

## PATENT INFRINGEMENT AND THE ELEVENTH AMENDMENT: CAN THE SOVEREIGN BE HELD ACCOUNTABLE?

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### ABSTRACT

Sovereign immunity presents a complex problem to patent holders who find that their patents might be infringed upon by a state entity. After analyzing, from a historical perspective, arguments for and against the Intellectual Property Clause of Article I of the Constitution being used as a basis for abrogating state sovereign immunity, it is apparent that the answer depends largely upon the ideological composition of the Supreme Court. Absent abrogation of sovereign immunity, available federal remedies are of limited value to patent holders. Pursuing injunctive relief either independently under the *ex parte Young* doctrine or possibly via an unconstitutional takings claim are the only meaningful federal actions. With respect to state remedies, if indeed an infringement-type claim could be brought in a state forum, the two most likely causes of action are for tortious conversion and unjust enrichment. As intellectual property generates ever-increasing revenue for state universities and agencies, it is important that an effort to resolve this legal anomaly be made in such a way to survive Supreme Court scrutiny.

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## INTRODUCTION

Sovereign immunity presents a complex problem to patent holders who find that their patents might be infringed upon by a state entity. Under current law, the Eleventh Amendment<sup>1</sup> bars actions for damages against a state, but a plaintiff may still seek injunctive relief.<sup>2</sup> Whether a party may bring a common law claim in state court against an infringing state entity, however, remains unclear. Even if common law causes of action are technically viable, federal jurisdiction over patents would trump the state court’s ability to hear the claim. The Court of Appeals for the Federal Circuit and the U.S. Supreme Court, as we shall see, have advanced this uncertainty by suggesting that state court relief might very well be available. It also appears unsettled whether a takings claim

<sup>1</sup> U.S. CONST. amend. XI (“The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.”).

<sup>2</sup> *Ex parte Young*, 209 U.S. 123, 159–60 (1908).

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seeking compensation against a state entity for infringement is a viable avenue of recourse in light of Supreme Court and Federal Circuit case law. Recent developments have re-energized the debate over whether federal courts can hold states accountable for violating the patent infringement statute<sup>3</sup> and whether the Intellectual Property Clause,<sup>4</sup> inherently and by necessity, abrogates sovereign immunity.<sup>5</sup>

The case that has reignited this firestorm is *Biomedical Patent Management Corp. v. California, Department of Health Services*.<sup>6</sup> In 1997, Kaiser Foundation Health Plan, Inc., acting as a subcontractor for California's Department of Health Services ("DHS"), brought an action against Biomedical Patent Management Corp. ("BPMC") seeking a declaratory judgment that a neonatal screening procedure it utilized did not infringe BPMC's method patent for screening birth defects ('693 patent),<sup>7</sup> arguing in the alternative that the '693 patent was invalid.<sup>8</sup> The DHS intervened in the lawsuit and sought a declaration of non-infringement and invalidity.<sup>9</sup> The 1997 case was dismissed without prejudice for improper venue pursuant to Federal Rule of Civil Procedure 12(b)(3).<sup>10</sup> Upon re-filing in 1998, the State asserted an Eleventh Amendment defense.<sup>11</sup> The case was voluntarily dismissed pursuant to Federal Rule of Civil Procedure 41(a)(2).<sup>12</sup> In 2006, BPMC re-filed its action against DHS.<sup>13</sup> The State asserted a sovereign immunity defense and the district court granted dismissal.<sup>14</sup> BPMC appealed to the Federal Circuit.

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<sup>3</sup> 35 U.S.C. § 271(a) (2006) ("[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefore, infringes the patent.").

<sup>4</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>5</sup> See, e.g., Peter Lattman, *Critics Take Aim at California's Patent Shield*, WALL ST. J., Nov. 13, 2007, at B1.

<sup>6</sup> 505 F.3d 1328 (Fed Cir. 2007), *petition for cert. filed*, 128 S. Ct. 2076 (U.S. Jan. 22, 2008) (No. 07-956).

<sup>7</sup> Method for Assessing Placental Dysfunction, U.S. Patent No. 4,874,693 (filed Oct. 10, 1986) (issued Oct. 17, 1989).

<sup>8</sup> *Biomedical Patent Mgmt. Corp.*, 505 F.3d at 1331.

<sup>9</sup> *Id.* at 1331.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 1332.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

The Federal Circuit rejected BPMC's argument<sup>15</sup> that the Supreme Court's decision in *Central Virginia Community College v. Katz*<sup>16</sup> implicitly overruled *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*.<sup>17</sup> In *Florida Prepaid*, the Supreme Court reasserted that the Article I powers could not be used as a basis for abrogating state sovereign immunity.<sup>18</sup> It also held that the Patent and Plant Variety Protection Remedy Clarification Act of 1992 ("PRCA")<sup>19</sup> was an unconstitutional exercise of congressional power under the Fourteenth Amendment.<sup>20</sup> In *Katz*, however, the Court found that the Article I Bankruptcy Clause<sup>21</sup> implicitly abrogated state sovereign immunity,<sup>22</sup> thus raising the question whether *Florida Prepaid* was implicitly overruled.

BPMC abandoned its *Katz* argument in its certiorari petition to the Supreme Court,<sup>23</sup> but the argument raises interesting questions which future cases may have to grapple with. This article will (1) review the *Florida Prepaid* and *Katz* decisions; (2) discuss whether the history of American patent law reveals any congressional intent to abrogate sovereign immunity under Article I; (3) address the role 28 U.S.C. § 1338(a)<sup>24</sup> plays in depriving a plaintiff of procedural due process by barring a state forum from hearing infringement-related com-

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<sup>15</sup> *Id.*

<sup>16</sup> 546 U.S. 356 (2006).

<sup>17</sup> 527 U.S. 627 (1999). *College Savings Bank* ("CSB") had been granted a patent for its method of using certificates of deposit to finance future college expenses. *Id.* at 630–31. CSB filed an action against the State of Florida alleging that the state's administration of a tuition prepayment program infringed CSB's patent. *Id.* at 631. The State unsuccessfully asserted an Eleventh Amendment defense in the district court and at the Federal Circuit. *Id.* at 633.

<sup>18</sup> *Id.* at 635–37.

<sup>19</sup> Pub. L. No. 102-560, 106 Stat. 4230 (1992), *invalidated by Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627 (1999).

<sup>20</sup> *Fla. Prepaid*, 527 U.S. at 647.

<sup>21</sup> U.S. CONST. art. I, § 8, cl. 4 ("The Congress shall have the power To . . . [establish] uniform Laws on the subject of Bankruptcies throughout the United States").

<sup>22</sup> *See Cent. Va. Cmty. Coll. v. Katz*, 546 U.S. 356, 364 (2006) ("Under our longstanding precedent, States, whether or not they choose to participate in the proceeding, are bound by a bankruptcy court's discharge order no less than other creditors.") (citing *Tenn. Student Assistance Corp. v. Hood*, 541 U.S. 440, 448 (2004)).

<sup>23</sup> *See* Petition for Writ of Certiorari, *Biomedical Patent Mgmt. Corp. v. Cal., Dept. of Health Servs.*, 128 S. Ct. 2076 (U.S. Jan. 22, 2008) (No. 07-956).

<sup>24</sup> 28 U.S.C. § 1338(a) (2006) ("[D]istrict courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.").

mon law causes of action; (4) discuss possible relief under the Takings Clause of the Fifth Amendment, the Due Process Clause of the Fourteenth Amendment and equitable doctrines; (5) review which common law causes of action might be available, based on suggestions made in *Florida Prepaid* and other cases; and (6) determine legislative actions that would be useful in resolving uncertainty in this area.

## I. *FLORIDA PREPAID* REVIEWED

In *Florida Prepaid*, a five-to-four decision,<sup>25</sup> the Supreme Court reversed the Federal Circuit's holding that the PRCA was a valid exercise of congressional power pursuant to Section 5 of the Fourteenth Amendment.<sup>26</sup> The

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<sup>25</sup> Chief Justice Rehnquist's majority opinion was joined by Justices Scalia, Thomas, Kennedy and O'Connor. *Fla. Prepaid*, 527 U.S. at 630. Justice Stevens's dissent was joined by Justices Souter, Breyer and Ginsburg. *Id.* at 648 (Stevens, J., dissenting).

<sup>26</sup> *Id.* at 630 (majority opinion). In *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, 148 F.3d 1343, 1348 (Fed. Cir. 1998), *rev'd*, 527 U.S. 627 (1999), the Federal Circuit determined that the PRCA was an appropriate exercise of congressional power, based upon Chief Justice Marshall's maxim from *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 421 (1819) ("Let the end be legitimate, let it be within the scope of the constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the constitution, are constitutional."). The Federal Circuit acknowledged that patents were a form of property subject to Fourteenth Amendment protection. *Fla. Prepaid*, 148 F.3d at 1349–50, 52. The PRCA's objective was considered valid because it meant to prevent the taking of patent rights without due process or just compensation. *Id.* at 1349–52.

The court evaluated the PRCA's appropriateness under the congruence-and-proportionality test of *City of Boerne v. Flores*, 521 U.S. 507, 519–520 (1997) by balancing the harms to be prevented (state patent infringement) against the Act's means (expansion of liability for damages and attorney's fees). *Id.* at 1352. The Federal Circuit scrutinized: (1) eight reported patent infringement cases against state entities from the previous one hundred years, *id.* at 1353–54; (2) Congress's increased concern that states were becoming more active in pursuing and protecting their patent holdings, *id.* at 1354; (3) the threat that patents might be significantly devalued if infringers were completely shielded from liability, *id.*; (4) the effects sovereign immunity would have on inventions primarily used by state entities, *id.*; (5) that prospective injunctive relief did not redress instances of past state infringement, *id.*; and (6) that state remedies alone were insufficient to find disproportionality, *id.* at 1350 (citing *Boerne*, 521 U.S. at 517–18). The Federal Circuit found that the PRCA's provisions adequately addressed the perceived harms. *Id.* at 1354.

The Federal Circuit juxtaposed the PRCA with the unconstitutional Religious Freedom Restoration Act ("RFRA") and found it to be nowhere as intrusive. *Id.* at 1352–53. The RFRA had affected all levels of state governance while the PRCA did not hold states to a higher standard than any private party who infringed a patent. *Id.* at 1355. Moreover, any burden imposed upon a state was "not so great as to undermine the congressional abrogation

PRCA amended 35 U.S.C. § 271 to include states within the definition of parties that could be held accountable for patent infringement.<sup>27</sup> The PRCA also expressly abrogated state sovereign immunity.<sup>28</sup> Moreover, Congress's intent to abrogate<sup>29</sup> satisfied the requirement established by the Court in *Atascadero State Hospital v. Scanlon*<sup>30</sup> that it be "unmistakably clear."<sup>31</sup> The PRCA was passed under the auspices of the Commerce Clause,<sup>32</sup> the Intellectual Property Clause<sup>33</sup> and the Fourteenth Amendment.<sup>34</sup>

In *Florida Prepaid*, the Federal Circuit followed *Seminole Tribe of Florida v. Florida*<sup>35</sup> in holding that Congress could not use Article I as the basis for abrogation under the PRCA.<sup>36</sup> The Supreme Court affirmed, thereby expanding *Seminole Tribe*'s scope beyond the Commerce Clause.<sup>37</sup> After *Florida Prepaid*, Congress could not base abrogation of state sovereign immunity on any of the Article I powers.<sup>38</sup>

The Court next addressed the *appropriateness* of the PRCA. In *Fitzpatrick v. Bitzer*,<sup>39</sup> the Supreme Court held that Congress could abrogate state sovereign immunity pursuant to Section 5 of the Fourteenth Amendment.<sup>40</sup> This section grants Congress the authority to enforce the substance of the Amend-

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of immunity." *Id.* Therefore, the Federal Circuit concluded that the PRCA satisfied *McCulloch*'s two-pronged framework. *Id.*

<sup>27</sup> See 35 U.S.C. § 271(h) (2006).

<sup>28</sup> 35 U.S.C. § 296 (2006).

<sup>29</sup> Patent and Plant Variety Protection Remedy Clarification Act of 1992, Pub. L. No. 102-560, 106 Stat. 4230 (1992), *invalidated by* Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627 (1999).

<sup>30</sup> 473 U.S. 234 (1985).

<sup>31</sup> *Id.* at 242–43 ("Congress may abrogate the States' constitutionally secured immunity from suit in federal court only by making its intention unmistakably clear in the language of the statute.").

<sup>32</sup> U.S. CONST. art. I, § 8, cl. 3.

<sup>33</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>34</sup> See Patent and Plant Variety Protection Remedy Clarification Act of 1992, Pub. L. No. 102-560, 106 Stat. 4230 (1992), *invalidated by* Fla. Prepaid, 527 U.S. 627 (1999).

<sup>35</sup> 517 U.S. 44 (1996) (holding that Congress could not abrogate state sovereign immunity based on the Article I Indian Commerce Clause).

<sup>36</sup> See Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd., 148 F.3d 1343, 1347–48 (Fed. Cir. 1998), *rev'd*, 527 U.S. 627 (1999).

<sup>37</sup> See Fla. Prepaid, 527 U.S. at 636.

<sup>38</sup> See *id.*

<sup>39</sup> 427 U.S. 445 (1976).

<sup>40</sup> *Id.* at 456.

