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Paper No. 32
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

REACTIVE SURFACES LTD., LLP,
Petitioner,

v.

TOYOTA MOTOR CORPORATION,
Patent Owner.

Case IPR2017-00572
Patent 8,252,571 B2

Before CHRISTOPHER M. KAISER, JEFFREY W. ABRAHAM, and MICHELLE N. ANKENBRAND, *Administrative Patent Judges*.

KAISER, *Administrative Patent Judge*.

ORDER

Decision Granting in Part Patent Owner's Motion to Dismiss
37 C.F.R. §§ 42.5 and 42.71

I. INTRODUCTION

On January 4, 2017, Petitioner Reactive Surfaces Ltd., LLP ("Reactive Surfaces") filed a Petition (Paper 1, "Pet.") for *inter partes* review of claims 1–23 of U.S. Patent No. 8,252,571 (Ex. 1001, "the '571 patent"). Prior to the deadline for the Patent Owner Preliminary Response, Patent Owners Toyota Motor Corporation ("Toyota") and Regents of the University of Minnesota ("the Regents") (collectively, "Patent Owner") requested a conference call with the Board seeking authorization to file a motion to dismiss the Petition on the grounds that the Regents are entitled to sovereign immunity under the Eleventh Amendment to the United States Constitution and that this proceeding may not continue in the absence of the Regents. On February 21, 2017, we authorized briefing on the motion to dismiss. Paper 22, 4. We also extended the deadline for the Patent Owner Preliminary Response to give us time to consider the motion to dismiss. *Id.*; Paper 27, 2. Pursuant to our authorization, Patent Owner has filed a motion to dismiss (Paper 23, "Mot."), Petitioner has filed an opposition (Paper 25, "Opp."), and Patent Owner has filed a reply (Paper 26, "Reply").

For the reasons set forth below, we agree that the Regents cannot be compelled to join this proceeding against their will, but we conclude that the proceeding may continue in their absence. Accordingly, we grant in part Patent Owners' motion to dismiss.

II. BACKGROUND

The '571 patent, titled "Preparation of Solvent-Borne Polymeric Bioactive Coatings," issued on August 28, 2012. Ex. 1001, at [45], [54]. The patent lists six inventors. *Id.* at [75]. During the prosecution of the '571

patent, three of those inventors assigned their interest to the Regents. Ex. 2003. Also during prosecution, two of the remaining inventors assigned their interest to Toyota Motor Engineering & Manufacturing North America, Inc., and the remaining inventor assigned his interest to Toyota. Ex. 2004; Ex. 2005. Later, Toyota Motor Engineering & Manufacturing North America, Inc. assigned its interest to Toyota. Ex. 2006. Accordingly, the '571 patent is co-owned today by Toyota and the Regents. *See* Paper 4, 1 (naming Toyota and the Regents as co-assignees of the '571 patent and real parties in interest in this proceeding); Paper 6, 1 (same). In this proceeding, Toyota and the Regents are represented by the same counsel. Paper 5, 1 (naming counsel for Toyota); Paper 7, 1 (naming counsel for the Regents).

In its motion to dismiss the present proceeding, Patent Owner argues that Eleventh Amendment sovereign immunity extends to *inter partes* reviews, that the Regents are entitled to assert sovereign immunity, and that the merits of this *inter partes* review cannot be adjudicated in the absence of the Regents. Mot. 2–18. Patent Owner also argues that the sovereign immunity of the Regents cannot be subordinated to speculative concerns about the effects of applying sovereign immunity to *inter partes* reviews. *Id.* at 18–20. Petitioner opposes on several grounds, including that Patent Owners have failed to prove that the Regents are entitled to assert sovereign immunity, that the Eleventh Amendment does not extend to *inter partes* reviews, and that any sovereign immunity possessed by the Regents does not extend to Toyota. Opp. 3–20. Patent Owner argues in its reply that the Regents are entitled to assert sovereign immunity as an arm of the State of Minnesota. Reply 1–3.

