

No. 2018-1559

In the United States Court of Appeals for the Federal Circuit

REGENTS OF THE UNIVERSITY OF MINNESOTA,
Appellant

v.

LSI CORPORATION, AVAGO TECHNOLOGIES U.S. INC.,
Appellees

GILEAD SCIENCES, INC.,
Intervenor

(Lead) Appeal from the U.S. Patent and Trademark Office,
Patent Trial and Appeal Board in No. IPR2017-01068

Nos. 2018-1560, -1561, -1562, -1563, -1564, -1565

REGENTS OF THE UNIVERSITY OF MINNESOTA,
Appellant

v.

ERICSSON INC., TELEFONAKTIEBOLAGET LM ERICSSON,
Appellees

GILEAD SCIENCES, INC.,
Intervenor

Appeals from the U.S. Patent and Trademark Office,
Patent Trial and Appeal Board in Nos. IPR2017-01186, IPR2017-01197,
IPR2017-01200, IPR2017-01213, IPR2017-01214, and IPR2017-01219

**BRIEF OF *AMICUS CURIAE* THE ASSOCIATION OF
PUBLIC AND LAND-GRANT UNIVERSITIES IN SUPPORT OF
APPELLANT REGENTS OF THE UNIVERSITY OF MINNESOTA,
SEEKING REVERSAL**

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Regents of the University of Minnesota v. LSI Corporation et al.

Case No. 18-1559 et al.

CERTIFICATE OF INTEREST

Counsel for the:

(petitioner) (appellant) (respondent) (appellee) (amicus) (name of party)

Association of Public and Land-grant Universities

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10% or more of stock in the party
Association of Public and Land-grant Universities	None	None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (**and who have not or will not enter an appearance in this case**) are:

Vinson & Elkins LLP: John P. Elwood and Joshua S. Johnson

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed. Cir. R. 47.4(a)(5) and 47.5(b). (The parties should attach continuation pages as necessary).
The cases that will directly affect or be directly affected by this Court's decision in the pending appeal are listed at pages i-iii of the Regents of the University of Minnesota's principal brief.

6/5/2018

Date

/s/ Joshua S. Johnson

Signature of counsel

Joshua S. Johnson

Printed name of counsel

Please Note: All questions must be answered

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INTEREST OF AMICUS CURIAE¹

The Association of Public and Land-grant Universities (“APLU”) is a research, policy, and advocacy organization dedicated to strengthening and advancing the work of public universities in the United States, Canada, and Mexico. With a membership of 236 public research universities, land-grant universities, state university systems, and affiliated organizations located in all 50 States and the District of Columbia, APLU focuses on advancing scientific research, community engagement, and degree completion and academic success.

APLU has a strong interest in the outcome of these appeals, which have the potential to significantly affect the scientific and technological research performed by APLU’s members. University research has been fundamental to the development of new technologies, medicines, and products that affect the daily lives of millions of people. Since the Bayh-Dole Act’s enactment in 1980, universities have partnered with industry and entrepreneurs to license the discoveries made in university laboratories to private firms for commercial development. Universities and firms engaged in this “technology transfer” depend on strong patent laws to protect both the fruits of their labor and their investments. *See* Ass’n of Univ. Tech. Managers,

¹ All parties have consented to the filing of this brief. No party or party’s counsel authored this brief in whole or in part. No party or party’s counsel contributed money that was intended to fund preparing or submitting this brief. No person—other than the *amicus curiae*, its members, or its counsel—contributed money that was intended to fund preparing or submitting this brief.

About Technology Transfer, <http://bit.ly/2kt8QXM> (last visited June 4, 2018) (“Technology transfer is the process of transferring scientific findings from one organization to another for the purpose of further development and commercialization.”). Although universities rarely bring patent-infringement suits, when they do, they rely on sovereign immunity to ensure that they are not dragged into burdensome separate litigation.