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ment “by appropriate legislation.”<sup>41</sup> The Court wrote: “The substantive provisions [of the Fourteenth Amendment] are by express terms directed at the States. Impressed upon them by those provisions are duties with respect to their treatment of private individuals.”<sup>42</sup> But the Section 5 enforcement power is remedial, not substantive, in nature.<sup>43</sup> The appropriateness of the legislation must be analyzed under the congruence-and-proportionality test established in *City of Boerne v. Flores*.<sup>44</sup> Absent congruence and proportionality, legislation becomes impermissibly substantive.<sup>45</sup>

Congress must therefore “identify conduct transgressing the Fourteenth Amendment’s substantive provisions and must tailor its legislative scheme to remedying or preventing such conduct.”<sup>46</sup> Patents, as a form of property, are subject to the Amendment’s protections.<sup>47</sup> Lastly, lack of due process is the constitutional violation; the state’s taking alone is not.<sup>48</sup>

**A. Lack of a Pattern of Unconstitutional Conduct**

According to the Court in *Florida Prepaid*, Congress failed to identify a pattern of state-induced patent infringement.<sup>49</sup> Referring to the PRCA’s congressional record, the Court felt that there had been no showing that “unremedied patent infringement by States had become a problem of national import,”<sup>50</sup> and that “at most, Congress heard testimony that patent infringement by States might increase in the future . . . and acted to head off this speculative

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<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> See *City of Boerne v. Flores*, 521 U.S. 507, 519 (1997); see also supra note 26.

<sup>44</sup> *Boerne*, 521 U.S. at 519–20 (“[Congress] has been given the power ‘to enforce,’ not the power to determine what constitutes a constitutional violation . . . There must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.”).

<sup>45</sup> *Id.* at 520.

<sup>46</sup> Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 638–39 (1999).

<sup>47</sup> *Id.* at 637, 642 (citing *Brown v. Duchesne*, 60 U.S. 183 (1857) and *Consolidated Fruit-Jar Co. v. Wright*, 94 U.S. 92 (1877) for the proposition that patents have long been considered a type of property).

<sup>48</sup> *Id.* at 643.

<sup>49</sup> *Id.* at 640.

<sup>50</sup> *Id.* at 641.

harm.”<sup>51</sup> The Court also noted a damaging statement by the PRCA’s sponsor, Representative Kastenmeier, that there was no “evidence of massive or widespread violation of patent laws by the States either with or without this State immunity.”<sup>52</sup>

The Court also found a compelling similarity between the circumstances behind the Voting Rights Act in *South Carolina v. Katzenbach*<sup>53</sup> and the PRCA.<sup>54</sup> *Katzenbach* appeared to be an easy-to-apply benchmark by which to evaluate congruence and proportionality.<sup>55</sup> When compared to the gross, documented violations which the Voting Rights Act proscribed, the small number of state infringement cases uncovered by the Federal Circuit bolstered the Court’s conclusion that Congress had failed to identify a pattern of widespread unconstitutional patent infringement by state entities.<sup>56</sup>

### ***B. Failure to Address State Remedies, the Article I Cloak and Other Shortcomings***

Chief Justice Rehnquist then opened a Pandora’s box when he chastised Congress for not considering the availability of state court remedies to patent holders. Congress, he said, heard only a small amount of testimony regarding the possible uncertainty of adequate state remedies in some jurisdictions.<sup>57</sup> It

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<sup>51</sup> *Id.* at 640–41. The Court referred generally to various statements made during committee hearings. *Id.* at 640–41; see *Patent Remedy Clarification Act: Hearing Before the Subcomm. on Courts, Intellectual Property, and the Administration of Justice of the H. Comm. on the Judiciary*, 101st Cong. 36–37 (1990) (statement of Robert Merges); *id.* at 22 (statement of Jeffrey Samuels); *id.* at 57 (statement of William Thompson).

<sup>52</sup> *Fla. Prepaid*, 527 U.S. at 641.

<sup>53</sup> 383 U.S. 301 (1966).

<sup>54</sup> *Fla. Prepaid*, 527 U.S. at 638–39.

<sup>55</sup> *Id.* at 638–39. This comparison seemed to suggest, and subsequent cases bore out, that future attempts to abrogate state sovereign immunity via Section 5 of the Fourteenth Amendment would be measured against the *Katzenbach* voting rights case, almost an implied bright line test. See generally *Nev. Dept. of Human Res. v. Hibbs*, 538 U.S. 721 (2003) (comparing the widespread and documented constitutional harm underlying the creation of the Voting Rights Act with the circumstances underlying the Family Medical Leave Act (“FMLA”), where, after applying the congruence-and-proportionality test, the FMLA was found to be valid under the Fourteenth Amendment); *Bd. of Trs. of Univ. of Ala. v. Garrett*, 531 U.S. 356 (2001) (holding that Title I of the American with Disabilities Act (“ADA”) did not defeat state sovereign immunity, where throughout the opinion the Court compared the ADA’s background to the circumstances underlying the Voting Rights Act, and where Justice Stevens joined the dissenting opinion).

<sup>56</sup> See *Fla. Prepaid*, 527 U.S. at 640.

<sup>57</sup> *Id.* at 643.



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also heard evidence that Congress's Article I power to establish a uniform patent law would be disrupted if states heard cases involving patent infringement.<sup>58</sup> The Court took this testimony to mean that state remedies were only "less convenient than federal remedies."<sup>59</sup> The paucity of evidence before Congress on this subject led the Court to conclude that the PRCA's means were not proportional to the perceived harm.<sup>60</sup> What the Court failed to address, however, was whether common law causes of action at the state level were *even available*.

Chief Justice Rehnquist parsed the issue into an "Article I calculus"<sup>61</sup> and a Fourteenth Amendment "[Section] 5 calculus."<sup>62</sup> The uncommon frequency of patent infringement suits against states, accompanied by this large expansion of state liability, created the appearance that the true objective of the PRCA was to *preserve* Congress's exclusive authority under Article I to create a uniform body of patent law, and *not* to prevent unconstitutional conduct by state entities.<sup>63</sup> The PRCA's use of the Fourteenth Amendment was therefore a cloak.<sup>64</sup>

Rehnquist's majority opinion also addressed other deficiencies in the PRCA's framework.<sup>65</sup> The opinion stressed that the PRCA should have been limited to: (1) "cases involving arguable constitutional violations, such as where a State refuses to offer any state-court remedy for patent owners,"<sup>66</sup> (2) "non-

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<sup>58</sup> *Id.* at 640 & n.8. Rehnquist made light of Robert Merges's testimony which contained speculative statements as to what form of state remedies might be available to a patent holder. *Id.* at 640–41. The Supreme Court also noted that Florida law allowed for a claims bill to be brought before the state legislature. *Id.* at 644 n.9. The Federal Circuit had earlier concluded that the mere availability of a state remedy was not sufficient to show dis-proportionality. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 148 F.3d 1343, 1351 (Fed. Cir. 1998), *rev'd*, 527 U.S. 627 (1999). In support, the Federal Circuit cited to *Boerne's* discussion of *Katzenbach. Fla. Prepaid*, 148 F.3d at 1348. In that discussion, the Court said that Congress could forbid state conduct that was not unconstitutional so long as the legislation was aimed at preventing a violation of the Constitution. *Id.*; *see also City of Boerne v. Flores*, 521 U.S. 507, 517–18 (1997) (addressing state law jurisdiction).

<sup>59</sup> *Fla. Prepaid*, 527 U.S. at 644.

<sup>60</sup> *Id.* at 646.

<sup>61</sup> *See id.* at 645.

<sup>62</sup> *See id.* at 646.

<sup>63</sup> *See id.* at 647.

<sup>64</sup> This suggests that the Court places great weight on whether there is any secondary implication of Article I powers in future abrogation attempts which might lead to invalidation of an Act also supported by the Fourteenth Amendment.

<sup>65</sup> *See Fla. Prepaid*, 527 U.S. at 646–48.

<sup>66</sup> *Id.* at 646–47.

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negligent infringement or infringement authorized pursuant to state policy,<sup>67</sup> and (3) cases “against States with questionable remedies or a high incidence of infringement.”<sup>68</sup> Rehnquist was also bothered that the PRCA did not contain an expiration date.<sup>69</sup>

The PRCA was brought down due to the infrequency of patent infringement lawsuits against states, speculative testimony about state remedies, and perceived technical defects. Without congruence and proportionality, there would be no federal mechanism by which plaintiffs might recover against states for patent infringement. *Florida Prepaid* also further cemented and expanded *Seminole Tribe*’s place in the Court’s jurisprudential fabric.

### C. Justice Stevens’s Dissent

The *Florida Prepaid* dissenting opinion consists of two sections. The first gives a historical overview of Article I’s uniformity objective.<sup>70</sup> The second part focuses mainly on how the PRCA satisfied the congruence-and-proportionality test.<sup>71</sup> Through his historical analysis, Justice Stevens appeared to be laying the foundation for a possible return to the implied Article I abrogation jurisprudence rejected in *Seminole Tribe* but later successful in *Katz*.<sup>72</sup>

Beginning with James Madison’s *The Federalist No. 43*<sup>73</sup> and Justice Story’s *Commentaries on the Constitution of the United States*,<sup>74</sup> Justice Stevens

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<sup>67</sup> See *id.* at 647. But see *id.* at 653–54 (Stevens, J., dissenting) (feeling that the majority was overreaching, Justice Stevens noted that CSB was claiming willful infringement of its patent and therefore the issue of negligence was irrelevant to the case).

<sup>68</sup> See *id.* at 647 (majority opinion).

<sup>69</sup> See *id.*

<sup>70</sup> See *Fla. Prepaid*, 527 U.S. at 649–52 (Stevens, J., dissenting).

<sup>71</sup> See *id.* at 652–60.

<sup>72</sup> In *Pennsylvania v. Union Gas Co.*, 491 U.S. 1 (1989), overruled by *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44 (1996), the Court concluded “that Congress has the authority to override States’ immunity when legislating pursuant to the Commerce Clause.” *Id.* at 19. Only seven years later, the *Seminole Tribe* Court rejected this proposition. 517 U.S. at 66.

<sup>73</sup> See *Fla. Prepaid*, 527 U.S. at 650 (Stevens, J., dissenting) (noting that “[t]he utility of this power will scarcely be questioned . . . [t]he 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.”) (quoting THE FEDERALIST NO. 43, at 274 (James Madison) (Robert Scigliano ed. 2000)).

<sup>74</sup> See *id.* at 649–50 (noting that “[i]t is beneficial to all parties, that the national government should possess this power; to authors and inventors, because, otherwise, they would be subjected to the varying laws and systems of the different states on this subject, which would impair, and might even destroy the value of their rights . . . .”) (quoting JOSEPH STORY,

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illustrated the need for uniformity in patent law.<sup>75</sup> Variations between state and federal law on the subject would only lead to confusion, uncertainty and limited enforceability.<sup>76</sup> Uniformity solved these problems and abrogation of sovereign immunity was necessary to assist in its execution.<sup>77</sup> Justice Stevens also felt that granting exclusive jurisdiction to the federal courts in patent cases, and the later establishment of the Federal Circuit, further cemented patent law within the federal sphere.<sup>78</sup> He was concerned that if the states could hear patent infringement cases, any appeals therefrom could only be heard in state appellate courts.<sup>79</sup> This would effectively nullify the original purpose of the Federal Circuit and would undermine Article I's objective of preventing the rise of a state-federal patchwork of law.<sup>80</sup>

Justice Stevens also took issue with the majority's segmentation of *Florida Prepaid* into an "Article I patent-power calculus" and a Fourteenth Amendment calculus.<sup>81</sup> He was troubled by the majority's displeasure that Article I interests were tangentially satisfied using the Fourteenth Amendment.<sup>82</sup> In his view, that was not a reason to invalidate the PRCA.<sup>83</sup> Addressing *Boerne's* congruence-and-proportionality test, Justice Stevens found the Fourteenth Amendment basis for the PRCA more than appropriate.<sup>84</sup> By abrogating sovereign immunity and preserving Article I uniformity, the PRCA achieved the larger goal of protecting a patent holder's rights under the Due Process Clause.<sup>85</sup>

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COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES § 558, at 402 (Ronald D. Rotunda & John E. Nowak eds., Carolina Academic Press 1987) (1833)).

<sup>75</sup> See *id.* at 648–51.

<sup>76</sup> See *id.* at 649–50.

<sup>77</sup> See *id.* at 652.

<sup>78</sup> See *id.* at 650–51.

<sup>79</sup> *Id.* at 651–52, 659 (“[The Federal Circuit] has no power to review state-court decisions on questions of patent law.”).

<sup>80</sup> *Id.* at 652.

<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* (“But the ‘Article I patent power calculus’ is directly relevant to this case because it establishes the constitutionality of the congressional decision to vest exclusive jurisdiction over patent infringement cases in the federal courts.”).

<sup>84</sup> See *id.*

<sup>85</sup> See *id.* at 661 (“The Patent Remedy Act, however, was passed to prevent future violations of due process, based on the substantiated fear that States would be unable or unwilling to provide adequate remedies for their own violations of patent holders’ rights.”).

