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State Sovereign Immunity and the Protection of Intellectual Property: Do Recent Congressional Attempts to Level the Playing Field Run Afoul of Current Eleventh Amendment Jurisprudence and Other Constitutional Doctrines

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State Sovereign Immunity and the Protection of Intellectual Property: Do Recent Congressional Attempts to “Level the Playing Field”¹ Run Afoul of Current Eleventh Amendment Jurisprudence and Other Constitutional Doctrines?

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INTRODUCTION

State entities, including public universities, often own significant portfolios of intellectual property.² The abundance of state ownership in patents, in particular, can be traced to the enactment of the Bayh-Dole Act in 1980.³ The Bayh-Dole Act allows non-profit institutions and their researchers to obtain intellectual property rights in results produced from federally-funded research.⁴ As a result of the Bayh-Dole Act, the number of patents filed by universities increased from fewer than 250 per year to 1,500 per year by 1995.⁵ This increase in ownership of intellectual property rights provided an incentive for universities to exploit technology transfer avenues⁶

2. As of 2001, public universities owned more than 2,700 registered trademarks and nearly 12,000 patents. *Id.* at 57 (statement of R. Bruce Josten, Executive Vice President, United States Chamber of Commerce). Likewise, since 1978, four-year state colleges and universities have obtained copyright registrations on more than 32,000 monographs. *State Sovereign Immunity and Protection of Intellectual Property: Hearing Before the House Subcomm. on Courts and Intellectual Property of the Comm. on the Judiciary*, 106th Cong. 15 (2000) (Sup. Docs. No. Y4.J89/1:106/99) [hereinafter *Hearing Before House Subcomm. on Courts and Intellectual Property*] (statement of Marybeth Peters, Register of Copyrights, Copyright Office of the United States Library of Congress).

3. Bayh-Dole Act, Pub. L. No. 96-517, 94 Stat. 3015 (1980) (codified as amended at 35 U.S.C. §§ 200–11 (2000)). The purpose of the Act is “to promote the utilization of inventions arising from federally-supported research or development” See 35 U.S.C. § 200 (2000) (permitting state and federal entities to obtain patent protection for their inventions). Likewise, the Copyright Act grants copyright protection in works produced by state governments. See Copyright Remedy Clarification Act § 105, 17 U.S.C. § 105 (2000) (precluding the availability of copyright protection for any work of the federal government, but not prohibiting such protection for works of state governments). Similarly, section 45 of the Lanham Act allows states to obtain trademark protection. See Trademark Remedy Clarification Act § 45, 15 U.S.C. § 1127 (2000) (defining a person who may obtain trademark protection to include “any State”).

4. See 35 U.S.C. § 202(a), (c)(7)(B).

5. See Association of University Technology Managers (“AUTM”), *Licensing Survey FY 1991–FY 1995, Executive Summary*, at <http://www.autm.net/pubs/survey/autmsum2.html> (last visited Nov. 12, 2003) [hereinafter AUTM, *FY 1991*] (on file with the North Carolina Law Review).

6. See AUTM, *About AUTM*, at http://www.autm.net/index_n4.html (last visited Nov. 12, 2003) (describing an organization comprised of technology transfer offices, representing more than three hundred universities, hospitals, and other non-profit institutions) (on file with the North Carolina Law Review). See generally Kenneth Sutherlin Dueker, *Biobusiness on Campus: Commercialization of University-Developed Biomedical Technologies*, 52 FOOD DRUG L.J. 453 (1997) (discussing the commercialization of intellectual property through university technology transfer offices). Technology transfer encompasses the sharing of knowledge and resources among non-profit research organizations, such as federal laboratories and universities, and private firms, with the general purpose of developing the technology into new commercial products. See National Technology Transfer Center, at <http://www.nttc.edu/products/guide/SECA01.html> (last visited Feb. 23, 2004) (on file with the North Carolina Law Review).

through which they could license those rights to private firms for commercial development.⁷ Accordingly, universities entered into more than 4,300 licenses in the year 2000 alone.⁸ By 2000, nearly 21,000 active licenses existed between universities and private firms.⁹ These licenses can generate more than one billion dollars in annual income to universities through licensing fees, royalties, and equity interests.¹⁰ This creative environment also gave birth to start-up or spin-off companies which allow institutions and their researchers to exploit the commercial value of their inventions directly.¹¹

The promise of the Bayh-Dole Act has been fulfilled in the twenty-plus years since its enactment.¹² This success, however, has not been met with universal acceptance.¹³ In particular, some critics have raised concerns regarding the potential inequities between the respective abilities of state entities, such as public universities, and

7. See Arti Kaur Rai, *Regulating Scientific Research: Intellectual Property Rights and the Norms of Science*, 94 NW. U. L. REV. 77, 96 (1999) (noting that monopoly rights in inventions arising from federally-funded research were seen as a necessary incentive for private firms to undertake the investment required to develop the inventions into commercial products).

8. See AUTM, *AUTM Licensing Survey: FY 2000, Executive Summary*, at <http://www.autm.net/surveys/2000/summarynoe.pdf>, at 1 (last visited Nov. 12, 2003) [hereinafter *AUTM, FY 2000*] (summarizing a survey of university technology transfer managers) (on file with the North Carolina Law Review). In 1999, for example, the University of North Carolina at Chapel Hill “had 47 licenses generating income, was issued 41 new patents, and applied for 74 more.” *Hearing on H.R. 2344*, *supra* note 1, at 17 (statement of Leslie Winner, General Counsel and Vice President, University of North Carolina).

9. See *AUTM, FY 2000*, *supra* note 8, at 1.

10. See *id.*

11. See Peter J. Harrington, *Faculty Conflicts of Interest in an Age of Academic Entrepreneurialism: An Analysis of the Problem, the Law and Selected University Policies*, 27 J.C. & U.L. 775, 780–81 (2001) (describing the proliferation of faculty start-up companies). More than 450 new companies based on academic research were formed in the United States during fiscal year 2000. See *AUTM, FY 2000*, *supra* note 8, at 1. For example, North Carolina State University formed eight start-up companies in 1999. *Hearing on H.R. 2344*, *supra* note 1, at 44 (statement of Leslie Winner, General Counsel and Vice President, University of North Carolina).

12. See, e.g., KEVIN G. RIVETTE & DAVID KLINE, *REMBRANDTS IN THE ATTIC 2* (2000) (noting that “intellectual property [has been] transformed from a sleepy area of law and business to one of the driving engines of a high-technology economy” (quoting Sabra Chartrand, *Patents*, N.Y. TIMES, Apr. 5, 1999, at C2)).

13. See Joshua A. Newberg & Richard L. Dunn, *Keeping Secrets in the Campus Lab: Law, Values and Rules of Engagement for Industry-University R&D Partnerships*, 39 AM. BUS. L.J. 187, 189 (2002) (noting that critics of industry-university collaboration argue that the commercial objectives of private firms are inconsistent with the academic values of university research); see also Rebecca S. Eisenberg, *Public Research and Private Development: Patents and Technology Transfer in Government-Sponsored Research*, 82 VA. L. REV. 1663, 1666–67 (1996) (arguing that the policies behind the Bayh-Dole Act run counter to the public good).

private intellectual property owners to obtain and enforce federal intellectual property rights.¹⁴ These concerns have intensified as state entities have become increasingly involved in commerce.¹⁵ Some critics argue that when states participate in the intellectual property system, they are not performing a government function, but instead are participating in a market and should be subject to the rules of that market.¹⁶

Two recent United States Supreme Court decisions and a related decision from the Court of Appeals for the Fifth Circuit have magnified such concerns. *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*,¹⁷ *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*,¹⁸ and *Chavez v. Arte Publico Press*¹⁹ each held that states, including public institutions such as universities, are entitled to obtain intellectual property protection under federal law and to enforce those rights against private parties while remaining immune from liability for infringing the intellectual property rights of others.²⁰ Indeed, states have brought several suits to enforce their patent and licensing rights.²¹ The potential reach of the *Florida Prepaid*, *College Savings*,

14. See *Sovereign Immunity and the Protection of Intellectual Property: Hearing on S. 1611 Before the Senate Comm. on the Judiciary*, 107th Cong. 6 (2002) (Sup. Docs. No. Y 4.J 89/2:S.HRG.107-866) [hereinafter *Hearing on S. 1611*] (statement of James E. Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office).

15. See *id.* (arguing that states must also accept responsibility—potential liability for damages arising from infringement—that comes with protecting and enforcing their intellectual property rights).

16. See *Hearing Before House Subcomm. on Courts and Intellectual Property*, *supra* note 2, at 31 (statement of Mark A. Lemley, Professor of Law, University of California at Berkeley). But see *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 685 (1999) (“[S]uit by an individual against an unconsenting State is the very evil at which the Eleventh Amendment is directed—and it exists whether or not the State is acting for profit, in a traditionally ‘private’ enterprise, and as a ‘market participant.’”).

17. 527 U.S. 627 (1999).

18. 527 U.S. 666 (1999).

19. 204 F.3d 601 (5th Cir. 2000).

20. See *infra* notes 127–85 and accompanying text (discussing the decisions in *Florida Prepaid*, *College Savings*, and *Chavez*).

21. See, e.g., *Regents of the Univ. of Minn. v. Glaxo Wellcome, Inc.*, 44 F. Supp. 2d 998, 1008–09 (D. Minn. 1999) (finding that a federal court must hear the State’s claim of relief seeking enforcement of a licensing agreement of a patented compound); *Univ. of Colo. Found., Inc. v. Am. Cyanamid Co.*, 974 F. Supp. 1339, 1342 (D. Colo. 1997), *aff’d*, 342 F.3d 1298 (Fed. Cir. 2003) (alleging copyright, patent infringement, fraud, and unjust enrichment claims against license holder); *Gen-Probe, Inc. v. Amoco Corp.*, 926 F. Supp. 948, 951 (S.D. Cal. 1996) (seeking declaration of co-inventorship and conversion of patent); *Ciba-Geigy Corp. v. Alza Corp.*, 804 F. Supp. 614, 616 (D.N.J. 1992) (alleging infringement of university-owned patent); see also Jennifer Polse, Comment, *Holding the*

and *Chavez* decisions, coupled with isolated incidents of alleged state infringement,²² has fueled recent attempts by Congress to restrict the scope of state sovereign immunity under federal intellectual property law.²³

On October 29, 1999, only a few months after the *Florida Prepaid* and *College Savings* decisions, Senator Patrick Leahy introduced the Intellectual Property Protection Restoration Act of 1999 (“IPPra of 1999”).²⁴ The IPPRA of 1999 conditioned a state’s participation in the federal intellectual property system on an agreement to waive its sovereign immunity²⁵ and, in part, would have denied a state the right to receive a patent unless it waived immunity from suit in federal court.²⁶ This bill did not reach a vote in the Senate.²⁷ Other attempts to promulgate similar legislation have met

Sovereign’s Universities Accountable for Patent Infringement after Florida Prepaid and College Savings Bank, 89 CAL. L. REV. 507, 508–09 (2001) (discussing the effect of current Eleventh Amendment doctrine on the ability of state universities to dictate “when, where, and how to enforce their federal patent rights and the patent rights of others”).

22. See, e.g., *Hearing on H.R. 2344*, *supra* note 1, at 3 (statement of The Honorable Lamar Smith, a Representative in Congress from the State of Texas, and Chairman, Subcomm. on Courts, the Internet, and Intellectual Property) (citing as an example a Maryland state hospital that allegedly pirated software programs and asserted sovereign immunity to shield itself from liability); *Hearing on S. 1611*, *supra* note 14, at 29–31 (statement of Kenneth Schraad, Western Regional Director, National Information Consortium, Lawrence, Kansas) (testifying about a dispute regarding copyright ownership of software developed for the State of Georgia); see also *Hearing on H.R. 2344*, *supra* note 1, at 11 (statement of The Honorable Howard L. Berman, a Representative in Congress from the State of California, and Ranking Member, Subcomm. on Courts, the Internet, and Intellectual Property) (citing as an example the California Department of Health Services alleged infringement of a patent for assessing placental dysfunction). Other examples of alleged state infringement have surfaced in the federal courts. See, e.g., *Chavez*, 204 F.3d at 603 (addressing copyright infringement and violations of the Lanham Act in view of *Florida Prepaid* and *College Savings*); *Rodriguez v. Tex. Comm’n on the Arts*, 199 F.3d 279, 280–81 (5th Cir. 2000) (adopting the *Florida Prepaid* framework in the copyright context). In addition, a study conducted by the Software and Information Industry Association in the six years preceding the Supreme Court’s *Florida Prepaid* decision identified at least seventy-seven matters involving infringements by state entities, with more than one-half of those matters involving institutions of higher learning. See *Hearing on H.R. 2344*, *supra* note 1, at 19 (statement of Mark Bohannon, General Counsel and Senior Vice President for Public Policy, on behalf of the Software and Information Industry Association).

23. See *infra* notes 24–33 and accompanying text.

24. Intellectual Property Protection Restoration Act of 1999, S. 1835, 106th Cong. (1999), <http://thomas.loc.gov> (on file with the North Carolina Law Review).

25. *Id.* § 111.

26. *Id.* § 131(c).

27. See generally Mitchell N. Berman et al., *State Accountability for Violations of Intellectual Property Rights: How to “Fix” Florida Prepaid (and How Not to)*, 79 TEX. L. REV. 1037 (2001) (providing an analysis and comprehensive overview of the IPPRA of 1999 and suggesting alternative approaches to addressing state sovereign immunity); Steve

the same fate.²⁸

Nevertheless, on June 5, 2003, Senator Leahy introduced the Intellectual Property Protection Restoration Act of 2003 (“IPpra of 2003”).²⁹ The purpose of the IPpra of 2003 is “[t]o restore Federal remedies for infringements of intellectual property by States.”³⁰ If enacted, this bill would allow private intellectual property owners to sue states for infringement damages, thereby effectively abrogating state immunity against such suits.³¹

The main distinction between the 2003 Act and the 1999 Act is that the 1999 Act contained provisions for an “opt in procedure,” whereby a state must waive sovereign immunity from suit in federal

Malin, *The Protection of Intellectual-Property Rights in a Federalist Era*, 6 COMPUTER L. REV. & TECH. J. 137, 177–81 (2002) (describing in detail the provisions contained in the IPpra of 1999); Gilbert L. Carey, Comment, *The Resurgence of States’ Rights Creates New Risk to Intellectual Property*, 11 ALB. L.J. SCI. & TECH. 123, 145–51 (2000) (analyzing in detail the provisions of the IPpra of 1999 in light of the Court’s decisions in *Florida Prepaid* and *Seminole Tribe*).

28. See Robert C. Wilmoth, *Toward a Congruent and Proportional Patent Law: Redressing State Patent Infringement After Florida Prepaid v. College Savings Bank*, 55 SMU L. REV. 519, 522 (2002) (noting that the committee had not produced any of the intellectual property protection restoration bills by the end of 2001). Progress toward bringing such legislation to a vote has been delayed by unfruitful negotiations “between IP owners, who are pressuring Congress for the reform, and state government representatives, who object to it.” News, *Draft Leahy/Hatch Amendment Stiffens IP Protection/Immunity Waiver Trade-Off*, 64 PAT. TRADEMARK & COPYRIGHT J. (BNA) 32, 32–33 (2002) [hereinafter *Draft Leahy/Hatch Amendment Stiffens IP Protection*] (describing the potential effect of the IPpra of 2002).

29. See Intellectual Property Protection Restoration Act of 2003 (“IPpra of 2003”), S. 1191, 108th Cong. (2003), <http://thomas.loc.gov> (on file with the North Carolina Law Review). Senator Leahy introduced three identical bills with various co-sponsors. See *id.*; Intellectual Property Protection Restoration Act of 2002 (“IPpra of 2002”), S. 2031, 107th Cong. (2002), <http://thomas.loc.gov> (on file with the North Carolina Law Review); Intellectual Property Protection Restoration Act of 2001 (“IPpra of 2001”), S. 1611, 107th Cong. (2001), <http://thomas.loc.gov> (on file with the North Carolina Law Review). Several Congressmen also introduced counterparts to these bills in the House. See Intellectual Property Protection Restoration Act of 2003, H.R. 2344, 108th Cong. (2003), <http://thomas.loc.gov> (on file with the North Carolina Law Review); Intellectual Property Protection Restoration Act of 2001, H.R. 3204, 107th Cong. (2001), <http://thomas.loc.gov> (on file with the North Carolina Law Review); see also News, *Leahy and Brownback Reinroduce Bill Allowing IP Suits Against States*, 63 PAT. TRADEMARK & COPYRIGHT J. (BNA) 455, 455 (2002) [hereinafter *Leahy and Brownback*] (describing how H.R. 3204 is identical to S. 2031 and S. 1611).

30. S. 1191, pmbl. Due to the relatively recent introduction of the IPpra of 2003, little commentary and debate directly address it. For that reason, this Comment will refer to commentary and debate on its predecessors, the IPpra of 2001 and the IPpra of 2002. The bills are substantially identical and discussion of the 2001 Act and the 2002 Act therefore applies equally to the 2003 Act. See *supra* note 29 and accompanying text.

31. See *Draft Leahy/Hatch Amendment Stiffens IP Protection*, *supra* note 28, at 32–33 (describing the potential effect of the 2002 Act).

court from any action arising under federal intellectual property law to be eligible to acquire federal intellectual property rights.³² These provisions are similar, in concept, to draft amendments to the Intellectual Property Protection Restoration Act of 2002 (“IPPPRA of 2002”), introduced by Senator Leahy and Senator Orrin Hatch (“draft Leahy/Hatch amendments”).³³

Predictably, a broad spectrum of organizations made up of intellectual property owners, including organizations representing the publishing, recording, and entertainment industries, support the Intellectual Property Protection Restoration Act.³⁴ Equally predictable, public universities, university technology transfer managers, and state officers generally oppose such legislation.³⁵ Notwithstanding the concerns voiced by advocates on both sides of this issue, the fate of the Intellectual Property Protection Restoration Act will depend on whether it comports with the Supreme Court’s current Eleventh Amendment doctrine.

The Court has struck down previous attempts by Congress to abrogate state sovereign immunity under federal intellectual property laws. In *Florida Prepaid* and *College Savings*, the Court severely curtailed the rights of private intellectual property owners to sue the states for alleged patent infringement and violations of section 43(a)

32. Intellectual Property Protection Restoration Act of 1999, S. 1835, 106th Cong. § 111(b) (1999), <http://thomas.loc.gov> (on file with the North Carolina Law Review). This bill further provided that if a state “opts in,” but later breaches the waiver, it will not be allowed to participate in the federal intellectual property system. *Id.* § 113. Under these provisions, a state that breaches the “opt in” agreement would face three consequences: (1) any pending applications shall be regarded as abandoned, *id.* § 113(a); (2) damages shall not be awarded to a state to enforce infringement of state-owned federal intellectual property for the preceding five years, *id.* § 113(b)(1); and (3) the state will not be able to opt back into the federal intellectual property system for one year, *id.* § 113(c)(1). See Malin, *supra* note 27, at 179 (highlighting the “opt in” provisions of S. 1835); Carey, *supra* note 27, at 146–47 (same); John D. Livingstone, Comment, *Uniformity of Patent Law Following Florida Prepaid: Should the Eleventh Amendment Put Patent Owners Back in the Middle Again?*, 50 EMORY L.J. 323, 356–57 (2001) (same).

33. See *Draft Leahy/Hatch Amendment Stiffens IP Protection*, *supra* note 28, at 32 (requiring states to waive their Eleventh Amendment sovereign immunity as a condition for ownership of intellectual property).

34. The IPPRA of 2002 garnered support from the American Bar Association, the American Intellectual Property Law Association, the Business Software Alliance, the Intellectual Property Owners Association, the International Trademark Association, the Motion Picture Association of America, the Professional Photographers of America Association, and the United States Chamber of Commerce. See 148 CONG. REC. S2079 (daily ed. Mar. 19, 2002) (statement of Sen. Leahy).

35. See *Hearing on H.R. 2344*, *supra* note 1, at 13–19 (statement of Leslie J. Winner, Vice President and General Counsel, University of North Carolina) (summarizing the view of public universities toward the IPPRA of 2003).

of the Lanham Act.³⁶ The Court of Appeals for the Fifth Circuit similarly restricted the rights of private intellectual property owners to sue the states for alleged copyright infringement in *Chavez*.³⁷

Even though predecessor bills to the IPPRA of 2003 were not brought to a vote, it is likely that some version of the Act, or other legislation with similar provisions, will eventually be brought to a vote and may ultimately become law.³⁸ It is therefore imperative to examine the provisions of the Act and the proposed amendments to predecessor Acts to determine if they comply with the current Eleventh Amendment jurisprudence and other constitutional provisions, as well as the general policies of the federal intellectual property system. This Comment will address the constitutionality of the IPPRA of 2003, its predecessor bills, and the draft Leahy/Hatch amendments in view of *Florida Prepaid*, *College Savings*, *Chavez*, and the line of Supreme Court and Federal Circuit cases addressing state sovereign immunity.³⁹ This Comment also will examine whether such legislation and the draft Leahy/Hatch amendments are consistent with the public policy goals set forth in the Bayh-Dole Act and other federal research funding initiatives. To this end, this Comment will evaluate the impact of the IPPRA of 2003 and the draft Leahy/Hatch amendments on public university technology transfer programs.

