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Legal Sidebar

Down to a Science (and Technology): Tribe's Patent Assignment Deals Extend to High-Tech Patents

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In the wake of the announcement of a deal between Allergan, Inc. and the Saint Regis Mohawk Tribe (Tribe) involving the assignment of certain pharmaceutical patents to the Tribe, subsequent court filings have confirmed earlier reports that the Tribe also owns technology patents. Specifically, on October 18, 2017, the Tribe, along with co-plaintiff SRC Labs LLC (SRC), filed patent infringement suits against Amazon.com and Microsoft Corp., respectively, in the U.S. District Court for the Eastern District of Virginia. These new lawsuits bring high-tech patents into the ongoing discussions at the intersection of patent ownership and sovereign immunity, discussions that implicate food & drug law, federal Indian law, patent law, and state sovereign immunity.

In their complaints, SRC and the Tribe allege that Amazon and Microsoft infringe several patents (the patents-in-suit) through operation of online services that use accelerators called "field-programmable gate arrays." The patents-in-suit cover, inter alia, (1) certain multiprocessor computer architectures; (2) systems and methods for (a) accelerating website access and processing, (b) enhancing efficiency and use of memory bandwidth, (c) enhancing parallelism and performance of computational functions, and (d) saving dynamic random-access memory when reprograming devices; and (3) a switch/network adaptor port for clustered computers using multi-adaptive processors. The complaints state that the patents-in-suit were assigned from SRC to the Tribe on August 1, 2017, and were subsequently licensed back from the Tribe to SRC. This arrangement is similar to the one between Allergan and the Tribe with regard to that company's patents on the drug Restasis (the Restasis Patents), a deal that received much attention in the media and in Congress (discussed in depth in this CRS post).

The complaints also state that "[b]y filing this lawsuit, the Tribe has not expressly or impliedly waived its sovereign immunity to any *inter partes* review proceedings involving the [patents-in-suit] or any other patent assigned to the Tribe." Inter partes reviews, administrative proceedings created by the Leahy-Smith America Invents Act, allow any person (other than the patent holder) to challenge a patent's validity

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based on earlier patents or printed publications (the so-called "prior art") that disclose the claimed invention. (For more on these types of proceedings, and patent law generally, see this CRS Report). As discussed here, the Tribe has waived its sovereign immunity in these cases through the act of filing these suits. However, the Tribe appears to reserve its immunity for purposes of any potential inter partes reviews of the patents-in-suit. While there do not appear to be any pending inter partes review proceedings before the U.S. Patent & Trademark Office (PTO) involving these patents, Amazon and Microsoft could potentially request such proceedings in order to invalidate the patents-in-suit, thereby obviating the need for infringement litigation. If they do so, the Tribe could request that the proceedings be dismissed on sovereign immunity grounds, as it has done in the inter partes reviews of the Restasis Patents, a request that is still under consideration by the PTO.

According to the complaints in the Amazon and Microsoft cases, the acquisition of the patents-in-suit, like the acquisition of the Restasis Patents, is part of the Tribe's "creation of a technology and innovation center for the commercialization of existing and emerging technologies," which is intended "to strengthen the Tribal economy by encouraging the development of emerging science and technology initiatives and projects, and promoting the modernization of Tribal and other businesses." Regardless of the potential economic benefits to the Tribe, in an opinion issued on October 16, 2017, in a case involving the Restasis Patents, a district court granted Allergan's motion to join the Tribe as a co-plaintiff, but stated: "sovereign immunity should not be treated as a monetizable commodity that can be purchased by private entities as part of a scheme to evade their legal responsibilities. It is not an inexhaustible asset that can be sold to any party that might find it convenient to purchase immunity from suit. Because that is in essence . . . what the agreement between Allergan and the Tribe does, the Court has serious reservations about whether the contract between Allergan and the Tribe should be recognized as valid, rather than being held void as being contrary to public policy." Such criticisms have seemingly led to various congressional responses, including the introduction of "[a] bill to abrogate the sovereign immunity of Indian tribes as a defense in inter partes review of patents."

Under Federal Rule of Civil Procedure 12(a), Amazon's and Microsoft's answers to the Tribe's complaints would be due twenty-one days from the date they were served with the summonses and complaints.

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