Patently Wrong: A Critical Analysis of Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank

Daniel J. Melman
COMMENT

PATENTLY WRONG: A CRITICAL ANALYSIS OF FLORIDA PREPAID POSTSECONDARY EDUCATION EXPENSE BOARD v. COLLEGE SAVINGS BANK

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"Constitutions are intended to preserve practical and substantial rights, not to maintain theories."1

—OLIVER WENDELL HOLMES, JR.

INTRODUCTION

Public policy and fairness mandate that the states should not be immune from federal court suits arising under the patent laws. Whether the federal Constitution authorizes Congress to abrogate state immunity in patent actions, however, is a more complex issue.

In Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank2 the United States Supreme Court invalidated the Patent and Plant Variety Protection Remedy Clarification Act, which purported to make the states amenable to patent infringement suits in federal courts, and in doing so, held that the State of Florida could not be sued for infringement of a New Jersey bank's patent. In this Comment, the Supreme Court's Florida Prepaid decision will be subject to critical

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1 Davis v. Mills, 194 U.S. 451, 457 (1904).
analysis. The breadth of the Supreme Court's state sovereign immunity doctrine\(^3\) undermines the objectives of the United States patent laws because it diminishes patent owners’ exclusive rights to their inventions.

In order to understand the inconsistency between the patent laws and the doctrine of state sovereign immunity, it is necessary to briefly examine the fundamental principles of patent law, as well as the Supreme Court's Eleventh Amendment-state sovereign immunity jurisprudence.

I. PATENT LAW

Patent law protects new, unobvious, and useful inventions such as machines, devices, chemical compositions, and manufacturing processes.\(^4\) The grant of a patent confers upon the patentee the right to exclude others from making, using, or selling in the United States, the product or process covered by the patent.\(^5\) A patentee’s exclusive rights last for twenty years from the date on which the patent application was filed.\(^6\)

Significant public policy issues underlie patent law. It is clear that humans rarely produce significant mental creations without great time, effort, and expense. Patent law, by granting exclusive market rights, provides the incentive for people to undertake and produce significant inventions. The Supreme Court has declared that the objectives of the federal patent laws are to (1) seek the stimulation of further innovation; (2) promote the disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; and (3) impose stringent requirements for patentability to assure that ideas in the public domain remain there for the

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\(^3\) Sovereign immunity is
[a] judicial doctrine which precludes bringing suit against the government without its consent. Founded on the ancient principle that “the King can do no wrong,” it bars holding the government or its political subdivisions liable for the torts of its officers or agents unless such immunity is expressly waived by statute or by necessary inference from legislative enactment.


Another important policy issue underlying patent law is a general aversion to monopolies over inventions and a preference for competition. The Constitution embodies these opposing policy issues. By allowing Congress to secure exclusive rights to an invention, the Constitution induces the undertaking of mental creations. By requiring that these exclusive rights be granted for "limited times," however, the Constitution strikes a balance between incentive and competition, as well as between property and monopoly.

Under the patent laws, a patent application must fully describe the invention. The specifications and drawings filed with a patent application are printed and distributed as part of the issued patent. Therefore, one of the primary objectives of the patent system is that inventions be fully disclosed for the benefit of the public. At the expiration of the patentee's "limited" period of exclusivity, the public is free to utilize and improve upon the invention in any way it wishes. Thus, the

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8 See C.H. Boehringer Sohn v. Watson, 256 F.2d 713, 714 (D.C. Cir. 1958) (stating that "the inhospitable attitude toward patents [stems] in part from our natural aversion to monopolies"); Mastantuono v. Ronconi, 278 F. Supp. 144, 146 (S.D.N.Y. 1967) (noting the general reluctance to grant private monopolies in goods and business, but that Congress has nonetheless seen fit to enact patent laws that allow an inventor a limited private monopoly over an invention).
9 The Constitution provides that Congress shall have the 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." U.S. CONST. art. I, § 8, cl. 8. This clause is commonly referred to as the Patent Clause or the Copyright Clause.
10 Id.
12 See CHISUM & JACOBS, supra note 11, § 2D[1].
13 See 35 U.S.C § 112 (1994) (requiring a patentee to describe the invention in terms sufficient to enable others skilled in the relevant art to practice the invention).
14 See J. THOMAS MCCARTHY, MCCARTHY'S DESK ENCYCLOPEDIA OF INTELLECTUAL PROPERTY 237 (1991). McCarthy states that [i]n return for receiving the right to exclude, which is the gist of a patent, the inventor must give up secrecy and fully disclose the details of the invention to the public. This will enable others to understand the invention and be able to use it as a stepping stone to further develop the technology. Id.; see also MICHAEL A. EPSTEIN, EPSTEIN ON INTELLECTUAL PROPERTY 5-4 to 5-5 & n.8 (4th ed. 1999) (noting that while a patentee is guaranteed twenty years in which he alone may make and sell the invention, the exclusivity of a patent is not total, for during this time a patentee must allow others to improve on the technology).
The federal district courts have exclusive subject matter jurisdiction over patent disputes. Federal courts are authorized to enjoin unauthorized activity or award "damages adequate to compensate for the infringement." Furthermore, a court has the authority to "increase the damages up to three times the amount found or assessed." Lastly, in "exceptional cases," a court may award attorney fees to the prevailing party.

II. THE ELEVENTH AMENDMENT

The Eleventh Amendment was passed in response to the Supreme Court's decision in *Chisholm v. Georgia.* In *Chisholm,* the Court held that states were subject to the

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15 *See* 28 U.S.C. § 1338 (1994). For purposes of this Comment, it is sufficient to state that infringement arises when a party manufactures, uses, or sells the patented invention without authorization. An unauthorized invasion of a patentee's exclusive rights constitutes infringement even if committed without knowledge of the patent. *See* Thurber Corp. v. Fairchild Motor Corp., 269 F.2d 841, 845, 849 (5th Cir. 1959). Knowledge and intent, however, may be relevant for a determination of the measure of damages. *See,* e.g., Central Soya Co. v. Geo A. Hormel & Co., 723 F.2d 1573, 1576-77 (Fed Cir. 1983). In addition to patent infringement suits, "actions, known as declaratory judgment actions, frequently are initiated by entities that have embarked, or plan to embark in the near future, on a course of conduct that may implicate the patent rights of another." Elizabeth Stotland Weiswasser & Beth A. Oliak, *Determining Rights Through Declaratory Judgments,* NAT'L L.J., July 24, 2000, at C8. For example, a company selling or making a particular product may be concerned that the product is encompassed by a patent. The company may initiate a declaratory judgment proceeding seeking a declaration that its product does not infringe on the patent, or that the patent is invalid or unenforceable. *See* id. The requirements for initiating a declaratory judgment action are delineated in the Federal Declaratory Judgment Act. *See* 28 U.S.C. § 2201 (1994).


19 *Id.* § 285. Attorney fees are generally awarded only when willful infringement or bad faith litigation has occurred. *See* Beckman Instruments, Inc. v. LKB Produkter AB, 892 F.2d 1547, 1551-52 (Fed. Cir. 1989) (holding that the district court did not commit clear error in finding the case "exceptional" because of the infringer's "strategy of vexatious activity."); Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc., 853 F.2d 1557, 1567 (Fed Cir. 1988) (stating that the willfulness of the infringement may be a sufficient basis for finding the case "exceptional" for purposes of awarding attorney fees).

20 2 U.S. (2 Dall.) 419 (1793).
Supreme Court's original jurisdiction over suits between a state and citizens of another state. The states responded to the Court's shocking decision by ratifying the Eleventh Amendment in 1798. The Eleventh Amendment has been interpreted in numerous Supreme Court decisions over the last century. Early cases initially expanded the reach of the amendment, and more recent cases have restricted the states' Eleventh Amendment immunity to federal legislation. The Supreme Court, however, has often failed to reach a consensus

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21 See id. at 420. In Chisholm, a South Carolina citizen successfully brought suit against the State of Georgia on behalf of a deceased South Carolina citizen's estate. Id.

22 See Akhil Reed Amar, Of Sovereignty and Federalism, 96 YALE L.J. 1425, 1432 (1987) (discussing the colonists' notions of sovereign immunity evolving from British law). During the ratification period, Alexander Hamilton wrote, "It is inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent." THE FEDERALIST NO. 81, at 529 (Alexander Hamilton) (Bicentennial ed., 1976). It should be noted, however, that nowhere in the text of the U.S. Constitution does the principle of state sovereign immunity appear.

23 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 State." U.S. CONST. amend. XI.

24 See, e.g., Seminole Tribe v. Florida, 517 U.S. 44 (1996) (holding that the Eleventh Amendment prevents Congress from authorizing suits by Indian tribes against states to enforce legislation under the Indian Commerce Clause); Pennsylvania v. Union Gas Co., 491 U.S. 1 (1989) (holding that Congress has authority under Article I to abrogate the states' Eleventh Amendment immunity); Dellmuth v. Muth, 491 U.S. 223 (1989) (holding that the Education of the Handicapped Act does not abrogate the states' immunity from suit); Atascadero State Hosp. v. Scanlon, 473 U.S. 234 (1985) (holding that an action under the Rehabilitation Act of 1973 is barred by the Eleventh Amendment); Parden v. Terminal Ry., 377 U.S. 184 (1964) (holding that a state operating a common carrier railroad in interstate commerce constituted waiver of sovereign immunity); Petty v. Tennessee-Missouri Bridge Comm'n, 359 U.S. 275 (1959) (holding that a state waived immunity by entering into a compact which authorizes the state to "sue or be sued"); Hans v. Louisiana, 134 U.S. 1 (1890) (holding that a state cannot be sued by one of its citizens without the state's consent).

25 See Hans, 134 U.S. at 1. In Hans, a citizen of Louisiana sued the State of Louisiana in federal court for violating the Contracts Clause of the Constitution. See id. at 3. Basing its decision on notions of state sovereign immunity, the Court stated that, despite the absence of textual support in the Eleventh Amendment, the State of Louisiana was immune from suits in federal court by its own citizens. See id. at 10–13. In support of its decision, the Court cited The Federalist 81 and the Virginia Convention, arguing that Framers like Alexander Hamilton and John Marshall believed that states were sovereign entities and therefore not subject to suits brought by individuals. See id. at 12–15.

26 Throughout this Comment, "sovereign immunity," "state immunity," and "Eleventh Amendment immunity" are used interchangeably.
on its interpretation of the amendment. Some justices have advocated a literal reading of the Eleventh Amendment, while other justices have supported the more expansive interpretation set forth in *Hans v. Louisiana*.

Nonetheless, the Supreme Court has identified three instances in which the Eleventh Amendment does not bar a federal suit against a state: prospective injunctive relief, constructive waiver, and abrogation of states' Eleventh Amendment immunity.

In *Ex parte Young*, the Supreme Court held that the Eleventh Amendment does not bar actions for prospective injunctive relief brought by individuals against a state official who violates federal law while acting within the scope of that official's duties. The Court reasoned that a state official

27 See, e.g., *Dellmuth*, 491 U.S. at 224 (5-4 decision); *Union Gas Co.*, 491 U.S. at 3-4 (plurality opinion), overruled by *Seminole Tribe*, 517 U.S. at 46 (5-4 decision) (taking an expansive approach to the Eleventh Amendment); *Atascadero*, 473 U.S. at 235 (5-4 decision); *Parden*, 377 U.S. at 198 (5-4 decision), overruled in part by *Welch v. Texas Dep't of Highways & Pub. Transp.*, 483 U.S. 468, 470 (1987) (plurality opinion); *Petty*, 359 U.S. at 233 (5-3 decision); see also Kenneth S. Weitzman, Comment, *Copyright and Patent Clause of the Constitution: Does Congress Have the Authority to Abrogate State Eleventh Amendment Sovereign Immunity After Pennsylvania v. Union Gas Co.?*, 2 SETON HALL CONST. L.J. 297, 303 (1991) (noting that substantial confusion has been caused by the inconsistencies in U.S. Supreme Court decisions interpreting the Eleventh Amendment).

28 See *Atascadero*, 473 U.S. at 259 (Brennan, J., dissenting) (claiming that the constitutional principle of sovereign immunity does not exist); *Union Gas Co.*, 491 U.S. at 23 (Stevens, J., concurring) (supporting a more literal interpretation of the Eleventh Amendment).

29 134 U.S. 1 (1890); *Union Gas Co.*, 491 U.S. at 30 (Scalia, J., concurring in part and dissenting in part) (rejecting an invitation to overrule *Hans*). Justice Scalia's position is especially ironic in light of his insistence on adhering to the canon of plain meaning interpretation and the exceptional clarity of the Eleventh Amendment. See, e.g., *Marx v. Texas*, 528 U.S. 1034, 1035 (1999) (Scalia, J., dissenting) ("I do not think the Court should ever depart from the plain meaning of the Bill of Rights."); *Dunn v. CFTC*, 519 U.S. 465, 480 (1997) (Scalia, J., concurring in part) (agreeing with the Court that the purposes of the Treasury Amendment are best fulfilled by adhering to the plain meaning of the language).

30 See *Fitzpatrick v. Bitzer*, 427 U.S. 445 (1978) (holding that, for the purpose of enforcing the Fourteenth Amendment, Congress may provide for private suits against states or state officials); *Parden*, 377 U.S. at 192 (holding that Congress has the authority to condition states' participation in federally-regulated activities upon the states' constructive waiver of their immunity); *Ex Parte Young*, 209 U.S. 123 (1908) (holding that the Eleventh Amendment does not bar actions for injunctive relief brought against state officials).


32 See id. at 159-60. In *Young*, a suit was brought by stockholders in a railroad company seeking to enjoin a state attorney general from enforcing a state act. See
attempts to enforce an unconstitutional legislative enactment on behalf of the state was acting outside of his representative duties and accordingly, was personally liable for his actions.\textsuperscript{33}

Undoubtedly, the Court realized that without this exception to the Eleventh Amendment, there would be no remedy for Fourteenth Amendment violations. The Eleventh Amendment continued, however, to prohibit suits for monetary damages paid out of state funds, regardless of whether a state official was named as a nominal defendant.\textsuperscript{34} Notably, in \textit{Young}, the Court began to restrict its expansive interpretation of the Eleventh Amendment articulated in \textit{Hans}.

Although the Supreme Court consistently recognized that a state may waive its immunity by consenting to suit in federal court,\textsuperscript{35} in \textit{Parden v. Terminal Railway of Alabama State Docks Department},\textsuperscript{36} the Court laid the foundation by stating that certain provisions of the Constitution grant Congress the authority to condition the states' participation in federally-regulated activities upon the states' constructive waiver of their immunity.\textsuperscript{37} The Court reasoned that "the States surrendered a portion of their sovereignty when they granted Congress the power to regulate commerce."\textsuperscript{38} As a result, "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."\textsuperscript{39} In subsequent decisions, however, the Court retreated from the

\textit{id.} at 131. The attorney general was trying to impose rates through enforcement of a state act in contravention of the Fourteenth Amendment. \textit{See id.}  
\textsuperscript{33} \textit{See id.} at 159–60.  
\textsuperscript{34} \textit{See, e.g.}, \textit{Ford Motor Co. v. Department of the Treasury of Ind.}, 323 U.S. 459, 463 (1945) (concluding that a suit for monetary damages paid out of a state treasury was an impermissible suit against a state).  
\textsuperscript{35} \textit{See, e.g.}, \textit{Atascadero State Hosp. v. Scanlon}, 473 U.S. 234, 238 (1985) (announcing that a state may validly waive its immunity upon consenting to suit).  
\textsuperscript{36} 377 U.S. 184 (1964).  
\textsuperscript{37} \textit{See id.} at 192. In \textit{Parden}, the Court held that the State of Alabama, by virtue of its operation and ownership of a railroad, had implicitly consented to suit in federal court in an action arising under the Federal Employers' Liability Act (FELA), passed by Congress pursuant to its Commerce Clause powers. \textit{See id.} at 194–98.  
\textsuperscript{38} \textit{Id.} at 191.  
\textsuperscript{39} \textit{Id.} at 196. Since FELA did not expressly exempt the states from its scope, the Court reasoned that the State of Alabama became subject to the statute when it assumed the function of a common carrier. \textit{See id.} at 187–90. The Court concluded that to find otherwise would result in the creation of a "right without a remedy." \textit{Id.} at 190.
broad *Parden* conception of constructive waiver. The Court first limited the *Parden* doctrine to cases in which the state engaged in non-traditional governmental business, such as the operation of the for-profit railroad in *Parden*.\(^{40}\) Finally, in *Welch v. Texas Department of Highways & Public Transportation*,\(^{41}\) the Court overruled *Parden* to the extent that it was "inconsistent with the requirement that an abrogation of Eleventh Amendment immunity . . . must be expressed in unmistakably clear language."\(^{42}\)

Although *Parden* was based on implied or constructive waiver, *Parden* laid the foundation for Congress's power to abrogate the states' immunity.\(^{43}\) In *Fitzpatrick v. Bitzer*,\(^{44}\) the Court held that "Congress may, in determining what is 'appropriate legislation' for the purpose of enforcing the provisions of the Fourteenth Amendment, provide for private suits against states or state officials which are constitutionally impermissible in other contexts."\(^{45}\) The Court held that states may be made amenable to suits in federal court pursuant to Congress's Enforcement Clause powers to enact and enforce the Civil Rights Act and the other substantive guarantees of the Fourteenth Amendment.\(^{46}\) The Court reasoned that the

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\(^{41}\) 483 U.S. 468 (1987).