This Comment argues that the IPPRA of 2003 and the draft Leahy/Hatch amendments do not comport with the Court's current Eleventh Amendment jurisprudence and also conflict with the doctrine of unconstitutional conditions. Furthermore, this Comment argues that the provisions in the Act and the draft Leahy/Hatch amendments run counter to the policy goals of existing legislation, such as the Bayh-Dole Act, which encourages non-profit entities, such as public universities, to obtain intellectual property rights for their innovative creations and discoveries, and to transfer such technological achievements to the private sector for

36. See *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 685, 691 (1999); *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 647–48 (1999).

37. See *Chavez v. Arte Publico Press*, 204 F.3d 601, 607–08 (5th Cir. 2000).

38. Berman et al., *supra* note 27, at 1040 (postulating that “[g]iven the widespread support among beneficiaries of federal intellectual property rights for some sort of legislative action, it appears likely that . . . some version of the Leahy bill [S. 1835] . . . will ultimately become law”).

39. The aim of this Comment is not to critique the Court's Eleventh Amendment jurisprudence or to delve into the Federalism implications of its recent decisions. Instead, this Comment analyzes recent attempts by Congress to abrogate states' sovereign immunity in intellectual property infringement actions in view of the Court's recent Eleventh Amendment jurisprudence.

commercialization. Finally, this Comment suggests a less draconian alternative, based on the analytical framework developed in *Florida Prepaid* and *Chavez*, to limit potential infringing acts by state entities. This Comment proposes legislation that would (1) limit causes of action by a private party against a state to those acts that constitute intentional infringement; (2) limit such suits to those against states that exhibit a pattern of infringing acts; and (3) allow suits only against those states with inadequate remedies under state law. This approach would provide protection for private intellectual property owners against egregious infringement by state actors while allowing state entities, such as public universities, to continue to participate in the federal intellectual property system without waiving sovereign immunity.

This Comment will proceed in five parts. Part I provides a brief description of the IPPRA of 2003 and the draft Leahy/Hatch amendments.⁴⁰ Part II presents an overview of the line of cases establishing the current Eleventh Amendment doctrine, including those cases that directly impact issues related to state sovereign immunity and intellectual property rights.⁴¹ Part III addresses whether the IPPRA of 2003 and the draft Leahy/Hatch amendments comport with the current Eleventh Amendment doctrine.⁴² Part IV examines whether the purposes of the IPPRA of 2003 and the draft Leahy/Hatch amendments are consistent with the public policy goals of the federal intellectual property system and federal research initiatives, such as the Bayh-Dole Act.⁴³ Alternative approaches to legislation that protects intellectual property rights from state infringement are explored in Part V.⁴⁴

I. DESCRIPTION OF THE IPPRA OF 2003 AND THE DRAFT LEAHY/HATCH AMENDMENTS

The IPPRA of 2003 attempts to circumvent the *Florida Prepaid* and *College Savings* decisions by conditioning a state's ability to recover damages in intellectual property suits on its waiver of immunity from private suits against it.⁴⁵ Under this proposed legislation, states that refuse to waive immunity would lose the right

40. See *infra* Part I.

41. See *infra* Part II.

42. See *infra* Part III.

43. See *infra* Part IV.

44. See *infra* Part V.

45. See Intellectual Property Protection Restoration Act of 2003, S. 1191, 108th Cong. § 3 (2003), <http://thomas.loc.gov> (on file with the North Carolina Law Review).

to recover monetary damages in infringement actions, but would retain other intellectual property protections.⁴⁶ An amended version of the predecessor legislation to the IPPRA of 2003 would have explicitly required states to waive their Eleventh Amendment sovereign immunity as a condition for ownership of intellectual property.⁴⁷ The draft Leahy/Hatch amendments to the IPPRA of 2002 would have added new subsections to federal patent, copyright, trademark, and plant patent laws to condition a state's ability to obtain protection under these statutes on the state's waiver of sovereign immunity.⁴⁸ The draft revision of the IPPRA of 2002 containing the draft Leahy/Hatch amendments was circulated but not introduced in the Senate.⁴⁹

A. *Purposes of the IPPRA of 2003*

Senator Leahy articulated two reasons for responding to *Florida Prepaid* and *College Savings* when he introduced the IPPRA of 2002.⁵⁰ First, Senator Leahy contended that these two decisions opened a "huge loophole" in the federal intellectual property system, where states receive legal protection under this system but are not

46. See *Draft Leahy/Hatch Amendment Stiffens IP Protection*, *supra* note 28, at 32–33. States, however, would retain the right to pursue injunctive relief against private infringers. *Id.*

47. *Id.* Proponents of the IPPRA of 2003, however, have proposed amendments to the bill as introduced that would preclude non-waiving states from obtaining damages and injunctions when they *bring* intellectual property infringement suits. *Hearing on H.R. 2344*, *supra* note 1, at 26, 36 (statement of Paul Bender, Professor of Law, Arizona State University College of Law and Counsel to Meyer & Klipper, PLLC) (suggesting that such provisions would strengthen the bill and thereby increase the incentives for states to waive their sovereign immunity).

48. *Draft Leahy/Hatch Amendment Stiffens IP Protection*, *supra* note 28, at 32.

49. See *id.* (noting that "committee action on the draft amendment[s] have been postponed at least twice"). A search of the bill summary and status did not reveal any action taken on the IPPRA of 2002 since the bill was introduced and referred to the Committee on the Judiciary. See generally Thomas Legislative Information on the Internet, at <http://thomas.loc.gov> (last visited Feb. 11, 2004) (providing summaries and statutes of bills introduced in the Senate and House) (on file with North Carolina Law Review). The Senate Committee on the Judiciary held hearings on the IPPRA of 2001 in February 2002. News, *Panel Considers Bill to Restore Right to Sue States for IP Infringements*, 63 PAT. TRADEMARK & COPYRIGHT J. (BNA) 368, 368 (2002). Markups of the IPPRA were postponed as negotiations between intellectual property owners and state government representatives were being held. *Draft Leahy/Hatch Amendment Stiffens IP Protection*, *supra* note 28, at 33. The pertinent parts of the IPPRA of 2002 were reintroduced as the IPPRA of 2003 on June 5, 2003. See generally S. 1191 (introducing the IPPRA of 2003). A hearing on H.R. 2344, the House version of the IPPRA of 2003, was held on June 17, 2003. See generally *Hearing on H.R. 2344*, *supra* note 1 (transcribing the testimony presented at the hearing).

50. See 148 CONG. REC. S2079 (daily ed. Mar. 19, 2002) (statement of Sen. Leahy).

required to adhere to its laws.⁵¹ Citing fairness and a belief in the free market system, Senator Leahy argued that “[s]tates will enjoy an enormous advantage over their private sector competitors” under the current system.⁵² Second, Senator Leahy raised concerns over the respective roles of Congress and the Court.⁵³ Noting that the current Supreme Court has overturned federal legislation with an unprecedented frequency during the past decade, Senator Leahy criticized these Supreme Court decisions for often relying “on notions of state sovereign immunity that have little if anything to do with the text of the Constitution.”⁵⁴

The express purposes of the IPPRA of 2003 are to:

- (1) help eliminate the unfair commercial advantage that States and their instrumentalities now hold in the Federal intellectual property system because of their ability to obtain protection under the United States patent, copyright, and trademark laws while remaining exempt from liability for infringing the rights of others;
- (2) promote technological innovation and artistic creation in furtherance of the policies underlying Federal laws and international treaties relating to intellectual property;
- (3) reaffirm the availability of prospective relief against State officials who are violating or who threaten to violate Federal intellectual property laws; and
- (4) abrogate State sovereign immunity in cases where States or their instrumentalities, officers, or employees violate the United States Constitution by infringing Federal intellectual property.⁵⁵

The draft Leahy/Hatch amendments aimed to revise the first purpose by striking the term “unfair,” by striking the words “remaining exempt” and replacing them with “retaining immunity,” and by striking the words “the rights of others” and replacing them with “intellectual property rights.”⁵⁶ The draft amendments would

51. *Id.*

52. *Id.* (quoting Senator Specter’s previous criticism of the *Florida Prepaid* and *College Savings* decisions).

53. *Id.*

54. *Id.* Senator Leahy refers to the recent Supreme Court decisions as examples of “judicial activism.” *Id.* Ever since the *Florida Prepaid* and *College Savings* decisions, Senator Leahy consistently has attempted to limit state sovereign immunity with respect to federal intellectual property rights. *See supra* notes 24–33 and accompanying text.

55. Intellectual Property Protection Restoration Act of 2003, S. 1191, 108th Cong. § 2 (2003), <http://thomas.loc.gov> (on file with the North Carolina Law Review).

56. Text, *Draft Revision of Bill (S. 2031) on State IP Immunity*, 64 PAT. TRADEMARK

also replace the fourth purpose in its entirety with the following provision: “(4) provide compensation for harm resulting from infringements of Federal intellectual property by States or their instrumentalities, officers, or employees in violation of the fifth and fourteenth amendments of the United States Constitution.”⁵⁷

Although these proposed changes to the purposes would not alter the IPPRA substantively, they could influence how the Act would be construed by a court. For example, striking the explicit term “abrogate” from the fourth purpose could result in a finding that the Act lacks the requisite intent to abrogate state sovereign immunity. On the other hand, addition of the language directed toward violations of the Fifth and Fourteenth Amendments would make arguments based on these constitutional provisions available to aggrieved plaintiffs.

B. Equalization of Intellectual Property Remedies by Conditional Waiver

Section 3 of the IPPRA of 2003 provides the core of the proposed legislation.⁵⁸ Under this section, a state would not be entitled to damages for infringement of its intellectual property unless it waived its Eleventh Amendment immunity from damages suits brought against it by private intellectual property owners.⁵⁹ For example, this section of the bill would amend section 287 of the Patent Act to provide that no remedies shall be awarded for infringement of a patent if a state, or state instrumentality, is, or was at any time, the legal or beneficial owner of the patent, unless the state has waived its Eleventh Amendment immunity from suit in federal court for any infringement of a patent.⁶⁰ The bill would make similar, remedy-limiting amendments to section 504 of the Copyright Act and section 45 of the Lanham Act.⁶¹ These provisions are

& COPYRIGHT J. (BNA) 39, 39 (2002) [hereinafter *Draft Revision of S. 2031*].

57. *Id.* Senators Leahy (D-Vt) and Hatch (R-Ut) apparently drafted these amendments in response to pressure from private intellectual property owners. See *Draft Leahy/Hatch Amendment Stiffens IP Protection*, *supra* note 28, at 33.

58. S. 1191, § 3.

59. *Leahy and Brownback*, *supra* note 29, at 455.

60. S. 1191, § 3(a) (creating a new section (d)(1) under 35 U.S.C. § 287). This section also provides that any such waiver must be made in accordance with the constitution and laws of the state and applies even if the state is no longer the owner of the intellectual property. *Id.* Exceptions to the limitations on remedies provided in this section arise if such limitations would materially and adversely affect a contract-based expectation that existed prior to January 1, 2004, or if the party seeking remedies was a bona fide purchaser for value of the patent and did not know that a state was once the owner of the patent. *Id.*

61. *Id.* § 3(b)-(c).

prospective and would not be applied retroactively—that is, at the time the bill was introduced, the provisions of the IPPRA of 2003 would have applied only to those patents issued, works created, or marks registered or used in commerce on or after January 1, 2004.⁶²

C. *Clarification of Remedies Available for Infringement by State Officers and Employees*

Section 4 of the IPPRA of 2003 clarifies which remedies are available when state officers or employees violate federal intellectual property laws.⁶³ This section provides that, in suits against an officer or employee of a state, remedies under the federal intellectual property statutes “shall be available against the officer or employee in the same manner and to the same extent as such remedies are available in an action against a private individual under like circumstances.”⁶⁴ The bill expands the remedies available to private parties in an action against state officers or employees who violate provisions of federal patent, copyright, or trademark laws to include, inter alia, monetary damages, injunctive relief, and the destruction of infringing articles.⁶⁵ This prospective relief against state officials essentially codifies, and expands upon, the relief available under the doctrine of *Ex parte Young*,⁶⁶ which allows an individual to sue a state official for injunctive relief, but not for monetary damages.⁶⁷

D. *Liability of States for Constitutional Violations Involving Intellectual Property*

Section 5 of the IPPRA of 2003 provides a private right to compensation when state infringement of intellectual property rises to the level of a constitutional violation.⁶⁸ This section of the bill holds states liable for acts that violate intellectual property rights in a manner that deprives any person of property in violation of due

62. *See id.* § 3(a)–(c).

63. *Id.* § 4.

64. *Id.* This provision of the bill, in essence, provides an owner of a patent, copyright, or trademark the injunctive remedies that would be available against a private individual. *See Hearing on S. 1611, supra* note 14, at 25 (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association, Arlington, Virginia) (discussing the remedies available under predecessor legislation to the IPPRA of 2003).

65. S. 1191, § 4.

66. 209 U.S. 123 (1908).

67. *See id.* at 159–60 (holding that an individual may sue a state official for prospective relief even if the state itself is immune from suit); *infra* notes 264–68 (discussing types of relief available under the doctrine of *Ex parte Young*).

68. *Leahy and Brownback, supra* note 29, at 455–56 (discussing the IPPRA of 2002).

process under the Fourteenth Amendment⁶⁹ or takes property in violation of the Fifth and Fourteenth Amendments.⁷⁰ Compensation for such constitutional violations would be based on “the statutory remedies available under the appropriate intellectual property statute,” and would include actual damages, profits, statutory damages, costs, and fees, but would not include treble damages.⁷¹ This section also places the burden of proof on the state or state instrumentality to show that the state provides an adequate remedy for any deprivation of property resulting from a due process violation.⁷²

E. Ownership of Intellectual Property by States Under the Draft Leahy/Hatch Amendments

In addition to restoring federal remedies for infringements of intellectual property by states, the draft Leahy/Hatch amendments would limit *ownership* of intellectual property by states that have not waived sovereign immunity relating to that property.⁷³ Pursuant to this purpose, the draft Leahy/Hatch amendments provide that a state shall not be entitled to a patent, copyright protection, registration of a trademark, or protection under the Plant Variety Protection Act unless that state has waived its sovereign immunity.⁷⁴ For example, a new subsection (h) would be added to section 102 of the Patent Act⁷⁵ “stipulating that a state will not be entitled to a patent if ‘that State has not waived immunity . . . from suit in Federal court . . . for any infringement of intellectual property protected under Federal law.’ ”⁷⁶ The draft Leahy/Hatch amendments make comparable changes to section 105 of the Copyright Act, to section 1051 of the Lanham Act, and to section 51 of the Plant Variety Protection Act.⁷⁷ Other than the changes to the purposes of the bill and a few other minor changes,⁷⁸ these draft revisions leave all other sections of the original

69. S. 1191, § 5(a).

70. *Id.* § 5(b).

71. *Leahy and Brownback, supra* note 29, at 455–56.

72. S. 1191, § 5(d)(2).

73. *See Draft Revision of Bill S. 2031, supra* note 56, at 40.

74. *See id.*

75. 35 U.S.C. § 102 (2000).

76. *Draft Leahy/Hatch Amendment Stiffens IP Protection, supra* note 28, at 32 (quoting *Draft Revision of S. 2031, supra* note 56, at 39–40).

77. *Id.*

78. The draft revision also adds provisions under which no remedies shall be awarded to a nonconsenting state in any infringement action under federal patent and copyright laws. *Id.*; *see also supra* notes 56–57 and accompanying text (describing the proposed changes to the purposes of the bill).

bill intact.⁷⁹ Thus, the purpose of the draft Leahy/Hatch amendments is to limit *ownership* of intellectual property by non-waiving states, not merely to limit the ability of a non-waiving state to recover *damages* for infringement of its intellectual property rights. In doing so, the amendments would promote a greater incentive for states to waive immunity.

II. CURRENT ELEVENTH AMENDMENT DOCTRINE AND ITS IMPACT ON STATES' INTELLECTUAL PROPERTY RIGHTS

Beginning with its landmark decision in *Seminole Tribe of Florida v. Florida*,⁸⁰ the Supreme Court has consistently invalidated attempts by Congress to abrogate state sovereign immunity. The Court has struck down laws that permitted private individuals to sue the states for monetary damages as a remedy against state violation of various federal laws, including claims arising under unfair labor standards,⁸¹ age discrimination,⁸² discrimination on the basis of disability,⁸³ and infringement of federal intellectual property rights.⁸⁴ This Part reviews the Court's Eleventh Amendment jurisprudence with an emphasis on those decisions that impact state sovereign immunity and federal intellectual property rights.

A. *Historical Perspective*

The Eleventh Amendment provides that “[t]he 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

79. See *Draft Leahy/Hatch Amendment Stiffens IP Protection*, *supra* note 28, at 32.

80. 517 U.S. 44 (1996).

81. See *Alden v. Maine*, 527 U.S. 706, 711–12 (1999) (holding that Congress's attempt to abrogate state sovereign immunity in *state* courts under the Fair Labor Standards Act exceeded its Article I powers).

82. See *Kimel v. Fla. Bd. of Regents*, 528 U.S. 62, 66–67 (2000) (holding that Congress's attempt to abrogate state sovereign immunity under the Age Discrimination in Employment Act exceeded its power to enforce the Fourteenth Amendment).

83. See *Bd. of Trs. of Univ. of Ala. v. Garrett*, 531 U.S. 356, 363–64, 374 (2001) (holding that Congress's attempt to abrogate state sovereign immunity under the Americans with Disabilities Act exceeded its power to enforce the Fourteenth Amendment).

84. See *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 691 (1999) (concluding that states' sovereign immunity was not validly abrogated by the Trademark Remedy Clarification Act); *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 647 (1999) (holding that abrogation of states' sovereign immunity from patent infringement under the Patent Remedy Act is not valid legislation pursuant to the Fourteenth Amendment Due Process Clause).

State.”⁸⁵ Congress ratified the Eleventh Amendment in 1795 in response to the Supreme Court’s decision in *Chisholm v. Georgia*.⁸⁶ Although the plain language of the Eleventh Amendment prohibits only actions brought against a state by citizens of another state or citizens of a foreign country, the Court has construed the Eleventh Amendment more broadly.⁸⁷ In *Hans v. Louisiana*,⁸⁸ for example, the Court held that citizens could not sue their own states in federal court.⁸⁹ In general, the Court has “understood the Eleventh Amendment to stand not so much for what it says, but for the presupposition . . . which it confirms.”⁹⁰ The Court has recognized that this presupposition contains two parts: (1) each state is a sovereign entity in the federal system, and (2) a sovereign entity is not amenable to suit by an individual without its consent.⁹¹ In a long line of cases, the Court, for more than a century, has reaffirmed that federal jurisdiction over suits against unconsenting states “‘was not contemplated by the Constitution when establishing the judicial power of the United States.’”⁹² Although the Eleventh Amendment prohibits suits against a state, the Court in *Ex parte Young* interpreted the Eleventh Amendment to allow suits against state officers.⁹³ As will become important when considering what remedies are available to private parties against infringing states,⁹⁴ the doctrine

85. U.S. CONST. amend. XI.

86. 2 U.S. (1 Dall.) 419, 419–21 (1793) (holding that a citizen of South Carolina could sue the State of Georgia in federal court to recover money owed for provisions supplied to the State during the Revolutionary War); see *Edelman v. Jordan*, 415 U.S. 651, 662 (1974) (describing *Chisholm*’s impact on the ratification of the Eleventh Amendment).

87. See generally JOHN V. ORTH, *THE JUDICIAL POWER OF THE UNITED STATES: THE ELEVENTH AMENDMENT IN AMERICAN HISTORY* (1987) (describing the history and early interpretation of the Eleventh Amendment).

88. 134 U.S. 1 (1890).

89. *Id.* at 18–21 (avoiding the anomaly of allowing citizens of a state to sue that state in federal court, whereas citizens of another state could not do so). See generally Edward A. Purcell, Jr., *The Particularly Dubious Case of Hans v. Louisiana: An Essay on Law, Race, History, and “Federal Courts”*, 81 N.C. L. REV. 1927 (2002) (reviewing the historical origins of *Hans v. Louisiana* and critiquing its use by the Rehnquist Court as support for the Court’s current Eleventh Amendment jurisprudence).

90. *Blatchford v. Native Vill. of Noatak*, 501 U.S. 775, 779 (1991).

