UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

MYLAN PHARMACEUTICALS INC., TEVA PHARMACEUTICALS USA, INC., and AKORN INC., ¹
Petitioners.

v.

SAINT REGIS MOHAWK TRIBE and ALLERGAN, INC., Patent Owners.²

Case IPR2016-01127 (8,685,930 B2)

Case IPR2016-01128 (8,629,111 B2)

Case IPR2016-01129 (8,642,556 B2)

Case IPR2016-01130 (8,633,162 B2)

Case IPR2016-01131 (8,648,048 B2)

Case IPR2016-01132 (9,248,191 B2)

JOINT MOTION BY PATENT OWNER SAINT REGIS MOHAWK TRIBE AND ALLERGAN CONCERNING BOARD'S DIVESTED JURISDICTION OR, IN THE ALTERNATIVE, FOR A STAY PENDING THE APPEAL

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¹ Cases IPR2017-00576 and IPR2017-00594, IPR2017-00578 and IPR2017-00596, IPR2017-00579 and IPR2017-00598, IPR2017-00583 and IPR2017-00599, IPR2017-00585 and IPR2017-00600, and IPR2017-00586 and IPR2017-00601 have respectively been joined with the captioned proceedings (collectively the "Proceedings"). The word-for-word identical paper is filed in each proceeding identified in the caption pursuant to the Board's Scheduling Order (Paper 10).

² The caption used in this Notice of Appeal was intended only to comply with the Board's Order that the "caption for these proceedings shall reflect both Allergan's and the Tribe's status as 'Patent Owners.'" Saint Regis Mohawk Tribe is the Patent Owner. By using this caption, neither Saint Regis Mohawk Tribe nor Allergan concede that Allergan is a "Patent Owner."

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I. INTRODUCTION

The St. Regis Mohawk Tribe ("Tribe") has invoked the collateral order doctrine to immediately appeal the Board's February 23, 2018 Decision. When the Combined Notice of Appeal (the "Combined Notice") was filed, the Board was divested of jurisdiction. Because *the* issue on appeal is whether the Board may proceed at all, the Board cannot exercise jurisdiction concurrently with the Federal Circuit. Sovereign immunity is immunity from suit, not immunity from liability. The Tribe would be irreparably harmed if the Board were to proceed in its absence since it is the Tribe's immunity from the process itself that the Tribe seeks to protect on appeal. Thus, the Board should acknowledge that it is divested of jurisdiction to continue.

Alternatively, even if the Board concludes that it is not divested of jurisdiction by the Combined Notice, it should issue a stay under 37 C.F.R. § 42.5(a). The issues raised in this proceeding are important matters of first impression not contemplated by the statutory scheme.

II. ARGUMENT

A. The Tribe is entitled to immediate appellate review of the Board's decision denying its assertion of sovereign immunity.

The Board's decision denying the Tribe's assertion of sovereign immunity is immediately appealable under the collateral order doctrine. *Osage Tribal Council* ex rel. *Osage Tribe of Indians v. U.S. Dep't of Labor*, 187 F.3d 1174, 1179 (10th

Cir. 1999) (holding that the denial of tribal immunity in an agency proceeding is an immediately appealable collateral order); *Wisconsin v. Ho-Chunk Nation*, 512 F.3d 921, 928 (7th Cir. 2008) (same). *See also In re Board of Regents of The Univ. of Tex. Sys.*, 435 F. App'x 945, 947-48 (Fed. Cir. 2011) ("the Board can of course immediately appeal" immunity decision.).