\(^{42}\) Id. at 478. In *Welch*, a state employee brought an action under the Jones Act for injuries she sustained while working on a ferry dock belonging to the Texas Highway Department. See id. at 471. Under the Jones Act, an employee who suffered physical injuries in the course of employment was permitted to bring a suit for damages against the employer in federal court. See id. at 471 n.1.

\(^{43}\) The distinction, or lack thereof, between abrogation and constructive waiver is beyond the scope of this Comment. For a discussion of the theories of abrogation and constructive waiver, see Kit Kinports, *Implied Waiver After Seminole Tribe*, 82 MINN. L. REV. 793, 798–807 (1998).

\(^{44}\) 427 U.S. 445 (1976).

\(^{45}\) Id. at 456. In 1972, Congress amended Title VII of the Civil Rights Act to authorize federal courts to award money damages to private individuals suing a state for discrimination based on race, sex, color, religion, or national origin. See id. at 447–48. In *Fitzpatrick*, male state employees sought payments of retirement benefits from the state under Title VII, alleging that the state retirement plan discriminated against them based on gender. See id. at 448.

\(^{46}\) See id. at 456. The Fourteenth Amendment provides that "[n]o State shall... deprive any person of life, liberty, or property, without due process of law." U.S. CONST. amend. XIV, § 1. The Enforcement Clause provides that "Congress shall have power to enforce, by appropriate legislation, the provisions of this article." Id. § 5.
Fourteenth Amendment altered the federal-state balance of power envisioned in the passage of the Eleventh Amendment.47 Following Fitzpatrick, the Supreme Court narrowed its interpretation of Congress's authority to abrogate immunity in Atascadero State Hospital v. Scanlon.48 Although the Court in Atascadero reaffirmed that Congress may abrogate state immunity from suits in federal court, it added that Congress must announce specifically and unequivocally, in the statute's text, its intent to confer federal jurisdiction over the states.49 According to the Supreme Court, requiring an unequivocal expression of congressional intent to abrogate Eleventh Amendment immunity served to preserve the delicate balance between the federal government and the states struck by the Constitution.50 In his dissent, Justice Brennan argued that the Court's holding served to protect states that violate federal law, rather than to protect the federal system.51 Since Atascadero, the United States Supreme Court has looked only to the language of a statute, ignoring evidence of intent from the legislative history when deciding if the requisite congressional

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47 See Fitzpatrick, 427 U.S. at 455. Recently, in City of Boerne v. Flores, 521 U.S. 507 (1997), the Supreme Court restricted Congress's power to enforce the provisions of the Fourteenth Amendment to remedial or preventive measures. The Court held that, in enforcing the Fourteenth Amendment, Congress may not make substantive changes in law. See id. at 519; see also infra notes 70–79 and accompanying text (discussing the City of Boerne decision).


49 See id. at 243. In Atascadero, the respondent filed a federal suit against the state alleging discrimination in violation of section 504 of the Rehabilitation Act of 1973. See id. at 236. The Court concluded that section 505, which provided remedies for violations of section 504 by "any recipient of Federal assistance," constituted a general waiver and therefore, not sufficient to abrogate Eleventh Amendment immunity. See id. at 245–46.

50 See id. at 242–43.

51 See id. at 252–53 (Brennan, J., dissenting). Brennan's dissent is justified to the extent that the respondent, who was disabled, was left without a remedy against a state that violated federal law. Moreover, Justice Brennan was correct in stating that by requiring unmistakably clear language in the statute, the Court changed the rules for lawmaking after Congress had already acted. See id. at 253–54. Justice Brennan is likewise justified in stating that Congress "cannot be expected to predict the future course of constitutional law." Id. at 255 n.7 (internal citation omitted). Courts, however, should not be precluded from redefining constitutional law and setting limits on the ability of Congress to legislate simply because Congress had acted, even if a court's ruling has the retroactive effect of invalidating legislation. To hold otherwise would strip the judiciary of its established role in the constitutional scheme of checks and balances.
intent to abrogate state sovereign immunity has been satisfied.\textsuperscript{52}

Thirteen years after the Court’s decision in \textit{Fitzpatrick}, the Court in \textit{Pennsylvania v. Union Gas Co.}\textsuperscript{53} held that, in addition to its authority under section five of the Fourteenth Amendment, Congress had the authority under the Commerce Clause\textsuperscript{54} to abrogate a state’s Eleventh Amendment immunity.\textsuperscript{55} The Supreme Court concluded that the amended language of the environmental statute clearly manifested Congress’s intent to hold states liable for the costs of cleaning up hazardous waste.\textsuperscript{56} Furthermore, the Court held that Congress’s authority to regulate commerce includes the authority to abrogate Eleventh Amendment immunity when Congress deems necessary.\textsuperscript{57} Justice Brennan, writing the Court’s decision, observed that the states relinquished a portion of their sovereign immunity by ratifying the Constitution and granting Congress plenary authority to regulate commerce.\textsuperscript{58} Dissenting in part, Justice Scalia argued that Eleventh Amendment immunity was vital to

\textsuperscript{52} See, e.g., Dellmuth v. Muth, 491 U.S. 223, 230 (1989) (stating that legislative history is generally irrelevant in deciding whether Congress intended to abrogate state immunity). The Constitution strives to maintain a delicate balance between federal and state government, and courts should likewise strive to maintain that balance. The Eleventh Amendment is clearly designed to shift the balance towards the states—exactly how much of a shift is precisely the issue that has plagued the Court for over 100 years. Because Congress may not treat the states as “mere prefectures or corporations,” but rather as “joint participants in a federal system,” \textit{Alden v. Maine}, 527 U.S. 706, 758 (1999), requiring Congress to use unmistakably clear language in abrogating state immunity is justified. Such clear statutory language will dispense with the need to rely on legislative history and clearly signal that Congress intends to abrogate state sovereign immunity and shift the constitutional balance.

\textsuperscript{53} 491 U.S. 1 (1989).

\textsuperscript{54} The Commerce Clause provides: “The Congress shall have Power... To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.” U.S. CONST. art. I, § 8, cl. 3.


\textsuperscript{56} \textit{See id.} at 13. CERCLA excludes a state from liability if it acquired title involuntarily. \textit{See} 42 U.S.C. § 9601(20)(D) (1994). Section 9601(20)(D) also provides that “[t]he exclusion... shall not apply to any State... which has caused or contributed to the release... of a hazardous substance... and such a State... shall be subject to the provisions of this chapter in the same manner and to the same extent... as any non-governmental entity... .” \textit{Id.} (emphasis added).

\textsuperscript{57} \textit{See Union Gas Co.}, 491 U.S. at 19–20.

\textsuperscript{58} \textit{See id.} at 20.
the concept of federalism, and therefore, Congress should not be able to abrogate immunity under its Article I powers.\textsuperscript{59}

In the landmark case of \textit{Seminole Tribe of Florida v. Florida},\textsuperscript{60} the Supreme Court amplified the doctrine of sovereign immunity by narrowly overruling \textit{Union Gas Co.} in a five to four decision.\textsuperscript{61} The Court declared that Congress could not abrogate state sovereign immunity by using its Commerce Clause authority to legislate.\textsuperscript{62} It stated that "[t]he Eleventh Amendment restricts the judicial power under Article III, and Article I cannot be used to circumvent the constitutional limitations placed upon federal jurisdiction."\textsuperscript{63} The Court proclaimed that its decision in \textit{Fitzpatrick}, which permitted abrogation under the Fourteenth Amendment, could not support abrogating state immunity under Article I provisions that predated the ratification of the Eleventh Amendment.\textsuperscript{64} Strikingly, it stated that "[e]ven when the Constitution vests in Congress complete lawmaking authority over a particular area, the Eleventh Amendment prevents congressional authorization of suits by private parties against unconsenting States."\textsuperscript{65} While denying Congress's authority to abrogate state immunity under Article I, the Court reaffirmed that Congress's authority to abrogate state immunity via the Fourteenth Amendment remained undisputed.\textsuperscript{66} The dissent, written by Justice Stevens,

\textsuperscript{59} See id. at 38 (Scalia, J., concurring in part and dissenting in part).
\textsuperscript{60} 517 U.S. 44 (1996).
\textsuperscript{61} See id. at 66. The four Justices who dissented in \textit{Union Gas Co.}, along with Justice Thomas, formed the majority in \textit{Seminole Tribe}. The only Justice from the \textit{Union Gas Co.} plurality remaining on the Court was Justice Stevens.
\textsuperscript{62} \textit{See Seminole Tribe}, 517 U.S. at 47. In \textit{Seminole Tribe}, the plaintiff, the Seminole Tribe of Florida, filed a suit against the State of Florida to compel certain good faith negotiations between the state and the tribe under the Indian Gaming Regulatory Act, 25 U.S.C. § 2701–21 (1994). Under the Act, if a state did not act in good faith, the tribe had the right to sue the state in a federal district court. See id. § 2710(d)(7)(A). Congress enacted the Gaming Regulatory Act under its Article I powers to regulate commerce with Indian tribes. \textit{See Seminole Tribe}, 517 U.S. at 47.
\textsuperscript{63} \textit{Seminole Tribe}, 517 U.S. at 72–73.
\textsuperscript{64} See id. at 65–66.
\textsuperscript{65} Id. at 72.
\textsuperscript{66} See id. at 59. The Court reaffirmed the concept announced in \textit{Fitzpatrick} that the Fourteenth Amendment worked a fundamental change in the balance of federal and state power. \textit{See id}. The Court concluded, therefore, that the Fourteenth Amendment partially repealed the Eleventh Amendment, granting Congress the authority to override the limits established by the Eleventh Amendment to the extent appropriate to make the rights created by the Fourteenth Amendment fully effective. \textit{See id.} at 65–66.
presciently argued that denying Congress the power to abrogate
sovereign immunity under Article I would threaten portions of
several other federal statutes such as bankruptcy, copyright, and
antitrust laws, which purport to render states amenable to suit
in federal court.\footnote{67 See id. at 77 & n.1.}

Following \textit{Seminole Tribe}, determining whether Congress
has validly abrogated the states' immunity from suit in federal
court requires a two-step inquiry. The first step is "whether
Congress has unequivocally expresse[d] its intent to abrogate the
immunity; and second, whether Congress has acted pursuant to
a valid exercise of power."\footnote{68 Id. at 55 (alteration in original) (internal citation and quotations omitted).} By overruling \textit{Union Gas Co.}, the
Supreme Court announced that Congress may abrogate the
states' Eleventh Amendment immunity only when deemed
appropriate to enforce the substantive provisions of the
Fourteenth Amendment.

In \textit{City of Boerne v. Flores}\footnote{69 521 U.S. 507 (1997).} the Supreme Court reformulated
the test for whether a law may be upheld as appropriate
legislation pursuant to congressional authority to enforce the
substantive provisions of the Fourteenth Amendment. At issue
in \textit{City of Boerne} was the Religious Freedom Restoration Act of
the Court's holding in \textit{Employment Division Department of
Human Resources of Oregon v. Smith},\footnote{71 494 U.S. 872 (1990).} which construed the
Free Exercise Clause of the First Amendment to hold that
"neutral, generally applicable laws may be applied to religious
practices even when not supported by a compelling governmental
interest."\footnote{72 City of Boerne, 521 U.S. at 514.} Through the RFRA, Congress purported to reinstate
the compelling governmental interest test rejected in \textit{Smith} by
requiring that a generally applicable law that places substantial
burdens on the free exercise of religion must be justified by a
compelling governmental interest.\footnote{73 See id. at 515--16 (citing RFRA, 42 U.S.C. § 2000bb).} The Court held that the
RFRA could not be justified as "appropriate" enforcement
legislation, emphasizing that Congress's enforcement power is
remedial in nature.\footnote{74 See id. at 519. Earlier in its decision, the Court explained that "[l]egislation
enforce a constitutional right by changing what the right is[:] It has been given the power 'to enforce,' not the power to determine what constitutes a constitutional violation." The Court warned that "[t]here must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end. Lacking such a connection, legislation may become substantive in operation and effect." Therefore, in order to invoke section five, Congress must identify conduct violating the Fourteenth Amendment's substantive provisions and must tailor the legislation to remedy or prevent such conduct. Analyzing the statute, the Court noted that the RFRA failed to meet this requirement because there was little support in the legislative record for the concerns that prompted the legislation.

In 1992, Congress enacted the Patent and Plant Variety Protection Remedy Clarification Act (PRCA) intending to abrogate the states' Eleventh Amendment immunity to patent infringement suits in federal courts. Prior to the passage of the PRCA, the patent laws stated that "whoever without authority makes, uses or sells any patented invention... infringes the patent." Initially, courts did not allow states to use sovereign immunity as a defense to patent infringement actions. Several

which deters or remedies constitutional violations can fall within the sweep of Congress'[s] enforcement power." Id. at 518.

Id. at 519. Undoubtedly, the Court felt that to allow Congress to determine what constitutes a constitutional violation, would erode the Court's unquestioned role as the sole interpreter of the Constitution. See Marbury v. Madison, 5 U.S. 137 (1803) (defining judicial review).

City of Boerne, 521 U.S. at 520.

See id.

The Court compared the RFRA to the Voting Rights Act and noted that, in contrast to the record confronting Congress and the judiciary in the voting rights cases, RFRA's legislative record failed to cite "modern instances of generally applicable laws passed because of religious bigotry." Id. at 530. The Court noted that legislative hearings held prior to the enactment of the RFRA mentioned no episodes of religious persecution in this country in the past 40 years. See id. The Court added that Congress's concern was with incidental burdens placed on religion, not an animus towards burdened religious practices or a widespread pattern of religious discrimination that was the object of the legislation. See id. at 530–31.


See, e.g., Lemelson v. Ampex Corp., 372 F. Supp. 708, 711–12 (N.D. Ill. 1974) (holding that an agency of the State of Illinois that purchased an allegedly infringing magnetic storage device was amenable to suit for monetary damages); Hercules Inc. v. Minnesota Highway Dep't, 337 F. Supp. 795, 799 (D. Minn. 1972) (holding that a state department, which infringed a patent, was subject to a suit for injunctive relief but not for monetary damages).
rationales supported these court decisions. First, courts reasoned that because the states granted Congress, in the Patent Clause, the exclusive right to grant patents, the states waived their sovereign immunity from patent lawsuits in federal court.\(^8^1\) Second, courts rationalized that states could not invoke their Eleventh Amendment immunity when they violated patent rights because such a violation constituted illegitimate state action.\(^8^2\) Third, courts acknowledged that public policy dictated that a patent owner should be able to protect a patent against an infringing state.\(^8^3\) Lastly, the courts reasoned that patents were a form of property and therefore, states should not be allowed to take such property without compensating the patent owner.\(^8^4\)

Following the Supreme Court's decision in \textit{Atascadero}, requiring unmistakably clear language in a statute evincing Congress's intent to abrogate Eleventh Amendment immunity, the courts were forced to hold that the states were immune from patent suits.\(^8^5\) In the landmark case of \textit{Chew v. California},\(^8^6\) the Court of Appeals for the Federal Circuit, upon analyzing the United States patent code, concluded that Congress did not intend to abrogate state immunity from the patent laws.\(^8^7\) The

\(^{81}\) See, e.g., Lemelson, 372 F. Supp. at 711. The court also noted that the patent laws do not expressly exclude the states from their operation. \textit{See id.}

\(^{82}\) \textit{See id.} at 711–12; \textit{see also Hercules, 337 F. Supp. at 799} (stating that, based on the \textit{Ex parte Young} doctrine, state officials are not immune when their actions violate the Constitution).

\(^{83}\) \textit{See Lemelson, 372 F. Supp. at} 713. The Court relied on the \textit{Parden} doctrine to support its public policy argument.

\(^{84}\) \textit{See id.} (stating that a state must be treated equally for violating a patent holder's rights and therefore, holding that the state was liable for money damages because it took property without compensation). \textit{But see Hercules, 337 F. Supp. at 798–99} (proclaiming that the state was subject to an \textit{Ex parte Young} injunction for violating a patent holder's rights, but that the Eleventh Amendment barred a suit for damages).

\(^{85}\) \textit{See, e.g., Jacobs Wind Elec. Co. v. Florida Dep't of Transp., 919 F.2d 726, 727–28} (Fed. Cir. 1990) (holding that the state was immune from an infringement suit seeking declaratory relief, but that the plaintiff could submit a claims bill to the state legislature or initiate a judicial "takings" claim against the state pursuant to the Fifth and Fourteenth Amendments); Ciba-Geigy Corp. v. Alza Corp., 804 F. Supp. 614, 625–26 (D.N.J. 1992) (deciding that a state university was immune to a counterclaim seeking a declaratory judgment that a patent licensed by the university was invalid); Kersavage v. University of Tenn., 731 F. Supp. 1327, 1330 (E.D. Tenn. 1989) (holding a state university immune from paying monetary damages for patent infringement).