III. ANALYSIS

A. Whether a State May Assert Eleventh Amendment Immunity in Inter Partes *Review Proceedings*

The first question we must answer is whether the sovereign immunity reserved to states under the Eleventh Amendment may be asserted in *inter partes* reviews. Two earlier decisions of the Board have addressed this issue. *NeoChord, Inc. v. Univ. of Md., Balt.*, Case IPR2016-00208 (PTAB May 23, 2017) (Paper 28); *Covidien LP v. Univ. of Fla. Research Found. Inc.*, Case IPR2016-01274 (PTAB Jan. 25, 2017) (Paper 21). Both of those decisions concluded that Eleventh Amendment sovereign immunity may be invoked in *inter partes* review proceedings. Although neither of those decisions is binding on us, we find their reasoning persuasive.

As the panels in *NeoChord* and *Covidien* did, we note the Supreme Court's decision in *Federal Maritime Commission v. South Carolina State Ports Authority* (hereinafter "*FMC*"), in which the Court held that the Eleventh Amendment extends to agency proceedings that "walk[], talk[], and squawk[] very much like a lawsuit." 535 U.S. 743, 756–59 (2002). Accordingly, whether the Eleventh Amendment extends to *inter partes* reviews can be determined by examining the extent to which *inter partes* reviews resemble lawsuits. *Id.* The *FMC* analysis has been applied to interference proceedings before the Board of Patent Appeals and Interferences, our predecessor. *Vas-Cath, Inc. v. Curators of Univ. of Mo.*, 473 F.3d 1376, 1382 (Fed. Cir. 2007). In *Vas-Cath*, the Federal Circuit held that interference proceedings "bear 'strong similarities' to civil litigation." *Id.* (quoting *FMC*, 535 U.S. at 760). This conclusion was based on several characteristics of interference proceedings:

> PTO interferences involve adverse parties, examination and cross-examination by deposition of witnesses, production of documentary evidence, findings by an impartial federal adjudicator, and power to implement the decision. *See, e.g.*, 37 C.F.R. § 1.651(a) (during an interference, "an administrative patent judge shall set a time for filing motions (§ 1.635), for additional discovery under § 1.687(c) and testimony period for taking any necessary testimony."); § 1.671(a) ("Evidence [for an interference] consists of affidavits, transcripts of depositions, documents and things."); § 1.671(b) ("[T]he Federal Rules of Evidence shall apply to interference proceedings" except "[t]hose portions of the Federal Rules of Evidence relating to criminal actions, juries, and other matters not relevant to interferences.").

Id. The Board's procedures for conducting *inter partes* reviews resemble those for conducting interferences. As with interferences, *inter partes* reviews generally involve adverse parties; provide for examination and cross-examination of witnesses; and result in findings by an impartial federal adjudicator and decisions that the agency has the power to implement. *See* 35 U.S.C. §§ 6, 311–318; 37 C.F.R. §§ 42.51–.53. Accordingly, under *FMC* and *Vas-Cath*, *inter partes* reviews are similar to lawsuits.

As noted in *NeoChord*, *inter partes* reviews are not identical to lawsuits. "[T]he Office has explained that there is not a one to one correspondence between *inter partes* review proceedings and district court litigation inasmuch as *inter partes* review proceedings are designed to allow for a lower cost to parties and a more rapid outcome." *NeoChord*, Case IPR2016-00208, slip op. at 7 n.5 (PTAB May 23, 2017) (Paper 28) (citing Final Rule, Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,636 (Aug. 14, 2012) (Response to Comment 92)).

