Reviewing St. Regis: Unresolved Issues at the Intersection of Tribal Sovereign Immunity and Patent Law

ABSTRACT

In July 2018, the Federal Circuit ruled that sovereign immunity does not circumvent an inter partes review brought by the Patent Trial and Appeal Board. By deciding against the tribe in Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals (“St. Regis”), the court determined that inter partes reviews are adjudicatory proceedings brought by the United States Patent and Trademark Office, and not an action brought by a private party. This ruling was the second significant ruling regarding inter partes reviews of the year, the first being the Supreme Court holding that inter partes reviews are constitutional. While the specific matter in the Federal Circuit is seemingly settled, questions remain about the state of sovereign entities in patent law more generally. This Note addresses some of the unanswered questions left in the wake of the St. Regis decision and raises new questions and potential solutions for future intersections of tribal sovereign immunity and patent law.

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For centuries, the doctrine of tribal sovereign immunity has protected tribal governments. The 573 federally recognized tribes in the United States are domestic, dependent nations that have long been recognized as independent states. An important element of tribal communities is their ability to self-govern, which maintains their unique cultures and identities. Even though members of a tribe are members of three different sovereigns—namely, the tribe, the federal government, and the state of residence—tribal governments have the power to govern all matters within their territories. One power, or consequence, of tribal self-governance is that tribes cannot be haled into US courts, with some exceptions.

But what happens when tribes and other entities use that power in nontraditional ways? Corporate entities, such as payday lenders, have historically attempted to use the doctrine of sovereign immunity to “shield” themselves from private suit. Agreements between tribes and these corporate entities for the purpose of utilizing immunity are quite common. While some are made in good faith, other business models may arise from a more sinister plan to improperly avoid litigation by “renting” immunity. It is thus up to courts to determine whether transactions between entities and tribes are genuine, and how to rule on the validity of immunity in these cases. Such determinations may be cumbersome for courts, as they have to balance the considerations of federal Indian law and the law of the jurisdiction in which the case is being brought, among other things.

3. See id.
4. See infra Section I.B.
7. See Robinson, supra note 6.
One area that courts have recently explored is the intersection between sovereign immunity and patent law. Given the high stakes of patent litigation, as well as the numerous ways parties can challenge patent validity, it comes as no surprise that some entities would develop creative solutions to their patent troubles. The US Court of Appeals for the Federal Circuit recently ruled on one such creative solution in a case where a party tried transferring its patents to a tribe in an attempt to use tribal sovereign immunity to dismiss an inter partes review (IPR). On July 20, 2018, the Federal Circuit decided *Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals* (“St. Regis”). The appellants consisted of the Saint Regis Mohawk Tribe and Allergan, a pharmaceutical company (“Allergan”). The appellees consisted of three other pharmaceutical companies, Mylan, Teva, and Akron. Holding for the appellees (“Mylan”), the court explained that because IPRs are enforcement actions by the United States Patent and Trademark Office (USPTO), tribes cannot assert sovereign immunity to shield a patent from an IPR challenge. However, the court did not address other issues that the parties raised, such as whether the transaction itself was valid.

This Note examines that decision in depth and offers critiques of the court, as well as recommendations on the interesting collision of tribal immunity and patent law. Part I introduces these relevant areas of law and the *St. Regis* case. Part II offers potential scenarios where this collision may occur in the future. Part III suggests that either Congress should act on the issue or, alternatively, that courts should employ a balancing test that reconciles tribal sovereign immunity interests within the patent law realm in lieu of congressional action. To conclude, Part IV briefly remarks on the overall impact of the decision if there is no recourse in the wake of *St. Regis*.

### I. BACKGROUND

This Part first outlines patent proceedings under the America Invents Act (AIA) and briefly details patent litigation—comparing different avenues for bringing patent claims. Then, it explains the history and application of tribal sovereign immunity, with a focus on when immunity does not apply. These two topics merged in *St. Regis*.

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8. *See Saint Regis Mohawk Tribe v. Mylan Pharm. Inc.*, 896 F.3d 1322, 1325 (Fed. Cir. 2018). For a review of IPRs, see *infra* Section I.A.
10. *Id.*
11. *Id.*
12. *Id.* at 1326–27.
Lastly, this Part discusses the history, or lack thereof, of tribal immunity assertions in the intellectual property (IP) realm.

A. Patent Proceedings Generally

When the AIA went into effect in September 2012, it created a procedure called inter partes review, or IPRs. IPRs allow a nonpatent owner to file a written petition to challenge the validity of a granted patent. The Patent Trial and Appeal Board (PTAB), an administrative body within the USPTO, conducts both IPRs and post-grant reviews (PGRs). The AIA created the PTAB at the same time as IPRs to review granted patents.

Congress created IPRs to provide a more efficient system for challenging patents and reducing litigation costs. Although critics argue that IPRs fall short of realizing these goals, the Supreme Court recently held that IPRs are here to stay in April 2018 when it decided Oil States Energy Services, LLC v. Greene’s Energy Group, LLC. In Oil States, the Court held that the language of the AIA under which IPRs operate does not violate Article III of the US Constitution.

Oil States addressed the ambiguous nature of IPRs from a constitutional viewpoint. Writing for the majority, Justice Thomas explained that even though IPRs include some features of civil litigation, they may be conducted in a non-adversarial fashion. For example, the PTAB can proceed to a final decision even if a petitioner has chosen to remove himself from the proceeding. The Court decided Oil States on narrow grounds. As such, the Court only ruled on the constitutionality of IPRs; moreover, it explicitly stated that the decision does not reach (1) whether patent infringement actions can be held in a non-Article III forum or (2) whether patents are considered property.

16. See id.
20. Id. at 1380.
21. See id. at 1373–75.
22. See id. at 1378.
under the Due Process Clause or the Takings Clause. Because of the Court’s narrow holding of Oil States and the relative recentness of the AIA, lower courts are still left tackling issues related to the ambiguous nature of IPRs.

IPRs were not the only method of challenging the validity of a patent that the AIA introduced. In addition to IPRs, a petitioner can challenge the validity of a patent under 35 U.S.C. § 321, which created PGRs. The PTAB conducts both IPRs and PGRs and the reviews share many key similarities. Like IPRs, PGRs aim to provide patent holders who may wish to allege infringement with cost-effective options outside of civil litigation, which can be expensive for all parties involved.

Despite the introduction of IPRs and PGRs, parties still utilize patent litigation, especially those seeking to take advantage of the system. For example, patent trolls initiate litigation to take advantage of the patent law system by collecting royalties on the patents they own without providing services. Trolls earn their money by asserting their patent rights against an alleged infringer. Commenters in the patent realm have differing opinions regarding the legitimacy of patent trolls, but it is widely believed that most trolls assert their property through infringement litigation based on the threat of litigation costs.