The Supreme Court has long held that the collateral order doctrine permits interlocutory review of an order that "conclusively determine[s] the disputed question, resolve[s] an important issue completely separate from the merits of the action, and [is] effectively unreviewable on appeal from a final judgment." *Mitchell v. Forsyth*, 472 U.S. 511, 543 (1985) (Brennan, J., concurring in part). A major characteristic of the collateral order doctrine is that unless the claim "can be reviewed before [the proceedings terminate], it can never be reviewed at all." *Id.* at 525. This falls under the "effectively unreviewable on appeal" prong of the test. Accordingly, the Supreme Court held that in a case of immunity "the denial of a substantial claim of absolute immunity is an order appealable before final judgment, for the essence of absolute immunity is its possessor's entitlement not to have to answer for his conduct in a civil damages action." *Id.*

Tribes are entitled to this protection. "As with absolute, qualified, and Eleventh Amendment immunity, tribal sovereign immunity 'is an *immunity from suit* rather than a mere defense to liability; and ... it is effectively lost if a case is erroneously

permitted to go to trial." *Burlington N. & Santa Fe Ry Co. v. Vaughn*, 509 F.3d 1085, 1090 (9th Cir. 2007). This reasoning was echoed in *Tamiami Partners By & Through Tamiami Dev. Corp. v. Miccosukee Tribe of Indians of Fla.*, 63 F.3d 1030, 1050 (11th Cir. 1995), where the court held "[t]ribal sovereign immunity would be rendered meaningless if a suit against a tribe asserting its immunity were allowed to proceed to trial."

The Petitioners contend that the cases relied upon by the Tribe are not applicable because the Tribe is not being subjected to a "trial" but only the final hearing and issuance of a decision. A final hearing and a ruling from this Board are part of the adjudicatory process to which the Tribe claims absolute immunity. The fact that immunity was raised after pre-decision litigation, and before the Tribe was the patent owner, is irrelevant. Sovereign immunity may be raised at any time in a proceeding, even for the first time on appeal. *See Cook v. AVI Casino Enters., Inc.*, 548 F.3d 718, 724 (9th Cir. 2008); *Amerind Risk Mgmt. Corp. v. Malaterre*, 633 F.3d 680, 686 (8th Cir. 2011). In this case, the Tribe raised its immunity at its first opportunity to do so—the day it acquired the patents. This is not a frivolous argument. The Tribe's immunity presents a genuine issue of the jurisdictional scope of this Board.

B. The Tribe's appeal divests the Board of jurisdiction.

Because immunity to the process once lost cannot be recovered, when a

court is divested of jurisdiction until the appeal is resolved. *See Forsyth*, 472 U.S. at 524-25. As stated in *Apostol*, a *Forsyth* appeal of "whether the case should be tried" or whether a claimed immunity should be honored, divests the lower court of jurisdiction to conduct the trial pending appeal because "[t]he justification for the interlocutory appeal is that the trial destroys rights created by the immunity." *Apostol v. Gallion*, 870 F.2d 1335, 1338 (7th Cir. 1989).

The interlocutory appeal of the Board's Decision divests the Board of jurisdiction over "any matter touching upon, or involved in the appeal" while it is pending. *U.S. v. Brooks*, 145 F.3d 446, 455 (1st Cir. 1998). Once the appeal is filed, jurisdiction is transferred from the court or agency below to the appellate court, both of which cannot exercise jurisdiction at the same time. *See e.g. Griggs v. Provident Consumer Discount Co.*, 459 U.S. 56, 58 (1982) (holding that a notice of appeal divests district court of jurisdiction); *Bradford-Scott Data Corp. v. Physician Computer Network, Inc.*, 128 F.3d 504, 506 (7th Cir. 1997) (issue is "whether there is any good reason why the district court may carry on once an appeal has been filed."); *Princz v. Fed. Republic of Germany*, 998 F.2d 1, 1 (D.C. Cir. 1993) (*per curiam*).

Both the Federal Circuit and the Board recognize this rule and have held that the Board is divested of jurisdiction when either party files a notice of appeal to the Federal Circuit. *In re Graves*, 69 F.3d 1147, 1149 (Fed. Cir. 1995) ("[U]pon the filing of a notice of appeal from an appealable decision ... the subject matter of the appeal is transferred to this court, and ... thereafter until the appeal has been disposed of by us the tribunals of the Patent Office have no jurisdiction ..."); *Smart Microwave Sensor Gmbh*, IPR2016-00488, 2017 WL 3669083, at *1 (Aug. 24, 2017) ("The general rule is that the Board is divested of jurisdiction when either party files a notice of appeal to the Federal Circuit.").