\(^{86}\) 893 F.2d 331 (Fed. Cir. 1990).

\(^{87}\) \textit{See id.} at 334. In \textit{Chew}, the plaintiff, a resident of Ohio, sued the State of California for monetary damages alleging infringement of his patent relating to a
court examined 35 U.S.C. § 27(a) and held that the term “whoever” did not comply with the Supreme Court’s Atascadero standard requiring “unmistakably clear” statutory language. The Federal Circuit further observed that the legislative history of the Patent Act was not sufficient to overcome the equivocal statutory language, regardless of the fact that patent infringement claims are under exclusive federal jurisdiction.

After the Federal Circuit’s decision in Chew and other cases dismissing patent actions against states under claims of Eleventh Amendment immunity, Congress realized that a dangerous loophole existed in the patent laws. Since the federal courts have exclusive jurisdiction over suits arising under the patent laws and the Federal Circuit had held that the states and their instrumentalities were immune from patent infringement suits in the federal courts, the states had virtually absolute immunity and could infringe patent rights without liability. Using the “unmistakably clear” standard established in Atascadero, Congress enacted the PRCA amendments to the patent laws to explicitly establish that states are subject to patent infringement suits in federal court. The new legislation

test that measured automobile exhaust emissions. See id. at 332. California moved to dismiss the suit under its Eleventh Amendment immunity. See id. The Federal Circuit assumed that Congress had the power to subject the states to patent infringement suits, explicitly refusing to address the issue of whether Congress had the authority under the Patent Clause to subject the states to patent infringement suits. See id. at 334.

See id. at 334-35 (“[T]he general term ‘whoever’ was not the unmistakable language of congressional intent necessary to abrogate Eleventh Amendment immunity.”). The court concluded that the relevant patent laws did not provide a statutory definition for the term “whoever,” and the statutory language made no mention of the states. See id.

See id. at 335. The court rejected the plaintiff’s argument that an exclusive federal remedy in which federal courts have exclusive jurisdiction was a basis to support abrogation. See id.

See supra notes 86-89 and accompanying text.

See supra note 85 and accompanying text.

The legislative history of the PRCA states that [a] public school such as UCLA can sue a private school such as USC for patent infringement, yet USC cannot sue UCLA for the same act ... State universities should not have an unjustified advantage in the commercial arena over private universities for funding because of the potential for immunity from patent infringement actions.


See id. at 7 (“To remedy the application of Atascadero to intellectual property laws, Senator DeConcini introduced [the PRCA] to explicitly establish that Congress did intend to subject States to patent infringement suits in Federal court.”).
defined the term “whoever” in section 271 to include the states, instrumentalities of the states, and any officer or employee of a state acting in his official capacity.94 Furthermore, by adding 35 U.S.C. § 296, Congress expressly stated that it was abrogating Eleventh Amendment immunity.95

Congress claimed its authority to enact the PRCA under the Commerce Clause, the Patent Clause, and section five of the Fourteenth Amendment.96 Relying on the Supreme Court’s still-valid decision in *Union Gas Co.*,97 Congress reiterated that the states, by ratifying the Constitution, granted Congress plenary authority to regulate interstate commerce and therefore had surrendered their sovereign immunity in that regard.98 Secondly, since Congress was granted exclusive authority over patents under the Patent Clause, Congress concluded that abrogation “logically falls within [its] power to protect patent holders.”99 In addition, noting that federal courts had previously concluded that patents are property, Congress asserted that the PRCA was an “acceptable method of enforcing the provisions of the [F]ourteenth Amendment,”100 which prohibits the government from depriving an individual of property without

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94 The statute provides:
As used in this section, the term “whoever” includes 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. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.

95 According to the statute:
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, shall not be immune, under the [E]leventh [A]mendment 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 infringement of a patent under section 271, or for any other violation under this title.

97 In *Pennsylvania v. Union Gas Co.*, 491 U.S. 1 (1989), Justice Brennan, writing for the majority, held that Congress had the authority, pursuant to the Commerce Clause, to render states liable for money damages in federal court under CERCLA. The Court later overruled this decision in *Seminole Tribe v. Florida*, 517 U.S. 44 (1996).
98 See S. REP. NO. 102–280, at 8.
99 Id.
100 Id.
due process of law. Soon after Congress enacted the PRCA, the Federal Circuit held that the PRCA validly abrogated state sovereign immunity from suits under the patent laws.\textsuperscript{101}

In its decision, announced on June 23, 1999, a five-justice majority of the Supreme Court held that, by enacting sections 271(h) and 296, Congress overstepped its Constitutional authority and therefore invalidly abrogated the states' immunity in patent cases.\textsuperscript{102} This case formed part of a trio of narrowly decided Supreme Court decisions, rendered on the same day, amplifying the sovereign immunity of states from federal laws.\textsuperscript{103}

III. \textit{Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank}

A. Facts

College Savings Bank (CSB) is a New Jersey-chartered savings bank located in Princeton, New Jersey.\textsuperscript{104} In January 1988, CSB was granted a patent for CollegeSure, a tuition pre-payment program administered according to a patented computerized method\textsuperscript{105} designed to ensure a return adequate to

\textsuperscript{101} See Genentech, Inc. v. Eli Lilly & Co., 998 F.2d 931, 939–49 (Fed. Cir. 1993) (analyzing the PRCA and holding that a state university was not immune from patent suit in federal court).


\textsuperscript{103} See College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 686 (1999) (representing the companion case to Florida Prepaid, in which the Court, by a vote of 5-4, expressly overruled the \textit{Parden} constructive waiver doctrine, and held that Florida's sovereign immunity was neither validly abrogated by the Trademark Remedy Clarification Act, nor voluntarily waived by the state's activities in interstate commerce); Alden v. Maine, 527 U.S. 706 (1999) (holding, by a vote of 5-4 that, without its consent, the State of Maine was immune to suit in state court, in an action alleging a violation of the provisions of the Fair Labor Standards Act).


\textsuperscript{105} See U.S. Patent No. 4,722,055 (issued Jan. 26, 1988). The patent, entitled “Methods and Apparatus for Funding Liability of Uncertain Costs,” discloses a method for establishing an investment program that provides investors a future return sufficient to pay the expenses for the college education of a beneficiary in return for a present investment, which is determined on the basis of current college tuition data and projections of the rate of increase of college costs. \textit{See College Sav. Bank}, 948 F. Supp. at 401 n.1.
satisfy college education expenses. In September 1988, Florida Prepaid Postsecondary Education Expense Board ("Florida Prepaid"), an arm of the Florida state government, began administering an investment program aimed at aiding individuals in funding the cost of attending public colleges and universities in Florida. CSB sued Florida Prepaid under the PRCA in the United States District Court for the District of New Jersey in November 1994, alleging infringement under the PRCA.

While the lawsuits were pending, the United States Supreme Court handed down its decision in Seminole Tribe. In light of that decision, Florida Prepaid moved to dismiss CSB's suits on sovereign immunity grounds. Florida Prepaid argued that the PRCA was an unconstitutional attempt by Congress to abrogate state immunity pursuant to Congress's Article I powers under the Patent Clause. Florida Prepaid also argued that the PRCA did not constitute appropriate legislation pursuant to section five of the Fourteenth Amendment because it was not aimed at remedying the types of actions prohibited by the Amendment. The United States government intervened to defend the constitutionality of the PRCA. The district court denied Florida Prepaid's motion to dismiss the patent infringement claim, concluding that Congress had unambiguously abrogated the states' immunity in the PRCA, and that the PRCA constituted "appropriate legislation" under section five of the Fourteenth Amendment.

106 See id. at 401.
107 See id.
108 CSB later brought a second suit in the same court alleging that Florida Prepaid violated Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1994), through alleged misstatements about Florida's own programs in its brochures and annual reports.
109 517 U.S. 44 (1996); see supra notes 60–68 and accompanying text (discussing the Seminole Tribe decision).
111 See id.
112 See id.
113 See id.
114 See id. at 426. In the cause of action alleging a violation of the Lanham Act, the district court held that the Trademark Remedy Clarification Act (TRCA), 15 U.S.C. 1122(a)–(b) (1994), which like the PRCA, provided that no state or state instrumentality was immune from suit under the Eleventh Amendment, was an unconstitutional attempt to abrogate the states' sovereign immunity under the Eleventh Amendment. See College Sav. Bank, 948 F. Supp. at 427–28. The district
On appeal, the Federal Circuit affirmed the district court's decision,\textsuperscript{115} holding that Congress, by enacting the PRCA, clearly expressed an intent to abrogate state immunity in suits under the patent laws, and had done so pursuant to its section five authority to enforce the substantive provisions of the Fourteenth Amendment.\textsuperscript{116} The Federal Circuit rejected Florida Prepaid's argument that the goal of the statute, to prevent states from infringing patents and subsequently asserting the defense of sovereign immunity when sued for infringement, was not a legitimate objective under the Fourteenth Amendment.\textsuperscript{117} Florida Prepaid sought review by the U.S. Supreme Court, arguing that subjecting states to patent infringement suits "contravenes fundamental tenets of federalism and imposes unconstitutional burdens on the states that should not be permitted without review by this Court."\textsuperscript{118} Furthermore, Florida Prepaid contended that since patent rights were created in Article I of the Constitution, Congress could not rely on the Fourteenth Amendment to enforce those rights against the states.\textsuperscript{119} The Supreme Court granted certiorari.\textsuperscript{120}

\textbf{B. Holding and Rationale}

The Supreme Court, in an opinion delivered by Chief Justice William H. Rehnquist, reversed the judgment of the Federal Circuit.\textsuperscript{121} As a threshold issue, the Court rejected CSB's argument that Florida Prepaid had impliedly waived its sovereign immunity.\textsuperscript{122} The Court noted that the \textit{Parden...
doctrine of constructive waiver\textsuperscript{123} had been expressly overruled in the companion Supreme Court decision in \textit{College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board}.\textsuperscript{124}

Applying the \textit{Seminole Tribe} two-prong test to determine whether Congress had validly abrogated the states' sovereign immunity,\textsuperscript{125} the Court concluded that in enacting the PRCA, Congress made its intention to abrogate the states' sovereign immunity "unmistakably clear in the language of the statute."\textsuperscript{126} The Court held, however, that Congress, in abrogating the states' Eleventh Amendment immunity, had not validly acted under a constitutional grant of power. Although in \textit{Seminole Tribe}, the narrow issue was whether Congress could abrogate the states' sovereign immunity under the Indian Commerce Clause of Article I, here, the Court expanded the \textit{Seminole Tribe} ruling and stated that "Congress may not abrogate state sovereign immunity pursuant to its Article I powers."\textsuperscript{127} Extending its holding in \textit{Seminole Tribe}, the Court concluded that in seeking to abrogate Eleventh Amendment immunity, Congress could not use its powers under either the Interstate Commerce Clause or the Patent Clause to enact the PRCA.\textsuperscript{128}

\textsuperscript{123} See \textit{Parden v. Terminal Ry.}, 377 U.S. 184 (1964), \textit{overruled by College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.}, 527 U.S. 666 (1999); see also supra notes 36--39 and accompanying text (discussing the \textit{Parden} doctrine of constructive waiver).

\textsuperscript{124} 527 U.S. 666 (1999). The \textit{College Savings Bank} decision resulted from CSB's appeal from the dismissal of its suit alleging that Florida Prepaid had violated the Lanham Act through alleged misstatements about Florida's own programs in its brochures and annual reports. In \textit{College Savings Bank}, the Supreme Court stated that "the constructive-waiver experiment of \textit{Parden} was ill conceived, and [we] see no merit in attempting to salvage any remnant of it . . . [and] [w]hatever may remain of our decision in \textit{Parden} is expressly overruled." Id. at 680.

\textsuperscript{125} See supra note 68 and accompanying text (discussing the \textit{Seminole Tribe} two-prong test).

\textsuperscript{126} See \textit{id}.
As it did in *Seminole Tribe*, the Court reaffirmed that "Congress retains the authority to abrogate state sovereign immunity pursuant to the Fourteenth Amendment."\(^{129}\) The Court determined that patents may be considered a form of property within the meaning of the Due Process Clause of the Fourteenth Amendment.\(^{130}\) While recognizing that "appropriate" legislation pursuant to section five of the Fourteenth Amendment could be enacted to abrogate the states' sovereign immunity, the Court stated that "the legislation must nonetheless be 'appropriate' under [section five] as that term was construed in *City of Boerne.*"\(^{131}\) "[F]or Congress to invoke [section] 5, it must identify conduct transgressing the Fourteenth Amendment's substantive provisions, and must tailor its legislative scheme to remedying or preventing such conduct."\(^{132}\) The Court concluded that the PRCA's abrogation of the states' sovereign immunity could not be sustained as "appropriate" legislation enacted to enforce the Due Process Clause of the Fourteenth Amendment.\(^{133}\)

In analyzing the legislative history of the PRCA, the Court found that the underlying conduct that gave rise to its enactment was "state infringement of patents and the use of sovereign immunity to deny patent owners compensation for the invasion of their patent rights."\(^{134}\) The Court found, however, that Congress, in enacting the PRCA, "identified no pattern of patent infringement by the States, let alone a pattern of constitutional violations."\(^{135}\) It observed that "[t]he legislative record . . . suggests that the [PRCA] does not respond to a history of 'widespread and persisting' deprivation of constitutional rights' of the sort Congress has faced in enacting proper prophylactic [section five] legislation."\(^{136}\) The Court was particularly

\(^{129}\) Id. at 637.
\(^{130}\) See id. at 642.
\(^{131}\) Id. at 637. For a discussion of the *City of the Boerne* decision, see supra notes 69–78 and accompanying text.
\(^{132}\) Id. at 639.
\(^{133}\) See id. at 646–47.
\(^{134}\) Id. at 640.
\(^{135}\) Id.
\(^{136}\) Id. at 645 (quoting *City of Boerne v. Flores*, 521 U.S. 507, 526 (1997)) (emphasis added). The Court further contended that "Congress appears to have enacted this legislation in response to a handful of instances of state patent infringement that do not necessarily violate the Constitution." Id. at 645–46. The Court also noted that "the [legislative] record at best offers scant support for
unimpressed with the Federal Circuit's finding of "only eight patent-infringement suits prosecuted against the states in the 110 years between 1880 and 1990."\(^{137}\) In addition, the Court found that testimony before the House Subcommittee in favor of the bill which became the PRCA acknowledged that the states are capable of respecting patent rights.\(^{138}\) Moreover, the Court found that the Senate Report accompanying the bill contained no evidence that unremedied patent infringement by the states had become a national problem.\(^{139}\)

Besides noting the lack of legislative history supporting the need for prophylactic legislation, the Court stated that under the "clear import" of its precedent,

[a] State's infringement of a patent, though interfering with a patent owner's right to exclude others, does not by itself violate the Constitution. Instead, 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 result.\(^{140}\)

The Court, therefore, chided Congress for barely considering the availability of alternative state remedies for patent infringement.\(^{141}\) Furthermore, the Court stated that the limited amount of testimony regarding the availability of state remedies did not prove that "state remedies were constitutionally

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\(^{137}\) Id. at 640. The Federal Circuit acknowledged that the legislative record of the PRCA did not "contain[] indications that the extent of previous patent infringement by states had... risen to emergency level." College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 148 F.3d 1343, 1353 (Fed. Cir. 1998), rev'd, 527 U.S. 627 (1999). The Federal Circuit, however, found that the legislative history does reflect a recognition that "as commercialization of basic research continues, particularly in the biotechnology field, state universities are becoming increasingly more active in the commerce of intellectual property, and, naturally, an increase in the number of patent suits against the States likely will ensue." Id. at 1354. (citations omitted). The Supreme Court, apparently concentrating instead on the limited number of actual infringement suits prosecuted against states up until enactment of the PRCA, dismissed as speculative, the testimony before Congress that patent infringement by the states would increase in the future. See Florida Prepaid, 527 U.S. at 641.

\(^{138}\) See Florida Prepaid, 527 U.S. at 640.

\(^{139}\) See id. at 641.

\(^{140}\) Id. at 643 (citing Parratt v. Taylor, 451 U.S. 527 (1981); Hudson v. Palmer, 468 U.S. 517 (1984)).

