- “It is inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent.” *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 54 (1996) (quoting *Hans v. Louisiana*, 134 U.S. 1, 13 (1890)).
- State sovereign immunity applies in administrative proceedings initiated by a private party and prevents the “impermissible affront to a State’s dignity” of having “to defend itself in an adversarial proceeding against a private party before an impartial federal officer.” *Fed. Mar. Comm’n v. S.C. State Ports Auth. (“FMC”)*, 535 U.S. 743, 760-61 (2002).

- IPR is “a full-blown adversarial proceeding before the Patent Office” “between the ‘person’ who petitioned for review and the patent owner.”

*Return Mail, Inc. v. U.S. Postal Service*, 139 S. Ct. 1853, 1866 (2019).

Because the *University of Minnesota* decision held sovereign immunity does not apply to an adversarial proceeding before the Patent Office brought by a private party against a sovereign, it conflicts with Supreme Court precedent, upsets the balance of our federal system, and was wrongly decided.

First, the *University of Minnesota* panel improperly considered the purpose of the proceeding—not the “‘precise nature’ of the procedures employed by the [agency]”—when it performed its *FMC* analysis. *FMC*, 535 U.S. at 751. Properly looking to the nature of IPR proceedings, the Supreme Court’s decision in *Return Mail*, which issued days before the *University of Minnesota* decision, resolves the analysis in favor of UT’s sovereign immunity. Without full briefing or oral argument, the panel misapplied *Return Mail*. Further, the *University of Minnesota* panel concluded that IPR is similar to an agency enforcement action, contrary to Supreme Court precedent in *Return Mail* and *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), which concluded that the petitioner controls the course and scope of IPR proceedings. This Court cannot “easily dismiss such statements as dicta” and is “bound to follow them.” *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1347

(Fed. Cir. 2010) (en banc). The *University of Minnesota* decision cannot be reconciled with the Supreme Court’s binding statements.

Second, State sovereign immunity is an exceptionally important issue that warrants *en banc* consideration because it maintains the balance of power in the dual sovereignty envisioned by our Founders that protects our fundamental liberties. Sovereign immunity “afford[s] the States the dignity and respect due sovereign entities.” *FMC*, 535 U.S. at 769. In addition, State sovereign immunity protects the citizens of each State who ultimately bear the cost of litigation against State property. State research institutions like UT drive innovation and develop new technologies, patent those innovations, and contract with private entities to fully develop the invention for the public’s benefit. Requiring States to defend their patents against a private petitioner infringes on that sovereignty and risks transferring untold sums from research into litigation—costs ultimately borne by taxpayers. This Court should take this case *en banc* and overrule the *University of Minnesota* decision.

### **BACKGROUND**

UT owns U.S. Patents Nos. 8,728,806 and 9,333,248 (collectively the “UT Patents”). Appx44-46; Appx112-114. Gensetix, Inc. (“Gensetix”) obtained an exclusive license to the UT Patents. *Gensetix, Inc. v. Baylor College of Medicine.*, No. 4:17-cv-01025 (S.D. Tex. Dec. 10, 2018), ECF No. 91 at 2. Gensetix filed suit in the United States District Court for the Southern District of Texas against Baylor

College of Medicine (“Baylor”) and others alleging infringement of the UT Patents. *Id.* at 3. The district court held that UT is entitled to sovereign immunity and dismissed that case. *Id.* at 8, 23. This Court affirmed the sovereign immunity holding and remanded to allow the suit to proceed without UT. *Gensetix, Inc.*, 966 F.3d at 1324-27.

In response to that suit, Baylor filed IPR petitions on April 18, 2018. Appx39; Appx106. Even though Gensetix initiated the district court suit, UT is the patent owner and is defending the patents against Baylor’s IPR petitions. UT moved to dismiss the petitions based on sovereign immunity. Appx284-329. While that motion was pending, this Court decided *University of Minnesota*, 926 F.3d at 1327, and the PTAB denied UT’s Motion to Dismiss the IPR the same day the Supreme Court denied certiorari. Appx1-6; 140 S. Ct. 908 (Jan 13, 2020). The only basis for the PTAB’s decision denying UT’s sovereign immunity was this Court’s opinion in *University of Minnesota*. Appx1-6.