As the Supreme Court has noted, "in [some] significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding." *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143 (2016) (citing differences between *inter partes* review and civil litigation as including standing requirements, burden of proof, and ability to continue with the proceeding following withdrawal of a party); *see also id.* at 2144 (quoting *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)) (noting that the aspects of *inter partes* review that resemble earlier reexamination proceedings "help[] protect the public's 'paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope'"). But the test for Eleventh Amendment applicability does not require identity with civil litigation in all respects. Instead, it requires similarity in "Rules of Practice and Procedure," "discovery," and "the role of the . . . impartial officer designated to hear a case." *FMC*, 535 U.S. at 757–59. As discussed above, such similarity is present with respect to *inter partes* reviews.

We are not persuaded otherwise by Petitioner's arguments. Petitioner argues that the list of similarities to consider is much longer than the list articulated by the Supreme Court, including "1) whether the proceeding is adversarial; 2) whether the proceeding arose as a result of a deprivation or injury; 3) whether there are at least two parties involved in the proceeding; 4) whether the attendance of the parties is required; 5) whether one of the parties is prosecuting a claim against the other; [and] 6) whether the injured party is demanding the restoration of something from the defending party." Opp. 9 (quoting *In re Barrett Ref. Corp.*, 221 B.R. 795, 803 (Bankr. W.D. Okla. 1998)) (alteration in original). We rely on the list of factors articulated

in *FMC*, however, both because *FMC* is a Supreme Court decision and because *FMC* post-dates the list articulated in *Barrett Refining*.

Petitioner also argues that "[t]he explicit language of [35 U.S.C. § 311] indicates that [an *inter partes* review] is a challenge to the patent, not the patent owner," making it "a proceeding *in rem*, not *in personam*." Opp. 10. It is true that Congress can provide for actions to be *in rem* through express language. *See, e.g.*, 15 U.S.C. § 1125(d)(2)(A) (creating "an in rem civil action against a domain name"). Express language of this nature does not appear in § 311 of the *inter partes* review statutes. 35 U.S.C. § 311. Although § 311 does say, as Petitioner argues, that "a person . . . may file with the Office a petition to institute an inter partes review of the patent," the Supreme Court has described *inter partes* reviews as "hybrid proceeding[s]" with both "adjudicatory characteristics [that] make these agency proceedings similar to court proceedings" and "features . . . [that] indicate that the purpose of the proceeding is not quite the same as the purpose of district court litigation." *Id.*; *Cuozzo*, 136 S. Ct. at 2143–44; *see also Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 312 (1950) (noting that proceedings can be termed "quasi in rem, or more vaguely still, 'in the nature of a proceeding in rem'" in addition to the more traditional *in rem* and *in personam*). In light of the spectrum of possible types of actions, even if we were to accept Petitioner's argument that *inter partes* reviews are not purely proceedings *in personam* against patent owners, we are not prepared to say on the present record and arguments that *inter partes* reviews are purely proceedings *in rem* against patents.

This is so even in light of Petitioner's argument that the ability of the Board to commence *inter partes* review proceedings without the

participation of the patent owner, and to continue *inter partes* review proceedings after the withdrawal of the patent owner, proves the *in rem* nature of *inter partes* reviews. Opp. 10–14. Although these characteristics of *inter partes* reviews distinguish them from civil litigation and give them some features of *in rem* actions, we are not persuaded that they transform what the Supreme Court has called "hybrid proceeding[s]" with some "adjudicatory characteristics" into purely administrative proceedings *in rem*. Given the presence of "adjudicatory characteristics" that were found to make agency proceedings similar to civil litigation in *FMC* and *Vas-Cath*, we consider it more likely that *inter partes* reviews have sufficient *in personam* character for the Eleventh Amendment to apply.

Accordingly, we conclude that sovereign immunity under the Eleventh Amendment may be asserted in *inter partes* review proceedings.

B. Whether Eleventh Amendment Immunity Has Been Abrogated or Waived

Even though *inter partes* reviews are similar enough to civil litigation for Eleventh Amendment sovereign immunity to apply, that immunity could have been abrogated by Congress or waived by the state to which it otherwise would apply. *See Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 672–87 (1999); *Vas-Cath*, 473 F.3d at 1383.

