

**Statement of Christopher A. Mohr
Vice President for Intellectual Property and General
Counsel**

**Software and Information Industry Association
Before the House Committee on the Judiciary on a
Hearing Concerning Intellectual Property and
Sovereign Immunity**

November 7, 2017

I. Introduction: Sovereign Immunity Disrupts the Intellectual Property System

Chairman Goodlatte, Ranking Member Conyers, and members of the Committee, on behalf of the Software and Information Industry Association (SIIA) and its members, thank you for this opportunity to share our views on this important issue. SIIA is the principal trade association of the software and information industries and represents over 700 companies that develop and market software and digital content for business, education, consumers, the Internet, and entertainment. SIIA's members range from start-up firms to some of the largest and most recognizable corporations in the world, and one of SIIA's primary missions is to protect their intellectual property and advocate a legal and regulatory environment that benefits the software and digital content industries. SIIA member companies are market leaders in many areas, including but by no means limited to:

- software publishing, graphics, and photo editing tools;
- corporate database and data processing software;
- financial trading and investing services, news, and commodities exchanges;
- online legal information and legal research tools and;
- newsletter, journal and educational publishing.

Our members depend on a sound, uniform intellectual property system. As the Committee knows, Congress created that system based on Article I, Section 8, clause 8 of the Constitution, which permits (but does not require) Congress to establish national intellectual property rights. The Founders included that provision for two reasons: first, to unleash innovation by creating capitalistic incentives to invent and create; and second, to create those incentives in a uniform fashion—in the words of the Federalist papers, “The states cannot make effectual provisions for either of the cases [patent or copyright]”.¹ In other words, the Founders (as well as the Congress) envisioned a free-market system where everyone operated within the same, uniform set of rules.²

¹ The Federalist No. 43 (Madison).

² E.g., 17 U.S.C. § 106; 504; 35 U.S.C. § 271.

For these reasons, SIIA has long viewed assertions of sovereign immunity as out-of-place in a modern intellectual property system, and we commend the Committee for both its past actions on and its continuing interest in this subject. The doctrine prohibits governments from being sued without their consent. And that immunity is necessary when those governments are involved in their core governmental functions. That immunity, however, is out of place when the state participates in a national marketplace in the same way as any other participant. For example, as the Committee is well-aware, states are active participants in the intellectual property marketplace, engaging in sports broadcasting, merchandising, and a variety of research and licensing activities. In SIIA's view, when they commercially exploit those federally-created rights, the law should require them to play by the same sets of rules as any other commercial participant.

Without getting into too much detail, for decades that is exactly what happened, and what the courts and Congress assumed.³ In the mid-1980s, however, in *Atascadero State Hospital v. Scanlon*, the Supreme Court held in order for a state to be sued in federal court, the Eleventh Amendment required that Congress pass a statute abrogating their sovereign immunity in clear and unequivocal language.⁴ The Court then extended the “clear statement” rule to abrogation of tribal immunity. When *Atascadero* was decided, however, neither the copyright, patent or trademark statutes contained language expressly addressing state activity. In 1990, and then in 1992, Congress acted to clarify its intent, adding language to

³ See, e.g., *Mills Music, Inc. v. State of Ariz.*, 591 F.2d 1278, 1285–86 (9th Cir. 1979) (finding that state sovereign immunity limited by the nature of the patent and copyright clause); *Lemelson v. Ampex Corp.*, 372 F. Supp. 708, 712 (N.D. Ill. 1974) (finding that states may be held liable for patent infringement on general supremacy grounds and through a theory of implied waiver); see also *Parden v. Terminal R. of Ala. Docks Dept.*, 377 U.S. 184 (1964) (states may waive immunity through participation in federal statutory scheme), *overruled by* *Coll. Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666 (1999). See also generally S. Rep. No. 102-280, at 2-6 (1992) (recounting history).

⁴ *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 241 (1985).

the copyright, trademark, and patent statutes treating the states the same as everyone else—no worse, no better.⁵

After Congress amended the relevant federal intellectual property statutes in the early 1990s, the Supreme Court changed the landscape yet again. In *Seminole Tribe of Florida v. Florida*,⁶ the Court overruled prior precedent⁷ and held that Congress can only abrogate state sovereign immunity when exercising its remedial power under section 5 of the Fourteenth Amendment. After *Seminole Tribe*, states again began asserting claims of immunity against intellectual property infringement. In *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Savings Bank*,⁸ the Supreme Court held that the Patent Remedy Clarification Act represented an unconstitutional impingement on state sovereign immunity because the legislative record did not reveal sufficient evidence of unconstitutional state action.⁹

From 1986 until the early 2000s, even when Congress considered proposals to address the new constitutional rules created by the Supreme Court's intellectual property sovereign immunity decisions, Congress only considered state immunity, not tribal.¹⁰ To be clear, those proposals certainly did not have to be so limited: Congress can abrogate tribal immunity using clear statutory language: the federalism concerns that create special rules for the states do not limit

⁵ *E.g.*, The Copyright Remedy Clarification Act, Pub. L. 101-553 (1990); The Patent Remedy Clarification Act, Pub. L. No. 102-560 (1992); The Trademark Remedy Clarification Act, Pub. L. No. 102-542 (1992).

⁶ *Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 72 (1996).

⁷ *E.g.*, *Pennsylvania v. Union Gas Co.*, 491 U.S. 1 (1989) (holding that Congress could make states liable for violations of federal law under Article I of the Constitution).

⁸ 527 U.S. 627 (1999).

⁹ *See id.* at 644-45 (stating that state infringement of a patent, while interfering with the right to exclude others, is not in and of itself a constitutional violation). A panel of the Fifth Circuit reached a similar conclusion with respect to the Copyright Act. *See Chavez v. Arte Publico Press*, 204 F.3d 601, 603 (5th Cir. 2000).

¹⁰ S. 1611 (2001); H.R. 3204 (2001).

Congress's power to abrogate tribal immunity.¹¹ But there was no record of tribal infringement at that time.

