

115TH CONGRESS
2D SESSION

S. 2514

To amend title 35, United States Code, to provide that a patent owner may not assert sovereign immunity as a defense in certain actions before the United States Patent and Trademark Office, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 7, 2018

Mr. COTTON (for himself, Mrs. MCCASKILL, Mr. PERDUE, Mrs. ERNST, and Mr. TOOMEY) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend title 35, United States Code, to provide that a patent owner may not assert sovereign immunity as a defense in certain actions before the United States Patent and Trademark Office, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Preserving Access to
5 Cost Effective Drugs Act” or the “PACED Act”.

6 **SEC. 2. ABROGATION OF SOVEREIGN IMMUNITY.**

7 (a) IN GENERAL.—Title 35, United States Code, is
8 amended—

1 (1) in section 135, by adding at the end the fol-
 2 lowing:

3 “(g) SOVEREIGN IMMUNITY.—

4 “(1) DEFINITIONS.—In this subsection—

5 “(A) the term ‘foreign state’ has the mean-
 6 ing given the term in section 1603(a) of title
 7 28; and

8 “(B) the term ‘Indian tribe’ has the mean-
 9 ing given the term in section 4(e) of the Indian
 10 Self-Determination and Education Assistance
 11 Act (25 U.S.C. 5304(e)).

12 “(2) ABROGATION OF SOVEREIGN IMMUNITY.—
 13 Except as provided in paragraph (3), and subject to
 14 paragraph (4), a patent owner may not assert sov-
 15 ereign immunity, including the sovereign immunity
 16 accorded to an Indian tribe, as a defense in—

17 “(A) a derivation proceeding instituted
 18 under subsection (a); or

19 “(B) a review by a court of the United
 20 States with respect to a decision reached in a
 21 proceeding described in subparagraph (A).

22 “(3) IMMUNITY OF FOREIGN STATES.—If a pat-
 23 ent owner is a foreign state, for the purposes of any
 24 proceeding described in paragraph (2)(A), the Pat-
 25 ent Trial and Appeal Board shall determine whether

the patent owner is immune from the jurisdiction of the Patent Trial and Appeal Board, in accordance with chapter 97 of title 28 as if the Patent Trial and Appeal Board were a court of the United States.

“(4) LIMITATION.—This subsection shall apply only to the extent permitted under the 11th amendment to the Constitution of the United States.”;

(2) in section 296—

(A) in the section heading, by striking **“and State officials”** and inserting **“, State officials, and Indian tribes”**; and

(B) by adding at the end the following:

“(c) ABROGATION OF TRIBAL SOVEREIGN IMMUNITY.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘covered claim’ means any claim, counterclaim, or third-party claim that arises under—

“(i) this title relating to infringement of a patent; or

“(ii) section 351 of the Public Health Service Act (42 U.S.C. 262); and

“(B) the term ‘Indian tribe’ has the meaning given the term in section 4(e) of the Indian

1 Self-Determination and Education Assistance
2 Act (25 U.S.C. 5304(e)).

3 “(2) ABROGATION.—In any action that involves
4 a covered claim that is otherwise within the jurisdic-
5 tion of a court of the United States, an Indian tribe
6 may not assert sovereign immunity as a defense.”;

7 (3) in section 305—

8 (A) in the first sentence, by striking “After
9 the” and inserting the following:

10 “(a) IN GENERAL.—After the”; and

11 (B) by adding at the end the following:

12 “(b) SOVEREIGN IMMUNITY.—

13 “(1) DEFINITIONS.—In this subsection—

14 “(A) the term ‘foreign state’ has the mean-
15 ing given the term in section 1603(a) of title
16 28; and

17 “(B) the term ‘Indian tribe’ has the mean-
18 ing given the term in section 4(e) of the Indian
19 Self-Determination and Education Assistance
20 Act (25 U.S.C. 5304(e)).

21 “(2) ABROGATION OF SOVEREIGN IMMUNITY.—

22 Except as provided in paragraph (3), and subject to
23 paragraph (4), a patent owner may not assert sov-
24 ereign immunity, including the sovereign immunity
25 accorded to an Indian tribe, as a defense in—

1 “(A) any reexamination proceeding under
2 this section, including any appeal to the Patent
3 Trial and Appeal Board; or

4 “(B) a review by a court of the United
5 States with respect to a decision reached in a
6 proceeding described in subparagraph (A).

7 “(3) IMMUNITY OF FOREIGN STATES.—If a pat-
8 ent owner is a foreign state, for the purposes of any
9 proceeding described in paragraph (2)(A), the Office
10 or the Patent Trial and Appeal Board, as applicable,
11 shall determine whether the patent owner is immune
12 from the jurisdiction of the Office or the Patent
13 Trial and Appeal Board, as applicable, in accordance
14 with chapter 97 of title 28 as if the Office or the
15 Patent Trial and Appeal Board, as applicable, were
16 a court of the United States.