The issues on appeal are whether the Tribe's sovereign immunity prevents the Board from going forward and whether the Board's conclusion that Allergan is the "effective patent holder" would allow the Board to "work around" the Tribe's immunity. If this Board went forward despite the appeal, the Tribe will be forced to choose between appearing before the Board, thereby losing its immunity, or risk losing its substantial property rights in absentia. For this reason, interlocutory appeals are the norm in cases involving assertions of sovereign immunity. See Seminole Tribe of Fla. v. Florida, 517 U.S. 44, 52 (1996) (the "collateral order doctrine allows immediate appellate review of order denying [a] claim of Eleventh Amendment immunity") (citing Puerto Rico Aqueduct & Sewer Auth. v. Metcalf & Eddy, Inc., 506 U.S. 139, 145 (1993)); see also Exxon Mobil Corp. v. Saudi Basic Indus. Corp., 544 U.S. 280, 289-90 (2005) (interlocutory appeal of assertion of foreign sovereign immunity); Ins. Co. of the West v. U.S., 243 F.3d 1367, 1370

(Fed. Cir. 2001) (same).

While the Petitioners would suggest this case can proceed without the Tribe because the Board ruled Allergan is the "effective owner" of the patent, that question is "inextricably tied" to the question of immunity because the Federal Circuit will determine whether the Tribe is the Patent Owner and, if so, whether an *inter partes* review is the type of proceeding to which sovereign immunity applies. This makes the issue of ownership a pendant appellate claim. In *Turi v. Main Street Adoption Services*, *LLP*, 633 F.3d 496, 502 (6th Cir. 2011), the Sixth Circuit held that pendent appellate jurisdiction applies to claims "inextricably intertwined with an independently appealable issue." Pendent appellate jurisdiction thus "allows an appellate court, in its discretion, to exercise jurisdiction over issues that are not independently appealable." *Bates v. Dura Auto. Sys., Inc.*, 625 F.3d 283, 286–87 (6th Cir. 2010).

Whether the IPRs can proceed without the Tribe, using Allergan as a proxy for the Tribe—a proxy to which the Tribe has not assented—is "coterminous with, or subsumed in, the [Tribe's] claim" of sovereign immunity because the Federal Circuit must first determine whether the Tribe is the "Patent Owner" as part of its determination of whether the Tribe's sovereign immunity applies to these proceedings. This will also invariably require a determination of whether any statute or regulation allows PTAB to proceed with an IPR against an "effective"

patent owner" in the absence of a sovereign "Patent Owner".

The Tribe will further argue that PTAB has no authority to create equitable or common law rules to facilitate the exercise of its Congressional mandate through its written decisions and orders in IPRs; only the Director has rulemaking authority under the AIA. 35 U.S.C. § 316(a); Am. Library Ass'n v. FCC, 406 F.3d 689, 698 (D.C. Cir. 2005) (noting agencies have no constitutional or common law authority, only authority granted by Congress). PTAB has no implied authority to create ad *hoc* rules and new forms of PTAB standing to facilitate what it perceives to be its mission. The Supreme Court has held "[r]egardless of how serious the problem an administrative agency seeks to address, [an agency] may not exercise its authority in a manner that is inconsistent with the administrative structure that Congress enacted into law." Food & Drug Admin. v. Brown & Williamson Tobacco Corp., 529 U.S. 120, 125 (2000) (internal quotation omitted). Doing so "would deal a severe blow to the Constitution's separation of powers." *Utility Air Regulatory* Group v. E.P.A., 134 S. Ct. 2427, 2446 (2014). Thus, on appeal, the Tribe will argue that the Board erred when it deemed Allergan the "effective owner" in order to avoid the Tribe's immunity as an impediment to Board jurisdiction.

C. Alternatively, if the Board finds it has jurisdiction, it should still stay the proceedings under 37 C.F.R. § 42.5(a).

The PTAB Rules provide the Board with authority to suspend the current June 6, 2018 deadline. *E.g.*, 37 C.F.R. § 42.5(a) (permitting the Board to "determine a

proper course of conduct in a proceeding for any situation not specifically covered" and to "set times by order."). The sovereign immunity issues in this case are precisely the type of "situation not specifically covered" by the statutory scheme that warrants extraordinary relief under 37 C.F.R. § 42.5(a).

