

# State Sovereign Immunity and Technology Transfer

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In June 1999, the United States Supreme Court issued two decisions recognizing that states have sovereign immunity from suits for intellectual property infringement. These two decisions, *Florida Prepaid*<sup>1</sup> and *College Savings Bank*,<sup>2</sup> prompted several bills in Congress aimed at establishing state intellectual property liability.<sup>3</sup> The bills, versions of the Intellectual Property Restoration Act, would require states to waive their immunity as a precondition to being able to fully enforce their own intellectual property rights. If enacted, this legislation will have a significant impact on technology transfer. The purpose of this article is to explain the historical and legal context for the Supreme Court's decisions and the Intellectual Property Restoration Act.

## Part I: The Meaning of the Eleventh Amendment

### The Constitutional Debates

To understand the current issues regarding sovereign immunity, it is helpful to trace their historical roots in the debates leading to ratification of the U.S. Constitution. During those debates, the extent to which the Constitution would require the states to relinquish power to the new national government was a subject of impassioned argument. One such argument—the one most relevant here—focused on whether the Constitution would allow a state to be sued in federal court without the state's consent.<sup>4</sup> The states conceived of themselves as sovereign entities, and, according to the traditional, monarchy-based jurisprudence, immunity from suit was a necessary attribute of sovereignty.<sup>5</sup> The ratification debates specifically focused on two provisions in Article III, Section 2 of the Constitution, which address suits in federal court against state governments.<sup>6</sup> These provisions provide that the judicial power of the United States extends to suits “between a State and Citizens of another state” and “between a State . . . and foreign states, citizens or subjects.” Two opposing views emerged as to the meaning of these provisions.

One view, held most notably by Alexander Hamilton and James Madison, was that these provisions did not override state sovereignty.<sup>7</sup> According to Hamilton and Madison, the provisions were permissive only: they gave the federal court jurisdiction over a suit against a state only if the state consented. The second view was that the plain language of Article III gave federal courts jurisdiction whether or not the state consented. This view also had distinguished adherents, such as Patrick Henry and George Mason.<sup>8</sup> As a matter of historical interpretation, which of these two views prevailed at the time of the Constitution's ratification is subject to debate.<sup>9</sup> However, as will be explained below, the Supreme Court has sided with the view that federal court jurisdiction requires state consent, and, accordingly, that the states entered the union retaining this important aspect of sovereignty.

### *Chisholm v. Georgia* and Passage of the Eleventh Amendment

Notwithstanding the debate and disagreement over state sovereignty, the Constitution was ratified containing the provisions of Article III, Section 2. The Supreme Court's first occasion to interpret those provisions came in 1794 in *Chisholm v. Georgia*.<sup>10</sup> The Eleventh Amendment was adopted in direct response to the Court's decision in *Chisholm*. The case arose from a dispute between the State of Georgia and a citizen of South Carolina, Robert Farquhar, who had supplied materials to Georgia during the Revolutionary War. Georgia did not pay Farquhar for the materials. Farquhar died, and Alexander Chisholm, his executor, sued the State of Georgia on the debt. The case was filed directly in the Supreme Court under a provision in the Judiciary Act of 1789 giving the Supreme Court original jurisdiction over controversies between states and citizens of another state.<sup>11</sup> Georgia did not appear for the hearing, but filed a protest, in which it contested the Court's jurisdiction.

In a four-to-one decision (the Court at that time having only five justices), four justices ruled in favor of Chisholm and one for Georgia. The majority accepted the view that Article III allowed an unconsenting state to be sued in federal court by a citizen of another state. In so holding, the Court sided with the view that the plain language of Article III, Section 2 gave federal courts jurisdiction over suits between a state and citizens of another state regardless of whether the state consented to the suit.

The states were outraged by *Chisholm*, and Congress took quick action. Within a week of the Court's decision, the text of what would become the Eleventh Amendment had been introduced in Congress.<sup>12</sup> A year later, Congress approved the Eleventh Amendment and submitted it for ratification by the states. President Adams declared the ratification process complete in 1798.<sup>13</sup> As ratified, the Eleventh Amendment provides: "The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by citizens of another state, or by citizens or subjects of any foreign state."

### *Hans v. Louisiana*

The language of the Eleventh Amendment corresponds to the language in Article III, Section 2 that was the subject of debate during the state ratification conventions, and it was specifically tailored to the situation in *Chisholm*—a citizen of South Carolina suing the State of Georgia. That is, whereas the text of Article III, Section 2 provides that the judicial power of the United States extends to suits "between a state and Citizens of another state," the Eleventh Amendment says, in effect, "No, it does not." This parallelism supports viewing the Eleventh Amendment narrowly as simply limiting federal jurisdiction when it is based solely on the identity of the parties to the suit—so-called diversity jurisdiction.

In other words, one might suppose that, if a citizen of one state wanted to sue another state in federal court, the citizen could not, because of the Eleventh Amendment, rely merely on the language in Article III, Section 2 to obtain federal court jurisdiction. However, if the citizen had some other basis on which to claim federal jurisdiction, then, on this interpretation, the Eleventh Amendment would not preclude jurisdiction. In particular, on this "diversity interpretation," federal jurisdiction based not on diversity but on the subject matter of the suit—federal question jurisdiction—was not affected by the Eleventh Amendment.

Whatever the merits of the diversity interpretation, the Supreme Court decisively rejected it in 1890 in *Hans v. Louisiana*.<sup>14</sup> In *Hans*, the only issue before the Court was whether a state could be sued in federal court by one of its own citizens "upon a sugges-

tion that the case is one that arises under the constitution or laws of the United States,” in other words, on the basis of federal question jurisdiction.<sup>15</sup> The Court held that the Eleventh Amendment barred the suit. According to the Court, the Eleventh Amendment had merely corrected the error of *Chisholm* and reestablished the correct understanding that the Constitution embodied the “established principle of jurisprudence in all civilized nations that the sovereign cannot be sued in its own courts, or in any other, without its consent and permission.”<sup>16</sup>

### *Alden v. Maine*

As recently as 1999, the Court reaffirmed the broad nature of sovereign immunity reestablished by the Eleventh Amendment. In *Alden v. Maine*, the Court held that the State of Maine could not be sued in its own courts without its consent by state employees alleging violations of the federal Fair Labor Standards Act.<sup>17</sup> As in *Hans* where the literal language of the Eleventh Amendment did not address suits by a state’s own citizens, in *Alden*, the literal language of the Eleventh Amendment did not address suits in a state’s own courts. Following the same theory of sovereign immunity it had declared in *Hans*, the Court explained that “sovereign immunity derives not from the Eleventh Amendment but from the structure of the original constitution itself.”<sup>18</sup>

According to the Court, that structure of the original constitution defined a federal system that preserved state sovereignty in two ways. First, it reserves to the states “a substantial portion of the Nation’s primary sovereignty, together with the dignity and essential attributes inhering in that status.”<sup>19</sup> The Court explained that the states are supreme within their own spheres, no more subject to the federal government in their respective spheres than the federal government is subject to the states in its sphere.<sup>20</sup> Second, the federal system embraced by the Constitution is not one in which the federal government acts “upon and through the states.”<sup>21</sup> Instead, it is a system in which “the State and Federal Governments would exercise concurrent authority over the people.”<sup>22</sup>

## Part II: Exceptions, Waivers, and Congressional Abrogation

As *Alden* reaffirmed, the federal system created by the Constitution is a balance between state and federal power. That balance gives rise to a number of questions: What exceptions

exist to state sovereign immunity? What constitutes a valid waiver by the state of its sovereign immunity? Under what circumstances may Congress abrogate the states' immunity?