91. *Id.* (citing *Hans*, 134 U.S. at 13).

92. *Id.* (quoting *Hans*, 134 U.S. at 15). The Court listed twenty-five Supreme Court decisions since 1890 that sustained this doctrine. *Id.* at 779 n.7.

93. *Ex parte Young*, 209 U.S. 123, 159–60 (1908) (concluding that where the suit named the state official as defendant, the State was not being sued). The *Ex parte Young* exception to Eleventh Amendment immunity allows private citizens to petition a federal court to enjoin state officials in their official capacity from engaging in future conduct that would violate the Constitution or a federal statute. *Id.* at 159.

94. *Hearing on S. 1611, supra* note 14, at 8–9 (statement of James E. Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent

of *Ex parte Young* only allows a plaintiff to recover prospective injunctive relief against a state officer.⁹⁵

B. The Line of Cases Establishing the Current Eleventh Amendment Doctrine

The Rehnquist Court has generally expanded the doctrine of state sovereign immunity and consistently restricted Congress's ability to abrogate Eleventh Amendment immunity.⁹⁶ The line of cases leading up to *Florida Prepaid*, *College Savings*, and *Chavez* established the general rule that to determine whether Congress effectively abrogated the states' sovereign immunity depends on whether Congress has (1) " 'unequivocally expresse[d] its intent to abrogate the immunity' " and (2) acted " 'pursuant to a valid exercise of power.' " ⁹⁷ The first prong of this inquiry requires that "Congress's intent to abrogate the States' immunity from suit must be obvious from 'a clear legislative statement.' " ⁹⁸ Thus, "Congress may abrogate the States' constitutionally secured immunity from suit in federal court only by making its intention unmistakably clear in the language of the statute." ⁹⁹ In addressing the second prong of this inquiry, the

and Trademark Office) (noting that obtaining injunctive relief against future infringement by a state official is a viable alternative given the constitutional problems inherent in drafting legislation to effectively abrogate state sovereign immunity, although intellectual property owners would prefer to obtain monetary damages against the state).

95. *Ex parte Young*, 209 U.S. at 159. As an exception to Eleventh Amendment immunity, *Ex parte Young* actions may seek only prospective injunctive relief and are not entitled to an award of monetary damages or other retrospective relief. See *Edelman v. Jordan*, 415 U.S. 651, 667-69 (1974). To be entitled to injunctive relief, a plaintiff must allege an ongoing or continuing violation of federal law. See *Idaho v. Coeur d' Alene Tribe*, 521 U.S. 261, 281 (1997). Furthermore, the *Ex parte Young* exception only applies to alleged violations of federal, not state, law. See *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89, 106 (1984).

96. See generally Daniel J. Meltzer, *State Sovereign Immunity: Five Authors in Search of a Theory*, 75 NOTRE DAME L. REV. 1011, 1011-12 (2000) (reviewing the current Court's federalism jurisprudence in view of *College Savings*, *Florida Prepaid*, and *Alden* and concluding that these decisions attempt to impose a vision of federalism by limiting the remedial means by which Congress may enforce regulation of the states). For a criticism of the Court's approach to state sovereign immunity, see generally Akhil Reed Amar, *Of Sovereignty and Federalism*, 96 YALE L.J. 1425 (1987). Professor Amar argues that "[a] state government that orders or allows its officials to violate citizens' federal constitutional rights can invoke 'sovereign' immunity from all liability—even if such immunity means that the state's wrongdoing will go partially or wholly unremedied." *Id.* at 1425-26 (concluding that "'sovereignty' has become an oppressive concept in our courts").

97. *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 55 (1996) (quoting *Green v. Mansour*, 474 U.S. 64, 68 (1985)).

98. *Id.* (quoting *Blatchford v. Native Vill. of Noatak*, 501 U.S. 775, 786 (1991)).

99. *Atascadero State Hosp. v. Scanlon*, 413 U.S. 234, 242 (1985).

Court considers whether Congress enacted the legislation pursuant to a constitutional provision granting it the power to abrogate.¹⁰⁰ The Court has recognized only one constitutional provision that grants such power—Section 5 of the Fourteenth Amendment.¹⁰¹ The only other circumstance under which the Eleventh Amendment does not bar an action against a state arises when the state waives its immunity and consents to suit in federal court.¹⁰²

A line of United States Supreme Court cases beginning in the mid-1980s established the current Court's Eleventh Amendment jurisprudence.¹⁰³ Even though these earlier cases do not involve intellectual property rights, they provide the analytical framework through which the Court decided the patent and Lanham Act infringement issues in *Florida Prepaid* and *College Savings*.

In *Atascadero State Hospital v. Scanlon*¹⁰⁴ the Court addressed “whether States and state agencies are subject to suit in federal courts by litigants seeking retroactive monetary relief under . . . the Rehabilitation Act of 1973 . . . or whether such suits are proscribed by the Eleventh Amendment.”¹⁰⁵ The Court in *Atascadero* held that the Eleventh Amendment prohibited the suit against the State because

100. *Seminole Tribe*, 517 U.S. at 59 (citing *Fitzpatrick v. Bitzer*, 427 U.S. 445, 452–56 (1976)).

101. U.S. CONST. amend. XIV, § 5 (granting Congress the power to enforce the provisions of the Fourteenth Amendment through appropriate legislation). See *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 670 (1999) (citing *Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976)). In determining whether Congress has abrogated the states' Eleventh Amendment immunity by exercising its Fourteenth Amendment powers, the Court has required “an unequivocal expression of congressional intent.” *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89, 99 (1984). In *Pennsylvania v. Union Gas Co.*, 491 U.S. 1 (1989), the Court held that the Interstate Commerce Clause granted Congress the power to abrogate state sovereign immunity. *Id.* at 5. The Court, however, expressly overruled *Union Gas* seven years later in *Seminole Tribe*. See *Seminole Tribe*, 517 U.S. at 66.

102. See *Clark v. Barnard*, 108 U.S. 436, 447 (1883). A state may waive its sovereign immunity “by a state statute or constitutional provision, or by otherwise waiving its immunity in the context of a particular federal program.” *Atascadero*, 473 U.S. at 238 n.1. A state must waive its immunity by express language or by language that is not subject to any other reasonable construction. See *Edelman v. Jordan*, 415 U.S. 651, 673 (1974).

103. See Daniel J. Meltzer, *The Seminole Decision and State Sovereign Immunity*, 1996 SUP. CT. REV. 1, 1 n.2. Although the current Court consistently has upheld states' sovereign immunity, the Court's hold on this doctrine is tenuous. See *id.* at 1 (noting a slim five to four majority in virtually all of the Rehnquist Court's significant Eleventh Amendment decisions). Thus, a change in the composition of the Court could signal a shift in its Eleventh Amendment jurisprudence, although stare decisis could limit any significant shifts in Eleventh Amendment doctrine. See Berman et al., *supra* note 27, at 1040–41 (discussing the Rehnquist Court's jurisprudence on state sovereign immunity).

104. 473 U.S. 234 (1985).

105. *Id.* at 235.

(1) provisions of the Act fell short of expressing an unequivocal congressional intent to abrogate the State's Eleventh Amendment immunity; (2) the Act did not manifest a clear intent to condition participation in federally-funded programs on the State's consent to waive its constitutional immunity; and (3) the State had not specifically waived its immunity to suit in federal court.¹⁰⁶ Importantly, the Court declined the opportunity to reexamine the historical and jurisprudential foundations of its Eleventh Amendment doctrine, thereby continuing on the course initiated in *Hans v. Louisiana* nearly one hundred years earlier.¹⁰⁷ The Court also declined to adopt the view that the State consented to suit when it willingly accepted federal funds under the Act and that Congress legitimately abrogated the State's sovereign immunity as an exercise of its enforcement power under Section 5 of the Fourteenth Amendment.¹⁰⁸ The ultimate effect of *Atascadero*, however, is that Congress may abrogate the states' sovereign "immunity from suit in federal court only by making its intention unmistakably clear in the language of a statute."¹⁰⁹

Following *Atascadero*, the Court of Appeals for the Federal Circuit in *Chew v. California*¹¹⁰ and *Jacobs Wind Electric Co. v. Florida Department of Transportation*¹¹¹ upheld the states' sovereign immunity under the Eleventh Amendment from patent suits in federal courts after determining that Congress did not express adequately its intent to abrogate the states' sovereign immunity in amendments to federal patent law.¹¹² In response to these two Federal Circuit decisions, Congress in 1992, under the authority of

106. *Id.* at 241-47 (opinion by Powell, J., joined by Burger, C. J., and White, Rehnquist, & O'Connor, JJ.).

107. *Hans v. Louisiana*, 134 U.S. 1, 15 (1890) (denying suits by individuals against states); see *Atascadero*, 473 U.S. at 247-78, 260-61 (Brennan, J., dissenting) (expressing disagreement with the court's Eleventh Amendment doctrine). Justice Stevens, in dissent, argued that "a fresh examination of the Court's Eleventh Amendment jurisprudence will produce benefits that far outweigh 'the consequences of further unraveling the doctrine of *stare decisis*' in this area of the law." *Id.* at 304 (Stevens, J., dissenting) (quoting *Fla. Dep't of Health and Rehabilitative Servs. v. Fla. Nursing Home Ass'n*, 450 U.S. 147, 155 (1981) (Stevens, J., concurring)). The Court declined to adopt this view. *Id.* at 243 n.3.

108. See *Atascadero*, 473 U.S. at 304 (Blackmun, J., dissenting).

109. *Id.* at 242.

110. 893 F.2d 331 (Fed. Cir. 1990).

111. 919 F.2d 726 (Fed. Cir. 1990).

112. See, e.g., *Chew*, 893 F.2d at 334 (finding that amendments to the Patent Act did not contain the requisite unmistakable congressional intent to abrogate state sovereign immunity). In particular, the court found that the general term "whoever" in the amended Act lacked the requisite intent. *Id.*; see 35 U.S.C. § 271(a) (2000) ("[W]hoever without authority makes, uses . . . or sells any patented invention . . . infringes the patent.").

Pennsylvania v. Union Gas Co.,¹¹³ in which the Court allowed Congress to abrogate the states' Eleventh Amendment immunity through legislation passed pursuant to the Commerce Clause,¹¹⁴ passed the Patent and Plant Variety Protection Remedy Clarification Act ("Patent Remedy Act").¹¹⁵ Congress passed this Act "[t]o clarify that States . . . are subject to suit in Federal court by any person for infringement of patents and plant variety protections"¹¹⁶ The Act made explicit in adding section 271(h) that "any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his official capacity" could be held accountable for infringing a patent.¹¹⁷ Furthermore, section 296(a) of the Act explicitly provided that a state "shall not be immune, under the eleventh amendment . . . from suit in Federal court . . . for infringement of a patent"¹¹⁸ The Court of Appeals for the Federal Circuit, in its first foray into what would lead to the Supreme Court's *Florida Prepaid* and *College Savings* decisions, found that the Act cured the defect recognized in *Chew* and *Jacobs Wind* and properly abrogated state sovereign immunity from suit under federal patent laws.¹¹⁹

Congress's authority to use the Commerce Clause as a means of abrogating state sovereign immunity was short-lived, however, as the Court in *Seminole Tribe* explicitly overturned *Union Gas* and held that Congress lacked authority under Article I of the Constitution to abrogate the states' Eleventh Amendment immunity from suit in federal court.¹²⁰ Although the Supreme Court explicitly overruled *Union Gas*, it reaffirmed that Congress had the power to abrogate state sovereign immunity under Section 5 of the Fourteenth

113. 491 U.S. 1 (1989).

114. *Id.* at 5.

115. Patent and Plant Variety Protection Remedy Clarification Act, Pub. L. No. 102-560, 106 Stat. 4230 (1992) (codified at 35 U.S.C. §§ 271(h)–296 (2000)).

116. *Id.* at 4230 pmb1. In enacting this legislation, Congress made explicit its intent to abrogate states' sovereign immunity from patent suits brought in federal court by exposing states to the same legal and equitable remedies available against private parties. *See id.*

117. 35 U.S.C. § 271(h) (2000).

118. Patent and Plant Variety Protection Remedy Clarification Act § 2(a)(1)–(2) (codified at 35 U.S.C. §§ 271(h), 296).

119. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 148 F.3d 1343, 1347 (Fed. Cir. 1998) (holding that Congress, in response to the Federal Circuit's decisions in *Chew* and *Jacobs Wind*, amended the federal patent laws to unambiguously express its intent to abrogate state sovereign immunity), *rev'd*, 527 U.S. 627 (1999).

120. *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 61–63, 66 (1996). Subsequently, the Court further held that Congress does not have the power under Article I to subject nonconsenting states to suits from private individuals for damages in a state's own courts. *Alden v. Maine*, 527 U.S. 706, 712 (1999).

Amendment.¹²¹ Thus, after *Seminole Tribe*, Congress may abrogate the states' Eleventh Amendment immunity if it unequivocally expresses its intent to do so and acts pursuant to a valid exercise of power.¹²² Justice Stevens, in dissent, recognized the broad swath the majority's decision would cut through potential suits against states in federal court, including "those sounding in copyright and patent law."¹²³

C. *Recent Cases Involving State Sovereign Immunity and Intellectual Property*

Seminole Tribe set the stage for two 1999 Supreme Court cases that severely curtailed the right of private parties to sue states in federal court for infringement of intellectual property rights. In *Florida Prepaid*, the Court reaffirmed states' Eleventh Amendment immunity from patent infringement suits.¹²⁴ The Court likewise reaffirmed states' Eleventh Amendment immunity from allegations of false and misleading advertising under section 43(a) of the Lanham Act in *College Savings*.¹²⁵ The Fifth Circuit followed these cases in reaffirming the state's Eleventh Amendment immunity for copyright infringement suits and violations of the Lanham Act in *Chavez*.¹²⁶ These cases established the current Eleventh Amendment doctrine in the context of balancing states' sovereign immunity against the intellectual property rights of private parties.

1. *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*

In *Florida Prepaid*, the Court addressed whether Congress, by amending the patent laws in 1992,¹²⁷ validly abrogated the states'

121. *Seminole Tribe*, 517 U.S. at 59 (affirming its earlier decision in *Fitzpatrick v. Bitzer*, 427 U.S. 445 (1976)).

122. *Id.* at 55.

123. *Id.* at 77 (Stevens, J., dissenting). The decision in *Seminole Tribe* would indeed place the viability of the Patent and Plant Variety Protection Remedy Clarification Act in doubt. See *infra* Part II.C.1 (discussing the Court's decision in *Florida Prepaid*).

124. *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 630 (1999).

125. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 691 (1999).

126. *Chavez v. Arte Publico Press*, 204 F.3d 601, 603 (5th Cir. 2000).

127. *Florida Prepaid*, 527 U.S. at 631. The Patent and Plant Variety Protection Remedy Clarification Act was codified at 35 U.S.C. §§ 271(h), 296 (2000). Prior to this legislation, the patent laws stated that "whoever without authority" made, used, or sold a patented invention infringed the patent, without defining "whoever." Act of July 19, 1952, Pub. L. No. 593, § 271, 66 Stat. 792, 811 (current version at 35 U.S.C. § 271 (2000)).

sovereign immunity from infringement suits pursuant to its authority under Section 5 of the Fourteenth Amendment.¹²⁸ The Court held that the amended statute could not be sustained as legislation enacted to enforce the guarantees under the Due Process Clause of the Fourteenth Amendment.¹²⁹

In determining whether Congress's enactment of the Patent Remedy Act validly abrogated the states' sovereign immunity, the Court applied the analytical framework articulated in *Seminole Tribe* and addressed two issues: (1) did Congress "unequivocally express[] its intent to abrogate the immunity"; and (2) did Congress act "pursuant to a valid exercise of power."¹³⁰ First, the Court agreed that in enacting the legislation, Congress made its intention to abrogate the states' immunity "unmistakably clear in the language of the statute"¹³¹ as required under *Atascadero*. The Court noted, however, that whether Congress had the power to compel states to waive their sovereign immunity was another matter.¹³²

Congress justified the Act under three sources of constitutional authority: the Patent Clause,¹³³ the Commerce Clause,¹³⁴ and Section 5 of the Fourteenth Amendment.¹³⁵ Initially, the Court noted that *Seminole Tribe* clearly states that Congress may not abrogate state sovereign immunity pursuant to its Article I powers.¹³⁶ Thus, the Patent Remedy Act could not be upheld under either the Patent Clause or the Commerce Clause.¹³⁷ Next, the Court addressed whether the Act was "appropriate" legislation pursuant to Section 5

128. *Florida Prepaid*, 527 U.S. at 630.

129. *Id.*

130. *Id.* at 635 (quoting *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 55 (1996)).

131. *Id.* (quoting *Dellmuth v. Muth*, 491 U.S. 223, 228 (1989)) (noting that Congress's intent to abrogate "could not have been any clearer" in § 296(a)); see also *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 242 (1985) (articulating the requirement for unmistakable clarity for the first time).

132. *Florida Prepaid*, 527 U.S. at 635.

133. U.S. CONST. art. I, § 8, cl. 8. The Patent Clause provides that "Congress shall have Power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." *Id.* § 8, cls. 1, 8.

134. *Id.* § 8, cl. 3. The Commerce Clause provides that "Congress shall have Power . . . [t]o regulate Commerce with foreign Nations, and among the Several States, and with the Indian Tribes." *Id.*

135. Section 5 of the Fourteenth Amendment provides that "Congress shall have power to enforce, by appropriate legislation, the provisions of this article." *Id.* amend. XIV, § 5. Section 1 of the Fourteenth Amendment provides that "[n]o State shall . . . deprive any person of life, liberty, or property, without due process of law." *Id.* amend. XIV, § 1 (providing what is commonly referred to as the Due Process Clause).

136. *Florida Prepaid*, 527 U.S. at 636.

137. *Id.*

of the Fourteenth Amendment in view of the construction of that term in *City of Boerne v. Flores*.¹³⁸ To make this determination, the Court considered whether the Act could be viewed as remedial or preventive legislation directed toward securing for patent owners the protections available under the Fourteenth Amendment.¹³⁹ This consideration requires identifying the “wrong” that Congress intended to remedy.¹⁴⁰ Here, the Court identified the wrong as the “unremedied patent infringement by the States” and asserted that such conduct “must give rise to the Fourteenth Amendment violation that Congress sought to redress” in the Patent Remedy Act.¹⁴¹ The Court noted, however, that “Congress identified no pattern of patent infringement by the States, let alone a pattern of constitutional violations.”¹⁴² Because of the lack of evidence of the perceived harm, the Court concluded that the provisions of the Act were “‘out of proportion’” to the supposed remedy or preventive effect and that the Patent Remedy Act could not be interpreted as “‘responsive to, or designed to prevent, unconstitutional behavior.’”¹⁴³ The Court reasoned that the indiscriminate scope of the Act ran counter to the standards articulated in *City of Boerne*, and thus, the Act could not be upheld.¹⁴⁴

138. *Id.* at 637–38 (noting that the Court in *City of Boerne v. Flores*, 521 U.S. 507 (1997), emphasized that Congress’s enforcement power is remedial in nature). In *City of Boerne*, the Court held that Congress cannot abrogate states’ sovereign immunity under Section 5 unless the legislation deters or remedies unconstitutional state conduct. *City of Boerne v. Flores*, 521 U.S. 507, 519–20 (1997). The Court also held that such legislation must be tailored to reflect a congruence and proportionality between the identified injury and the means to remedy the offending conduct. *Id.*

139. *Florida Prepaid*, 527 U.S. at 639.

140. *Id.*

141. *Id.* at 640.

142. *Id.* (noting a House Report that acknowledged that “‘many states comply with patent law’” and that provided only two examples of patent infringement suits against the State; further, the Court of Appeals for the Federal Circuit “‘identified only eight patent-infringement suits prosecuted against the States . . . between 1880 and 1990’”). *But see id.* at 654 (Stevens, J., dissenting) (noting the unfairness of “‘striking down Congress’s Act based on an absence of findings supporting a requirement this Court had not yet articulated”).

143. *Id.* at 646–47 (quoting *City of Boerne*, 521 U.S. at 532) (noting that Congress did not limit the coverage of the Act to cases involving arguable constitutional violations, such as where a state refused to provide patent owners whose patents it had infringed a state remedy or make an attempt to confine the reach of the Act by limiting the remedy to certain types of intentional infringement).

144. *Id.* at 647. As discussed in Part III.A.2.a, *infra*, *Florida Prepaid* established the conditions under which legislation could meet the standards articulated in *City of Boerne*. See *infra* notes 308–41 and accompanying text. This Comment asserts that the IPPRA of 2003 does not meet these standards, but appropriate legislation could. See *infra* Part V.E.