Nonetheless, the use of immunity considered both by Congress and the courts in these circumstances was entirely defensive, and limited in the sense that it prevented non-consenting states and tribes from being sued for damages in federal court. To the extent a defendant engaged in ongoing violations of federal copyright, patent or trademark law, a suit for prospective declaratory and injunctive relief can be brought against an individual state or tribal official.¹²

SIIA's members have long been concerned about the inequity of states playing by two sets of rules. On the one hand, states are able to exploit the full range of remedies as an owner of intellectual property, as one state recently did against Apple to the tune of hundreds of millions of dollars.¹³ That same state, however, may be immune from damages when it infringes the intellectual property of others, whether patent, copyright or trademark.¹⁴

Today, however, we find ourselves facing a new attempted use of sovereign immunity: not one that enables the conduct of core government functions or when the state is seeking to shield its treasury from liability for a state action, but one that is rented out to private parties so that their patents escape review under America Invents Act's inter partes review procedures (IPR). In the recent Allergan litigation, that is what a private party tried to do, and

¹¹ See *Michigan v. Bay Mills Indian Community*, 134 S. Ct. 2024, 2037 (2014) (“[I]t is fundamentally Congress’s job ... to determine whether or how to limit tribal immunity. The special brand of immunity the tribes retain—both its nature and its extent—rests in the hands of Congress.”).

¹² *Santa Clara Pueblo v. Martinez*, 436 U.S. 49, 59 (1978); *Ex parte Young*, 209 U.S. 123 (1908).

¹³ Don Reisinger, *Fortune*, *Apple Ordered to Pay More than \$500 Million in Latest Patent Spat* (July 26, 2017), available at <http://fortune.com/2017/07/26/apple-wisconsin-patent-lawsuit/>.

¹⁴ *E.g.*, *Chavez v. Arte Publico Press*, 204 F.3d 601, 604 (Fifth Cir. 2000) (holding copyright statute unconstitutional and upholding Eleventh Amendment immunity).

apparently with good reason: after years of litigation, a district court ended up invalidating their patent in Restasis.¹⁵

It is exactly that prolonged litigation that this Committee intended the inter partes provisions to address. Its presence has benefitted a wide array of industries, which is why associations like SIIA and the Internet Association joined with realtors and automobile manufacturers to urge the Supreme Court to affirm the constitutionality of that procedure in the *Oil States* litigation.¹⁶ Invalidation of bad patents through IPR removes bars to innovation, and allowing artificial arrangements like the one created in the Allergan litigation to prosper will disrupt that system and destroy those benefits. The invalidation of the Restasis patent notwithstanding, there are already reports of non-practicing entities using similar immunity-for-hire arrangements in a lawsuit against technology companies.¹⁷ Whether done by a state or a tribal entity, that result should not stand.

In the balance of this testimony, I hope to accomplish a few different goals. First, I wish to discuss the ways in which the IPR system has benefitted innovation, which is the result that this Committee intended when it passed. Second, I will lay out the facts of the Allergan case, and explain why that arrangement poses a threat to inter partes review. Third, I will discuss some ways that the courts could address these problems, and that it might not be necessary for Congress to Act. Finally, in the event that the courts do not resolve this issue properly, I will briefly mention a few of the tools available to Congress to act.

¹⁵ Allergan v. Teva Pharmaceuticals, Case No. 2:15-cv-1455-WCB, Doc. 523, at 35 [hereinafter *Allergan v. Teva*, Doc. 523].

¹⁶ Oil States Energy Services, LLC v. Greene (No. 16-712), Brief of Internet Association, SIIA *et al.* in Support of Respondent, available at <http://www.siiia.net/Portals/0/pdf/Policy/SIIA%20IA%20CCIA%20SAS%20Amicus%20Brief%20in%20Oil%20States%20Energy%20v%20Greene's%20Energy.pdf?ver=2017-10-30-153259-790>.

¹⁷ Arron Mak, A Native American Tribe Has Sued Amazon and Microsoft for Patent Infringement, Slate (Oct. 22, 2017), *available at* <http://www.businessinsider.com/a-native-american-tribe-has-sued-amazon-and-microsoft-for-patent-infringement-2017-10>.

II. Assertions of Sovereign Immunity Could Open the Floodgates to a Resurgence in Patent Troll Litigation

A. The Balanced Approach of Inter Partes Review Has Benefitted the Public by Weeding Out Bad Patents

In this Committee's words, the America Invents Act was designed "to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."¹⁸ The creation of an inter partes review (IPR) proceeding was a centerpiece of that reform effort.¹⁹

Briefly, the AIA increased the PTO's ability to correct erroneous patent grants in two different situations: post-grant review and inter partes review. The post-grant review process permits a member of the public to petition the Director to re-examine a patent on almost any ground that bears on patent validity.²⁰ After that nine months, that requested review must be limited to claims of obviousness or lack of novelty,²¹ as established by "prior art consisting of patents or printed publications."²² The petition must include all relevant prior art, as well as all of the legal arguments supporting invalidation.²³ The Director of the PTO may institute a proceeding, but only if a

¹⁸ H. Rep. No. 112-98 (part D), at 40 (2011).

¹⁹ *See id.* at 39 ("The decisions reflect a growing sense that questionable patents are too easily obtained and are too difficult to challenge. Recent decisions by the Federal Circuit reflect a similar trend in response to these concerns. But the courts are constrained in their decisions by the text of the statutes at issue. It is time for Congress to act.") (internal footnote omitted); 35 U.S.C. § 321(c), 311.

²⁰ *See* 35 U.S.C. 321(b).

²¹ 35 U.S.C. § 311(b). Review in that initial nine-month window may be sought on broader grounds. *See* 35 U.S.C. § 321.

²² 35 U.S.C. 311(a)(b).

²³ *See* 35 C.F.R. 42.22 (b) (requiring the petition to contain a statement of the relief requested as well as the reasons for granting that relief, including a "detailed explanation of the evidence including material facts, governing law, rules and precedent").

“reasonable likelihood” exists that at least some of the patent’s claims will be invalidated.²⁴

For this reason, the inter partes procedures are designed to encourage meritorious challenges. Although not as expensive as years of trench warfare in federal court, they are not cheap—the average cost of bringing a proceeding has been estimated as the low-to-mid six figures.²⁵ These proceedings balance administrative efficiency and the need for certainty against the strong federal policy that unpatentable inventions belong in the public domain.

IPR, as implemented by the PTO, is working as intended by Congress to improve patent quality to the benefit of the economy, innovation, and the integrity of the patent system, and it is doing so with greater efficiency than district court challenges. As the data shows, IPR is a crucial tool in addressing wasteful litigation involving invalid patents that otherwise erodes public confidence in the system. At the same time, its impact is limited to a relative handful of patents, and the PTAB has demonstrated repeatedly that it rejects spurious challenges of invalid claims.