## Exceptions to the Immunity

The most important exception to state Eleventh Amendment immunity—and one the Intellectual Property Restoration Act would codify—was announced by the Court in its 1908 decision *Ex Parte Young*.<sup>23</sup> Minnesota had adopted a law limiting railroad rates. Railroad shareholders, believing the law unconstitutional, filed a suit in federal court seeking an injunction against Edward T. Young, the attorney general of Minnesota, to prevent him from enforcing the law. The court issued a preliminary injunction against Young, but he ignored the injunction and began an action against the railroads. Young was cited for contempt and informed that he would be held in custody until he dismissed the action. He then petitioned for habeas corpus to the United States Supreme Court, arguing the injunction was invalid under the Eleventh Amendment. The Court disagreed. The Court's rationale rested on the Supremacy Clause of the Constitution, which says that the Constitution and the laws of the United States are the "supreme Law of the Land."<sup>24</sup> A state cannot violate the Constitution or a law of the United States, and neither can it confer on an individual the authority to do so. Therefore, the Court explained, when a state official acts in violation of the Constitution he "is stripped of his official or representative character and is subjected in his person to the consequences of his individual conduct. The state has no power to impart to him any immunity from responsibility to the supreme authority of the United States."<sup>25</sup>

*Ex Parte Young* established that the Eleventh Amendment does not bar a suit brought to enjoin a state official from violating the Constitution or the laws of the United States. This exception applies only to injunctions. Suits for money damages against the state remain barred.

Other exceptions to the Eleventh Amendment bar also exist and warrant brief mention. For example, the Eleventh Amendment does not bar suits against public officials in their "individual capacities" as opposed to their "official capacities."<sup>26</sup> The Eleventh Amendment does not bar suits against states in federal court by the federal government<sup>27</sup>

or by sister states.<sup>28</sup> Nor is the Eleventh Amendment a bar to suits against municipalities or political subdivisions of a state,<sup>29</sup> although it may prevent the suit when there is so much state involvement that the judgment would run against the state.<sup>30</sup> Suits against state-related entities such as boards and commissions are also sometimes allowed, depending on whether the court views the entity as really part of the state.<sup>31</sup> Notably, although the law in this area is unsettled, the courts usually view state universities as qualifying for Eleventh Amendment immunity.<sup>32</sup>

### State Waivers

A state may waive its Eleventh Amendment immunity. Two types of state waivers are possible. One is where the state expressly agrees to be sued in federal court. Such waivers must include explicitly that the state is willing to be sued in federal court. Thus the Court has held that a valid waiver requires more than just a state's consent to be sued in its own courts<sup>33</sup> and more than a general consent to be sued "in any court of competent jurisdiction."<sup>34</sup> The Court has explained that "although a State's general waiver of sovereign immunity may subject it to suit in state court, it is not enough to waive the immunity guaranteed by the Eleventh Amendment."<sup>35</sup> This is because "the Eleventh Amendment implicates the fundamental constitutional balance between the Federal Government and the States."<sup>36</sup>

The other type of waiver is when the state has not expressly consented to suit in federal court, but its actions imply consent—so-called constructive waivers. The Court has changed its position in this area. In 1964, in *Pardon v. Terminal Railway of Alabama State Docks Department*, the Court held that implied waivers are valid.<sup>37</sup> The State of Alabama was sued for alleged violations of the Federal Employers' Liability Act in the operation of a state railroad. The Court held the state's operation of the state railroad to be an implied consent to suit in federal court under the act.<sup>38</sup>

However, nine years later, in *Employees of the Department of Public Health & Welfare v. Department of Public Health & Welfare*, the Court began to retreat from constructive waivers, holding that a waiver could not be implied absent a clear declaration from Congress that it intended to make states liable if they violated the federal law.<sup>39</sup> Another

year after that, in *Edelman v. Jordan*, the Court refused to infer waiver from the state's participation in a program through which the federal government provided assistance for the operation by the state of a system of public aid.<sup>40</sup> In 1987, in *Welch v. Texas Department of Highways & Public Transportation*, the Court distanced itself still further, overruling *Pardon* "to the extent [it] is inconsistent with the requirement that an abrogation of Eleventh Amendment immunity by Congress must be expressed in unmistakably clear language."<sup>41</sup> The Court finally overruled *Parden* in *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*.<sup>42</sup> Referring to *Parden* as "an elliptical opinion that stands at the nadir of our waiver (and, for that matter, sovereign immunity) jurisprudence,"<sup>43</sup> the Court declared: "*Parden* stands as an anomaly in the jurisprudence of sovereign immunity, and indeed in the jurisprudence of constitutional law. Today, we drop the other shoe: Whatever may remain of our decision in *Parden* is expressly overruled."<sup>44</sup>

In short, state waivers must be explicit and will not be implied from state actions, such as participation in a federally regulated system.

### Abrogation by Congress

Congress may abrogate the states' sovereign immunity. Congress' power to do so, however, has been significantly curtailed by the Supreme Court's recent decision.

#### *Fitzpatrick v. Bitzer*

The Fourteenth Amendment of the Constitution provides, inter alia, that no state shall "deprive any person of life, liberty, or property without due process of law." Section 5 of the Fourteenth Amendment gives Congress the authority to pass laws to enforce the other provisions of the amendment. In *Fitzpatrick v. Bitzer*,<sup>45</sup> the Court recognized that Section 5 gives Congress the power to abrogate state sovereign immunity.

In *Fitzpatrick*, state employees sued the State of Connecticut for alleged discrimination in the state's retirement benefits plan, in violation of Title VII of the Civil Rights Act of 1964. The lower court ruled that the Eleventh Amendment applied, granted an injunction to prevent ongoing violations, but denied any award of monetary damages against the

state.<sup>46</sup> The issue before the Supreme Court was whether the Eleventh Amendment barred the award of damages. The Court held it did not, because Congress, acting pursuant to its powers under Section 5 of the Fourteenth Amendment, had properly abrogated state immunity from suits under Title VII. The Court explained that the prohibitions of the Fourteenth Amendment are explicitly directed at the states, and Congress is expressly given the authority to enforce those provisions. Accordingly, the Court reasoned that the Fourteenth Amendment, which was passed soon after the Civil War, was a limitation of the power of the states and an enlargement of the power of the federal government.<sup>47</sup> In other words, under the authority of Section 5 of the Fourteenth Amendment, Congress may abrogate state sovereign immunity.

