UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BAYLOR COLLEGE OF MEDICINE,
Petitioner

v.

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM, Patent Owner, and GENSETIX, INC.
Exclusive Licensee

Case No. IPR2018-00949
Patent No. 9,333,248

PATENT OWNER'S NOTICE OF APPEAL

Notice is hereby given that The Board of Regents of the University of Texas System ("UT"), in the above-named proceeding, hereby petitions and appeals to the United States Court of Appeals for the Federal Circuit (the "Federal Circuit") for review of the January 13, 2020 decision of the Patent Trial and Appeal Board (the "Board") denying UT's motion to dismiss an *inter partes* review ("IPR") petition on sovereign immunity grounds. *Baylor College of Medicine v. The Board of Regents of the University of Texas System*, IPR2018-00949, Paper No. 12.[1]

The Board's decision is appealable under 28 U.S.C. § 1295(a)(4)(A), 35 U.S.C. 141, and 37 C.F.R. 90.2, pursuant to the collateral order doctrine. The Board granted a stay in the proceedings pending appellate review, "because Petitioner [did] not oppose the Motion, and because a stay here has no impact on any other proceeding, either at the Board or in district courts." IPR2018-00949, Paper No. 15 at 3. UT outlines below the basis for appellate jurisdiction and review.

The Board denied UT's motion to dismiss, citing *Regents of the University of Minnesota v. LSI Corp*, 926 F.3d 1327 (Fed. Cir. 2019), *cert. denied*, 2020 WL 129563 (Jan. 13, 2020). *See* IPR2018-00949, Paper No. 12 at 2. Appeal under the collateral order doctrine is the only way to preserve the value of UT's sovereign immunity, namely, to be free from burdensome litigation.

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[1] This case is related to IPR2018-00948 (Patent 8,728,806 B2). The Board entered its order in both cases as a single document filed in both cases.

A fundamental point is that IPRs are adversarial proceedings initiated by a third party "person" – and not the Patent Office – and are similar to litigation. *Id.*; *see also Return Mail, Inc. v. U.S. Postal Serv.*, 139 S.Ct. 1853, 1866 (2019) (IPRs are "adversarial, adjudicatory proceedings between the 'person' who petitioned for review and the patent owner" and described as "a full-blown adversarial proceeding before the Patent Office"). The Federal Circuit's conclusion in *Minnesota* that "IPR is more like an agency enforcement action than a civil suit by a private party" *Minnesota*, at 1338, conflicts with the foregoing Supreme Court precedent on the effect of sovereign immunity and in particular the holding in *Federal Maritime Commission* that State sovereign immunity barred the court-like administrative tribunal from adjudicating the matter. *Fed. Mar. Com'n v. S.C. State Ports Auth.*, 535 U.S. 743, 744 (2002).

IPRs are not the kind of federal agency enforcement action to which the States have surrendered their immunity under the Constitution. "[B]ecause of the presumption that the Constitution was not intended to 'rais[e] up' any proceedings against the States that were 'anomalous and unheard of when the Constitution was adopted,'" *FMC*, 535 U.S. 743, 744 (2002) (*citing Hans v. Louisiana,* 134 U.S. 1, 18, 10 S.Ct. 504, 508), a court "must determine whether [the relevant] adjudications are the type of proceedings from which the Framers would have thought the States possessed immunity when they agreed to enter the Union." *Id*. Applying the *Hans*

presumption to IPRs, State sovereign immunity should apply to IPRs. In light of these Constitutional interests of the State sovereign UT, UT seeks appellate review.

A. Sovereign Immunity Protects UT from Being Forced to Participate in These IPR Proceedings.

It is undisputed that UT is an arm of the State of Texas. As the Supreme Court observed, "[t]he Eleventh Amendment does not exist solely in order to prevent federal-court judgments that must be paid out of a State's treasury," but it also "serves to avoid the indignity of subjecting a State to the coercive process of judicial tribunals at the instance of private parties." *Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 58 (1996) (internal quotations omitted).

UT is immune not only from a decision on the merits in these proceedings, but from being subjected to the process of having to defend itself on the merits. *Rhode Island Dept. of Envtl. Mgmt. v. United States*, 304 F.3d 31, 43 (1st Cir. 2002) ("[T]he state's sovereign rights encompass more than a mere defense from liability—they include an immunity from being haled before a tribunal by private parties...."); *see also P.R. Aqueduct & Sewer Auth. v. Metcalf & Eddy, Inc.*, 506 U.S. 139, 145-47 (1993) ("The very object and purpose of the 11th Amendment were to prevent the indignity of subjecting a State to the *coercive process* of judicial tribunals at the instance of private parties.").[2]

[2] Emphasis added and internal citations omitted, unless otherwise noted.

It should be noted that in the litigation that led to this IPR, UT did not bring the patent infringement action, but was joined as an involuntary plaintiff by UT's exclusive licensee, Gensetix, Inc. ("Gensetix"). *See Gensetix, Inc. v. Baylor College of* Medicine, 354 F. Supp. 3d 759 (S.D. Tex. 2018), *appeal docketed*, No. 19-1424 (argued Feb 4. 2020). At the district court, UT moved to dismiss based on sovereign immunity and Petitioner moved to dismiss based on lack of standing for Gensetix if UT were not joined. In response, the district court dismissed the patent infringement action, holding that UT could not be coercively joined under Rule 19(a) because of its sovereign immunity, that Gensetix did not have standing, and that the patent infringement action could not be pursued by Gensetix in the absence of UT. The district court decision is on appeal to the Federal Circuit and was argued on February 4, 2020.