There are 2.8 million patents currently in force.²⁶ IPR challenges a small fraction of those active patents—as of April this year, less than 2/10ths of one percent.²⁷ Patents challenged in AIA proceedings

²⁴ 35 U.S.C. § 314(a). By regulation, the Patent Trial and Appeals Board conducts review of the petitions and makes the decision to institute. 37 C.F.R. 42.4(a).

²⁵ Rational Patents, Blog, IPR: Effectiveness vs. Cost (June 17, 2016), available at <https://www.rpxcorp.com/2016/06/17/iprs-balancing-effectiveness-vs-cost/>.

²⁶ Ryan Davis, PTAB’s Reach Isn’t As Broad As Many Think, Chief Says, Law360 - The Newswire for Business Lawyers (2017), available at https://www.law360.com/ip/articles/922820/ptab-s-reach-isn-t-as-broad-as-many-think-chief-says?nl_pk=0badba9e-19d3-4bde-885c-6c2682aa9a37&utm_source=newsletter&utm_medium=email&utm_campaign=ip

²⁷ “[A]lthough AIA trials attract an outsize degree of attention, only about 4,000 patents have been challenged to date in the proceedings, a tiny percentage of the 2.8 million patents that are currently in force.” Ryan Davis, PTAB’s Reach Isn’t As Broad As Many Think, Chief Says, Law360 - The Newswire for Business Lawyers (2017), available at https://www.law360.com/ip/articles/922820/ptab-s-reach-isn-t-as-broad-as-many-think-chief-says?nl_pk=0badba9e-19d3-4bde-885c-6c2682aa9a37&utm_source=newsletter&utm_medium=email&utm_campaign=ip

represent only about 17% of all patents in active litigations, leaving a significant portion of litigation unaffected by any PTAB challenge.²⁸ The Board has instituted on only about 47% of challenged claims and invalidated only 24%.²⁹

It is significant that patentees win before the PTAB on validity issues more often than they do in federal court. As of March 31, 2017, the Board has rendered decisions on the merits of petitions in 2894 cases. Of those, it denied institution on the merits in 1317 cases (45%) and rendered a final written decision on the merits in 1577 cases. In only 1029 cases, or 35.5% of the time, did the Board find that all challenged claims were unpatentable.³⁰ When those PTAB decisions were appealed, the Federal Circuit fully affirmed 78% of those decisions.³¹ In contrast, patentees lose on validity in federal court 42% of the time.³² Far from indicating that IPRs make it too easy to invalidate patents, the statistics indicate the need for careful scrutiny of the underlying quality problems in asserted patents that give rise to successful invalidity challenges.

[6c2682aa9a37&utm_source=newsletter&utm_medium=email&utm_campaign=ip](https://www.statista.com/statistics/256738/number-of-patents-in-force-in-the-us/); Statista, Number of Patents in Force in the United States from 2004 to 2015, Statista (2016), available at <https://www.statista.com/statistics/256738/number-of-patents-in-force-in-the-us/>; USPTO, Patent Trial and Appeal Board Statistics, 3/31/2017, available at https://www.uspto.gov/sites/default/files/documents/AIA%20Statistics_March_2017.pdf.

²⁸ RPX Data Update: Patent Litigation Volatility Persists as Strategies Shift, (Jan. 3, 2017), available at <https://www.rpxcorp.com/2017/01/03/rpx-data-update-patent-litigation-volatility-persists-as-strategies-shift/>.

²⁹ USPTO, Patent Trial and Appeal Board Statistics, 3/31/2017, available at https://www.uspto.gov/sites/default/files/documents/AIA%20Statistics_March_2017.pdf (showing 70060 claims challenged in IPR, 32777 claims instituted and 16688 claims invalidated).

³⁰ *Id.*

³¹ David C. Seastrunk et al, Federal Circuit PTAB Appeal Statistics – April 1, 2017, AIABlog (April 17, 2017), available at <http://www.aiablog.com/cafc-appeals/federal-circuit-ptab-appeal-statistics-april-1-2017/>.

³² John R. Allison et al, *Our Divided Patent System*, 82 U. of Chicago L.R. 1100, 1073-1154 (2015) (an evaluation of all court decisions made between 2009 and 2013 on patent cases filed in 2008 and 2009).

The large majority of AIA petitions filed involve electrical, computer, business method and mechanical technology--81% so far in fiscal year 2017. These are also the technologies most likely to be the subject of non-practicing entity (NPE) litigation. NPEs were the respondents in approximately 65% of 2016 petitions.³³ On the other hand, only 11% of AIA petitions involve bio and pharmaceutical patents. These petitions are instituted less frequently than other technology areas, and when the Board does reach a final written decision, it finds biotech and pharma claims valid more often than it finds those claims invalid. In fact, the PTAB upholds biotech and pharma claims two and half times more often than it upholds electrical and computer claims and almost four times more often than it upholds mechanical and business method claims.³⁴

In short, the IPR system is working well towards achieving Congress's goals of incentivizing innovation, improving patent quality, and decreasing frivolous litigation. Those goals are gravely imperiled using sovereign immunity as a sword-for-hire, and it is not at all clear that the courts will countenance that kind of abuse. Before getting into those reasons, it is important to understand what Allergan did, and how it is so dangerous to the success of the IPR system.

B. Inappropriate Assertions of Sovereign Immunity Could Cause an Explosion of the Patent Troll Problem

The courts have already recognized the threat that misuse of sovereign immunity poses to the viability of the IPR system. In April 2015, Allergan, the patent owner of the drug Restasis, sued three different pharmaceutical industry defendants for infringement.³⁵ Between mid-2016 and early 2017, each of the three defendants filed

³³ Unified Patents, 2016 Annual Patent Dispute Report, (Jan. 1, 2017), available at <https://www.unifiedpatents.com/news/2016/12/28/2016-annual-patent-dispute-report>.

³⁴ For instituted biotech/pharma claims, PTAB found 36% unpatentable and 39% patentable. For instituted electrical/computer claims it found 55% unpatentable and 14% patentable. For instituted mechanical/business method claims it found 47% unpatentable and 10% patentable. USPTO, Patent Trial and Appeal Board Statistics, 3/31/2017, available at https://www.uspto.gov/sites/default/files/documents/AIA%20Statistics_March_2017.pdf.