### *Pennsylvania v. Union Gas*

*Fitzpatrick* left unresolved whether Congress had other authority under the Constitution to abrogate immunity in addition to that provided by the Fourteenth Amendment. The Court addressed that question in 1989 in *Pennsylvania v. Union Gas Co.*<sup>48</sup> The case arose after Pennsylvania and the federal government began environmental cleanup, as required by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), of coal tar seeping into a creek. To recover some of the cleanup costs, the federal government sued Union Gas Co., whose predecessor had operated on the location and allegedly deposited the coal tar. In response, *Union Gas* filed a third-party action in federal court against Pennsylvania, arguing that the state was liable for a portion of the cleanup cost.

Just four years earlier, in *Atascadero State Hospital v. Scanlon*, the Court had held that when Congress abrogates state sovereign immunity, it must make its intention to do so “unmistakably clear.”<sup>49</sup> Accordingly, the first question the Court addressed in *Union Gas* was whether Congress had made unmistakably clear its intention to subject states to liability under CERCLA. The Court concluded that Congress had done so.<sup>50</sup>

Consequently, the Court next considered whether Congress had abrogated state immunity pursuant to a proper exercise of authority. In enacting CERCLA, Congress had acted pursuant to its powers under the Constitution’s Commerce Clause.<sup>51</sup> Therefore, the ques-

tion before the Court in *Union Gas* was whether Congress had the authority under the Commerce Clause to abrogate Eleventh Amendment immunity. The Court held that it did, reasoning that Congress' commerce power inherently carried with it a limitation on state sovereignty.<sup>52</sup>

### **Copyright Remedy Clarification Act, Trademark Remedy Clarification Act, and Patent Remedy Clarification Act**

The combination of *Atascadero* and *Union Gas* indicated that Congress could abrogate Eleventh Amendment immunity pursuant to Congress' Commerce Clause powers if it did so by making its intent "unmistakably clear" in the statute. From the vantage point of 1989, therefore, these decisions presented both a problem to Congress and a solution about how to solve that problem. The problem was that the "unmistakably clear" standard of *Atascadero* threw into question any federal statute purporting to subject states to liability but using language that was anything less than unmistakably clear.

The solution was given by the Court's holding that Congress could abrogate immunity under its Commerce Clause powers. Because so much Congressional legislation falls under the Commerce power, Congress could simply go back to those statutes enacted under its Commerce power and add language to satisfy the unmistakably clear standard. That is what Congress did in 1990 when it enacted the Copyright Remedy Clarification Act (CRCA),<sup>53</sup> and, again in 1992, when it enacted the Trademark Remedy Clarification Act (TRCA)<sup>54</sup> and the Patent Remedy Clarification Act (PRCA).<sup>55</sup> Prior to these acts, in other words, federal copyright, trademark, and patent law arguably failed to make it "unmistakably clear" that Congress intended states to be liable for violations of the federal statutes. The three clarification acts corrected this. Each act was presented as an exercise of Congress' Commerce power—pursuant to *Union Gas*—and, in each case, the amendment was to add language to the federal law stating explicitly that states were subject to liability under the statute.<sup>56</sup>

#### *Seminole Tribe v. Florida*

In 1996, only a few years after enactment of the clarification acts, the Court, in an about-face, overruled *Union Gas* and held that Congress may abrogate state sovereign immunity

only under Section 5 of the Fourteenth Amendment. This came in *Seminole Tribe of Florida v. Florida*,<sup>57</sup> a case arising under the Indian Gaming Regulatory Act (IGRA).<sup>58</sup> IGRA, which was passed pursuant to Congress' power under the Indian Commerce Clause,<sup>59</sup> requires states to negotiate with Indian tribes to form compacts to allow gambling on Native American land.<sup>60</sup> IGRA also authorizes a tribe to bring suit in federal court against a state to compel performance of this duty to negotiate.<sup>61</sup>

The Seminole Tribe of Florida sued the State of Florida under IGRA, alleging that Florida had failed to fulfill its obligation to negotiate. Florida asserted the suit was barred by the Eleventh Amendment. The Court agreed, holding that Congress lacks the authority to abrogate immunity under the Indian Commerce Clause or the Interstate Commerce Clause—explicitly overruling *Union Gas*—and that, therefore, IGRA was unconstitutional.<sup>62</sup>

### *City of Boerne v. Flores*

The implications of *Seminole* were profound. Under *Seminole*, the only authority Congress has to abrogate state sovereign immunity is Section 5 of the Fourteenth Amendment. This forces the question as to exactly what constitutes valid Section 5 legislation. The Court addressed that question one year after *Seminole*, in *City of Boerne v. Flores*.<sup>63</sup> There, the City of Boerne, Texas, classified a church building as a historic landmark. The effect of this classification was that the church was prevented from constructing a new facility on its property. The church sued the city under the recently enacted Religious Freedom Restoration Act of 1993 (RFRA). RFRA had been passed in response to the Court's 1990 decision *Employment Div., Dept. of Human Resources of Oregon v. Smith*, in which the Court upheld an Oregon drug law that applied generally but had the incidental effect of preventing members of a Native American church from ingesting peyote for sacramental purposes. The *Smith* Court held the law was not a violation of the Constitution's protection of the free exercise of religion.<sup>64</sup> Congress' stated purpose in enacting RFRA was to overturn *Smith* and reestablish the test used prior to *Smith*. Most importantly, Congress had relied on its Fourteenth Amendment powers in enacting RFRA.<sup>65</sup>

Nonetheless, the Court held that RFRA was unconstitutional because Congress, although it had relied on Section 5 of the Fourteenth Amendment, had not properly exercised its Section 5 authority. The Court explained that Section 5 gives Congress the power “to enforce” the other provisions of the amendment.<sup>66</sup> This enforcement power, the Court explained, does not consist of interpreting the Constitution, but is a matter of remedying or preventing constitutional violations.<sup>67</sup> Invoking *Marbury v. Madison*<sup>68</sup>—the landmark 1803 decision establishing that the Supreme Court as the ultimate authority on what the Constitution means—the Court emphasized that what constitutes a constitutional violation is for the Supreme Court to decide, not Congress.<sup>69</sup> The Court further explained that a valid exercise of Congress’ Section 5 enforcement power must be narrowly tailored and a “proportionate” and “congruent” response to prevent and remedy constitutional violations.<sup>70</sup>

### *Florida Prepaid and College Savings Bank*

Two years after *City of Boerne*, the Court announced *Florida Prepaid and College Savings Bank*. As shocking as these decisions were to the intellectual property community, they were predictable applications of the Court’s Eleventh Amendment jurisprudence. In particular, and with the benefit of hindsight, the two decisions were predictable implications of *Seminole Tribe* and *City of Boerne*. Viewed broadly, and in the larger context of the Court’s interpretation of the Eleventh Amendment, both cases are merely instances of the Court’s willingness to protect state sovereignty by finding that Congress exceeded its constitutional powers.

In the mid-1990s, College Savings Bank, a New Jersey chartered bank, filed patent and trademark infringement claims against the State of Florida.<sup>71</sup> The suit centered on College Savings’ college prepayment program, which consisted of a certificate of deposit, the CollegeSure CD, indexed to college costs and guaranteed to meet future tuition, room, and board. The State of Florida also offered a college prepayment program, through a legislatively created arm, the Florida Prepaid Postsecondary Education Expense Board. The suit alleged that the board, that is, the State of Florida, was infringing College Savings’ patent on the method of administering the CollegeSure CD, and that the board had engaged in unfair competition, in violation of the Lanham Act, by making false statements about the board’s own prepayment program in its advertising.

