

Calendar No. 129116TH CONGRESS
1ST SESSION**S. 440**

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

JUNE 28 (legislative day, JUNE 27), 2019

Reported by Mr. GRAHAM, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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,*

1 **SECTION 1. SHORT TITLE.**

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

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

5 (a) IN GENERAL.—Title 35, United States Code, is
6 amended—

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

9 “(g) SOVEREIGN IMMUNITY.—

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

11 “(A) the term ‘foreign state’ has the mean-
12 ing given the term in section 1603(a) of title
13 28; and

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

18 “(2) ABROGATION OF SOVEREIGN IMMUNITY.—

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

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

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

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

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

15 (2) in section 296—

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

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

20 “(e) ABROGATION OF TRIBAL SOVEREIGN IMMU-
21 NITY.—

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

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

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

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

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

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

13 (3) in section 305—

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

16 “(a) IN GENERAL.—After the”; and

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

18 “(b) SOVEREIGN IMMUNITY.—

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

20 “(A) the term ‘foreign state’ has the mean-
21 ing given the term in section 1603(a) of title
22 28; and

23 “(B) the term ‘Indian tribe’ has the mean-
24 ing 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 OF SOVEREIGN IMMUNITY.—~~
4 ~~Except as provided in paragraph (3), and subject to~~
5 ~~paragraph (4), a patent owner may not assert sov-~~
6 ~~ereign immunity, including the sovereign immunity~~
7 ~~accorded to an Indian tribe, as a defense in—~~

8 ~~“(A) any reexamination proceeding under~~
9 ~~this section, including any appeal to the Patent~~
10 ~~Trial and Appeal Board; or~~

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

14 ~~“(3) IMMUNITY OF FOREIGN STATES.—If a pat-~~
15 ~~ent owner is a foreign state, for the purposes of any~~
16 ~~proceeding described in paragraph (2)(A), the Office~~
17 ~~or the Patent Trial and Appeal Board, as applicable,~~
18 ~~shall determine whether the patent owner is immune~~
19 ~~from the jurisdiction of the Office or the Patent~~
20 ~~Trial and Appeal Board, as applicable, in accordance~~
21 ~~with chapter 97 of title 28 as if the Office or the~~
22 ~~Patent Trial and Appeal Board, as applicable, were~~
23 ~~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.”;

4 (4) in section 316, 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) an inter partes review instituted
21 under 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.”; and

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

14 “(f) SOVEREIGN IMMUNITY.—

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

16 “(A) the term ‘foreign state’ has the mean-
 17 ing given the term in section 1603(a) of title
 18 28; and

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

23 “(2) ABROGATION OF SOVEREIGN IMMUNITY.—

24 Except as provided in paragraph (3), and subject to
 25 paragraph (4), a patent owner may not assert sov-

1 foreign immunity, including the sovereign immunity
2 accorded to an Indian tribe, as a defense in—

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

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

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

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

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

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

22 “(o) ABROGATION OF TRIBAL SOVEREIGN IMMU-
23 NITY.—

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

25 “(A) the term ‘covered person’—

1 “(i) means a person; and

2 “(ii) includes—

3 “(I) an Indian tribe; and

4 “(II) any other person that
5 claims immunity on account of the
6 sovereign status of an Indian tribe;
7 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.—In any proceeding under
13 this section, no covered person may assert as a de-
14 fense the sovereign immunity that is accorded to an
15 Indian tribe.”.

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

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

20 **SECTION 1. SHORT TITLE.**

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

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

2 (a) *IN GENERAL.*—*Title 35, United States Code, is*
3 *amended—*

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

6 “(g) *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 28;*
10 *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 derivation proceeding instituted*
21 *under subsection (a); 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).*

25 “(3) *IMMUNITY OF FOREIGN STATES.*—*If a pat-*
26 *ent owner is a foreign state, for the purposes of any*

1 *proceeding described in paragraph (2)(A), the Patent*
 2 *Trial and Appeal Board shall determine whether the*
 3 *patent owner is immune from the jurisdiction of the*
 4 *Patent Trial and Appeal Board, in accordance with*
 5 *chapter 97 of title 28 as if the Patent Trial and Ap-*
 6 *peal Board were a court of the United States.*