\(^{141}\) See id. at 644.
inadequate, but rather that they were less convenient than federal remedies, and might undermine the uniformity of patent law.\textsuperscript{142}

Thus, the Court found that the primary motive behind Congress's enactment of the PRCA was to maintain a uniform remedy for patent infringement and promote uniformity in the application of the patent laws.\textsuperscript{143} The Court observed that such concerns were proper under the Patent Clause of Article I, but, following \textit{Seminole Tribe}, Congress could not use its Article I powers to justify and support abrogation of the states' Eleventh Amendment immunity.\textsuperscript{144}

Lastly, the Court concluded that the PRCA was not limited to remedying or preventing unconstitutional state action.\textsuperscript{145} The Court noted 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."\textsuperscript{146} Noting that patent infringement may be inadvertent, unintentional and without knowledge of the patent,\textsuperscript{147} the Court observed that the PRCA did not focus on instances of intentional or reckless infringement, but rather, subjected a state to suit for negligent or unintentional infringement as well.\textsuperscript{148} The Court therefore concluded that the PRCA was not focused on due process violations.\textsuperscript{149} Furthermore, the Court criticized Congress for not confining the reach of the PRCA to instances of non-negligent infringement, or to states with a high incidence of infringement that provide questionable remedies.\textsuperscript{150} The Court

\textsuperscript{142} \textit{Id.} The Court noted that "the State of Florida provides remedies to patent owners for alleged infringement on the part of the State . . . [through either] a legislative remedy [of] a claims bill . . . or a judicial remedy through a takings or conversion claim." \textit{Id.} at n.9. For a discussion regarding the importance of uniform patent laws and remedies, and a criticism of the Court's dismissal of uniformity as a valid due process concern, see infra notes 221–23 and accompanying text.

\textsuperscript{143} See \textit{Florida Prepaid}, 527 U.S. at 644–45.

\textsuperscript{144} See \textit{id.} at 648.

\textsuperscript{145} See \textit{id.} at 646–47.

\textsuperscript{146} See \textit{id.} at 645 (citing Daniels v. Williams, 474 U.S. 327, 328 (1986)).

\textsuperscript{147} See \textit{supra} note 15 and accompanying text. Knowledge and intent are relevant only in determining contributory infringement and the measure of damages. See \textit{Trell} v. \textit{Marlee Electronics Corp.}, 912 F.2d 1443 (Fed. Cir. 1990) (contributory infringement); \textit{State Industries, Inc. v. A.O. Smith Corp.}, 751 F.2d 1226 (Fed. Cir. 1985) (damages).

\textsuperscript{148} See \textit{Florida Prepaid}, 527 U.S. at 645.

\textsuperscript{149} See \textit{id.}

\textsuperscript{150} See \textit{id.} at 647.
concluded that "[i]n sum, it simply cannot be said that 'many of [the acts of infringement] affected by the congressional enactment have a significant likelihood of being unconstitutional.' "151 Accordingly, the Court struck down the PRCA, holding that it was not "appropriate" legislation to enforce the substantive provisions of the Fourteenth Amendment.152 Justices O'Connor, Scalia, Kennedy, and Thomas joined the Court's opinion.

C. The Dissent

The dissenting opinion, written by Justice Stevens, argued that "[g]iven the absence of effective state remedies for patent infringement by States and the statutory pre-emption of such state remedies, [the PRCA] was an appropriate exercise of Congress'[s] power under [section five] of the Fourteenth Amendment to prevent state deprivations of property without due process of law."153 The dissent noted the strong federal interest in the uniform interpretation of the patent laws, and criticized the Court for relegating this valid concern as a mere factor that belongs to the Article I Patent Clause calculus.154 The dissent likewise supported Congress's decision "to abrogate state sovereign immunity in patent infringement cases in order

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151 Id. (quoting City of Boerne v. Flores, 521 U.S. 507, 532 (1996) (alteration in original)).
152 See id. at 647–48. Thus, the Supreme Court reversed the decision of the Federal Circuit and remanded the case back to the Federal Circuit for further proceedings. See id. at 648. On remand, the Federal Circuit stated: "We are unaware of any ground upon which College Savings Bank's patent infringement could proceed, in light of the Supreme Court decision in this case." College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 1999 U.S. LEXIS 20006, at *1 (Fed. Cir. Aug. 2, 1999). The Federal Circuit remanded the case to the district court "to determine if any such ground exists: and, 'if not, ... to dismiss the patent infringement claim.' " Id. at *1–2.
153 Florida Prepaid, 527 U.S. at 649 (Stevens, J., dissenting). While the majority referred to possible state remedies, the dissent stressed the lack of effective alternative state remedies. In regards to preemption, the dissent suggested that section 1338, which grants federal courts exclusive jurisdiction over patent infringement actions, might preempt state remedies. See id. at 649, 658 n.10. See infra notes 201–10 and accompanying text (discussing federal preemption of state remedies for patent infringement).
154 See Florida Prepaid, 527 U.S. at 652. The dissent noted that the need for national uniformity in interpreting patent law led Congress to vest exclusive jurisdiction over patent cases in the federal courts and vest exclusive jurisdiction over appeals from patent cases in the Court of Appeals for the Federal Circuit. See id.
to close a potential loophole in the uniform [patent law] scheme, which, if undermined, would necessarily decrease the efficacy of the process afforded to patent holders."\(^{155}\)

The dissent criticized the Court's suggestion that a state's infringement of a patent does not necessarily amount to a deprivation within the meaning of the Due Process Clause because infringement may occur through mere negligent conduct.\(^{156}\) The dissent voiced its skepticism over whether the standard for due process "deprivations" announced in *Daniels v. Williams*\(^ {157}\) applies to deprivations of patent rights.\(^ {158}\) In any event, as the dissent observed, CSB alleged that Florida Prepaid's infringement was willful, and since most patent infringers are put on notice that their conduct may be actionable, infringement actions based on mere negligence rarely occur.\(^ {159}\)

The dissent further contended that Congress heard testimony and considered prior case law concerning inadequate state remedies for patent infringement when Congress considered the PRCA, including *Chew v. California*.\(^ {160}\) Moreover, the dissent found that since 1992, there have been numerous patent suits involving states and their instrumentalities, especially state universities.\(^ {161}\) In addition,

\(^{155}\) Id.

\(^{156}\) See id. at 653.

\(^{157}\) 474 U.S. 327 (1986). In *Daniels*, an inmate in a Virginia jail brought an action in federal district court under 42 U.S.C. § 1983 seeking to recover damages for injuries allegedly sustained when he slipped on a pillow negligently left on a stairway by the sheriff's deputy. The Court stated that, historically, a "deprivation" of property within the meaning of the Due Process Clause "has been applied to deliberate decisions of government officials to deprive a person of life, liberty, or property." Id. at 331.

\(^{158}\) See *Florida Prepaid*, 527 U.S. at 653.

\(^{159}\) See *Florida Prepaid*, 527 U.S. at 654 n.5.

\(^{160}\) See id. at 655. For a discussion of the *Chew* case and of the scope of patent law regarding infringement suits against the states prior to the enactment of the PRCA, see supra notes 85–92.

\(^{161}\) See *Florida Prepaid*, 527 U.S. at 656. Furthermore, the dissent noted that the states and their instrumentalities are heavily involved in the federal patent system; that more than 2,000 patents were issued to public and private universities; that license royalty earnings at United States universities totaled over $273 million in 1995, a 12% increase over the previous year; that the State of Florida has obtained over 200 United States patents since 1995; and that all 50 states own or have obtained patents. See id. at 656–57. The majority stressed the limited number of actual infringement suits prosecuted against states up until enactment of the PRCA, and dismissed as speculative the testimony before Congress that patent infringement by the states would increase in the future. See id. at 641. In hindsight, it is clear that Congress's concern regarding the increasing instances of patent suits
the dissent noted that since state court jurisdiction over patent infringement suits is preempted by federal law, Congress could reasonably assume, without reviewing the remedies available in each state, that any state remedies were nonexistent or inadequate.\(^\text{163}\)

Even if state remedies for patent infringement are theoretically available, the dissent opined that given the inexperience of state judges in hearing patent infringement actions and the fact that state court opinions in patent infringement cases would not be appealable to the Federal Circuit, “it would have been ‘appropriate’ for Congress to conclude that [state remedies] would not guarantee patentees due process in infringement actions against state defendants.”\(^\text{164}\)

The dissent criticized the majority’s insistence that Congress must find widespread and persisting deprivations of constitutional rights in order to enact legislation pursuant to section five of the Fourteenth Amendment as a threat to “read Congress’s power to pass prophylactic legislation out of [section five] altogether.”\(^\text{165}\) In the dissent’s view, “Congress had sufficient evidence of due process violations, whether actual or potential, to meet the requirement . . . expressed in City of Boerne that Congress can act under [section five] only to ‘remedy or prevent unconstitutional actions.’ ”\(^\text{166}\)

The dissent found a precise congruence between the “ends” of eliminating the risk that the defense of sovereign immunity will deprive patentees of property without due process of law and the “means” of abrogating state sovereign immunity in patent suits.\(^\text{167}\)

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162 See 28 U.S.C. § 1338(a) (1994) (“Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.”).

163 See Florida Prepaid, 527 U.S. at 658.

164 Id. at 659. The dissent observed that even if state courts were permitted to entertain infringement actions when a state is named as a defendant, it would be doubtful whether a state court could be required to hear such a case in light of the Court’s decision in Alden v. Maine, 527 U.S. 706 (1999), which held that Congress could not subject a state to suit in state court, without its consent, in an action alleging a violation of federal law. See infra notes 202–04 and accompanying text (discussing Alden and its application to the present case). Ironically, the Alden decision was announced the same day as Florida Prepaid.

165 Florida Prepaid, 527 U.S. at 660.

166 Id. (quoting City of Boerne v. Flores, 521 U.S. 507, 519 (1997)) (emphasis added).

167 See id. at 662. The dissent argued that if infringement by state actors is
dissent concluded, therefore, that the concerns that formed the basis for the Court's decision in *City of Boerne*\(^{168}\) were not implicated in this case.

Raising a constructive waiver argument, the dissent asserted that "a State like Florida that has invoked the benefits of the federal patent system should be deemed to have waived any defense of sovereign immunity in patent litigation."\(^{169}\) Lastly, the dissent voiced its continuing disagreement with the holding in *Seminole Tribe*,\(^ {170}\) stating that Congress was "fully justified in assuming that it had ample authority [under Article I] to abrogate sovereign immunity defenses to federal claims."\(^ {171}\) Justices Souter, Ginsburg, and Breyer joined the dissenting opinion.

**D. Analysis**

It is submitted that Congress must have broad power to protect the intellectual property rights of patent owners and to enforce valid patent rights. This congressional power is necessary to further a significant public policy objective and to foster and promote the development of technology. It is asserted that congressional power must include the authority to abrogate state sovereign immunity\(^ {172}\) in lawsuits brought under the

\(168\) City of Boerne v. Flores, 521 U.S. 507 (1996) (altering *Seminole Tribe*’s two-prong test for determining whether Congress enacted “appropriate” legislation pursuant to section five of the Fourteenth Amendment). The Court stated that there must be “congruence” and “proportionality” between the legislation and the injury it is designed to remedy. *Id.* at 520.

\(169\) See *Florida Prepaid*, 527 U.S. at 664 n.16.


\(171\) *Florida Prepaid*, 527 U.S. at 665. The dissent further stated that “[t]he full reach of [Seminole Tribe’s] dramatic expansion of the judge-made doctrine of sovereign immunity is unpredictable; its dimensions are defined only by the present majority’s perception of constitutional penumbras rather than constitutional text.” *Id.*

\(172\) This of course assumes the existence of state sovereign immunity, broadly conceived. The broad conception of “sovereign immunity” has sparked significant dissenting opinions in landmark court decisions. See, e.g., *Seminole Tribe*, 517 U.S. at 101–185 (Souter, J., dissenting) (utilizing an intent-of-the-Framers argument that states never enjoyed sovereign immunity in federal courts); *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 286–89 (1985) (Brennan, J., dissenting) (arguing that state immunity should not apply in federal court for federal causes of action).
patent laws, and that the PRCA was a valid exercise by Congress to abrogate the states' Eleventh Amendment immunity. This Comment presents four bases upon which the PRCA was a valid exercise of congressional power. The states' involvement in intellectual property disputes poses an increasing problem as states and their instrumentalities become increasingly more active in the commerce of intellectual property. Therefore, the Court's holding in Florida Prepaid significantly diminishes Congress's ability to provide needed remedies against the states for aggrieved intellectual property owners.

1. The PRCA—A Valid Exercise of Congressional Authority

It is submitted that Congress acted constitutionally when it passed the PRCA, seeking to abrogate state sovereign immunity in patent infringement claims. As the Supreme Court in Florida Prepaid found, section 296 of the PRCA satisfied the first prong of the Seminole Tribe test by expressly manifesting Congress's intent to abrogate state immunity in "unmistakably clear" language in the statute. Therefore, this Comment focuses primarily upon the second prong of the Seminole Tribe test: Whether Congress acted under a valid exercise of power.

In Fitzpatrick, the Court stated that when Congress uses its section five enforcement power, it exercises its authority under one section of the Fourteenth Amendment, whose other sections function as limitations on state authority. In order to determine whether Congress enacted section 296 pursuant to its enforcement power under the Fourteenth Amendment, it is necessary to examine the legislative history of the enactment.

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173 See 35 U.S.C. § 296(a) (1994) ("[A] State . . . 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.").
174 See Florida Prepaid, 527 U.S. at 635 (citation omitted).
175 See Seminole Tribe, 517 U.S. at 57-58 ("[W]e turn now to consider whether the Act was passed 'pursuant to a valid exercise of power.' ") (quoting Green v. Mansour, 474 U.S. 64, 68 (1985)).
176 See Fitzpatrick v. Bitzer, 427 U.S. 445, 456 (1976). In Seminole Tribe, the Court, reaffirmed that principle by stating that since the Fourteenth Amendment explicitly places limitations on the states, Congress's authority under the Fourteenth Amendment to abrogate Eleventh Amendment immunity is undisputed. See Seminole Tribe, 517 U.S. at 71-72 n.15.
177 See, e.g., City of Boerne v. Flores, 521 U.S. 507, 529-36 (1997). While contrasting RFRA and the Voting Rights Act, the Court stated, "RFRA's legislative record lacks examples of modern instances of generally applicable laws passed because of religious bigotry." Id. at 530.
The Senate report states that section 296 should be characterized as an exercise of Congress's Fourteenth Amendment enforcement authority. The United States Supreme Court, in *City of Boerne*, reiterated that section five "is 'a positive grant of legislative power' to Congress." The Court further stated that section five gives Congress broad discretion to determine "whether and what legislation is needed to secure the guarantees of the Fourteenth Amendment," and that Congress's judgment in this area "[is] entitled to much deference." Moreover, the Court has repeatedly recognized that "legislation which deters or remedies constitutional violations can fall within the sweep of Congress'[s] enforcement power even if in the process it prohibits conduct which is not itself unconstitutional and intrudes into legislative spheres of autonomy previously reserved to the States.' Therefore, Congress may validly abrogate the states' sovereign immunity from patent suits in federal court, so long as such abrogation is deemed "appropriate" legislation to enforce the substantive provisions of the Fourteenth Amendment. And this would be true even if not every instance of patent infringement by a state or its instrumentalities would constitute a violation of the Fourteenth Amendment. Accordingly, this Comment presents several theories to support the constitutional viability of the PRCA as a valid exercise of congressional power to abrogate state sovereign immunity and thereby enforce the provisions of the Fourteenth Amendment.

2. Procedural Due Process

It is well settled that the rights secured by a patent are property no different from other forms of property. The grant

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179 *City of Boerne*, 521 U.S. at 517 (quoting Katzenbach v. Morgan, 384 U.S. 641, 651 (1966)).

180 *City of Boerne*, 521 U.S. at 536.

181 *Lopez v. Monterey County*, 525 U.S. 266, 282–83 (1999) (emphasis added) (quoting *City of Boerne*, 521 U.S. at 518); cf. *City of Rome v. United States*, 446 U.S. 156, 177 (1980) ("It is clear . . . that under § 2 of the Fifteenth Amendment Congress may prohibit practices that in and of themselves do not violate § 1 of the Amendment, so long as the prohibitions attacking racial discrimination in voting are 'appropriate.' ");

182 See *Machine Co. v. Murphy*, 97 U.S. 120, 121 (1877) ("Rights secured to an
of the patent allows its owner to exclude others, including a state, from making, using, or selling an invention described and claimed in the patent for a certain period of time, or practicing the inventions described and claimed in the patent. Accordingly, patent owners are entitled to protection against deprivations without due process of law and therefore, Congress is authorized to act under its Enforcement Clause powers to secure that protection.