The board moved to dismiss both claims on the grounds of the Eleventh Amendment. The district court granted the motion to dismiss the Lanham Act claim, but denied the motion to dismiss the patent-infringement claim.<sup>72</sup> On appeal, the action split in two, the patent-infringement claim going before the Federal Circuit Court of Appeals, and the Lanham Act claim before the Third Circuit Court of Appeals. Both courts of appeal affirmed,<sup>73</sup> and so the dispute arrived in the Supreme Court bifurcated into the patent case appealed from the federal circuit and the Lanham Act case from the third circuit. The Supreme Court accordingly issued two opinions addressing in each the state's Eleventh Amendment defense.

In the patent case, *Florida Prepaid Postsecondary Expense Savings Board v. College Savings Bank*,<sup>74</sup> the Court held that PRCA exceeded the scope of Congress' Section 5 enforcement powers. The problem with PRCA, in the Court's view, was that the law was not "proportionate" and "congruent" because of the absence of any record of a pattern of patent infringements by state governments.<sup>75</sup> In the Lanham Act case, *College Savings Bank v. Florida Postsecondary Expense Savings Board*,<sup>76</sup> the Court held that the right College Savings Bank alleged the state had violated—the right to be free from misrepresentation—was not a property right, hence not a right secured by the Fourteenth Amendment, and, therefore, not a right Congress could legislate to protect under its Section 5 enforcement powers.<sup>77</sup>

The Court did not, in *College Savings Bank*, directly hold that states have sovereign immunity against claims of trademark infringement; likewise, the Court has not explicitly held that states are immune from claims of copyright infringement. Nonetheless, the combination of *Florida Prepaid* and *College Savings Bank* with the Court's other Eleventh Amendment decisions, especially *Seminole Tribe*, leaves little doubt that both TRCA and CRCA are unconstitutional. The attorney general of the United States has informed Congress that TRCA and CRCA probably fail because the legislative record fails to meet the court's requirements for valid Section 5 legislation.<sup>78</sup> Among the courts of appeal, the fifth circuit has held that the University of Houston, an arm of the State of Texas, is immune from copyright infringement suits.<sup>79</sup> In July of 2000, the register of copyrights told Congress that "the CRCA is most likely now bad law."<sup>80</sup>

In sum, the effect of *Florida Prepaid* and *College Savings* is that states have Eleventh Amendment immunity against patent, copyright, and trademark infringement claims. The immunity is subject to exceptions such as *Ex Parte Young* and to Congress' abrogation power under Section 5 of the Fourteenth Amendment.

### *Later Decisions*

After *Florida Prepaid* and *College Savings*, the Court continued to announce other significant Eleventh Amendment decisions that have further drawn out the implications of *Seminole*. These cases bear a brief note here only to illustrate how *Florida Prepaid* and *College Savings* are instances of a broad pattern in the Supreme Court's Eleventh Amendment jurisprudence.

For example, in *Kimel v. Florida Board of Regents*, the Court held that, although Congress had clearly expressed its intent to subject states to suits under the Age Discrimination in Employment Act, the purported abrogation of state sovereign immunity was invalid because Congress exceeded its powers under Section 5.<sup>81</sup> The Court reached a similar result in *Board of Trustees of the University of Alabama v. Garrett* with regard to Title I of the Americans with Disabilities Act, which bars employment discrimination against the disabled.<sup>82</sup> The Court held again that Congress had made its intention to abrogate immunity unmistakably clear, but that Congress had exceeded its Section 5 authority because there was no pattern of state violations against persons with disabilities. In *Federal Maritime Commission v. South Carolina State Ports Authority*, the Court broadened its conception of state sovereign immunity still further in holding that a complaint filed with the Federal Maritime Commission—an administrative tribunal, not a federal court—by a cruise-ship company against the South Carolina Ports Authority was barred by the Eleventh Amendment.<sup>83</sup>

It is possible that the Court has reached its high-water mark in upholding state sovereign immunity. In 2003, the Court held in *Nevada Department of Human Resources v. Hibbs* that Congress acted within its authority under Section 5 when it subjected states to liability for money damages under the Family Medical Leave Act.<sup>84</sup> Similarly, in *Tennessee v. Lane*, the Court held that Title II of the Americans with Disabilities Act, as

it applies to the class of cases implicating the fundamental right of access to the courts, is valid Section 5 legislation.

### **Part III: Congress' Response, Early Proposals, Their Rationale, and Alternatives**

*Florida Prepaid* and *College Savings* were decided on June 23, 1999. Between 1999 and 2003, during the 106th, 107th, and 108th Congresses, six bills were introduced that aimed to reestablish state liability for infringement, the most recent being S. 1191 and H.R. 2344 in the 108th Congress (2003-04 session).<sup>86</sup> As of the time of this writing, no comparable bills have yet been introduced in the 109th Congressional session (2005-06). Four of the six previous bills, including S. 1191, were introduced by Sen. Patrick Leahy of Vermont. In remarks on the floor of the Senate when he introduced S. 1191, Sen. Leahy explained there was an “urgent need for Congress to respond to the *Florida Prepaid* decisions.”<sup>87</sup> He gave two reasons for this urgent need. First, “if we truly believe in fairness, we cannot tolerate a situation in which some participants in the intellectual property system get legal protection but need not adhere to the law themselves.”<sup>88</sup> Quoting his colleague Sen. Arlen Specter of Pennsylvania, Leahy said that the *Florida Prepaid* decisions “leave us with an absurd and untenable state of affairs,” where “states will enjoy an enormous advantage over their private sector competitors.”<sup>89</sup>

Second, Leahy said Congress needed to respond to the *Florida Prepaid* decisions because “they raise broader concerns about the roles of Congress and the Court.”<sup>90</sup> In Leahy’s view, the Court was “whittling away at the legitimate constitutional authority of the federal government,” and Congress should respond “by reinserting our democratic policy choices in legislation that is crafted to meet the Court’s stated objections.”<sup>91</sup> Implicit in this second reason were both the struggle for power between Congress and the Court, and the balance of power between the federal government and the states. The proposed legislation would have responded to this need by requiring states to waive their sovereign immunity as a condition of full participation in the federal intellectual property system. This is one of several possible approaches.

Notably, one approach Congress has not attempted is to use its enforcement powers under Section 5 of the Fourteenth Amendment and abrogate state sovereign immunity from intellectual property infringement claims. This may be due in part to a September 2001 Government Accounting Office (GAO) report on state sovereign immunity in infringement actions, which had been requested by Sen. Orin Hatch of Utah.<sup>92</sup> The GAO report found that “few accusations of intellectual property infringement appear to have been made against the States either through the courts or administratively.”<sup>93</sup> In *Seminole* and its progeny, the Supreme Court had limited Congress’ ability to abrogate state sovereign immunity to Congress’ enforcement powers under Section 5 of the Fourteenth Amendment and had interpreted those enforcement powers to be properly directly only at patterns of state violations. By failing to find any pattern of state infringement, the GAO report undercut the foundation Congress needed to exercise its Section 5 powers.