This timely appeal followed. After UT filed its opening brief, the Director of the United States Patent and Trademark Office intervened in the appeal. *See Order*, Doc. 24 at 2 (Fed. Cir. June 12, 2020). The panel concluded it was bound by the *University of Minnesota* decision and affirmed in a non-precedential opinion. *Opinion*, Doc. 45 at 2 (Fed. Cir. Dec. 10, 2020).

## ARGUMENT

The *University of Minnesota* decision conflicts with Supreme Court precedent and impermissibly shifts the balance of power in favor of the Federal Government by requiring States to defend their property in a proceeding brought by a private petitioner. Further, State sovereign immunity is an exceptionally important constitutional issue that warrants consideration from the entire Court to overturn the *University of Minnesota* decision.

**I. The *University of Minnesota* panel misapplied Supreme Court precedent and as a result rendered the wrong decision.**

**A. The panel misapplied *Return Mail* and *FMC* by focusing on the purpose of IPR rather than its nature.**

The *University of Minnesota* panel’s conclusion that sovereign immunity does not apply in IPR is contrary to Supreme Court precedent. In *Return Mail*, the Supreme Court concluded that the Federal Government cannot “become a party to a full-blown adversarial proceeding before the Patent Office.” 139 S. Ct. at 1866. That opinion issued just four days before the *University of Minnesota* panel decision. The parties to the *University of Minnesota* case submitted letter briefing immediately following the *Return Mail* decision, but the parties were not able to fully address the interaction between *Return Mail* and the Supreme Court’s other IPR decisions. See Fed. R. App. P. 28(j). Because the *University of Minnesota* decision was wrong when it was decided and upsets settled precedent, this Court should consider the case *en*

*banc* to correct that decision. *See Wilson v. United States*, 917 F.2d 529, 536 & n.6 (Fed. Cir. 1990) (en banc).

Congress cannot subject States to private suits in federal courts, and it cannot “create court-like administrative tribunals where sovereign immunity does not apply.” *FMC*, 535 U.S. at 761. In *FMC*, the Supreme Court held that sovereign immunity applies to adjudicatory proceedings before an agency brought by a private party. *Id.* at 747. The Supreme Court agreed with the Fourth Circuit’s analysis that resolving the sovereign-immunity question required “[r]eviewing the ‘precise nature’ of the procedures employed by the [agency].” *Id.* at 751. Because the proceeding at issue “walk[ed], talk[ed], and squawk[ed] very much like a lawsuit,” the Supreme Court held that sovereign immunity barred complaints brought by private parties. *Id.* at 747, 757

The *University of Minnesota* decision focused on the purpose of IPR proceedings—not their nature—when it concluded that sovereign immunity does not apply in IPR. *Univ. of Minn.*, 926 F.3d at 1335, 1338. The Supreme Court has explained that although IPR and ex parte reexamination “share [a] common purpose,” they pursue that purpose “in meaningfully different ways.” *Return Mail*, 139 S. Ct. at 1865-66. In contrast, the *University of Minnesota* panel held that the similarities between IPR and civil litigation “do[] not disturb the basic purpose of the proceeding, namely to reexamine an earlier agency decision.” 926 F.3d at 1338

(citations omitted). Nowhere in the *FMC* opinion did the Supreme Court consider the purpose of the administrative proceeding germane to the analysis. By focusing on the wrong aspect of the proceedings, the panel reached the wrong result.

The Supreme Court has addressed the nature of IPR and this Court cannot “easily dismiss such statements as dicta” and is instead “bound to follow them.” *Ariad Pharm.*, 598 F.3d at 1347. The Supreme Court has described the nature of IPR as “adversarial, adjudicatory proceedings between the ‘person’ who petitioned for review and the patent owner.” *Return Mail*, 139 S. Ct. at 1866. No IPR proceeding can exist unless a private person—and not the Director or PTAB—files a petition. 35 U.S.C. § 311(a). Once the petition is filed, the patent owner has three months to file a response and may be subject to discovery. *Id.* § 313; 37 C.F.R. § 42.107(b); 37 C.F.R. § 42.51(a). The Director of the Patent and Trademark Office (“PTO”) then has a “binary choice” to either institute full review of all claims in the petition or deny review. 35 U.S.C. § 314(a)-(b); *SAS*, 138 S. Ct. at 1355-56. The Director has delegated to the PTAB the discretion to institute a “trial.” 37 C.F.R. § 42.4(a). Review is conducted by a three-member panel of the PTAB, an “adjudicatory body within the [PTO]” that consists of “panels of administrative patent judges.” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1371 (2018). The parties “may seek discovery, file affidavits and other written memoranda, and request an oral hearing.” *Return Mail*, 139 S. Ct. at 1860 (citations