The costs of settling patent litigation suits are well-documented, with some commenters estimating average settlements to be anywhere

25. See infra Section I.C.
28. See id.
34. See, e.g., Carter, supra note 30, at 30.
from $1.33 million to $7.27 million, depending on the size of the companies involved.\textsuperscript{35} In addition, a large portion of the litigation costs come from attorney’s fees, discovery costs, and expert retention.\textsuperscript{36} As long as patent litigation remains profitable for trolls, the AIA’s well-intentioned review proceedings\textsuperscript{37} may not deter trolls from threatening civil litigation.\textsuperscript{38} Additionally, troll-like rent seeking activity is prevalent even in the IPR battleground in the form of invalidity assertion entities.\textsuperscript{39} These entities take advantage of the ambiguous IPR process to challenge the validity of granted patents.\textsuperscript{40}

\textbf{B. Tribal Sovereign Immunity}

Tribes enjoy the same common law sovereign immunity traditionally enjoyed by the federal government and state sovereign powers.\textsuperscript{41} Common justifications for the doctrine of tribal sovereign immunity include protecting the scarce resources of tribes and preserving Congress’ “trust-like” relationship with tribes.\textsuperscript{42} From the doctrine’s beginning, Congress has been the federal government’s liaison for tribal relations.\textsuperscript{43} Such relations have always been deemed political and, thus, not subject to control by the judicial branch of the government per the separation of powers.\textsuperscript{44} Accordingly, the Supreme Court in cases like \textit{Turner v. United States} defined tribal immunity to include a privilege that a tribe cannot be sued without its consent, due to its relationship with Congress.\textsuperscript{45}

Importantly, a tribe may raise its immunity as a defense to suits brought against it, albeit with some restrictions.\textsuperscript{46} Tribes are typically insulated from private suits with exceptions, such as when immunity is

\textsuperscript{36} See Neumeyer, supra note 27.
\textsuperscript{38} See Schuster, supra note 28, at 1163–64.
\textsuperscript{39} See id. at 1164.
\textsuperscript{40} See id. at 1164–65, 1172–74. It is worth noting that such entities are also suggested to oppose traditional patent trolls. See id.
\textsuperscript{42} See Amelia A. Fogleman, \textit{Sovereign Immunity of Indian Tribes: A Proposal for Statutory Waiver for Tribal Businesses}, 79 VA. L. REV. 1345, 1349–50 (1993) (noting that the Supreme Court has long recognized this relationship, allowing Congress to yield power over tribes mainly through legislation).
\textsuperscript{44} See id. at 565.
waived, which this Note later expands upon. Additionally, suits enforcing federal laws against tribes are generally precluded, absent such exceptions.

Some in rem suits are an example of one of these exceptions. In rem proceedings are actions that generally involve the status of a “thing,” or property, and the related rights of persons with respect to that property. According to Upper Skagit Indian Tribe v. Lundgren, sovereign immunity may apply to in rem proceedings in certain situations. In Upper Skagit, the tribe acquired land and was subsequently sued by a private party in a boundary dispute. In avoiding the question of whether immunity applies to in rem proceedings, the Supreme Court turned to a separate decision from the lower court that rejected the tribe’s claim for sovereign immunity in such proceedings. As a result, the Court left the question of whether sovereign immunity applies to immovable property located in the territory of another sovereign.

Conversely, there are some bright line limits to sovereign immunity. Importantly, the US government may generally bring suit against tribal governments. In addition, tribes cannot assert immunity from adjudicatory proceedings and traditional agency actions. Although case law provides guidelines, limitations on the scope of sovereign immunity can still spark debate, since courts may draw different lines due to the infinite number of ways that an assertion of sovereign immunity can be brought to court.

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48. See O’Connell, supra note 45 at 338–39.
51. Id.
52. Id. The Court stated that the lower court misread Yakima when it interpreted Yakima’s holding to say that sovereign immunity does not apply when a judge exercises in rem jurisdiction over a tribe. See id.; City of Yakima v. Confederated Tribes & Bands of Yakima Nation, 502 U.S. 251, 270 (1992).
54. See O’Connell, supra note 45, at 338–39.
55. See Saint Regis Mohawk Tribe v. Mylan Pharm. Inc., 896 F.3d 1322, 1325 (Fed. Cir. 2018); infra Section I.C.
Sovereign immunity extends to various areas of law, from administrative law to tax law. As such, tribal sovereign immunity carries with it the potential for lucrative business endeavors. For example, tribes may enter regulated commercial activities, like gaming operations, with immunity from state and federal regulation as long as said activities function as part of the tribal government. It follows that as long as tribal immunity exists, it may be viewed as a valuable asset to avoid regulation.

But tribal immunity is not absolute, as Congress determines when an Indian tribe may invoke immunity. First, Congress may legislate with regards to the circumstances in which parties may bring suit against an Indian tribe. This process, called abrogation, requires that Congress expressly state its intention to limit tribal immunity unequivocally. While seemingly a bright-line rule, Congress rarely abrogates immunity by explicitly applying statutes to Indian tribes. This sometimes leaves courts to determine whether Congress intended to abrogate tribal immunity—first considering whether the tribe has immunity and, if it does, whether Congress intended to avail the tribe to private suit. Furthermore, Congress has been careful not to abrogate broadly, favoring narrow legislation that tends to allow tribes to govern themselves. Congress has reiterated the long-standing purpose of tribal sovereign immunity to strengthen the economic development of tribes.

Congressional abrogation has limits as well. In Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank, the Court decided that congressional abrogation of state sovereign immunity within a statute was invalid because the State did not violate

59. See Governo, supra note 44, at 206.
60. See Trudgeon v. Fantasy Springs Casino, 84 Cal. Rptr. 2d 65, 66, 73 (Cal. Ct. App. 1999) (holding that tribal sovereign immunity extended to a tribal corporation formed by the tribe to operate the casino).
63. See Santa Clara Pueblo v. Martinez, 436 U.S. 49, 58 (1978); Furry v. Miccosukee Tribe of Indians of Fla., 685 F.3d 1224, 1232 (11th Cir. 2012). Since tribal immunity stems from federal law and is not mandated by the Constitution, Congress may limit its power by congressional declaration through statute at any time. See McLish, supra note 54, at 181.
65. See id.
67. See id.
the Due Process Clause of the Fourteenth Amendment. The statute, which expressly abrogated states’ immunity from patent infringement claims, did not address widespread deprivation of constitutional rights of the sort Congress has faced in enacting proper legislation. The Court reasoned that by providing a remedy, the State did not deprive patent owners of their rights under section 5 of the Fourteenth Amendment. Thus, if a state provides such a remedy for a deprivation of property, then any congressional abrogation of state sovereign immunity in that area is constitutionally inadequate.