Other responses to *Florida Prepaid* and *College Savings* that Congress has considered but not pursued include: (1) amending the federal intellectual property laws to give state courts jurisdiction to hear federal intellectual property claims where a state is charged with infringement, (2) conditioning the states’ receipt of certain federal funds on a waiver of immunity from infringement suits, and (3) empowering a federal agency to bring actions against states for violating the intellectual property rights of private parties.<sup>94</sup>

### **S. 1191 and H.R. 2344**

The approach embodied in S. 1191 and H.R. 2344, the Intellectual Property Restoration Act of 2003, would have allowed states to obtain patents and copyright and trademark registrations, but would have limited their enforceability.<sup>95</sup> In particular, the act would have required states to waive their immunity as a precondition of being able to obtain money damages for infringement of intellectual property.<sup>96</sup> If a state did not waive, then the prohibition against damage awards would have applied to any patent, copyright, or federal trademark issued, created, or registered on or after January 1, 2004.<sup>97</sup> The act would thus have affected only such “postcritical date intellectual property;” it would not have affected preexisting patents, copyrights, and trademarks. Nor would it have prevented a state that had not waived from obtaining an injunction to stop infringement. The

act would have applied only to a state's ability to obtain money damage awards. At the same time as the act thus would have weakened a state's offensive position, the act would have also weakened the state's defensive position as regards infringement. It did this in two ways: it would have codified *Ex Parte Young* by providing that state officials could be enjoined from infringing intellectual property and it would have made states liable for takings or due-process violations under the Fifth and Fourteenth Amendments.<sup>98</sup>

The states were given until January 1, 2006, to make a waiver. If a state filed an infringement suit before January 1, 2006, the court was authorized to stay the action to afford the state time to waive its immunity.<sup>99</sup> After that date, a state would not have been able to collect money damages for any infringement of postcritical-date intellectual property that occurred prior to the state waiving its immunity. If a state never waived its immunity, it would not have been able to collect money damages for any infringement of postcritical date intellectual property.

The act's reach was broad. An intellectual property right would have been affected by the act if the state was at any time the legal or beneficial owner of the right.<sup>100</sup> Therefore, a state could not have avoided the effect of the act by, for example, assigning its intellectual properties to a private nonprofit foundation. Licensing of intellectual property by states would also have been affected. Because the state would still be the owner of the licensed intellectual property, the rights could not have been enforced in damages suits by either the state or its licensee. Further, the bill did not allow a state to waive its immunity only in part; waivers were required to be for the state as a whole.<sup>101</sup>

Therefore, for example, a state could not have waived immunity for its universities but preserved immunity for other state agencies. Similarly, a state was required to waive its immunity with respect to all intellectual property to obtain money damage awards with respect to any intellectual property.<sup>102</sup> A state could not have waived its immunity to patent infringement, for example, but retained its immunity to copyright and trademark infringement.

### *Is the Act Constitutional?*

The absence of any version of the Intellectual Property Restoration Act in the 109th Congress suggests that the furor triggered by *Florida Prepaid* and *College Savings* has subsided. If a version of the act were enacted, however, it would likely be challenged on constitutional grounds.

The most likely constitutional challenge is that the act remains an improper attempt by Congress to use its Article I powers (that is, those powers conferred on Congress by Article I of the Constitution) to abrogate state immunity.<sup>103</sup> Such an argument rests on the premise that the act, although purporting to make waivers voluntary, is, in fact, coercive. It threatens to deny states their intellectual property rights unless they waive their immunity.

Such an argument would face significant obstacles. The Court has held that Congress may use its Article I powers to do indirectly what it cannot do directly. For example, in *South Dakota v. Dole*, the Court held that Congress could condition a state's receipt of federal highway funds on the state legislature raising the drinking age to 21.<sup>104</sup> Similarly, in *Petty v. Tennessee-Missouri Bridge Commission*, the Court held that a bistate commission created pursuant to an interstate compact had consented to suit by reason of a suability provision attached to the Congressional approval of the compact.<sup>105</sup> Other decisions by the Court support the general proposition that Congress may hold out *incentives* to influence a state's policy choices.<sup>106</sup> Viewed from this perspective, the act would simply be an attempt to influence states into waiving their immunity by offering the incentive of the privilege to participate fully in the federal intellectual property system.

At the same time, the argument against the act finds support in the Court's clear statements that, in the Eleventh Amendment context, a state's waiver must be fully voluntary to be effective. The *voluntariness* of a state's waiver in response to the act would be highly questionable, because the act threatens states with the loss of their intellectual property rights.

*College Savings* is instructive on this point and contains language that must give pause to the act's supporters. There, College Savings Bank, relying on the constructive-waiver theory of *Parden*, argued that TRCA clearly put states on notice that they would be subject to suit if they engaged in activities regulated under the Lanham Act. By "engaging in the voluntary and nonessential activity of selling and advertising a for-profit educational investment vehicle in interstate commerce," College Savings Bank argued, the Florida Prepaid Postsecondary Education Board constructively waived its immunity from suit.<sup>107</sup> The Court responded, of course, by overruling *Parden* and the constructive-waiver theory. However, in its discussion, the Court considered an argument in defense of constructive waivers, and the Court's treatment of that argument is suggestive as regard to whether the Court would view the act as unconstitutionally coercive.

The argument was that *Petty* and *Dole* established that Congress may, in the exercise of its Article I powers, extract "constructive waivers" of state sovereign immunity.<sup>108</sup> Distinguishing *Petty* and *Dole*, the Court pointed out that it is a "gratuity" on the part of Congress to consent to an interstate compact and a "gift" to disburse funds to the states. The Court further explained: "In the present case, however, what Congress threatens if the State refuses to agree to its condition is not the denial of a gift or gratuity, but a sanction: exclusion of the State from otherwise permissible activity. . . . we think where the constitutionally guaranteed protection of the States' sovereign immunity is involved, the point of coercion is automatically passed—and the voluntariness of waiver destroyed—when what is attached to the refusal to waive is the exclusion of the State from otherwise lawful activity."<sup>109</sup>

It appears the "condition" the Court refers to is that the state waive its immunity, and "what Congress threatens" if the state refuses to agree to that condition is "exclusion of the state from otherwise permissible activity," namely, the exercise of rights under the Lanham Act. The Court, therefore, seems to be saying that a state's waiver of its immunity in response to a Congressional threat to be excluded from the otherwise lawful exercise of intellectual property rights would not be voluntary, and so would not be a valid Eleventh Amendment waiver. If that is the Court's view, it does not bode well for the Intellectual Property Restoration Act.<sup>110</sup>

### *Implications for Technology Transfer*

The Intellectual Property Restoration Act, if enacted, would have immense implications for technology transfer at public universities. The implications arise primarily from the act's requirement that a state, as a whole, must waive its sovereign immunity before any part of the state could fully enforce its intellectual property rights.