Neither party raises an argument that abrogation or waiver should apply in this case. In addition, we agree with the *NeoChord* panel that "Congress has not abrogated Eleventh Amendment immunity with respect to this *inter partes* review proceeding, under Section 5 of the Fourteenth Amendment or under Article I of the Constitution" and that waiver generally

does not apply in any case in which a State "serves as a defendant." *NeoChord*, Case IPR2016-00208, slip op. at 9–12, 14–15 (PTAB May 23, 2017) (Paper 28). Accordingly, we conclude that, on the present record and arguments, neither abrogation nor waiver precludes assertion of Eleventh Amendment sovereign immunity.

C. Whether the Regents May Assert Sovereign Immunity under the Eleventh Amendment

Given that Eleventh Amendment sovereign immunity may be asserted in *inter partes* review proceedings, we next need to determine whether the Regents are capable of asserting it. Patent Owner argues that the Regents are entitled to assert sovereign immunity under the Eleventh Amendment. Mot. 8–11; Reply 1–3. Petitioner disagrees. Opp. 3–7.

The Eleventh Amendment "encompasses not only actions in which a State is actually named as the defendant, but also certain actions against state agents and state instrumentalities." *Regents of the Univ. of Cal. v. Doe*, 519 U.S. 425, 429 (1997). Accordingly, "a state university typically enjoys sovereign immunity." *Univ. of Utah v. Max-Planck-Gesellschaft zur Forderung der Wissenschaften e.V.*, 734 F.3d 1315, 1319 (Fed. Cir. 2013). The question for us is whether the Regents are a "state agent[] or state instrumentalit[y]" similar to "a state university." Answering this question requires "focus[ing] on the 'nature of the entity created by state law' to determine whether it should 'be treated as an arm of the State.'" *Doe*, 519 U.S. at 429–30 (quoting *Mt. Healthy City Bd. of Ed. v. Doyle*, 429 U.S. 274, 280 (1977)). We can do this "only after considering the provisions of state law that define the agency's character." *Id.* at 429 n.5.

Patent Owner begins by arguing that the University of Minnesota "is an arm of the State of Minnesota." Mot. 8–11. We agree with Patent Owner that the status of the University of Minnesota as an arm of the State of Minnesota is "a matter of settled federal law." *Id.* at 8; *see Raygor v. Regents of the Univ. of Minn.*, 534 U.S. 533, 536 (2002); *Treleven v. Univ. of Minn.*, 73 F.3d 816, 819 (8th Cir. 1996); *Hoeffner v. Univ. of Minn.*, 948 F. Supp. 1380, 1385 (D. Minn. 1996). We also agree with Petitioner, however, that the status of the University of Minnesota as an arm of the State of Minnesota does not necessarily resolve the question of whether the Regents are an arm of the State. Opp. 4–6.

It appears that federal courts treat the Regents and the University of Minnesota as interchangeable for purposes of Eleventh Amendment analysis. *See, e.g.*, *Raygor*, 534 U.S. at 535–36 (2002) (treating a suit against "Regents of the University of Minnesota" as a suit "against respondent university"); *Humenansky v. Regents of Univ. of Minn.*, 152 F.3d 822, 824 (8th Cir. 1998) (discussing the Eleventh Amendment status of "[t]he University of Minnesota" in a case against "Regents of the University of Minnesota"); *Richmond v. Bd. of Regents of Univ. of Minn.*, 957 F.2d 595, 596 (8th Cir. 1992) (treating a suit against "Board of Regents of the University of Minnesota" and implicating the Eleventh Amendment as a "suit against the University of Minnesota"). This strongly suggests that we should treat the Regents as an arm of the State of Minnesota.