The Supreme Court nonetheless stated that the PRCA was not "appropriate" legislation to enforce the Fourteenth Amendment. The Court found that the "historical record and the scope of coverage... [made] it clear that the [PRCA could not] be sustained under § 5 of the Fourteenth Amendment." Prior to the Supreme Court's decision, the Federal Circuit noted significant instances of alleged patent infringement by states or state entities. Moreover, Congress expressly stated its concern that in light of the Federal Circuit's decision in Chew, no remedy was available for patent owners to obtain compensation for a state's unlicensed use of patent property. Prior to enacting the PRCA, Congress "review[ed] some of the decided cases to get a picture of the extent to which arms of the States are involved in commercial activity involving patented technology." Recent history shows that Congress was correct

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183 Cf. Goldstein v. California, 412 U.S. 546, 560 (1973) ("When Congress grants an exclusive right or monopoly, its effects are pervasive; no citizen or State may escape its reach.") (analyzing the Copyright Clause of the Federal Constitution).
185 See id.; see also Bloomer v. McQuewan, 55 U.S. 539 (1852). Cf. Kaiser Aetna v. United States, 444 U.S. 164, 176 (1979) (stating that the right to exclude from real property is among the "most essential sticks in this bundle of rights that are commonly characterized as property").
187 Id. at 647.
189 According to Congress, [t]he [Chew] court found that the patent statute used only the general term of "whoever" when stating what parties were subject to suit for patent infringement... By permitting the sovereign immunity defense to deny Chew recovery, the plaintiff was literally left without any recourse.
in forecasting that state involvement in the area of patent law would increase.\textsuperscript{191} Congress heard testimony that state entities seeking an advantage in the lucrative market of intellectual property might be tempted by sovereign immunity to infringe patent rights.\textsuperscript{192}

The Supreme Court criticized the legislative record, as failing to support a finding that state infringement had become a problem of "national import."\textsuperscript{193} The Court's criticism is especially ironic in light of the fact that on the very next day after its \textit{Florida Prepaid} decision was handed down, the Supreme Court vacated a Federal Circuit judgment involving a patent suit against a state entity\textsuperscript{194} and remanded the case for further consideration in light of its decision in \textit{College Savings Bank v. Florida Prepaid Postsecondary Education Expense Bank on Courts, Intellectual Property, and the Admin. of Justice of the House Comm. on the Judiciary, 101st Cong., at 30 (1990). [hereinafter Patent Remedy Clarification Act] The hearings reflect an expectation of increasing state involvement in patent litigation:

[T]he cases where sovereign immunity could be a defense are very likely to grow in number. State universities are joining the rush to commercialize the results of basic science in ever-growing numbers. This trend is especially apparent in the biotechnology industry, and to a lesser extent in fields such as material science and computer software. As the universities do so, they move further and further into the commercial realm, making it more likely that they will be involved in an increasing amount of patent litigation.\textsuperscript{195}

\textit{Id.} at 36-37.

\textsuperscript{191} See, e.g., Genentech, Inc. v. Regents of the Univ. of Cal., 143 F.3d 1446, 1454 n.6 (Fed. Cir. 1998), \textit{vacated and remanded by} 527 U.S. 1031 (1999) (noting that in 1994, the University of California was receiving over $50 million in royalties, and filed over 380 patent applications); Rebecca S. Eisenberg, \textit{Public Research and Private Development: Patents and Technology Transfer in Government-Sponsored Research}, 82 VA. L. REV. 1663 (1996) (noting that universities are obtaining an increasing number of patents); Tammy L. Lewis & Lisa A. Vincler, \textit{Storming the Ivory Tower: The Competing Interests of the Public's Right to Know and Protecting the Integrity of University Research}, 20 J.C. & U.L. 417, 429-30 n.59 (1994) ("In total, American universities were issued 1,346 patents in 1991, an increase of 117% from the 619 issued in 1986.").

\textsuperscript{192} See Patent Remedy Clarification Act, supra note 190, at 57 ("Our fear is that if current legal immunity continues, states will begin to disregard, perhaps carelessly, patent rights, and perhaps in time to knowingly infringe patent rights.") (statement of William S. Thompson, President of the American Intellectual Property Law Association).

\textsuperscript{193} See \textit{Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank}, 527 U.S. 627, 641 (1999). The Court contended that, "at most, Congress heard testimony that patent infringement by States might increase in the future . . . and acted to head off this speculative harm." \textit{Id.}

In any event, this judicial criticism departs sharply from the Court’s jurisprudence according Congressional determinations “much deference.”

The Court’s criticism of the congressional record is significant because it substantially narrows Congress’s legitimate authority under section five to enforce the substantive provisions of the Fourteenth Amendment. In effect, the Court has instructed Congress to wait until patent infringement by state entities reaches emergency levels before intervening through legislation. Logic and precedent, however, dictate that Congress should not be forced to sit idly while deprivations of patent holders’ property rights reach the widespread magnitude of racial discrimination in the 1960s. One of the main purposes of the Enforcement Clause legislation is deterring constitutional violations. Congress must be authorized to enact legislation to ensure that constitutional violations do not occur or continue to occur. Accordingly, legislation pursuant to section five of the Fourteenth Amendment can be prospective, and Congress was entitled to conclude that “appropriate” legislation was necessary to protect federal patent property rights—even absent evidence of egregious and widespread patent infringement by state entities in the past.

The Court emphasized that the deprivation of a constitutionally protected interest by a state entity violates the Constitution only when such deprivation occurs without due process of law. Accordingly, as the Court observed, patent

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195 See id. at 1031. Relying on the doctrine of constructive waiver, the Federal Circuit held that the University had consented to suit in federal court and waived its immunity as an arm of the state. In College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board, 527 U.S. 666, 680 (1999), the Supreme Court expressly overruled the constructive waiver doctrine. For a further discussion of the Genentech litigation, see infra note 313.


197 See City of Boerne, 521 U.S. at 518 (“Legislation which deters or remedies constitutional violations can fall within the sweep of Congress[’s] enforcement power[s] . . . .”) (emphasis added).

198 See Florida Prepaid, 527 U.S. at 643 (citing Zinermon v. Burch, 494 U.S. 113, 125 (1990)).
infringement is not unconstitutional per se. The Court, therefore, faulted Congress for failing to consider possible alternative state remedies. A threshold issue, which the dissent keenly noted, concerns the unambiguous language of 28 U.S.C. § 1338, which grants federal district courts exclusive subject matter jurisdiction over patent infringement suits. Since federal courts have exclusive subject matter jurisdiction over patent disputes, Congress could legitimately conclude that state remedies for patent infringement were either non-existent or preempted by section 1338. The Court's decision does not address the issue of subject matter jurisdiction. The decision, however, by legitimizing state alternative remedies such as a taking claim, seems to suggest that as long as the state remedy is not called an "infringement" action, it is not preempted by section 1338. Whether a majority of the Supreme Court would hold that preemption of state alternative remedies turns on the mere form of the action is unclear. But since substance overrides form, an infringement action clothed in a state-based "taking" claim is still an infringement action. Accordingly, a state-based taking claim involving a patent is preempted by the grant of exclusive jurisdiction to the federal courts over patent disputes.

The Court's insistence that patent holders seek alternative state remedies for patent infringement seems disingenuous in light of its decision in Alden v. Maine. In Alden, the Court held that without the State's consent to suit, the State of Maine was immune in a state court suit brought by state workers alleging a violation of the provisions of the Fair Labor Standards Act (FLSA). Alden therefore casts doubt on whether state courts may entertain actions against the states for alleged "taking" of federally granted property. Relying on Alden, a state

199 See id. ("[U]nder the plain terms of the [Due Process] Clause and the clear import of our precedent, a State's infringement of a patent, though interfering with a patent owner's right to exclude others, does not by itself violate the Constitution.").
200 See id.
201 See id. at 646 n.10; see also College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 148 F.3d 1343, 1350 n.2 (Fed. Cir. 1998) rev'd 527 U.S. 627 (1999) (noting that "[t]he Supreme Court has not indicated whether a takings claim based on patent infringement is cognizable in state courts in light of the fact that Congress has declared [in 28 U.S.C. § 1338(a)] that claims arising under federal patent law are within the exclusive province of the federal courts").
203 See id. at 712.
entity may assert its Eleventh Amendment immunity in state court as a defense to an action enforcing federal patent rights.\textsuperscript{204} The Court's decision in \textit{Bonito Boats v. Thunder Craft Boats, Inc.}\textsuperscript{205} is especially relevant to Congress's legitimate concern that state courts are preempted from hearing claims that, in substance, are patent infringement claims. In \textit{Bonito Boats}, the Court invalidated a Florida statute that offered patent-like rights for ideas that are not patentable under the federal patent scheme.\textsuperscript{206} Arguably, the \textit{Bonito Boats} decision might be distinguished because there was no actual federal patent at issue and the state statute had the effect of granting pseudo-infringement actions to protect federal patent rights. As the \textit{Bonito Boats} Court stated, however, the underlying rationale for its holding was not the limited concern that a state might grant patent rights, but rather, that "our past decisions have made clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws."\textsuperscript{207} Every infringement action implicates the tension between the opposing policy considerations of patent-monopoly and free-market competition, and shifts the balance struck by Congress in the patent laws one way or the other.\textsuperscript{208}

\textsuperscript{204} The \textit{Alden} decision does not completely shut the door on aggrieved state workers because, as the Court noted, the United States may prosecute the litigation on behalf of the plaintiffs. See \textit{id.} at 755. In contrast, no such statutory authorization exists for the federal government to prosecute on behalf of an aggrieved patentee. Accordingly, an extension of \textit{Alden} to takings or infringement claims against the states in state court would leave patentees with a "right without [any] remedy," \textit{Parden}, 377 U.S. at 190 (holding that a state operating a common carrier railroad in interstate commerce constituted a waiver of sovereign immunity).

\textsuperscript{205} 489 U.S. 141 (1989).

\textsuperscript{206} See \textit{id.} at 168 (citations omitted) (holding that the Florida statute is preempted by the Supremacy Clause because it conflicts with a "strong federal policy favoring free competition in ideas which do not merit patent protection"). In \textit{Bonito Boats}, the petitioner, who did not obtain federal patent protection for its commercially successful hull design, sought damages, injunctive relief, accounting of profits, and attorney fees against a Tennessee corporation for allegedly duplicating its hull design by the method of reverse-engineering. See \textit{id.} at 144–45.

\textsuperscript{207} \textit{Id.} at 152 (emphasis added); see also Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 808–09 (1988) (stating that federal court jurisdiction extends to cases in which "federal [patent] law creates the cause of action or that the plaintiff's right of relief necessarily depends on resolution of a substantial question of federal [patent] law") (citation omitted).

\textsuperscript{208} See \textit{supra} notes 7–10 and accompanying text (discussing the balance in the patent laws between monopolies and free market competition).
Accordingly, patent infringement suits, like the actual grant of a patent, raise significant public policy issues involving the regulation of intellectual property and likewise, implicates "the [delicate] balance struck by Congress in our patent laws."\textsuperscript{209} Thus, the \textit{Bonito Boats} decision supports the contention that state courts lack subject matter jurisdiction over "taking" claims involving infringement of federally-granted patents.\textsuperscript{210}

In any event, contrary to the Court's decision, Congress did consider the questionable adequacy of state remedies.\textsuperscript{211} Congress also considered, and apparently rejected, cumbersome general tort claims that could conceivably be brought against a state.\textsuperscript{212} Congress also heard testimony from the President of the American Intellectual Property Law Association that only federal remedies for patent infringement are truly effective.\textsuperscript{213}

Moreover, Congress could reasonably conclude that state court forums would not adequately serve to guarantee patentees' due process rights in infringement actions against state defendants. It is widely agreed that patent cases are unusually complex and technically difficult.\textsuperscript{214} Over twenty-five years ago, Judge Friendly observed that patents "are quite beyond the

\textsuperscript{209} \textit{Bonito Boats}, 489 U.S. at 152.

\textsuperscript{210} A threshold issue that arises is whether the states are preempted from exercising their eminent domain powers in condemning or taking patent property. \textit{See infra Part III.D.3.}

\textsuperscript{211} According to Congress:

[\textit{R}equiring a potential plaintiff (patentee) to ascertain the validity of her claims under the differing substantive and procedural laws of the fifty states may well prove a very substantial disincentive to the commencement of such [infringement] suits. Moreover, it would vitiate a major goal of the federal intellectual property system: \textit{national uniformity}. In short these remedies are simply no substitute for patent infringement actions.]


\textsuperscript{212} Congress stated:

[\textit{A} patentee . . . would . . . have to draft her cause of action as a general tort claim—or perhaps one for restitution—to come within the [state] statute. This might be impossible, [or] at least difficult. . . . Consequently, relief under statutes such as these may not be a true alternative avenue of recovery.]

\textit{Id.} at 33.

\textsuperscript{213} \textit{See id.} at 47 (statement of William S. Thompson, President of the American Intellectual Property Law Association) ("In this case there is no balance, since there are no—or at least there are not very effective patent remedies at the State level. The only effective remedies exist in the Federal courts.").

\textsuperscript{214} \textit{See generally} HENRY J. FRIENDLY, FEDERAL JURISDICTION: A GENERAL VIEW 153 (1973).
ability of the usual judge to understand without the expenditure of an inordinate amount of educational effort by counsel and of attempted self-education by the judge, and in many instances, even with it."\textsuperscript{215} State judges have not had the experience with patent suits that federal judges have honed for close to 200 years.\textsuperscript{216} Indeed, Congress heard direct testimony relating to the unfamiliarity of state judges with patent cases.\textsuperscript{217} Therefore, Congress legitimately decided that consigning patent holders to the patchwork remedies of the states would place undue burdens upon the proper adjudication of patent cases. If, for example, a patent holder received an unfavorable judgment under some alternative state remedy, the patent holder might question the adequacy of the "process" accorded to him or her. Federal courts would then be called upon to decide whether the post-deprivation state remedy satisfied the requirements of "due process." Such a scenario would result in patent infringement claims being shuttled between the state and federal court system for years, while the sole reed of the patent holder's property rights is being snapped.\textsuperscript{218} Accordingly, Congress could reasonably conclude that a nationally uniform remedy for patent infringement was "appropriate" to protect valuable patent rights, rather than a piecemeal approach where Congress or the federal courts exempted from the PRCA those states that might provide "due process" through their state remedies.\textsuperscript{219}

\begin{enumerate}
\item \textsuperscript{215} \textit{Id.} at 157.
\item \textsuperscript{216} \textit{See} Bonito Boats v. Thunder Craft Boats, Inc., 489 U.S. 141, 162 (1989) ("Since the Patent Act of 1800, Congress has lodged exclusive jurisdiction of actions 'arising under' the patent laws in the federal courts, thus allowing for the development of a uniform body of law in resolving the constant tension between private right and public access.").
\item \textsuperscript{217} According to Congress:

\begin{quote}
State courts are ill-equipped to deal with patent law. They have no experience or jurisprudence to guide them. While, as a practical matter they may look to the decisions of the Federal Circuit, they are not bound to do so. It is problematical how conflicts between state applications of patent law and that of the Federal Circuit could be resolved.
\end{quote}

\item \textsuperscript{218} The right to exclude others in the United States from making, using, or selling the patented invention is the sole right conveyed by a patent. \textit{See supra} notes 4–6 and accompanying text. Furthermore, the Supreme Court has defined the right to exclude others from property as one of "the most essential sticks in the bundle of [property] rights." Dolan v. City of Tigard, 512 U.S. 374, 383–84 (1994).
\item \textsuperscript{219} \textit{Cf. Oregon v. Mitchell, 400 U.S. 112, 133–34} (1970) (upholding nationwide extension of the literacy test ban as a valid exercise of section five of the Fourteenth
The Florida Prepaid Court stressed that the primary motive behind Congress’s enactment of the PRCA was to enforce uniform remedies for patent infringement, which state remedies might not provide, and to promote uniformity in the application of the patent laws. It is undisputed that the need for uniformity is implicated in the Patent Clause of the United States Constitution. Uniformity in the application of the patent laws, however, directly affects patent holders’ property rights to exclude others from using, selling, or manufacturing the patented item, and the public right to use technology freely. In addition, unlike other forms of property, patents are granted by the federal government and therefore are “national” property. Accordingly, it is anomalous to suggest that a patent holder’s rights should vary from state to state. To ensure the value and efficacy of patent property rights, those rights must be valued equally in Florida as they are in New Jersey. Moreover, the lack of a uniform tribunal system might result in a scenario where vastly different judgments are imposed against a state entity versus a private entity both alleged to be infringing the same patent. Such results would lead to serious uncertainty in the value of a patent. Thus, the mandate in Article I for uniformity in the application of the patent laws is implicated in the PRCA only to the extent that it creates and defines the rights of a patent holder.

Amendment because Congress reasonably concluded that a national solution was necessary). “Whether to engage in a more particularized inquiry . . . was a choice for Congress to make.” Id. at 216 (Harlan, J., concurring in part and dissenting in part).

See Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 644 (1999) (stating that the primary point being made was not that state remedies were constitutionally inadequate, but rather, that they might undermine the patent laws’ uniformity). The Court concluded that such concerns belonged to the Patent Clause of Article I, but following Seminole Tribe, Congress could not abrogate Eleventh Amendment immunity to further such a concern. See id. at 648.

The Supreme Court has stated:

Given the inherently ephemeral nature of property in ideas, and the great power such property has to cause harm to the competitive policies which underlay the federal patent laws, the demarcation of broad zones of public and private right is “the type of regulation that demands a uniform national rule.”


In its appeal to the U.S. Supreme Court, the State of Florida argued that
implicated by the need for uniformity is due process. The Court, therefore, overlooked the importance of uniformity as a defining characteristic of the property rights of a patent holder and the concomitant need to protect this aspect of patent property.