omitted). As a result, the review “looks a good deal more like civil litigation” than its predecessors, or any other agency review of patents. *SAS*, 138 S. Ct. at 1353. Properly applying *FMC*, the Supreme Court’s decisions in *Return Mail* and *SAS* resolve the analysis in favor of UT’s sovereign immunity.

**B. IPR Proceedings are not enforcement actions brought by the United States to which State sovereign immunity does not apply.**

The *University of Minnesota* panel contravened Supreme Court precedent when it held that the PTAB’s decision to institute an IPR trial converts the petition into an enforcement action by the United States. *Univ. of Minn.*, 926 F.3d at 1338-39. The Supreme Court has recognized that “the petitioner’s contentions, not the [PTAB]’s discretion, define the scope of the litigation all the way from [its] institution through to conclusion.” *SAS*, 138 S. Ct. at 1357. The Supreme Court’s focus on the central role of the petitioner shows that the proceeding is not between the PTAB and the patent owner, but “between the ‘person’ who petitioned for review and the patent owner.” *Return Mail*, 139 S. Ct. at 1866.

The IPR statutes recognize that the petitioner is the one bringing the action, not the agency, because the PTAB can only institute a full trial if it finds a “reasonable likelihood that the *petitioner* would prevail.” 35 U.S.C. § 314(a) (emphasis added). If the PTAB chooses to institute a trial, the petitioner then controls the course and scope of the trial. The petitioner bears the burden of proof. 35 U.S.C. §§ 282, 316(e), 326(e). The PTAB can act only on the claims and evidence

presented by the private petitioner. *See In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1381 (Fed. Cir. 2016). IPR proceedings are unlike enforcement proceedings in which the United States is in “command of the process.” *See EEOC v. Bd. of Regents of the Univ. of Wis. Sys.*, 288 F.3d 296, 299-300 (7th Cir. 2002) (quoting *EEOC v. Waffle House, Inc.*, 534 U.S. 279, 291 (2002)). The PTAB’s “binary choice” to review the petitioner’s contentions does not convert the action into an enforcement action by the United States. *See SAS*, 138 S. Ct. at 1355-56.

Moreover, the Supreme Court in *FMC* rejected a similar argument that discretion could retroactively convert a proceeding brought by a private party into one brought by the United States. *FMC*, 535 U.S. at 764. As here, the proceedings at the Federal Maritime Commission began with a complaint filed by a private party. *Id.* After the Commission concluded its proceedings, either the Attorney General or the complaining party could bring an enforcement action in federal district court against the party accused of violating federal law. *Id.* at 762. The Supreme Court rejected an argument that the Attorney General’s decision to enforce the Commission’s award could “retroactively convert [a Commission] adjudication initiated and pursued by a private party into one initiated and pursued by the Federal Government.” *Id.* at 764. It was clear that the Commission’s role was that of an impartial adjudicator and it did not exercise political responsibility for its suits in the name of the United States. *Id.* (citation omitted). IPR proceedings fall squarely

within the Court’s analysis in *FMC*, and sovereign immunity applies to IPR proceedings.

**C. None of the panel’s other justifications support its sovereign immunity analysis.**

**1. *The public rights doctrine is inapplicable and protects different values from State sovereign immunity.***

That IPRs involve “public rights” does not change the nature of the proceeding used to vindicate those rights. *See Univ. of Minn.*, 926 F.3d at 1339-40 (citing *Oil States*, 138 S. Ct. at 1373). The *University of Minnesota* panel went too far when it “interpret[ed]” the Supreme Court’s holding in *Oil States* as a statement that IPRs are “a proceeding between the United States and the patent owner.” *Id.* at 1340. The determination in *Oil States* that patent rights are created by statute and can be adjudicated by an agency is not relevant to the constitutional dimension of the sovereign immunity analysis because it does not apply the *FMC* analysis to the nature of the procedures used to adjudicate those rights. *See Oil States*, 138 S. Ct. at 1373.