Congressional abrogation is not the only way to overcome the sovereign immunity hurdle. A tribe may waive sovereign immunity if it unequivocally expresses its intent to do so. Tribes may waive their immunity from suit in various ways, such as in business transactions and contracts or through litigation.

When one thinks of the concept of waiving rights (for example, Miranda rights), waiver of individual rights may be the context that first come to mind. However, tribal immunity is a different type of right since it applies to tribal governments, not individuals. Because tribal immunity is a right based on a congressional grant of power, analysis of waiver is specialized regarding whether a tribe has waived its rights.

For example, in C & L Enterprises, Inc. v. Citizen Band Potawatomi Indian Tribe, the plaintiffs sued the tribal defendants to enforce an arbitration clause in a construction contract. The tribe
asserted sovereign immunity, arguing that it did not expressly waive its immunity by signing a contract with an arbitration clause.\textsuperscript{77} Holding for the plaintiffs, the Supreme Court reasoned that although the tribe is generally entitled to assert its immunity, the arbitration clause served as a waiver of said immunity because the tribe affirmatively agreed to arbitrate in the contract.\textsuperscript{78}

However, not all tribal immunity waivers are contractual, which can make issues of waiver unclear.\textsuperscript{79} In cases where no explicit contractual waiver exists, what constitutes a waiver may vary from court to court.\textsuperscript{80} For example, in \textit{Ramey Construction Co., Inc. v. Apache Tribe of Mescalero Reservation}, the plaintiffs argued that the tribal defendants waived their sovereign immunity by entering into several business agreements and actions that did not differ greatly from contracts,\textsuperscript{81} such as agreeing to loan agreements with a bank or including general arbitration clauses in its tribal charter.\textsuperscript{82} In holding for the defendants, the court declined to find a waiver from these actions because there was no express waiver, nor was there any explicit arbitration clause in a contract like that seen in \textit{C & L Enterprises}.\textsuperscript{83} In other circumstances, tribal businesses may waive immunity depending on whether they qualify as a corporate body or a governmental entity.\textsuperscript{84}

Tribes may also waive their sovereign immunity by passing statutory waivers they draft themselves.\textsuperscript{85} Tribes may waive certain limitations in a potential suit by consenting to them, but other limitations to which they did not consent must be strictly ruled in favor of the tribe.\textsuperscript{86} Through this method, tribes are able to dictate conditions that may trigger, with some certainty, when courts will allow suit.\textsuperscript{87}

\textsuperscript{77} \textit{Id.} at 421.
\textsuperscript{78} \textit{See id.} at 420–21.
\textsuperscript{79} \textit{See Fogleman, supra note 40, at 1365–68.}
\textsuperscript{80} \textit{See id.} at 1365.
\textsuperscript{81} \textit{See Ramey Constr. Co. v. Apache Tribe of Mescalero Reservation, 673 F.2d 315, 319 (10th Cir. 1982).}
\textsuperscript{82} \textit{See id.}
\textsuperscript{83} \textit{See id.}
\textsuperscript{84} \textit{See Fogleman, supra note 40, at 1367. Courts suggest that this difference is intended to “enable the tribes to make maximum use of their property.” Id.}
\textsuperscript{85} \textit{See id.} at 1373.
\textsuperscript{86} \textit{See id.}
\textsuperscript{87} \textit{See id.}
C. Federal Circuit: No Sovereign Immunity in IPRs

In 2018, the Federal Circuit addressed issues that unexpectedly merged IPRs with tribal immunity when it decided *St. Regis*. The dispute began in 2015 when Allergan sued Mylan in the US District Court for the Eastern District of Texas for patent infringement.88 Allergan, a pharmaceutical company, sued Mylan, another pharmaceutical company, for patent infringement on the technology underlying their product, Restasis, a treatment for dry eye symptoms.89 In 2016, Mylan, Teva Pharmaceuticals, and Akorn, Inc. petitioned the PTAB for IPR of the Restasis patents.90 The PTAB granted the petition and scheduled the oral hearing for the IPR to take place on September 15, 2017.91

Just one week before the scheduled hearing, Allergan transferred title of the Restasis patents to the Saint Regis Mohawk Tribe (“the Tribe”).92 The Tribe and Allergan then moved to terminate the IPRs on the basis of sovereign immunity asserted by the Tribe.93 Allergan also moved to withdraw from the proceedings.94 The PTAB denied both of these motions, and the Federal Circuit affirmed the PTAB’s decision in July 2018.95 Allergan petitioned, but the Supreme Court denied certiorari on April 15, 2019.96

By way of tribal immunity, Allergan’s main argument relied on the proposition that IPRs are adjudicatory proceedings between private parties.97 Relying on a Supreme Court case decided in 2002, *Federal Maritime Commission v. S.C. State Ports Authority (FMC)*,98 Allergan argued that because the USPTO does not first bring the issues that commence IPR proceedings, they are less like traditional agency actions and thus are adjudicatory proceedings between private parties.99 Therefore, they should be permitted to assert sovereign immunity to

89. *Id.*
90. *Id.*
91. *Id.*
92. *Id.*
93. *Id.*
94. *Id.*
95. *Id.* at 1325–26.
97. *Saint Regis Mohawk Tribe*, 896 F.3d at 1326.
99. *Id.*
dismiss the case under FMC. In FMC, the Supreme Court extended state sovereign immunity principles to administrative adjudications because “the Framers would have thought . . . that the States possessed immunity” from such adjudications. Furthermore, the FMC Court reasoned that since the Federal Maritime Commission agency proceedings in question and civil litigation are overwhelmingly similar, state sovereign immunity applies in order to comply with the Framers’ view of states’ dignity.

Mylan argued that IPRs are not an adjudicatory proceeding between private parties, but rather are a PTAB reconsideration of government-granted property’s validity. This argument was successful, as the Federal Circuit narrowly held that tribal immunity does not apply to IPRs. Although the court characterized IPRs as neither a purely judicial proceeding by a private party nor an enforcement action by the federal government, several factors convinced it to lean towards the latter. The Court first distinguished FMC by stating that unlike the Federal Maritime Commission, the Director of the USPTO has broad discretion to decide whether to institute a proceeding. Additionally, the petitioner of an IPR may choose not to participate after initiating that IPR, reinforcing the view that the USPTO itself conducts IPRs. The court further distinguished IPRs from civil suits based on differences between procedural rules in IPRs and the Federal Rules of Civil Procedure (e.g., discovery rules).