2. *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*

The companion case to *Florida Prepaid, College Savings*, addressed whether the Trademark Remedy Clarification Act¹⁴⁵ effectively permits suit against a state for alleged misrepresentation of its own product.¹⁴⁶ In *College Savings*, the Court first addressed whether the Act validly abrogated the State's sovereign immunity.¹⁴⁷ The defendant state entity, Florida Prepaid, argued that Congress had not effectively abrogated sovereign immunity because the Act was enacted pursuant to Congress's Article I powers.¹⁴⁸ To counter this argument, the plaintiff, College Savings, asserted that Congress also enacted the Trademark Remedy Clarification Act to enforce the Due Process Clause of the Fourteenth Amendment.¹⁴⁹ College Savings further claimed that Congress passed the Act "to remedy and prevent" deprivation of two types of property rights by the states: "(1) a right to be free from a business competitor's false advertising about its own product, and (2) a more generalized right to be secure in one's business interest."¹⁵⁰ The Court concluded, however, that neither of these assertions qualified as a *property* right protected by the Due Process Clause.¹⁵¹ The Court asserted that the "activity of

145. Trademark Remedy Clarification Act, Pub. L. No. 102-542, 106 Stat. 3567 (1992) (codified as amended at 15 U.S.C. §§ 1114(1), 1122, 1125(a), 1127 (2000)).

146. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 668-69 (1999). The Act amended section 43(a) of the Lanham Act by defining "any person" to include "any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity." Trademark Remedy Clarification Act § 3(c) (codified as amended at 15 U.S.C. § 1122 (2000)). The Act further provided that state entities "shall not be immune, under the eleventh amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person, including any governmental or nongovernmental entity for any violation under this Act," and that remedies shall be available against state entities "to the same extent as such remedies are available . . . in a suit against" a non-state entity. *Id.* § 3(b) (codified as amended at 15 U.S.C. § 1122 (2000)). The Court reasoned that the Act possibly could be interpreted as permitting suits against a state because either (1) it brings about a "constitutionally permissible abrogation of state sovereign immunity" or (2) it "operates as an invitation to waiver of such immunity," which a state automatically accepts "by engaging in the activities regulated by the Lanham Act." *College Savings*, 527 U.S. at 669.

147. *College Savings*, 527 U.S. at 672.

148. *Id.* at 671-72. This argument is derived from *Seminole Tribe*, where the Court held that "the power to 'regulate Commerce' conferred by Article I" did not give Congress "authority to abrogate state sovereign immunity." *Id.* at 672 (quoting U.S. CONST. art. I, § 8, cl. 3).

149. *Id.* at 671.

150. *Id.* at 672.

151. *Id.* at 672-73 (noting that the Lanham Act's false-advertising provisions "bear no relationship to any right to exclude" and Florida Prepaid's alleged misrepresentations

doing business” is not property in the ordinary sense and that no deprivation of property, and thus no violation of the Fourteenth Amendment, occurred in this case.¹⁵²

Next, the Court determined whether the State of Florida voluntarily waived its sovereign immunity.¹⁵³ Neither party suggested that Florida expressly consented to being sued in federal court.¹⁵⁴ Rather, College Savings maintained that the State “impliedly” or “constructively” waived its immunity.¹⁵⁵ In evaluating such a claim, the Court first noted that it had stated in *Atascadero* that the “test for determining whether a State has waived its immunity from federal-court jurisdiction is a stringent one.”¹⁵⁶ Furthermore, the Court noted that in a long line of cases, it had held that the doctrine of constructive waiver had no place in its sovereign immunity jurisprudence.¹⁵⁷ The Court in *College Savings* thereby expressly overruled the constructive waiver doctrine as articulated in *Parden v. Terminal Railway Co. of the Alabama State Docks Department*¹⁵⁸ and reiterated that a state’s waiver of immunity must be unequivocal.¹⁵⁹ Thus, *College Savings* supplies important precedent for any legislative initiatives that condition a state’s participation in the federal intellectual property system on a conditional waiver of sovereign immunity.

3. *Chavez v. Arte Publico Press*

In *Chavez*, the Court of Appeals for the Fifth Circuit applied the

concerned its own products, in which College Savings had no right to exercise dominion). College Savings further argued that businesses are “property” within the meaning of the Due Process Clause and that Congress legislates under Section 5 of the Fourteenth Amendment when it enacts a law that prevents state interference with business. *Id.* at 675 (noting that false advertising interferes with business).

152. *Id.*

153. *Id.*

154. *Id.* at 676.

155. *Id.* In doing so, College Savings relied on *Parden v. Terminal Railway of the Alabama State Docks Department*, 377 U.S. 184 (1964), overruled by 527 U.S. 666 (1999). *Id.* In *Parden*, the Court held that states could constructively waive sovereign immunity by engaging in ordinary commercial activities outside of their core sovereign powers. *Parden*, 377 U.S. at 196 (stating that “when a State leaves the sphere that is exclusively its own and enters into activities subject to congressional regulation, it subjects itself to that regulation as fully as if it were a private person or corporation”).

156. *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 241 (1985) (providing that to constitute a waiver of Eleventh Amendment immunity, “a state statute or constitutional provision must “specify the state’s intention to subject itself to suit in federal court”).

157. *College Savings*, 527 U.S. at 678.

158. *Parden*, 377 U.S. at 196–98.

159. *College Savings*, 527 U.S. at 678, 680.

analytical framework of *Florida Prepaid* to the Copyright Remedy Clarification Act and the Trademark Remedy Clarification Act.¹⁶⁰ The court addressed whether Congress “properly exercised its authority to subject states to suit in federal court” for violating the Copyright and Lanham Acts.¹⁶¹ The plaintiff, Chavez, asserted that the University of Houston “infringed her copyright by continuing to publish her book without her consent and violated the Lanham Act by naming her, also without her permission, as the selector of plays in another book it published.”¹⁶² The University contended that it enjoyed immunity from suit in federal court under the Eleventh Amendment.¹⁶³

Congress amended the Lanham Act¹⁶⁴ and the Copyright Act¹⁶⁵ to explicitly require states to submit to suit in federal court for violating the provisions in these two Acts.¹⁶⁶ Whether Congress had the authority to abrogate state sovereign immunity under these Acts, however, remained in doubt.¹⁶⁷ In deciding this issue, the Fifth Circuit followed the rule articulated in *Seminole Tribe* that abrogation of a state’s Eleventh Amendment immunity turns on an express statement of intent by Congress and a constitutionally valid

160. *Chavez v. Arte Publico Press*, 204 F.3d 601, 605–08 (5th Cir. 2000).

161. *Id.* at 603. A three-judge panel heard *Chavez* on remand for reconsideration in light of the Supreme Court’s decisions in *Florida Prepaid* and *College Savings*. *Id.* The statutes under consideration in *Chavez* were the Trademark Remedy Clarification Act, Pub. L. No. 102-542, § 3(b), 106 Stat. 3567, 3567–68 (1992) (current version at 15 U.S.C. § 1122 (2000)) and the Copyright Remedy Clarification Act, 17 U.S.C. § 501(a) (2000). *Id.*

162. *Id.* The plaintiff in *Chavez* conceded that the Trademark Remedy Clarification Act was not a valid exercise of legislative authority in view of *College Savings* and did not seek to defend it. *Id.* at 604 n.3.

163. *Id.* at 603.

164. See Trademark Remedy Clarification Act, Pub. L. No. 102-542, 106 Stat. 3567 (1992) (codified as amended at 15 U.S.C. §§ 1114(1), 1122, 1125(a), 1127 (2000)).

165. See Copyright Remedy Clarification Act, Pub. L. No. 101-553, 104 Stat. 2749 (1990) (codified as amended at 17 U.S.C. §§ 501(a), 511 (2000)). Under this Act, Congress “amended § 501(a) . . . to make it clear that ‘anyone’ who was liable for [copyright] infringement also included the State”; “added a new § 511(b), providing that a plaintiff could recover the same remedies against an infringing State as it could from any other defendant”; and added a new section 511(a), which explicitly provided that any state “shall not be immune, under the Eleventh Amendment . . . from suit in Federal court . . . for a violation of any of the exclusive rights of a copyright owner” John T. Cross, *Suing the States for Copyright Infringement*, 39 BRANDEIS L.J. 337, 344–45 (2000–2001) (quoting Copyright Remedy Clarification Act § 2(a)(2) (codified as amended at 17 U.S.C. § 511(a))) (discussing the provisions and legislative history of the Copyright Remedy Clarification Act and noting that the “net effect of these three changes was to make States liable for copyright infringement to the same extent as private parties”).

166. *Chavez*, 204 F.3d at 603 (noting that by amending these acts, Congress fulfilled the requirement of an express statement).

167. *Id.*

exercise of power.¹⁶⁸

The first opinion by the Fifth Circuit in this case followed the *Parden* theory, under which states may implicitly waive their sovereign immunity,¹⁶⁹ and held that the University could be sued in federal court for violating the Copyright Act and the Lanham Act.¹⁷⁰ After remand for reconsideration in light of *Seminole Tribe*, the Fifth Circuit concluded that the implied waiver theory articulated in *Parden* was no longer valid.¹⁷¹ In this early round of the *Chavez* litigation, the Fifth Circuit held that the Copyright Remedy Clarification Act and the Trademark Remedy Clarification Act were invalid exercises of Congress's Article I legislative power.¹⁷² The Fifth Circuit further held that to uphold the statutes as valid exercises of legislative power pursuant to Section 5 of the Fourteenth Amendment would be "an impermissible end-run around *Seminole*."¹⁷³

The Fifth Circuit rejected *Chavez's* argument that abrogation of a state's Eleventh Amendment immunity under the Copyright Remedy Clarification Act is justified under Section 5 of the Fourteenth Amendment "because Congress acted to prevent States from depriving copyright holders of their property without due process of law."¹⁷⁴ Following *Florida Prepaid*, the Fifth Circuit concluded that, because Congress relied only on the Copyright Clause of Article I in enacting the Copyright Remedy Clarification Act, a court may not consider another ground of constitutionality, i.e., the Fourteenth Amendment, which Congress did not explicitly invoke.¹⁷⁵

168. *Id.* (citing *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 55 (1996)).

169. *See Parden v. Terminal Ry. of Ala. State Docks Dep't*, 377 U.S. 184, 192 (1964).

170. *See Chavez v. Arte Publico Press*, 59 F.3d 539, 547 (5th Cir. 1995). For a thorough review of the factual issues and the Fifth Circuit's earlier decisions in the *Chavez* case, see generally, Peter Bray, Note, *After College Savings v. Florida Prepaid, Are States Subject to Suit for Copyright Infringement?: The Copyright Remedy Clarification Act and Chavez v. Arte Publico Press*, 36 HOUS. L. REV. 1531 (1999).

171. *See Chavez v. Arte Publico Press*, 157 F.3d 282, 287 (5th Cir. 1998). The Supreme Court expressly overruled *Parden* and its implied waiver theory in *College Savings*. *See Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 680 (1999) ("Whatever may remain of our decision in *Parden* is expressly overruled.").

172. *Chavez*, 204 F.3d at 604 (providing the procedural history of the *Chavez* litigation). The Fifth Circuit reached this holding by viewing *Seminole Tribe* in conjunction with *City of Boerne*. *Id.*

173. *Id.* The Fifth Circuit vacated this decision for en banc reconsideration, but the case was remanded to the three-judge panel after the Supreme Court decided *College Savings* and *Florida Prepaid*. *Id.*

174. *Id.*

175. *Id.* (noting that in *Florida Prepaid*, the Supreme Court declined to consider the Just Compensation Clause of the Fifth Amendment as a basis for the Patent and Plant

Thus, the Fifth Circuit held that the Copyright Remedy Clarification Act did not properly enforce the Due Process Clause.¹⁷⁶ The Fifth Circuit noted, however, that, under *Seminole Tribe*, “Congress can abrogate the states’ sovereign immunity when acting to enforce constitutional rights pursuant to Section 5 of the Fourteenth Amendment.”¹⁷⁷ The court then applied the analytical framework articulated in *Florida Prepaid* by assessing (1) the nature of the injury to be remedied; (2) Congress’s consideration of the adequacy of state remedies to redress the injury; and (3) the coverage of the legislation.¹⁷⁸

The injury resulting from a state’s wrongful conduct must rise to the level of a Fourteenth Amendment violation.¹⁷⁹ When addressing the nature of the injury to be remedied, a court will consider whether the state’s conduct evinced a pattern of constitutional violations.¹⁸⁰ The Fifth Circuit concluded that the legislative history for the Copyright Remedy Clarification Act, although it documented instances of copyright infringement, did not identify a pattern of copyright infringement by the states.¹⁸¹ In considering the second prong of the analytical framework, the Fifth Circuit determined that Congress “barely considered the availability of state remedies for infringement.”¹⁸² Finally, in examining the breadth of the coverage of the legislation, the Fifth Circuit concluded that Congress did not “confine the reach of the Act by limiting the remedy to certain types of infringement . . . or providing for suits only against States with questionable remedies or a high incidence of infringement.”¹⁸³ The

Variety Protection Remedy Clarification Act).

176. *Id.* at 605.

177. *Id.* The Fifth Circuit also noted, however, that under *City of Boerne*, “there must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.” *Id.* (quoting *City of Boerne v. Flores*, 521 U.S. 507, 519–20 (1997)).

178. *Id.*

179. *See Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 639–40 (1999).

180. *See id.* (finding no pattern of constitutional violations in the Patent Remedy Act).

181. *Chavez*, 204 F.3d at 606 (noting that a report by the Copyright Office documented only seven incidents of state copyright infringement enabled by the Eleventh Amendment). *But see Hearing on S. 1611, supra* note 14, at 14 (statement of Marybeth Peters, Register of Copyrights, Copyright Office of the United States Library of Congress) (observing that the fact that the legislative history of the Act did not meet the Court’s requirements, which were articulated a decade after Congress passed the Act, is not unexpected).

182. *Chavez*, 204 F.3d at 606 (noting that only two allusions to state remedies appear in the legislative history). Congress instead focused on the inadequacy of injunctive relief. *Id.* at 606 n.8.

183. *Id.* at 607 (applying the third prong of the *Florida Prepaid* analytical framework in

Fifth Circuit then concluded that the Copyright Remedy Clarification Act was an improper exercise of Congressional legislative power.¹⁸⁴ Even proponents of earlier versions of the IPPRA of 2003 concede that “it is difficult to find fault with the ruling in *Chavez*” in view of the Court’s precedent and the likelihood that the current Supreme Court would find the Copyright Clarification Act unconstitutional.¹⁸⁵

4. Other Relevant Supreme Court Cases Addressing State Sovereign Immunity

Other cases decided concurrently with or subsequent to *Florida Prepaid* and *College Savings* are also important in understanding the current landscape of Eleventh Amendment jurisprudence. In *Alden v. Maine*,¹⁸⁶ decided the same day as *Florida Prepaid* and *College Savings*,¹⁸⁷ the Court held “that the powers delegated to Congress under Article I . . . do not include the power to subject nonconsenting States to private suits for damages in state courts.”¹⁸⁸ The importance of *Alden* in the context of state sovereign immunity and intellectual property rights is that nonconsenting states would retain their immunity from intellectual property infringement suits even if Congress granted concurrent jurisdiction over such suits.¹⁸⁹

Less than a year later, in *Kimel v. Florida Board of Regents*,¹⁹⁰ the Court held that the Age Discrimination in Employment Act (“ADEA”) contained “a clear statement of Congress’s intent to abrogate the states’ sovereign immunity, but that the abrogation exceeded Congress’s authority under Section 5 of the Fourteenth Amendment.”¹⁹¹ After applying the “congruence and

view of *City of Boerne*).

184. *Id.* (noting that the Copyright Remedy Clarification Act was doomed in the wake of *Florida Prepaid* and *Kimel*).

185. *Hearing on S. 1611*, *supra* note 14, at 13–14 (statement of Marybeth Peters, Register of Copyrights, Copyright Office of the United States Library of Congress) (providing an overview of *Chavez* and *Rodriguez*).

186. 527 U.S. 706 (1999).

187. *Id.* at 711. In *Alden*, several probation officers brought a claim alleging that the State of Maine, their employer, breached the overtime provisions of the Fair Labor Standards Act of 1938. *Id.*

188. *Id.* at 712 (affirming dismissal of the suit on the grounds of sovereign immunity).

189. *Hearing on S. 1611*, *supra* note 14, at 50 (testimony of Paul Bender, Professor, Arizona State University College of Law and Counsel to Meyer & Klipper, PLLC); *see also* Peter S. Menell, *Economic Implications of State Sovereign Immunity from Infringement of Federal Intellectual Property Rights*, 33 LOY. L.A. L. REV. 1399, 1441–42 (2000) (arguing that states could preclude such suits under *Alden v. Maine* by not waiving immunity to be sued in their own courts for violating federal intellectual property law).

190. 528 U.S. 62 (2000).

191. *Id.* at 67. In *Kimel*, three sets of plaintiffs filed suit under the Age Discrimination

proportionality” test from *City of Boerne*, the Court concluded that the ADEA is not “appropriate legislation” under Section 5 of the Fourteenth Amendment.¹⁹² *Kimel* reaffirmed and exemplified the Court’s approach following *Seminole Tribe* and the *Florida Prepaid* cases in determining whether legislative validly abrogates states’ sovereign immunity under Congress’s Section 5 powers.

More recently, in *Raygor v. Regents of the University of Minnesota*,¹⁹³ the Court made it more difficult for individuals to sue state universities.¹⁹⁴ In *Raygor*, the employees of the University of Minnesota alleged that the University discriminated against them on the basis of age.¹⁹⁵ The Court affirmed the dismissal of the employees’ claims by the Minnesota Supreme Court and held that the statute of limitations for state causes of action initiated against nonconsenting state defendants, and subsequently dismissed under the Eleventh Amendment, does not run based on the supplemental jurisdiction granted under 28 U.S.C. § 1367(d).¹⁹⁶ In sum, these decisions, along with *Florida Prepaid* and *College Savings*, severely restrict Congress’s power to subject nonconsenting states to suits by private parties in federal court, including suits involving federal intellectual property rights.

III. ARE THE IPPRA OF 2003 AND THE DRAFT LEAHY/HATCH AMENDMENTS CONSTITUTIONAL?

Legislators drafted the IPPRA of 2003 and its predecessors after consulting constitutional and intellectual property experts to ensure that the legislation fully complied with the Court’s Eleventh Amendment jurisprudence.¹⁹⁷ Senator Leahy asserts that this

in Employment Act (“ADEA”) seeking monetary damages for their state employers’ alleged discrimination on the basis of age. *Id.* at 66.

192. *Id.* at 82–83. First, the Court found that the “substantive requirements the ADEA imposes on state and local governments are disproportionate to any unconstitutional conduct that conceivably could be targeted by the Act.” *Id.* at 83. Second, the Court’s examination of the legislative record indicated that Congress’s extension of the ADEA to the states was “an unwarranted response to a perhaps inconsequential problem” because “Congress never identified any pattern of age discrimination by the States, much less any discrimination whatsoever that rose to the level of constitutional violation.” *Id.* at 89.

193. 534 U.S. 533 (2002).

194. Andrew Viccora, *Enrollment Management Report*, May 8, 2002, LEXIS, News & Business, News, News File (quoting William Thro, General Counsel for Christopher Newport University) (discussing the impact of *Raygor* on the ability of private parties to sue public universities).

195. *Raygor*, 534 U.S. at 536.

196. *Id.* at 548.

197. See *Hearing on S. 1611*, *supra* note 14, at 4 (statement of Sen. Patrick J. Leahy from the State of Vermont).

legislation is constitutional because “Congress may attach conditions to a State’s receipt of federal intellectual property protection under its Article I intellectual property power just as Congress may attach conditions on a State’s receipt of federal funds under its Article I spending power.”¹⁹⁸ Under this reasoning, “the power to attach conditions to the federal benefit is part of the greater power to deny the benefit altogether.”¹⁹⁹ Opponents of such legislation argue, however, that components of the legislation are unconstitutional.²⁰⁰ Whether this assertion can be sustained requires a close examination of the language and legislative history of the IPPRA of 2003 in view of the line of cases that established the Court’s current Eleventh Amendment doctrine and other pertinent constitutional doctrines.²⁰¹

The provisions in the IPPRA of 2003, its predecessor Acts, and the draft Leahy/Hatch amendments operate under theories of abrogation,²⁰² the availability of suit against state officers or employees,²⁰³ and conditional waiver.²⁰⁴ These provisions implicate different constitutional doctrines in addition to those articulated under the Court’s current Eleventh Amendment jurisprudence. The abrogation provisions of section 5 of the IPPRA of 2003 implicate the Eleventh Amendment jurisprudence established by *Florida Prepaid, College Savings, Chavez*, and their predecessor cases.²⁰⁵ The availability of suits against state officers or employees implicates the doctrine of *Ex parte Young*, which operates as an exception to state sovereign immunity.²⁰⁶ The conditional waiver provisions of section 3 of the IPPRA of 2003 and new section 3 as proposed in the draft

198. *See id.*

199. *See id.*

200. *See, e.g., id.* at 33–34 (statement of William E. Thro, General Counsel, Christopher Newport University, Newport News, Virginia).