If the act were to become law, would states be willing to waive their sovereign immunity from intellectual property infringement suits? Among state entities, public universities and their technology transfer programs benefit most directly from full participation in the intellectual property system. Thus, it seems likely that public universities would be the strongest advocates within the states for waiver. A state as a whole, however, might well conclude that the financial liability avoided by sovereign immunity from infringement is worth more than the financial earnings from its public universities' technology transfer programs. But such a narrow economic calculation, in itself extremely complex, would surely not be the only dimension of a state's decision making on this issue.

Other dimensions might include the effect on the public universities' ability to recruit and retain faculty, how the state's overall business climate would be affected, the extent to which the state had already waived its sovereign immunity from claims against it in its own courts,<sup>111</sup> and, perhaps most incalculable of all, the states' rights issue: the state's willingness to accede to Congress' assertion of federal power over state sovereignty. Each state would be faced with a complex public-policy question with many dimensions, and it is far from clear how states would respond.

What would happen to technology transfer at a state's public universities if the act were to pass and the state does not waive its immunity? In that case, although injunctions would still be available, neither the state university nor the university's licensees or assignees would be able to sue for money damages for infringement of any "postcritical-date" intellectual property of which the university is or was the legal or beneficial owner. The effect this would have on technology transfer at public universities would probably be devastating. The precise contours the wreckage would take are difficult to predict, but one can reasonably hazard a few broad conjectures.

First, it would make it more difficult for public universities to protect their intellectual property rights. Despite the availability of injunctions, the costs of the legal action necessary to obtain an injunction, combined with the unavailability of a money damage award, would significantly raise the bar against such actions.

Second, exclusive licensing, as currently practiced, would probably no longer be viable. Without the availability of damage awards, few, if any, companies would likely be willing to take an exclusive license to a public university's technology. For companies that would otherwise take exclusive licenses, this would represent a loss of economic opportunity. That, in turn, would probably mean technologies that commonly require market exclusivity to be commercially viable, such as pharmaceuticals, would not be deployed from public universities for the public benefit.

Third, nonexclusive licensing would be undermined but probably not altogether eliminated. In many cases, a company probably would be unwilling to pay for a nonexclusive license to university technology when the university's only remedy for infringement would be to seek an injunction to stop it.

The act raises many other questions as well. Would it affect public universities' ability to obtain federal research grants? How would it affect research sponsorship from private commercial entities? How would it affect public universities' ability to promote economic development in their respective states? What would the effects be on private universities and commercial entities that license university technology? None of these questions has a clear answer at this time.

## Conclusion

The Intellectual Property Restoration Act, as proposed in the 106th, 107th, and 108th Congresses, was a unique convergence of three fundamental issues. For the technology transfer community, the act presented the issue of state liability for intellectual property infringement—the “fairness” of states being immune and the competition between states and private business and private universities. For Congress, the act presented a power struggle with an activist Supreme Court whose decisions have diminished Congress'

power and overruled Congress' legislative choices. For the nation as a whole, the act was an instance of the states' rights issue: the tension, inherent in the Constitution and the nation's federal structure, between the power of the states and the power of the national government. Time may show that the way these issues converged in the aftermath of *Florida Prepaid* and *College Savings* was unique and transient, but these issues can be neither avoided nor fully resolved. The unfolding attempt to address them, whether in combination or singly, and whether at the level of the Congress, the states, or the universities, will shape the future of technology transfer.

## Notes

1. *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S. 627 (1999).
2. *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, 527 U.S. 666 (1999).
3. Two such bills were most recently introduced in the 108th Congress: S. 1191, 108th Cong. (2003); and H.R. 2344, 108th Cong. (2003).
4. See generally John J. Gibbons, "The Eleventh Amendment and State Sovereign Immunity: A Reinterpretation," 83 *Col. L. Rev.* 1889, 1899-1914 (1983) (hereafter "Gibbons").
5. *Alden v. Maine*, 527 U.S. 706, 715 (1999) (citing 1 W. Blackstone, *Commentaries on the Laws of England* 234-235 [1765]).
6. Article III of the Constitution defines the judicial powers of the United States. Articles I and II define the powers of Congress and the executive branch, respectively.
7. E.g., *The Federalist No. 81* (A. Hamilton) (emphasis original), available at <http://www.yale.edu/lawweb/avalon/federal/fed.htm>; 3 *The Debates in the Several State Conventions of the Adoption of the Federal Constitution*, Vol. 3, p. 533 (J. Elliot ed. Philadelphia 1866) (hereafter "Elliot's Debates"), available at: <http://memory.loc.gov/ammem/amlaw/lwed.html>.
8. 3 Elliot's Debates, at 543 (Mason) and 527 (Henry).
9. See generally Erwin Chemerinsky, *Constitutional Law* 185-190 (2002) (hereafter "Chemerinsky") (a brief overview of the two views); Gibbons, 83 *Colum. L. Rev.* 1889 (detailed historical treatment of the issue); John T. Noonan Jr., *Narrowing the*

*Nation's Power* 58-85 (2002) (arguing that state immunity was not part of the constitutional design); James F. Simon, *What Kind of a Nation* (2002) (general history of early struggles to balance federal powers and states' rights).

10. 2 Dall. (2 U.S.) 419 (1793).
11. The Judiciary Act of 1789, ch. 20, §13, 1 Stat. 73, 80.
12. Charles Warren, 1 *The Supreme Court in United States History* 101 (Little, Brown, rev. ed. 1932).
13. *Id.* 1 Elliot's Debates, at 341.
14. 134 U.S. 1 (1890).
15. *Id.* at 9.
16. *Id.* at 17 (quoting *Beers v. Arkansas*), 61 U.S. (20 How.) 527 (1858).
17. 527 U.S. 706 (1999).
18. *Id.* at 728.
19. *Id.* at 714.
20. *Id.*
21. *Id.*
22. *Id.* (quoting *Printz v. United States*, 521 U.S. 898, 919-920 [1997]).
23. 209 U.S. 123 (1908).
24. U.S. Const. art. VI, cl. 2.
25. *Ex Parte Young*, 209 U.S. at 159-160.
26. E.g., *Kentucky v. Graham*, 473 U.S. 159, 166-67 (1985) (Eleventh Amendment is no defense to a charge against an official in his personal capacity). The distinction between "individual" and "official" capacity suits often turns on whether recovery is sought from the individual's personal resources or from the state treasury. See, e.g., *Hafer v. Melo*, 502 U.S. 21, 25 (1991) (an "individual capacity" suit seeks "to impose individual liability upon a government officer for actions taken under color of state law"); *Edelman v. Jordan*, 415 U.S. 651, 675 (1974) (a suit seeking a judgment to be paid from the public treasury is an official capacity suit and barred); *Pennhurst State School and Hospital v. Halderman*, 465 U.S. 89, 101-02, n. 11 (1984) (the Eleventh Amendment is bar when "the state is the real substantial party in interest," that is, when "the judgment sought would expend itself on the public treasury...or interfere with the public administration"). However, an individual capacity suit