The Court was also troubled because the PRCA does not distinguish between intentional infringement and unintentional or negligent infringement. Relying on its decision in Daniels v. Williams, the Court criticized Congress for failing to confine the reach of the PRCA to non-negligent infringement or infringement authorized pursuant to state policy. The rationale in Daniels was based on the need to avoid “trivializ[ing] the Due Process Clause” by making it “a font of tort law to be superimposed upon whatever systems may already be administered by the States.” The fear in Daniels that a flood of due process suits would result, however, does not seem applicable to suits alleging the deprivation of patent property by a state entity. Unlike tort law, patent infringement does not fall within the category of systems already “administered by the States.”

confirming Congress's authority to enact appropriate legislation abrogating state immunity would create an end-run around the Court's holding in Seminole Tribe, proscribing Congress's authority to abrogate Eleventh Amendment immunity under Article I. See Brief for Petitioner at 18, Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627 (1999) (No. 98-531). This parade of horribles essentially contends that Congress will emasculate the Eleventh Amendment by creating numerous new property rights pursuant to Article I, and then protect those rights against unconstitutional deprivation by abrogating sovereign immunity under the guise of section five “appropriate” legislation. See id. at 18; see also Chavez v. Arte Publico Press, 157 F.3d 282, 289 (5th Cir. 1998) (stating that allowing Congress to enact legislation pursuant to section five protecting intellectual property rights would amount to an “end-run around Seminole's holding”). The Florida Prepaid Court was somewhat vague in its response to this argument, stating in a conclusory manner, that patents “have long been considered a species of property” and, “[a]s such, they are surely included within the 'property' of which no person may be deprived by a State without due process of law.” Florida Prepaid, 527 U.S. at 642 (citations omitted). Analysis of this "end-run" argument is beyond the scope of this Comment. In any event, it is difficult to foresee a flood of property rights being created by Congress because Article I authorizes Congress to promote only the progress of science (granting patents) and useful arts (protecting copyrights). See U.S. Const. art. I, § 8, cl. 8.

224 See Florida Prepaid, 527 U.S. at 645.
225 474 U.S. 327, 328-31 (1986).
226 See Florida Prepaid, 527 U.S. at 645.
227 Daniels, 474 U.S. at 335.
228 Id. at 332 (quoting Paul v. Davis, 424 U.S. 693, 701 (1976)).
229 Id.
Moreover, the Court has stated that Congress is entitled to exercise its powers to enforce the provisions of the Fourteenth Amendment in a measured manner, even if its legislation extends beyond the substantive reach of the Amendment. Congress heard specific testimony that "if current legal immunity continues, states will begin to disregard, perhaps carelessly, patent rights, and perhaps in time to knowingly infringe patent rights." Therefore, Congress could reasonably conclude that state liability for unintentional or negligent infringement was necessary to minimize the risk of intentional infringement.

As a practical matter, infringement actions based on mere negligence rarely arise. In general, patentees are required to put the infringer on notice before they can collect damages. Although on its face, the PRCA applies to negligent conduct as well as intentional conduct, in application, a state entity will almost always be alleged to have intentionally or knowingly infringed a patent.

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230 See City of Boerne v. Flores, 521 U.S. 507, 532 (1997) (stating that "[p]reventive measures prohibiting certain types of laws may be appropriate when there is reason to believe that many of the laws affected by the congressional enactment have a significant likelihood of being unconstitutional").

231 Patent Remedy Clarification Act, supra note 190, at 57 (prepared statement of William S. Thompson).

232 Cf. City of Rome v. United States, 446 U.S. 156, 173–78 (1980) (validating the reach of the Voting Rights Act of 1965 to bar voting changes with a retrogressive effect but no discriminatory intent, because of the risk of unconstitutional "purposeful discrimination"); Guardians Ass'n v. Civil Serv. Comm'n, 463 U.S. 582, 586 & n.7, 587 (1983) (agreeing with the district court that although petitioners failed to show discriminatory intent, they were entitled to relief under Title VII because the tests employed by the respondent had a disparate impact upon minorities); see also Griggs v. Duke Power Co., 401 U.S 424, 432 (1971) (stating that under Title VII, "good intent or absence of discriminatory intent does not redeem employment procedures or testing mechanisms that operate as 'built-in headwinds' for minority groups and are unrelated to measuring job capability") (emphasis added).

233 The patent statute provides:

In the event of failure so to mark [the patented item with notice of its status as patented property], no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice.


235 Indeed, CSB alleged that Florida Prepaid's infringement was willful and
In sum, enactment of the PRCA was a valid exercise by Congress of enforcing the procedural guarantees of the Due Process Clause. The PRCA ensured that when a state was alleged to have infringed a patent, it could not subsequently assert the defense of sovereign immunity and thereby deprive a patent owner of his or her property interests without due process of law. Accordingly, by providing meaningful post-deprivation remedies, the PRCA constituted "appropriate" legislation under section five of the Fourteenth Amendment.

3. Taking of Property

In addition to prohibiting the states from depriving persons of their property without due process of law, section one of the Fourteenth Amendment prohibits the states from taking property without just compensation.236 Accordingly, pursuant to section five, Congress was authorized to enact the PRCA as "appropriate" legislation to enforce the Takings Clause against the states.237

A threshold issue is whether a state entity's infringement of a patent constitutes a taking for purposes of the Takings Clause. Typical "taking" cases involve tangible items such as land or chattel.238 Patents, however, are intangible property and done with actual knowledge of CSB's patent. See Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 653 (1999) (Stevens, J., dissenting).

236 See Dolan v. City of Tigard, 512 U.S. 374, 383–84 (1994) (stating that the Fifth Amendment Takings Clause is incorporated into the Fourteenth Amendment, relying on Chicago, Burlington & Quincy Railroad v. Chicago, 166 U.S. 226, 239 (1897)).

237 The Court found that neither the statute nor the congressional reports supported the proposition that Congress had the Takings Clause in mind when it enacted the PRCA. See Florida Prepaid, 527 U.S. at 642 n.7. The Court concluded that since Congress was so explicit about its authority to enforce the Due Process clause, the Court was precluded from considering the Takings Clause as a basis to uphold the constitutionality of the PRCA. See id. This simplistic dismissal of an alternative basis upon which to uphold the PRCA runs contrary to the Court's previously stated position that Congress need not specifically cite its source of power when legislating pursuant to the Fourteenth Amendment. See EEOC v. Wyoming, 460 U.S. 226, 243 n.18 (1983); see also Katzenbach v. Morgan, 384 U.S. 641, 653 (1966) ("It is not for us to review the congressional resolution of these factors...[rather] [i]t is enough that we be able to perceive a basis upon which the Congress might resolve the conflict as it did.") (emphasis added).

238 Recent Supreme Court cases seem to indicate a willingness on the part of the Court to find a taking in non-traditional areas. In Phillips v. Washington Legal Foundation, 524 U.S. 156 (1998), the Court held that interest earned on client funds
therefore, a governmental entity does not "take" a patent in the
same sense as when it condemns real property, takes an
easement over real property, or seizes personal property. Nonetheless, several Supreme Court decisions support the
proposition that the federal government's infringement of a
patent constitutes a "taking." Recent lower court decisions
have supported this proposition and have extended it to the
states.

It is a fundamental axiom of property law that when
analyzing property, the focus is on the bundle of legal rights

held under Texas' Interest on Lawyers Trust Account Program and used to finance
legal services for low-income persons is the private property of the client for Takings
Clause purposes. See id. at 172. In Eastern Enterprises v. Apfel, 554 U.S. 498, 503-
38 (1998), four Justices concluded that a federal statute, which retroactively
required the plaintiff to fund benefits for retired workers who had spent the
majority of their careers with other employers, constituted a taking. A fifth Justice
concluded that the federal statute constituted a violation of substantive due process.
See id. at 539–50 (Kennedy, J., concurring part and dissenting in part). For a
discussion of substantive due process and how that doctrine relates to intellectual
property rights see infra Part III.D.4.

See Dowling v. United States, 473 U.S. 207, 217–18 (1985) ("While one may
colloquially link infringement with some general notion of wrongful appropriation,
infringement plainly implicates a more complex set of property interests than does
run-of-the-mill theft, conversion, or fraud.").

See, e.g., United States v. Dubilier Condenser Corp., 289 U.S. 178, 191
(1933) ("The government has no more power to appropriate a man's property
invested in a patent than it has to take his property invested in real estate.") (citation omitted); William Cramp & Sons Ship & Engine Bldg. Co. v. International
Curtis Marine Turbine Co., 246 U.S. 28, 41–45 (1918) (holding that based on the
concept of condemnation, a federal statute required the federal government to
compensate a patentee for his invention); Crozier v. Fried. Krupp Aktiengesellschaft,
224 U.S. 290, 304–07 (1912) (reaching the same conclusion as the Court in
(1885) (stating that had the government infringed a valid patent, its actions would
considered a taking); James v. Campbell, 104 U.S. 356, 357–59 (1881) (reaching the
same conclusion as the Court in Hollister).

See, e.g., Hughes Aircraft Co. v. United States, 86 F.3d 1566, 1571–72 (Fed.
Cir. 1996) (stating that the federal government's unlicensed use of a patent
constituted a taking); Jacobs Wind Elec. Co. v. Florida Dept' of Transp., 919 F.2d
726, 728–29 & n.2 (Fed. Cir. 1990) (affirming dismissal of a patent infringement
claim against a state entity but stating that the plaintiff could assert a takings
claim against the state entity in state court); Chew v. California, 893 F.2d 331, 336
(Fed. Cir. 1990) (reaching the same conclusion as the court in Jacobs); Leesona
Corp. v. United States, 599 F.2d 958, 964 (Ct. Cl. 1979) (stating that when the
government infringes a patent, it is deemed to have "taken" the patent under the
eminent domain theory); College Sav. Bank v. Florida Prepaid Postsecondary Educ.
invention effected a taking without just compensation).
inherent in the property. The owner of a patent is granted the right to exclude others from using the invention, and federal law protects this exclusion. This right to exclude others, therefore, defines the property rights of a patent holder. In addition, the Supreme Court has often emphasized the right to the exclusive use of property as a vital element in its Takings Clause calculus. Therefore, patent property is perhaps the quintessential Fourteenth Amendment property interest.

Three factors have traditionally guided the Court's regulatory takings analysis: "[t]he economic impact of the regulation, its interference with reasonable investment backed expectations, and the character of the governmental action." The owner of an infringed patent retains the right to prevent others from making, using, or selling the underlying invention. And by infringing a patent, the state entity does not itself acquire any exclusive rights to the patent. Infringement, however, significantly reduces the value of a patent because the patent holder has lost a significant, if not the sole, economic advantage—the right to exclude others from making, using, and selling the patented property. In cases involving regulatory takings, the Supreme Court has repeatedly rejected claims

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242 See Steward Mach. Co. v. Davis, 301 U.S. 548, 581 (1937) ("Indeed, ownership itself ... is only a bundle of rights and privileges invested with a single name.").

243 The Patent Act provides that anyone who "without authority makes, uses or sells any patented invention, within the United States" has infringed the patent. 35 U.S.C. § 271(a) (1994).

244 See supra notes 4–19 and accompanying text.

245 See, e.g., Dolan v. City of Tigard, 512 U.S. 374, 384 (1984) (stating that public access to the petitioner's land would deprive him of the right to exclude others, "one of the most essential sticks in the bundle rights," and therefore, would constitute a taking) (quoting Kaiser Aetna v. United States, 444 U.S. 164, 176, 179–80 (1979) (holding the right to exclude others as a "fundamental element" of Fourteenth Amendment property)).

246 See Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1002–04 (1984) (noting that the "general perception of trade secrets as property is consonant with a notion of 'property' that extends beyond land and tangible goods and includes the products of an individual's 'labour and invention' " and therefore, the "trade-secret property right ... is protected by the Taking Clause of the Fifth Amendment") (quotations omitted). But see United States v. General Motors Corp., 323 U.S. 373, 377–78 (1945) (analyzing property rights only in terms of a person's relation to physical things).

Premised solely upon a reduction in the value of the property.\footnote{248} These cases, however, are distinguishable. Unlike the holder of a patent, an owner of land, chattel, or money does not possess a justified expectation to the full use of his or her property.\footnote{249} A patent, however, grants its owner an exclusive right to share in the profits attributable to the \textit{patent}.\footnote{250} Therefore, unlike the typical takings cases, a patentee has a justified investment-based expectation, protected by federal law, that the patentee will reap the \textit{exclusion} value of the patent.\footnote{251} Accordingly, a state entity's infringement of a patent significantly interferes with a patentee's reasonable investment-based expectation and therefore, constitutes a taking.

The character of the governmental action also supports the finding of a legally cognizable taking. Infringement can be viewed as an invasion of property, which is a per se taking regardless of the level of injury to the patentee.\footnote{252} Unlike in a

\footnote{248} \textit{See}, \textit{e.g.}, Concrete Pipe \& Products, Inc. v. Construction Laborers Pension Trust, 508 U.S. 602, 645 (1993) ("[O]ur cases have long established that mere diminution in the value of property, \textit{however serious}, is insufficient to demonstrate a taking.") (emphasis added); Lucas v. South Carolina Coastal Council, 505 U.S. 1003, 1015–16 (1992) (stating that a regulation qualifies as a taking only when it "denies \textit{all} economically beneficial or productive use of land") (emphasis added); First English Evangelical Lutheran Church v. County of Los Angeles, 482 U.S. 304 (1987) (stating that a city ordinance barring construction in a floodplain is only a taking if all economic or beneficial use has been barred); \textit{Pennsylvania Central}, 438 U.S. at 137 (concluding that since the owner of a landmark building was granted transferable development rights, the economic impact on the owner fell short of what would be required for a taking).

\footnote{249} \textit{See} \textit{Pennsylvania Central}, 438 U.S. at 124–25.

\footnote{250} \textit{Cf.} Ruckelshaus v. Monsanto Co., 467 U.S. 986 (1984). In \textit{Monsanto}, the Court stated that a company had a justified expectation of exclusivity in its trade secret information and that the federal law requiring disclosure would deprive the owner of most of the value of the trade secret. \textit{See id.} at 1010–12. The Court, therefore, held that the government was required to compensate the owner for the reduction in value, even though the trade secret retained some value to the owner. \textit{See id.} Although there always remains some incidental value in the invention underlying an infringed patent, the critical issue is the value of the \textit{patent} itself. \textit{See id.}

\footnote{251} When a state infringes a patent, the patentee's ability to earn profits is seriously reduced. When the state entity is a market competitor, the patentee's exclusive economic rights are reduced even further. And when the state is the sole purchaser of the patented item, infringement reduces the value of a patent to nil. \textit{See id.}

\footnote{252} \textit{See} Loretto v. Teleprompter Manhattan CATV Corp., 458 U.S. 419, 436–37 (1982) (holding that the installation of television cables on petitioners' property constituted a taking even though only a de minimis portion of the property was used).
regulatory takings case, where the government enacts a law of general applicability, in physical invasion cases—and similarly in infringement cases—the government has “singled out” the owner of the property, or patent, to shoulder the entire burden of the governmental action. Indeed, by infringing, the state has singled out the patentee and has significantly interfered with the patentee’s right to exclude others from making, using, or selling the patented property. Such governmental action constitutes a taking, and requires that the patentee be compensated.

Another significant issue is raised by the proposition of sustaining the PRCA as “appropriate” legislation to enforce the Takings Clause. It is clear that the states are constitutionally compelled to return just compensation when they take private property for public use. As a threshold matter, however, it is uncertain whether the states are constitutionally permitted, under their eminent domain powers, to “take” a patent for public use. Phrased differently, the issue is whether federal law preempts the states from exercising their eminent domain power over federally-granted patents.

Congress has provided for a statutory remedy obligating the federal government to pay “reasonable and entire compensation” for the manufacture or use of a patented invention or copyrighted work without the owner’s permission. It is clear, therefore, that the federal government is authorized to condemn a patent so long as the patentee is compensated.

The purpose of the Takings Clause is “to bar Government from forcing some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole.” Armstrong v. United States, 364 U.S. 40, 49 (1960).

See Dolan v. City of Tigard, 512 U.S. 374, 384 (1984) (emphasizing the right to exclude others, and finding a taking where the property owner was required to convey a fifteen-foot strip of land to the city); Kaiser Aetna v. United States, 444 U.S. 164, 178–80 (1979) (stressing the right to exclude and finding a taking where the petitioner was required to provide public access to its pond, which was a navigable waterway).

See 28 U.S.C. § 1498(a)–(b) (1994). The Federal Circuit has stated that section 1498(a) actions are ones in which “the patent owner is seeking to recover just compensation for the Government’s unauthorized taking and use of his invention.” Motorola, Inc. v. United States, 729 F.2d 765, 766 (Fed. Cir. 1984) (emphasis added).