201. *See supra* notes 80–196 and accompanying text (describing the line of cases establishing current Eleventh Amendment doctrine).

202. *See* Intellectual Property Protection Restoration Act of 2003, S. 1191, 108th Cong. § 5 (2003) (explaining that states will be held liable for violating the property rights of patent owners), <http://thomas.loc.gov> (on file with the North Carolina Law Review).

203. *See id.* § 4.

204. *See id.* § 3; *see also* Draft Revision of S. 2031, *supra* note 56, at 39–40. Although this bill contains separate provisions for waiver and abrogation, Justice Scalia wrote in *College Savings* that “forced waiver and abrogation are not even different sides of the same coin—they are the same side of the same coin.” *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 683 (1999). The “forced waiver” to which Justice Scalia refers would indeed result from the enactment of the IPPRA of 2003. Such forced waiver is distinguished from the “voluntary waiver” advocated by some commentators. *See* Part V.A.

205. *See infra* Part III.A.

206. *See infra* Part III.B.

Leahy/Hatch amendments implicate the doctrine of unconstitutional conditions.²⁰⁷ These provisions and the constitutional doctrines that they evoke will be discussed in turn in the following Sections of this Comment.

A. *Does the IPPRA of 2003 Effectively Abrogate the States' Sovereign Immunity?*

Under the Eleventh Amendment doctrine established by *Florida Prepaid*, *College Savings*, *Chavez*, and their predecessor cases, whether Congress has effectively abrogated the states' sovereign immunity depends on if it "unequivocally expressed its intent to abrogate the immunity" and acted "pursuant to a valid exercise of power."²⁰⁸ The following sections address whether the IPPRA of 2003 satisfies this two-prong test.

1. Did Congress Unequivocally Express Its Intent to Abrogate State Sovereign Immunity?

Congress may abrogate the states' sovereign immunity "only by making its intention unmistakably clear in the language of the statute."²⁰⁹ The courts in *Florida Prepaid*, *College Savings*, and *Chavez* each found, with little trouble, that, in enacting the Patent, Trademark, and Copyright Remedy Clarification Acts, Congress explicitly intended to abrogate state sovereign immunity.²¹⁰ Likewise, the express language and legislative history of the IPPRA of 2003 clearly indicate Congress's intent to abrogate state sovereign immunity to restore federal remedies for infringements of intellectual property by the states.²¹¹

207. See *infra* Part III.C.

208. *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 55 (1996) (quoting *Green v. Mansour*, 474 U.S. 64, 68 (1985)).

209. *Dellmuth v. Muth*, 491 U.S. 223, 227–28 (1989) (quoting *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 242 (1985)).

210. See *supra* notes 127–85 and accompanying text (discussing *Florida Prepaid*, *College Savings*, and *Chavez*).

211. Intellectual Property Protection Restoration Act of 2003, S. 1191, 108th Cong. pmb. (2003), <http://thomas.loc.gov> (on file with the North Carolina Law Review). Section 2(4) of the IPPRA of 2003 expressly states that the purpose of the bill is to "abrogate State sovereign immunity in cases where States . . . infring[e] Federal intellectual property." *Id.* § 2(4). This express language in the IPPRA of 2002, however, was stricken by the draft Leahy/Hatch amendments and replaced by more general language providing "compensation for harm from infringements of Federal intellectual property by States . . ." See *Draft Revision of S. 2031*, *supra* note 56, at 39. Whether the more general language contained in the draft Leahy/Hatch amendments would make Congress's intent to abrogate state sovereign immunity "unmistakably clear" is uncertain.

2. Did Congress Act Pursuant to a Valid Exercise of Power?

This inquiry focuses on whether Congress enacted the legislation pursuant to a constitutional provision granting it the power to abrogate the states' sovereign immunity.²¹² Article I provides the constitutional basis for most federal statutes, including the statutory provisions governing intellectual property rights—the Patent and Copyright Acts were created under the specific powers provided in section 8, clause 8, whereas the Lanham Act stems primarily from the Interstate Commerce Clause provided in section 8, clause 3.²¹³ When Congress enacted the Patent and Copyright Remedy Clarification Acts of 1990, the legislative history cited Congress's Article I powers under the Patent and Copyright Clause as providing the constitutional authority to abrogate state sovereign immunity.²¹⁴ The Court's decision in *Seminole Tribe*, however, restricts Congress's ability to regulate the states under its Article I powers.²¹⁵ Likewise, in *Florida Prepaid*, the Court, in construing the Patent Remedy Act, concluded that even though the aims of the statute, i.e., providing a uniform remedy for patent infringement and placing states on the same footing as private parties, are proper Article I concerns under

212. *Seminole Tribe*, 517 U.S. at 59 (citing *Fitzpatrick v. Bitzer*, 427 U.S. 445, 452–56 (1976)).

213. John T. Cross, *Intellectual Property and the Eleventh Amendment After Seminole Tribe*, 47 DEPAUL L. REV. 519, 526 (1998) (discussing the origins of intellectual property rights under Article I).

214. See Cross, *supra* note 165, at 346 (discussing the legislative history of the Copyright Remedy Clarification Act of 1990 and noting, at the time, the abrogation provisions likely were sustainable under *Union Gas*). The legislative history of the Copyright Remedy Clarification Act is available at H.R. Rep. No. 101-282, pt. 3, at 11 (1989), 1990 U.S.C.C.A.N. 3949, 3959 (Sup. Docs. No. Y1.1/8:101-282) and S. Rep. No. 101-305, pt. 4, at 13 (1989) (Sup. Docs. No. Y1.1/5:101-305). Professor Cross notes, however, that, in contrast to the legislative history of the Copyright Remedy Clarification Act, the legislative history of the Patent and Plant Variety Protection Remedy Clarification Act explicitly mentions the Fourteenth Amendment as a basis for the legislation. Cross, *supra* note 165, at 356.

215. See *Seminole Tribe*, 517 U.S. at 47 (ruling that the Indian Commerce clause does not give Congress the power to abrogate state sovereign immunity); see also Cross, *supra* note 213, at 519–20 (noting that Congress may still impose liability on the states through its Article I powers, but it must turn to state courts for the adjudication of most lawsuits brought against the states). Professor Cross notes that certain exceptions to state immunity exist after *Seminole Tribe*, including suits by the federal government against a state, Supreme Court review of state high court decisions in suits against a state, a state's power to waive its immunity, and suits by one state against another. Cross, *supra* note 213, at 520 n.4. Most of these exceptions, however, do not arise in federal intellectual property litigation. Furthermore, although Congress may assign adjudication of suits against a state to state courts, federal courts have exclusive jurisdiction over patent and copyright cases. *Id.* at 522 (noting that under this scheme a private patent or copyright owner has no judicial remedy against a state).

the Patent Clause, Congress does not have power to enact such legislation after *Seminole Tribe*.²¹⁶ Thus, the abrogation provisions of the IPPRA of 2003 cannot be sustained under either the Patent Clause or the Commerce Clause and must rely on another constitutional provision granting Congress the power to abrogate state sovereign immunity.²¹⁷ To that end, the Court has recognized only one constitutional provision, Section 5 of the Fourteenth Amendment, as granting Congress such power.²¹⁸

The Court in *Seminole Tribe* concluded that Congress may abrogate the states' sovereign immunity when acting to enforce constitutional rights pursuant to Section 5 of the Fourteenth Amendment.²¹⁹ Section 5 of the Fourteenth Amendment grants Congress the power to enforce the provisions of the Fourteenth Amendment through appropriate legislation.²²⁰ The Fourteenth Amendment guarantees, inter alia, that a state may not deprive any person of property without due process of law nor deny any person equal protection under the law.²²¹ Along these lines, the Court in *Seminole Tribe* explicitly approved of *Fitzpatrick v. Bitzer*,²²² which upheld congressional abrogation of state sovereign immunity under the Equal Protection Clause of the Fourteenth Amendment.²²³

Congress must specifically call on its Section 5 powers when enacting legislation to remedy state misconduct. In doing so, a court may not consider another ground of constitutionality that Congress did not explicitly invoke.²²⁴ In contrast to the Patent, Trademark, and

216. Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 647 (1999).

217. *Id.* at 635–36.

218. Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666, 670 (1999); see also *Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976) (holding that Congress could abrogate states' sovereign immunity when acting pursuant to its enforcement powers under Section 5 of the Fourteenth Amendment).

219. *Seminole Tribe*, 517 U.S. at 65 (indicating that the rationale articulated in *Fitzpatrick* does not apply to the Commerce Clause).

220. U.S. CONST. amend. XIV, § 5.

221. *Id.* § 1 (containing the due process and equal protection clauses of the Fourteenth Amendment).

222. 427 U.S. 445 (1976).

223. *Id.* at 456 (finding federal jurisdiction over a suit by employees against the State for violations of Title VII of the Civil Rights Act of 1964).

224. For example, the Fifth Circuit in *Chavez* concluded that because Congress relied only on the Copyright Clause of Article I in enacting the Copyright Remedy Clarification Act, the court could not consider the Fourteenth Amendment in determining the constitutionality of the Act. *Chavez v. Arte Publico Press*, 204 F.3d 601, 604 (5th Cir. 2000) (noting that in *Florida Prepaid*, the Supreme Court declined to consider the Just Compensation Clause of the Fifth Amendment as a basis for the Patent and Plant Variety Protection Remedy Clarification Act).

Copyright Remedy Clarification Acts at issue in *Florida Prepaid*, *College Savings*, and *Chavez*, the IPPRA of 2003 explicitly makes states liable for constitutional violations under the Fourteenth Amendment involving intellectual property.²²⁵ Section 5(a) of this Act invokes the Due Process Clause of the Fourteenth Amendment²²⁶ and section 5(b) invokes the Takings Clause of the Fifth and the Fourteenth Amendments.²²⁷ Thus, the IPPRA of 2003 would not meet the same fate as the Acts struck down in *Florida Prepaid*, *College Savings*, and *Chavez* for lacking constitutional authority to abrogate under Section 5 of the Fourteenth Amendment.

The analysis does not, however, stop with the text of the legislation. Under *City of Boerne*, when Congress acts under its Section 5 powers, “there must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.”²²⁸ The Court set forth the analytical framework in *Florida Prepaid* for determining whether Congress validly abrogated state sovereign immunity under Section 5 of the Fourteenth Amendment by requiring an examination of the following three aspects of the legislation: (1) the nature of the injury to be remedied; (2) Congress’s consideration of the adequacy of state remedies to redress the injury; and (3) the coverage, or scope, of the legislation.²²⁹

a. The Nature of the Injury To Be Remedied

To determine if the IPPRA of 2003 is “appropriate” legislation²³⁰

225. Intellectual Property Protection Restoration Act of 2003, S. 1191, 108th Cong. § 5 (2003), <http://thomas.loc.gov> (on file with the North Carolina Law Review).

226. *Id.* § 5(a). Section 1 of the Fourteenth Amendment provides that a state shall not deprive any person of property without due process of law. U.S. CONST. amend. XIV, § 1 (containing what is commonly referred to as the “Due Process Clause”).

227. S. 1191, § 5(b). The Fifth Amendment provides that private property shall not be taken for public use without just compensation. U.S. CONST. amend. V (providing what is commonly referred to as the “Takings Clause”). This provision of the Bill of Rights was the first to be applied to the states. See ERWIN CHEMERINSKY, CONSTITUTIONAL LAW: PRINCIPLES AND POLICIES § 8.4.1, at 615 (2d ed. 2002) (discussing the origin and purposes of the Takings Clause).

228. *City of Boerne v. Flores*, 521 U.S. 507, 520 (1997).

229. See *Chavez*, 204 F.3d at 605 (summarizing the analytical framework articulated in *Florida Prepaid* and noting that the Supreme Court reconfirmed this framework in *Kimel*).

230. Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 638 (1999) (noting that the Court in *City of Boerne* emphasized that Congress’s enforcement power is remedial in nature). In *City of Boerne*, the Court held that Congress cannot abrogate states’ sovereign immunity under Section 5 unless the legislation deters or remedies unconstitutional state conduct. *City of Boerne*, 521 U.S. at 519. Under *City of Boerne*, such legislation must be tailored to reflect a congruence and

pursuant to Section 5 of the Fourteenth Amendment, a court will consider whether the bill can be viewed as remedial or preventive legislation intended to protect intellectual property owners.²³¹ This inquiry requires identifying the “wrong” that Congress intends to remedy.²³² The legislative history of the IPPRA of 2003 and its predecessor bills indicates that the “wrong” identified by Congress is infringement of privately-owned intellectual property rights by the states.²³³ This “wrong,” i.e., the states’ conduct, must give rise to the Fourteenth Amendment violation that Congress seeks to redress.²³⁴

One criterion that a court will consider in determining if the states’ conduct violates the Fourteenth Amendment is whether Congress has identified a pattern of patent infringement by the states.²³⁵ For example, the Fifth Circuit concluded that the legislative history for the Copyright Remedy Clarification Act, although it documented instances of copyright infringement, did not identify a pattern of copyright infringement by the states.²³⁶ Opponents of the Intellectual Property Protection Restoration Act of 2001 (“IPPRA of 2001”) argued that the Act would not withstand Supreme Court review because the states were not engaged in a widespread practice of infringing intellectual property rights.²³⁷ These opponents argued that such legislation was flawed because it attempted to solve a problem that did not exist.²³⁸ In support of this proposition, opponents of such legislation pointed to a study conducted by the General Accounting Office (“GAO”), requested by Senator Orrin Hatch, that identified only fifty-eight lawsuits in state and federal

proportionality between the identified injury and the means to remedy the offending conduct. *Id.* at 520.

231. *Florida Prepaid*, 527 U.S. at 639.

232. *Id.* at 639–40.

233. See, e.g., *Hearing on S. 1611*, *supra* note 14, at 2–3 (statement of Sen. Patrick J. Leahy from the State of Vermont) (discussing the “wrong” identified by Congress in drafting the Intellectual Property Protection Restoration Act of 2001).

234. *Florida Prepaid*, 527 U.S. at 640.

235. *Id.* (noting that a House Report provided only two examples of patent infringement suits against the State, and the Federal Circuit decision in the instant case identified only eight patent infringement suits prosecuted against the states between 1880 and 1990). But see Daniel J. Meltzer, *Overcoming Immunity: The Case of Federal Regulation of Intellectual Property*, 53 STAN. L. REV. 1331, 1347 (2001) (interpreting *Florida Prepaid* as not requiring a showing of widespread violations to validate an exercise of Congress’s Section 5 powers).

236. *Chavez v. Arte Publico Press*, 204 F.3d 601, 606 (5th Cir. 2000) (noting that a report by the Copyright Office documented only seven incidents of state copyright infringement enabled by the Eleventh Amendment).

237. See *Hearing on S. 1611*, *supra* note 14, at 31–38 (statement of William E. Thro, General Counsel, Christopher Newport Univ., Newport News, Virginia).

238. *Id.* at 32.

courts since 1985 in which a state was a defendant in an action involving the unauthorized use of intellectual property.²³⁹ Forty-seven of these lawsuits were heard in federal court, accounting for less than 0.05% of the nearly 105,000 intellectual property related lawsuits filed in federal district courts during this time period.²⁴⁰ Thus, absent a pattern of infringement by the states, any legislative act abrogating the states' sovereign immunity under the Eleventh Amendment from intellectual property infringement suits in federal court would likely not withstand Supreme Court review.²⁴¹

b. Did Congress Consider the Adequacy of State Remedies?

The unavailability of adequate remedies under state law triggers a due process violation by the state. The Court, in *Florida Prepaid*, held that "only where the State provides no remedy, or only inadequate remedies, to injured patent owners for its infringement of their patent could a deprivation of property without due process" occur.²⁴² In *Chavez*, for example, the Fifth Circuit determined that Congress "barely considered the availability of state remedies for infringement."²⁴³ This issue was addressed, however, by proponents of the IPPRA of 2001 in testimony before the Committee on the Judiciary, who argued that under the current statutory scheme,

239. U.S. GEN. ACCOUNTING OFFICE, INTELLECTUAL PROPERTY: STATE IMMUNITY IN INFRINGEMENT ACTIONS 2 (Sept. 2001) [hereinafter GAO REPORT], <http://archive.gao.gov/new.items/d01811.pdf> (on file with the North Carolina Law Review). *But see Hearing on S. 1611, supra* note 14, at 7 (statement of James Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office) (noting that until 1999 states were thought to be liable for damages for infringing intellectual property rights of others, and thus the states had an incentive to avoid infringement). Furthermore, Mr. Rogan noted that the GAO report relied on self-reporting by state universities and state attorneys general and that state entities often handle accusations of infringement through administrative procedures, both of which might have resulted in the underreporting of state infringement. *Id.*

240. *See* GAO REPORT, *supra* note 239, at 2.

241. *See* Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 640–41 (1999). *But see* Meltzer, *supra* note 239, at 1348 (arguing that such provisions could be viewed as "remedial" and should not require a showing of widespread violations by the states, and that an examination of the record of state violations is significant only when a statute reaches beyond the scope of constitutional violations). Professor Meltzer concludes that a limited measure providing redress for only intentional infringement where no adequate state remedy is afforded would pass constitutional muster. *Id.* at 1350–52. He concedes, however, that Congress should assemble the most complete record possible of state violations of federal intellectual property laws. *Id.*

242. *Florida Prepaid*, 527 U.S. at 643.

243. *Chavez v. Arte Publico Press*, 204 F.3d 601, 606 (5th Cir. 2000) (noting that only two allusions to state remedies appear in the legislative history). Congress instead focused on the inadequacy of injunctive relief. *Id.* at 606 n.8.

intellectual property owners have few proven alternatives or remedies against infringing state entities.²⁴⁴ In support of this assertion, these proponents pointed to the GAO report that noted an absence of viable alternatives under state-law remedies for the infringement of intellectual property by states.²⁴⁵ Furthermore, whatever remedies are available under state law are largely untested, and in any event, are likely to be inadequate.²⁴⁶ For example, under existing law, an intellectual property owner might be able to obtain injunctive relief in federal court against a state official or employee to stop the ongoing infringement, but could not recover damages.²⁴⁷

The availability of remedies under state law is limited by 28 U.S.C. § 1338, which gives federal courts exclusive jurisdiction over civil actions arising under federal intellectual property law.²⁴⁸ Furthermore, the Copyright Act preempts all rights provided under state law that are equivalent to any of the exclusive rights provided in the Act.²⁴⁹ As a result, proponents of the IPPRA of 2001 concluded that “the alternatives to bringing an infringement suit against a State in federal court are, at best, uncertain.”²⁵⁰ This uncertainty is countered, however, by provisions in the Act that place the burden of proof upon a state to prove that it provides adequate remedies for any deprivation of rights suffered by owners of intellectual property rights.²⁵¹

c. Is the Scope of the IPPRA of 2003 Proportional to the Nature of the Injury?

In *City of Boerne*, the Court held that Section 5 of the Fourteenth Amendment is a remedial provision, and although it gives

244. *Hearing on S. 1611, supra* note 14, at 6 (statement of James Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office).

245. *Id.* at 7; *see* GAO REPORT, *supra* note 239, at 1.

246. *Hearing on S. 1611, supra* note 14, at 10 (statement of James Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office).

247. *See* GAO REPORT, *supra* note 239, at 13.

248. 28 U.S.C. § 1338(a) (2000) (providing federal jurisdiction for actions arising under the Patent, Copyright, and Plant Variety Protection Acts); *see also* 15 U.S.C. § 1121(a) (granting federal courts original jurisdiction over trademark infringement suits).

249. *See* 17 U.S.C. § 301(a).

250. *Hearing on S. 1611, supra* note 14, at 8 (statement of James Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office).

251. *Id.* at 24 (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association) (discussing the provisions in section 5(c)(2) of the bill). Whether this type of burden shifting is allowed under *City of Boerne* is unclear.

Congress the authority to enact legislation to enforce state constitutional violations, it does not give Congress the authority to create new limitations on state conduct.²⁵² Under this doctrine, a law is valid only if there is “a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.”²⁵³ Congress may enact a broader statute only upon a finding that serious and widespread violations of the Fourteenth Amendment are actually occurring.²⁵⁴ Applying this principle in *Florida Prepaid*, the Court concluded, because of the lack of evidence of the perceived harm, that the provisions of the Patent Remedy Act were out of proportion to the supposed remedy or preventive effect and that they cannot be interpreted as being responsive to or designed to prevent unconstitutional behavior.²⁵⁵ Thus, the Court reasoned that the indiscriminate scope of the Act runs counter to the standards articulated in *City of Boerne*.²⁵⁶ In addition, the Court found the Patent Remedy Act to be overly broad in two respects: first, the Act created liability regardless of whether the infringer acted intentionally, negligently, or innocently; and second, because it made a state liable for patent infringement whether or not the state provided adequate process.²⁵⁷ Consistent with these principles, the Fifth Circuit in *Chavez*, when examining the breadth of the Copyright Remedy Clarification Act, concluded that Congress did not confine the reach of the Act by limiting the remedy to certain types of infringement or providing for suits only against states with inadequate remedies or a high incident of infringement.²⁵⁸ Thus, the Fifth Circuit concluded that the Act was an improper exercise of Congress’s

252. See *City of Boerne v. Flores*, 521 U.S. 507, 519 (1997) (citing *South Carolina v. Katzenbach*, 383 U.S. 301, 326 (1966)).