against a public official, although not barred by the Eleventh Amendment, may be barred by common law immunities, such as “qualified immunity.” *Harlow v. Fitzgerald*, 457 U.S. 800, 818 (1982) (public officials sued in their individual capacities are entitled to qualified immunity when their actions do not violate “clearly established statutory or constitutional rights”); *Lane v. First National Bank of Boston*, 687 F. Supp. 11, 15-18 (D. Mass. 1988) (qualified immunity available as defense in suit alleging copyright violations, but public officials not entitled to the immunity because right they allegedly violated was clearly established); *Tapley v. Collins*, 211 F.3d 1210, 1214-15, n. 9 (11th Cir. 2000) (qualified immunity is available as defense in suit alleging violations of Federal Electronic Communications Privacy Act). Cf. *Blaylock v. Schwinden*, 862 F.2d 1352, 1354 (9th Cir. 1988) (state indemnification requirements do not affect whether a suit is an official capacity suit). See generally Chemerinsky, at 207-208 (discussing official and individual capacity suits and common law immunities); W. Page Keeton, ed., *Prosser and Keeton on the Law of Torts* (5th ed. 1984) 1032-69 (immunities of states and public officials).

27. *United States v. Mississippi*, 380 U.S. 128, 140-141 (1965). On whether Congress could authorize a private party to sue on behalf of the federal government in a qui tam action, see *Vermont Agency of Natural Resources v. United States ex rel. Stevens*, 529 U.S. 765, 787 (2000) (expressing doubt “whether an action in federal court by a qui tam relator against a State would run afoul of the Eleventh Amendment”).
28. *South Dakota v. North Carolina*, 192 U.S. 286, 315-21 (1904); *Colorado v. New Mexico*, 459 U.S. 176, 182 n. 9 (1982).
29. *Mt. Healthy City School District Board of Education v. Doyle*, 429 U.S. 274 (1977).
30. *Pennhurst State School & Hospital v. Halderman*, 465 U.S. 89, 123-124 (1979).
31. The courts use a variety of factors for such determinations, such as the entity’s source of funding, the extent of state control over the entity’s decisions and actions, whether the entity’s head is appointed by the state executive or legislature, and how the entity is characterized under state law. See John R. Pagan, “Eleventh Amendment Analysis,” 39 *Ark. L. Rev.* 447, 461 (1986) (identifying criteria courts rely on to decide whether a state-related entity receives Eleventh Amendment immunity) (hereafter “Pagan”). See generally Chemerinsky, at 195-197.

32. E.g., *Regents of the University of California v. Doe*, 519 U.S. 425 (1997); *Clay v. Texas Women's University*, 728 F.2d 714 (5th Cir. 1984); *Jackson v. Hayakawa*, 682 F.2d 1344 (9th Cir. 1982); *Xechem International, Inc. v. The University of Texas M.D. Anderson Cancer Center and Board of Regents*, 382 F.3d 1324 (Fed. Cir. 2004) (upholding district court's dismissal on Eleventh Amendment grounds of company's action to correct inventorship under 35 U.S.C. §256 against the board of regents of the University of Texas system), cert denied, 125 S. Ct. 1314, — U.S. — (2005); cf. *Hander v. San Jacinto Junior College*, 522 F.2d 204, 205 (5th Cir. 1975) (Texas junior college districts are independent political subdivisions not immune for Eleventh Amendment purposes). See generally Pagan, at 461.
33. E.g., *Florida Dept. of Health & Rehabilitative Services v. Florida Nursing Home Assn.*, 450 U.S. 147, 149-150 (1980).
34. E.g., *Kennecott Copper Corp. v. State Tax Commission*, 327 U.S. 573, 578-580 (1946).
35. *Atascadero State Hospital v. Scanlon*, 473 U.S. 234, 241 (1985).
36. *Id.* at 238.
37. 377 U.S. 184 (1964), overruled by *College Savings Bank v. Florida Prepaid Postsecondary Education Board*, 527 U.S. 666, 680 (1999).
38. *Parden*, 377 U.S. at 192.
39. 411 U.S. 279, 285 (1973).
40. 415 U.S. 651, 673 (1974).
41. 483 U.S. 468, 478 (1987).
42. 527 U.S. 666 (1999).
43. *Id.* at 676.
44. *Id.* at 680.
45. 427 U.S. 445 (1976).
46. 390 F. Supp. 278 (D. Conn. 1974).
47. *Fitzpatrick*, 427 U.S. at 454.
48. 491 U.S. 1 (1989), overruled by *Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 66 (1996).
49. *Atascadero State Hospital v. Scanlon*, 473 U.S. 234, 242 (1985).
50. *Union Gas*, 491 U.S. at 13.

51. U.S. Const. art. I, sec. 8, cl. 3.
52. *Union Gas*, 491 U.S. at 13-23.
53. Pub. L. No. 101-553, 104 Stat. 2749 (1990) (codified at 17 U.S.C. §§501(a), 511); see generally M. Nimmer and D. Nimmer, *Nimmer on Copyright* §12.01[E][2][b], at 12-48 (Congress enacted CRCA “[b]ased on *Union Gas*’ conclusion that Congress may, in the exercise of its Article I authority, abrogate state Eleventh Amendment immunity”).
54. Pub. L. No. 102-542, 106 Stat. 3567 (1992) (codified at 15 U.S.C. §§1122, 1125[a]).
55. Pub. L. 102-560 (codified at 35 U.S.C. §§271[h], 296[a]).
56. For example, section 43(a) of the Lanham Act (15 U.S.C. §1125[a]), as originally enacted in 1946, created a private right of action against “[a]ny person” who uses false descriptions or makes false representations in commerce. The TRCA amended §1125 by redefining “any person” to include states and their instrumentalities and employees acting in official capacities. 15 U.S.C. §1125(a)(2).
57. 517 U.S. 44 (1996).
58. 25 U.S.C. §2702 et seq.
59. The Indian Commerce Clause is a subpart of Const. art. I, sec. 8, cl. 3, which also grants Congress’ power to regulate commerce between the states.
60. 25 U.S.C. §2710(d)(3)(A).
61. 25 U.S.C. §2710(d)(7).
62. 517 U.S. at 59-63. The Court also went further and created an exception to the *Ex Parte Young* doctrine. The relief the tribe was seeking was prospective: an order from the federal court requiring Florida to negotiate a compact. This would have seemed to have been a situation where the theory of *Ex Parte Young* would apply. Insofar as state officials were acting contrary to federal law, they were stripped of their official status and could not assert the Eleventh Amendment as a defense. But the Court declined to apply this approach, and held instead that state officers cannot be sued to enforce federal regulations that contain comprehensive enforcement mechanisms. 517 U.S. at 73-76.
63. 521 U.S. 507 (1997).
64. 494 U.S. 872 (1990).
65. 521 U.S. at 516-17.