While the Federal Circuit addressed whether tribal sovereign immunity applies in IPRs, it explicitly left open the question of whether state sovereign immunity would apply in such proceedings. Furthermore, Mylan advanced additional arguments that went unaddressed. First, even if the Tribe could assert sovereign immunity, Mylan argued that this transaction was an impermissible attempt to “market an exception” from the law. Similarly, Mylan argued that

100.  See id.
102.  See id. at 760.
103.  See Saint Regis Mohawk Tribe, 896 F.3d at 1326.
104.  Id. at 1329.
105.  See id. at 1326–27.
106.  Id. at 1327–28.
107.  Id. at 1328.
108.  Id.
109.  See id. at 1329.
110.  Id. at 1326.
the assignment was a sham and that the Tribe waived its ability to assert sovereign immunity by suing on the patents.\footnote{Id. Technically, it was Allergan who sued on the patents. \textit{Id.} at 1325.}

D. A Primer on Tribal Sovereign Immunity in Patent Law

In general, sovereign immunity does not extend to actions that are either brought by the federal government or a government agency. Therefore, courts must distinguish private causes of action from those where the government is a party. To do so, courts consider whether a proceeding has traits in common with civil litigation. If so, then the proceeding is less like a government action, and thus likely precluded by sovereign immunity. The Federal Circuit recognized this in its St. Regis decision, where it found that private parties do not bring IPRs, but rather the USPTO itself does. But the St. Regis decision was not the first time that the Federal Circuit tackled sovereign immunity in an adjudicatory action regarding intellectual property. In 2007, the Federal Circuit heard Vas-Cath v. Curators of University of Missouri. In Vas-Cath, the court cited factors that determined whether a USPTO interference proceeding bore similarities to civil litigation. There, the defendant-university requested that the USPTO conduct an interference proceeding, a litigation-type activity. The court held that the interference claim waived the university's ability to assert state sovereign immunity because it initiated the USPTO interference. Accordingly, in St. Regis, the Tribe and Allergan bolstered their FMC analysis by distinguishing Vas-Cath from their case. Among other things, they argued that Vas-Cath allows the FMC analysis to apply sovereign immunity to administrative adjudications that are like lawsuits between private parties.

In patent litigation suits, lower courts have dismissed actions because of sovereign immunity. In Home Bingo Network v. Multimedia Games, the plaintiffs brought a patent infringement claim against the defendants Multimedia Games, Inc. and the Miami Tribe of

119. See id. at 1325.
121. See id. at 761–62.
122. See Saint Regis Mohawk Tribe, 896 F.3d at 1327.
123. See Vas-Cath, Inc. v. Curators of Univ. of Mo., 473 F.3d 1376, 1378 (Fed. Cir. 2007).
124. Id. at 1382.
125. Id. at 1378, 1383.
126. See id. at 1383–84.
127. See Brief of Appellants at 20, Saint Regis Mohawk Tribe, 896 F.3d 1322 (Nos. 18-1638, 18-1639, 18-1640, 18-1641, 18-1642, 18-1643), 2018 WL 1989302.
128. See id. at 19–20.
Oklahoma Business Development Authority. The Miami Tribe of Oklahoma Business Development Authority filed a motion to dismiss the suit for lack of subject matter jurisdiction, invoking sovereign immunity because it is an arm of an Indian tribe. Since the tribe is federally recognized, the tribe did not waive its immunity, and Congress has not abrogated tribal immunity in patent infringement cases, the district court granted the Tribe’s motion to dismiss.

The collision of tribal sovereign immunity and IPRs is unexpected, but has raised many issues—some of which extend beyond patent law. The remainder of this Note explores other potential collisions between these two distinct areas of law, and how courts may react to such collisions after St. Regis.

II. ANALYSIS

In the wake of the St. Regis decision, questions remain as to whether tribal immunity applies in other patent proceedings. If the Federal Circuit’s decision to disallow defenses of tribal sovereign immunity extends to all patent proceedings, some would argue that this would suppress the IP rights of tribes, diminishing the use of their sovereignty for the economic benefit of their citizens. Surely, courts can find a balance that discredits contracts like Allergan’s alleged “sham” transaction while preserving the long-standing doctrine of tribal sovereign immunity.

This Part explores different scenarios in which this issue may surface again. Hypotheticals are limited to the scope of an assertion of tribal immunity in a patent proceeding but vary based on the legitimacy of a patent transaction, the timing of the proceeding, and which party—the infringer or the infringed—asserts the immunity. The analysis of each scenario involves two components: (1) a prediction of what a court, or the PTAB, should rule in response to a claim of tribal sovereign immunity in wake of St. Regis and (2) other potential avenues of action outside of the courts. The primary goal of this Part is to explore different scenarios in which tribal sovereignty and patent law may intersect, as well as to analyze which actors are best equipped to handle

131. Id.
132. Id. at *1–2; see also Microlog Corp. v. Cont’l Airlines, Inc., No. 6:10-CV-260, 2011 WL 13141413, at *1 (E.D. Tex. July 22, 2011) (holding that an arm of a tribal nation is entitled to the Tribe’s immunity).
133. See Brief of Appellants, supra note 124, at 31–34.
such an intersection while maintaining both the rights of tribes and the integrity of patent law.

A. Tribal Sovereign Immunity in PGRs

PGRs present the most similar hypothetical to the St. Regis scenario. Imagine that a tribe attempted to assert tribal sovereign immunity after a party filed a PGR petition against a patent that the tribe owned. At first glance, PGRs differ from IPRs as to both the grounds for asserting invalidity and the timeline for initiating an action. In addition to the stricter timeline for filing a PGR, the grounds for asserting invalidity under PGRs are broader than under IPRs. However, PGRs share many similarities with IPRs when examining their status in the wake of St. Regis.

The court in St. Regis was concerned with the attributes that made IPRs similar to an agency enforcement action. PGRs share most of the same attributes. Perhaps most importantly, like IPRs, the PTAB conducts PGRs and the Director of the USPTO has the authority to determine whether a PGR will be instituted.

To counter the similarities, tribes could argue that because the rules of discovery in PGRs are different than in IPRs, PGRs should be treated more like civil litigation. However, like in IPRs, PGR discovery is limited—a party may only produce evidence directly related to factual assertions. Because the St. Regis court concluded that IPR proceedings are unlike civil litigation, partly because of their limited discovery, the Federal Circuit would likely view PGRs similarly.

For these reasons, the PTAB and courts should not allow tribes to assert sovereign immunity in PGRs after denying tribal immunity from IPRs in St. Regis.