If the decisions of the Patent Trial and Appeal Board (“Board”) were affirmed, any APLU member that seeks to enforce its patent rights in federal district court would risk facing costly and burdensome *inter partes* review proceedings. Stripping public universities of sovereign immunity in this manner would have profound negative consequences for the development of university discoveries in conjunction with industry—potentially locking away forever useful and possibly life-saving products. APLU urges this Court to reverse the Board’s decision and hold that a public university does not waive its sovereign immunity from *inter partes* review proceedings by filing a patent-infringement action in federal district court.

SUMMARY OF ARGUMENT

The Board’s decisions pose a real risk to American innovation. Although public universities have long been a leading source of scientific and intellectual discoveries in the United States, it was not until 1980 that federal law incentivized the transfer of those discoveries to the commercial marketplace. It did so by

allowing universities to patent their inventions and license them for development by private firms. Collaboration between public universities and industry has led to the development of countless products that Americans use every day, from the pacemaker to touchscreen technology. In the past 25 years, approximately 380,000 inventions have been disclosed through academic technology transfer, 80,000 U.S. patents have been issued, and 11,000 start-ups have been formed. In addition to these economic and societal impacts, technology transfer occasionally provides some public universities a source of revenue that is used to deepen the impact through reinvestment in further research and educational objectives for the public good.

The Board's decisions would have a chilling effect on American innovation. Public universities are reluctant litigants, generally initiating patent-infringement actions only to fulfill obligations to existing licensees or in cases of blatant infringement or refusal to negotiate reasonable license terms, and only when the litigation is consistent with the university's educational and public-service missions. Sovereign immunity protects universities that elect to enforce their rights through litigation from being haled before other courts or agencies—including the Board. The Board's decisions strip public universities of that important protection, likely increasing the public dollars that must be expended on litigation. Alternatively, faced with the risk of costly and burdensome *inter partes* review proceedings, public

universities may rationally elect not to enforce their patent rights in federal district court. This, in turn, would make patents less attractive to potential industry partners and less valuable to the university, eliminating much of the incentive to engage in technology transfer. And without robust technology transfer, useful and often life-saving technologies will not reach the commercial marketplace and those who most benefit from them. This Court should reverse the Board's decisions.

ARGUMENT

I. The Congressionally Endorsed Process of Technology Transfer From Public Universities Provides Substantial Benefits to Society

“Our nation’s primary source of both new knowledge and graduates with advanced skills continues to be its research universities.” National Research Council, Committee on Research Universities, *Research Universities and the Future of America* 1 (2012), <http://bit.ly/2LurtqJ>. American universities have a long track record of pursuing, and achieving, practical solutions to real-world problems. *See, e.g.,* Walter W. Powell & Jason Owen-Smith, *Universities and the Market for Intellectual Property in the Life Sciences*, 17 *J. Pol’y Analysis & Mgmt.* 253, 254 (1998) (American universities “have long had a more practical orientation than universities in the United Kingdom or Germany”).

Before 1980, however, the federal government retained ownership of university inventions developed with federal funds, and thus only the federal government had the ability to transfer or license those inventions for commercial

development.² The government had little success in attracting private industry because it generally made inventions available only through non-exclusive licenses.³ Companies were reluctant to invest in and develop products when their competitors could acquire the same technology, and thus fewer than 5% of the 28,000 patents held by the federal government were licensed for the development of commercial products.⁴ Countless inventions were confined to university laboratories because the intellectual-property laws did not provide the incentives necessary to justify the business risk of developing universities' discoveries and making them available to the public. American innovation suffered as a result, as the United States saw its leadership role decline both in mature industries (such as automobile manufacturing) and in new industries (such as consumer electronics). *See* Stevens, *supra* note 3, at 93.

² Council on Governmental Relations, *21 Questions and Answers About University Technology Transfer* 6 (July 7, 2007), <http://bit.ly/2LtfxoQ> (“21 Questions”).

