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

FEBRUARY 12, 2019

Mr. COTTON (for himself, Ms. 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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

SEC. 2. ABROGATION OF SOVEREIGN IMMUNITY.

(a) IN GENERAL.—Title 35, United States Code, is amended—
(1) in section 135, by adding at the end the fol-
lowing:

“(g) SOVEREIGN IMMUNITY.—

“(1) DEFINITIONS.—In this subsection—

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

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

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

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

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

“(3) IMMUNITY OF FOREIGN STATES.—If a pat-
ent owner is a foreign state, for the purposes of any
proceeding described in paragraph (2)(A), the Pat-
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 amend-
ment 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 IMMU-
NITY.—

“(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 mean-
ing given the term in section 4(e) of the Indian
Self-Determination and Education Assistance Act (25 U.S.C. 5304(e)).

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

(3) in section 305—

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

“(a) IN GENERAL.—After the”; and

(B) by adding at the end the following:

“(b) SOVEREIGN IMMUNITY.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘foreign state’ has the meaning given the term in section 1603(a) of title 28; and

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

“(2) ABROGATION OF SOVEREIGN IMMUNITY.—

Except as provided in paragraph (3), and subject to paragraph (4), a patent owner may not assert sovereign immunity, including the sovereign immunity accorded to an Indian tribe, as a defense in—
“(A) any reexamination proceeding under this section, including any appeal to the Patent Trial and Appeal Board; or

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

“(3) IMMUNITY OF FOREIGN STATES.—If a patent owner is a foreign state, for the purposes of any proceeding described in paragraph (2)(A), the Office or the Patent Trial and Appeal Board, as applicable, shall determine whether the patent owner is immune from the jurisdiction of the Office or the Patent Trial and Appeal Board, as applicable, in accordance with chapter 97 of title 28 as if the Office or the Patent Trial and Appeal Board, as applicable, 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.”;

(4) in section 316, by adding at the end the following:

“(f) SOVEREIGN IMMUNITY.—

“(1) DEFINITIONS.—In this subsection—
“(A) the term ‘foreign state’ has the meaning given the term in section 1603(a) of title 28; and

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

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

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

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

“(3) IMMUNITY OF FOREIGN STATES.—If a patent owner is a foreign state, for the purposes of any review described in paragraph (2)(A), the Patent 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.”; and

(5) in section 326, by adding at the end the following:

“(f) SOVEREIGN IMMUNITY.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘foreign state’ has the meaning given the term in section 1603(a) of title 28; and

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

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

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

“(B) a review by a court of the United States with respect to a decision reached in a proceeding described in subparagraph (A).
“(3) IMMUNITY OF FOREIGN STATES.—If a patent owner is a foreign state, for the purposes of any review described in paragraph (2)(A), the Patent 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.”.

(b) AMENDMENTS TO THE TARIFF ACT OF 1930.—

Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended by adding at the end the following:

“(o) ABROGATION OF TRIBAL SOVEREIGN IMMUNITY.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘covered person’—

“(i) means a person; and

“(ii) includes—

“(I) an Indian tribe; and

“(II) any other person that claims immunity on account of the sovereign status of an Indian tribe; and
“(B) the term ‘Indian tribe’ has the meaning given the term in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304(e)).

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

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

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