According to Justice Stevens, the PRCA therefore satisfied the prophylactic nature of Section 5.<sup>86</sup>

The dissenters felt that there was also ample evidence that state remedies were inadequate or unavailable, citing several statutes that appeared to block or limit relief in some jurisdictions.<sup>87</sup> Justice Stevens also noted the increased participation of states in the patent system and their aggressive use of the federal courts to enforce their patents.<sup>88</sup> The power of the states was growing, along with the risk of infringing conduct by their entities.<sup>89</sup>

Justice Stevens also found any comparison of the PRCA to the scope of the RFRA disingenuous.<sup>90</sup> Subjecting states to liability through the PRCA was a small expansion compared with the RFRA's pervasive intrusions.<sup>91</sup> The RFRA was Congress's attempt to redefine the First Amendment, and it affected nearly

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<sup>86</sup> See *id.* at 649. Justice Stevens also found it particularly disturbing that the majority would strike down the PRCA based on Congress's failure to identify a pattern of state infringement when no such standard had previously been set forth by the Court. *Id.* at 654. In passing the PRCA, Congress was attempting to amend 35 U.S.C. § 271 to meet the requirements of *Atascadero State Hospital v. Scanlon*, 473 U.S. 234 (1985).

<sup>87</sup> See *id.* at 649, 659 nn.11–12. In his dissent, Justice Stevens noted that West Virginia could not be sued due to a state constitutional provision. *Id.* at 659 n.11. He concluded that no remedy was available. See *id.* This is misleading as the West Virginia Code establishes a court of claims for suits against state agencies and officials. See W. VA. CODE § 14-2-1 (2006). The Code also appears to indicate that a tort claim may be brought against a state official or state university:

[A]ny civil action in which the West Virginia University board of governors, West Virginia University, the West Virginia University Medical School, or any department or office of any of those entities, or any officer, employee, agent, intern or resident of any of those entities, acting within the scope of his or her employment, is made a party defendant, shall be brought in the circuit court of any county wherein the cause of action arose, unless otherwise agreed by the parties.

W. VA. CODE § 14-2-2a (2006).

<sup>88</sup> See *Fla. Prepaid*, 527 U.S. at 656–57 (Stevens, J., dissenting) (citing five contemporary cases of states involved in patent litigation, and noting that (1) in 1986, the United States Patent and Trademark Office issued more than 2000 patents to public and private universities and (2) in 1995 patent royalties paid to state universities amounted to \$273.5 million which was a 12% increase from 1994).

<sup>89</sup> See *id.* at 656–57.

<sup>90</sup> *Id.* at 662 (“[T]he contrast between RFRA and the [PRCA] could not be more stark. The sole purpose of this amendment is to abrogate the States’ sovereign immunity as a defense to a charge of patent infringement. It has no impact whatsoever on any substantive rule of state law, but merely effectuates settled federal policy to confine patent infringement litigation to federal judges.”).

<sup>91</sup> See *id.* at 662–63.

all state laws and conduct.<sup>92</sup> In contrast, the PRCA would merely abrogate state sovereign immunity in a narrow category of conduct—patent infringement by a state entity.<sup>93</sup> In Justice Stevens’s view, the PRCA did not disrupt substantive state law; it was the exercise of federal plenary authority over patents and promoted uniformity.<sup>94</sup>

After *Florida Prepaid*, it appeared that the law was settled. Congress could not use its Article I powers to abrogate state sovereign immunity; it could do so via Section 5 of the Fourteenth Amendment, but only if the act satisfied *Boerne*’s congruence-and-proportionality test.<sup>95</sup> The *Florida Prepaid* minority made the important observation that the preservation of Congress’s Article I patent power was itself a valid exercise of Section 5 because Article I helped preserve a party’s due process rights.<sup>96</sup> Even though he faced defeat in *Florida Prepaid*, Justice Stevens’s views on Article I would carry the day in *Katz*.

## II. THE *KATZ* CASE: ARTICLE I REDUX

Whatever small degree of predictability existed in the Supreme Court’s Eleventh Amendment jurisprudence was cast into turmoil with the *Katz* decision. Justice Stevens, this time writing for the majority, held that the states were amenable to suit in preferential transfer proceedings in bankruptcy cases.<sup>97</sup> He reasoned that the Bankruptcy Clause granted Congress a “power to redress the rampant injustice resulting from States’ refusal to respect one another’s discharge orders,”<sup>98</sup> and that “the power to enact bankruptcy legislation was understood to carry with it the power to subordinate state sovereignty, albeit within a limited sphere.”<sup>99</sup> Abrogation was therefore implicit “in the plan of the [Constitutional] Convention, not by statute.”<sup>100</sup> The Court, however, did not explicitly overrule *Seminole Tribe*.<sup>101</sup>

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<sup>92</sup> *See id.* at 662.

<sup>93</sup> *See id.*

<sup>94</sup> *See id.*

<sup>95</sup> *See id.*

<sup>96</sup> *Id.* at 649.

<sup>97</sup> *Cent. Va. Cmty. Coll. v. Katz*, 546 U.S. 356, 379 (2006) (noting that Congress could abrogate state immunity from suit).

<sup>98</sup> *Id.* at 356, 377.

<sup>99</sup> *Id.* at 357.

<sup>100</sup> *Id.* at 379.

<sup>101</sup> *Id.* at 363 (declining to apply sovereign immunity and stating that “we are not bound to follow our dicta in [*Seminole Tribe*] in which the point now at issue was not fully debated.”).

*Katz*'s reasoning was based on several factors including: (1) the inconsistent patchwork of state bankruptcy laws in existence prior to 1787;<sup>102</sup> (2) the perceived prompt adoption of the Bankruptcy Clause by the 1787 Convention;<sup>103</sup> (3) the fact that the in-rem nature of bankruptcy jurisdiction did not interfere with sovereign immunity to the same degree as other actions;<sup>104</sup> (4) the fact that abrogation was necessary to effectuate the full breadth of Congress's powers;<sup>105</sup> and (5) the fact that the states did not voice objections to early federal bankruptcy laws which allowed for writs of habeas corpus to be issued against state officials.<sup>106</sup> From this combination of factors, Justice Stevens found that the states had intended to abrogate sovereign immunity at the 1787 Convention.<sup>107</sup> If there had been no abrogation, the purpose of Article I would have been frustrated.<sup>108</sup>

Justice Thomas, writing for the dissent,<sup>109</sup> described the majority opinion as "impossible to square with this Court's settled state sovereign immunity jurisprudence . . . ."<sup>110</sup> Justice Thomas found fundamental flaws in Justice Ste-

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<sup>102</sup> See *id.* at 366–69. Justice Stevens used two early cases, *James v. Allen*, 1 U.S. (1 Dall.) 188 (1786) and *Millar v. Hall*, 1 U.S. (1 Dall.) 229 (1788), to illustrate the effects of inconsistent state debtor laws. *Id.* at 366–67. In the pre-ratification case of *James*, a debtor had been released from jail in New Jersey and was subsequently re-incarcerated in Pennsylvania for another debt. *Id.* at 366–67. In the post-ratification case of *Millar*, the Court adopted a new rule that a discharge in bankruptcy in one state acted as a discharge in all. *Id.* at 368.

<sup>103</sup> *Id.* at 369 (referring to James Madison's published notes from the 1787 Convention and noting that the full convention approved the fledgling Bankruptcy Clause two days after its approval by the Committee of Detail).

<sup>104</sup> See *id.* at 362 (citing to and adopting Chief Justice Rehnquist's language from the plurality opinion in *Tennessee Student Assistance Corp. v. Hood*, 541 U.S. 440, 450–51 (2004)). *Katz* represents the answer to a question left undecided from *Hood*. In *Hood*, the Court bypassed the Article I abrogation question and instead ruled that 11 U.S.C. § 106(c) (1994) did not expressly abrogate state sovereign immunity. See *Hood*, 541 U.S. at 450 (holding that "the undue hardship determination sought by Hood in [her] case [was] not a suit against a State for purposes of the Eleventh Amendment.").

<sup>105</sup> See *Katz*, 546 U.S. at 378.

<sup>106</sup> See *id.* at 374–75 ("[T]here appears to be no record of any objection to the [Bankruptcy Act of 1800] or its grant of habeas power to federal courts based on an infringement of sovereign immunity.").

<sup>107</sup> See *id.* at 377 ("States agreed in the plan of the Convention not to assert any sovereign immunity defense they might have had in proceedings . . . .").

<sup>108</sup> See *id.* at 377 n.13.

<sup>109</sup> Justice Thomas's *Katz* dissent was joined by Chief Justice Roberts, Justice Scalia and Justice Kennedy. *Katz*, 546 U.S. at 379 (Thomas, J., dissenting).

<sup>110</sup> *Id.* at 379.

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vens's opinion<sup>111</sup> and reasserted *Seminole Tribe's* holding 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."<sup>112</sup>

According to Justice Thomas, these separate and distinct historical and jurisdictional factors, referred to and grouped together by the majority, did not create any intent to abrogate sovereign immunity.<sup>113</sup> They were not interrelated to a degree that allowed for such an inference.<sup>114</sup> Sovereign immunity during the ratification period was a principle that was passionately embraced by the states.<sup>115</sup> Justice Thomas showed that if there was intent to abrogate sovereign

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<sup>111</sup> The *Katz* dissent noted several flaws in the majority opinion. First, the adoption of the Bankruptcy Clause at the 1787 Convention, in its opinion, was not swift. *Id.* at 385. While the debate following its recommendation took two days, it had taken four months for the Bankruptcy Clause to come before the full Convention. *Id.* "The idea of authorizing Congress to enact a nationally uniform bankruptcy law did not arise until late in the Constitutional Convention, which began in earnest on May 25, 1787 . . . [y]et the Convention did not consider the language that eventually became the Bankruptcy Clause until September 1 . . . ." *Id.*

Second, the dissenters pointed out that it was not until 1898 that the country had a lasting bankruptcy act. *Id.* at 386. Earlier versions, including the 1800 Act relied upon by Justice Stevens, were repealed soon after they were enacted. *Id.* The result was that for most of the nineteenth century, there was no federal bankruptcy law in force. *Id.* at 387. State laws were left to fill the gap. *Id.*

Third, the argument that the conflicting state bankruptcy laws and use of habeas corpus led to the conclusion that abrogation had occurred was irrelevant to the issue. *Id.* at 390–91. The problems of competing state bodies of law were rooted in the Full Faith and Credit Clause. *Id.* The Bankruptcy Clause merely gave Congress the authority to preempt the bankruptcy field. *Id.* The habeas corpus writs were directed against state officials much in the same way as an injunction. *Id.* Neither implicated sovereign immunity interests. *Id.*

Last, regarding the in-rem proposition, Justice Thomas said that the discharge order in *Hood* was an order ancillary to in-rem jurisdiction while the transfer proceeding in *Katz* was in the nature of an adversarial proceeding implicating sovereignty interests. *Id.* at 391–92 (noting that a discharge proceeding is unlike one for voidable preference transfer action, which is adversarial in nature). Justice Thomas supported his position with *United States v. Nordic Village, Inc.*, 503 U.S. 30 (1992). *See id.* at 393 (relying on *Nordic Village's* rejection of the argument that a transfer recovery action against the United States abrogated immunity based on the bankruptcy court's in-rem jurisdiction). By analogy, this same principle applies where the creditor is a state and not a federal entity. *See id.* at 391–92.

<sup>112</sup> *Katz*, 546 U.S. at 381 (Thomas, J., dissenting) (quoting *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 72–73 (1996)).

<sup>113</sup> *Id.* at 388.

<sup>114</sup> *See id.* at 393 (noting the "weakness" of the majority's "historical evidence").

<sup>115</sup> *See id.* at 387.

immunity in 1787, it would not have been necessary to group the majority's factors together to reach such a conclusion.<sup>116</sup>

There are now two bodies of conflicting law—*Seminole Tribe* against Article I abrogation, and *Katz* for it.

### III. DOES *KATZ* OR *SEMINOLE TRIBE/FLORIDA PREPAID* GOVERN THE INTELLECTUAL PROPERTY CLAUSE?

Justice Thomas's *Katz* dissent noted that sovereignty is divided into "two distinct attributes": immunity from suit and the power to pass legislation.<sup>117</sup> Justice Stevens felt that abrogation of immunity was a necessary, implied attribute that assisted the sovereign in legislating over a certain field, especially where there is a uniformity interest.<sup>118</sup> Since uniformity is also a goal in patent law, abrogation would, in theory, also assist Congress in its legislative capacity. In keeping with the spirit of *Katz*, an evaluation of the early history of American patent law is necessary to see if there was any such intent to abrogate.

Because they share different characteristics and differing histories, a direct comparison of patent law with bankruptcy law is not helpful for resolving the problem. There is, at best, evidence for and against Article-I-based abrogation in the patent field. State-issued patents were relatively new and uncommon in the late eighteenth century.<sup>119</sup> Most were issued in the form of individual legislative acts.<sup>120</sup> Only South Carolina's 1784 Copyright Act specifically included inventions within its language.<sup>121</sup>

At the 1787 Convention itself, there was almost no discussion or debate over the Intellectual Property Clause. We know that James Madison and Charles Pinkney submitted separate proposals to the Committee of Detail for the clause.<sup>122</sup> It reappears, in essentially its final form, in David Brearley's report of

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<sup>116</sup> See *id.* at 379–93.

<sup>117</sup> *Id.* at 384.