³ *See* President’s Council of Advisors on Science and Technology, *Report on Technology Transfer of Federally Funded R&D* 2 (May 2003), <http://bit.ly/2KVFAUz>; Ashley J. Stevens, *The Enactment of Bayh-Dole*, 29 *J. of Tech. Transfer* 93, 94 (2004), <http://bit.ly/2ION27m>.

⁴ Council on Governmental Relations, *The Bayh-Dole Act: A Guide to the Law and Implementing Regulations* 2 (Oct. 1999), <http://bit.ly/2LviZQ8>; *see also* Peter Lee, *Transcending the Tacit Dimension: Patents, Relationships, and Organizational Integration in Technology Transfer*, 100 *Cal. L. Rev.* 1503, 1512 n.38 (2012) (“In the 1970s, NASA had a commercialization rate of less than 1 percent for inventions under its free-use policy, but 18-20 percent for inventions where contractors controlled patents.”).

Concerned that a “significant decline in total U.S. expenditures for research and development” was contributing to “economic malaise” and causing the United States to fall behind “foreign competitors,” Congress in 1980 enacted the Bayh-Dole Act, Pub. L. No. 96-517, 94 Stat. 3015 (1980) (codified at 35 U.S.C. §§ 200-212), which overhauled the legal framework governing the transfer of university-generated, federally funded inventions into the commercial marketplace. H.R. Rep. 96-1307(I), at 1-2 (1980). The Act sought to address the “crisis in U.S. productivity,” *id.* at 2, by incentivizing universities and industry “to transform university research into real products benefiting society at large,” Jonathan R. Cole, *The Great American University: Its Rise to Preeminence, Its Indispensable National Role, Why it Must Be Protected* 162-65 (2009). More specifically, the Act enabled universities to retain title to inventions made using federal research dollars, in exchange for certain obligations intended to protect the public interest. *See* 35 U.S.C. § 202(a). Under the Act, universities are expected to patent inventions developed using federal funds and move the inventions toward commercial development, typically through licensing to the private sector. *Id.* § 202(c)(2), (5). In entering into licensing agreements, universities are required to give preferences to American small businesses. *Id.* §§ 202(c)(7)(D), 204.

As Congress recognized, granting patent protection to university discoveries “promote[s] the utilization of inventions arising from federally supported research

or development”; “promote[s] collaboration between commercial concerns and nonprofit organizations, including universities”; and “promote[s] the commercialization and public availability of inventions made in the United States.” *Id.* § 200. Universities perform “nearly 60% of all of the basic research in the U.S.” *Academia Continues as Nation’s Basic Research Hub*, R&D Magazine, 2017 Global R&D Funding Forecast 12 (Winter 2017), <http://bit.ly/2Lw4rzz>. But they generally are not in a position to develop, mass produce, and market products, and thus must rely on industry to make the inventions available to the general public.⁵ Patent protections give businesses and entrepreneurs the confidence to license, invest in, and develop university discoveries by providing assurance that no competitor can use the discoveries for a certain time period. *See* 156 Cong. Rec. 17,529 (Nov. 15, 2010) (recognizing that “the ability to obtain a reliable patent license for commercial development is needed to justify private sector investments”).

Affording universities patent protection for their discoveries has significantly increased the transfer of universities’ discoveries to the marketplace. To take just one example, while not a single university-invented drug made it to the commercial market before the Bayh-Dole Act, 153 such drugs have been sold commercially

⁵ *See* Letter from Carl E. Gulbrandsen, Wisconsin Alumni Research Foundation, to Hon. Jon Leibowitz, Chairman, Fed. Trade Comm’n 3 (May 19, 2009), <http://bit.ly/2IGIUq2>.