The public rights doctrine and sovereign immunity protect different values, and the Supreme Court’s decisions reflect those different values. The public rights doctrine examines the separation of powers among the branches of the Federal Government. *See Oil States*, 138 S. Ct. at 1373 (“Those [public rights] precedents have given Congress significant latitude to assign adjudication of public rights to

entities other than Article III courts.”). Sovereign immunity, on the other hand, embodies the balance between the States and the Federal Government that is designed to “reduce the risk of tyranny and abuse from either front.” *FMC*, 535 U.S. at 769 (quoting *Gregory v. Ashcroft*, 501 U.S. 452, 458 (1991)). And while Congress can constitutionally create adjudicative bodies under its Article I powers, it cannot abrogate State sovereign immunity under those powers. *See Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 635-36 (1999). The Fourth Circuit opinion affirmed in *FMC* expressly acknowledged that the public rights doctrine does not void sovereign immunity because private parties “simply cannot commence an adversarial proceeding against an unconsenting state.” *S.C. State Ports Auth. v. Fed. Mar. Comm’n*, 243 F.3d 165, 175 n.\* (4th Cir. 2001), *aff’d*, 535 U.S. 743 (2002). The *University of Minnesota* decision upsets both constitutional doctrines and the balance of power created by our Founders.

## **2. Congress cannot abrogate immunity for in rem proceedings.**

IPR proceedings are not *in rem*, and there is no blanket exception to sovereign immunity for such proceedings. The *University of Minnesota* panel presented additional views to justify its holding on alternative grounds that IPR proceedings are *in rem* proceedings not subject to sovereign immunity. 926 F.3d at 1342-46 (additional views of Dyk, Wallach, and Hughes, JJ.). The panel analogized to bankruptcy and admiralty proceedings to conclude that sovereign immunity does not

apply to *in rem* proceedings. *Id.* at 1343 (citing *California v. Deep Sea Research, Inc.*, 523 U.S. 491, 507 (1998); *Tenn. Student Assistance Corp v. Hood*, 541 U.S. 440, 453 (2004)).

The Supreme Court has expressly disclaimed any blanket statement that *in rem* jurisdiction never offends the dignity of the State. *Tenn. Student Assistance Corp*, 541 U.S. at 451 n.5 (“Nor do we hold that every exercise of a bankruptcy court’s *in rem* jurisdiction will not offend the sovereignty of the State.”). Rather than a blanket *in rem* exception, the Supreme Court’s decisions on *in rem* jurisdiction are best explained by the unique histories of the bankruptcy and admiralty realms in which those decisions emerged. This is neither a bankruptcy nor an admiralty case, and none of the Supreme Court’s decisions supports an *in rem* exception for IPR proceedings.

**II. State sovereign immunity is an exceptionally important issue that maintains the balance of our constitutional structure and infringing on that immunity jeopardizes innovation.**

**A. State sovereign immunity maintains the balance between the Federal Government and the States to protect fundamental liberties.**

“Dual sovereignty is a defining feature of our Nation’s constitutional blueprint.” *FMC*, 535 U.S. at 751 . Our Founders recognized that “[i]t is inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent.” *Id.* at 752 (emphasis omitted) (quoting *The Federalist* No. 81, at 487-88

(Alexander Hamilton) (Clinton Rossiter ed., 1961)). “Private suits against nonconsenting States . . . present ‘the indignity of subjecting a State to the coercive process of judicial tribunals at the instance of private parties,’ regardless of the forum.” *Alden v. Maine*, 527 U.S. 706, 749 (1999) (quoting *In re Ayres*, 123 U.S. 443, 505 (1887)).

The Supreme Court expressed how this constitutional structure is protected: “[b]y guarding against encroachments by the Federal Government on fundamental aspects of state sovereignty, such as sovereign immunity, we strive to maintain the balance of power embodied in our Constitution.” *FMC*, 535 U.S. at 769 (quoting *Gregory*, 501 U.S. at 458). Courts must be careful to maintain that balance in administrative proceedings because “[t]he affront to a State’s dignity does not lessen when an adjudication takes place in an administrative tribunal.” *Id.* at 760. The balance of State and Federal power is important because our system of dual sovereignty is designed to “ensure the protection of our fundamental liberties” by limiting the power of all levels of government. *Id.* at 769 (citations omitted). Maintaining the balance of our constitutional scheme is an important issue, regardless of the context.