Treating the Regents as such is sensible given their status under Minnesota law. Minnesota state courts treat the Regents as "an agency of the state." *Miller v. Chou*, 257 N.W.2d 277, 278 (Minn. 1977). The Regents were "established by the [Minnesota] territorial legislature in 1851."

Id.; *see* Ex. 2007 § 7. The powers possessed by the Regents are "of constitutional stature." *Miller*, 257 N.W.2d at 278–79. The members of the Regents are "elected by the Legislature." Ex. 2007 § 4. The Regents are required to "make a report annually, to the Legislature" that details "the state and progress of the University." *Id.* § 16. The state legislature "may at any time alter, amend, [or] modify" the laws relating to the establishment of the Regents. *Id.* § 20.

Given the evidence of record, the previous decisions of Minnesota and federal courts, and the arguments of the parties here, we are persuaded that the Regents are an arm of the State of Minnesota for Eleventh Amendment purposes. Because the Regents have asserted their sovereign immunity and have thereby expressed a desire not to continue with this *inter partes* review proceeding, we dismiss them from the proceeding.

D. Whether the Inter Partes *Review May Continue in the Absence of the Regents*

Because the Regents are no longer a part of this proceeding, and because the Regents are an owner of the patent being challenged, we must determine whether this *inter partes* review may continue in the absence of the Regents. Patent Owner argues that this proceeding may not continue. Mot. 11–18. Petitioner argues that it may. Opp. 17–20. As the moving party, Patent Owner has the burden of establishing "that it is entitled to the requested relief," i.e., that this proceeding should be terminated rather than continuing in the absence of the Regents. 37 C.F.R. § 42.20(c).

The rules governing *inter partes* review proceedings provide for continuing in the absence of a patent owner in at least three circumstances. First, the Board may institute trial and proceed to a final written decision

even in the absence of any preliminary response or response by the patent owner. 37 C.F.R. §§ 42.108(c) (requiring the Board to take a preliminary response into account in deciding whether to institute trial only "where such a response is filed"), 42.120(a) (permitting, but not requiring, a patent owner to file a response). Second, if the parties to an *inter partes* review settle their dispute, the Board may continue to "independently determine any question of jurisdiction, patentability, or Office practice." *Id.* § 42.74(a); *see* 35 U.S.C. § 317(a) (permitting the Board to "proceed to a final written decision" following settlement by the parties to an *inter partes* review); *Yahoo! Inc. v. CreateAds L.L.C.*, Case IPR2014-00200, slip op. at 2 (PTAB Feb. 26, 2015) (Paper 40) (undertaking this process). Third, "[a]n owner of a part interest in the subject patent may move to act to the exclusion of an inventor or a co-owner" upon a showing that the excluded co-owner is unable or refuses "to prosecute the proceeding" or upon a showing that there is another reason "why it is in the interests of justice to permit the owner of a part interest to act in the trial." 37 C.F.R. § 42.9(b). Although none of these rules applies precisely in the present situation, their existence demonstrates that it is not the case that the absence of one patent owner necessarily requires the termination of the *inter partes* review.

Patent Owner argues for a rule requiring automatic termination of a proceeding upon the dismissal of a party on the grounds of sovereign immunity. Mot. 11–15. Patent Owner's argument relies on a statement in *Republic of Philippines v. Pimentel* that, "where sovereign immunity is asserted, and the claims of the sovereign are not frivolous, dismissal of the action must be ordered where there is a potential for injury to the interests of the absent sovereign." 553 U.S. 851, 867 (2008). Further, argues Patent

Owner, the "interests of the absent sovereign" include an interest in sovereign immunity itself, which cannot be protected adequately by any remaining private-party defendants. Mot. 13–15 (citing *Enter. Mgmt. Consultants, Inc. v. United States*, 883 F.2d 890, 894 (10th Cir. 1989)). Accordingly, Patent Owner argues that the only way to prevent "injury to the interests of the absent sovereign" is to dismiss the action entirely. *Id.*