B. “Allergan-Like” Transactions in Civil Litigation

Allergan attempted to shield itself from a filed IPR by assigning the Restasis patents to the Tribe in exchange for the Tribe’s promise to

134. See Rink, supra note 25.
135. See id.
136. See id.
138. See Rink, supra note 25.
140. See Rink, supra note 25.
141. See 35 U.S.C. § 326(a)(5); Saint Regis Mohawk Tribe, 896 F.3d at 1328.
142. See Saint Regis Mohawk Tribe, 896 F.3d at 1328.
invoke its sovereign immunity. Alternatively, imagine a scenario in which Allergan attempted this maneuver in the middle of a civil patent infringement suit. Because tribes are immune from civil litigation, sovereign immunity would surely apply, and the case would be dismissed in the manner that Allergan argued for in *St. Regis*.

But there are various practical implications as to why this should not be the case. First, it is important to consider whether or not Allergan’s maneuver was a “sham transaction,” as Mylan argued in *St. Regis*. On the *St. Regis* facts, it is relatively clear that Allergan’s assignment of the Restasis patents to the Tribe was for the purpose of dodging the IPR challenge, given the timing of the transaction. Intuitively, such a transaction should not be allowed to shelter a corporation from civil litigation. If companies were allowed to assign their patents to a tribe when sued, more infringers would engage in such activity as a shield against costly litigation. This heavily undermines the purpose of IP law, which aims to encourage innovative activity and protect the inventive rights of innovators.

Furthermore, allowing companies to seek shelter under the guise of tribal sovereign immunity may result in an increase in the amount of IPRs filed. If potential plaintiffs are concerned that tribal immunity would shield an infringing patent from suit, they would instead file with the PTAB under *St. Regis*. While the costs of litigation may make this seem like a win for all parties involved, there are various reasons why a party would want to file in district courts rather than the USPTO. Perhaps most crucially, plaintiffs can choose from a broader range of issues when challenging a patent in district court, as well as gather evidence via discovery with a wider scope. Allowing “Allergan-like” maneuvers to shield patent infringers from suit in district court will eliminate the advantages that a challenger may enjoy in civil litigation, and force them into filing an IPR.

143. See supra Section I.C.
144. See Brief of Appellants, supra note 124, at 19–21.
145. *Saint Regis Mohawk Tribe*, 896 F.3d at 1326.
146. See Brief of Appellees, supra note 113, at 2–3.
147. See Narechania, supra note 66, at 1607–08 (noting there is some fear that sovereign entities could also force private parties into undesirable transactions).
148. See id. at 1605–06.
149. See supra Section I.A.
151. See id.
152. See id.
Another question that may arise in the wake of St. Regis is whether tribal immunity should be considered a rentable commodity. Some commenters believe that such arrangements are increasingly becoming a public concern. In response, courts and the federal government have been cracking down on “rent-a-tribe” agreements. To date, no doctrine allows immunity to attach to a tribe’s property when “rented out.” However, tribes and other advocates for similar business models might argue that the term “rented” is an unfair connotation for what they would consider normal business transactions. Proponents of this view argue that these agreements are not improper rent-seeking, but are nestled with significant policy reasons that largely benefit tribal communities. Tribes already engage in regulatory arbitrage, such as using their land for profit, and allowing tribes a space in the technology world would open more space for tribal governments to grow.

The next Subsections discuss two of the unaddressed points that Mylan raised in the St. Regis case, but with respect to civil litigation. The issues of sham transactions and waivers were both ignored by the Federal Circuit but may arise in future patent proceedings.

1. Sham Transactions

Assuming that, intuitively, the transaction should not be allowed in civil litigation, how would district courts legally deal with this issue? One solution is to explore the “sham transaction” idea, which Mylan presented in St. Regis and the Federal Circuit ignored. Judge William Bryson of the Eastern District of Texas, who oversaw the parallel district court litigation of Allergan, Inc. v. Teva Pharmaceuticals USA, Inc. raised the sham transaction issue in his opinion. Judge Bryson expressed concerns about the validity of such

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153. See, e.g., Robinson, supra note 6.
154. See Bailey, supra note 5; Robinson, supra note 6. “Rent-a-tribe” agreements take place when “enterprising businesses . . . set up business models where a tribe shares in some part of the revenue generated by the pay day lenders . . . [through] shell corporations that eventually trace back to a tribal corporation or entity.” Robinson, supra note 6.
155. Nor does there exist a doctrine that cloaks IP that does not initially belong to the tribe, to the Author’s knowledge.
157. See id. The issue of whether tribal immunity should be “rentable” overall is beyond the scope of this Note, which will address such concerns only within the realm of intellectual property.
158. See Brief of Appellees, supra note 113, at 10–11.
159. See supra Section I.C.
transactions but eventually held for Allergan, ordering the joinder of the Tribe to the suit.\textsuperscript{162}

Sham transactions frequently occur in other business contexts outside the realm of sovereign immunity, such as in tax law.\textsuperscript{163} The sham transaction doctrine is composed of case law that provides courts with several factors to weigh when considering whether a transaction is valid or a sham.\textsuperscript{164} Courts that have applied the doctrine have considered factors including the price of the transaction, the actual control of the purchased property, and the benefit of the transaction to the seller.\textsuperscript{165} Outside of the tax landscape, other factors that can determine whether an assignment is improper include whether the “business reasons” were proper, when the assignment occurred, and whether there was an admission that the motive was to create or destroy jurisdiction.\textsuperscript{166}

Mylan asked the Federal Circuit to perform similar analysis on the transfer of the Restasis patents in \textit{St. Regis}.\textsuperscript{167} Mylan argued that Allergan and the Tribe met the factors for a sham assignment because of the price of the transaction,\textsuperscript{168} the curious timing of the transaction, and the Tribe’s ultimate lack of control over the Restasis patents.\textsuperscript{169} Therefore, under what courts consider a sham assignment, Mylan appeared to have a good argument against destroying jurisdiction in federal court.\textsuperscript{170}

Like with many balancing tests, however, courts may struggle to apply the sham transaction doctrine in a consistent and predictable fashion. This may be true for district courts, especially since the Federal Circuit was silent on the argument in \textit{St. Regis}. Consider altered facts of the original Allergan transaction: The Tribe paid a considerable sum for the patents or took on more control of the patents.