253. *Id.* at 520.

254. *Id.* at 533–34.

255. *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 646–47 (1999) (noting that Congress did not limit the coverage of the Act to cases involving arguable constitutional violations, such as where a state refuses to provide any remedies in state court for patent owners whose patents it infringed, or to make an attempt to confine the reach of the Act by limiting the remedy to certain types of intentional infringement).

256. *Id.* at 647.

257. *Cross*, *supra* note 165, at 353–55 (discussing the Court’s decision in *Florida Prepaid*). The Court in *Florida Prepaid* found that a negligent or accidental infringement of a patent by a state would not deprive the owner of property and therefore could not violate the owner’s due process rights. *Florida Prepaid*, 527 U.S. at 645. Similarly, the Court found that the provisions of the Act could reach cases in which no due process violation had occurred. *Id.* at 643.

258. *Id.*

legislative power.²⁵⁹

Supporters of the IPPRA of 2001 argued that the scope of the legislation is appropriate because the abrogation provision removed state immunity only in those instances where state infringement resulted in the unconstitutional deprivation of the property rights—that is, where such deprivations of property violated either the Due Process or the Takings Clause—of private intellectual property owners.²⁶⁰ These proponents asserted, however, that even if section 5 of the Act were to be found constitutional under the Court’s analysis in *Florida Prepaid*, this section would not “address the full range of state infringement of intellectual property.”²⁶¹ Nonetheless, a broader statute may raise constitutional concerns.²⁶² So long as the scope of the abrogation provision is narrowly tailored to the problem presented by constitutional violations, this provision of any version of the IPPRA, on its face, should be constitutional.²⁶³

B. Are the Provisions of the IPPRA of 2003 Consistent with the Doctrine of Ex Parte Young?

Prospective injunctive relief, and presumably declaratory judgment, against infringing state action is still available to private intellectual property owners after *College Savings* and *Florida Prepaid*.²⁶⁴ Under the doctrine of *Ex parte Young*, such suits must be filed against a state official and not the state or the state entity itself.²⁶⁵ As such, they are not barred by state sovereign immunity.²⁶⁶

259. *Id.* at 608 (noting that the Copyright Remedy Clarification Act was doomed in the wake of *Florida Prepaid* and *Kimel*).

260. *See Hearing on S. 1611, supra* note 14, at 40–58 (statement of Paul Bender, Professor, Arizona State University College of Law and Counsel to Meyer & Klipper, PLLC).

261. *See id.* at 8 (statement of James E. Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office).

262. *Id.* (noting that such legislation must be drafted as a remedy that is “proportional and congruent” to instances of state infringement).

263. *See Berman et al., supra* note 27, at 1055 (concluding that similar abrogation provisions in the IPPRA of 1999 likely would be found constitutional).

264. *See Meltzer, supra* note 235, at 1334 (discussing the remedies available to intellectual property owners under the Court’s current Eleventh Amendment jurisprudence). *But see* Vicki C. Jackson, Article, Seminole Tribe, *The Eleventh Amendment, and the Potential Evisceration of Ex parte Young*, 72 N.Y.U. L. REV. 495, 530–38 (1997) (speculating that the availability of injunctive relief against state officials is no longer a given).

265. *See Ex parte Young*, 209 U.S. 123, 155–56 (1908) (holding that officers of the State charged with enforcement of provisions later found to be unconstitutional may be enjoined).

266. *See Meltzer, supra* note 235, at 1334 (summarizing the doctrine of *Ex parte Young*).

The doctrine of *Ex parte Young* does not, however, provide a mechanism by which a private intellectual property owner may recover damages for infringement that has already occurred.²⁶⁷ Nonetheless, if such infringement continues in violation of an injunctive order, a private intellectual property owner may be able to obtain compensation from the state itself for harm suffered *after* the injunction was ordered.²⁶⁸

The drawback to this approach is that the state entity does not risk liability until an injunction is issued and, therefore, lacks any incentive under the current state of the law to take corrective action.²⁶⁹ One commentator has suggested that injunctive relief would be more useful if Congress extended the availability of attorneys' fees to the prevailing party.²⁷⁰ Consistent with this suggestion, section 4 of the IPPRA of 2003 provides for the awarding of attorneys' fees.²⁷¹

Section 4 of the IPPRA of 2003 also provides for monetary damages against state officers or employees, which expands on the injunctive relief available under the doctrine of *Ex parte Young*.²⁷² This provision might effectively deter state officers from carrying out infringing acts, but otherwise would not be an effective remedy for private intellectual owners, who would much rather have access to the deep pockets of the state treasury. Furthermore, state officers can possess a qualified immunity from damages, which may further limit the efficacy of this provision.²⁷³

267. See Malin, *supra* note 27, at 165 (noting that the doctrine of *Ex parte Young* at least negates ongoing state infringement even though no damages may be awarded). Some courts have held, however, that a state official may be personally liable for damages for copyright infringement. See *Richard Anderson Photography v. Brown*, 852 F.2d 114, 122 (4th Cir. 1988); see also Meltzer, *supra* note 235, at 1335 (noting that such awards are not barred by sovereign immunity because they are not paid out of the state treasury).

268. See Meltzer, *supra* note 235, at 1334 n.17 (noting that such an award is a form of compensation for civil contempt that does not violate the Eleventh Amendment).

269. See *id.* at 1337.

270. See *id.* at 1334 n.17 (noting that current intellectual property statutes provide for an award of fees where the defendant's conduct is willful).

271. Intellectual Property Protection Restoration Act of 2003, S. 1191, 108th Cong. § 4 (2003), <http://thomas.loc.gov> (on file with the North Carolina Law Review).

272. *Id.*; see *Ex parte Young*, 209 U.S. 123, 155-56 (1908) (allowing suits for injunctive relief but not suits for monetary damages against state officials).

273. See Meltzer, *supra* note 235, at 1357 (noting that such compensation may only be available when the state officer's conduct clearly violated established law).

C. *Do the Conditional Waiver Provisions of the IPPRA of 2003 and the Draft Leahy/Hatch Amendments Violate the Doctrine of Unconstitutional Conditions?*

Whether Congress may use federal benefits to encourage states to waive their sovereign immunity falls under the doctrine of unconstitutional conditions. This doctrine provides that “the government may not require a person to give up a constitutional right . . . in exchange for a discretionary benefit conferred by the government.”²⁷⁴ After *Seminole Tribe*, which effectively eliminated Congress’s use of Article I powers to abrogate state sovereign immunity, many commentators advocated waiver of immunity as the most effective means of assuring that state entities remain accountable for violating federal intellectual property law.²⁷⁵ Waiver provisions circumvent the need for an explicit abrogation of state sovereign immunity.²⁷⁶ The district court in an early round of the *Florida Prepaid* litigation held, however, that “Congress may no longer utilize its Article I powers to elicit a waiver of sovereign immunity as a condition for participating in a field subject to congressional regulation.”²⁷⁷ The Court’s decision in *College Savings* cast further doubt on the ability of Congress to condition receipt of federal intellectual property protection on a state’s waiver of sovereign immunity.²⁷⁸ Whether such waivers are valid is an open question of constitutional law.²⁷⁹ Nevertheless, the IPPRA of 2003 and the draft Leahy/Hatch amendments both contain conditional waiver provisions.²⁸⁰

274. *Dolan v. City of Tigard*, 512 U.S. 374, 385 (1994); see also Kathleen M. Sullivan, *Unconstitutional Conditions*, 102 HARV. L. REV. 1413, 1415 (1989) (arguing that “[g]overnment may not grant a benefit on the condition that the beneficiary surrender a constitutional right”).

275. See, e.g., Meltzer, *supra* note 235, at 1371–89 (discussing several approaches based on a state’s waiver of immunity); Polse, *supra* note 21, at 519–20 (advocating extracting an express waiver from the states as the best method for ensuring that state universities remain accountable for violating federal patent laws, but noting that an express waiver would be unsatisfactory because it requires explicit voluntary consent by each state and the state could withdraw its consent at any time).

276. See Berman et al., *supra* note 27, at 1130 (advocating the use of waiver of immunity provisions).

277. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 948 F. Supp. 400, 416 (D.N.J. 1996), *aff’d*, 131 F.3d 353 (3rd Cir. 1997) and 148 F.3d 1343 (Fed. Cir. 1998), *aff’d in part by* 527 U.S. 666 (1999), *rev’d in part by* 527 U.S. 627 (1999).

278. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666 (1999).

279. See Berman et al., *supra* note 27, at 1146 (noting that a state waiver of immunity provision may be vulnerable to attack as a violation of constitutional rights).

280. See Intellectual Property Protection Act of 2003, S. 1191, 108th Cong. § 3 (2003),

At first blush, the IPPRA of 2003, or any legislation that attempts to use Congress's Article I powers—e.g., those under the Patent Clause—to force states to waive sovereign immunity would meet the same fate as the intellectual property remedy acts struck down in *College Savings* and *Florida Prepaid*. Proponents of predecessor bills to the IPPRA of 2003 argued, however, that such legislation is constitutional because, just as Congress may attach conditions on a state's receipt of federal funds under its Article I spending power, Congress may attach conditions to a state's receipt of federal intellectual property protection under its Article I intellectual property powers.²⁸¹ In support of this proposition, Senator Leahy argued that “the power to attach conditions to the Federal benefit [i.e., intellectual property protection] is part of the greater power to deny the benefit altogether.”²⁸²

The theory behind the conditional waiver approach is that Congress need not create intellectual property rights. Under this reasoning, the rights that states enjoy under federal intellectual property laws are gratuities, and Congress may condition a grant of such gratuities on a state waiving its sovereign immunity. Thus, Congress may require that a state cannot obtain new intellectual property rights unless it agrees to waiver from suit under federal intellectual property law.²⁸³

Although the Court explicitly overruled the constructive waiver doctrine in *College Savings*, it distinguished between a constructive waiver under the *Parden* theory and a waiver that arises out of a state's acceptance of a federal gift or gratuity that is conditioned on a waiver of immunity.²⁸⁴ Because of this distinction, one commentator has suggested that *College Savings* permits Congress to condition receipt of federal benefits on the state's waiver of sovereign immunity from suit in federal court.²⁸⁵ The Court has not addressed whether

<http://thomas.loc.gov> (on file with the North Carolina Law Review); see also *Draft Revision of S. 2031*, *supra* note 56, at 39–40 (noting that the revised text of the IPPRA of 2002 contains new provisions allowing conditional waiver).

281. 148 CONG. REC. S2079 (daily ed. Mar. 19, 2002) (statement of Sen. Leahy); see also Polse, *supra* note 21, at 524 (analogizing the granting of patent rights to grants of funding under the Spending Clause).

282. 148 CONG. REC. S2079 (daily ed. Mar. 19, 2002) (statement of Sen. Leahy) (noting that the federal government does not need to grant states patents at all).

283. See Meltzer, *supra* note 235, at 1380–81 (describing the basic approach of a conditional waiver scheme and noting that it is difficult to assess the constitutionality of such an approach).

284. See *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 686–87 (1999).

285. See Christina Bohannon, *Beyond Abrogation of Sovereign Immunity: State*

conditioning receipt of federal funding on a waiver of sovereign immunity is constitutional, although several cases in the circuit courts have upheld the constitutionality of a waiver requirement.²⁸⁶

Language in *College Savings* suggests, however, that the Court has elevated state sovereign immunity to the level of a constitutional right.²⁸⁷ Thus, opponents of the IPPRA of 2001 argued that the conditional waiver provisions of the Act violated the doctrine of unconstitutional conditions.²⁸⁸ Historically, the doctrine of unconstitutional conditions has been applied to conditions placed on government benefits that restrict the rights of individuals.²⁸⁹ The doctrine also has been used, however, to invalidate legislation that conditions receipt of federal benefits, and thus shifts power from the states to the federal government in violation of federalism principles.²⁹⁰ This context is relevant to the determination of whether Congress may condition receipt of federal intellectual property protection in exchange for a waiver of state sovereign immunity.²⁹¹

The inquiry into whether particular legislation violates the doctrine of unconditional conditions focuses on two factors: (1) whether the condition placed on the benefit is germane to the purpose of granting the benefit, and (2) whether the federal inducement is so coercive as to compel the state to consent to the

Waivers, Private Contracts, and Federal Incentives, 77 N.Y.U. L. REV. 273, 287 (2002). Professor Bohannon notes, however, that *College Savings* created “quite a stir,” and some commentators have speculated on “whether and under what circumstances Congress may condition a state’s receipt of a federal benefit on its waiver of sovereign immunity.” *Id.* at 308. For example, public universities that accept federal funding waive their sovereign immunity for certain claims, including those brought under Title VI of the Civil Rights Act, Title IX of the Education Amendments of 1972, and section 504 of the Rehabilitation Act. See Viccora, *supra* note 194 (noting that the ADA does not yet have a waiver provision).

286. See Bohannon, *supra* note 285, at 303 n.145 (listing circuit court decisions addressing whether states waived their immunity by accepting certain federal funding or participating in particular spending programs).

287. *College Savings*, 527 U.S. at 687 (stating that “where the constitutionally guaranteed protection of the states’ sovereign immunity is involved, the point of coercion is automatically passed—and the voluntariness of waiver is destroyed—when what is attached to the refusal to waive is the exclusion of the State from otherwise lawful activity”).

288. See *Hearing on S. 1611*, *supra* note 14, at 32–35 (statement of William E. Thro, General Counsel, Christopher Newport University, Newport News, Virginia).

289. See *United States v. Butler*, 297 U.S. 1, 70–71 (1936) (finding that a tax imposed on processors of farm products amounted to economic coercion).

290. See *id.*

291. See Bohannon, *supra* note 285, at 305–08 (providing a brief review of cases that address the doctrine of unconstitutional conditions).

condition.²⁹² The germaneness test focuses on whether the “conditions . . . bear some relationship to the purpose of the federal [benefit].”²⁹³ To that end, “conditions on federal grants might be illegitimate if they are unrelated ‘to the federal interest in particular national projects or programs.’ ”²⁹⁴ The conditional waiver provisions of the IPPRA of 2003 tie a state’s waiver of immunity from damages brought in intellectual property suits directly to the ability of a state to collect damages from parties infringing the state’s intellectual property.²⁹⁵ Thus, the germaneness requirement would not likely be an obstacle to legislation granting federal intellectual property benefits in exchange for waiver of state sovereign immunity.²⁹⁶

The coercion prong of the analysis might be more problematic for this type of legislation. The Court has stated that unconstitutional coercion may occur when an “inducement offered by Congress [is] so coercive as to pass the point at which ‘pressure turns into compulsion.’ ”²⁹⁷ The Court in *College Savings* asserted that “the point of coercion is automatically passed” where the states’ sovereign immunity is involved.²⁹⁸ One interpretation of this language suggests that the Court is stating that “a benefit offered to a state by Congress will be constitutional if it is in the nature of ‘a gift or gratuity,’ but unconstitutional if it is more in the nature of a ‘sanction.’ ”²⁹⁹ Such a sanction would constitute an “exclusion of the State from an otherwise permissible activity.”³⁰⁰

Whether federal intellectual property rights constitute a “gift or gratuity” under the meaning of *College Savings* was at issue in

292. *South Dakota v. Dole*, 483 U.S. 203, 211 (1987).

293. *New York v. United States*, 505 U.S. 144, 167 (1992).

294. *Dole*, 483 U.S. at 207–08 (quoting the plurality opinion in *Massachusetts v. United States*, 435 U.S. 444, 461 (1978)). Some commentators question, however, if *Dole*, which addressed a spending power, would be applied to a condition placed on the conferring of intellectual property rights. See, e.g., Meltzer, *supra* note 235, at 1373–89 (distinguishing between conditions based on the spending power and those based on Congress’s authority under the patent and copyright clause).

295. See *supra* Part I.B (outlining the waiver provisions of the IPPRA of 2003).

296. See Bohannon, *supra* note 285, at 312–13 (noting that the Court has not struck down a statute on grounds of germaneness in the context of Federalism since the New Deal, and arguing that courts would find Congress’s decision to condition funds on waiver of immunity to be sufficiently germane to the purpose of the legislation).

297. *Dole*, 483 U.S. at 211 (quoting *Steward Machine Co. v. Davis*, 301 U.S. 548, 590 (1937)).

298. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 687 (1999).

299. Bohannon, *supra* note 285, at 317.

300. *College Savings*, 527 U.S. at 687.

discussions surrounding earlier versions of the IPPRA of 2003.³⁰¹ Senator Leahy espoused the view that the grant of federal intellectual property rights is indeed a gift or gratuity, much like the grants that Congress makes pursuant to its spending power.³⁰²

Support for this view is found in a textual interpretation of the Constitution, which does not explicitly confer intellectual property rights.³⁰³ One commentator concludes, however, that “[g]iven the long history . . . of federal intellectual property rights, it seems likely that the Court will include federal patents and copyrights in the set of baseline entitlements and thus classify their denial as unconstitutional coercion.”³⁰⁴ This question must be resolved by determining the states’ baseline of entitlement: if the states have no pre-existing right to a benefit offered by Congress, then the benefit offered by Congress is a gift or gratuity.³⁰⁵ If the states have a pre-existing right to the benefit, then the condition imposed by Congress amounts to a sanction.³⁰⁶ The Court in *College Savings* seemed to answer this question by concluding that a threat by Congress to exclude that state from permissible commercial activity constituted an unlawful sanction.³⁰⁷ Given this conclusion, any effort by Congress to condition receipt of federal intellectual property rights, a lawful commercial activity, on waiver of state sovereign immunity would likely be construed as a sanction and, thus, give rise to an unconstitutional condition. To do otherwise would deny the states a right to obtain federal intellectual property rights that are afforded private citizens.

IV. ARE THE PURPOSES OF THE IPPRA OF 2003 CONSISTENT WITH THE PUBLIC POLICY GOALS OF THE FEDERAL INTELLECTUAL PROPERTY SYSTEM AND OTHER LEGISLATION?

Congress is empowered under Article I of the Constitution “[t]o

301. Bohannon, *supra* note 285, at 317 n.228 (noting that whether a patent, for example, is a gift or gratuity is an “open question”).

302. See 145 CONG. REC. S13557 (daily ed. Oct. 29, 1999) (statement of Sen. Leahy).

303. Meltzer, *supra* note 235, at 1381.

304. Robert G. Bone, *From Property to Contract: The Eleventh Amendment and University-Private Sector Intellectual Property Relationships*, 33 LOY. L.A. L. REV. 1467, 1479 n.41 (2000) (noting, however, that “the outcome is far from certain”); see also Meltzer, *supra* note 235, at 1381 (disfavoring this view, but not ruling it out).

305. See Bohannon, *supra* note 285, at 317–18.

306. See *id.*

307. See *College Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 686–87 (1999).

promote the Progress of Science and [the] useful Arts.”³⁰⁸ One commentator suggests that the Court’s decisions in *Florida Prepaid* and *College Savings* “chill the spirit of Article [I]’s . . . protection of innovations”³⁰⁹ and render the intellectual property system less efficient in promoting the sciences and the arts.³¹⁰ To this end, one commentator suggests that the inducement of new art and literature under federal copyright laws “is less effective if States can infringe copyrights without fear of being held liable in court.”³¹¹ Similarly, the current Register of Copyrights testified that denying copyright owners the opportunity to sue state infringers dilutes the incentive for authors, performers, and producers to create, which ultimately diminishes American culture and the economy.³¹²

In furtherance of this argument, proponents of the IPPRA of 2001 asserted that the conditional waiver provisions of the bill promote the public purpose of stimulating the creation of intellectual property by encouraging states to participate in the federal intellectual property system.³¹³ As a general rule “enhancing the scope or enforceability of intellectual property rights increases the expected reward to those engaged in intellectual work, thereby

308. U.S. CONST. art. I, § 8, cl. 8. Interpretation of the text of Article I through colonial usage indicates that the framers meant “the works of authors” when they referred to “Science” and “the works of inventors” when they referred to the “useful Arts.” See PAUL GOLDSTEIN, COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES: CASES AND MATERIALS ON THE LAW OF INTELLECTUAL PROPERTY 1–2 (5th ed. 2002).