17 “(4) LIMITATION.—This subsection shall apply
18 only to the extent permitted under the 11th amend-
19 ment to the Constitution of the United States.”;

20 (4) in section 316, by adding at the end the fol-
21 lowing:

22 “(f) SOVEREIGN IMMUNITY.—

23 “(1) DEFINITIONS.—In this subsection—

1 “(A) the term ‘foreign state’ has the mean-
 2 ing given the term in section 1603(a) of title
 3 28; and

4 “(B) the term ‘Indian tribe’ has the mean-
 5 ing given the term in section 4(e) of the Indian
 6 Self-Determination and Education Assistance
 7 Act (25 U.S.C. 5304(e)).

8 “(2) ABROGATION OF SOVEREIGN IMMUNITY.—
 9 Except as provided in paragraph (3), and subject to
 10 paragraph (4), a patent owner may not assert sov-
 11 ereign immunity, including the sovereign immunity
 12 accorded to an Indian tribe, as a defense in—

13 “(A) an inter partes review instituted
 14 under this chapter; or

15 “(B) a review by a court of the United
 16 States with respect to a decision reached in a
 17 proceeding described in subparagraph (A).

18 “(3) IMMUNITY OF FOREIGN STATES.—If a pat-
 19 ent owner is a foreign state, for the purposes of any
 20 review described in paragraph (2)(A), the Patent
 21 Trial and Appeal Board shall determine whether the
 22 patent owner is immune from the jurisdiction of the
 23 Patent Trial and Appeal Board, in accordance with
 24 chapter 97 of title 28 as if the Patent Trial and Ap-
 25 peal Board were a court of the United States.

1 “(4) LIMITATION.—This subsection shall apply
2 only to the extent permitted under the 11th amend-
3 ment to the Constitution of the United States.”; and

4 (5) in section 326, by adding at the end the fol-
5 lowing:

6 “(f) SOVEREIGN IMMUNITY.—

7 “(1) DEFINITIONS.—In this subsection—

8 “(A) the term ‘foreign state’ has the mean-
9 ing given the term in section 1603(a) of title
10 28; and

11 “(B) the term ‘Indian tribe’ has the mean-
12 ing given the term in section 4(e) of the Indian
13 Self-Determination and Education Assistance
14 Act (25 U.S.C. 5304(e)).

15 “(2) ABROGATION OF SOVEREIGN IMMUNITY.—

16 Except as provided in paragraph (3), and subject to
17 paragraph (4), a patent owner may not assert sov-
18 ereign immunity, including the sovereign immunity
19 accorded to an Indian tribe, as a defense in—

20 “(A) a post-grant review instituted under
21 this chapter; or

22 “(B) a review by a court of the United
23 States with respect to a decision reached in a
24 proceeding described in subparagraph (A).

1 “(3) IMMUNITY OF FOREIGN STATES.—If a pat-
 2 ent owner is a foreign state, for the purposes of any
 3 review described in paragraph (2)(A), the Patent
 4 Trial and Appeal Board shall determine whether the
 5 patent owner is immune from the jurisdiction of the
 6 Patent Trial and Appeal Board, in accordance with
 7 chapter 97 of title 28 as if the Patent Trial and Ap-
 8 peal Board were a court of the United States.

9 “(4) LIMITATION.—This subsection shall apply
 10 only to the extent permitted under the 11th amend-
 11 ment to the Constitution of the United States.”.

12 (b) AMENDMENTS TO THE TARIFF ACT OF 1930.—
 13 Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337)
 14 is amended by adding at the end the following:

15 “(o) ABROGATION OF TRIBAL SOVEREIGN IMMUN-
 16 NITY.—

17 “(1) DEFINITIONS.—In this subsection—

18 “(A) the term ‘covered person’—

19 “(i) means a person; and

20 “(ii) includes—

21 “(I) an Indian tribe; and

22 “(II) any other person that
 23 claims immunity on account of the
 24 sovereign status of an Indian tribe;
 25 and

1 “(B) the term ‘Indian tribe’ has the mean-
 2 ing given the term in section 4(e) of the Indian
 3 Self-Determination and Education Assistance
 4 Act (25 U.S.C. 5304(e)).

5 “(2) ABROGATION.—In any proceeding under
 6 this section, no covered person may assert as a de-
 7 fense the sovereign immunity that is accorded to an
 8 Indian tribe.”.

9 (c) TECHNICAL AND CONFORMING AMENDMENT.—
 10 The table of sections for chapter 29 of title 35, United
 11 States Code, is amended by striking the item relating to
 12 section 296 and inserting the following:

 “296. Liability of States, instrumentalities of States, State officials, and Indian
 tribes for infringement of patents.”.

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