\begin{footnotes}
\footnote{161. \textit{Id.} at *5 (“[T]he Court does not hold that the assignment of the patent rights to the Tribe is valid . . . .”).}
\footnote{162. \textit{Id.}}
\footnote{165. \textit{See id.}}
\footnote{166. \textit{See Attorneys Tr. v. Videotape Comput. Prods., Inc., 93 F.3d 593, 595–96 (9th Cir. 1996).}}
\footnote{167. \textit{See Brief of Appellees, supra note 113, at 10–11.}}
\footnote{168. \textit{Id.} at 28. Namely, Allergan gave the Tribe money to take the patents and assert sovereign immunity, despite the fact that patents are a major revenue stream. \textit{Id.}}
\footnote{169. \textit{See id.} at 27–29.}
\footnote{170. \textit{See id.}}
\end{footnotes}
Then, the analysis would differ because the Tribe would be able to demonstrate that the transaction was not a sham from the factors of the balancing test, especially if it could prove that the price and the transfer of control of the patents were made in good faith.\footnote{171}

Some commenters have argued that the Allergan agreement was not a sham at all because the Tribe received royalties and ownership of the Restasis patents, even though Allergan maintained the effective rights of the patents.\footnote{172} Therefore, one could argue that because the transaction economically benefited both parties, valuable consideration was exchanged and thus the transaction was proper.\footnote{173} If parties already seek tribal immunity to work around federal and state laws, why not let them continue to do so and allow Congress to legislate the issue, given that immunity is a congressionally-granted power?\footnote{174}

This approach, however, seems to imply that the fact that a benefit was conferred onto both parties automatically legitimizes a transaction, perhaps opening the door to other similarly undesirable maneuvers. Such an approach to the “sham” query would also undermine the patent system itself.\footnote{175}

With the sham transaction doctrine, there are endless workarounds for factors like the timing inquiry above. If a company decided to begin its inventive process on tribal grounds, it may have a claim that the tribe “controlled” the research and patents from the very beginning. Ultimately, however, even if companies continuously find creative and nontraditional solutions to their issues, the lack of a bright-line rule will allow courts to do what they do best: draw lines themselves.

2. Waiver of Immunity in Civil Litigation

Although courts may be best equipped to determine if a specific transaction is improper using a balancing test, a bright-line rule could address such transactions more effectively. Courts can opt to impose a waiver of sovereign immunity from various actions by a tribe.\footnote{176} In \textit{St.\\n
\footnotesize{\textsuperscript{171}} See Klasing, \textit{supra} note 161.\n\footnotesize{\textsuperscript{172}} See Brickey, \textit{supra} note 153, at 1491–92.\n\footnotesize{\textsuperscript{173}} See id. at 1492.\n\footnotesize{\textsuperscript{174}} See id. at 1494.\n\footnotesize{\textsuperscript{175}} See Brief of Asikeladden LLC as Amicus Curiae in Opposition to St. Regis Mohawk Tribe’s Motion to Dismiss at 2–3, Mylan Pharm. Inc. v. Saint Regis Mohawk Tribe, 2017 WL 6272028 (P.T.A.B. Dec. 1, 2017) (Nos. IPR2016-01127, IPR2016-01128, IPR2016-01129, IPR2016-01130, IPR2016-01131, IPR2016-01132).\n\footnotesize{\textsuperscript{176}} See Vas-Cath, Inc. v. Curators of Univ. of Mo., 473 F.3d 1376, 1383 (Fed. Cir. 2007) (“[T]here is a distinction between an express waiver of immunity, and waiver by actions . . . ”).}
Regis, Mylan argued that the Tribe waived sovereign immunity when it joined the infringement action on the patents.177

Mylan in St. Regis argued that under Vas-Cath, the Tribe’s actions of bringing suit represented a waiver of sovereign immunity due to the “tactical advantage” that the Tribe and Allergan sought to gain.178 While Vas-Cath concerns state sovereignty and a USPTO interference proceeding rather than district court litigation, its reasoning could still be useful in situations involving “Allergan-like” transactions in civil litigation.179 Provoking and litigating an interference contest clearly and unequivocally waives any immunity, as the court held in Vas-Cath.180 These principles similarly apply to a transaction that was completed in order to circumvent litigation.

If courts find that a patent transaction alone waives immunity, they would be hard-pressed to find precedent to support a ruling.181 A court may have to take into consideration the suspicious timing of the transaction to bolster its analysis.

C. “Genuine” Patent Transactions by Tribes in USPTO Proceedings

The issue of “genuine” patent transactions raises a significant question. Supposing that IPRs and PGRs are like civil litigation,182 and tribes are unable to assert sovereign immunity in either proceeding,183 where does the St. Regis decision leave tribes who “genuinely” procured their intellectually property? One could argue that the decision unfairly limits a group that has been historically protected in other contexts.184 If IPRs and PGRs allow private parties to bring petitions against tribes that are immune from civil suit, this would give any party an avenue to attack typically immune tribes. While this makes sense in the St. Regis case where Allergan tried to manufacture an exception, this decision will likely harm genuine patent holders asserting immunity.

But there remains the question of who should be considered a “genuine” patent holder. For example, what if the Allergan transaction

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177. See Saint Regis Mohawk Tribe v. Mylan Pharm. Inc., 896 F.3d 1322, 1326 (Fed. Cir. 2018); supra Section I.C.
178. See Brief of Appellees, supra note 113, at 23, 31; Vas-Cath Inc., 473 F.3d at 1384.
179. See Vas-Cath Inc., 473 F.3d at 1384.
180. Id. at 1385.
181. See Oil States Energy Servs., 138 S. Ct. at 1378; supra Section I.B.
182. See Rink, supra note 25.
happened prior to 2012, before IPRs were an available avenue for patent review? Or alternatively, what if the Tribe purchased a patent portfolio for consideration, receiving exclusive rights to the property? Would the PTAB be more sympathetic to the Tribe, or has St. Regis created an “open season” on patent-holding tribes that are typically immune from litigation, given the similarities of IPRs to civil litigation?185

The St. Regis court would strictly reject immunity in even these cases of “genuine” patent holders, but this Note argues that this will result in unfair treatment of tribes. Tribes, which already have limited resources,186 will surely be further burdened by not only their vulnerability in IPRs, but the chilling effects that come with the St. Regis decision. For example, will tribes refrain from attempting to obtain patents on their innovations due to their vulnerability in IPR? Arguments that tribes have been a historically suppressed group may naturally follow. It has been argued that IP laws have a slightly altered purpose or policy when applied in the context of tribes.187 IP law’s focus on protecting profits for the creator sometimes conflicts with the community focus of tribal groups.188 Regarding patents specifically, tribes that possess esoteric experience, such as agricultural knowledge, run into unique obstacles in patent law that they may be unequipped to bypass with their limited resources.189