7 “(4) *LIMITATION.—This subsection—*

8 “(A) *shall apply only to the extent per-*
 9 *mitted under the 11th amendment to the Con-*
 10 *stitution of the United States; and*

11 “(B) *shall not apply with respect to—*

12 “(i) *any State of the United States; or*

13 “(ii) *any institution of higher edu-*
 14 *cation, as defined in section 101 of the*
 15 *Higher Education Act of 1965 (20 U.S.C.*
 16 *1001), that is a public institution in a*
 17 *State of the United States.”;*

18 (2) *in section 296—*

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

22 (B) *by adding at the end the following:*

23 “(c) *ABROGATION OF TRIBAL SOVEREIGN IMMU-*
 24 *NITY.—*

25 “(1) *DEFINITIONS.—In this subsection—*

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

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

6 “(ii) section 351 of the Public Health
7 Service Act (42 U.S.C. 262); 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.*—In any action that involves
13 a covered claim that is otherwise within the jurisdic-
14 tion of a court of the United States, an Indian tribe
15 may not assert sovereign immunity as a defense.”;

16 (3) in section 305—

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

19 “(a) *IN GENERAL.*—After the”; and

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

21 “(b) *SOVEREIGN IMMUNITY.*—

22 “(1) *DEFINITIONS.*—In this subsection—

23 “(A) the term ‘foreign state’ has the mean-
24 ing given the term in section 1603(a) of title 28;
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 OF SOVEREIGN IMMUNITY.—
6 Except as provided in paragraph (3), and subject to
7 paragraph (4), a patent owner may not assert sov-
8 ereign immunity, including the sovereign immunity
9 accorded to an Indian tribe, as a defense in—

10 “(A) any reexamination proceeding under
11 this section, including any appeal to the Patent
12 Trial and Appeal Board; or

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

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

1 “(4) *LIMITATION.*—*This subsection—*

2 “(A) *shall apply only to the extent per-*
3 *mitted under the 11th amendment to the Con-*
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6 “(i) *any State of the United States; or*

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8 *cation, as defined in section 101 of the*
9 *Higher Education Act of 1965 (20 U.S.C.*
10 *1001), that is a public institution in a*
11 *State of the United States.”;*

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17 *ing given the term in section 1603(a) of title 28;*
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6 *States with respect to a decision reached in a*
7 *proceeding described in subparagraph (A).*

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9 *ent owner is a foreign state, for the purposes of any*
10 *review described in paragraph (2)(A), the Patent*
11 *Trial and Appeal Board shall determine whether the*
12 *patent owner is immune from the jurisdiction of the*
13 *Patent Trial and Appeal Board, in accordance with*
14 *chapter 97 of title 28 as if the Patent Trial and Ap-*
15 *peal Board were a court of the United States.*

16 *“(4) LIMITATION.—This subsection—*

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18 *mitted under the 11th amendment to the Con-*
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12 Self-Determination and Education Assistance
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15 Except as provided in paragraph (3), and subject to
16 paragraph (4), a patent owner may not assert sov-
17 ereign immunity, including the sovereign immunity
18 accorded to an Indian tribe, as a defense in—

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

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

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25 ent owner is a foreign state, for the purposes of any

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 15 Higher Education Act of 1965 (20 U.S.C.
 16 1001), that is a public institution in a
 17 State of the United States.”.

18 (b) AMENDMENTS TO THE TARIFF ACT OF 1930.—Sec-
 19 tion 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is
 20 amended by adding at the end the following:

21 “(o) ABROGATION OF TRIBAL SOVEREIGN IMMU-
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23 “(1) DEFINITIONS.—In this subsection—

24 “(A) the term ‘covered person’—

25 “(i) means a person; and

1 “(ii) includes—
2 “(I) an Indian tribe; and
3 “(II) any other person that claims
4 immunity on account of the sovereign
5 status of an Indian tribe; and
6 “(B) the term ‘Indian tribe’ has the mean-
7 ing given the term in section 4(e) of the Indian
8 Self-Determination and Education Assistance
9 Act (25 U.S.C. 5304(e)).

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

14 (c) TECHNICAL AND CONFORMING AMENDMENT.—The
15 table of sections for chapter 29 of title 35, United States
16 Code, is amended by striking the item relating to section
17 296 and inserting the following:

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

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A BILL

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