It is also significant that suspending the current April 3, 2018 hearing date and June 6, 2018 decision deadline would not run afoul of any statutory or regulatory requirement. The relevant statute only requires the Director to "prescribe regulations ... requiring that the final determination in an *inter partes* review be issued not later than 1 year" after instituted "except that the Director may, for good cause show, extend the 1-year period by not more than 6 months, and may adjust the time periods ... in the case of joinder under section 315(c)." 35 U.S.C. § 316(a)(11).

Because the statute fails to set forth a consequence if these deadlines are not met, the deadlines are not considered jurisdictional or mandatory and failure to meet the statutory deadline would not void subsequent agency action. *Brock v. Pierce County*, 476 U.S. 253, 260 (1986); *see also Barnhart v. Peabody Coal Co.*, 537 U.S. 149, 158 (2003) ("Nor, since *Brock*, have we ever construed a provision that the Government 'shall' act within a specified time, without more, as a jurisdictional limit precluding action later."). Simply put, failing to "comply with a statutory time limit does not divest the agency of jurisdiction." *Saratoga Sav. &*

Loan Ass'n v. Fed. Home Loan Bank Bd., 879 F.2d 689, 694 (9th Cir. 1989).

From an equitable perspective, as the Board recognizes, the issues on appeal are matters of first impression and great public interest. There are at least three distinct and important issues that are subject to immediate appellate review and should be reviewed by the Federal Circuit before the Board goes forward.

First is the issue of whether the Tribe is immune from suit in this forum. This Board has declined to adhere to decades of Supreme Court jurisprudence which expressly recognizes tribal sovereign immunity as a protection that cannot be overcome unless abrogated by Congress or expressly and unequivocally waived by the Tribe. Whether the Board's reasoning is correct is important not only to the Tribe here, but to all tribes in the country, as the amicus briefs attest.

Second, the Board's Order has created an irreconcilable schism in the Board's sovereign immunity jurisprudence because every prior panel to consider the issue has held that *inter partes* review "is an adjudicatory proceeding of a federal agency from which state entities are immune." *Ericsson Inc.*, *et al v. Regents of the Univ. of Minn.*, IPR2017-01186, Paper 14 at 4 (Dec. 19, 2017) (collecting cases) (Ruschke, C.A.P.J.) ("Minnesota Order").

Third, the Board's Order has also created an irreconcilable panel split concerning jurisdiction. This panel held that it exercises "jurisdiction over the challenged patent" but it does not have "personal jurisdiction over the patent

owner." Paper No. 130 at 16. That departs from all prior panel decisions, which held that "inter partes review is an action against the patent owner." Covidien LP v. Univ. of Fla. Research Found. Inc., IPR2016-01274, Paper 21 at 19 (Jan. 25 2017); Neochord, Inc. v. Univ. of Md. et al, Case IPR2016-00208, Paper 28 at 6-7 (May 23, 2017); Reactive Surfaces Ltd, LLP v. Toyota Motor Corp., Case IPR2016-01914, Paper 36 at 7-8 (July 13, 2017); Minnesota Order at 4-6.

These are important jurisdictional issues that weigh in favor of staying these proceedings to maintain the *status quo* pending their resolution in the appeal, if the Board decides it has not been divested of jurisdiction. *See Ericsson Inc.*, *et al v*. *Regents of the Univ. of Minn.*, IPR2017-01186, Paper 21 at 3-4 (Feb. 9, 2018).

III. CONCLUSION

Sovereign immunity is a core part of the Tribe's identity as a people. Whether the Tribe's immunity is to be respected in these proceedings is an issue of national importance. The Board is required by binding precedents to respect the Tribe's right to have the issue decided by the Federal Circuit and, if required, the United States Supreme Court. Thus, the Board should acknowledge that it is divested of jurisdiction to continue. Alternatively, the Board should stay the proceedings under 37 C.F.R. § 42.5(a) given the important issues of first impression at stake.

If necessary, the Tribe and Allergan intend to seek emergency relief from the Federal Circuit no later than March 16, 2018.