It then follows that because tribes are unable to assert immunity in IPRs in the wake of the St. Regis decision, even tribes that “genuinely” acquired patents may be out of luck. Moreover, one could argue that IPRs are in rem proceedings,190 so even if tribes genuinely acquired patents, the tribes may still be subject to an IPR challenge given the questions left open in Upper Skagit.191 Many commenters argue that the determination of whether sovereign immunity extends to IPRs should have been left to Congress.192 Since determination of sovereign immunity abrogation has historically been left to Congress, it should have determined the issue, instead of the PTAB or the courts.193

185. See supra Sections I.A, I.B.
186. See Governo, supra note 44, at 204.
187. See Osborne, supra note 181, at 209.
188. See id. at 223.
189. See id. at 225.
190. See Brief of the Ass’n for Accessible Meds. as Amicus Curiae in Support of Petitioners, supra note 109, at 9–10.
192. See supra Section I.C.
193. See Brief Amici Curiae of the Nat’l Congress of Am. Indians, Nat’l Indian Gaming Ass’n, & United South & Eastern Tribes in Support of Patent Holder the St. Regis Mohawk Tribe’s Motion to Dismiss, supra note 114, at 10–12; Brickey, supra note 153, at 1494.
However, in *Oil States Energy Services, LLC v. Greene’s Energy Group*, Justice Thomas, writing for the majority, said that IPRs fall squarely within the public-rights doctrine, and that patents are the grant of a public franchise. IPRs are a reconsideration of that grant by the USPTO that does not violate Article III. Justice Thomas’ language in *Oil States* seemingly allows the PTAB to rule on the issue, even if issues like sovereign immunity are a factor to be considered.

### D. Other Patent Transactions in Civil Litigation

If a district court decides that a patent transaction involving a tribe is not a sham transaction, would it simply dismiss the case if the tribe was a necessary party? Probably, but the line between a real transaction and a sham is one that will likely always be blurry. Such issues are the points that the *St. Regis* court did not reach, so potential parties will have to find a legal hook in order to argue that tribal sovereign immunity does not exist when they believe a sham transaction has been made.

### III. Solution

There were numerous questions presented in *St. Regis* that left unresolved issues at the intersection between tribal sovereign immunity and patent law. Ultimately, who should determine these issues? Is there a blanket solution to whether or not tribal sovereign immunity is “rentable” in patent law, or should the issue be decided on a case-by-case basis? If there is a blanket solution, is it possible to preserve the historical rights of tribal governments while maintaining the integrity of patent law?

This Part describes two possible solutions that may answer the questions remaining following *St. Regis*. First, this Part explores the possibility of congressional abrogation of tribal sovereign immunity in similar cases. This presents the “cleanest” solution, but it is unlikely given Congress’ historical passivity in tribal immunity cases. A
second, more plausible avenue of dealing with this issue is for courts to employ a multifactor balancing test to reconcile the issues the Allergan maneuver presented. This approach will draw from different important policies from courts in determining whether tribal sovereign immunity should be allowed as a defense to suit. The following Sections explore both solutions in detail, examining their feasibility, benefits, and drawbacks.

A. Congressional Action

Perhaps the cleanest solution to the issues presented in this Note is for Congress to abrogate sovereign immunity in certain patent proceedings. Any congressional action would be unequivocal, creating a bright-line rule for courts or the PTAB to address issues that St. Regis left open.199

In 2017, Senator Claire McCaskill introduced a bill to Congress in response to the Allergan maneuver.200 The bill was narrow, stating that sovereign immunity should be abrogated as a defense in IPRs.201 Of course, the Federal Circuit ruled on that exact issue; however, should other bills be introduced, the question becomes whether Congress will (1) abrogate broadly, (2) abrogate narrowly, or (3) decline to abrogate at all.

There is a risk that congressional abrogation could be too broad, declining to recognize immunity in a large number of patent-related contexts. However, because Congress has historically abrogated narrowly,202 it is unlikely that any congressional action would comprise a blanket rule that precluded tribes from asserting immunity in patent law. A broader rule would also conflict with Congress’ interest in promoting and protecting the resources of tribal governments. Therefore, any congressional action would likely include limitations narrowing the scope of the bill.

One action Congress should consider is to draft a textually narrow bill, like the one Senator McCaskill proposed.203 As the analysis above illustrates, the situations in which sovereign immunity may play a role are not limited to IPRs.204 Congressional abrogation should

199. See supra Section I.B.
201. See S. 1948.
202. See supra Section I.B.
203. See S. 1948.
204. See supra Part II.
define the extent to which their legislation should apply to patent cases. If Congress intends immunity to apply, but with further limitations (such as subjecting the immune party to further fees mandated by Congress), then such limitations should be explicit in the legislation as well.\textsuperscript{205} This is as far as Congress should go regarding the specificity of any legislation. Any further narrowing of the issue may lead to confusion for tribes and patent owners alike. Thus, if applied to the hypotheticals presented in Part II above, congressional action should look narrow in most potential situations.

Regarding involvement of sovereign tribes in PGRs and IPRs, any congressional action should explicitly waive immunity in all proceedings, as the bill introduced in 2017 would.\textsuperscript{206} Following the reasoning from the \textit{St. Regis}, PGRs and IPRs are administrative proceedings brought and executed by the PTAB.\textsuperscript{207} Any potential waiver of sovereign immunity in the PGR and IPR space must be unequivocal, given their nature and the \textit{St. Regis} holding.\textsuperscript{208} Senator McCaskill introduced the bill to the Senate on October 5, 2017, but it has not been acted on since.\textsuperscript{209} It follows that Congress may not believe legislating around this issue is a high priority.

Congressional abrogation of immunity in patent litigation would be a more pressing, but more difficult, matter to pass. By exploring a waiver of sovereign immunity in patent litigation, Congress would be opening up an area of abrogation that it has not examined before. Furthermore, any waiver of immunity in civil litigation would seem to contradict Congress’ symbiotic relationship with tribal governments.\textsuperscript{210} One could imagine a bill that limits but does not waive immunity completely as a potential course of congressional action. Such legislation would be narrow as well but would set forth parameters in which immunity is waived. However, this solution may violate the requirement that abrogation be unequivocal.\textsuperscript{211} If there is some limitation of immunity (e.g., “Allergan-like” transactions after litigation has begun will waive immunity, but transactions occurring before litigation does not waive immunity), the bill risks being too opaque for parties to comply with.

\begin{itemize}
\item \textsuperscript{205} See Malasky, supra note 195, at 2485.
\item \textsuperscript{206} See S. 1948.
\item \textsuperscript{207} See Saint Regis Mohawk Tribe v. Mylan Pharm. Inc., 896 F.3d 1322, 1335 (Fed. Cir. 2018); supra Section I.C.
\item \textsuperscript{208} See supra Sections I.B, I.C, I.IA.
\item \textsuperscript{209} See S. 1948.
\item \textsuperscript{210} See supra Section I.B.
\item \textsuperscript{211} See Santa Clara Pueblo v. Martinez, 436 U.S. 49, 58 (1978).
\end{itemize}
Congressional action regarding sovereign immunity in patent proceedings is ideal because it would give tribes and other parties a bright-line rule to work with. However, such action is unlikely, especially in patent litigation matters. If Congress chooses not to act, courts will be left to determine where tribal sovereign immunity applies.