Petitioner counters that federal courts that have considered the issue have not applied a bright-line rule that requires dismissal of any action after a finding that one defendant has sovereign immunity. Opp. 17–19. We agree. "If the inability to join a sovereign as a party had the automatic effect of nullifying the suit against other private defendants, Rule 19 [of the Federal Rules of Civil Procedure] would be rendered superfluous in these cases. That is not the law." *SourceOne Global Partners, LLC v. KGK Synergize, Inc.*, No. 08-C-7403, 2009 WL 1346250, at *4 (N.D. Ill. May 13, 2009); *see also Davis v. United States*, 192 F.3d 951, 960 (10th Cir. 1999) (holding, pre-*Pimentel*, that to suggest "that immunity is so compelling by itself as to eliminate the need to weigh the four Rule 19(b) factors" used to determine whether to continue with litigation in the absence of a party is to create "far too categorical[]" a rule).

Since *Pimentel* was decided, our reviewing court has considered at least twice the issue of whether to dismiss litigation in the absence of a sovereign defendant. In both of those decisions, the court considered the proper application of the Rule 19(b) factors[1] rather than relying solely on the

[1] Rule 19(b) of the Federal Rules of Civil Procedure provides that "[i]f a person who is required to be joined if feasible cannot be joined, the court must determine whether, in equity and good conscience, the action should

sovereign immunity of the absent defendant. *Univ. of Utah*, 734 F.3d at 1326–28; *A123 Sys., Inc. v. Hydro-Quebec*, 626 F.3d 1213, 1221–22 (Fed. Cir. 2010). These decisions continue the Federal Circuit's pre-*Pimentel* practice of looking to Rule 19(b) in cases in which a federal court can exercise jurisdiction over one defendant but not over another. *See, e.g.*, *Dainippon Screen Mfg. Co., Ltd. v. CFMT, Inc.*, 142 F.3d 1266, 1272–73 (Fed. Cir. 1998) (conducting Rule 19(b) analysis where one defendant was beyond reach of district court's personal jurisdiction). Accordingly, we do not agree with Patent Owner that the federal courts have adopted a rule under which the successful assertion of sovereign immunity by one party requires a dismissal of the action against the remaining parties.

Instead, when the absent sovereign party and a remaining party have identical "interests in the asserted patents," the remaining party adequately

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proceed among the existing parties or should be dismissed." It goes on to state four "factors for the court to consider" in making that determination:

> (1) the extent to which a judgment rendered in the person's absence might prejudice that person or the existing parties;
> (2) the extent to which any prejudice could be lessened or avoid by:
> (A) protective provisions in the judgment;
> (B) shaping the relief; or
> (C) other measures;
> (3) whether a judgment rendered in the person's absence would be adequate; and
> (4) whether the plaintiff would have an adequate remedy if the action were dismissed for nonjoinder.

Fed. R. Civ. P. 19(b).

represents the interests of the absent sovereign party under Rule 19(b)(1).[2] *A123*, 626 F.3d at 1221; *see Univ. of Utah*, 734 F.3d at 1327.[3] The adequacy of that representation is even stronger when the parties at issue are patent owners, when all of the patent owners except the absent sovereign are present in the action, and when all of the present patent owners are represented by the same legal counsel. *Univ. of Utah*, 734 F.3d at 1327. Here, there are only two patent owners, Toyota and the Regents. With the Regents dismissed from this proceeding, all patent owners are present except the sovereign. The present patent owner and the absent patent owner both hold identical interests in the '571 patent. *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1465 (Fed. Cir. 1998) ("each co-inventor presumptively owns a pro rata undivided interest in the entire patent"); Exs. 2003–2006 (showing that Toyota and the Regents acquired the

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[2] We acknowledge, as do the parties, that the Federal Rules of Civil Procedure do not apply to *inter partes* reviews and that the *inter partes* review rules "do not have a direct analogue to Rule 19(b)." Mot. 14; *see* Opp. 19–20. Nevertheless, we find instructive the Federal Circuit's analysis under Rule 19(b)(1) in *A123* and *University of Utah* regarding the identity of interests between present and absent patent owners.