<sup>118</sup> See *id.* at 379 (majority opinion) (limiting *Katz*'s holding to the bankruptcy sphere and reasoning that passing laws requiring that states be amenable to bankruptcy proceedings is within Congress's power).

<sup>119</sup> See Frank D. Prager, *Historic Background and Foundation of American Patent Law*, 5 AM. J. LEGAL HIST. 309, 317 (1961) ("Most of the states passed copyright acts in the early 1780's and one of them passed a combined copyright and patent act.").

<sup>120</sup> See *id.* at 320 (referring to individual "private laws" passed by Congress).

<sup>121</sup> See Edward C. Walterscheid, *The Early Evolution of the U.S. Patent Law: Antecedents (5, Part II)*, 78 J. PAT. & TRADEMARK OFF. SOC'Y 665, 665–66 (1996).

<sup>122</sup> See JAMES MADISON, NOTES OF DEBATES IN THE FEDERAL CONVENTION OF 1787, at 477–78 (Adrienne Koch ed., Ohio University Press 1984) (1840). Madison's submitted proposal was



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the Committee of Eleven.<sup>123</sup> Its final appearance is in a report from the Committee of “Stile &c.”<sup>124</sup> As a backdrop to the Convention, inventor James Fitch demonstrated his steamboat in Philadelphia in August of 1787, around the time Madison and Pinkney submitted their proposals.<sup>125</sup> His diary indicates that some of the Convention’s delegates may have been in attendance.<sup>126</sup>

Madison and the other delegates, in light of the contemporary practice for states to issue patents as individual legislative acts, were no doubt aware of this practice’s shortcomings.<sup>127</sup> The best solution was for uniform regulation.<sup>128</sup> This sentiment was best echoed in Madison’s *The Federalist No. 43*, which offers the only substantive post-Convention discussion of the Intellectual Property Clause.<sup>129</sup> In fact, “[t]he only justification given for [incorporating the intellectual property clause into the Constitution] by any Framers was that set forth by Madison in *The Federalist No. 43* . . . .”<sup>130</sup> However, the language in *The Federalist No. 43* does not indicate that the states intended to surrender their sovereign immunity in the patent field. Madison simply “argu[ed] that national law

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for a legislative power “to encourage by premiums [and] provisions, the advancement of useful knowledge and discoveries” while Pinkney’s proposal was “[t]o grant patents for useful inventions.” *Id.* at 477–78. Walterscheid points out that Madison’s original notes from the Convention indicate that he also proposed that congressional power “*secure to the inventors of useful machines and implements the benefits thereof for a limited time . . . .*” EDWARD C. WALTERSCHEID, *THE NATURE OF THE INTELLECTUAL PROPERTY CLAUSE: A STUDY IN HISTORICAL PERSPECTIVE* 101–02 (2002). However, this item was edited out of the published record by Madison himself. *Id.* at 102.

<sup>123</sup> See MADISON, *supra* note 122, at 580.

<sup>124</sup> *Id.* at 620.

<sup>125</sup> See WALTERSCHEID, *supra* note 122, at 98.

<sup>126</sup> *Id.* at 99.

<sup>127</sup> See *id.* at 95 (noting that “a majority of the delegates at the time of the [1787 C]onvention were active in some capacity in their state governments” and they likely would have been aware of individual patent grants and copyright statutes). Copyrights and patents could be easily infringed as they did not have effect beyond the issuing state’s boundaries, and the terms and conditions of each patent grant varied. *Id.* at 76.

<sup>128</sup> See EDWARD C. WALTERSCHEID, *TO PROMOTE THE PROGRESS OF USEFUL ARTS: AMERICAN PATENT LAW AND ADMINISTRATION, 1798–1836*, at 13 n.33 (1998) (noting the problem that it could be difficult for a patent granted under one state patent system to be recognized and enforced in another state).

<sup>129</sup> See WALTERSCHEID, *supra* note 122, at 133–34 (“The records of the federal convention, as well as the notes taken by the delegates, provide no indication whatever as to the reasoning or rationales for incorporating the intellectual property clause into the Constitution.”).

<sup>130</sup> *Id.* at 133–34.

as opposed to state law was needed to effectively grant exclusive rights in their writings and discoveries to authors and inventors.”<sup>131</sup>

Edward C. Walterscheid pointed out in *The Early Evolution of the U.S. Patent Law* that Article I did not command states to stop issuing patents but that after the ratification of the Constitution, obtaining state patent protection was impracticable.<sup>132</sup> Federal patent grants would give protection throughout the United States, while a state patent’s scope was confined to that state’s territory. Applying Walterscheid’s observations to *The Federalist No. 43*, it might seem that Madison was simply echoing a common perception that because the scope of a federal patent would be greater and universally enforceable in the new United States, there was no *practical* reason why an inventor would desire state patent protection. State patent practice would therefore eventually be phased out. If so, this represents a significant departure from Justice Stevens’s view in *Florida Prepaid* that *The Federalist No. 43* advocates for implied abrogation under Article I.

Alexander Hamilton appears to provide better support for implied Article I abrogation when his writings from *The Federalist No. 81* and *The Federalist No. 32* are viewed in tandem. *The Federalist No. 81* discusses the interplay between the federal and state courts, where Hamilton made it clear that state sovereign immunity would continue under the new Constitution unless there had been a surrender of it by the states in the Convention.<sup>133</sup> Hamilton referred<sup>134</sup> to three conditions set forth earlier in *The Federalist No. 32* as to when sovereignty would be surrendered:

State governments would clearly retain all the rights of sovereignty which they before had, and which were not, by that act, *exclusively* delegated to the United States. This exclusive delegation, or rather this alienation, of State sovereignty, would only exist in three cases: [(1)] where the Constitution in express terms granted an exclusive authority to the Union; [(2)] where it granted in one instance an authority to the Union, and in another prohibited the States from exercising the like authority; and [(3)] where it granted an authority to

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<sup>131</sup> *Id.* at 225.

<sup>132</sup> See Walterscheid, *supra* note 121, at 684 (“There was nothing in the Constitution which precluded states from issuing patents, but the advent of the federal patent system was viewed by almost everyone as removing the need for state patents.”).

<sup>133</sup> THE FEDERALIST NO. 81, at 521 (Alexander Hamilton) (Robert Scigliano ed., 2000) (“It is inherent in the nature of sovereignty not to be amenable to suit of an individual *without its consent* . . . [u]nless therefore, there is a surrender of this immunity in the plan of the convention, it will remain with the States . . .”).

<sup>134</sup> *Id.* at 521.

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the Union, to which a similar authority in the States would be absolutely and totally *contradictory* and *repugnant*.<sup>135</sup>

*The Federalist No. 32* discussed principles of federal supremacy over states with regard to the taxing power and not to the issue of whether states can be haled into court.<sup>136</sup> Hamilton, however, incorporated these conditions into *The Federalist No. 81*, which does address sovereign immunity.<sup>137</sup> The Intellectual Property Clause would appear to qualify under the first and third of Hamilton's conditions. Congress is granted exclusive power to legislate in the patent sphere (condition one), and state-issued patents compromised this federal power (condition three). One might reason that the surrender of the patent power by the states to the federal government included sovereign immunity.

In spite of Hamilton's remarks, states continued to grant patents after the 1787 Convention, and even after ratification.<sup>138</sup> For example, the prolific inventor Oliver Evans was granted patent rights in 1787 and 1788 for a steam carriage.<sup>139</sup> Pennsylvania and New Hampshire issued patents in 1789 and 1790 respectively.<sup>140</sup> In 1789, James Rumsey unsuccessfully attempted to procure patent rights on the steamboat in Delaware.<sup>141</sup>

Additionally, the first Patent Act failed to address state patent practice. The silence in the 1790 Act suggests that either Congress had failed to consider what effects the federal power had on state patents, or it may have believed that the phasing-out of state patents was plainly understood. This latter proposition is supported by Thomas Jefferson's efforts to rework the Patent Act in 1791 to address this question.<sup>142</sup> If there had been an understanding that state patents

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<sup>135</sup> THE FEDERALIST NO. 32, at 192 (Alexander Hamilton) (Robert Scigliano ed., 2000).

<sup>136</sup> *See id.*

<sup>137</sup> THE FEDERALIST NO. 81 (Alexander Hamilton), *supra* note 133, at 521 ("The circumstances which are necessary to produce an alienation of State sovereignty were discussed in considering the article of taxation, and need not be repeated here."). In his *Katz* dissent, Justice Thomas noted that *The Federalist Nos. 32* and *81* are "completely separate" sections. *Cent. Va. Comm. Coll. v. Katz*, 546 U.S. 356, 384 n.2 (Thomas, J., dissenting). He failed to note Hamilton's abridged reference in *The Federalist No. 81* to these three conditions. *See* THE FEDERALIST NO. 81 (Alexander Hamilton), *supra* note 133, at 521.

<sup>138</sup> *See* WALTERSCHEID, *supra* note 128, at 4 n.9 (noting that the State of New York continued to issue patent grants into the 1830s).

<sup>139</sup> *See* Walterscheid, *supra* note 121, at 683 n.187; *see also* P.J. Federico, *The Patent Trials of Oliver Evans (Part I)*, 27 J. PAT. & TRADEMARK OFF. SOC'Y 586, 588 (1945).

<sup>140</sup> *See* Walterscheid, *supra* note 121, at 672, 684.

<sup>141</sup> *Id.* at 683.

<sup>142</sup> *See* WALTERSCHEID, *supra* note 128, at 204 ("[Jefferson's] bill also provided that state patents must be surrendered in order to obtain a federal patent . . ."). The result of these efforts was the Patent Bill of February 7, 1791, also known as H.R. 121. *See id.* at 195–96.

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were no longer effective, state patent practice would have ceased at the ratification. Something more had to be done.

Rudimentary federal efforts to curb the influence of state patents finally made their way into § 7 of the Patent Act of 1793.<sup>143</sup> The 1793 Act required an inventor holding a state-issued patent to surrender it in order to secure a federal patent grant.<sup>144</sup> Congress had already employed similar conditions-precedent prior to the passage of the 1793 Act. For example, Oliver Evans was asked by Congress to surrender patent rights he obtained in four states before being granted a federal patent on his improvement of the flour mill.<sup>145</sup>

These federal efforts took place in the half-decade following the 1787 Convention, where Justice Stevens believed states had implicitly abrogated their sovereign immunity.<sup>146</sup> However, the idea that the Intellectual Property Clause

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Walterscheid notes that H.R. 121 was either drafted by Jefferson or that he was a source of input for it. *Id.* at 196. H.R. 121 was not voted upon but many of its provisions were later incorporated into the Patent Act of 1793. *See id.* at 205–06. Section 2 of H.R. 121 reads:

Provided that where any State before its accession to the present form of Government, or the adoption of the said form by nine States, shall have granted an exclusive right to any invention, the party claiming that right shall not be capable of obtaining an exclusive right under this act, but on relinquishing his right in and under such particular State, so as that obtaining equal benefits he may be subject to equal restrictions with other Citizens of the United States, and of such relinquishments his obtaining an exclusive right under this Act shall be sufficient evidence.

*Id.* at 470–71.

<sup>143</sup> Patent Act of 1793, ch. 11, § 7, 1 Stat. 318–323 (repealed 1836).

<sup>144</sup> The Patent Act stated:

*And be it further enacted*, [t]hat where any state, before its adoption of the present form of government, shall have granted an exclusive right to any invention, the party, claiming that right, shall not be capable of obtaining an exclusive right under this act, but on relinquishing his right under such particular state, and of such relinquishment his obtaining an exclusive right under this act shall be sufficient evidence.

Patent Act of 1793, ch. 11, § 7, 1 Stat. 318–323 (repealed 1836); *see also* WALTERSCHEID, *supra* note 128, at 230 (“The 1793 Act made relinquishment of state patents for the same invention a condition of obtaining a federal patent.”).

<sup>145</sup> *See* WALTERSCHEID, *supra* note 128, at 158–59 & n.42. Prior to his petition for federal patent protection, Oliver Evans had secured patent grants from Pennsylvania, Delaware, New Hampshire and Maryland for his improvement on the flour mill. *Id.* at 158. It was made a condition that he surrender these state patent grants in exchange for the federal grant. *Id.* at 159.

<sup>146</sup> *See* Penn. v. Union Gas Co., 491 U.S. 1, 23–24 (1989) (Stevens, J., concurring), *overruled by* Seminole Tribe of Fla. v. Florida, 517 U.S. 44 (1996). Justice Stevens noted that under a literal interpretation of the Eleventh Amendment, Congress does not have the “power under the

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implicitly abrogates sovereign immunity is weakened by the fact that states still issued patents after the 1787 Convention and later ratification of the Constitution. Hamilton's treatment of sovereign immunity in *The Federalist Papers*, Nos. 32 and 81, together with the uproar created by the 1793 opinion *Chisholm v. Georgia*,<sup>147</sup> indicates that any intent to abrogate sovereign immunity would not have been left to inference in light of the pedestal that sovereign immunity had been placed upon prior to the Patent Act's ratification.<sup>148</sup>

History fails to provide a concrete answer to the question of whether there was any implicit intent in 1787 to abrogate sovereign immunity under Article I's Intellectual Property Clause. Justice Stevens's Hamiltonian stance in *Katz*, although self-limited to bankruptcy, provides an ever-changing answer.