since the Act's passage.⁶ The decision to give universities patent protection has been so effective that *The Economist* magazine has described it as “[p]ossibly the most inspired piece of legislation to be enacted in America over the past half-century.” *Innovation's Golden Goose*, *The Economist* (Dec. 12, 2002). By “unlock[ing] all the inventions and discoveries that had been made in laboratories throughout the United States with the help of taxpayers' money,” the decision “helped to reverse America's precipitous slide into industrial irrelevance.” *Id.*; see also Letter from President's Council of Advisors on Science and Technology to President George W. Bush (May 15, 2003), <http://bit.ly/2KVFAUz> (technology transfer “has not only dramatically improved the Nation's ability to move ideas from R&D into commerce, but also helped enhance the return on ... substantial taxpayer investment”). The House of Representatives has formally recognized that university ownership of patents has made “substantial contributions to the advancement of scientific and technological knowledge,” has helped develop “new domestic industries and hundreds of thousands of new private sector jobs,” and “remains critical to the future well being of the United States.” 156 Cong. Rec. 17,529-30.

In the past 25 years, approximately 380,000 inventions were disclosed through academic technology transfer, 80,000 U.S. patents were issued, and 11,000

⁶ Gene Quinn, *Post Grant Patent Challenges Concern Universities, Pharma*, IPWatchdog.com (Apr. 1, 2015), <http://bit.ly/2scR4vb>.

start-ups were formed.⁷ Between 1996 and 2015, technology transfer from American universities and nonprofit hospitals and research institutions contributed between \$148 billion and \$591 billion to gross domestic product, and helped employ between 1.3 million and 4.2 million people.⁸ In 2015 alone, American universities received more than 6,164 patents, and university-based research led to the formation of 950 start-up companies and the introduction of more than 700 products into the commercial marketplace.⁹

Among the many groundbreaking developments to emerge from public universities' laboratories are HIV anti-viral therapies, nicotine patches, DNA sequencers, cellphone camera image sensors, and the search engine algorithm that became Google.¹⁰ Collaboration between government, university researchers, and industry plays a critical role in many of these developments. For example, University of California, Irvine researchers developed a method to treat tinnitus—a

⁷ Ass'n of Univ. Tech. Managers, *Driving the Innovation Economy* 1 (June 2017), <http://bit.ly/2KRgRAS>.

⁸ Biotechnology Innovation Organization et al., *The Economic Contribution of University/Nonprofit Inventions in the United States: 1996-2015*, at 3 (June 2017), <http://bit.ly/2LBjJDe>.

⁹ Ass'n of Public & Land-grant Universities, *How Tech Transfer Transforms Society*, <http://bit.ly/2IMUmMV> (last visited June 4, 2018).

¹⁰ See Ass'n of Univ. Tech Managers, *40 University Innovations Worth Celebrating*, <http://bit.ly/2KYoLJ0> (last visited June 4, 2018); Larry Gordon, *How the UC System is Making Patents Pay Off*, L.A. Times (Oct. 10, 2015), <https://lat.ms/2Lyhtg0>.

potentially debilitating condition characterized by ringing in the ears that affects about 50 million Americans. This technology was subsequently licensed by a private equity fund, which created a company to develop the device. The discovery has since been refined to an iPod-like device that patients take home to use when they need it.¹¹

II. Universities Use Revenue Generated From Technology Transfer to Further Their Research and Educational Missions

The Bayh-Dole Act requires universities to distribute the proceeds from federally funded inventions to the inventors and to support research and education. *See* 35 U.S.C. § 202(c)(7). Although each institution employs a different formula, in general, approximately one-third of net revenue is distributed to the inventor, one-third is distributed to the inventor's department or college, and one-third is used to support additional research and educational objectives.¹²

Therefore, a significant share of patent-licensing proceeds are typically used for research and educational expenses of graduate students, start-up research costs for new or junior faculty, seed money for new projects, computer equipment, and laboratory renovation.¹³ Examples of innovative programs funded through

¹¹ Emily Stone, Better World Project, *SoundCure Serenade Tinnitus Treatment System* (2012), <http://bit.ly/2sjtopk>.