[3] The analysis of the identity of interests takes into account any difference in the claims made by the plaintiff against each defendant. *Ali v. Carnegie Inst. of Wash.*, No. 2016-2320, 2017 WL 1349280, at *7 (Fed. Cir. Apr. 12, 2017) (nonprecedential) (finding potential prejudice to an absent patent owner against whom the plaintiff had brought a claim for monetary damages when the remaining patent owner was not faced with a monetary-damages claim). Needless to say, there is no difference here between the nature of the claim made by Petitioner against Toyota and the nature of the claim made by Petitioner against the Regents. As to each patent owner, the sole remedy Petitioner seeks is cancellation of claims 1–23 of the '571 patent. Pet. 1.

complete interests of the co-inventors of the '571 patent). Further, both Toyota and the Regents are represented by the same legal counsel. Paper 5, 1 (naming counsel for Toyota); Paper 7, 1 (naming counsel for the Regents). Accordingly, under the Federal Rules of Civil Procedure, Toyota would adequately represent the interests of the Regents in the challenged patent.[4] Thus, even if we were to apply the rules that govern the continuation of a Federal court proceeding after the dismissal of a party on the ground of sovereign immunity, we would not conclude that, as Patent Owner argues, this proceeding must be terminated upon the dismissal of the Regents.

Both parties agree that the Federal Rules of Civil Procedure do not apply to *inter partes* reviews and that "the rules prescribed for the conduct of [*inter partes* review] proceedings do not have a direct analogue to Rule 19(b)." Mot. 14; *see* Opp. 19–20. Accordingly, there is no need for us to consider the remaining factors of Rule 19(b). Further, neither party has briefed the proper application of the Rule 19(b) factors other than the first factor, "the extent to which a judgment rendered in [the Regents'] absence might prejudice [the Regents]," which we have discussed. Fed. R. Civ. P. 19(b)(1).

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[4] In *NeoChord*, the *inter partes* review was terminated because the patent owners did not share identical interests in the challenged patent. *NeoChord*, Case IPR2016-00208, slip op. at 18–19 (PTAB May 23, 2017) (Paper 28) (citing *A123*, 626 F.3d at 1217). But *NeoChord* is factually distinguishable from this case. There, the remaining "patent owner" was an exclusive licensee to whom the absent sovereign patent owner had "transferred less than 'substantially all' rights." *Id.* at 19. Here, Toyota is just as much an owner of the '571 patent as the Regents.

Because our rules contemplate proceeding with less than all the owners of a challenged patent, and because, even under the more restrictive rules that prevail in Federal court, Toyota would represent adequately the interests of the Regents in the ’571 patent, we conclude that this *inter partes* review proceeding may continue in the absence of the Regents.

IV. CONCLUSION

For the foregoing reasons, we conclude that Patent Owner has shown sufficiently that the Regents may raise Eleventh Amendment sovereign immunity as a defense in this *inter partes* review proceeding, that Eleventh Amendment sovereign immunity has not been abrogated or waived in this case, and that the Regents do not wish to continue in this proceeding as a patent owner. We conclude that Patent Owner has not shown sufficiently that dismissal of the Regents from this proceeding requires termination of the proceeding as to the remaining patent owner, Toyota.

Accordingly, it is

ORDERED that Patent Owner’s motion to dismiss is granted in part;

FURTHER ORDERED that the Regents are hereby dismissed from this proceeding;

FURTHER ORDERED that Toyota is not dismissed from this proceeding;

FURTHER ORDERED that this proceeding is not terminated or dismissed; and

FURTHER ORDERED that the due date for Toyota's Preliminary Response, should Toyota choose to file one, is hereby set as one month from the date of entry of this Order.

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