³⁵ Allergan Inc. v. Teva Pharmaceuticals, Inc., 2:15-cv-1455-WCB (E.D. Tex. 2015).

petitions for inter partes review of the Restasis patent.³⁶ Finding that there were reasonable grounds to believe that the patent may be invalid, in March 2017 the PTAB granted the petition, instituted a proceeding, and consolidated the three different petitions.³⁷ Six months after institution of the IPR proceeding, Allergan assigned its patent to the Saint Regis Mohawk Tribe who then asserted sovereign immunity in the IPR proceeding.³⁸

The Tribe did not pay for the assignment. Instead, in consideration for the patent, it promised to assert sovereign immunity in any IPR proceeding lodged against it.³⁹ In exchange for that promise, it received ownership of the patent, a royalty of \$3.75 million per year,⁴⁰ the right to practice the patent for educational, research, and non-commercial purposes, and the first crack at infringers not within Allergan's exclusive field of use.⁴¹ Allergan received the right to practice the patent for all FDA-approved uses in the United States, and the first right to sue those infringing in that field of use.⁴²

Last week, a in the Eastern District of Texas, no less—invalidated Allergan's patent in the drug Restasis, finding it was obvious.⁴³ In a separate order entered the same day that joined the tribe as a party under Rule 25 of the Federal Rule of Civil Procedure,⁴⁴ Judge Bryson,

³⁶ See *Mylan Pharmaceuticals v. Allergan*, Allergan Motion to Dismiss, at 7, IPR 2016-01127 (Filed Sept. 22, 2017) [hereinafter "Allergan IPR Motion to Dismiss"]. See also generally *Allergan Inc. v. Teva*, No. 2:15-cv-1455-WCB (E.D. Tex.), Findings of Fact and Conclusions of Law, Doc. No. 523, at 2, 8-9 (describing dry-eye and role of Restasis) (Oct. 16, 2017).

³⁷ *Allergan* IPR Motion to Dismiss, *supra* note 37, at 7.

³⁸ *Id.* at 9.

³⁹ *Allergan v. Teva*, Memorandum Opinion and Order, Doc. 522, at 3.

⁴⁰ *Allergan* IPR Motion to Dismiss, *supra* note 37, at 18; *Allergan v. Teva*, Memorandum Opinion and Order, Doc. 522, at 7.

⁴¹ *Allergan* IPR Motion to Dismiss, *supra* note 37, at 7.

⁴² *Id.* at 8.

⁴³ *Allergan v. Teva*, Findings of Fact and Conclusions of Law, Doc. 523, at 135.

⁴⁴ Federal Rule of Civil Procedure 25 permits courts to join a party on motion if an interest at issue in the litigation has been transferred—in this case, patent ownership. Fed. R. Civ. Pro. 25(c).

sitting by designation from the Federal Circuit, saw the tremendous threat that this kind of arrangement posed to the patent system:

The essence of the matter is this: Allergan purports to have sold the patents to the tribe, but in reality it has paid the Tribe to allow Allergan to purchase—or perhaps more precisely, to rent—the Tribe’s sovereign immunity in order to defeat the pending IPR proceedings in the PTO... If that ploy succeeds, any patentee facing IRO proceedings would presumably be able to employ the same artifice. In short, Allergan’s tactic, if successful, could spell the end of the PTO’s IPR program, which was a central component of the America Invents Act of 2011.⁴⁵

Although it expressed serious concerns about the legality of the arrangement, the District Court did not ultimately rule on the validity of the assignment. Instead, it granted the Tribe’s motion to join the case and then invalidated the Restasis patent.⁴⁶

What began in the pharmaceutical industry will spread to other areas of technology. SIIA is not alone in that concern: a spokesperson for Eli Lilly told the Financial Times that it was “not supportive of the sovereign immunity argument presented in the Allergan case.”⁴⁷ In the wake of Allergan, a non-practicing entity has already transferred

⁴⁵ *Allergan v. Teva*, Memorandum Opinion and Order, Document 522, at 4.

⁴⁶ *Id.* at 135.

⁴⁷ David Crow, Pharma Industry Faces Hypocrisy Charge Over Patents Financial Times (Nov. 1, 2017) (““You have to make sure that you’re rewarding for innovation, not rewarding for other things — not rewarding for taking a 40-year-old drug price up 5,000 per cent,” said Dr. Leiden [CEO of [Vertex](#)], referring to the now infamous case of Martin Shkreli. “And not rewarding for prolonging a patent by selling it to an Indian tribe. That stuff shouldn’t be allowed.”), available at <https://www.ft.com/content/ad85104e-bd86-11e7-b8a3-38a6e068f464> (paywall);

its patents to a tribe and is suing Apple.⁴⁸ Another Tribe has sued Microsoft and Amazon.⁴⁹

Our members have absolutely no doubt that Judge Bryson's admonition is correct, and we would suggest that the risk is not limited to Native American Tribes renting out their immunity as a source of funding: states could easily do so as well. It is not entirely far-fetched to envision a state entity arguing that its newly formed corporation should be allowed to use immunity-for-hire, as the Tribe did in *Allergan*, for the worthwhile goals of education, economic development, health care, or any number of legitimate purposes.⁵⁰

These suggestions confuse otherwise worthwhile ends with a destructive means used to achieve them. This Committee worked hard to design the AIA to restore confidence in the presumption of validity that patents receive, and to remove the barriers to innovation that poor-quality patents cause.⁵¹ It is entirely possible for this Committee to support economic development and education, and disapprove of this tactic.

⁴⁸ Joe Mullin, Apple is Being Sued for Patent Infringement by a Native American Tribe, *Ars Technica* (Sept. 27, 2017), available at <https://arstechnica.com/tech-policy/2017/09/apple-is-being-sued-for-patent-infringement-by-a-native-american-tribe/>.

⁴⁹ Jan Wolfe, Native American Tribe Holding Patents Sues Amazon and Microsoft, *Reuters* (Oct. 18, 2017), available at <https://www.reuters.com/article/us-usa-patents-nativeamerican/native-american-tribe-holding-patents-sues-amazon-and-microsoft-idUSKBN1CN2G1>.

⁵⁰ Susan Decker, Tribal Lawyer Shops Patent-Shielding Idea to State Universities, *Bloomberg Media* (Oct. 19, 2017), available at <https://biglawbusiness.com/tribal-lawyer-shops-patent-shielding-idea-to-state-universities/>.