¹² *21 Questions*, *supra* note 2, at 13.

¹³ Council on Governmental Relations, *Summary Points on University Use of Royalty Income* 1-2 (July 29, 2001), <http://bit.ly/2xhuRSw>.

technology-transfer royalties include a summer program for female undergraduate students interested in science careers and a program that provides high technology urban planning services to inner-city communities.¹⁴ By reinvesting revenue generated through technology transfer, public universities further their research and educational missions and deepen technology transfer’s contributions to the public good.

III. If Allowed to Stand, the Board’s Decisions Would Have Significant Negative Consequences for Public Universities and Society

A. Sovereign Immunity Provides Important Protections to Public Universities

Under our federal system, States and their instrumentalities “retain ‘a residuary and inviolable sovereignty.’ They are not relegated to the role of mere provinces or political corporations, but retain the dignity ... of sovereignty.” *Alden v. Maine*, 527 U.S. 706, 714 (1999) (quoting *The Federalist* No. 39, at 245 (C. Rossiter ed. 1961) (J. Madison)). At common law, it was considered “inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent,” *Hans v. Louisiana*, 134 U.S. 1, 13 (1890) (quoting *The Federalist* No. 81 (A. Hamilton)), and thus “immunity from private suits [was regarded as] central to sovereign dignity,” *Alden*, 527 U.S. at 715. Particularly pertinent here, the Supreme Court has recognized that the “affront to a State’s dignity does not lessen”—and,

¹⁴ *Id.* at 2.

indeed, is arguably “greater”—“when an adjudication takes place in an administrative tribunal as opposed to an Article III court.” *Federal Maritime Comm’n v. S.C. State Ports Auth.*, 535 U.S. 743, 760 & n.11 (2002) (“*FMC*”) (holding that sovereign immunity precluded federal agency from adjudicating private party’s complaint against state-run port).

Sovereign immunity also “serves the important function of shielding state treasuries and thus preserving the States’ ability to govern in accordance with the will of their citizens.” *Id.* at 765 (internal quotation marks omitted); *see also Hess v. Port Auth. Trans-Hudson Corp.*, 513 U.S. 30, 48 (1994) (“vulnerability of the State’s purse” is a “salient factor in Eleventh Amendment determinations”).¹⁵

Public universities “typically enjoy[] sovereign immunity” as instrumentalities of the States in which they are located. *University of Utah v. Max-Plank-Gesellschaft zur Forderung der Wissenschaften e.V.*, 734 F.3d 1315, 1319 (Fed. Cir. 2013); *see also* Minn. Br. 22-23. In the public-university context, sovereign immunity not only protects state funds, but also helps ensure that

¹⁵ Although the courts “sometimes refer[] to the States’ immunity from suit as ‘Eleventh Amendment immunity,’” the immunity “is a fundamental aspect of [State] sovereignty” that extends beyond the specific protections afforded by the Eleventh Amendment’s text. *Alden*, 527 U.S. at 712-13; *see also id.* at 728-29 (“The Eleventh Amendment confirmed, rather than established, sovereign immunity as a constitutional principle; it follows that the scope of the States’ immunity from suit is demarcated not by the text of the Amendment alone but by fundamental postulates implicit in the constitutional design.”).

universities can advance their core educational and civic missions without disruption from private lawsuits.¹⁶

B. The Board’s Concerns About Unfairness Are Misplaced Because Public Universities Generally Are Reluctant Litigants

The Board correctly held that public universities enjoy sovereign immunity from *inter partes* review proceedings. It erred, however, in holding that universities waive that immunity by initiating a patent-infringement action in federal district court. The Board grounded its waiver decision on the concern that “[i]t would be unfair and inconsistent to allow a State to avail itself of the federal government’s authority by filing a patent infringement action in federal court,” but then invoke sovereign immunity to prevent the accused infringer “from requesting an *inter partes* review of the asserted patent.” Appx8. As discussed in the Regents of the University of Minnesota’s principal brief, concerns about “unfairness” and “inconsistency” provide no basis for departing from the well-established case law holding that a State does not waive sovereign immunity in one forum by initiating litigation in another. *See* Minn. Br. 44-53. In any event, even if the Board were correct to consider generalized fairness concerns in determining whether sovereign immunity has been