The consistent use of *Seminole Tribe* since 1996 has entrenched the defense of sovereign immunity within federal jurisprudence.<sup>149</sup> Until *Katz*, no majority opinion has been in favor of either overturning *Seminole Tribe* or finding that the Intellectual Property Clause allows for even an extremely limited abrogation. *Seminole Tribe* steers courts into a two-pronged, expressed-intent,<sup>150</sup> congruence-and-proportionality<sup>151</sup> framework. Overruling *Seminole Tribe* would destroy this framework, which has been used to validate and invalidate many congressional acts.<sup>152</sup> *Seminole Tribe* is therefore not likely to be overruled by the current Court.

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Commerce Clause, or any other provision of the Constitution, to abrogate the States' immunity." *Id.* at 23–24. However, under the judicial expansion of the sovereign immunity defense, as set forth in *Hans v. Louisiana*, 134 U.S. 1 (1890), "Congress has plenary power to subject the States to suit in federal court." *Id.* at 23–24.

<sup>147</sup> 2 U.S. (2 Dall.) 419 (1793) (holding that prior to the ratification of the Eleventh Amendment, the U.S. CONST. art. III, § 2 abrogated the states' sovereign immunity allowing a state to be sued by citizens of another state, with exception).

<sup>148</sup> Justice Kennedy pointed out in *Alden v. Maine*, 527 U.S. 706 (1999) that "[i]t [was] declared by the [Rhode Island ratification] Convention, that the judicial power of the United States, in cases in which a state may be a party, does not extend to criminal prosecutions, or to authorize any suit by any person against a state." *Id.* at 718 (quoting 1 JONATHAN ELLIOT, DEBATES ON THE FEDERAL CONSTITUTION 336 (photo. reprint 1996) (2d ed. 1891)). The same sentiment was shared at the New York ratification. *Id.* at 718–19.

<sup>149</sup> See, e.g., *Alden*, 527 U.S. at 712; see also, e.g., Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 648 (1999).

<sup>150</sup> See *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 242 (1985).

<sup>151</sup> See *City of Boerne v. Flores*, 521 U.S. 507, 520 (1997).

<sup>152</sup> See *Nev. Dep't of Human Res. v. Hibbs*, 538 U.S. 721, 725 (2003) (upholding the Family Medical Leave Act); *Bd. of Trs. of Univ. of Ala. v. Garrett*, 531 U.S. 356, 360 (2001) (invalidating provisions of the American Disabilities Act); *United States v. Morrison*, 529 U.S. 598, 602 (2000) (invalidating the Violence Against Women Act, 42 U.S.C. § 13981); Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 630 (1999) (in-

Another difference between *Florida Prepaid* and *Katz* is that Justice O’Conner switched her stance on Article I abrogation. She joined the majority in *Florida Prepaid*,<sup>153</sup> but in *Katz* she left the conservative bloc and joined Justice Stevens’s majority opinion.<sup>154</sup> This shift reflects how easily the Justices can disregard precedent.

Yet today’s Supreme Court is not the same court that decided *Katz*. John Roberts replaced the late Chief Justice Rehnquist in 2005. Chief Justice Roberts’s conservative background and his participation in the *Katz* dissent<sup>155</sup> suggest that he supports *Seminole Tribe*.

The replacement of Justice O’Conner by Samuel Alito in 2006 could represent the “nail in the coffin” for *Katz* and implied abrogation. From 2005 to 2007, Justice Alito, more often than naught, joined with or was joined by the Chief Justice and Justices Scalia, Thomas and Kennedy in five-to-four decisions.<sup>156</sup> This composition restores the ideological majority of *Florida Prepaid*.

With this conservative-minded roster, *Seminole Tribe* and its progeny are likely to remain valid law. If the Court shifts to the left in the future, it is possible that a return to *Pennsylvania v. Union Gas Co.*<sup>157</sup> might displace *Seminole Tribe*. Such a shift depends entirely on which political party controls the White House and Senate. The Court’s treatment of the Eleventh Amendment since *Hans v. Louisiana*<sup>158</sup> indicates that the Court does not feel constrained by

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validating the Patent and Plant Variety Protection Remedy Clarification Act’s abrogation of states’ sovereign immunity); *Boerne*, 521 U.S. at 536 (invalidating the Religious Freedom Restoration Act).

<sup>153</sup> *Fla. Prepaid*, 527 U.S. at 667.

<sup>154</sup> *Cent. Va. Cmty. Coll. v. Katz*, 546 U.S. 356, 358 (2006).

<sup>155</sup> *Id.*

<sup>156</sup> *See* On the Docket, <http://www.onthedocket.org> (last visited Oct. 21, 2008) (follow the respective term hyperlink under “Browse Cases by Term,” then follow each respective case hyperlink, then follow the hyperlink under “OYEZ” if present). During the 2005 and 2006 terms, the Chief Justice and Justices Scalia, Thomas and Alito voted together in twenty-one out of the thirty-three reported five-to-four decisions after Justice O’Connor’s retirement. *See id.* Justice Kennedy provided the crucial fifth vote in twenty of the twenty-one five-to-four decisions. *See id.* Breaking the statistics down even further, during the 2005 term, in which Justice Alito participated, 50% of the term’s five-to-four decisions consisted of the Chief Justice and Justices Scalia, Thomas and Kennedy. *See id.* This percentage jumps to 64% for the 2006-2007 term with Justice Kennedy voting with the conservative block in sixteen out of the twenty-three five-to-four decisions. *See id.*

<sup>157</sup> 491 U.S. 1, 23 (1989), *overruled by* *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44 (1996).

<sup>158</sup> 134 U.S. 1, 22 (1890) (holding that the Eleventh Amendment only extends to suits in federal court brought against a state by one of its own residents if the state itself consents to be sued).

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stare decisis.<sup>159</sup> The Court overturned the earlier Eleventh Amendment cases of *Union Gas and Parden v. Terminal Railway of Alabama State Docks Department*.<sup>160</sup> *Seminole Tribe* should be considered just as susceptible.

**IV. COMMON LAW CAUSES OF ACTION AND EQUITABLE RELIEF**

**A. Jurisdictional Uncertainty, Due Process and 28 U.S.C. § 1338(a)**

One of Chief Justice Rehnquist's critiques of the PRCA from *Florida Prepaid* was that Congress failed to consider "state remedies for patent infringement."<sup>161</sup> His suggestion that states might be held accountable in their own courts for infringement of a federal patent failed to take into account that, under 28 U.S.C. § 1338(a), patent infringement cases fall under exclusive federal jurisdiction.

Many lower courts are aware of this limitation, however. For example, in *Hercules Inc. v. Minnesota State Highway Department*,<sup>162</sup> the court noted that patent law was exclusively federal in character under the Intellectual Property Clause, and asserted that district courts have original jurisdiction to hear patent cases under § 1338(a).<sup>163</sup> As such, there was and is "no general state court relief afforded for patent infringement."<sup>164</sup>

Two later cases specifically illustrate how § 1338(a) defeats Rehnquist's belief that a common law claim for patent infringement could be brought in state court. In *Miracle Boot Puller Co. v. Plastray Corp.*,<sup>165</sup> the appellate court reversed and remanded the case for a new trial because the jury returned a general verdict awarding the plaintiff damages which may have been wholly or partially based upon the plaintiff's common-law claim for conversion of its patent rights.<sup>166</sup> The appellate court held that the trial court lacked subject matter jurisdiction to even consider the claim for conversion of patent rights because it was

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<sup>159</sup> See *Seminole Tribe*, 517 U.S. at 63 ("[W]e always have treated *stare decisis* as a 'principle of policy,' and not as an 'inexorable command.'" (citation omitted)).

<sup>160</sup> 377 U.S. 184 (1964), *overruled by* Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666 (1999).

<sup>161</sup> See Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 643 (1999).

<sup>162</sup> 337 F. Supp. 795 (D. Minn. 1972) (dismissing plaintiff's patent infringement damages claim against the state, but holding that the plaintiff had recourse to injunctive relief).

<sup>163</sup> *Id.* at 797.

<sup>164</sup> *Id.*

<sup>165</sup> 269 N.W.2d 496 (Mich. Ct. App. 1978).

<sup>166</sup> *Id.* at 497-98.

essentially one for patent infringement and therefore “arising under the patent law.”<sup>167</sup> Thus, the court ruled that the verdict was erroneous.<sup>168</sup> This holding is consistent with the statement in *Hercules* that there is no common-law remedy for patent infringement and that the federal courts are the only appropriate forums to hear such claims.<sup>169</sup>

In *Lemelson v. Ampex Corp.*,<sup>170</sup> a case which implicated the Eleventh Amendment, the district court provided a highly instructional hypothetical illustrating the effects of § 1338(a) on potential state causes of action for infringement:

Although a patent infringement case ‘sounds in tort,’ the Illinois Court of Claims could not have jurisdiction because of the vesting of exclusive jurisdiction over patent cases in the federal courts. Alternatively, by vesting jurisdiction in the Illinois Court of Claims, the State of Illinois sought to make it the exclusive forum for actions against the state. Since the right of action is conditioned upon the availability of the Illinois Court of Claims as a forum, and as that forum is not available here, immunity from suit is not waived for an action in federal court.<sup>171</sup>

The *Lemelson* hypothetical demonstrates how § 1338(a) can deprive a plaintiff of due process if a patent infringement claim is brought as a common law cause of action in state court. A federal court is the only competent and available forum under § 1338(a), and under the Supremacy Clause, § 1338(a) preempts state law.<sup>172</sup> The fact that Illinois created a forum to hear claims brought against it was irrelevant because federal law deprived the state court of original jurisdiction to hear the matter.<sup>173</sup> There are no means by which a plaintiff could proceed with a common law cause of action sounding in patent in-

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<sup>167</sup> *Id.* at 498 (internal quotations omitted).

<sup>168</sup> *Id.*

<sup>169</sup> See *Hercules*, 337 F. Supp. at 797.

<sup>170</sup> 372 F. Supp. 708 (N.D. Ill. 1974).

<sup>171</sup> *Id.* at 710 n.2. Illinois, among other states, provides for a Court of Claims in which a plaintiff may assert a tort action against a state entity. *Id.* The Supreme Court, however, does not appear to have subscribed to the idea that sovereign immunity is waived if a state court forum is unavailable.

<sup>172</sup> U.S. CONST. art. VI, cl. 2:

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the authority of the United States, 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.

<sup>173</sup> *Lemelson*, 372 F. Supp. at 714–15.



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fringement in state court. In light of *Lemelson's* hypothetical, Chief Justice Rehnquist's belief in the existence of such remedies is shattered.

Both *Miracle Boot Puller* and *Lemelson* illustrate the jurisdictional obstacles created by § 1338(a). Upon application of § 1338(a) the outcome becomes identical to the result in these two cases—any patent infringement action brought as a common law claim cannot be heard in state court, irrespective of a waiver of sovereign immunity, because § 1338(a) divests the state court of all original subject matter jurisdiction over patent cases *ab initio*.

Lastly, the Supreme Court went one step further in solidifying state protection in *Alden v. Maine*.<sup>174</sup> In *Alden*, the Supreme Court affirmed dismissal of the suit by the Supreme Court of Maine, which had prevented the plaintiffs from suing Maine in its own court for violations of the Fair Labor Standards Act because the state had not consented to suit.<sup>175</sup> A suit brought in state court for violation of a federal act requires consent by the state because Article I does not allow Congress “to subject nonconsenting [s]tates to private suits for damages in state courts.”<sup>176</sup> Were Congress to allow federal causes of action for patent infringement to be brought in state courts, it would be necessary for § 1338(a) to be amended or repealed as its exclusivity provisions would be rendered moot by the state court's subject matter jurisdiction.

The story did not end with *Miracle Boot Puller*, *Lemelson*, or even *Alden*, but instead took a turn in *Jacobs Wind Electric Co. v. Department of Transportation*,<sup>177</sup> where the Supreme Court of Florida reached the opposite conclusion,<sup>178</sup> reasoning that:

Congress could not have intended to reserve for the federal courts exclusive jurisdiction over claims against states arising under the patent statutes because such claims could not have been brought in federal court due to Eleventh Amendment immunity. The patent statutes were intended to *provide* a remedy, not exclude one.

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<sup>174</sup> 527 U.S. 706 (1999); *see also* *Pennington Seed, Inc. v. Produce Exchange No. 299*, No. 04-4194-CV CSOW, 2004 WL 5180533, at \*2 (W.D. Mo. Nov. 29, 2004), *aff'd*, 457 F.3d 1334 (Fed. Cir. 2006) (“Similarly, the Eleventh Amendment bars plaintiffs’ state law conversion claim against the University.”) (citing *Alden v. Maine*, 527 U.S. 706, 745–46 (1999)).

<sup>175</sup> *Alden*, 527 U.S. at 757–58.

<sup>176</sup> *Id.* at 712.

<sup>177</sup> 626 So. 2d 1333 (Fla. 1993).

<sup>178</sup> *Id.* at 1334, 1337 (holding that Florida courts have jurisdiction over takings and conversion claims “against the state with respect to property that is the subject of a patent when the state is immune from suit for patent infringement in federal court”).