⁵¹ Transcript, House Committee on the Judiciary, Markup of HR 1249, The America Invents Act (April 14, 2011) at 10 available at https://www.uspto.gov/sites/default/files/aia_implementation/20110414-house_judiciary_mark-up_transcript.pdf (“It is impossible for any one group to get everything they want. This bill represents a fair compromise, in my judgment, and creates a better patent system than exists today for inventors and innovative industries.”) (Chairman Smith).

III. The Courts Have Tools Available to Solve the Immunity-for-Hire Problem

Given the ease with which entities could replicate the kind of arrangement in *Allergan*, Congress may need to enact legislation to prevent this abuse of sovereign immunity. That time, however, is not quite upon us. There are several reasons to believe that the courts can and will resolve this issue properly in the context of IPR.

A. Decisions to Review the Institution of Inter Partes Proceedings are Reviewable if Appeal is Made on Grounds Unrelated to PTO's Essential Mission.

Section 314(d) of title 35, as added by the America Invents Act, provides that the decision whether to institute an IPR proceeding is “final and nonappealable.” In *Cuozzo Speed Technologies LLC v. Lee*,⁵² the Supreme Court unanimously rejected claims that the Board improperly instituted a proceeding against certain claims that the Board ultimately invalidated.⁵³ Writing for all nine members of the Court, Justice Breyer found that “where a patent holder grounds its claim in a statute closely related to that decision to institute inter partes review, § 314(d) bars judicial review.”⁵⁴ The Court took great pains to “emphasize that our interpretation applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of the statutes related to the Patent Office’s decision to initiate inter partes review.”⁵⁵ The Court left open “the precise effect of § 314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond “this section.””⁵⁶

⁵² 136 S. Ct. 2131 (2014).

⁵³ 136 S. Ct. at 2139, 2142. Five justices also upheld the “broadest reasonable interpretation” standard for claim construction as a reasonable regulation due to a statutory ambiguity. *Id.* at 2144.

⁵⁴ *Id.* at 2142.

⁵⁵ *Id.* at 2141.

⁵⁶ *Id.* See also *id.* at 2142 (noting that APA provides right to charge certain types of agency actions that are contrary to constitutional right) (citing 5 U.S.C. 706(2)(A)-(D)).

Cuozzo's bar is therefore not absolute, and it presents two potential avenues for judicial review. The first is direct appeal from a denial of a petition on immunity grounds. The questions raised by the assignment of patent rights to immune entities implicates questions of both federalism and the federal government's relationship with the Tribes. Resolution of such issues lies well outside of PTO's core competencies, and is precisely the kind of question that *Cuozzo* left reviewable in future decisions. The second avenue occurs if the petition is granted—an objecting entity looking to assert immunity can receive appellate review of the petition if the patent is declared invalid (or even if it is affirmed) once a final written opinion is issued.⁵⁷

B. Narrow Grounds Exist to Prevent Widespread Use of Immunity-for-Hire

1. Immunity-for-Hire Agreements Should Be Void as a Matter of Public Policy.

As mentioned above, the District Court in *Allergan* invalidated the Restasis patent. In addition, it correctly questioned the enforceability of an agreement like that which Allergan pursued in this case.⁵⁸

First, as the District Court noted, the common law has long held certain kinds of contracts unenforceable as a matter of public policy.⁵⁹ SIIA agrees with Judge Bryson that “sovereign immunity should not be treated as a monetizable commodity that can be purchased by private entities as part of a scheme to evade their legal responsibilities.”⁶⁰ It is worth noting that at the trial court, Allergan “was conspicuously silent about the broader consequences of the course it has chosen, but it does not suggest that there is anything unusual about its situation that would make Allergan’s tactic “a

⁵⁷ 35 U.S.C. 319.

⁵⁸ See *Allergan v. Teva*, Memorandum Opinion and Order, Doc. 522, at 6 (“The concern of the courts in both of those examples is the same: whether the party invoking a particular legal protection has engaged in a bona fide transaction of the sort for which that legal protection was intended. ... In this case, as indicated, the Court has serious doubts that the transaction ... is the kind of transaction to which the Tribe’s sovereign immunity was meant to extend.”).

⁵⁹ *Id.* at 5 (citing Restatement of Contracts, 2d §§ 178-79).

⁶⁰ *Allergan v. Teva*, Memorandum Opinion and Order, Doc. 522, at 5.

restricted railroad ticket, good for this day and train only.”⁶¹ The agreement’s terms can be easily replicated, and represent a threat to the inter partes system. Its affirmance would “frustrate the purpose of the [inter partes proceedings] as providing quick and cost effective alternatives to litigation.”⁶² Judge Bryson correctly recognized that the notion of renting immunity to private businesses is not a use by the tribe of its immunity to defend its autonomy, but a “sham transaction.” That concern would exist with respect to any use of immunity-for-hire.

SIIA notes that the patent law places its own limits on contracts in cases where a contract provision or state law frustrates fundamental policies of the patent law, especially when it comes to patent validity. In *Lear v. Adkins*, the Supreme Court invalidated a contract term that required a patent licensee to pay royalties while validity is being challenged in the courts.⁶³ In deciding to hold that provision invalid, the Court instructed that the “decisive question is whether overriding federal policies would be significantly frustrated if licensees could be required to continue to pay royalties during the time they are challenging patent validity in the courts.”⁶⁴ The Supreme Court has taken a “pragmatic approach” to the interplay between state and federal laws, recognizing that a practice that puts at risk Congress’s interest in a uniform patent system standards states (and this would be equally true for the Tribes) from creating systems that pose “a substantial threat to the patent system's ability to accomplish its mission of promoting progress in the useful arts.”⁶⁵ by exempting certain activities from “the rigorous requirements of patentability prescribed by Congress.”⁶⁶

It is arguably well within the judicial power to invalidate this kind of an agreement, and that approach has the benefit of not requiring a reviewing court to wade into the deeper waters of sovereign

⁶¹ *Id.*

⁶² H. Rep. No. 112-98, at 48 (2011).

⁶³ 395 U.S. 653, 672 (1969).

⁶⁴ *Id.* at 673.

⁶⁵ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 161 (1989).

⁶⁶ *Id.*

immunity's limits. Whether such an agreement is entered by a state or tribal entity, neither counteracts the overwhelming federal interest in uniformity of the patent system and in preventing ideas from receiving undeserved patent protection.⁶⁷ We believe that a court may well endorse that view and void the agreement.