B. A Test for Courts to Determine if Parties Have Waived Immunity

The St. Regis court avoided exploring other reasons why immunity should or should not apply in patent proceedings. Perhaps the court should not have ruled for Mylan based on the nature of IPRs themselves, but based on the circumstances of the transaction. In any case, courts have plenty to consider if this situation were to come up in the future—especially if it were to arise in civil litigation. This solution proposes a test that considers multiple factors (some dispositive, others not) in determining whether immunity should apply in such situations.

1. Dispositive Factors

There are two main factors that should be considered dispositive when courts determine whether a tribe has waived immunity. First, if a tribe can prove ownership/assignment of the patents before the transaction (via the date of the patent’s grant), it should be entitled to immunity regardless of other circumstances. Second, and conversely, immunity should be waived if a tribe’s opponent can prove that the immunity is being asserted in bad faith.

Tribes, like any other individuals, can use patent laws to protect their individual property. If a tribe has used its resources to create, modify, and innovate an original idea into patentable subject matter, it should be entitled to the same rights it typically enjoys with the courts. In order to preserve the long-standing policies of tribal immunity, tribes who obtained and kept patents for their innovations should not be subject to a waiver of immunity. Therefore, if a tribe has owned the

212. See Malasky, supra note 195, at 2478, 2480, 2490; supra Section I.D.
213. See supra Sections I.C, II.B.
214. See supra Section II.B.1.
215. The solution presented in this Note does not argue that the St. Regis decision was incorrect, but rather that its reasoning could have been modified to apply more broadly to both IPRs and patent litigation in general.
216. See Osborne, supra note 181, at 223.
217. See id. at 222–23.
patent according to its grant date, it should be allowed to participate in legal transactions protected by its sovereign immunity.

In *St. Regis*, whether Allergan’s transaction with the Tribe was made in bad faith or not remains an open question.\(^{218}\) However, if Mylan had been able to prove bad faith, such evidence should be dispositive in favor of waiving a tribe’s immunity from a patent proceeding. Given the general reluctance to find that a tribe has waived immunity, especially in civil litigation, the bad faith threshold should be set high.\(^{219}\) It follows that bad faith should be defined narrowly. That is, absent a showing of fraud or dishonesty, immunity should not be waived. Mylan would likely argue that Allergan’s “sham transaction” should qualify as a bad faith transaction.\(^{220}\) However, unlike a bad faith transaction—where evidence of fraud would be dispositive—the factors that determine a sham transaction should be balanced (as described below), especially since those factors are being considered within the realm of a waiver of sovereign immunity.\(^{221}\)

2. Balancing Factors

If no dispositive factors exist, courts should apply a balancing test to determine if sovereign immunity has been waived in a patent proceeding where a transaction has taken place. While different issues may weigh more heavily than others in certain cases, none should be independently determinative outside of the two discussed above. A court should consider the following three main, nondispositive factors: (1) the benefits the transaction conferred to the parties involved, (2) the degree of the parties’ control and assignment of the patents involved, and (3) when the transaction took place. These factors stem from both the sham transaction doctrine and the issues that *St. Regis* presented.\(^{222}\)

The benefit conferred to the parties and the control of the patents are broad factors that hinge on the specific facts of the transaction.\(^{223}\) Courts should consider how the sham transaction doctrine treats both issues while considering the integrity of the patent ownership. Regarding the transaction in question, the benefit conferred will always depend on the agreement between the parties. Even if

\(^{218}\) See supra Section I.C.


\(^{220}\) See Brief of Appellees, supra note 113, at 27–29.

\(^{221}\) See supra Section II.B.1.

\(^{222}\) See id.

\(^{223}\) See Klasing, supra note 161; supra Section II.B.1.
agreements are not always transparent, courts should take into account whether the parties, especially the sovereign entity, are receiving adequate consideration. Supporters of the appellees in *St. Regis* would argue that the Tribe did not receive any benefit from the Allergan transaction because they did not actually gain control of the patents. While the Tribe did receive money for their immunity, courts should attempt to balance the actual consideration exchanged with the potential hampering of the patent landscape in similar transactions.

The remaining balancing factor—the timing of the transaction—is easier for courts to determine but should not be dispositive either. Moves like Allergan’s transaction one week before a PTAB hearing appear to be for the purpose of taking advantage of tribal sovereign immunity. However, while heavily suspicious and probative of bad faith, situations may exist where such timing was the result of coincidence. Furthermore, if timing was a dispositive factor, courts would struggle with where to draw the line. Allergan made its maneuver one week before a scheduled PTAB hearing, but what if the transaction occurred two weeks, or a month before? Thus, the timing of the transaction should be heavily weighed but should not be dispositive for these reasons.

IV. CONCLUSION

The Federal Circuit’s ruling in *St. Regis* rested on proper grounds; however, the opinion did not address a broader question, which may even extend beyond patent law: Can tribal immunity be rented through a patent transaction? If so, in what circumstances is immunity waived? It is possible that the Federal Circuit purposely left the broader issue open for Congress to act on. However, by not commenting on the matter at all, the *St. Regis* court left the door open for other patent infringers or owners to try their luck hiding under the shelter of tribal immunity outside of IPRs.

Regardless of its scope, the *St. Regis* decision has a large impact on tribes, given the growing popularity of IPRs. Perhaps the court should have considered the scarcity of tribal resources and the effects this decision will have on both tribal entities and patent law. The balancing test in this Note strikes this balance because it encourages courts to take such considerations into account when examining the

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224. See supra Sections I.C, II.B.1.
225. See Brickey, supra note 153, at 1452, 1494.
226. See, e.g., Brief of Appellees, supra note 113, at 6, 10–11.
factors of the test but will still have the latitude to weigh the integrity of both the patent system and tribal sovereign immunity.

As it stands, courts will have to balance tribal interests with the policies of patent law in future cases without such guidance. If future cases are outside the scope of IPRs, or even outside of IP as a whole, the *St. Regis* decision cannot be solely relied upon to determine if sovereign immunity should apply.

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