[Here,] a party was not just denied a particular remedy but was denied total access to courts to redress its grievances. This cannot be countenanced in light of article I, section 21 of the Florida Constitution, which provides that “[t]he courts shall be open to every person for redress of any injury, and justice shall be administered without sale, denial, or delay.”<sup>179</sup>

In *Jacobs Wind*, the plaintiff had filed an earlier federal action against the State of Florida for infringing a patented tidal flow system.<sup>180</sup> The State successfully asserted its sovereign immunity which was upheld by the Federal Circuit.<sup>181</sup> However, the Federal Circuit suggested that the plaintiff might still be able to proceed in state court, which the plaintiff then did.<sup>182</sup> The Federal Circuit also felt that the plaintiff could have brought a takings claim as well.<sup>183</sup> The state action was based on tortious conversion as well as the taking of property without due process or just compensation.<sup>184</sup> The Supreme Court of Florida held that in the interest of fairness, the state could not assert a sovereign immunity defense under the Eleventh Amendment because the plaintiff would have been “denied total access to courts to redress its grievances.”<sup>185</sup> Immunity, therefore, had to be surrendered.<sup>186</sup>

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<sup>179</sup> *Id.* at 1336–37.

<sup>180</sup> *See Jacobs Wind Elec. Co. v. Fla. Dep’t of Transp.*, 919 F.2d 726, 727 (Fed. Cir. 1990).

<sup>181</sup> *Id.*

<sup>182</sup> *See id.* at 728 (“[A]lthough a state court is without power to invalidate an issued patent, there is no limitation on the ability of a state court to decide the question of validity when properly raised in a state court proceeding.” (citations omitted)). The Federal Circuit did not consider the effects of exclusive federal jurisdiction. The dissent in the state court *Jacobs Wind* action mirrored the holding of, and relied upon *Miracle Boot Puller Co. v. Plastray Corp.*, 269 N.W.2d 496 (Mich. Ct. App. 1978). *Jacobs Wind*, 626 So.2d at 1337–38 (Harding, J., dissenting). The dissent concluded that the state had no jurisdiction over the patent conversion claim because such jurisdiction is exclusively vested in the federal court. *Id.* at 1337–38; *see also Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 659 n.10 (1999) (Stevens, J., dissenting). Strangely, Justice Stevens did not further develop his jurisdictional observation by discussing *Miracle Boot Puller* and its opposing position to *Jacobs Wind*. Justice Stevens also felt that the Federal Circuit had misinterpreted the jurisdictional issue in *Jacobs Wind* in light of the plain language of § 1338(a). *Id.*

<sup>183</sup> *Jacobs Wind*, 919 F.2d at 728. In *Jacobs Wind*, 919 F.2d at n.2, the Federal Circuit stated that, “What a patentee may arguably ‘lose’ through being limited to a ‘takings’ claim or similar state court proceeding is not the ability to obtain any remedy, but the benefit of provisions in the patent statute relating to remedy . . . .” *Id.* at 728. In reality, not only does a plaintiff lose the benefit of statutory damages but essentially is barred from obtaining any damages whatsoever.

<sup>184</sup> *See Jacobs Wind*, 626 So. 2d at 1334.

<sup>185</sup> *Id.* at 1337.

<sup>186</sup> *Id.*

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In *Florida Prepaid*, Chief Justice Rehnquist incorporated the Federal Circuit's statements from *Jacobs Wind* about the presumed availability of state remedies and takings claims.<sup>187</sup> Again, there was no mention of either the conflicting case law or § 1338(a).

So what does the landscape currently look like? In theory and in practice, § 1338(a) should operate to block any attempt to bring a patent infringement action in state court under a common-law tort theory. On the other hand, the supremacy of federal patent jurisdiction was discarded by the Florida Supreme Court in *Jacobs Wind*, creating a conflict in the law at the state level. Additionally, there were suggestions from the Federal Circuit<sup>188</sup> and the Supreme Court<sup>189</sup> that such theories of recovery are appropriate at the state level.<sup>190</sup> This conflict has yet to be resolved.

### B. "Unjust Compensation" Takings Claims<sup>191</sup>

Another question raised in *Jacobs Wind* is whether an unconstitutional takings claim can be an effective way to counter state patent infringement. The Fifth Amendment requires that "just compensation" be paid for property taken by the government.<sup>192</sup> The Takings Clause applies to the states by incorporation

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<sup>187</sup> See *Florida Prepaid*, 527 at 644 n.9.

<sup>188</sup> *Jacobs Wind*, 919 F.2d at 728.

<sup>189</sup> *Florida Prepaid*, 527 U.S. at 648.

<sup>190</sup> U.S. GEN. ACCOUNTING OFFICE, INTELLECTUAL PROPERTY: STATE IMMUNITY IN INFRINGEMENT ACTIONS, GAO-01-811, at 22–23 & n.23 (Sept. 25, 2001) [hereinafter GAO Report]. The GAO Report highlights the confusion at the state level regarding the viability of common law infringement-type claims filed in state courts. See *id.* at 17 (reporting that of the thirty-six states' attorneys general who responded to their surveys, ten believed that such a claim could be brought in state court, five responded that such an action could not, and twenty-one did not respond; seven out of twenty-one bar associations responded that an infringement-type common law claim could be brought in a state court).

<sup>191</sup> This section deals with the application of the Fifth Amendment and Fourteenth Amendment takings claims against state acts of patent infringement. Under current law, a takings claim under the Fifth Amendment cannot lie against the federal government for patent infringement. See *Zoltek v. United States*, 442 F.3d 1345, 1353 (Fed. Cir. 2006), *reh'g denied*, 464 F.3d 1335 (Fed. Cir. 2006), *reh'g en banc denied*, 464 F.3d 1335 (Fed. Cir. 2006), *cert. denied*, 127 S. Ct. 2936 (2007).

<sup>192</sup> U.S. CONST. amend. V ("No person shall be . . . deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation."). A taking is typically defined as a taking by government of a constitutionally protected property right for public use with a lack of adequate compensation for the owner. See *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1000–01 (1984).

under the Due Process Clause of the Fourteenth Amendment.<sup>193</sup> The Fifth Amendment itself is self-executing and does not require a statutory basis for filing an action.<sup>194</sup>

Takings are of two types: per se takings and regulatory takings.<sup>195</sup> The Supreme Court uses different standards for evaluating conduct under each.<sup>196</sup> An actual physical invasion of another's property for a permanent or indefinite time period, regardless of breadth, is considered a per se taking entitling the property owner to compensation.<sup>197</sup> To determine whether a regulation acts as a taking, the Court considers the regulation's economic impact, its interference with the property holder's reasonable investment-backed expectations and the nature of the government's action.<sup>198</sup> An infringement-type takings claim would be analogous to an inverse condemnation proceeding. Although the Supreme Court has previously said that infringement is a form of taking,<sup>199</sup> it is unclear whether patent infringement would be categorized as a per se or a regulatory taking. While it is beyond the scope of this article to speculate which category patents may fall into, they would appear to share characteristics of both.<sup>200</sup>

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<sup>193</sup> See *First English Evangelical Lutheran Church of Glendale v. County of L.A.*, 482 U.S. 304, 311 n.4 (1987) (citing *Chi., Burlington & Quincy Ry. Co. v. City of Chi.*, 166 U.S. 226 (1897)).

<sup>194</sup> See *First English*, 482 U.S. at 315.

<sup>195</sup> See *id.* at 308, 315.

<sup>196</sup> *Id.* at 315–17.

<sup>197</sup> See *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 426 (1982) (“Our cases further establish that when the physical intrusion reaches the extreme form of a permanent physical occupation, a taking has occurred.”).

<sup>198</sup> See *id.*; *Pa. Cent. Transp. Co. v. City of N.Y.*, 438 U.S. 104, 124 (1978).

<sup>199</sup> See *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885):

[T]he right of the patentee, under letters patent for an invention granted by the United States . . . stood on the footing of all other property, the right to which was secured, as against the government, by the constitutional guaranty which prohibits the taking of private property for public use without compensation . . . .

*Contra Zoltek Corp. v. United States*, 442 F.3d 1345, 1353 (Fed. Cir. 2006) (holding “Zoltek [could not] allege patent infringement as a Fifth Amendment taking under the Tucker Act.”).

<sup>200</sup> See David J. Melman, *Patently Wrong: A Critical Analysis of Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 74 ST. JOHN'S L. REV. 875, 916–18 (2000) (arguing that patent infringement could be categorized as either a per se or a regulatory taking). *But see* John T. Cross, *Intellectual Property & the Eleventh Amendment After Seminole Tribe*, 47 DEPAUL L. REV. 519, 542–43, 549–53 (1998). Cross notes that patent infringement singles out individuals, which is characteristic of a per se taking, but that the economic effects of patent infringement are closer to those of a regulatory taking. *Id.* at 549–53. Cross concludes that most instances of patent infringement would not be unconstitutional

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The Eleventh Amendment may also bar a direct Fifth Amendment infringement-type challenge against a state entity depending on the type of remedy sought. In *Hercules*, the court dismissed the plaintiff's takings claim brought under the Fifth and Fourteenth Amendments because the patent holder sought damages from the state entity.<sup>201</sup> A central tenet of Eleventh Amendment jurisprudence is that damage claims which seek funds from the state treasury are not allowed.<sup>202</sup> This significantly reduces the patent holder's ability to protect itself. Additionally, whether a state court would treat a takings claim, brought under state and federal constitutional provisions, in the same manner as *Miracle Boot Puller* is uncertain, but highly possible.

What about the Due Process Clause? The provisions of the Fourteenth Amendment, including the Due Process Clause, are enforced by statute, usually under 42 U.S.C. § 1983. These actions encompass claims for deprivations of constitutional rights, including the taking of property.<sup>203</sup> However, there is a flaw in using § 1983 which was highlighted by the Federal Circuit in *State Contracting & Engineering Corp. v. Florida*.<sup>204</sup> In *State Contracting*, the plaintiff sued the State of Florida and one of its entities for both patent infringement and the unconstitutional taking of the corporation's patent rights.<sup>205</sup> The Federal Circuit ruled that the takings claim brought under § 1983 was barred by the Ele-

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takings and that reliance on *James v. Campbell*, 104 U.S. 356 (1881) and *Hollister* is "questionable" based on the later development of the Court's takings jurisprudence. *Id.* at 542–43. See generally GAO Report, *supra* note 190, at 64, tbl. 44 (interestingly, the General Accounting Office found that most of the state bar associations responding to its survey believed that a takings claim was the most likely cause of action for infringement that a plaintiff would bring in state court).

<sup>201</sup> See *Hercules Inc. v. Minn. State Highway Dep't*, 337 F. Supp. 795, 798–800 (D. Minn. 1972) (dismissing plaintiff's patent infringement damages claim against the state, but holding that the plaintiff had recourse to injunctive relief).

<sup>202</sup> See *Ford Motor Co. v. Dep't of Treasury of Ind.*, 323 U.S. 459, 463–64 (1945) (plaintiff brought action against the state's treasury department and the Governor of Indiana seeking refund of gross state income taxes). The Court held that this case was in reality a suit to recover money out of the state treasury and not one seeking imposition of liability on an individual officer of the state. *Id.* at 464. Therefore, sovereign immunity barred the claim. See *id.* at 463–64; see also *Edelman v. Jordan*, 415 U.S. 651, 678 (1974) (holding that the Eleventh Amendment barred recovery from state officials because the monetary award would inevitably come from the state notwithstanding the fact that the state itself was not a named defendant).

<sup>203</sup> See KAREN M. BLUM & KATHRYN R. URBONYA, SECTION 1983 LITIGATION 13–14 (Federal Judicial Center 1998).

<sup>204</sup> 258 F.3d 1329 (Fed. Cir. 2001).

<sup>205</sup> *Id.* at 1332.

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venth Amendment<sup>206</sup> in light of the Supreme Court’s ruling in *Quern v. Jordan*.<sup>207</sup> In *Quern*, the Supreme Court held that § 1983 did not contain an express statement revealing an intent to abrogate sovereign immunity, and therefore could not be used for such a purpose.<sup>208</sup> Summary judgment for the State of Florida on Eleventh Amendment grounds was thus affirmed.<sup>209</sup> Note that the § 1983 claim was not brought against a state official in their personal capacity.

Using § 1983 in the context of patent infringement is generally not a viable option. It cannot be used to seek damages from a state official in their official capacity because of the rule that damages cannot be sought from the state.<sup>210</sup> Additionally, the statute’s failure to satisfy the express-intent standard does not allow for any abrogation of sovereign immunity. The only realistic remedies available under § 1983 are injunctive relief and damages against a state official in their personal capacity.<sup>211</sup>

### C. *Injunctive Relief*

The Supreme Court made clear that if the nature of “the action is in essence one for the recovery of money from the state, the state is the real, substantial party in interest and is entitled to invoke its sovereign immunity from suit even though individual officials are nominal defendants.”<sup>212</sup> The Eleventh Amendment is not an absolute barrier to an aggrieved patent holder. A private litigant can bring an action in federal court against a state official for injunctive relief using the judicial fiction of *ex parte Young*.<sup>213</sup>

<sup>206</sup> *Id.* at 1337–38.

<sup>207</sup> *Id.* (citing *Quern v. Jordan*, 440 U.S. 332, 345 (1979)).

<sup>208</sup> *Quern*, 440 U.S. at 345.

<sup>209</sup> *State Contracting*, 258 F.3d at 1338.

<sup>210</sup> *Edelman v. Jordan*, 415 U.S. 651, 663 (1974).

