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Paper 28
Entered: May 23, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NEOCHORD, INC.,
Petitioner,

v.

UNIVERSITY OF MARYLAND, BALTIMORE and
HARPOON MEDICAL, INC.,
Patent Owner.

Case IPR2016-00208
Patent 7,635,386 B1

Before SALLY C. MEDLEY, ERICA A. FRANKLIN, and
JAMES A. WORTH, *Administrative Patent Judges.*

WORTH, *Administrative Patent Judge*.

ORDER
Decision Granting Patent Owner's Motion to Dismiss and
Terminating *Inter Partes* Review
37 C.F.R. §§ 42.71(a) and 42.72

Patent Owner University of Maryland, Baltimore ("the University") moves to terminate the *inter partes* review proceeding, stating that it possesses Eleventh Amendment immunity. Petitioner NeoChord, Inc. ("NeoChord") opposes. For the reasons set forth below, we grant the University's Motion to Dismiss based on Eleventh Amendment immunity and terminate the *inter partes* review.

I. Procedural History

On November 18, 2015, NeoChord filed a Petition (Paper 2, "Pet.") requesting *inter partes* review of claims 1–23 of U.S. Patent No. 7,635,386 B1 (Ex. 1001, "the '386 patent"). The University did not file a Preliminary Response to the Petition but did file a mandatory notice pursuant to 37 C.F.R. § 42.8, representing that it is the Patent Owner and a real party-in-interest. Paper 5, 2. In the Mandatory Notice, the University explained that Harpoon Medical, Inc. ("Harpoon Medical") is the exclusive licensee of the '386 patent and is also a real party-in-interest. *Id.*[1]

On May 24, 2016, the Board instituted an *inter partes* review on certain of the asserted grounds of unpatentability and issued a Scheduling Order. Paper 6; Paper 7. On September 12, 2016, the University filed a Response to the Petition (Paper 11), and on November 28, 2016, NeoChord filed a Reply. Paper 12.

On January 31, 2017, oral argument was heard on the merits of the instituted grounds pursuant to the Scheduling Order for the proceeding. *See* Paper 27. The day prior to the hearing, the University contacted the Board

[1] Per their respective mandatory notices, the parties indicate that there is no other judicial or administrative matter that would affect, or be affected by, a decision in this proceeding. Pet. 2; Paper 5, 2.

seeking authorization to file a motion to dismiss based on sovereign immunity. Because of the lack of written briefing on this issue, the panel informed the parties that a separate conference call would be held for the University to seek written briefing, pursuant to the Board's requirements for prior authorization for motions. *See* 37 C.F.R. § 42.20(b). On February 7, 2017, a conference call was held between Judges Medley, Franklin, and Worth and counsel for NeoChord and the University. A transcript of the call has been placed in the record as Paper 21. On February 15, 2017, the Board issued an Order authorizing the subject motion and setting a schedule for briefing.

Pursuant to this schedule, on February 23, 2017, the University filed a Motion to Dismiss (Paper 24, "Mot."). On March 2, 2017, NeoChord filed an Opposition to Patent Owner's Motion to Dismiss (Paper 25, "Opp."). On March 9, 2017, the University filed a Reply to Petitioner's Opposition to Patent Owner's Motion to Dismiss (Paper 26, "Mot. Reply").

The University moves to terminate, stating that it possesses Eleventh Amendment immunity pursuant to Maryland State law. Mot. 2–4 (citing MD Code Ann., Educ. §§ 12-102(a)(2)–(a)(4), 12-104(i)(4); *Maryland Stadium Authority v. Ellerbe Becket Inc.*, 407 F.3d 255 (4th Cir. 2005)).[2] According to the University, it is entitled to assert sovereign immunity as a

[2] The University asserts that the only exception to its sovereign immunity under Maryland law is the Maryland Tort Claims Act (MD Code Ann., State Gov't § 12-104), which, according to the University, does not create an exception to sovereign immunity in this proceeding. Mot. 4. NeoChord does not make any arguments with respect to the exception provided by the Maryland Tort Claims Act.

defense because it is an "arm of the State of Maryland," and the '386 patent is "property of the State." Mot. 1.

NeoChord opposes on several grounds. In particular, NeoChord contends that a prior panel of the Board in *Covidien* erred in finding that sovereign immunity was available as a defense before the Board, that the University has waived immunity through its participation in this proceeding, that the University has waived immunity through its licensing activity, and that the Board may proceed without the University. Opp. 2–13 (citing *Covidien LP v. Univ. of Florida Research Foundation Inc.*, Case IPR2016-01274 (PTAB Jan. 25, 2017) (Paper 21)).[3]

II. Whether a State May Assert Eleventh Amendment Immunity in this *Inter Partes* Review Proceeding

The first issue that we address is whether a State's assertion of sovereign immunity under the Eleventh Amendment is a cognizable defense in this *inter partes* review proceeding. NeoChord argues that a prior panel of the Board in the *Covidien* case erred in concluding that Eleventh Amendment immunity was available as a defense. Opp. 10–12. NeoChord also argues that *Covidien* was decided based on a different procedural posture and is not binding precedent on this panel. Opp. 9 (citing *Chevron N. Am., Inc. v. Milwaukee Electric Tool Corp.*, IPR2015-00595, slip op. at 4 (Paper 35) (Nov. 13, 2015)). We agree with NeoChord that the *Covidien* decision is not binding in this case. Our examination of the availability of Eleventh Amendment immunity is set forth below.

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[3] NeoChord does not meaningfully contest the University's assertion that it is an "arm of the State of Maryland" (*see* Opp. 1), and we determine that the University has adduced sufficient evidence that it is an arm of the State (*see* Mot. 1–4).

a. Background Law on Agency Proceedings and Application to this *Inter Partes* Review Proceeding

In *Federal Maritime Comm'n v. South Carolina State Ports Authority*, 535 U.S. 743, 751, 757–59 (2002) (hereinafter, "*FMC*"), the Supreme Court affirmed a ruling from the U.S. Court of Appeals for the Fourth Circuit, which stated that the agency proceeding "walks, talks, and squawks" like a court proceeding for purposes of the Eleventh Amendment analysis. The Supreme Court analyzed the procedures of the Federal Maritime Commission, and found that they resembled the procedures of a district court, including discovery and application of the Federal Rules of Civil Procedure. *Id.*

In *Vas-Cath, Inc. v. Curators of University of Missouri*, 473 F.3d 1376, 1382 (Fed. Cir. 2007) (hereinafter, "*Vas-Cath*"), the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") applied *FMC*, explaining that agency proceedings may be treated like Court proceedings for Eleventh Amendment purposes, and indicated that interference proceedings before the Board of Patent Appeals and Interferences (our predecessor Board) were similar to district court proceedings in terms of discovery and procedure. *See Vas-Cath*, 473 F.3d at 1381. In *Vas-Cath*, the court ultimately found that the Curators of the University of Missouri had waived the Eleventh Amendment defense to an appeal from a district court review proceeding by affirmatively seeking the interference in the first instance. Nevertheless, we understand *Vas-Cath*'s explanation of *FMC* to provide guidance for the availability of the defense of sovereign immunity, i.e., when the State has not waived its defense by reason of litigation conduct. Indeed, the *Vas-Cath* court stated that:

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