309. Allison K. Jones, Note, *New Property in a New Age of Federalism—The Fight for Intellectual Property Protection*, 35 SUFFOLK U. L. REV. 513, 513 (2001) (asserting that the rights inherent in property ownership pervade the democratic ideals of the United States and that innovators have the right to control the use and dissemination of their creations and to reap return investments on their “sweat equity”).

310. See Malin, *supra* note 27, at 176 (arguing that the current state of the law decreases the incentive to invent or compose, resulting in a reduction in intellectual productivity).

311. Cross, *supra* note 165, at 359–60.

312. *Hearing on S. 1611*, *supra* note 14, at 10 (statement of Marybeth Peters, Copyright Office of the United States Library of Congress) (observing that the fact the legislative history of the Act did not meet the Court’s requirements articulated a decade after Congress passed the Act is not surprising).

313. *Id.* at 22–25 (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association) (noting that the waiver provisions in the IPPRA of 2001, the predecessor bill to the IPPRA of 2003, were less restrictive than those in the IPPRA of 1999, which precluded states from acquiring a federal intellectual property right unless it waived its sovereign immunity from suits arising under those laws). The draft Leahy/Hatch amendments would restore those restrictive waiver conditions by conditioning the receipt of intellectual property rights on the waiver of sovereign immunity. See *supra* notes 73–79 and accompanying text.

spurring intellectual creativity and the exploitation of works.”³¹⁴ There are, of course, two sides to every coin. One consequence of legislation restraining state sovereign immunity would be to diminish the incentive of state employees to create and invent, which punishes the individual employee and runs against a national intellectual property system designed to encourage innovation and authorship.³¹⁵ The ultimate question is whether the promotion of the works of states’ authors and useful inventions is best accomplished by conditioning intellectual property rights on a waiver of immunity or by allowing states to retain sovereign immunity in intellectual property infringement suits.³¹⁶ This question is examined in the context of whether states, in fact, have an unfair commercial advantage over private parties under the current federal intellectual property system and whether the purposes of the IPPRA of 2003 run counter to the public policy goals of federal research initiatives, including the Bayh-Dole Act. The effect of the IPPRA of 2003 on policies underlying international intellectual property treaties also is examined in this Part.

A. *Do States Have an Unfair Commercial Advantage over Private Parties Under the Current Federal Intellectual Property System?*

When he introduced the IPPRA of 2002, Senator Leahy asserted that states have an unfair commercial advantage over private parties under the federal intellectual property system because of the states’ ability to obtain protection under federal patent, copyright and trademark laws while remaining exempt from liability for infringing the rights of others.³¹⁷ Along these lines, proponents of such legislation argued that the Supreme Court’s rulings in *Florida Prepaid* and *College Savings* created a gaping hole in intellectual property enforcement and provided states with the ability to infringe intellectual property without providing any compensation.³¹⁸ Thus, these proponents argued that unremedied infringement by state

314. Menell, *supra* note 189, at 1399. Professor Menell also asserts that “impediments to the enforcement of the intellectual property rights or limitations on remedies reduce . . . [the] opportunity for exploitation, thereby dampening the incentives of those who engage in creative enterprise.” *Id.*

315. See Malin, *supra* note 27, at 189.

316. See Berman et al., *supra* note 27, at 1159 (inquiring whether Congress would prefer to check some innovation by states to produce a more level playing field).

317. See 148 CONG. REC. S2079 (daily ed. Mar. 19, 2002) (statement of Sen. Leahy).

318. *Hearing on S. 1611, supra* note 14, at 5–10 (statement of James Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office).

entities will likely increase in the environment of reduced checks against state infringers created by these decisions.³¹⁹ Further, these proponents believed that such legislation will restore the balance of intellectual property protection and level the playing field by encouraging states to waive their sovereign immunity—thereby restoring fairness to intellectual property laws.³²⁰ Those states which choose not to waive immunity will have the same limits on enforcing their intellectual property as private parties would have against the state, i.e., they will be allowed to obtain injunctive, but not monetary, relief. To counter this argument, opponents of such legislation argued that, instead of leveling the playing field, enactment of the IPPRA would grant owners of federal intellectual property rights special privileges, i.e., the right to sue states, which no other property owners can claim.³²¹

Furthermore, as universities become more involved in commercializing their inventions and holding equity in companies spawned by faculty research,³²² concerns about fairness are heightened. State sovereign immunity exists, however, even when the state is acting for profit in a traditionally private enterprise and as a market participant.³²³ The Court has held that, in the context of sovereign immunity, evenhandedness between private parties and states is not to be expected because “[t]he constitutional role of the States sets them apart from other . . . defendants.”³²⁴ Therefore, an argument based on fairness alone is not likely to succeed.

319. *Id.*; see also Yvonne A. Tamayo, *Patently Absurd: Expanded State Immunity in the Global Knowledge Market*, 6 VA. J.L. & TECH. 1, 5 (2001) (arguing that the increasing value of patents makes infringement a lucrative activity), available at <http://www.vjolt.net/vol6/issue1/v6i1a01-Tamayo.html>.

320. See AM. ASS'N OF PUBLISHERS, AAP POSITION PAPER (2002) (on file with the North Carolina Law Review); see also AM. ASS'N OF UNIV. PROFESSORS, AAUP POSITION PAPER (2002) (asserting that the IPPRA of 2002 would restore a level playing field in intellectual property law) (on file with the North Carolina Law Review). *But see* Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666, 685 (1999) (asserting that evenhandedness between private parties and states is not to be expected).

321. Letter from National Association of College and University Attorneys (“NACUA”) to Sens. Daschle and Johnson (Apr. 17, 2002) [hereinafter Letter from NACUA] (on file with the North Carolina Law Review); see *supra* notes 85–95 and accompanying text (providing the background of the Eleventh Amendment’s prohibition of suits against a state by a private citizen).

322. See *supra* notes 6–11 and accompanying text.

323. *College Savings*, 527 U.S. at 685. The Court went on to note that the text of the Eleventh Amendment makes no distinction between commercial and non-commercial state activities. *Id.* at 686 n.4.

324. *Id.* at 685–86 (quoting *Welch v. Tex. Dep’t of Highways & Public Transp.*, 483 U.S. 468, 477 (1987)).

B. Do the Purposes of the IPPRA of 2003 Run Counter to the Public Policy Goals of Federal Research Initiatives?

Congress recognized that protection of intellectual properties developed with federal assistance was instrumental to the successful commercialization of research results when it passed the Bayh-Dole Act of 1980.³²⁵ The Bayh-Dole Act provides that “[i]t is the policy and objective of the Congress to use the patent system to promote the utilization of inventions arising from federally supported research or development.”³²⁶ Opponents of the IPPRA of 2002 argued that the legislation was drafted in a way that threatened to interfere with longstanding, highly successful federal research and technology transfer policy initiatives, including the Bayh-Dole Act.³²⁷ Under this line of reasoning, if enacted, such legislation would unnecessarily interfere with the efforts of state universities to develop technologies and to transfer them to private sector entrepreneurs for commercialization.³²⁸ For this reason, university technology transfer managers argued that the societal benefit of the Bayh-Dole Act would be negated by such legislation.³²⁹ University technology transfer managers also perceive the effect of such legislation “as abrogating the Bayh-Dole Act without responding to [the Act’s] dictate that it ‘take precedence over any future Act unless that

325. Bayh-Dole Act, Pub. L. No. 96-517, 94 Stat. 3015 (1980) (codified as amended at 35 U.S.C. §§ 200–11 (2000)).

326. *Id.* § 200. The Act also is intended to “promote collaboration between commercial concerns and nonprofit organizations, including universities” and “to promote the commercialization and public availability of inventions made in the United States.” *Id.*

327. Letter from NACUA, *supra* note 321.

328. *Id.*; see also *Hearing on H.R. 2344, supra* note 1, at 14 (statement of Leslie Winner, General Counsel and Vice President, University of North Carolina) (noting that the IPPRA of 2003 would “severely hamper the ability of public universities to move their knowledge and research results into the commercial marketplace”).

329. See Letter from AUTM to Sens. Patrick Leahy and Orrin Hatch (May 16, 2002) [hereinafter Letter from AUTM], <http://www.autm.net/announcements/s2031letter.pdf> (on file with the North Carolina Law Review). In contrast, one commentator argues that the Bayh-Dole Act does not contribute to the public good. See Eisenberg, *supra* note 13, at 1666–67. Professor Eisenberg asserts that (1) allowing private firms to hold exclusive rights to inventions produced at public expense requires the public to pay twice for the same invention; (2) calling for exclusive rights in inventions produced through public funding “contravenes the conventional wisdom that patent rights on existing inventions result in a net social loss *ex post*”; (3) promoting the private appropriation of federally-funded research calls into question the public goods rationale for public funding of research; and (4) providing incentives to patent and restricting access to inventions produced in basic-research institutions threatens to “impoverish the public domain of research science” that has been an important resource in both the public and private sectors. *Id.*

[future] Act specifically recites [the Bayh-Dole Act] and provides that [the future Act] shall take precedence over [the Bayh-Dole Act].’ ”³³⁰ Along these lines, opponents of the legislation also argued that “the terms and provisions of [the IPPRA of 2002] are internally inconsistent.”³³¹ This apparent inconsistency arises because the Act prevents state entities from securing federal intellectual property protection absent a waiver of sovereign immunity, but purports to “promote technological innovation and artistic creation in furtherance of the policies underlying Federal laws and international treaties relating to intellectual property.”³³²

In addition to conflicting with the public policy goals of the Bayh-Dole Act, the IPPRA of 2003 conflicts with the goals of other federal funding initiatives under the National Science Foundation and the Advanced Technology Program.³³³ These funding programs often require the recipient to pursue intellectual property rights for inventions developed under its grants. If a public university cannot enforce federal intellectual property rights, there is no incentive to pursue such rights. To do so would be a mere formality. That is, a university could go through the often expensive and time-consuming process of obtaining intellectual property rights to comply with the funding program, but it could not enforce these rights. As a result, opponents of the IPPRA of 2002 and related legislation argued that technology transfer efforts at public universities would be severely undermined, if not entirely crippled.³³⁴

Furthermore, a number of public universities have expressed concerns about the legislation’s possible impact on collaborative research programs and universities’ ability to recruit and retain high-

330. See Letter from AUTM, *supra* note 329, at 2 (quoting 35 U.S.C. § 210 (2000)).

331. *Id.*

332. See *id.* (quoting the IPPRA of 2002).

333. See Bone, *supra* note 304, at 1468 (noting that federal policy places a high priority on the transfer of government-funded research technology to the private sector).

334. Letter from NACUA, *supra* note 319. These opponents of the IPPRA of 2002 argue (1) that private companies would no longer have any incentive to enter into cooperative agreements with public universities; (2) if a state licenses or sells rights to a particular piece of intellectual property to a private party, that party would be barred from seeking damages for infringement of its license or assignment—that is, the private party that commercializes the state-created product will not be able to obtain damages if another private party infringes; and (3) because of this consequence, such legislation undercuts the marketability of public-university-created intellectual properties and runs directly counter to federal efforts to encourage technology transfer. *Id.* Such legislation would eradicate much of the cooperation that has developed between state universities and the private sector since passage of the Bayh-Dole Act. See *Hearing on H.R. 2344*, *supra* note 1, at 17 (statement of Leslie Winner, General Counsel and Vice President, University of North Carolina).

quality faculty.³³⁵ Interestingly, not all academics oppose such legislation. The American Federation of Teachers, for example, adopted the view that the IPPRA of 2002 would restore intellectual property rights of public employees and allow a state employee to sue a state agency, including a public university, when the state agency infringes the employee's intellectual property rights.³³⁶

Also, state governors argue that the IPPRA of 2003 would have a detrimental effect on research at public universities and on the development of new economies based on those research efforts, thereby stunting economic development and growth.³³⁷ These governors argue that forcing a state to choose between waiving its sovereign immunity or forgoing protection of intellectual property rights would limit the ability of public research universities to assist states in building new economies.³³⁸ For example, the strong technology-driven economy of the Research Triangle Park of North Carolina could suffer under a system that allows private citizens to initiate suits for infringement against public research universities.³³⁹

In contrast, some argue that the current state of the law discourages commercially beneficial relationships between innovators and state institutions, especially public universities,³⁴⁰ and that the inability to enforce intellectual property laws against the states could

335. See Letter from NACUA, *supra* note 319; see also Malin, *supra* note 27, at 189 (noting that legislative acts designed to restrain state sovereign immunity would make it more difficult for nonconsenting states "to attract top scientists to work at their universities because of the inability to obtain intellectual-property protection for their work").

336. See American Federation of Teachers, *AFT: Higher Education: Bill Would Protect Intellectual Property Rights*, at http://www.aft.org/higher_ed/IP_Rights.html (last visited Jan. 24, 2004) (on file with the North Carolina Law Review).

337. Letter from Govs. John Engler and Paul E. Patton to Sen. Patrick J. Leahy (May 15, 2002) [Engler/Patton Letter], http://www.nga.org/nga/legislativeUpdate/1,1169,C_LETTER%5ED_3746,00.html (on file with the North Carolina Law Review).

338. *Id.*

339. *Hearing on H.R. 2344, supra* note 1, at 43 (statement of Leslie Winner, General Counsel and Vice President, University of North Carolina). The Research Triangle Park is a joint public/private research park that was created in 1959 from cooperative efforts by business, academic, and industry backers in North Carolina. See generally *Research Triangle Park*, at http://www.rtp.org/index.cfm?fuseaction=page&filename=about_us_history.html (last visited Feb. 7, 2004) (providing historical and current information on Research Triangle Park) (on file with the North Carolina Law Review). The Park is located between Duke University, North Carolina State University, and the University of North Carolina at Chapel Hill. *Id.* It currently houses more than one hundred research and development facilities including biotechnology, pharmaceutical, telecommunication, and microelectronic firms. *Id.* Capital investment in the Park exceeds \$2 billion. *Id.*

340. See Jones, *supra* note 309, at 518.

have a negative impact on university-industry research cooperation.³⁴¹ Critics of unchecked state sovereign immunity theorize that state infringement will increase under the current state of the law. This increase in infringement, in turn, could chill the incentives of private firms to enter into cooperative research ventures with public universities and could encourage firms to deal with private universities, which do not have sovereign immunity.³⁴²

These fears, however, presuppose that public universities will engage in widespread infringement, even though there is little empirical evidence to support this prediction. These fears also fail to account for the importance of cooperative relationships between public universities and private firms.³⁴³ For example, because public universities can expect to deal with private firms on an ongoing or repeat basis, informal mechanisms, such as reputation, can act as a substitute for legal sanctions to deter infringement.³⁴⁴ Also, private firms may develop alternate business strategies to account for a high risk of infringement.³⁴⁵ For example, many private firms now enter into long-term contractual relationships in the form of industry-university research consortia and funding agreements.³⁴⁶ These market influences, social norms, and institutional constraints will likely dissuade states from engaging in widespread infringement of federal intellectual property rights, even in the absence of legislative intervention.³⁴⁷

Scientific research in public universities is one area, however, in which these social and institutional constraints might not be as effective in deterring infringing activity.³⁴⁸ Groundbreaking results in rapidly developing fields, such as biotechnology, have drawn public

341. See Bone, *supra* note 304, at 1469.

342. See *id.* at 1498 (noting that a private firm collaborating with a public university faces the risk that the university will misappropriate the firm's intellectual property or use it beyond the terms of the cooperative agreement under the protective umbrella of state immunity).

343. See *id.* at 1498–99.

344. See *id.* at 1499.

345. See *id.* (noting that such responses might generate costs of their own even if they keep infringement in check); Menell, *supra* note 189, at 1436–38 (discussing market responses to the risks of state infringement of intellectual property rights).

346. See Menell, *supra* note 189, at 1436–37 (noting that in these formal, contractual relationships, the private firm can protect against infringement through explicit provisions in the agreement that are enforceable in state court). Furthermore, the financial incentives contained in these agreements provide the private firm with leverage for insisting on protection from infringing activities. *Id.* at 1437.

347. See *id.* at 1432.

348. See *id.* at 1433.

universities into the commercial sphere.³⁴⁹ This competitive environment increases the potential for infringing activity.³⁵⁰ In addition, decreases in government funding, at both the state and federal level, have led public universities to explore licensing of intellectual property as a means of funding research.³⁵¹ Furthermore, university faculty and researchers have increasingly sought to commercialize their research results, adding to the proliferation of start-up companies in which universities are stakeholders.³⁵² Although the professional and academic norms of integrity and reputation traditionally have minimized the risk that public university researchers would infringe the intellectual property rights of others, recent and potentially lucrative ventures into commercial markets raise the risk of infringing activity.³⁵³ Furthermore, the influx of industry funds into public university research programs raises the question of whether such research is truly “public” in nature and deserving of protection under the doctrine of state sovereign immunity.³⁵⁴

Even critics of the Supreme Court’s Eleventh Amendment jurisprudence acknowledge, however, that Congress’s response to state infringement of privately-owned intellectual property rights “should be sensitive to the special role state universities play in the development of useful new technologies.”³⁵⁵ To this end, any approach proposed by Congress should take into account its effect on innovation and creativity at public universities and on the transfer of that technology into the private sector. Congress, therefore, should

349. See generally Dueker, *supra* note 6 (discussing the commercialization of university-developed biomedical technologies).

350. See Menell, *supra* note 189, at 1433.

351. See *id.* at 1434; see also AUTM, *FY 2000*, *supra* note 8 (describing licensing of university research).

352. See Menell, *supra* note 189, at 1434. See generally Harrington, *supra* note 11 (describing the proliferation of start-up companies based on university research).

353. See Menell, *supra* note 189, at 1435; see also Rai, *supra* note 7, at 88 (noting that prior to the 1980s traditional academic norms discouraged property rights in scientific discoveries, and the law reinforced the reluctance of academic scientists and institutions to secure property rights).

354. See Menell, *supra* note 189, at 1435–36; see also Newberg & Dunn, *supra* note 13, at 197 (discussing the tension between the role of universities as public institutions of education and research, and the role of universities as “business partners of private firms”); Rai, *supra* note 7, at 90 (noting that a “central element of the scientific ethos” is that scientific knowledge is a shared resource and that such information should be shared in the public domain).

355. Polse, *supra* note 21, at 510 (arguing that Congress should close the loophole in the federal intellectual property system created by *Florida Prepaid* with an approach designed to minimize potentially harmful effects on state university research programs).

take steps to minimize the impact on university technology transfer while protecting private intellectual property owners from egregious state infringing actions.³⁵⁶

C. *Is the IPPRA of 2003 Consistent with Policies Underlying International Treaties Relating to Intellectual Property?*

Proponents of the IPPRA of 2001 asserted that the *Florida Prepaid* and *College Savings* decisions compromise the ability of the United States to advocate effective enforcement of intellectual property rights in other countries and to fulfill its own obligations under international treaties.³⁵⁷ Under this view, this apparent inconsistency in the enforcement of intellectual property laws damages the United States' credibility internationally and is likely to harm American businesses.³⁵⁸ Specifically, proponents of the legislation raised concerns regarding the potential vulnerability of the United States under the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs").³⁵⁹ Provisions of TRIPs obligate member nations to have the authority to order a party to desist from infringement and "to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement."³⁶⁰ Although TRIPs contains provisions for exempting federal governments from liability, it contains no such provisions for states.³⁶¹ Questions have already arisen regarding the ability of the United States to comply with

356. See *infra* Part V.E (proposing an approach to alternative legislation to achieve the goal of deterring infringement of states' intellectual property rights that primarily follows the analytical framework set forth in *Florida Prepaid* and *Chavez*).

357. *Hearing on S. 1611*, *supra* note 14, at 6, 8 (statement of James E. Rogan, Undersecretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office) (noting that one-half of U.S. exports depend on some type of intellectual property protection and arguing that to advocate strong enforcement abroad, the United States must provide a strong means of enforcement in this country).

358. *Id.*

359. *Id.* at 22 (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association).

360. See Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marakesh Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND vol. 31, 33 I.L.M. 1125, 1215 (1994) (discussing provisions of TRIPs), http://www.wto.org/english/docs_e/legal_e/27-trips.doc (last visited Feb. 7, 2004) (on file with the North Carolina Law Review).