The Constitutional interests of the State sovereign UT, the similarity of IPR's and litigation, the undisputed evidence that UT did not waive its sovereign immunity, and that UT neither initiated nor agreed to participate in the action that spawned the IPR all support UT's position that sovereign immunity protects UT and that the Board erred in denying UT's motion to dismiss.

Board decisions must be set aside if they are "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." 5 U.S.C. § 706.

Accordingly, UT is appealing the Board's decision because sovereign immunity protects UT from being forced to participate in these proceedings.

B. UT Is Entitled to Immediate Judicial Review.

The value of UT's immunity from the process of these proceedings will be irrevocably lost if these IPRs proceed and the courts ultimately disagree with the Board's ruling that sovereign immunity does not apply in IPRs. *P.R. Aqueduct*, 506 U.S. at 145. Thus, under the collateral order doctrine, courts, including the Supreme Court and Federal Circuit, authorize immediate appellate review of a denial of a motion to dismiss on sovereign immunity grounds. *Id*. at 147 ("We hold that States, and state entities that claim to be 'arms of the State,' may take advantage of the collateral order doctrine to appeal a district court order denying a claim of Eleventh Amendment immunity."); *Baum Research and Development, Inc. v. Univ. of Mass.*, 503 F.3d at 1367, 1369-70 (Fed. Cir. 2007) ("The issue of Eleventh Amendment immunity is subject to collateral appellate review.").

The collateral order doctrine applies to appeals from agency decisions, including decisions of the Board. *Regents of the Univ. of Minn. v. LSI Corp*, 926 F.3d 1327 (Fed. Cir. 2019); *see also Chehazeh v. Att'y Gen. of U.S.*, 666 F.3d 118, 136 (3d Cir. 2012). The Federal Circuit has jurisdiction to hear UT's immediate appeal under § 1295(a)(4)(A) and the collateral order doctrine. The Supreme Court has held that the collateral order doctrine provides appellate jurisdiction to hear an

immediate appeal of a decision denying an immunity defense under 28 U.S.C. § 1291, which limits jurisdiction to appeals from a "final decision," because "unless it can be reviewed before [the proceedings terminate], it can never be reviewed at all." *Mitchell v. Forsyth*, 472 U.S. 522, 525 (1985). The Federal Circuit has held it had appellate jurisdiction to consider an immediate appeal of the denial of the state's motion to dismiss on sovereign immunity grounds pursuant to the collateral order doctrine and 28 U.S.C. § 1295(a)(1). *Univ. of Utah v. Max-Planck-Gesellschaft zur Forderung der Wissenschaften e.V*, 734 F.3d 1315, 1319 (Fed. Cir. 2013).

The Board has also concluded that the collateral order doctrine applies to sovereign immunity claims in IPR proceedings. In its *University of Minnesota* order granting a State sovereign's motion to stay the proceeding pending appeal, the Board agreed that "[t]he collateral order doctrine, therefore, authorizes immediate appeal of an order denying a claim of Eleventh Amendment immunity." *LSI Corporation v. Regents of the University of Minnesota*, IPR2017-01068, Paper No. 21 at 2, *rev'd on other grounds*, 926 F.3d at 1331. Similarly, in this proceeding, the Board granted UT's motion to stay, noting UT's intention under the collateral order doctrine to seek judicial review of the Board's order denying UT's sovereign immunity motion to dismiss. IPR2018-00949, Paper No. 15 at 2.

That the Board's decision is not a "Final Written Decision" post-trial does not change the result. The Supreme Court has held that the collateral order doctrine

provides appellate jurisdiction to hear an immediate appeal of a decision denying an immunity defense under 28 U.S.C. § 1291, which limits jurisdiction to appeals from a "final decision," because the denial is a final decision on the immunity issue given that immunity rights would be lost if not reviewed before trial proceeds. *Mitchell*, 472 U.S. at 524-25. Similarly, in *University of Utah*, the Federal Circuit found that it had appellate jurisdiction to consider an immediate appeal of the denial of the state's motion to dismiss on sovereign immunity grounds pursuant to the collateral order doctrine and 28 U.S.C. §1295(a)(1), a statutory provision that explicitly limits jurisdiction to "a *final decision* of a district court." 734 F.3d at 1319; *see also Univ. of Minn.*, 926 F.3d at 1331; *Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals, Inc.*, 896 F.3d 1322, 1325 (Fed. Cir. 2018), *cert. denied*, 139 S.Ct. 1547 (Apr. 15, 2019). Thus, immediate appellate review of a denial of a sovereign immunity defense under the collateral order doctrine is authorized under §1295(a)(4)(A).

For these reasons, UT hereby notices its appeal of the Board's denial of UT's motion to dismiss based on UT's sovereign immunity in IPR2018-00949, Paper No. 12.

Dated: February 12, 2020

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 12th day of February, 2020, a true and correct copy of the foregoing **NOTICE OF APPEAL** is being served via electronic mail as agreed by the parties on the following attorneys of record:

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and that a true and correct copy of the foregoing **NOTICE OF APPEAL** is being served via Federal Express on the following counsel representing Gensetix, Inc. in the Related Matter identified in Petitioner's Petition for *Inter Partes* Review of U.S. Patent No. 9,333,248:

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I further certify that in addition to being filed electronically through the Patent Trial and Appeal Board's Patent Review Processing System (PRPS), the foregoing **NOTICE OF APPEAL** was sent via Federal Express on this 12th day of February, 2020, to the Director of the United States Patent and Trademark Office, at the following address:

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I further certify that on this 12th day of February, 2020, an electronic copy of the foregoing **NOTICE OF APPEAL**, along with the required docketing fee, was submitted electronically with the United States Court of Appeals for the Federal Circuit, and one paper copy of the **NOTICE OF APPEAL** was sent via Federal Express to the following address:

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