See, e.g., McCreary v. United States, 35 Fed. Cl. 533, 536 n.1 (Fed. Cl. 1996) (stating that in an action under section 1498, patent infringement by the United States is an uncompensated taking of private property under the Fifth Amendment); Dow Chem. Co. v. United States, 32 Fed. Cl. 11, 28–29 (1994) (reaching the same result as McCreary); see also Thomas F. Cotter, Do Federal Uses of Intellectual Property Implicate the Fifth Amendment?, 50 FLA. L. REV. 529, 541–
A patent is an exclusive franchise granted by the federal government pursuant to federal law. Arguably, the Supremacy Clause preempts a state from exercising its power of eminent domain over a patent. As with all instances of preemption, a court should begin "with the assumption that the historic police powers of the States were not to be superseded by [a] Federal Act unless that was the clear and manifest purpose of Congress." Thus, the central focus in determining whether federal law and state regulation conflict to the degree that the latter is preempted by federal legislation is the intent of Congress. Congress's intent to preempt state regulation may be explicitly stated in the language of a statute. Alternatively, state law is implicitly preempted when it frustrates the purposes and objectives of congressional legislation. The federal patent laws do not explicitly declare that state regulation of patents is preempted. James Madison, however, said that "[t]he utility of [the Patent Clause] will scarcely be questioned... The States cannot separately make effectual provision for either [copyrights or patents], and most of them have anticipated the decision of this point, by laws passed at the instance of Congress." Therefore, it has long been accepted that federal patent law,

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44 (1998) (discussing whether the federal government's use of patented property constitutes a taking).

257 See 60 AM. JUR. 2D Patents §§ 1–6 (1987) (discussing the inherent characteristics of a patent).

255 U.S. CONST. art. VI, § 2. ("This Constitution, and the Laws of the United States which shall be made in pursuance thereof... shall be the supreme law of the Land; and the judges in every state shall be bound thereby, any thing in the [Constitution or laws of any state to the contrary notwithstanding.").

259 Cf. Gibbons v. Ogden, 22 U.S. 1, 240 (1824) (holding that under the Supremacy Clause, a state could not impair a federal license to engage in coasting trade).


262 See id.

263 See Freightliner Corp. v. Myrick, 514 U.S. 280, 287 (1995). In Myrick, the Court stated that it will find implied preemption when state law "stands as an absolute bar to the accomplishment and execution of the full purposes and objectives of Congress." Id. at 287 (quoting Hines v. Davidowitz, 312 U.S. 52, 67 (1941)).

enacted pursuant to Article I of the U.S. Constitution, thoroughly occupies the field of patent law "as to make reasonable the inference that Congress left no room for the States to supplement it."\textsuperscript{265}

In addition, one of the principles of American intellectual property law is a general aversion to compulsory licensing.\textsuperscript{266} One of the few instances when a patentee is required to grant a license is set forth in 28 U.S.C. § 1498.\textsuperscript{267} If the states, however, are permitted to exercise their eminent domain power over patents, they are, in effect, being permitted to frustrate federal law by taking a compulsory license where private individuals are not permitted to do so. By subjecting the states to patent suits in federal court, the very enactment of the PRCA itself can be viewed as Congress's intent to preempt "taking" claims against states and concomitantly, its express intent to preempt the states' eminent domain power over patents.

A district court decision involving federal geothermal leases on federally owned land illustrates an attractive comparison. In \textit{Grace Geothermal Corp. v. Northern California Power Agency},\textsuperscript{268} the plaintiff, a lessee under a United States geothermal resources lease granted by the Department of the Interior, sought to enjoin a state entity from filing a condemnation proceeding against the plaintiff's interest in the federally-owned

\textsuperscript{265} \textit{Cipollone}, 505 U.S. at 516 (citations omitted). \textit{See Bonito Boats Inc. v. Thunder Craft Boats Inc.}, 489 U.S. 141, 152 (1989) (stating that "our past decisions have made clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws"); \textit{Compco Corp. v. Day-Brite Lighting, Inc.}, 376 U.S. 234 (1964) (holding that state law protecting the plaintiff's invention was in conflict with federal patent law); \textit{Sears, Roebuck & Co. v. Stiffel Co.}, 376 U.S. 225 (1964) (holding that state law may not prohibit replication of an unpatented item because it would interfere with federal patent laws); \textit{see also} Henry H. Perritt, Jr., \textit{Access to the National Information Infrastructure}, 30 \textit{WAKE FOREST L. REV.} 51, 90 n.230 (1995) (discussing condemnation and eminent domain regarding intellectual property, and suggesting that the "copyright and patent statutes broadly preempt state law, and therefore [the] exercise of eminent domain by state governments would interfere with federally granted rights and presumably be preempted").

\textsuperscript{266} \textit{See Hybritech, Inc. v. Abbott Lab.}, 849 F.2d 1446, 1457 (Fed. Cir. 1988) (stating that the right to exclude others may not be compensated by mere payment of monetary damages, which amounts to a compulsory license in the face of continuing infringement).

\textsuperscript{267} \textit{See Motorola, Inc. v. United States}, 729 F.2d 765, 768 (Fed. Cir. 1984) (stating that in a section 1498(a) action, the United States is in the position of a "compulsory, nonexclusive licensee").

\textsuperscript{268} 619 F. Supp. 964 (N.D. Cal. 1985).
The state entity attempted to acquire the plaintiff's interest in the federal lease. When a conflict arose between the parties, the state entity threatened to condemn the lease under its eminent domain powers. The district court granted a preliminary injunction against the state entity and concluded that the plaintiff was likely to prevail on the issue of whether the defendant's exercise of its state power of eminent domain over the federally-granted geothermal leases is preempted by the Supremacy Clause. First, the court noted that the Geothermal Steam Act does not authorize a state to condemn a lease by its power of eminent domain. Next, the court noted that the Secretary of the Interior had "established a comprehensive regulatory scheme which is inconsistent with [the defendant's] claimed right of condemnation.” Furthermore, using a public policy argument, the court observed that the primary purposes of the Geothermal Steam Act of 1970 were to encourage private investment and develop federal geothermal resources. The court reasoned that the willingness of private enterprises to acquire and develop federal geothermal leases would be adversely affected by allowing a state entity to condemn such lease interests.

The Grace decision can be viewed as a template in attempting to decide whether a state may condemn a patent. First, nowhere in the Patent Act is a state granted the authority to condemn a patent by its power of eminent domain. Next, the patent laws establish a comprehensive regulatory scheme inconsistent with a state's claimed right of condemnation. Finally, the primary purpose underlying the Patent Act is to

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269 See id. at 966–67.
270 See id. at 967.
271 See id.
272 See id. at 970. Cf. Transwestern Pipeline Co. v. Kerr-McGee Corp., 492 F.2d 878, 883–84 (10th Cir. 1974) (holding that federal leases acquired under the Mineral Leasing Act of 1920 were not subject to state condemnation).
273 See id. The Geothermal Steam Act of 1970 provides: "Rights to develop and utilize geothermal steam and associated resources underlying lands owned by the United States may be acquired solely in accordance with the provisions of this chapter." 30 U.S.C. § 1022(b) (1994) (emphasis added).
274 See Grace, 619 F. Supp. at 970.
275 See id.
276 See id. at 971. The court further noted that the risk of possible state condemnation would reduce bid amounts in future competitive bidding to acquire such leases and would thus adversely affect federal revenue. See id.
encourage individuals to produce significant inventions. 277 Therefore, the willingness of individuals and enterprise to develop new and useful inventions would be adversely affected by permitting a state to condemn patents. Although the Supreme Court has yet to rule on this issue, the arguments set out above seem to suggest that the states may be preempted from exercising their eminent domain power over patents.

Assuming, arguendo, that the infringement of a patent constitutes a “taking,” two observations can be made. First, if the states are constitutionally permitted to “take” patent property by infringement or otherwise under their eminent domain power, Congress could reasonably decide that, in order to provide just compensation to patentees whose patents are condemned by the state, effective and uniform federal remedies are necessary. 278 Therefore, the PRCA constituted appropriate legislation to enforce the guarantees of the Fourteenth Amendment by providing an experienced, unbiased forum where a patentee is assured of receiving just compensation for his or her property.

The constitutional remedy for a taking of private property is just compensation, which generally means the “full monetary equivalent of the property taken.” 279 The PRCA, however, provided for injunctive relief, enhanced damages, and attorney fees. 280 Arguably, these remedy provisions were not an appropriate response by Congress to ensure just compensation for a “taking” of a patent. 281 As a practical matter, however, increased damages are unusual, even in patent suits against

277 See supra Part I.

278 The same arguments against state alternative actions and the need for uniformity in regard to the Due Process Clause are equally in force here. In other words, a federal court forum is required in order to provide “just” compensation as it is required to provide “due” process. See supra notes 211–23.


280 See 35 U.S.C. § 296(b) (1994) (“Such remedies include damages, interest, costs, and treble damages under section 284, attorney fees under section 285, and the additional remedy for infringement of design patents under section 289.”).

281 See United States v. Bodcaw Co., 440 U.S. 202, 203 (1979) (holding that “attorneys’ fees and expenses are not embraced within just compensation” to which a property owner is entitled to in an inverse condemnation action) (citation omitted). But see Eastern Enterprises v. Apfel, 524 U.S. 498, 518–25 (1998) (noting that if a state refuses or is otherwise unable to pay just compensation, injunctive relief may be appropriate).
private entities. Likewise, courts do not routinely award attorney fees against patent infringers. Therefore, the fact that the PRCA authorized increased damages and attorney fees against state infringers does not lead to the automatic conclusion that the PRCA was not “appropriate” legislation to enforce the substantive provisions of the Fourteenth Amendment. In any event, a reviewing court could strike those sections of the PRCA that provide for enhanced damages and attorney fees, while upholding the remaining sections of the statute.

If, on the other hand, the states are not constitutionally permitted to exercise their eminent domain power over patents, then the PRCA could not be sustained under Congress’s authority to enforce the Takings Clause. Concluding that Congress was authorized to enact the PRCA as “appropriate” legislation to enforce the Takings Clause would improperly legitimize the states’ eminent domain power to condemn patents. Of course, Congress may logically decide to strip the states of their sovereign immunity when they exceed their power of eminent domain. The remedy provided in such instances, however, need not and should not be limited to “just compensation,” but rather, as the PRCA provided, to subject the states and their instrumentalities to the provisions of the patent laws “in the same manner and to the same extent as any non-governmental entity.” Moreover, concluding that the states are preempted from condemning patents would support this

282 See supra notes 16–19 and accompanying text. Enhanced damages are awarded only in cases of willful infringement and courts retain discretion to deny such relief even in such cases. See SRI Int’l, Inc. v. Advanced Tech. Labs. Inc., 127 F.3d 1462, 1464–65 (Fed. Cir. 1997) (stating that because enhanced damages are punitive, “willful infringement” must be established). The legislative record of the PRCA also notes that “[t]he standard for receiving treble damages in a patent suit is very difficult to attain.” S. REP. NO. 102-280, at 10, reprinted in 1992 U.S.C.C.A.N. 3087, 3096.

283 See supra note 19 and accompanying text. Even in “exceptional cases,” courts generally retain discretion to deny a patentee’s request for attorney fees. See B. Braun Med., Inc. v. Abbott Lab., 124 F.3d 1419, 1429 (Fed. Cir. 1997) (stating that the party moving for attorney fees has the burden of proving the case “exceptional” by clear and convincing evidence).

284 A court may sever unconstitutional provisions from an otherwise constitutional statute if it concludes that Congress would have preferred for the other portions to remain in effect rather than have the entire statute struck down. See Brockett v. Spokane Arcades, Inc., 472 U.S. 491, 506–07 n.15 (1985).

285 See 35 U.S.C. § 271(h) (1994). Limiting the remedy to “just compensation” would, in effect, impermissibly authorize the states to condemn patents on the condition that they pay “just compensation” to the aggrieved patentee.
Comment's procedural due process theory. If the states may not exercise their eminent domain power to condemn patents, any alternative state remedy for patent infringement in the guise of a "taking" proceeding would be unconstitutional. Accordingly, Congress could reasonably ignore unconstitutional alternative state remedies for patent infringement when it enacted the PRCA as "appropriate" legislation to enforce the Due Process Clause.

4. Substantive Due Process

Traditionally, substantive due process bars government action depriving persons of life, liberty, or property that "shocks the conscience," regardless of whether the state provides "due process" or "just compensation." Following the conclusion of the notorious Lochner era, the United States Supreme Court has limited its substantive due process jurisprudence to areas concerning fundamental rights such as privacy, which encompasses marriage, procreation, and family. Traditionally, when the Supreme Court has extended substantive due process protection, it has inquired whether the purported rights at issue

286 See supra Part III.D.2.

287 Although the Supreme Court only considered procedural due process concerns, one is not precluded from raising other Fourteenth Amendment bases of upholding the PRCA. See supra note 237. Like procedural due process, the principle of substantive due process is derived from the text of section one of the Fourteenth Amendment.


289 During the era of Lochner v. New York, 198 U.S. 45 (1905), the Supreme Court used substantive due process grounds to invalidate legislation aimed at promoting social goals. For example, the Court in Truax v. Corrigan, 257 U.S. 312 (1921), held that a state's failure to protect a person's business by refusing to enjoin employees from going on strike constituted a substantive due process violation. See id. at 327–30. The Court analogized the plaintiff's business to a "fundamental" property right. See id. at 329.


291 See Harrah Indep. Sch. Dist. v. Martin, 440 U.S. 194 (1979). In Martin, the Court held that a school board's refusal to renew a teacher's contract did not rise to the level of a substantive due process violation because the traditional substantive due process interests in "basic matters of procreation, marriage, and family life" were not implicated. Id. at 198.
are "deeply rooted in this Nation's history and tradition." In *Graham v. John Deere Co. of Kansas City*, the Court stated that "[t]he patent monopoly was not designed to secure to the inventor his natural right in his discoveries. Rather, it was a reward, an inducement, to bring forth new knowledge." Given the Court's announcement in *Graham*, it is difficult to argue that patent rights are "deeply rooted in the Nation's history and tradition or implicit in the concept of ordered liberty." Therefore, it is unlikely that substantive due process extends to patent rights.

A recent Supreme Court case, however, may indicate a possible resurrection of substantive due process protection for economic property interests in some circumstances. In *Eastern Enterprises v. Apfel*, a federal statute required the petitioner to fund benefits for retired miners who had spent much of their careers working for other employers. Four justices held that the statute violated the Takings Clause. Justice Kennedy, however, concluded that the Takings Clause was not implicated, but rather, because of its retroactive effect, the statute violated the petitioner's right to substantive due process. The four dissenting Justices agreed with Justice Kennedy that the proper inquiry was whether the federal statute was "fundamentally unfair or unjust" and if so, then the statute "deprive[d the petitioner] of property, without due process of law." *Eastern Enterprises* might support a future Court's conclusion that given the substantial economic value of a patent, and the invidious nature of patent infringement, patents should receive substantive due process protection. The fractured nature of the *Eastern Enterprises* decision, however, casts doubt on whether the Supreme Court will resurrect substantive due process

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292 Moore v. City of East Cleveland, 431 U.S. 494, 503 (1977) (invalidating, on substantive due process grounds, a city ordinance which criminalized certain family members' act of living together).


294 *Id.* at 9. The Court noted that Thomas Jefferson, widely regarded as the father of American patent law, and the American society of his time—and probably today—had an "instinctive aversion to monopolies." *Id.* at 7.

295 *Bowers*, 478 U.S. at 194.


297 *See id.* at 503–38 (O'Connor, J., plurality opinion).

298 *See id.* at 539–50 (Kennedy, J., concurring in part and dissenting in part).

299 *Id.* at 558 (Breyer, J., dissenting). The dissent concluded, however, that the statute was not fundamentally unfair or unjust. *See id.* at 558–67.
jurisprudence in the area of intellectual property and economic rights.300

Under the various theories enumerated above, Congress's conclusion that the PRCA constituted "appropriate" legislation to enforce the provisions of the Fourteenth Amendment is entitled to "much deference."301 Aside from invoking the Fourteenth Amendment's Due Process Clause in general, the legislative history of the PRCA does not explicitly implicate specific provisions of the Fourteenth Amendment. The record is sufficiently broad,302 however, for a Court, which grants "deference" to Congress, to read specific provisions of the Fourteenth Amendment into the legislative record.

Moreover, the holding in City of Boerne does not dictate the Supreme Court's Florida Prepaid holding.303 The PRCA was enacted to remedy and deter constitutional violations.304 Unlike the RFRA, the PRCA did not create new constitutional rights nor did it define or alter existing rights.305 Instead, Congress, through the PRCA, appropriately sought to correct or prevent constitutional violations. In addition, in City of Boerne, the RFRA's sweeping coverage intruded into every level of government and prohibited countless official actions that might have incidentally affected religious practices.306 In contrast, the

300 See College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666, 672 (1999) (declining to hold that a right to be free from a business competitor's false advertising about its own products, or any other generalized right to be secure in one's business interests, qualified as a property right protected by the Due Process Clause of the Fourteenth Amendment).