2. The Tribes Are Not Necessary and Indispensable Parties to IPR Proceedings

A second narrow ground on which the courts might resolve this issue is a finding that the Tribes are not indispensable parties to IPR proceedings. Rule 19 of the Federal Rules of Civil Procedures requires a party to be joined if their presence is essential to protect their interest in the case. If the party cannot be joined, the case can be permitted to proceed in but only in "equity and good conscience," and only after considering four factors: (1) prejudice to the non-joined party if judgment is rendered against them; (2) the extent to which prejudice to them can be ameliorated by shaping the relief; (3) the adequacy of the judgment in the person's absence; and (4) whether the plaintiff would have an adequate remedy if the person was not joined.⁶⁸ The rule distinguishes between what parties are "necessary" to a suit, and those which are indispensable. The Federal Circuit has permitted suits to proceed without the patent owner if these four criteria are satisfied.

More specifically, in a case involving an inventorship dispute between the University of Utah and the University of Massachusetts, the Federal Circuit found that a patent owner is not an indispensable party to litigation similar to an IPR dispute.⁶⁹ In that instance, the University of Utah sought an order directing the Patent and Trademark Office to correct its inventorship records and list the University the sole or co-inventor of a patent relating to the use of RNA to suppress certain genes.⁷⁰ UMass had licensed that patent to a

⁶⁷ *Cf.* *Univ. of Utah v. Max-Planck-Gesellschaft Zur Forderung Der Wissenschaften E.V.*, 734 F.3d 1315, 1324 (Fed. Cir. 2013) (But State ownership of patent rights is not akin to State ownership of water rights, natural resources, or other property issues that "implicate serious and important concerns of federalism" and rise to the level of core sovereign interests.) (internal citation omitted).

⁶⁸ *See* Fed. R. Civ. Pro. 19(b).

⁶⁹ *Univ. of Utah*, 734 F.3d at 1318.

⁷⁰ *Id.* at 1318.

number of different entities. Although the assignees had been joined, U Mass asserted sovereign immunity and then moved to dismiss the case for failure to join an indispensable party.

The Federal Circuit rejected U Mass's arguments, noting that the assignees stood to lose quite a bit if Utah prevailed on inventorship, and that common interests dominated litigation of the inventorship question.⁷¹ Importantly, the Court noted that an order directing the PTO to invalidate the patents would provide the plaintiff all the relief it needed, in the same way that a finding of invalidity would.⁷²

It is true that the Federal Circuit has held that if a patent owner has not ceded all or substantially all rights to the licensee, the patent owner(s) must be joined.⁷³ But the use of immunity-for-hire, as the District Court in *Allergan* noted, does not fit that mold. In the *Allergan* fact pattern, the patent owner researched and developed the underlying drug, and kept the most valuable commercial rights (indeed, the only economic ones that really mattered) for itself. In addition, the interests of the Tribe and Allergan are closely aligned: both have the same interest in seeing the validity of the patent upheld. And, unlike the prior cases which dismissed litigation because other district courts were available,⁷⁴ there is only one IPR tribunal—which is exactly the point.

The indispensable party doctrine does not neatly fit the IPR paradigm, as IPR looks a lot like a reexamination. The patent owner's presence is not required—the proceeding can continue even after the parties settle, and IPR proceedings can take place in circumstances when Article III's case or controversy requirement cannot be met.⁷⁵ There is therefore no reason for the PTAB, or a reviewing Court, to require the lessor of sovereign immunity to be present.

⁷¹ *Id.* at 1327.

⁷² *Id.* at 1328.

⁷³ *A123 Systems, Inc. v. Hydro-Quebec*, 626 F.3d 1213, 1217 (Fed. Cir. 2010).

⁷⁴ *Cf. id.* at 1222 (noting that litigation had ensued in the University of Texas's home forum).

⁷⁵ *See* 35 U.S.C. 316(a) (permitting petition by any person “not an owner” of the patent); 37 C.F.R. 42.74(a) (Board is not a party to the settlement and may continue the action).

C. Relief May Be Available Against Individual Tribal or State Officers

More broadly, it remains an open question as to whether IPR proceedings warrant sovereign immunity at all. It is true that the existence of a procedure in an administrative forum rather than in an Article III court does not affect the availability of sovereign immunity. In *Fed. Mar. Comm'n v. S.C. State Ports Auth.*, 535 U.S. 743 (2002), the Supreme Court held that the Eleventh Amendment protected the states from administrative litigation before the Federal Maritime Commission. There, a private party sued South Carolina for unlawfully refusing to allow its boats to dock in Charleston, and sought reparations from the State from that violation.⁷⁶ The combination of the nature of the suit, which called the state to answer for violations of federal law without its consent, and the similarity of the procedures to those available in federal court caused the Court to find sovereign immunity available.⁷⁷

1. Inter Partes Proceedings Contain Important Differences from Those That the Supreme Court Has Previously Held to Trigger Immunity

The Federal Circuit has not yet ruled on the applicability of Eleventh Amendment immunity in IPR. However, a pre-AIA case, *Vas-Cath, Inc. v. Curators of Univ. of Missouri*, found both that individual state officers cannot be joined to a patent interference under the doctrine of *Ex parte Young*, and that the Eleventh Amendment immunized states from patent interference proceedings.⁷⁸ Applying *Federal Maritime Commission* and *Vas Cath*, however, two panels of the PTAB in *Neochord v. University of Maryland*, and *Covidien LP v. University of Florida Research Foundation Inc.*,⁷⁹ has found that state sovereign immunity applies to the inter partes

⁷⁶ *Federal Maritime Comm'n*, 535 U.S. at 748.

⁷⁷ *See id.* at 756-79.

⁷⁸ *Vas-Cath, Inc. v. Curators of Univ. of Missouri*, 473 F.3d 1376, 1384-85 (Fed. Cir. 2007).