Further, the *University of Minnesota* decision effectively abrogated State sovereign immunity even though Congress has not expressed a clear intention to do so. Unlike the Patent Remedy Act, which contained a clear statement expressing

Congress's intent to abrogate sovereign immunity, Congress did not mention States in the IPR statutes. *Compare Fla. Prepaid*, 527 U.S. at 635 (discussing the Patent Remedy Act), *with* 35 U.S.C. §§ 311-319. That Congress lacks the authority to abrogate State sovereign immunity under the Intellectual Property Clause of the Constitution supports the conclusion that Congress did not intend to subject States to private IPR proceedings. *See Allen v. Cooper*, 140 S. Ct. 994, 1003 (2020). If Congress finds that State sovereign immunity unduly interferes with individual rights in the patent context, it may resort to the Fourteenth Amendment to abrogate immunity. *See id.* at 1003-04; U.S. CONST. amend. XIV, § 5. But Congress has not done so, and this Court should respect that choice by overturning *University of Minnesota*.

**B. State sovereign immunity in IPR has real consequences for innovation and taxpayers.**

The issue of sovereign immunity remains exceptionally important in IPR. If the *University of Minnesota* decision stands, uncertainty and increased expenses could lead to a reduction in private investment and innovation. “Our nation’s primary source of both new knowledge and graduates with advanced skills continues to be its research universities.” National Research Council, Committee on Research Universities, *Research Universities and the Future of America* 1 (2012), <https://www.nap.edu/read/13396/chapter/2>. Congress has encouraged university patent protections because “the ability to obtain a reliable patent license for

commercial development is needed to justify private sector investments.” 156 Cong. Rec. H7410 (Nov. 15, 2010). “Academic technology transfer adds billions of dollars to the U.S. economy[,] . . . contributes to the spawning of new businesses, creating new industries . . . [and] has led to new products and services that improve quality of life.” Frequently Asked Questions, Association of University Technology Managers, <https://www.autm.net/autm-info/about-tech-transfer/faq/> (last visited Jan. 10, 2021).

Sovereign immunity also “serves the important function of shielding state treasuries.” *FMC*, 535 U.S. at 765. Forcing State universities to defend their patents in IPR proceedings initiated by private petitioners will require State universities to divert hundreds of thousands of dollars from research to litigation. *See* Gene Quinn, *Post Grant Patent Challenges Concern Universities, Pharma*, IPWatchdog (Apr. 1, 2015), <https://www.ipwatchdog.com/2015/04/01/post-grant-patent-challenges-concern-universities-pharma/id=56351/> (asserting the cost of defending an IPR is \$300,000 at the “absolute minimum”). This Court can and should consider this case *en banc* to correct the *University of Minnesota* panel’s error that ultimately affects State taxpayers.

States and their universities use their patents for the public good, and judges should defer to legislative and executive judgments about the values of State-owned patents. The *University of Minnesota* panel determined that State-owned patents are



not “public property of a state used and employed for public and governmental purposes.” 926 F.3d at 1344 (citation omitted). The Texas Legislature, however, has determined that technology transfer “is essential to the continued economic growth and diversification” of the State, and Texas voters amended the State’s constitution to allow for such technology transfer. *See* Tex. Educ. Code § 153.002. Texas lawmakers know that “[i]ntellectual property and the revenue generated by the resulting patents can work as an economic engine for Texas.” House Comm. on Higher Educ., *Interim Report to the 83rd Texas Legislature* at 29 (Jan. 2013), <https://lrl.texas.gov/scanned/interim/82/ed84hh.pdf>. UT uses its intellectual property “to serve the public good, promote partnerships with the private sector, encourage innovation, promote the engagement of faculty, staff, and students in research, and foster economic development.” The University of Texas System, Rules and Regulations of the Board of Regents, Rule 90101, <https://www.utsystem.edu/sites/default/files/offices/board-of-regents/rules-regulations/90101.pdf>. Further, public research institutions like UT use their patents to defray the costs of public research and higher education that might otherwise be borne by the State’s treasury—and ultimately the people of the State. *See, e.g.*, The University of Texas System, *Technology Transfer Dashboard*, <https://data.utsystem.edu/data-index/tech-transfer> (last visited Jan 10, 2021) (showing \$141 million in technology-transfer revenue for the 2019 fiscal year).

