

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

REACTIVE SURFACES LTD., LLP,
Petitioner,

v.

TOYOTA MOTOR CORPORATION,
Patent Owner.

Case IPR2016-01914
Patent 8,394,618 B2

Before CHRISTOPHER M. KAISER, JEFFREY W. ABRAHAM, and
MICHELLE N. ANKENBRAND, *Administrative Patent Judges*.

KAISER, *Administrative Patent Judge*.

ORDER

Decision Granting in Part Patent Owner's Motion to Dismiss
37 C.F.R. §§ 42.5 and 42.71

I. INTRODUCTION

On September 30, 2016, Petitioner Reactive Surfaces Ltd., LLP (“Reactive Surfaces”) filed a Petition (Paper 1, “Pet.”) for *inter partes* review of claims 1–11 of U.S. Patent No. 8,394,618 (Ex. 1001, “the ’618 patent”). We instituted trial on March 23, 2017. Subsequently, Patent Owners Toyota Motor Corporation (“Toyota”) and Regents of the University of Minnesota (“the Regents”) (collectively, “Patent Owner”) requested a conference call with the Board seeking authorization to file a motion to dismiss the Petition on the grounds that the Regents are entitled to sovereign immunity under the Eleventh Amendment to the United States Constitution and that this proceeding may not continue in the absence of the Regents. On February 21, 2017, we authorized briefing on the motion to dismiss. Paper 22, 4. Pursuant to our authorization, Patent Owner has filed a motion to dismiss (Paper 23, “Mot.”), Petitioner has filed an opposition (Paper 25, “Opp.”), and Patent Owner has filed a reply (Paper 28, “Reply”).

For the reasons set forth below, we agree that the Regents cannot be compelled to join this proceeding against their will, but we conclude that the proceeding may continue in their absence. Accordingly, we grant in part Patent Owners’ motion to dismiss.

II. BACKGROUND

The ’618 patent, titled “Lipase-Containing Polymeric Coatings for the Facilitated Removal of Fingerprints,” issued on March 12, 2013. Ex. 1001, at [45], [54]. The patent lists six inventors. *Id.* at [75]. During the prosecution of the ’618 patent, three of those inventors assigned their interest to the Regents. Ex. 2003. Also during prosecution, two of the

remaining inventors assigned their interest to Toyota Motor Engineering & Manufacturing North America, Inc., and the remaining inventor assigned his interest to Toyota. Ex. 2004; Ex. 2005. Later, Toyota Motor Engineering & Manufacturing North America, Inc. assigned its interest to Toyota. Ex. 2006. Accordingly, the '618 patent is co-owned today by Toyota and the Regents. *See* Paper 4, 1 (naming Toyota and the Regents as co-assignees of the '618 patent and real parties in interest in this proceeding). In this proceeding, Toyota and the Regents are represented by the same counsel. Paper 5, 1 (naming counsel for Toyota); Paper 22, 1 (naming counsel for the Regents).

In its motion to dismiss the present proceeding, Patent Owner argues that Eleventh Amendment sovereign immunity extends to *inter partes* reviews, that the Regents are entitled to assert sovereign immunity, and that the merits of this *inter partes* review cannot be adjudicated in the absence of the Regents. Mot. 2–18. Patent Owner also argues that the sovereign immunity of the Regents cannot be subordinated to speculative concerns about the effects of applying sovereign immunity to *inter partes* reviews. *Id.* at 18–20. Petitioner opposes on several grounds, including that Patent Owners have failed to prove that the Regents are entitled to assert sovereign immunity, that the Eleventh Amendment does not extend to *inter partes* reviews, and that any sovereign immunity possessed by the Regents does not extend to Toyota. Opp. 3–20. Patent Owner argues in its reply that the Regents are entitled to assert sovereign immunity as an arm of the State of Minnesota. Reply 1–3.

III. ANALYSIS

A. *Whether a State May Assert Eleventh Amendment Immunity in Inter Partes Review Proceedings*

The first question we must answer is whether the sovereign immunity reserved to states under the Eleventh Amendment may be asserted in *inter partes* reviews. Two earlier decisions of the Board have addressed this issue. *NeoChord, Inc. v. Univ. of Md., Balt.*, Case IPR2016-00208 (PTAB May 23, 2017) (Paper 28); *Covidien LP v. Univ. of Fla. Research Found. Inc.*, Case IPR2016-01274 (PTAB Jan. 25, 2017) (Paper 21). Both of those decisions concluded that Eleventh Amendment sovereign immunity may be invoked in *inter partes* review proceedings. Although neither of those decisions is binding on us, we find their reasoning persuasive.

As the panels in *NeoChord* and *Covidien* did, we note the Supreme Court’s decision in *Federal Maritime Commission v. South Carolina State Ports Authority* (hereinafter “*FMC*”), in which the Court held that the Eleventh Amendment extends to agency proceedings that “walk[], talk[], and squawk[] very much like a lawsuit.” 535 U.S. 743, 756–59 (2002). Accordingly, whether the Eleventh Amendment extends to *inter partes* reviews can be determined by examining the extent to which *inter partes* reviews resemble lawsuits. *Id.* The *FMC* analysis has been applied to interference proceedings before the Board of Patent Appeals and Interferences, our predecessor. *Vas-Cath, Inc. v. Curators of Univ. of Mo.*, 473 F.3d 1376, 1382 (Fed. Cir. 2007). In *Vas-Cath*, the Federal Circuit held that interference proceedings “bear ‘strong similarities’ to civil litigation.” *Id.* (quoting *FMC*, 535 U.S. at 760). This conclusion was based on several characteristics of interference proceedings:

PTO interferences involve adverse parties, examination and cross-examination by deposition of witnesses, production of documentary evidence, findings by an impartial federal adjudicator, and power to implement the decision. *See, e.g.*, 37 C.F.R. § 1.651(a) (during an interference, “an administrative patent judge shall set a time for filing motions (§ 1.635), for additional discovery under § 1.687(c) and testimony period for taking any necessary testimony.”); § 1.671(a) (“Evidence [for an interference] consists of affidavits, transcripts of depositions, documents and things.”); § 1.671(b) (“[T]he Federal Rules of Evidence shall apply to interference proceedings” except “[t]hose portions of the Federal Rules of Evidence relating to criminal actions, juries, and other matters not relevant to interferences.”).

Id. The Board’s procedures for conducting *inter partes* reviews resemble those for conducting interferences. As with interferences, *inter partes* reviews generally involve adverse parties; provide for examination and cross-examination of witnesses; and result in findings by an impartial federal adjudicator and decisions that the agency has the power to implement. *See* 35 U.S.C. §§ 6, 311–318; 37 C.F.R. §§ 42.51–.53. Accordingly, under *FMC* and *Vas-Cath*, *inter partes* reviews are similar to lawsuits.

As noted in *NeoChord*, *inter partes* reviews are not identical to lawsuits. “[T]he Office has explained that there is not a one to one correspondence between *inter partes* review proceedings and district court litigation inasmuch as *inter partes* review proceedings are designed to allow for a lower cost to parties and a more rapid outcome.” *NeoChord*, Case IPR2016-00208, slip op. at 7 n.5 (PTAB May 23, 2017) (Paper 28) (citing Final Rule, Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,636 (Aug. 14, 2012) (Response to Comment 92)).

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