361. *Hearing on S. 1611*, *supra* note 14, at 27 (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association) (noting that because Congress enacted the intellectual property remedy acts "before the end of 1992, there was no reason . . . to seek exceptions for the States" when negotiations for TRIPs concluded in 1993).

provisions of TRIPs in light of the *Florida Prepaid* decisions.³⁶² For example, “a bar to such remedies where the infringer is a state government may place the United States in violation of the TRIPs provisions.”³⁶³ Although this issue does not directly invoke the doctrine of state sovereign immunity, and a thorough discussion of the impact of state sovereign immunity on foreign trade agreements is beyond the scope of this Comment, it is an issue that must be considered by Congress when addressing remedies for infringement of intellectual property rights by states.³⁶⁴

V. ALTERNATIVE APPROACHES TO LEGISLATION TO PROTECT INTELLECTUAL PROPERTY RIGHTS FROM STATE INFRINGEMENT

Because of the uncertainties regarding the constitutionality of legislative initiatives drafted to address remedies for state infringement of federal intellectual property rights, commentators have suggested several alternative approaches in this area of law. These approaches are summarized in this Part, along with an alternative approach drawn from the decisions in *Florida Prepaid* and *Chavez*. This alternative approach would (1) limit causes of action by a private party against a state to acts of intentional infringement; (2) limit suits to those against states that exhibit a pattern of infringement; and (3) allow suits against only those states with inadequate state remedies.

A. Voluntary Waiver of Immunity

Allowing each state entity to voluntarily waive its sovereign immunity to protect its individual federal intellectual property rights would forego the dangers associated with the conditional waiver provisions of the IPPRA of 2003. Generally, a state may waive its sovereign immunity from suit in federal court.³⁶⁵ States, however,

362. *Hearing Before House Subcomm. on Courts and Intellectual Property, supra* note 2, at 10–11 (statement of Todd Dickenson, Undersecretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office) (noting that the World Trade Organization’s TRIPs Counsel has formerly asked the United States to clarify (1) what constitutes compliance with Article 44(2) of TRIPs, and (2) whether actions can be brought against states for intellectual property violations in federal court).

363. Berman et al., *supra* note 27, at 1044 (concluding that the “present immunity doctrines may allow Congress to create alternate remedies sufficient to satisfy international agreements”).

364. *See id.* at 1173–95 (providing a thorough discussion of the implications of state sovereign immunity and infringement of intellectual property rights on foreign treaties); Menell, *supra* note 189, at 1448–64 (same).

365. *See Clark v. Barnard*, 108 U.S. 436, 447 (1883) (describing sovereign immunity as

may be prohibited from waiving their immunity by their own laws³⁶⁶ and are likely to be reluctant to do so voluntarily.³⁶⁷ In any event, the IPPRA of 2003 would allow public universities to be protected under federal intellectual property laws only if their state governments agree to waive state sovereign immunity as a whole.³⁶⁸ Under this reasoning, even if a public university decided to waive immunity to protect its intellectual property under federal law, it could not do so unless the state legislature waived immunity for all state entities.³⁶⁹ The decision to waive immunity rests with a state's legislature and not with an individual public university.³⁷⁰ Thus, an approach based on allowing each state entity to waive its immunity independently, as opposed to a blanket waiver by the state, would not be tenable.

B. Suit by the Federal Government on Behalf of the Private Intellectual Property Owner

Because the Eleventh Amendment does not bar a suit by the United States against a state, Congress could amend the federal intellectual property laws to allow the federal government to sue the allegedly infringing state on behalf of the private intellectual property owner.³⁷¹ Professor Cross argues that this approach is viable in the context of copyright law because the federal government has an interest in an effective system of copyright; the burden, in terms of an increased case load, on the federal government would not be that great; and the Copyright Act contains criminal provisions that are prosecuted by the United States Attorney.³⁷² Professor Cross acknowledges that the federal government, to date, has not shown an interest in intervening in copyright infringement cases.³⁷³ Suits by the

"a personal privilege which [the state] may waive at its pleasure").

366. *Hearing on H.R. 2344, supra* note 1, at 14 (statement of Leslie Winner, General Counsel and Vice President, University of North Carolina) (noting that most states only allow the legislature to waive immunity, whereas some states require a constitutional amendment).

367. Engler/Patton Letter, *supra* note 337 (noting the belief that states would likely be reluctant to allow even a limited waiver of sovereign immunity).

368. Letter from C. Peter Magrath, President, National Association of State Universities and Land-Grant Colleges, to Sen. Patrick J. Leahy (Apr. 17, 2002), http://www.nasulgc.org/Washington_Watch/Letters2002/s2031_state_sovereign_immunity.pdf (on file with the North Carolina Law Review).

369. *Id.*

370. *Hearing on H.R. 2344, supra* note 1, at 14 (statement of Leslie Winner, General Counsel and Vice President, University of North Carolina).

371. Cross, *supra* note 165, at 360–61.

372. *Id.* at 361.

373. *Id.*

federal government, however, have “practical and political, [if] not doctrinal,” problems.³⁷⁴ For example, favoring a certain state or a scarcity of resources could render this approach ineffective.³⁷⁵ As a result, it is “unlikely that the United States government [would] be willing or able to intervene on behalf of private intellectual property plaintiffs with claims against state governments.”³⁷⁶

Professor Meltzer has suggested similar approaches involving federal government suits against states.³⁷⁷ For example, Congress could “authorize the Attorney General to bring suit [in federal court] in the name of the United States against state governments [allegedly] engaging” in infringing conduct.³⁷⁸ One remedy under this approach would be to assess a penalty against the state government in the amount of the injury to the intellectual property owner.³⁷⁹ An alternative remedy under this approach would be for the federal government to collect a fine and disburse it to the injured party.³⁸⁰ Congress also could authorize private parties to sue state governments in the name of the United States, provided the parties procure the injured party’s consent.³⁸¹ Such a proposal, however, might be construed as too similar to the kind of circumvention of *Seminole Tribe* that the Court has consistently prohibited.³⁸²

C. *Suit in State Court*

Nothing in the language of the Eleventh Amendment prevents a state court from having jurisdiction over suits against a state. Thus, as a last resort, some commentators suggest that “Congress [could] rely upon state courts to require state governments to provide retrospective relief authorized by federal law.”³⁸³ Under this approach, federal courts and state courts would have concurrent

374. Berman et al., *supra* note 27, at 1115–21.

375. *Id.* at 1117.

376. *Id.*

377. *See* Meltzer, *supra* note 103, at 55–57.

378. *See id.* at 55.

379. *Id.* (noting that “such a provision would promote compliance” with federal intellectual property laws, but would “afford no compensation to the intellectual property holder”).

380. Jonathon R. Siegel, *The Hidden Source of Congress’s Power to Abrogate State Sovereign Immunity*, 73 TEX. L. REV. 539, 553 (1995).

381. *Id.* at 556–57 (observing that such an action, which is similar to a *qui tam* action, would result in a suit against a state in federal court for retrospective relief with damages ultimately paid to the injured, private party).

382. *See* Berman et al., *supra* note 27, at 1118–19 (discussing potential objections to *qui tam* actions in the context of the enforcement of intellectual property rights).

383. *See* Meltzer, *supra* note 103, at 57–61.

jurisdiction over suits brought under federal patent, copyright, and trademark laws. An advantage of this approach is that Congress could use its Article I powers to impose liability on the states in state courts.³⁸⁴ Professor Cross notes, however, that this proposed use of state courts has limits.³⁸⁵ Congress's ability to use state courts as a forum to adjudicate claims arising under federal law was significantly limited in *Alden v. Maine*.³⁸⁶ Under *Alden*, a state's amenability to a suit in its own courts "depends both on Congress's willingness to grant jurisdiction to the state courts and on whether the State allows itself to be sued on analogous claims."³⁸⁷ Thus, if a state asserts immunity and does not consent to suit in its own courts, those courts also will be unavailable for adjudicating intellectual property suits against the state.³⁸⁸

D. Condition Receipt of Federal Research Funding on Waiver of State Sovereign Immunity

One approach suggested in the wake of Congress's initial attempt in the IPPRA of 1999 to address the Court's decisions in *Florida Prepaid* and *College Savings* advocates the use of the spending power to hold public universities accountable for violations of intellectual property law.³⁸⁹ Under this approach, the state would waive its sovereign immunity from suit pursuant to the intellectual property laws that govern the subject research activities.³⁹⁰ In exchange for this waiver, the state could subsequently receive federal research funding from Congress.³⁹¹ The constitutional support for this approach lies in the Spending Clause of Article I, which, in relevant part, grants Congress the power to provide for "the general Welfare of the United States."³⁹² The doctrinal support for this approach is derived from Supreme Court decisions holding that "Congress may

384. See Cross, *supra* note 165, at 365 (noting that the approach would permit Congress to avoid compliance with *City of Boerne*'s proportionality requirement).

385. *Id.* at 364.

386. See *id.* at 364–65.

387. *Id.* at 365–66.

388. *Id.* at 366 (noting that Congress cannot "force States to open their courts for adjudicating liability claims").

389. See Malin, *supra* note 27, at 190–91 (offering specific instances where federal money might be withheld); Meltzer, *supra* note 103, at 50–55 (advocating the use of the conditional spending power to impose state liability under federal programs, but acknowledging that this approach is not a "cure-all" to the Court's decision in *Seminole Tribe*); Polse, *supra* note 21, at 530 (advocating the conditional spending approach).

390. Polse, *supra* note 21, at 530.

391. *Id.*

392. U.S. CONST. art. I, § 8, cl. 1.

achieve objectives through the use of the spending power that it cannot achieve through direct regulation.”³⁹³ This approach would purportedly ensure that intellectual property created from federally-funded research would remain patentable, thus satisfying the objectives of the Bayh-Dole Act.³⁹⁴

This approach suffers from two fatal flaws, however. First, as a matter of public policy, this approach would defeat, rather than fulfill, the objectives of the Bayh-Dole Act. The Bayh-Dole Act seeks to promote securing patent protection for inventions arising from federally-funded research.³⁹⁵ By attaching such conditions on the receipt of federal funding, this approach would, in effect, return the state of technology transfer to pre-Bayh-Dole levels. States would likely forego such conditional research funding and opt for funding that does not require them to waive immunity from suit in federal court. Such funding likely would not require states to pursue intellectual property rights on the research results, although states could choose to do so if they desired.

Second, although this approach would likely pass constitutional muster under Congress’s conditional spending powers as articulated in *South Dakota v. Dole*,³⁹⁶ it still relies on the application of an Article I power, the Spending Clause, to condition a waiver of state sovereign immunity. Thus, the holding in *Seminole Tribe* would apparently proscribe such legislation.³⁹⁷ An advocate of this approach notes, however, that *Seminole Tribe* and *College Savings* applied to direct attempts by Congress to abrogate state sovereign immunity.³⁹⁸ The spending power approach, in contrast, would constitute an indirect attempt to encourage states to waive immunity.³⁹⁹

Finally, the constitutionality of such a provision depends on whether the price of not complying with the condition, i.e., the loss of federal funding, is so burdensome as to rise to the level of undue coercion.⁴⁰⁰ If this proposal were to pass the coercion obstacle, the

393. Polse, *supra* note 21, at 530 (citing *South Dakota v. Dole*, 483 U.S. 203, 207 (1987) and *United States v. Butler*, 297 U.S. 1, 66 (1936) for support of this proposition).

394. *Id.*

395. *See supra* note 3.

396. 483 U.S. 203 (1987).

397. *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 72–73 (1996) (holding that Congress cannot use its Article I powers to directly force the states to waive sovereign immunity).

398. Polse, *supra* note 21, at 535.

399. *See id.*

400. *See Meltzer, supra* note 235, at 1376–77 (noting that “[t]he Court has yet to strike down a program of conditional spending” on those grounds, so “the coercion limitation does not pose an obstacle” to this approach).

scope of such a waiver must satisfy the germaneness requirement under *Dole*.⁴⁰¹ This requirement could limit which state entities would be affected by such a waiver—that is, would only the program receiving federal funding be subjected to this waiver or would the waiver apply to the entire agency in which the particular program is located?⁴⁰² Given the uncertainties associated with this approach, an alternative approach is proposed in the next Section.

E. Alternative Approach Modeled After Florida Prepaid and Chavez

The IPPRA of 2003 and the draft Leahy/Hatch amendments are overly broad and most likely would not withstand Supreme Court scrutiny. The following approach to alternative legislation would achieve the goal of deterring infringement of privately-owned intellectual property by the states, while complying with current Eleventh Amendment doctrine. This approach primarily follows the analytical framework set forth in *Florida Prepaid* and *Chavez*.⁴⁰³

First, the legislation should limit causes of action by a private party against a state to intentional infringement or infringement explicitly authorized by state policy. The Court in *Florida Prepaid* found that holding states liable for negligent infringement would be a disproportionate penalty because only willful misconduct constitutes a Fourteenth Amendment violation.⁴⁰⁴ Thus, under that reasoning, a state's negligent infringement of privately-owned intellectual property rights would not give rise to a constitutional violation that Congress could remedy by enacting legislation under its Section 5 powers.⁴⁰⁵

One drawback to this proposal is that infringement under federal intellectual property laws is a strict liability offense.⁴⁰⁶ Knowledge

401. *Dole*, 483 U.S. at 208.

402. See Meltzer, *supra* note 235, at 1378 (arguing that “Congress may condition funds on a waiver by the entire state agency receiving the funding”).

403. See Cross, *supra* note 165, at 355 (observing that *Chavez* “could well serve as a blueprint for other courts”).

404. See *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 643–45 (1999). This approach is consistent with the Court's previous holding that no constitutional violation occurs where a deprivation of life, liberty, or property is merely negligent. See *Daniels v. Williams*, 474 U.S. 327, 332 (1986) (holding it is not a Fourteenth Amendment deprivation for a prison custodian to leave a pillow on prison stairs).

405. See *Florida Prepaid*, 527 U.S. at 643–45 (noting that “a state actor's negligent act that causes unintended injury to a person's property does not ‘deprive’ that person of property within the meaning of the Due Process Clause”).

406. See, e.g., 35 U.S.C. § 271(a) (2000) (defining infringement under the Patent Act in general terms that would include negligent, and even inadvertent, behavior); 2 PAUL GOLDSTEIN, COPYRIGHT § 9.4, at 9:16 (2d ed. Supp. 2004) (noting that one who infringes

and intent are generally considered only with respect to damages.⁴⁰⁷ In practice, most intellectual property infringement suits allege willful infringement,⁴⁰⁸ even though infringement of patents, copyrights, and trademarks are often not intentional.⁴⁰⁹ Furthermore, the terms “intentional” or “negligent” are not defined with regard to intellectual property law.⁴¹⁰ Therefore, the difficulty in ascertaining the necessary mens rea required for “intentional” state infringement might defeat the applicability and effectiveness of this type of provision. Nevertheless, it should act as a deterrent to intentional state infringement of federal intellectual property rights and should quell the fears of private intellectual property owners of rampant state infringement in view of the *Florida Prepaid* and *College Savings* decisions.

Second, the legislation should limit suits to those against states that exhibit a pattern or high incidence of infringement.⁴¹¹ Consistent with the previous section, “a significant proportion of infringements [must be] non-negligent, thus rising to the level of a possible constitutional violation.”⁴¹² The difficulty in enforcing this type of provision lies in building a record of evidence of state infringement.⁴¹³

a copyright unintentionally is nevertheless liable); 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:107, at 23–268 (4th ed. 2000) (noting that intent is not required for infringement of a federally registered trademark).

407. *Florida Prepaid*, 527 U.S. at 645.

408. *See id.* at 654 n.5 (Stevens, J., dissenting) (noting that the problem of suing a state for negligent infringement is unlikely to occur).

409. *See Bone*, *supra* note 304, at 1472–73 (noting that, although some cases of state infringement might be intentional, incidental infringement poses “a more serious risk”). States generally do not willfully seek to infringe intellectual property rights, and the Court has been unwilling to assume that the states will refuse to abide by federal laws. *See Alden v. Maine*, 527 U.S. 706, 755 (noting that “[t]he good faith of the States . . . provides an important assurance that ‘this Constitution, and the Laws of the United States . . . shall be the supreme Law of the Land’ ” (quoting U.S. CONST. art. VI)). *But see Tamayo*, *supra* note 319, at 5 (arguing that “[j]udicial expectations that the state ‘sovereign’ will govern itself and refrain from infringing the rights of patent holders seem remarkably naïve”).

410. *Berman et al.*, *supra* note 27, at 1064 (noting that the Court in *Daniels* derived “concepts of negligence . . . from ordinary tort law”); *Meltzer*, *supra* note 235, at 1353 (noting that the lack of a clear definition of “intentional” might limit the efficacy of such a provision).

411. *Cf. Wilmoth*, *supra* note 28, at 537–41 (arguing that the Court in *Florida Prepaid* relied too heavily upon the legislative record at the expense of a more detailed analysis of the congruence and proportionality standard set forth in *City of Boerne*).

412. *See Berman et al.*, *supra* note 27, at 1076.

413. *See Bd. of Trs. v. Garrett*, 531 U.S. 356, 377–83 (2001) (requiring that legislation allowing for private suits against a state must be based on an adequate legislative record, but leaving open the question of what would satisfy this requirement); *see also Berman et al.*, *supra* note 27, at 1077 (“[A]ny attempt to build a better record confronts not only a question of raw numbers—how often do states infringe?—but also a question of

A pattern of infringement could be shown, for example, by evidence that a state has been subjected to repeated injunctive relief under the doctrine of *Ex parte Young*. Building such a record, however, could be accomplished only over a period of time. As a result, remedies might not be immediately available to aggrieved parties under this proposal. Nevertheless, this proposal would lay the groundwork for identifying egregious state infringers that consistently ignore federal intellectual property laws.

Third, suits should be allowed only against states with inadequate remedies under state law.⁴¹⁴ In *Florida Prepaid*, the Court noted that Congress did not limit the coverage of the Patent Remedy Act to cases involving arguable constitutional violations, such as where a state refuses to provide any remedies in state court for patent owners whose patents it had infringed or to make an attempt to confine the reach of the Act by limiting the remedy to certain types of intentional infringement.⁴¹⁵ Thus, under this reading of *Florida Prepaid*, a state must provide *adequate* remedies.

Professor Meltzer notes, however, that it may be difficult to ascertain the adequacy of state remedies in a regime of federal intellectual property law that, for the most part, preempts state protection of intellectual property rights and precludes "state court jurisdiction for suits arising under the patent and copyright laws."⁴¹⁶ He predicts, however, that the enactment of such a statute by Congress might encourage states to create adequate remedies to move themselves beyond the reach of the federal statute.⁴¹⁷ The difficulty then would lie in what kind of remedy would be considered "adequate."⁴¹⁸ Furthermore, it is debatable how far state remedies, to be decided in state courts, should expand into the domain of federal intellectual property law.⁴¹⁹

proportion—how much of that infringement is actually unconstitutional?").

414. *Chavez v. Arte Publico Press*, 204 F.3d 601, 607 (5th Cir. 2000) (applying the third prong of the *Florida Prepaid* analytical framework in view of *City of Boerne*).

415. *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 646 (1999).

416. Meltzer, *supra* note 235, at 1354–55. For an overview of existing remedies, including remedies in state court, against state infringement after *Florida Prepaid* and *College Savings*, see Malin, *supra* note 27, at 164–75.

417. Meltzer, *supra* note 235, at 1355.

418. *See id.*

419. *Id.* at 1356–57. Generally, states may not offer patent-like protection to intellectual creations that are not protected under federal law. *See, e.g., Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 153–57 (1989) (concluding that state law should not be allowed to offer patent protection that federal law denies); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237–38 (1964) (holding that state laws should not offer

Legislation based on this approach would be narrower in scope than those legislative initiatives already introduced in Congress. The details of any such legislation would, of course, need to be more clearly defined. Because this approach is based on the analytical framework of *Florida Prepaid*, however, it should survive Supreme Court scrutiny. How effective it would be in deterring state infringement of federal intellectual property rights is debatable, but it should act as a deterrent to intentional and repeated infringing acts. This approach ultimately would provide a remedy for private intellectual property owners against egregious state actors and dispel fears that state entities will engage in rampant infringing activities.

CONCLUSION

Balancing the rights of private intellectual property owners against state infringers is a difficult task in view of the Court's current Eleventh Amendment jurisprudence. Regardless of whether one believes this jurisprudence is sound, any legislation designed to abrogate state sovereign immunity or condition immunity on some type of waiver ultimately must comply with the Supreme Court's Eleventh Amendment doctrine and be consistent with the public policy goals of the Bayh-Dole Act and other federally-funded research initiatives. Recent attempts by Congress to address federal intellectual property rights and state sovereign immunity likely will fail in this regard. Congress should draft narrower provisions that comply with the Court's Eleventh Amendment jurisprudence and protect the rights of private intellectual property owners. A simple approach following the analytical framework laid out in *Florida Prepaid* and *Chavez* provides the groundwork for viable legislation. This approach would achieve the goal of checking state infringement of federal intellectual property rights while allowing non-infringing state entities to retain their sovereign immunity.

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patent-like benefits to unpatentable subject matter); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964) (holding that a state cannot provide intellectual property protection that conflicts with the purposes of federal patent laws); *see also* Malin, *supra* note 27, at 176 (noting that relying on state remedies will result in a nonuniformity in intellectual property law); Livingstone, *supra* note 32, at 325 (arguing that the *Florida Prepaid* decision "introduced inconsistency" into the federal intellectual property system).