Date: March 8, 2018

/Michael Kane/

Michael J. Kane Reg. No. 39,722 Dorothy P. Whelan Reg. No. 33,814

FISH & RICHARDSON P.C. 60 South Sixth Street, Suite 3200

Minneapolis, MN 55402 Telephone: (612) 337-2508 Facsimile: (612) 288-9696

whelan@fish.com kane@fish.com

Attorneys for Allergan, Inc.

Respectfully submitted,

/Alfonso Chan/

Alfonso Chan Reg. No. 45,964

achan@shorechan.com

Michael Shore*

mshore@shorechan.com

Christopher Evans* cevans@shorechan.com

SHORE CHAN DEPUMPO LLP

901 Main Street, Suite 3300

Dallas, TX 75202 Tel: (214) 593-9110 Fax: (214) 593-9111

Marsha Schmidt* Attorney at Law

14928 Perrywood Drive Burtonsville, MD 20866

marsha@mkschmidtlaw.com

Tel: (301) 949-5176 *admitted pro hac vice

Attorneys for Patent Owner Saint Regis Mohawk Tribe

CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e)(4) and 42.205(b), the undersigned certifies that on March 8, 2018, a complete copy of *Joint Motion by Patent Owner Saint Regis Mohawk Tribe and Allergan Concerning the Board's Divested Jurisdiction or, in the Alternative, for a Stay Pending the Appeal* was filed electronically through the Patent Trial and Appeal Board's PTABE2E System and provided, via electronic service, to the Petitioners by serving the correspondence address of record as follows:

Steven W. Parmelee
Michael T. Rosato
Jad A. Mills
WILSON SONSINI GOODRICH & ROSATI
701 Fifth Avenue, Suite 5100
Seattle, WA 98104-7036
sparmelee@wsgr.com
mrosato@wsgr.com
jmills@wsgr.com

Wendy L. Devine
WILSON SONSINI GOODRICH & ROSATI
One Market Street, Spear Tower Floor 33
San Francisco, CA 94105-1126
wdevine@wsgr.com

Douglas H. Carsten
WILSON SONSINI GOODRICH & ROSATI
12235 El Camino Real, Suite 200
San Diego, CA 92130
dcarsten@wsgr.com

Richard Torczon
WILSON SONSINI GOODRICH & ROSATI
1700 K Street NW, 5th Floor
Washington, DC 20006
rtorczon@wsgr.com

Brandon M. White
Crystal Canterbury
Charles G. Curtis, Jr.
Jennifer MacLean
Benjamin S. Sharp
Shannon M. Bloodworth
PERKINS COIE LLP
700 13th Street NW
Washington DC 20005
bmwhite@perkinscoie.com
ccanterbury@perkinscoie.com
ccurtis@perkinscoie.com
jmaclean@perkinscoie.com
bsharp@perkinscoie.com
sbloodworth@perkinscoie.com

Eric D. Miller
PERKINS COIE LLP
1201 Third Avenue, Suite 4900
Seattle, WA 98101-3099
emiller@perkinscoie.com

Counsel for Mylan Pharmaceuticals, Inc.

And upon the remaining Petitioners as follows:

Michael R. Dzwonczyk
Azy S. Kokabi
Travis B. Ribar
SUGHRUE MION, PLLC
2100 Pennsylvania Ave., NW, Suite 800
Washington, DC 20037
mdzwonczyk@sughrue.com
akokabi@sughrue.com
tribar@sughrue.com

Attorneys for Akorn Inc.

Gary J. Speier
Mark D. Schuman

CARLSON, CASPERS, VANDENBURGH, LINDQUIST & SCHUMAN, P.A.

225 South Sixth Street, Suite 4200
Minneapolis, MN 55402
gspeier@carlsoncaspers.com
mschuman@carlsoncaspers.com
IPRCyclosporine@carlsoncaspers.com

Attorneys for Teva Pharmaceuticals

/Alfonso G. Chan/

Alfonso G. Chan SHORE CHAN DEPUMPO LLP 901 Main Street, Suite 3300 Dallas, Texas 75202 (214) 593-9110