<sup>211</sup> See *BLUM & URBONYA*, *supra* note 203, at 51–52; JOHN C. JEFFRIES, JR. ET AL., *CIVIL RIGHTS ACTIONS: ENFORCING THE CONSTITUTION* 48–50 (2000).

<sup>212</sup> See *Edelman*, 415 U.S. at 663 (quoting *Ford Motor Co. v. Dep’t of Treasury*, 323 U.S. 459, 464 (1945)).

<sup>213</sup> *Ex parte Young*, 209 U.S. 123, 159–60 (1908). *Ex parte Young* allows a litigant to seek injunctive relief against a state officer’s alleged unconstitutional conduct because:

[T]he use of the name of the state to enforce an unconstitutional act to the injury of the complainants is a proceeding without the authority of, and one which does not affect, the state in its sovereign or governmental capacity . . . and he is in that case stripped of his official or representative character and is subjected in his person to the consequences of his individual conduct.

*Id.* at 159–60.

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But *ex parte Young* is not unlimited in scope. There must be a nexus between the state official and the enforcement of the alleged unconstitutional conduct.<sup>214</sup> An injunction can only be granted for continuing ongoing conduct that violates federal law.<sup>215</sup> When analyzing a claim for relief under *ex parte Young*, “a court need only conduct a ‘straightforward inquiry into whether [the] complaint alleges an ongoing violation of federal law and seeks relief properly characterized as prospective.’”<sup>216</sup>

*Ex parte Young* has been implicated in patent infringement cases.<sup>217</sup> The *Hercules* case again provides an instructive model. The *Hercules* court refused to dismiss the plaintiff’s patent infringement suit in its entirety, finding that the state was subject to suit for injunctive relief, but not for an accounting or damages.<sup>218</sup> In deciding so, the *Hercules* court felt that the philosophy behind *ex parte Young* was pertinent.<sup>219</sup> If the federal courts could not hear any infringement case against the states because of sovereign immunity, a patent holder would “never have a forum” in which to bring its claim.<sup>220</sup> *Ex parte Young* op-

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<sup>214</sup> See *Pennington Seed, Inc. v. Produce Exch. No. 299*, 457 F.3d 1334, 1342–43 (Fed. Cir. 2006) (stating that in a patent infringement suit brought against the University of Arkansas, the Federal Circuit said it was not enough for the plaintiff to name the University’s supervisors in its count for injunctive relief; the plaintiff must name the person who actually committed the wrongdoing, i.e. the infringing act).

<sup>215</sup> See *id.* at 1343.

<sup>216</sup> See *id.* at 1341 (quoting *Verizon Md., Inc. v. Pub. Serv. Comm’n of Md.*, 535 U.S. 635, 645 (2002)).

<sup>217</sup> See *id.* at 1342–43; *William C. Popper & Co. v. Pa. Liquor Control Bd.*, 16 F. Supp. 762, 763 (E.D. Pa. 1936) (noting that plaintiff sued the state liquor regulatory agency, and not any individuals, for patent infringement). The *William C. Popper* court held that the Eleventh Amendment barred the action, but noted that the ruling had “no bearing upon the question of suits against individual officers or agents of the state or torts committed by them in connection with the conduct of the state’s business.” 16 F. Supp. at 763; see also *Auto. Abstract & Title Co. v. Haggerty*, 46 F.2d 86, 88 (E.D. Mich. 1931) (noting where plaintiff filed suit against the Michigan Secretary of State alleging infringement of its patent on an improvement for automobile title certificates and that the Secretary of State had deprived it of property without due process or compensation). The *Haggerty* court ruled that the plaintiff’s prayer for an accounting amounted to an action for money damages from the state’s coffers and was barred under the Eleventh Amendment. 46 F.2d at 88. Judge Simons suggested that if the plaintiff’s complaint could be properly re-drafted, “a case [could] be made for injunctive relief against the defendant herein or others as individuals . . .” *Id.*

<sup>218</sup> See *Hercules Inc. v. Minn. State Highway Dep’t*, 337 F. Supp. 795, 798 (D. Minn. 1972).

<sup>219</sup> See *id.* at 798–99 (citing *ex parte Young*, 209 U.S. 123, 159 (1908)).

<sup>220</sup> *Id.* at 799.

erated as a means by which a claimant could achieve some meaningful remedy, but only if infringement was ongoing.<sup>221</sup>

An injunction can be an imperfect remedy, however. If infringement is ongoing at the time a lawsuit is filed, it is effective in stopping a defendant's illegal conduct. Yet if the alleged infringement has already ceased, injunctive relief is rendered moot. At this stage, the only meaningful remedy is compensation for the misappropriation of patent rights. As set forth above, damages may not be sought from the state.

A state enjoys the protection the Eleventh Amendment provides its treasury, which in turn preserves the state's fiscal stability. However, a state cannot take one's property, tangible or intangible, without due process or compensation. The purely injunctive nature of *ex parte Young* holds the state accountable through its officers without impairing its ability to function. *Ex parte Young* strikes a delicate balance between the litigants' private interests and the socio-economic interests of the state.

#### *D. Common Law Causes of Action*

Because the Supreme Court suggested in *Florida Prepaid* that state remedies might be available, we must look to see what those remedies may be. Congress heard testimony by Robert Merges that a plaintiff might be able to bring a deceit suit, an unfair competition claim or a restitutionary claim in state

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<sup>221</sup> See *Edelman v. Jordan*, 415 U.S. 651, 667 (1974) (holding that money can be taken from state treasuries for compliance with prospective relief, but not for past compensatory damages).

The injunction issued in *Ex parte Young* was not totally without effect on the State's revenues, since the state law which the Attorney General was enjoined from enforcing provided substantial monetary penalties against railroads which did not conform to its provisions. Later cases from this Court have authorized equitable relief which has probably had greater impact on state treasuries than did that awarded in *Ex parte Young*. . . . But the fiscal consequences to state treasuries in these cases were the necessary result of compliance with decrees which by their terms were prospective in nature.

*Id.*



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court for patent infringement.<sup>222</sup> State codes also have statutes that waive sovereign immunity in limited instances.<sup>223</sup>

Conversion and unjust enrichment are the two most likely causes of action for challenging infringement. A threshold issue, however, is whether these torts fall under any state immunity waiver statutes.

### 1. Conversion

The common-law equivalent to patent infringement is the tort of conversion.<sup>224</sup> Conversion is the wrongful appropriation of property from a person entitled to its possession.<sup>225</sup> The elements of conversion are: (1) a plaintiff's ownership or right to possession of the property, (2) a defendant's acquisition of the property by a wrongful act or disposition and (3) damages.<sup>226</sup> The defendant must act in an affirmative manner in acquiring the property.<sup>227</sup> Mere negligent conduct by a defendant will not give rise to a cause of action for conversion.<sup>228</sup>

A second threshold question is whether state law recognizes conversion for intangible property. A patent is an intangible bundle of exclusionary rights over one's invention.<sup>229</sup> Some states allow for conversion actions involving intangible property if a plaintiff can demonstrate that the property right is connected to a tangible form, such as a document.<sup>230</sup> Arguably, the patent document

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<sup>222</sup> See Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 643 n.8 (1999). Restitution is used interchangeably to refer to a cause of action or a remedy. Restitution may be a remedy for conversion, unjust enrichment, fraud, breach of contract, etc. See DAN B. DOBBS, LAW OF REMEDIES: DAMAGES-EQUITY-RESTITUTION 365–77 (2d ed. 1993).

<sup>223</sup> See, e.g., ME. REV. STAT. ANN. tit. 14, §§ 8103, 8104-A (2006) (sovereign immunity is waived for negligence actions involving motor vehicle accidents, premises liability, discharge of pollutants and road-related maintenance); 42 PA. CONS. STAT. §§ 8521–8522 (2006) (Pennsylvania's waiver is limited to enumerated negligence actions).

<sup>224</sup> See *Hercules*, 337 F. Supp. at 800 (noting that patent infringement, coupled with the unauthorized use and seizure of a patent, is equivalent to conversion at common law, which is considered a tort); see also GAO Report, *supra* note 190, at 54 tbl. 21, 64 tbl. 44 (only one of each of the polled states' attorneys general and bar associations responded that conversion was likely a common law cause of action sounding in infringement).

<sup>225</sup> 18 AM. JUR. 2D *Conversion* § 1 (2004).

<sup>226</sup> *Id.* § 2.

<sup>227</sup> *Id.* § 21.

<sup>228</sup> *Id.* § 22.

<sup>229</sup> See *Bloomer v. McQuewan*, 55 U.S. 539, 549 (1852) (noting that a patent grants the "right to exclude every one from making, using, or vending the thing patented" without express approval by the patent owner).

<sup>230</sup> See 18 AM. JUR. 2D *Conversion* § 7; see also, e.g., *Hi-Ho Tower, Inc. v. Com-Tronics, Inc.*, 761 A.2d 1268, 1281 (Conn. 2000) ("[I]ntangible property interests have not traditionally

itself might be considered tangible property subject to conversion. Whether the invention itself is tangible (e.g., a machine) or intangible (e.g., a business method) may be an important consideration if a state does not allow conversion actions for intangible property.

## 2. Unjust Enrichment and Other Claims

Another common law tort that implicates infringement is unjust enrichment. Unjust enrichment is the unjust retention of a benefit to the detriment of another person.<sup>231</sup> Unjust enrichment does not require fault or illegality by a defendant.<sup>232</sup> The nature of an unjust enrichment claim is that based upon principles of justice and equity, a defendant is not entitled to maintain its enrichment.<sup>233</sup> Unlike conversion, unjust enrichment does not discriminate between tangible and intangible property.

While conversion and unjust enrichment are the most likely causes of action to be employed in state court against an infringing state entity, they may not be the only ones. In a 2001 General Accounting Office (“GAO”) report, the

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been subject to the tort of conversion, except for those intangible property rights evidenced in a document.”); *Aetna Life & Cas. Co. v. Union Trust Co.*, 646 A.2d 799, 804 n.6 (Conn. 1994) (conversion of trust account); *Devitt v. Manulik*, 410 A.2d 465, 466 (Conn. 1979) (conversion applicable to account passbook); *Craig v. Citicorp Sav.*, 578 N.E.2d 1331, 1337 (Ill. App. Ct. 1991) (Chapman, J., concurring in part and dissenting in part); *Miracle Boot Puller Co. v. Plastray Corp.*, 269 N.W.2d 496, 498 (Mich. Ct. App. 1978) (noting that the “intangible right to benefit from a patent can be converted.”). In his concurrence, Justice Chapman discussed the expansion of what constitutes property under conversion, and noted that:

Intangible rights of all kinds could not be lost or found, and the original rule was that there could be no conversion of such property. . . . The first relaxation of the rule was with respect to the conversion of a document in which intangible rights were merged, so that the one became the symbol of the other—as in the case of a promissory note, a check, a bond, a bill of lading, or a stock certificate.

*Craig*, 578 N.E.2d at 1337 (citing PROSSER & KEETON, *THE LAW OF TORTS* § 15, at 90–91 (5th ed. 1984)). *But see* *Ralph v. Pipkin*, 183 S.W.3d 362, 368 (Tenn. Ct. App. 2005) (stating that “intellectual property is part of ‘a species of intangible personal property . . . . The law recognizes important differences between the two. For example, in Tennessee, a civil action for conversion, the wrongful appropriation of tangible property, is not recognized for the appropriation of intangible personal property.” (citation omitted)).

<sup>231</sup> See 66 AM. JUR. 2D *Restitution & Implied Contracts* § 9 (2001).

<sup>232</sup> See *Firemen’s Annuity & Benefit Fund v. Mun. Employees’, Officers’, & Officials’ Annuity & Benefit Fund of Chi.*, 579 N.E.2d 1003, 1007 (Ill. App. Ct. 1991).

<sup>233</sup> See *id.*

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GAO suggested that a breach-of-contract action might also be appropriate if the parties had entered into a contract.<sup>234</sup> However, in many cases the alleged infringer does not have a contractual relationship with the patent holder. If anything, such lawsuits are likely to arise over licensing disputes and do not directly deal with infringement. Other causes of action listed in the GAO's survey results include trespass to chattel, deceit and unfair competition.<sup>235</sup>

### V. FUTURE CONGRESSIONAL ACTIONS

The *best* solution for preventing states from using sovereign immunity as a defense against any patent infringement liability would be direct Congressional intervention—for example, a constitutional amendment. Such an amendment would bar states from asserting sovereign immunity in patent infringement cases. However, such a measure would unlikely be adopted in light of the large verdicts and settlements the states might be exposed to.<sup>236</sup>

Another solution, suggested by Jennifer Polse in her 2001 comment in the *California Law Review*, is for Congress to condition federal research grants to state universities on waivers of sovereign immunity.<sup>237</sup> This solution is not without risk because conditioning could have the effect of stifling important scientific research.<sup>238</sup> Sovereign immunity allows a state university to conduct research that might infringe a patent, but without such a defense, science and society may not reap the full benefit, thus curbing technological innovation on already established avenues of scientific research.<sup>239</sup> Polse's suggestion could also be applied to state agencies, such as the California Department of Health in *Biomedical Patent Management*. A pitfall to her suggestion, however, is that such a conditional waiver is not universally applicable to all activity that takes place at a state university or agency. Activities funded by private endowments

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<sup>234</sup> See GAO Report, *supra* note 190, at 19. Interestingly, most of the polled states' attorneys general believed that a breach of contract action was the most viable common law cause of action for patent infringement. *Id.* at 54 tbl. 21. In 2004, The General Accounting Office was renamed the Government Accountability Office. DAVID M. WALKER, GAO ANSWERS THE QUESTION: WHAT'S IN A NAME, <http://www.gao.gov/about/rollcall07192004.pdf> (last visited Nov. 9, 2008).

