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Paper No. 25

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LSI CORPORATION and AVAGO TECHNOLOGIES U.S., INC,
Petitioners,

v.

REGENTS OF THE UNIVERSITY OF MINNESOTA,
Patent Owner.

Case No. IPR2017-01068
Patent No. 5,859,601

PATENT OWNER'S REPLY IN SUPPORT OF MOTION TO STAY

TABLE OF AUTHORITIES

CASES

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35 U.S.C. § 315(d).....3

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REGULATIONS

37 C.F.R § 42.5(a).....3

37 C.F.R. § 42.122(a).....3

Petitioners concede that (1) the collateral order doctrine applies to UMN's appeal and (2) tribunals typically preserve sovereign immunity by staying proceedings until resolution of appeals regarding its applicability. Petitioners claim UMN's appeal is frivolous, but in doing so highlight the very circumstances that eviscerate that claim. Petitioners admit that an "***expanded panel***" denied UMN's motion "***after extensive deliberation.***" Paper 24 at 1 (emphasis added). If UMN's arguments were frivolous, no expanded panel or extensive deliberation would have been necessary. Indeed, the Board expressly recognized the "exceptional nature of the [waiver] issues presented," which the Board had "not had occasion to address … before." Paper 19 at 3; *id.* at 12 n.1 ("important constitutional issues" raised here make judicial review "essential").

Ignoring this, Petitioners erroneously claim the Board decided the Motion to Dismiss as a matter of "binding Federal Circuit authority." Paper 24 at 2. The Board, however, stated that the Federal Circuit had yet to opine on the specific issue of whether filing a district court case waives sovereign immunity from an IPR. Paper 19 at 9. Consequently, the Board found waiver based on purported "unfairness and inconsistency" and reasoning ***by analogy*** to *Regents of Univ. of N.M. v. Knight*, 321 F.3d 1111 (Fed. Cir. 2003), ***not binding precedent***. Paper 19 at 7 n.3 ("We do not conclude that an [IPR] is a compulsory counterclaim … Rather, we determine that the rationale given in *Knight* … similarly supports

determining that [UMN] waived [its immunity.]").

UMN will appeal the Order because (1) sovereign immunity precedent makes waiver forum-specific, and inapplicable here, and (2) the purported resulting unfairness does not justify forfeiture of UMN's constitutional right, particularly where Petitioners can challenge patent validity in district court. *See* Paper 10 at 13-15; Paper 13 at 3-5; *Knight*, 321 F.3d at 1126 ("[W]hen a state files suit in federal court …, the state shall be considered to have consented to have litigated ***in the same forum*** all compulsory counterclaims." (emphasis added)); *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 685-86 (1999) ("In the sovereign-immunity context, … evenhandness between individuals and States is not to be expected: The constitutional role of the States sets them apart…." (internal quotations omitted)).

Petitioners' assertion that UMN is engaged in gamesmanship and would not be prejudiced by a denial of this motion, Paper 24 at 7, ignores the nature of UMN's constitutional right, which would be rendered meaningless without a stay. *See* Paper 23 at 1 (immunity protects UMN from ***process*** of defending on the merits); Paper 13 at 4 (distinguishing UMN's reference to potential gamesmanship in *Reactive Surfaces v. Toyota*, IPR2016-01914 from situation here). Petitioners' complaint that UMN refused to stay the district court litigation as a quid pro quo for an IPR stay is a red herring. Petitioners' motion to stay in the district court is

pending; whether that motion has merit is a matter for that court, which is fully aware of this IPR's status. And, Petitioners' claim that UMN has "incentive to delay its … appeal," Paper 24 at 7, flies in the face of UMN's (i) representation that it would agree to expedite the appeal, and (ii) interest in resolving the appeal quickly given the stays in litigation associated with other IPRs to which it is a party. In any event, Petitioners can request the appeal be expedited if they truly want to avoid delay. Moreover, Petitioners' assertion that a stay would "frustrate … Congressional intent" for efficient IPR, Paper 24 at 1, ignores that Congress must "unequivocally express its intent to abrogate [sovereign] immunity." *Kimel v. Fla. Bd. Of Regents*, 528 U.S. 62, 73 (2000). The AIA does no such thing.

Finally, Petitioners wrongly assert that the Board cannot grant a stay because its authority "is limited to that expressly granted by statute." Paper 24 at 8. But, the statute authorizes the Board to set the "time period" for the filing of a PPOR. 35 USC §313; *see also* 37 C.F.R § 42.5(a) (authorizing Board to "determine a proper course of conduct … for any situation not specifically covered" and "set times by order"); Paper 23 at 6-7 (Board can and has suspended PPOR deadlines as there is no statutory requirement setting a filing date); 35 U.S.C. § 315(d) (limited to stays relating to multiple PTO proceedings); 37 C.F.R. § 42.122(a) (same).

Dated: January 23, 2018

Respectfully submitted,
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