302 The legislative record proclaims that the PRCA is an "acceptable method of enforcing the provisions of the [F]ourteenth [A]mendment... [T]he Fourteenth Amendment prohibits a State from depriving a person of property without due process of law [and]... [T]he Fourteenth Amendment gives Congress the authority to enforce this right." S. REP. NO. 102-280, at 8, reprinted in 1992 U.S.C.C.A.N. 3087, 3094 (emphasis added). The general reference to due process in the legislative record may encompass procedural due process, substantive due process, and takings.

303 See supra notes 69–78 and accompanying text (explaining the City of Boerne decision).


305 Congress's power under section five of the Fourteenth Amendment has been delimited as "corrective or preventive, not definitional." City of Boerne, 521 U.S. at 525.

306 See id. at 515–16.
PRCA had its effect only when a state infringes a patent. As the dissent in *Florida Prepaid* keenly observed, if infringement by state actors is indeed rare, then the PRCA would operate only in those rare cases. If such infringements are or become common, then the PRCA would "likewise expand in precise harmony with the growth of the problem that Congress anticipated and sought to prevent."\(^{307}\) Thus, the issues that were of primary concern for the Court in *City of Boerne* were absent in *Florida Prepaid*. Accordingly, Congress's enactment of the PRCA achieved the requisite congruence between the means adopted—making state entities amenable to suit for patent infringement in federal court—and the ends to be achieved, i.e., enforcement of the substantive provisions of the Fourteenth Amendment.

5. Constructive Waiver

In addition to the contention that the passage of the PRCA was a valid exercise of congressional authority, it is submitted that the doctrine of constructive waiver is especially applicable in areas such as patent law, where the states have not traditionally participated and have granted complete legislative authority to Congress. In *Florida Prepaid*, the Court summarily dismissed CSB's contention that Florida Prepaid impliedly waived its immunity to suit in federal court.\(^{308}\)

The constructive waiver doctrine is premised on the logical principle that a state entity may engage in federally regulated activities that are traditionally carried on by private enterprises.\(^{309}\) When a state chooses to engage in such activities, however, it may be burdened with the same federal regulations and remedies imposed on private market participants.\(^{310}\)

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\(^{307}\) *Florida Prepaid*, 527 U.S. at 663 (Stevens, J., dissenting).

\(^{308}\) See *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 635 (1999). The Court observed that its decision in *Parden v. Terminal Railway*, 377 U.S. 184 (1964), announcing the doctrine of constructive waiver, was overruled in the companion decision of *College Savings Bank v. Florida Postsecondary Education Expense Board*, 527 U.S. 666 (1999). See *Florida Prepaid*, 527 U.S. at 635. It is submitted, however, that the Supreme Court erroneously overruled the *Parden* constructive waiver doctrine.


\(^{310}\) See *id.* at 196 ("[W]hen 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.") (citation omitted). Cf. United States v. California, 507 U.S. 746, 757–58 (1993) (observing that the federal government's rights and responsibilities may differ when it acts as a
Concededly, it might be cumbersome to distinguish between traditional and non-traditional state functions that lead to infringement of a patent.\textsuperscript{311} Therefore, the constructive waiver doctrine may be deemed more appropriate in cases when a private individual seeks a judicial declaration that a patent, owned by a state entity, is invalid.\textsuperscript{312} A state entity’s participation in the federal patent system by obtaining a patent, as opposed to its engagement in an activity that allegedly infringes a patent, is perhaps more suitable to a constructive waiver theory. Under the \textit{Parden} doctrine, a state, or its instrumentality, which has decided to obtain patents and thus participate in an area under exclusive federal law, should not have the unfair advantage of asserting an immunity defense in a declaratory relief action.\textsuperscript{313} As the Federal Circuit in \textit{Genentech} contractor similar to a private enterprise, rather than in its \textit{sovereign capacity},

\textsuperscript{311} See, e.g., Garcia v. San Antonio Metro. Transit Auth., 469 U.S. 528 (1985) (stating that an attempt to draw boundaries between traditional and non-traditional state functions is unworkable and inconsistent with established principles of federalism).

\textsuperscript{312} See supra note 15 (discussing declaratory judgment actions in the context of patent disputes).

\textsuperscript{313} See \textit{Genentech Inc. v. Eli Lilly and Co.}, 998 F.2d 981 (Fed. Cir. 1993). In \textit{Genentech}, the plaintiff, fearing an infringement suit, filed a declaratory relief action against the University of California and Eli Lilly, seeking to invalidate the University’s patent involving the use of recombinant DNA technology for the production of human growth hormone. \textit{See id.} at 935. The University claimed Eleventh Amendment immunity and sought to dismiss the suit. Reversing the decision of the district court, the Federal Circuit held that the University was not immune. \textit{See id.} at 935–36. The Federal Circuit decided that section 296 of the PRCA abrogated state immunity from declaratory relief actions, as well as infringement suits. \textit{See id.} at 944. The court also concluded that the controversy arose when the University accused Genentech of patent infringement and therefore, the University could not claim Eleventh Amendment immunity to Genentech’s response to that accusation. \textit{See id.} On remand, the district court held that the Fourteenth Amendment limited Congress’s powers in this case because Genentech owned no patent and therefore, had no protectable property interest that it could claim was deprived without due process. \textit{See Genentech, Inc. v. Regents of the Univ. of Cal.}, 939 F. Supp. 639, 643 (S.D. Ind. 1996). It should be noted that the Federal Circuit’s decision was announced prior to the Supreme Court’s landmark \textit{Seminole Tribe} decision. By the time the district court decided the case for the second time, the Supreme Court decided \textit{Seminole Tribe}. Therefore, unlike the Federal Circuit, the district court was foreclosed from considering the Commerce Clause—and presciently, the Patent Clause—as a valid source of congressional authority to abrogate state sovereign immunity. On appeal from the second district court decision, the Federal Circuit reversed again, basing its decision on constructive waiver. \textit{See Genentech, Inc. v. Regents of the Univ. of Cal.}, 143 F.3d 1446, 1454 (Fed. Cir. 1998) The Supreme Court, however, vacated the Federal Circuit’s decision and directed the Court of Appeals to further consider the case in light of its decision in
reasonably concluded, the University of California waived its Eleventh Amendment immunity by obtaining a patent and voluntarily creating a controversy that could only be resolved in federal court. Therefore, constructive waiver is a valid doctrine to be applied when a state uses sovereign immunity as a defense to a declaratory relief action involving its patents. The constructive waiver doctrine is especially necessary as the states become increasingly involved in the market of patents.

Nonetheless, in the context of the *Florida Prepaid* decision, the constructive waiver doctrine might work as follows: Although the states have historically assumed responsibility for the operation of schools, the marketing and use of a specialized investment program, the sort of which CSB had obtained a patent, is neither a traditional nor a necessary means of facilitating Florida's educational objectives. Thus, by the infringing use of CSB's patented investment program, Florida Prepaid constructively waived its Eleventh Amendment immunity.

**CONCLUSION**

"Congress has vast power but not all power. When Congress legislates in matters affecting the States, it may not treat these sovereign entities as mere prefectures or corporations." These words, written by Justice Kennedy, echo the current Court's ideology regarding the delicate balance between Congress and the states. As the *Florida Prepaid* decision demonstrates, the Supreme Court currently intends to protect state sovereign immunity in all but exceptional circumstances. *Florida Prepaid* expands this doctrine into the realm of patents and other intellectual property, significantly limiting congressional ability to proscribe remedies for patent owners against a state for

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314 See Genentech, 998 F.2d at 940, 946. The Federal Circuit concluded that the University's actions in procuring the patent, licensing it, and granting Eli Lilly the right to demand the University to sue Genentech were commercial activities not at the core of the purposes for which the University was chartered. See id.

315 Indications show that the states are increasingly involved in the procurement of patents. See supra notes 161, 191.

infringement and other intellectual property violations.\textsuperscript{317}

This Comment criticizes the Supreme Court’s decision in \textit{Florida Prepaid}. Throughout the analysis, an attempt was made to sustain Congress’s legitimate authority to enact the PRCA as appropriate legislation to enforce the substantive provisions of the Fourteenth Amendment. Various theories upon which Congress could enact the PRCA have been presented.\textsuperscript{318} It should be noted that although the Court tightened the noose around Congress’s legislative authority, it stopped short of declaring that Congress may not, under any circumstances, abrogate Eleventh Amendment immunity in order to protect intellectual property rights. Therefore, this Comment might be used as a template for a future congressional attempt to abrogate the states’ sovereign immunity in the area of patent and intellectual property law.

First, Congress should conduct renewed hearings in an attempt to create a legislative record that strongly supports the need to remedy constitutional violations. Although, at this time, the legislative record still might not demonstrate widespread and persisting deprivations of constitutional rights, it would undoubtedly demonstrate a greater problem than that which confronted Congress back in 1990.\textsuperscript{319} As a direct consequence of the \textit{Florida Prepaid} decision, state universities’ intellectual property managers will become less fearful of infringement suits and accordingly, state university researchers will liberally investigate and experiment with patented technologies.\textsuperscript{320}

Therefore, the \textit{Florida Prepaid} holding will undoubtedly have

\textsuperscript{317} Implicit in the \textit{Florida Prepaid} decision is the unconstitutionality of the Copyright Remedy Clarification Act, 17 U.S.C. § 511(a) (1994), which attempts to abrogate state sovereign immunity in copyright infringement cases. Like patent claims, claims involving copyright infringement are within the exclusive subject matter jurisdiction of the federal courts. \textit{See} 28 U.S.C. § 1338(a), (c) (1994).

\textsuperscript{318} The substantive due process theory is a less certain, but compelling theory.

\textsuperscript{319} \textit{See} Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 656 (Stevens, J., dissenting) (noting that since 1992, states, and especially state universities, have been involved in many patent suits).

\textsuperscript{320} \textit{See} Scott D. Stimpson & James S. McDonald, \textit{Universities Discover Patents; Great Potential, but Managers Must Beware of Pitfalls}, N.Y.L.J., Jan. 18, 2000, at S6 (noting that universities are increasingly realizing that royalties from patents expand their resources and that \textit{Florida Prepaid}’s immunity from infringement suits could significantly fuel university research efforts). "The [\textit{Florida Prepaid}] decision[] will give major state research universities a leg up in their fight to corner the fruits of public-private research efforts." \textit{Id.} (internal quotations and citation omitted).
the effect of increasing the incidence of patent infringement by state instrumentalities, and thereby, bolster the congressional record of state violations. New congressional hearings would also confirm Congress's recognition back in 1991, that as the states become increasingly active in the commerce of intellectual property, an increase in the number of patent suits involving states and their instrumentalities will ensue.\textsuperscript{321} The legislative record should also explicitly pronounce the provision(s) of the Fourteenth Amendment that Congress is enforcing. Until Congress enacts new legislation purporting to abrogate state sovereign immunity, patent owners must remain satisfied with the Supreme Court's dubious assurance that "[w]e are unwilling to assume the States will refuse to honor the Constitution or obey the binding laws of the United States."\textsuperscript{322}

Congressional reaction to \textit{Florida Prepaid} may be gathering momentum,\textsuperscript{323} and new legislation that would counteract the \textit{Florida Prepaid} decision is making its way through Congress.\textsuperscript{324} Senator Patrick Leahy (D-Vt.) has drafted a bill that would prohibit a state from acquiring federal intellectual property rights unless it waives sovereign immunity from suit for infringement.\textsuperscript{325} Under the same bill, a state that asserts

\begin{itemize}
  \item \textsuperscript{322} Alden v. Maine, 527 U.S. 706, 755 (1999).
  \item \textsuperscript{323} Shortly after the Supreme Court's decision in \textit{Florida Prepaid}, United States Senator Arlen Specter, in a speech before the Senate, called the Supreme Court's recent decisions a "usurpation of congressional authority." See \textit{Diverse Reaction to Florida Prepaid}, \textsc{The Intellectual Property Strategist}, Sept. 1999, at 7. Senator Specter continued, "[i]f a member of the Congress made a judgment, by what authority does the Supreme Court superimpose its view that it wasn't a considered opinion?" \textit{Id.} Taking direct aim at Chief Justice Rehnquist, Senator Specter added, In essence, the Chief Justice is telling us we did a poor job developing our record before passing the Patent Remedy Act. As we all know, however, many of us support legislation for reasons that don't make it into the written record. The record is an important, but imperfect, summary of our views. This is why past Courts have been reluctant to dismiss Congressional motives in this fashion. \textit{Id.}
  \item \textsuperscript{324} See Dugie Standeford, \textit{Congress, PTO Debate State Immunity From Intellectual Property Lawsuits}, \textsc{The Legal Intelligencer}, Feb. 15, 2000 (discussing the Supreme Court's ruling in \textit{Florida Prepaid} and the new legislation put together by Sen. Patrick Leahy that will "level the intellectual playing field" between states and individuals); Phillip Tomasso, \textit{Has the United States Supreme Court Given a Leg Up and Above the Law}, \textsc{Intel. Prop. Today}, Jan. 2000.
  \item \textsuperscript{325} See Tomasso, \textit{supra} note 324.
\end{itemize}
sovereign immunity would be denied any right to receive monetary relief in actions brought to enforce its intellectual property rights for a five-year period preceding the breach of its immunity waiver assurance.326 In directly addressing the issues raised in the Florida Prepaid holding, the Leahy Bill would allow states to defend against an infringement action by showing that there was no violation of the Fourteenth Amendment.327 In addition to the Leahy Bill, the United States Patent and Trademark Office plans to form a blue-ribbon panel, comprised of constitutional law scholars and participants from the public and private sectors, to address the issues and concerns raised by the Florida Prepaid decision.328 The Patent and Trademark Office attorney-adviser has stated that “most people agree that as states participate in the intellectual property system, it’s only fair they be subject to the intellectual property laws themselves.”329

The expansive view of sovereign immunity that the Court has adopted in its decisions from Seminole Tribe to Florida Prepaid330 adds uncertainty in other important areas of federal law such as copyright,331 antitrust, bankruptcy,332 environmental

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326 See Standeford, supra note 324.
328 See id.; see also Standeford, supra note 324.
329 See Shepherd, supra note 328.
331 See, e.g., Chavez v. Arte Publico Press, 204 F.3d 601 (5th Cir. 2000) (adopting the Supreme Court's analysis in Florida Prepaid and holding a state university immune from suit for copyright infringement because Congress did not properly exercise its authority under section five of the Fourteenth Amendment in enacting the Copyright Remedy Clarification Act, 17 U.S.C. § 501(a) (1994), purporting to abrogate Eleventh Amendment immunity); Rodriguez v. Texas Comm'n, 199 F.3d 279 (5th Cir. 2000) (same).
332 See, e.g., In re Mitchell, 209 F.3d 1111, 1121 (9th Cir. 2000) (analyzing the Florida Prepaid decision and holding that “Congress did not act within the scope of
protection, and civil rights. As the dissent in *Florida Prepaid* aptly observed, “Congress'[s] 'wide latitude' in determining remedial or preventive measures, has suddenly become very narrow indeed.” In sum, it is accepted that the states must be accorded a degree of immunity from lawsuits. Furthermore, a delicate balance between congressional power and states’ rights must be maintained under our constitutional system. That balance, however, should not result in the states being granted virtual absolute immunity, thereby fettering Congress’s constitutional obligation to enforce critical areas of substantive law.

its abrogation power in enacting . . . [11 U.S.C. § 106(a), purporting to abrogate Eleventh Amendment immunity], pursuant to the Bankruptcy Clause of Article I or Section Five of the Fourteenth Amendment”); *In re Straight*, 248 B.R. 403 (10th Cir. 2000) (citing *Florida Prepaid* and dismissing an adverse action in bankruptcy against the State of Wyoming because section 106(a) represented an invalid congressional attempt to abrogate Eleventh Amendment immunity pursuant to the Bankruptcy Clause of Article I or section five of the Fourteenth Amendment); Kenneth N. Klee et al., *State Defiance of Bankruptcy Law*, 52 VAND. L. REV. 1527 (1999) (discussing the Fourteenth Amendment as a means of sustaining Congress's attempt to abrogate Eleventh Amendment immunity in Bankruptcy proceedings).


334 In the Term following *Florida Prepaid*, the Court, in *Kimen v. Florida Board of Regents*, 528 U.S. 62 (2000), held that Congress exceeded its authority under section five of the Fourteenth Amendment in abrogating the states’ Eleventh Amendment immunity in the Age Discrimination in Employment Act. See Erickson v. Board of Governors of State Colleges and Universities, 207 F.3d 945 (7th Cir. 2000) (adopting the *Florida Prepaid* rationale and holding the State of Illinois immune from a private suit under the Americans with Disabilities Act (ADA) because Congress overstepped its Fourteenth Amendment authority in creating a private right of action against the states in the ADA); Laro v. New Hampshire, CIV. No. 98-547-M, 2000 U.S. Dist. LEXIS 4702, at *1 (D. N.H. Mar. 29, 2000) (citing the *Florida Prepaid* decision and dismissing a state employee's suit under the Family and Medical Leave Act of 1993 because Congress exceeded its authority under the Fourteenth Amendment and did not validly abrogate Eleventh Amendment immunity). The upcoming Supreme Court Terms will undoubtedly resume the federalism conflict and promise to be just as controversial as the last few.