¹⁶ Although private universities do not enjoy sovereign immunity, “[e]venhandness” between private parties and States “is not to be expected,” *College Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 685-86 (1999), under “our Nation’s constitutional blueprint,” *FMC*, 535 U.S. at 751.

waived, the Board's concerns about unfairness are unwarranted because public universities generally are reluctant litigants.

Suing a member of industry poses a number of reputational and fiscal risks for universities. See Jacob H. Rooksby, *Innovation & Litigation: Tensions Between Universities and Patents and How to Fix Them*, 15 Yale J. of Law & Tech. 312, 318, 359 (2013). Accordingly, most universities tend to be “exceedingly cautious and reluctant” in initiating patent-infringement suits. See *id.* at 353; see also *21 Questions*, *supra* note 2, at 9 (“In only a small number of cases do universities seek to enforce patents by pursuing legal action to enforce their patent rights.”). Technology transfer best-practices recommendations issued by leading research universities advise that litigation is “seldom the preferred option for resolving disputes” and should be initiated by a university only if a “mission-oriented rationale for doing so” can be clearly articulated, such as fulfilling obligations to existing licensees or addressing blatant infringement or refusals to negotiate reasonable license terms.¹⁷ A wide range of universities has endorsed these recommendations,¹⁸

¹⁷ Stanford University et al., *In the Public Interest: Nine Points to Consider in Licensing University Technology* 6 (2007), <http://bit.ly/2GUvscz>.

¹⁸ See Ass'n of Univ. Tech. Managers, *Nine Points to Consider*, <http://bit.ly/2sesF9x> (last visited June 4, 2018).

as has a committee of the National Research Council of the National Academy of Sciences.¹⁹

C. The Board’s Decisions Would Have a Chilling Effect on Innovation at Public Universities

The Board’s decisions would strip public universities of their right to determine “*where* [they] may be sued,” *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89, 99 (1984), by removing their immunity from *inter partes* review whenever they sue to enforce their patent rights. The Board’s decisions thus make it more likely that public dollars that could otherwise be devoted to education, research, and community engagement would instead be expended on additional litigation. By increasing the costs, risks, and unpredictability of patent-infringement suits, the Board’s decisions also risk deterring universities from enforcing their patent rights. That, in turn, likely would have a chilling effect on the innovation that results in patented inventions.

Inter partes review proceedings involve an entirely different set of risks and burdens than those to which universities voluntarily subject themselves by initiating an action in federal district court. To begin with, patents are far more likely to be invalidated in such proceedings, with approximately 84% of final Board decisions

¹⁹ National Research Council, Committee on Management of University Intellectual Property, *Managing University Intellectual Property in the Public Interest* 6-7 (2011), <http://bit.ly/2kr1xzM>.

invalidating at least one patent claim, and 69% invalidating *all* challenged claims.²⁰ Indeed, the *inter partes* review process is so likely to result in invalidation that the Board has been referred to as the patent “death squad.”²¹

In addition, the politically appointed Director of the U.S. Patent and Trademark Office has the authority to determine the size and composition of *inter partes* review panels. *See* 35 U.S.C. §§ 3, 6(a), 6(c). If a panel reaches a result the Director disagrees with, “the Director can add more members to the panel—including himself—and order the case reheard.” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1381 (2018) (Gorsuch, J., dissenting). The Director has used “these statutory powers to secure the ‘policy judgments’ he seeks.” *Id.* (quoting Patent Office Solicitor); *see also Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Ltd.*, 868 F.3d 1013, 1020 (Fed. Cir. 2017) (Dyk, J., concurring) (expressing “concern[] about the [Patent Office’s] practice of