⁷⁹ Case Nos. IPR 2016-01274; -01275, and -01276 (PTAB January 25, 2017).

procedure.⁸⁰ In so doing, it rejected the Supreme Court's characterization of IPR as agency re-examination in *Cuozzo*.⁸¹

For a variety of reasons, it is not at all certain that the results in the PTAB are correct. For example, if the Supreme Court decides the *Oil States* case in the way that the United States and SIIA have argued, it will likely state that that the IPR proceeding is akin to an agency reexamination of a decision to grant a public franchise, and not a declaration of private rights.⁸² Were that to occur, the availability of sovereign immunity would mean that the constitution permits the federal government (on its own or at the behest of a third party) to reexamine its own decision to issue a patent to a state or a Tribe, but could not permit the patent owner to have an opportunity to be heard when it did so.⁸³

The Court has described the patent grant as a public franchise.⁸⁴ During inter partes review, the PTO's ultimate decision is whether it made a mistake in granting that franchise: either affirming its prior decision to grant a patent, or to revoke it. Any member of the public, including one that has not been threatened with suit and hence would have no standing to enter federal court, may file a petition with the

⁸⁰ *Neochord, Inc. v. University of Maryland*, IPR2016-00208 (May 23, 2017) Doc. 28 at 1.

⁸¹ *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (noting that the IPR purpose is different from litigation and serves to protect the public's interest in having patents kept within their legitimate scope).

⁸² *See SIIA Amicus Brief*, supra note 17 at 3-4; *Oil States Energy Serv., Inc. v. Greene's Energy Group* (No. 16-712); Brief of the Federal Respondent at 10-15, 36 (“[I]nter partes review is not a mechanism for imposing legal liability, or for determining the respective rights of adverse litigants vis-a-vis each other. It is instead a procedure by which the USPTO reconsiders its own prior determination that a putative inventor has satisfied the statutory prerequisites for obtaining a patent monopoly against the world.”), available at <http://www.scotusblog.com/wp-content/uploads/2017/10/16-712-bs-federal-respondent.pdf>.

⁸³ *Cf. FMC*, 535 U.S. at 768 (noting that “The FMC, for example, remains free to investigate alleged violations of the Shipping Act, either upon its own initiative or upon information supplied by a private party, and to institute its own administrative proceeding against a state-run port.”) (internal citation omitted).

⁸⁴ *Seymour v. Osborne*, 78 U.S. 516, 533 (1870); *see also Bloomer v. McQuewan*, 55 U.S. 539, 549 (1853).

PTO. The federal agency is not enforcing (or defending) anyone’s private rights, which is the essence of the “indignity” thrust on a non-consenting sovereign. Instead, the procedure “helps protect the public’s ‘paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.’”⁸⁵ No governmental defendant—whether state or tribal—faces the prospect of being ordered to pay damages from the state fisc. Furthermore, if states have “no core sovereign interest in inventorship,”⁸⁶ it would similarly stand to reason that they had no core sovereign interest in patent validity.⁸⁷ In both form and substance, this is quite different from a proceeding in which the state is compelled to appear before a tribunal and answer for an alleged violation of federal law.

In contrast, the PTAB cases (as well as *Vas Cath*) focus heavily on the procedural similarities between interferences, IPR and federal litigation, and not the nature of the underlying proceeding. (None of these cases involved a state renting its immunity to a private party to avoid IPR review.) If, on the other hand, IPR is sufficiently similar to federal litigation to invoke sovereign immunity (and *Vas-Chem* notwithstanding), there is still a chance that IPR suits can be brought against individual state and tribal officials under the doctrine of *Ex parte Young*.⁸⁸

2. If Sovereign Immunity Applies to IPR Proceedings, *Ex parte Young* Could Provide a Means to Address the Problem.

Assuming *arguendo* that IPR is sufficiently like litigation to warrant application of immunity doctrines, that does not bar consideration of a patent’s validity. The doctrine of *Ex Parte Young* permits suits to be brought against state officials for declaratory and injunctive relief in their official capacities.⁸⁹ The Supreme Court has

⁸⁵ *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016).

⁸⁶ *Univ. of Utah*, 734 F.3d at 1323.

⁸⁷ *But see Vas-Cath, Inc. v. Curators of Univ. of Missouri*, 473 F.3d 1376, 1384–85 (Fed. Cir. 2007) (naming of individual defendants in interference does not invoke *Ex Parte Young*).

⁸⁸ 209 U.S. 123 (1908). *See also Michigan v. Bay Mills Indian Cmty.*, 134 S. Ct. 2024, 2035 (2014) (describing *Ex parte Young* analog).

⁸⁹ *See generally* Rotunda and Nowak, 1 Treatise on Const. L. § 2.12(b)(xii) (describing the doctrine).

extended that same doctrine to the Tribes: prospective relief can be sought by suing Tribal officials.⁹⁰

In *Vas Cath*, a private company lost an interference with a state university, and appealed that agency decision to the District of Columbia, naming both the state university and its curators. The University, which had initiated and engaged in an interference procedure for six years in front of the PTO, claimed sovereign immunity from the appeal-as-of-right.⁹¹ Finding that the University had waived its immunity by participating in the interference, the Federal Circuit reversed the trial court's dismissal of the case.⁹² With respect to the state officers, however, the Court dismissed them, citing only the *Ex parte Young* decision and reasoning that they should be dismissed from the case because no violation of a law had been alleged and the individuals were simply a substitute for the state.⁹³ That is, of course, the exact point of the *Ex parte Young* doctrine, which the Supreme Court has repeatedly called "an expedient "fiction" necessary to ensure the supremacy of federal law."⁹⁴

There are exceptions to *Ex Parte Young*, but good arguments exist that they should not apply.⁹⁵ First, the Federal government has a long-standing and strong interest both in the uniformity of the patent law, and ensuring that patent protection does not extend to inventions that do not warrant it. Second, the relief is prospective: the plaintiff is seeking a declaration that the patent was granted in violation of statutory requirements is not enforceable, and to prevent its prospective enforcement.

⁹⁰ *E.g.*, *Ex Parte Young*, 209 U.S. 123 (1908); *Santa Clara Pueblo v. Martinez*, 436 U.S. 49, 51-52 (1978).

⁹¹ *See Vas Cath*, 473 F.3d at 1379-80.

⁹² *See*

⁹³ *See id.* at 1484-85.

⁹⁴ *Central Virginia Community College v. Katz*, 546 U.S. 356, 378 n.14 (2006) (citing *Pennhurst State School and Hospital v. Halderman*, 465 U.S. 89, 114, n. 25 (1984); and *Idaho v. Coeur d'Alene Tribe of Idaho*, 521 U.S. 261, 281 (1997)).

⁹⁵ *Cf.* Note, A Constitutional Door Ajar: Applying the Ex Parte Young Doctrine to Declaratory Judgment Actions Seeking State Patent Invalidation, 2010 U. Ill. L. Rev.265, 290 (2010) (explaining the "submerged lands" exception to Ex Parte Young and why it does not apply to patent validity).