<sup>235</sup> See GAO Report, *supra* note 190, at 19.

<sup>236</sup> *Id.* at 29.

<sup>237</sup> See Jennifer Polse, *Holding the Sovereign's Universities Accountable for Patent Infringement after Florida Prepaid & College Savings Bank*, 89 CAL. L. REV. 507, 507 (2001); see also GAO Report, *supra* note 190, at 30.

<sup>238</sup> See Polse, *supra* note 237, at 510.

<sup>239</sup> *Id.* at 529.

would not be affected, and potential infringement might continue under the auspices of such private grants.

Yet another solution might be to establish a specialized federal regulatory agency that can act as an effective deterrent against state patent infringement. An aggrieved patent holder could file a report with such an agency, which would then have the discretion to undertake its own investigation and decide whether legal action by the federal agency against the state is warranted. Amendments would have to be made to the patent statutes in order to provide such an agency the authority to ensure compliance by the states with the federal patent laws. Congress would have to make clear that this agency would not be a forum in which the private complainant could seek damages. The Supreme Court has held that administrative law agencies cannot adjudicate private party actions against states.<sup>240</sup> The federal government can only enforce and ensure compliance with federal laws. Any lawsuit originating from this hypothetical agency would be an action by the United States against the infringing state.<sup>241</sup> This approach eliminates the impetus a state entity might have to infringe one's patent in a way that renders injunctive relief moot. The threat of federal punishment to the state would not end if the infringing conduct were to end before an injunction could issue.

Amending 28 U.S.C. § 1338(a) to allow common law claims to be heard in state court is a double-edged sword.<sup>242</sup> While revoking exclusive jurisdiction might give patent holders in some states recourse to damages through tort or other common law claims, it would also have a destructive effect on patent law. The threshold viability of such lawsuits would rest upon the presence of state immunity laws. Some plaintiffs might be left without any forum to hear their claims, and the Eleventh Amendment would continue to bar actions in federal court. The byproduct of eliminating exclusive jurisdiction would be the creation of separate bodies of state and federal patent law. These bodies would likely vary at the intra-state, inter-state and federal levels. Forum shopping might be-

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<sup>240</sup> See *Fed. Mar. Comm'n v. S.C. State Ports Auth.*, 535 U.S. 743, 747 (2002) (holding that sovereign immunity prevented the Federal Maritime Commission from adjudicating a private party's complaint for damages against South Carolina, which alleged state violations of the Shipping Act of 1984).

<sup>241</sup> *Id.* at 768 (“The FMC, for example, remains free to investigate alleged violations of the Shipping Act, either upon its own initiative or upon information supplied by a private party, and to institute its own administrative proceeding against a state-run port, . . . .” (citations omitted)).

<sup>242</sup> The GAO Report noted that some state officials suggested that Congress revoke § 1338(a) and allow the states to come up with their own remedies for state patent infringement scenarios. See GAO Report, *supra* note 190, at 26.

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come rampant at the state level. The Federal Circuit would also not find itself bound by any hypothetical state court decisions. This would be of particular concern because state courts would be determining such questions as novelty, non-obviousness and claim construction. Consequently, Congress's Article I uniformity interest would be fatally undermined.

Therefore, the most realistic option might be for Congress to try to pass legislation similar to the PRCA, and tailor the legislative record to better reflect the threat of constitutional abuse by state entities. This would help provide some concrete reprieve to any party whose patent rights the state has infringed.

As patent litigation has evolved into a higher-stakes game, additional cases have been filed against states for infringement,<sup>243</sup> and other cases discussed in this article have remained unnoticed by the Federal Circuit in light of *Florida Prepaid*.<sup>244</sup> For example, a case against the State of California was pending at the time of *Florida Prepaid*, and was subsequently vacated as a result.<sup>245</sup> Looking beyond the Federal Circuit's efforts in *Florida Prepaid*, for example, the 2001 GAO Report uncovered twenty-one patent infringement lawsuits against state entities from 1985 to 2001.<sup>246</sup> According to the report, the United States Patent and Trademark Office also considered this number significant.<sup>247</sup> The greater the number of reported cases, the weaker the argument that state infringement is not a serious problem in the United States. Moreover, Congress must also differentiate patent infringement from the voting rights violations of the 1960s and explain that, because they are a separate species of

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<sup>243</sup> See, e.g., *Biomedical Patent Mgmt. Corp. v. Cal., Dep't of Health Servs.*, 505 F.3d 1328, 1343 (Fed. Cir. 2007), *petition for cert. filed*, 128 S. Ct. 2076 (U.S. Jan. 22, 2008); *Tegic Commc'n Corp. v. Bd. of Regents of Univ. of Tex. Sys.*, 458 F.3d 1335, 1344–45 (Fed. Cir. 2006); *Pennington Seed, Inc. v. Produce Exch.*, 457 F.3d 1334, 1342–43 (Fed. Cir. 2006); *Xechem Int'l, Inc. v. Univ. of Tex. M.D. Anderson Cancer Ctr.*, 382 F.3d 1324, 1332 (Fed. Cir. 2004); *State Contracting & Eng'g Corp. v. Florida*, 258 F.3d 1329, 1338 (Fed. Cir. 2001).

<sup>244</sup> See *Kersavage v. Univ. of Tenn.*, 731 F. Supp. 1327, 1332 (E.D. Tenn. 1989) (granting the University summary judgment on the issue of whether Eleventh Amendment immunity applied to an infringement action brought under 35 U.S.C. § 271); *Miracle Boot Puller Co. v. Plastray Corp.*, 269 N.W.2d 496, 498 (Mich. Ct. App. 1978). The *Kersavage* court ruled that the patent infringement statute, like its copyright counterpart, 17 U.S.C. § 501(a), did not satisfy the *Atascadero* standard of express abrogation. *Kersavage*, 731 F. Supp. at 1330.

<sup>245</sup> See *Genentech, Inc. v. Regents of Univ. of Cal.*, 143 F.3d 1446, 1454 (Fed. Cir. 1998), *vacated by* 527 U.S. 1031 (1999).

<sup>246</sup> See GAO Report, *supra* note 190, at 10 tbl. 1.

<sup>247</sup> See *id.* at 32, 69–70 (Appendix VI, letter of Sept. 5, 2001 from Acting Under Sec. of Commerce Nicholas P. Godici to Dir. of Nat. Res. & Env't Jim Wells).

legal bodies, a comparison between the two subject matters could be potentially misleading.<sup>248</sup>

In a similar vein, and in the context of *Biomedical Patent Management Corp.*, Congress should take note of California's regulatory code, which requires a private entity to obtain a license from, and pay royalties to, the state for practicing the prenatal screening method; conduct that BPMC alleged infringed its '693 patent.<sup>249</sup> It should be of great concern that any state could encourage potential infringing acts by codification while concurrently bestowing upon its contractors the cloak of sovereign immunity. Patent holders are not only deprived of their opportunity to protect against infringement by purely state entities, but also against private parties. When a private organization, such as Kaiser Foundation Health Plan acting as the California Department of Health's subcontractor in *Biomedical Patent Management Corp.*, remains unscathed and even profits from alleged infringing acts, the patent holder suffers. Such a measure represents a severe deprivation of Fourteenth Amendment due process, which may be tantamount to the type Justice Rehnquist found absent in *Florida Prepaid*.

Furthermore, Congress must also develop evidence about the role of § 1338(a) and how it prevents state courts from hearing any common law claims, which are essentially infringement actions cloaked under a different name. The 2001 GAO report mentioned above would provide Congress a strong starting point on this issue and should be utilized as such. Congress must also address *Miracle Boot Puller* and *Lemelson* and contrast them with *Jacobs Wind*. Such findings would demonstrate the potential existence of a procedural due process deficiency. The lack of, or uncertain access to, a forum demonstrates the deprivation of procedural due process and shifts the issue from the Article I calculus to the Fourteenth Amendment calculus. Congress must also state that the Fifth Amendment Takings Clause, as incorporated under the Fourteenth Amendment Due Process Clause, is an additional basis for the legislation.

Lastly, it is imperative that Congress review annual reports from state university technology transfer offices. These reports are widely available on the

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<sup>248</sup> See discussion *supra* note 55.

<sup>249</sup> See CAL. CODE REGS. tit. 17, § 6523(b)(1) (2006) ("Approved Expanded AFP prenatal birth defects screening laboratories shall be limited to the following: (1) A laboratory that shall have obtained a contract from the Department under applicable laws and regulations to provide laboratory services in sufficient volume to provide the prenatal birth defects screening test . . ."); CAL. CODE REGS. tit. 17, § 6540 (2006) (setting fees of \$57 for using a maternal serum alpha fetoprotein ("MSAF") marker for screening neural tube defects ("NTD") and \$155 for using MSAF and one or more additional markers to screen for NTD and Down Syndrome. These amounts are paid per test to the California Department of Health Services).

internet and provide a great deal of insight into a university's patenting and litigation activities.<sup>250</sup> These reports highlight the growing role states play in the intellectual property field, and further emphasize the lack of parity between private plaintiffs and state defendants.<sup>251</sup>

## VI. CONCLUSION

*Katz* stands as an affront to *Seminole Tribe* and its progeny, and currently stands on shaky ground. The history of patent law, along with the writings of Madison and Hamilton, lead only to ambiguity on whether Article I implicitly abrogates state sovereign immunity. Whether *Seminole Tribe* is preserved or whether we will see a return to *Union Gas* will likely depend on the next political party that gains control of the White House and Congress, and how that party sets the tone for the selection of our next Supreme Court justices. The current composition of the Supreme Court, however, makes *Union Gas*'s resurrection highly unlikely.

Whether the Federal Circuit and Chief Justice Rehnquist were correct that common law causes of action are available for patent infringement must be resolved. The Court remains divided on this issue. Delegating such relief to state courts erodes the constitutionally-based purpose of § 1338(a). Patent holders should continue to take advantage of *ex parte Young* injunctions when faced

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<sup>250</sup> See e.g., University of California Technology Transfer Annual Report, 2006, <http://www.ucop.edu/ott/genresources/annualrpts.html> (last visited Oct. 2, 2008). The University reported among other statistics that: (1) there was a 51% increase in provisional patent filings from 1997 to 2006; (2) from 2002 to 2006, the number of patents issued to the University has held steady between 270 and 323; (3) there is an increasing trend in the number of domestic and foreign patents in the University's possession; (4) the University's licensing revenue in fiscal year 2006 exceeded \$100 million and its royalty income was \$193.5 million; and (5) the University's fiscal year 2006 gross legal expenses were \$43.1 million, of which 59% was allocated to litigation and interferences. *Id.*; see also University of Illinois at Urbana-Champaign Office of Technology Management Annual Report, Fiscal Year 2006, [http://www.otm.uiuc.edu/2006\\_Report/2006\\_Report.pdf](http://www.otm.uiuc.edu/2006_Report/2006_Report.pdf) (last visited Oct. 2, 2008).

On a smaller, yet no less important scale, the University of Illinois report indicated that: (1) in fiscal year 2006, the University had 321 active patents, *id.* at 4; (2) there was an increasing trend from 1999 to 2006 of invention disclosures, *id.* at 6; (3) from 1999 to 2006, there was an increasing trend in the number of patent applications filed by the University, *id.* at 8; (4) in fiscal year 2006, the University made \$6.4 million in royalties and income from its intellectual property holdings, *id.* at 14; and (5) in fiscal year 2006, the University spent \$2,361,439 on patent protection, *id.* at 15.

<sup>251</sup> See Brief for Chamber of Commerce of U.S. & Software and Information Indus. Ass'n as Amici Curiae Supporting Petitioners, at 5–6, *Biomedical Patent Mgmt. Corp. v. Cal., Dep't of Health Servs.*, 505 F.3d 1328 (Fed. Cir. 2007) (No. 07-956).

with a state infringer. Unfortunately, infringing conduct that has terminated prior to the filing of any lawsuit renders such action ineffective. This scenario has characteristics of a non-compensable taking of property.

There are, however, several solutions to this problem. A constitutional amendment could be ratified. Others have suggested that conditional federal funding of state university research, or state agencies, could prove to be a viable, though limited option. Another solution might be to establish a federal regulatory agency that can investigate state conduct and pursue its own legal action to ensure compliance with federal patent laws. Congress can also try to legislate abrogation of sovereign immunity in the patent field with a new act similar to the PRCA. Should Congress elect to proceed with this route, the best way for such an act to survive Supreme Court scrutiny would be to develop its legislative record to bolster support for congruence and proportionality.

Sovereign immunity has been continuously manipulated and expanded, spawning a constitutional amendment that failed to bring much-needed clarity to the law. It was further twisted to produce such a cumbersome jurisprudence that the Court had to create an equitable judicial fiction as a counter-balance. But even this failed to halt the malleability of the doctrine. Patent law highlights these contortions because of its unique place in Article I and the exclusivity of its jurisdiction. With the Supreme Court's recent interest in patent cases, this issue will hopefully become clearer as future cases arise.