66. Id. at 519.
67. Id. at 516-529.
68. 5 U.S. 137 (1803). See Chemerinsky, at 39: “*Marbury v. Madison* is the single most important decision in American constitutional law.”
69. 521 U.S. at 516.
70. Id. at 520.
71. *College Savings Bank v. Florida Postsecondary Expense Savings Board*, 948 F. Supp. 400 (D. N.J. 1996).
72. Id.
73. *College Savings Bank v. Florida Postsecondary Expense Savings Board*, 131 F.3d 353 (3rd Cir. 1997); *College Savings Bank v. Florida Postsecondary Expense Savings Board*, 148 F.3d 1343 (Fed. Cir. 1998).
74. 527 U.S. 627 (1999).
75. Id. at 646-47.
76. 527 U.S. 666 (1999).
77. Id. at 675.
78. *State Sovereign Immunity and Protection of Intellectual Property*, Hearing before the Subcommittee on Courts and Intellectual Property of the House Committee on the Judiciary, 106th Cong. 20 (July 27, 2000) (hereafter “July 2000 Hearing”) (statement of Todd Dickenson, undersecretary of commerce for Intellectual Property and director of the United States Patent and Trademark Office, United States Department of Commerce), July 27, 2000.
79. See *Chavez v. Arte Publico*, 204 F.3d 601 (5th Cir. 2000) (CRCA is unconstitutional because it fails as remedial legislation). See generally Nimmer §12.01[E][2][b].
80. July 2000 Hearing, at 54 (statement of Marybeth Peters, register of copyrights, Copyright Office of the United States, Library of Congress).
81. 528 U.S. 62 (2000).
82. 531 U.S. 356 (2001).
83. 535 U.S. 743 (2002).
84. 538 U.S. 721, 123 S. Ct. 1972, 155 L. Ed. 2d 953 (2003).
85. 541 U.S. 509 (2004).
86. The first bill, S. 1835 in the 106th Congress, was introduced by Sen. Patrick Leahy of

Vermont in October 1999. With extensive findings and purposes, S. 1835 would have provided that no state could acquire a federal intellectual property right without first opting into the federal intellectual system by waiving sovereign immunity. The bill also aimed to abrogate state immunity to the maximum extent permitted under the Constitution. In the 107th Congress, in November 2001, Leahy introduced a new bill, S. 1611, that followed the same general approach as his bill of two years previous—requiring states to waive as a condition of exercising intellectual properties rights—but which was greatly revised. A companion bill to S. 1611, H.R. 3204, was also introduced at that time by Rep. Howard Coble of North Carolina. Later in the 107th Congress, Leahy introduced the same text as a new bill, S. 2031, on March 19, 2002, co-sponsored by Sen. Sam Brownback of Kansas. The two bills now pending in the 108th Congress, S. 1191 and H.R. 2344, were both introduced on June 5, 2003, in the Senate by Leahy and in the House by Lamar Smith of Texas and co-sponsored by Howard Berman of California and John Conyers Jr. of Michigan. S. 1191 and H.R. 2344 are textually the same bill. They differ from the bills in the 107th Congress only in that the states are given relatively longer time periods to waive their immunity than was allotted them under the 107th Congress bills.

87. Cong. Rec. S7479, June 5, 2003.

88. Id.

89. Cong. Rec. S7480, June 5, 2003. This issue of fairness has been a recurrent theme in hearings regarding the *Florida Prepaid* decisions. At a hearing on July 27, 2000, before the House Subcommittee on Courts and Intellectual Property, Rep. Howard Berman of California described the necessity of correcting the “unfairness and imbalance in Federal law” created by *Florida Prepaid* and *College Savings Bank*: “After those decisions, states can infringe the intellectual property rights of others with virtual impunity, while still enforcing their own intellectual property rights against all others. This situation is made doubly unfair by virtue of the fact that states often engage in for-profit enterprise and direct competition with private actors. States run publishing houses, radio stations, restaurants, and hospitals, develop drugs, medical technologies, and commercial software products, and sell a variety of merchandise. To the extent that they do not have to license or otherwise pay for intellectual property rights when running these businesses, states have a

competitive advantage over private actors. That is not right, even though my alma mater, University of California, would be among the largest of these owners of intellectual property. Furthermore, to the extent that states can enforce their intellectual property rights against competitors but need not fear infringement suits themselves, states have an additional competitive advantage.” July 2000 Hearing, at 12 (statement of Howard L. Berman, member Subcommittee on Courts and Intellectual Property).

90. Cong. Rec. S7480, June 5, 2003.
91. Id.
92. *U.S. Government Accounting Office, State Immunity in Infringement Actions*, GAO-01-811 (2001) (hereafter “GAO Report”) (available at: <http://www.gao.gov>).
93. GAO Report, at 2.
94. Register of Copyrights Marybeth Peters presented these possible approaches to the House Subcommittee on Courts and Intellectual Property at the July 2000 Hearing. See July 2000 Hearing, at 56-64. Peters also identified two additional approaches: Congressional enforcement under Section 5 of the Fourteenth Amendment and the approach embodied in Leahy’s bills. She expressed support for the approach in the Leahy bills. See July 2000 Hearing, at 64.
95. The 1999 version of the bill, S. 1161 (106th Cong.), required waiver before a state could obtain a patent or the registration of a copyright or trademark.
96. S. 1191, 108th Cong. §3. Because S. 1191 and H.R. 2344 are parallel bills, only the citations for S. 1191 will be provided here.
97. Id.
98. Id. §§4, 5. A state’s waiver of its immunity would not affect the applicability of these provisions to the state.
99. Id. §3.
100. Id.
101. Id.
102. Id.
103. See *Sovereign Immunity and the Protection of Intellectual Property*, Hearing before the Senate Committee on the Judiciary, 108th Cong. (2003) (statement of William E. Thro, general counsel, Christopher Newport University, and special assis-

tant attorney general, Commonwealth of Virginia), available at [http://www.nacua.org/documents/IP\\_Restoration\\_Act\\_Statement-Thro.htm](http://www.nacua.org/documents/IP_Restoration_Act_Statement-Thro.htm).

104. *South Dakota v. Dole*, 483 U.S. 203 (1987). Cf. *Atascadero State Hospital v. Scanlon*, 473 U.S. 234, reh'g denied 473 U.S. 926 (1985) (Congress may require waiver of Eleventh Amendment immunity as condition for participation in federally funded program, but a state's receipt of funds does not alone constitute waiver).
105. 359 U.S. 275 (1959). Article I, §10, cl. 3 of the Constitution prohibits states from entering into compacts with one another without the consent of Congress.
106. E.g., *New York v. United States*, 505 U.S. 144, 166 (1992) (Congress may "hold out incentives to the States as a method of influencing a State's policy choices"); see generally July 2000 Hearing, 100-112 (statement of Howard J. Meltzer, Harvard Law School).
107. *College Savings*, 527 U.S. at 680.
108. *Id.* at 686.
109. *Id.* at 687.
110. Cf. *New York v. United States*, 505 U.S. 144 (1992) (Congress violates the Tenth Amendment by compelling state legislatures to adopt laws or state agencies to adopt regulations).
111. Some states, such as Washington, have broadly waived their immunity and subjected themselves to the same liability in their own courts as may be found against individuals and corporations. Wash. Rev. Code 4.92.090. Other states, such as Pennsylvania, assert sovereign immunity with such exceptions as the legislature may declare. 1 Pa. C.S. §2310.