Courts should defer to the State’s judgment that its patents are used for a public, governmental purpose. In the Fifth Amendment context, the Supreme Court has expressed its “longstanding policy of deference to legislative judgments” of public purpose. *Kelo v. City of New London*, 545 U.S. 469, 480 (2005). Yet the *University of Minnesota* panel concluded that State-owned patents are not “‘public property of a state used and employed for public and governmental purposes’ that would implicate sovereign immunity.” 926 F.3d at 1344 (citation omitted). This conclusion further upsets the balance of our constitutional structure by allowing federal judges to second-guess State legislators, officers, and voters. In the patent context as well, courts should defer to the rational determination that State-owned patents are used for the public good. Accordingly, whether private petitioners can summon States to defend their patents in IPR is an important issue worthy of consideration by this Court *en banc*.

### **CONCLUSION**

UT respectfully requests the Court grant its petition for rehearing *en banc*.

Dated: January 11, 2021

Respectfully submitted,

/s/ Peter E. Mims

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## OPINION

NOTE: This disposition is nonprecedential.

**United States Court of Appeals  
for the Federal Circuit**

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**BOARD OF REGENTS OF THE UNIVERSITY OF  
TEXAS SYSTEM,**  
*Appellant*

**v.**

**BAYLOR COLLEGE OF MEDICINE,**  
*Appellee*

**ANDREI IANCU, UNDER SECRETARY OF  
COMMERCE FOR INTELLECTUAL PROPERTY  
AND DIRECTOR OF THE UNITED STATES  
PATENT AND TRADEMARK OFFICE,**  
*Intervenor*

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2020-1469, 2020-1470

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Appeals from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in Nos. IPR2018-  
00948, IPR2018-00949.

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Decided: December 10, 2020

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Before PROST, *Chief Judge*, LOURIE and STOLL, *Circuit Judges*.

PER CURIAM.

Baylor College of Medicine filed petitions seeking inter partes review (“IPR”) of two patents owned by the Board of Regents of the University of Texas System (“UT”). Arguing that state sovereign immunity applies in IPR proceedings, UT filed motions to dismiss the petitions. The Patent Trial and Appeal Board (“Board”), relying on *Regents of the University of Minnesota v. LSI Corp.*, 926 F.3d 1327 (Fed. Cir. 2019), *cert. denied*, 140 S. Ct. 908 (2020), denied UT’s motions. UT appealed. We have jurisdiction under 28 U.S.C. § 1295(a)(4)(A). *See Univ. of Minn.*, 926 F.3d at 1331 n.2.

As UT recognizes, we held in *University of Minnesota* that “sovereign immunity does not apply to IPR proceedings when the patent owner is a state.” Appellant’s Br. 9 (citing *Univ. of Minn.*, 926 F.3d at 1342). UT contends, however, that “the *University of Minnesota* panel applied the wrong standards and reached the wrong conclusion when it held” that state sovereign immunity does not apply to IPR proceedings. *Id.* But, as UT also recognizes, “[t]his panel is bound by the *University of Minnesota* decision.” Reply Br. 1. Accordingly, we affirm the Board.

**AFFIRMED**

## **CERTIFICATE OF COMPLIANCE**

I hereby certify that:

1. This petition complies with the type-volume limitations of Federal Rule of Appellate Procedure 35(b)(2)(A) and Federal Circuit Rule 35(e)(1)(I) because it contains 3,899 words, as determined by the word-count function of Microsoft Word, excluding the parts of the petition exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b)(2).

2. This brief complies with the type-face requirements and type-style requirements of Federal Rules of Appellate Procedure 32(a)(5) and 32(a)(6) and Federal Circuit Rule 32 because it has been prepared in a proportionally spaced typeface using Microsoft Word in Times New Roman 14-point font.

/s/ *Peter E. Mims*

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