²⁰ Steve Brachmann & Gene Quinn, *Are More Than 90 Percent of Patents Challenged at the PTAB Defective?*, IPWatchdog.com (June 14, 2017), <http://bit.ly/2xo7XZE>. By contrast, a study of district court cases filed in 2008 and 2009 found that courts invalidated patent claims in only about 42% of cases that did not settle—an invalidation rate approximately half the Board’s rate, even though the grounds for invalidation in district court are more numerous than in *inter partes* review. *See* John R. Allison et al., *Understanding the Realities of Modern Patent Litigation*, 92 Tex. L. Rev. 1769, 1787 fig. 4 (2014); *see also* 35 U.S.C. §§ 282(b)(2), 311(b).

²¹ Rob Sterne & Gene Quinn, *PTAB Death Squads: Are All Commercially Viable Patents Invalid?*, IPWatchdog.com (Mar. 24, 2014), <http://bit.ly/2KZShy1> (quoting former Federal Circuit Chief Judge Randall Rader’s description of Board).

expanding administrative panels to decide requests for rehearing”). Universities do not face similar risks when litigating patent-infringement suits before district court judges with Article III tenure protection.

Even if a university is able to prevail before the Board, it likely will expend hundreds of thousands of dollars in state funds to do so. *See* Quinn, *supra* note 6. “Many universities . . . don’t have the budget to fund a cost like that.” *Id.* (quoting Carl Gulbrandsen, Managing Director of Wisconsin Alumni Research Foundation). And regardless whether the university prevails or loses before the Board, the decision may be appealed, multiplying the costs and burdens of the litigation. *See* 35 U.S.C. § 319.

Further, nothing limits the number of *inter partes* petitions that can be filed against a patent. *See, e.g., Cepheid v. Roche Molecular Sys., Inc.*, IPR2015-00881, Paper No. 9, 2015 WL 9599203, at *1, *3 (P.T.A.B. Sept. 17, 2015) (instituting *inter partes* review after previous request by same challenger was denied). Indeed, patents are frequently subjected to multiple petitions, *see* Gregory Dolin, *Dubious Patent Reform*, 56 B.C. L. Rev. 881, 928 (2015), and some have had more than a dozen petitions filed against them.²² Thus, a single lawsuit might subject a State to potentially endless *inter partes* petitions.

²² *See* Pedram Sameni, Patexia, *Patexia Chart 31: Can Patents Survive Multiple IPR Challenges? (Case Study)* (Mar. 8, 2017), <http://bit.ly/2iGkosG>.

Faced with these risks, many universities may rationally elect not to enforce their patent rights in federal district court. This, in turn, would make patents less attractive to potential industry partners and less valuable to the university. Failing to enforce a patent in court when warranted “undermines the commercialization system” created by the Bayh-Dole Act. Rooksby, *supra*, at 360. It also “sends a signal to industry that [a university] may not be willing to enforce other patents it owns,” which may discourage companies from licensing university inventions. *Id.*

American innovation would suffer as a result. As explained above, while universities will always conduct basic scientific and technological research, they are not well equipped to develop that research into products for consumers. “[U]niversities and their patent licensing organizations ... depend on the ability to license to established or start-up companies to commercialize their inventions.”²³ If such licensing arrangements are discouraged, the United States may well see a regression to the pre-Bayh-Dole era, in which only a fraction of universities’ discoveries ever reached the public. This Court should prevent such a result by reversing the Board’s decisions and reaffirming public universities’ broad sovereign immunity.

CONCLUSION

The Board’s decisions should be reversed.

²³ See Gulbrandsen Letter, *supra* note 5, at 3.

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Respectfully submitted,

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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I certify that I served a copy on counsel of record on June 5, 2018

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