D. Tribal Immunity Should Not Enable Frustration of the Patent Scheme.

The nature of tribal immunity differs from state sovereign immunity in several respects, and those differences could affect the immunity's interplay with the federal intellectual property system. Tribal immunity is not constitutional in nature; it developed from a series of judicial decisions and exists at the pleasure of Congress.⁹⁶ In the 1998 *Kiowa Tribe of Oklahoma v. Manufacturing Technologies* decision, a 6-3 majority of the Supreme Court permitted the Kiowa Tribe to claim immunity from a breach of contract claim that involved conduct off of tribal lands.⁹⁷ Writing for six members of the Court, Justice Kennedy deferred to Congress, noting that it had expressly abrogated immunity in some instances, and preserved it in others.⁹⁸ Three years ago, in a 5-4 decision, the Supreme Court extended the doctrine further. In *Michigan v. Bay Mills Indian Community*, the Court upheld the immunity of an Indian tribe that bought land from a Congressional trust and opened a casino in Michigan off its reservation.⁹⁹ Once again, the Court deferred to Congress, who could regulate the Tribe's relationships with surrounding States and, after *Kiowa*, chose not to do so.¹⁰⁰

Those cases involve different issues than those presented by immunity-for-hire, and there are other issues that the Tribe's conduct raises. In *Kiowa*, the Court preserved tribal immunity against a state-court breach of contract suit because the Tribes were not part of the constitutional convention, and therefore did not surrender any of their sovereignty to the States.¹⁰¹ As the Court explained, the tribes were "not parties to the mutuality of ... concession that makes the States' surrender of immunity from suit by sister States plausible So tribal immunity is a matter of *federal* law and is not subject to

⁹⁶ See *Kiowa*, 523 U.S. at 755-57.

⁹⁷ *Kiowa Tribe of Oklahoma v. Mfg. Techs., Inc.*, 523 U.S. 751, 753-54 (1998).

⁹⁸ See *id.* at 758-59 (discussing instances where Congress has both explicitly limited and preserved tribal immunity).

⁹⁹ See

¹⁰⁰ *Bay Mills*, 134 S.Ct. at 2032.

¹⁰¹ *Kiowa*, 523 U.S. at 756.

diminution by the States.”¹⁰² Since Congress had not spoken directly to the issue, the Court deferred to Congressional silence and upheld the immunity. Similarly, applying *Kiowa*, in *Bay Mills*, the Court upheld tribal immunity vis a vis Michigan’s right to prevent gambling on what it viewed as state land because Congress had set the bounds of *state-tribal* relationships in the Indian Gaming Regulatory Act.¹⁰³ Thus, the Court would not impinge on the tribe’s immunity as to States without Congressional direction. Those cases involved a clash between the state’s rights and tribal immunity—an area in which the court’s decisions instruct that the Tribes have retained their immunity.

Immunity-for-hire, however, presents a different problem: it allows any private party to escape their *federal* obligations simply by transferring ownership rights to an immune Tribe. The tribe is not the real party in interest: the patent’s assignor is.¹⁰⁴ The result is direct interference with an area of unquestioned federal interest in supremacy, and frustration of the patent statute’s goals. *Kiowa* and *Bay Mills*, though broad, must have limiting principles and strong arguments would exist to draw them in this kind of case: either by decision, or by statute.

IV. If the Courts Do Not Resolve This Issue Properly, Then Congress Will Have to Act.

A. Immunity Can Be Abrogated by A Clear Federal Statute.

The above discussion illustrates just a few of the issues that the courts have to resolve and likely will resolve, one way or the other. Congress has several tools available to it to prevent the use of immunity-for-hire.

First, whether dealing with state or Tribal immunity, Congress must express its intent in clear language. For purposes of Tribal

¹⁰² *Id.* at 756 (emphasis added; internal citation and quotation omitted).

¹⁰³ *See Bay Mills*, 134 S. Ct. at 2032-33.

¹⁰⁴ *Cf. Lewis v. Clarke*, 137 S. Ct. 1285, 1290, 197 L. Ed. 2d 631 (2017) (“Our cases establish that, in the context of lawsuits against state and federal employees or entities, courts should look to whether the sovereign is the real party in interest to determine whether sovereign immunity bars the suit.”).

immunity, effecting Congressional intent would take no more than a sentence stating that such entities are not immune from IPR.¹⁰⁵

States, however, present a different problem because of the Eleventh Amendment. For purposes of successfully abrogating state immunity, that abrogation must be supported by a record of constitutional violations.¹⁰⁶ SIIA expresses no opinion as to whether that record exists for patents, but we believe that a sufficient record exists for copyright.¹⁰⁷

Abrogation is not the sole tool available to Congress, however. In the same way that Congress may condition the acceptance of federal funds, the Committee might explore prohibiting the enforcement of patents that are held by entities immune from IPR review. The effect of such a rule would be to force the assignment of the patent rights to entities that are not immune—the opposite of the fact pattern in *Allergan*. Alternatively, it could explore amendment of Rule 19 of the Federal Rules of Civil Procedure to clarify the circumstances under which patent owners are not indispensable parties to an IPR proceeding. Or even more broadly, it might condition the recovery of damages in patent suits on the waiver of sovereign immunity, thereby putting non-waiving states and private parties on equal footing.

V. Conclusion

SIIA has long believed that concept of sovereign immunity does not belong in when states are operating in the exact same way as private entities. We applaud the Committee for its examination of this important issue, and look forward to working with it as it continues its deliberations. Thank you again for the opportunity to share our views.

¹⁰⁵ *E.g.*, S. 1948 (2017).

¹⁰⁶ *See Florida Prepaid*, 527 U.S. at 639-45; *City of Boerne v. Flores*, 521 U.S. 507, 530 (1997) (section 5 remedy must be congruent and proportional).

¹⁰⁷ *See Florida Prepaid*, 527 U.S. at 658 n. 9 (Stevens, J., dissenting) (noting that a record of violation existed with respect to the copyright act); *Oracle v. Oregon* (Case Nos. 15-35950 and 15-35975) (9th Cir.), Brief of SIIA and BSA as amici curiae in Support of Appellant, available at <http://www.siiia.net/Portals/0/pdf/Policy/SIIA%20and%20BSA%20Amici%20Brief%20Oracle%20v.%20Oregon.pdf>.